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Post Hearing Information Pack of

Jiangsu Slender West Lake Culture and Tourism Co., Ltd.*

江蘇瘦西湖文化旅遊股份有限公司

(the "**Company**")

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

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Jiangsu Slender West Lake Culture and Tourism Co., Ltd.*

江蘇瘦西湖文化旅遊股份有限公司

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

[REDACTED]

Number of [REDACTED] under the [REDACTED]	**:**	**[REDACTED] H Shares (subject to the [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to reallocation)**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to reallocation and the [REDACTED])**
Maximum [REDACTED]	**:**	**HK$[REDACTED] per H Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	**:**	**RMB1.0 per H Share**
Stock code	**:**	**[REDACTED]**

Sole Sponsor, [REDACTED], [REDACTED], [REDACTED] and [REDACTED]

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[REDACTED] and [REDACTED]

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The [REDACTED] is expected to be determined by agreement between the [REDACTED] (for itself and on behalf of the [REDACTED]) and our Company on the [REDACTED]. The [REDACTED] is expected to be on or around [REDACTED] (Hong Kong time) and, in any event, not later than 12:00 noon on [REDACTED] (Hong Kong time). The [REDACTED] will not be more than HK$[REDACTED] per H Share and is currently expected to be not less than HK$[REDACTED] per H Share, unless otherwise announced. If, for any reason, the [REDACTED] is not agreed by 12:00 noon on [REDACTED] (Hong Kong time) between the [REDACTED] (for itself and on behalf of the [REDACTED]) and our Company, the [REDACTED] will not proceed and will lapse.

The [REDACTED] (for itself and on behalf of the [REDACTED]) may, where considered appropriate and with the consent of our Company, reduce the number of [REDACTED] and/or the indicative [REDACTED] range below that is stated in this document (being HK$[REDACTED] per [REDACTED] to HK$[REDACTED] per [REDACTED]) at any time prior to the morning of the last day for lodging applications under the [REDACTED]. In such case, notices of the reduction in the number of [REDACTED] and/or the indicative [REDACTED] range will be published on the website of our Company at **www.sxhboat.com** and on the website of the Stock Exchange at **www.hkexnews.hk** as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the [REDACTED]. For further details, see the sections headed "Structure of the [REDACTED]" and "How to Apply for [REDACTED]" in this document.

The obligations of the [REDACTED] under the [REDACTED] are subject to termination by the [REDACTED] (for itself and on behalf of the [REDACTED]) if certain events occur prior to 8:00 a.m. on the [REDACTED]. For further details, see the section headed "[REDACTED]" in this document.

Prior to making an [REDACTED] decision, [REDACTED] should consider carefully all of the information set out in this document, including the risk factors set out in the section headed "Risk Factors" in this document.

The [REDACTED] have not been and will not be registered under the [REDACTED] or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States, except in transactions exempt from or not subject to, the registration requirements under the [REDACTED]. The [REDACTED] are being offered and sold outside the United States in offshore transactions in accordance with [REDACTED].

ATTENTION

We have adopted a fully electronic application process for the [REDACTED]. We will not provide printed copies of this document to the public in relation to the [REDACTED].

This document is available at the website of the Stock Exchange at **www.hkexnews.hk** and our website at **www.sxhboat.com**. If you require a printed copy of this document, you may download and print from the website addresses above.

* *For identification purpose only*

IMPORTANT

[REDACTED]

IMPORTANT

[REDACTED]

EXPECTED TIMETABLE[(1)]

[REDACTED]

EXPECTED TIMETABLE[1]

[REDACTED]

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This document is issued by us solely in connection with the [REDACTED] and the [REDACTED] and does not constitute an [REDACTED] or a solicitation of an [REDACTED] any security other than the [REDACTED] by this document pursuant to the [REDACTED]. This document may not be used for the purpose of making, and does not constitute, [REDACTED] in any other jurisdiction or in any other circumstances. No action has been taken to permit a [REDACTED] of the [REDACTED] in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this document in any jurisdiction other than Hong Kong. The distribution of this document for purposes of a [REDACTED] and the [REDACTED] and [REDACTED] of the [REDACTED] in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this document to make your [REDACTED] decision. The [REDACTED] is made solely on the basis of the information contained and the representations made in this document. We have not authorized anyone to provide you with information that is different from what is contained in this document. Any information or representation not contained nor made in this document must not be relied on by you as having been authorized by us, any of the Sole Sponsor, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], any of our or their respective directors, officers, employees, agents, or representatives of any of them or any other parties involved in the [REDACTED].

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SUMMARY

This summary aims to give you an overview of the information contained in this document. As it is a summary, it does not contain all the information that may be important to you. You should read this document in its entirety before you decide to [REDACTED] in the [REDACTED]. There are risks associated with any [REDACTED]. Some of the particular risks in [REDACTED] in the [REDACTED] are set forth in the section headed "Risk Factors" in this document. You should read that section carefully before you decide to [REDACTED] in the [REDACTED].

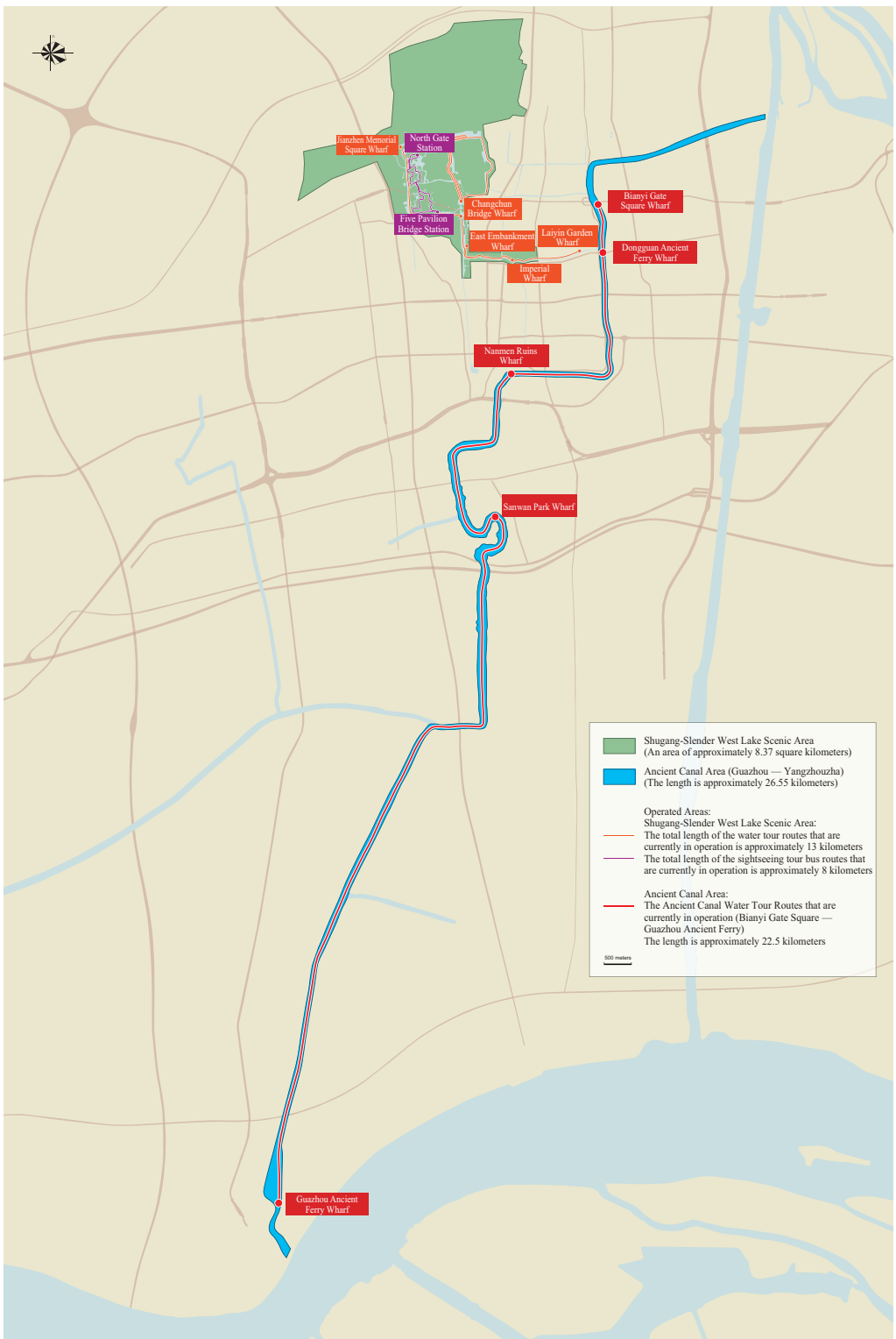
BUSINESS OVERVIEW

We are a state-owned water-based tourism service provider headquartered in Yangzhou, Jiangsu Province with three principal business segments: (i) provision of water sightseeing boat service including value-added "Boat+" services and chartered boat services as well as the Grand Canal Yangzhou night show; (ii) provision of sightseeing tour bus service; and (iii) provision of management services. Water-based tourism service means leisure and sightseeing experiences conducted on inland navigable waters, such as rivers, lakes, and canals, using boats, including sightseeing boats, self-driving boats, painted boats, dining boats, etc., but excluding both overnight and non-overnight cruises.

We principally operate water sightseeing boat services in renowned areas in Yangzhou, including the Shugang-Slender West Lake Scenic Area and the Ancient Canal Area, which are part of the Grand Canal United Nations Educational, Scientific and Cultural Organization ("**UNESCO**") World Heritage Site. In addition, we offer sightseeing tour bus service and developed an asset-light business model where we offer management services to tourist attractions. We ranked second in terms of boat ticket sales amount in the water-based tourism service market in Jiangsu Province in 2025, accounting for approximately 18.5% of the market share in Jiangsu Province, according to Frost & Sullivan. The water-based tourism service market in Jiangsu Province is a subsegment of the water-based tourism service market in China, which in turn is a subsegment of the broader tourism market in China. In 2025, the market share of the water-based tourism service market in Yangzhou accounted for approximately 18.8% and 1.2% of the water-based tourism service markets in Jiangsu and China, respectively, and is expected to reach approximately 21.9% and 1.4%, respectively, by 2030.

SUMMARY

Our water sightseeing boat service and sightseeing tour bus service are currently operated in the Shugang-Slender West Lake Scenic Area and the Ancient Canal Area. The map below illustrated the locations of such service areas:



Water Sightseeing Boat Service Business

We offer diverse sightseeing boat services, including standard water sightseeing boat service, value-added services and the Grand Canal Yangzhou night show. Our standard water sightseeing boat services are provided through our Yuloh boats, self-driving boats and themed boats. We directly own all of our boats. As at the Latest Practicable Date, we had a total number of 231 boats including 36 Yuloh boats, 121 self-driving boats and 74 themed boats, collectively delivering a total passenger capacity of 4,273 persons per trip under standard operating conditions and a maximum passenger capacity of approximately 37,000 persons per day during peak tourism seasons. We also offer various value-added water sightseeing boat services, including "Boat+" services and chartered boat services, to attract visitors in pursuit of unique travelling experience while maximizing the utilization of our boats. In October 2024, we also launched the Grand Canal Yangzhou night show which combines outdoor boat-as theaters, storytelling and lights show, offering our visitors an immersive cultural experience in the 2,500 years of glory and transformation of Yangzhou and the Grand Canal. Our water sightseeing boat service business was our key revenue driver both historically and during the Track Record Period. In 2023, 2024 and 2025 and the six months ended June 30, 2026, revenue generated from our water sightseeing boat service business segment was approximately RMB95.1 million, RMB96.0 million, RMB118.2 million and RMB71.6 million, representing approximately 87.2%, 86.2%, 83.7% and 86.0% of our total revenue for the periods, respectively.

Exclusive operation right within the Shugang-Slender West Lake Scenic Area

On September 9, 2015, the Economic Development Bureau of the Shugang-Slender West Lake Administrative Committee (as the Grantor) and our Company (as the Grantee) entered into the 2015 Concession Agreement, pursuant to which the Grantor granted our Company a 20-year exclusive operation right of water sightseeing boats within the Shugang-Slender West Lake Scenic Area from September 10, 2015 to September 9, 2035. Such exclusive operation right is recognised as an intangible asset and is amortised on a straight-line basis over its estimated useful life of 20 years in accordance with the contractually agreed term. Before the expiration of the 2015 Concession Agreement, if our Company decides to renew the concession agreement, our Company is entitled to renew the concession agreement subject to the satisfaction of the same terms and conditions through a public tender process, provided that our Company has not committed any breach of contract during the term of the concession agreement. Our Company shall be the first choice during the public tender process if we are more or equally qualified under the terms and conditions of the public tender. For further details, see "Business — Water Sightseeing Boat Service Business — Exclusive Operation Rights — Exclusive operation right within the Shugang-Slender West Lake Scenic Area."

Sole operator within the designated Ancient Canal Area

On August 29, 2006, the Tourism Bureau of Yangzhou issued an approval letter confirming that our Company shall be approved to provide water-based tourism and sightseeing services in the non-navigable waters of the designated Ancient Canal Area in Yangzhou without an explicit expiration date. No licence fee has been imposed under relevant PRC laws and regulations for our operation of water sightseeing boat services in the designated Ancient Canal Area. Since then, we have been the sole operator of water sightseeing boat services within the designated Ancient Canal Area. As of the Latest Practicable Date, we have not been imposed any time limitations on our operation rights in such designated area. For further details, see "Business — Water Sightseeing Boat Service Business — Exclusive Operation Rights — Sole operator within the designated Ancient Canal Area."

Sightseeing Tour Bus Service Business

We also offer sightseeing tour bus service in the Slender West Lake Scenic Area to further supplement to our water sightseeing boat service, offering our visitors diverse and convenient transportation means to experience the cultural heritage and natural landscapes of the scenic area. As at the Latest Practicable Date, we had a total of 28 tour buses which were all electronic cars, collectively delivering a total passenger capacity of 364 persons per trip under standard operating conditions and a maximum passenger capacity of approximately 13,000 persons per day during peak tourism seasons.

Pursuant to the 2022 Concession Agreement, we were granted a 20-year exclusive operation right of sightseeing tour bus within the designated area of the Shugang-Slender West Lake Scenic Area from August 1, 2022 to July 31, 2042. Such exclusive operation right is recognised as an intangible asset and is amortised on a straight-line basis over its estimated useful life of 20 years in accordance with the contractually agreed term. Before the expiration of the 2022 Concession Agreement, if we wish to continue to have such operation right, we are entitled to renew such operation right, subject to the satisfaction of the same terms and conditions through a public tender process, provided that we have not breached any term of the contract during the term of the concession agreement. Our Company should be the first choice during the public tender process if we are more or equally qualified under the terms and conditions of the public tender. See "Business — Sightseeing Tour Bus Service Business — Exclusive Operation Right, Service Areas and Designated Tour Routes."

Management Business

To develop an asset-light business model, we offer management services to tourist attractions. During the Track Record Period, we provided management services to Gaoyou City Lake Tourism Resort. Through the asset-light expansion, we are able to replicate our operational experience and established business framework to other tourist attractions along the Grand Canal, precisely empowering the development of those attractions, maximizing our brand value and operational advantages and promoting the co-development of regional cultural and tourism resources.

SEASONALITY

Our water sightseeing boat service and sightseeing tour bus service are subject to the seasonal fluctuations throughout the year. These seasonal fluctuations include (i) the general peak season and off-season of the cultural tourism market, public holidays and school holidays, (ii) weather conditions, (iii) promotional festivals and events, and (iv) other factors that affect travel behavior and visitor demand. Historically and during the Track Record Period, peak seasons generally represented spring time (from March to May) due to the cultural influence of the renowned poem of "To Yangzhou in spring's bloom and mist I sail (煙花三月下揚州)", major holidays such as May Day Holiday, Chinese National Holiday and Spring Festival, and school breaks such as summer holiday and spring holiday. As a result, our financial results may vary significantly from quarter to quarter and are not necessarily indicative of long-term trends. Given that seasonality plays a critical role in shaping our business operation and financial performance, we have implemented appropriate systems to forecast demand, adjust operations and mitigate the impact of seasonal fluctuations on our business. See "Business — Seasonality."

MAJOR CUSTOMERS AND MAJOR SUPPLIERS

During the Track Record Period, (i) customers of our water sightseeing boat service business, as recognised in our financial statements, were (a) retail customers, including individual customers and group customers, and (b) corporate customers, including travel agencies and other corporate customers; (ii) customers of our sightseeing tour bus service business, as recognised in our financial statements, were retail customers who purchased our tour bus tickets on-site directly; and (iii) customer of our management service business which was Gaoyou Tourism Investment Co., the owner of Gaoyou City Lake Tourism Resort. In 2023, 2024 and 2025 and the six months ended June 30, 2026, our top five customers accounted for approximately 7.0%, 7.5%, 5.8% and 5.5% of our total revenue for each period, respectively; and our largest customer accounted for approximately 4.9%, 5.1%, 3.7% and 3.1% of our total revenue for each period, respectively.

During the Track Record Period, our suppliers primarily consisted of (i) third party dispatched employee service providers, from whom we engaged dispatched employees for our business operation, (ii) boat manufactures, from whom we procured boats for our water sightseeing boat service business, and (iii) suppliers of diesel, gasoline and other fuels for boats. All services and products provided by our suppliers must comply with our quality control requirements. In 2023, 2024 and 2025 and the six months ended June 30, 2026, our purchases from our five largest suppliers in aggregate accounted for approximately 56.9%, 84.1%, 62.3% and 61.1% of our total purchases for each period, respectively; and our purchases from our largest supplier accounted for approximately 28.8%, 49.4%, 28.7% and 24.8% of our total purchases for each period, respectively.

OUR STRENGTHS

Our success is attributable to (i) exclusive market access leveraging Yangzhou's profound history and cultural heritage and our established operational expertise; (ii) a focused market player in the water-based tourism market in China supported by favourable governmental policies; (iii) empowering the Grand Canal experience with cultural heritage; (iv) empowering the Grand Canal experience with

advanced technologies; and (v) an experienced management team with in-depth knowledge and experience in the water-based tourism industry with support from a devoted and highly skilled frontline team.

OUR STRATEGIES

We plan to (i) expand geographically through new water tour routes and water-based tourism projects; (ii) continue to curate more water-based innovative immersive projects along the Grand Canal area and with our service areas; (iii) continue to expand project portfolio in asset-light management service business segment; (iv) implement a comprehensive service system through diversified value-added "Boat+" services and water-land integration experience; (v) continue to empower our business with culture experiences and advanced technologies; and (vi) continue to empower our business through continuous asset upgrading.

COMPETITION LANDSCAPE

The water-based tourism market is relatively fragmented. According to Frost & Sullivan, there are more than 270 water-based tourism service providers in China with state-owned operators contributing the majority of the revenue derived from boat ticket sales. The top ten water-based tourism service providers accounted for approximately 28.6% of the total revenue derived from boat ticket sales in China. We compete against other water-based tourism service providers. We also face competition from service providers of cultural tourism services or general tourism services. In addition, we may in the future face competition from new entrants. We anticipate that more established companies, including cultural tourism companies that possess large existing customer bases, substantial financial resources, sophisticated management capabilities and tourism expertise and established distribution channels may also enter the market in the future.

KEY RISK FACTORS

Our business and the [REDACTED] involve certain risks, some of which are set out in the section headed "Risk Factors." You should read that section in its entirety carefully before you decide to [REDACTED] in the [REDACTED]. Some of the major risks we face include: (i) our water-based tourism business is located in Yangzhou, Jiangsu Province where all of our business operations and activities are located. Therefore, our business operations depend on our ability to attract visitors to the Shugang-Slender West Lake Scenic Area and the Ancient Canal Area; (ii) changes in the tastes and preferences of visitors from different countries and regions may affect the demand for our water-based tourism services, and we may not be able to maintain our competitiveness in the water-based tourism industry; (iii) we rely on the operation rights within the Shugang-Slender West Lake Scenic Area and the Ancient Canal Area to maintain our water sightseeing boat service business and sightseeing tour bus service business; and (iv) incidents or adverse publicity concerning our services could threaten our reputation and negatively impact our revenue and profitability. See "Risk Factors."

SUMMARY OF FINANCIAL INFORMATION

Summary of Consolidated Statements of Profit or Loss and Other Comprehensive Income

	Year ended December 31						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*
Revenue	109,096	100.0	111,428	100.0	141,196	100.0	84,542	100.0	83,227	100.0
Cost of sales	(44,679)	(41.0)	(50,814)	(45.6)	(59,006)	(41.8)	(30,962)	(36.6)	(30,083)	36.1
Gross profit	64,417	59.0	60,614	54.4	82,190	58.2	53,580	63.4	53,144	63.9
Profit before tax	61,408	56.3	57,820	51.9	69,314	49.1	51,713	61.2	49,051	58.9
Profit and total comprehensive income for the year/period	46,430	42.6	42,884	38.5	51,990	36.8	38,823	45.9	36,769	44.2

Revenue by business segments

The following table sets out a breakdown of our revenue by business segments, each expressed in absolute amount and as a percentage of our total revenue, for the periods indicated.

	Year ended December 31						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Water sightseeing boat service										
— Standard sightseeing boat service	57,312	52.5	53,730	48.2	48,874[4]	34.6	29,264[4]	34.6	27,663[4]	33.2
— "Boat+" service[1]	9,261	8.5	7,034	6.3	6,324	4.5	4,295	5.1	3,732	4.5
— chartered boat service[1]	28,526	26.2	31,896	28.6	33,510	23.7	20,142	23.8	22,090	26.5
— Grand Canal Yangzhou[2]	—	—	3,386	3.1	29,489	20.9	18,641	22.1	18,091	21.8
Sub-total	*95,099*	*87.2*	*96,046*	*86.2*	*118,197*	*83.7*	*72,342*	*85.6*	*71,576*	*86.0*
Sightseeing tour bus service	7,570	6.9	9,230	8.3	17,677	12.5	9,784	11.6	8,895	10.7
Management service	5,343	4.9	5,718	5.1	5,168	3.7	2,416	2.9	2,577	3.1
Others[3]	1,084	1.0	434	0.4	154	0.1	—	—	179	0.2
Total	**109,096**	**100.0**	**111,428**	**100.0**	**141,196**	**100.0**	**84,542**	**100.0**	**83,227**	**100.0**

Notes:

(1) Both are categorized as value-added boat services in our water sightseeing boat service business segment.

(2) Grand Canal Yangzhou night show was launched in October 2024.

(3) "Others" represent advertising service using our sightseeing boats operated in the Ancient Canal Area.

(4) Including revenue of approximately RMB200.2 thousand, RMB83.7 thousand and RMB51.2 thousand generated from the sale of C&C products, fashionable products and other high quality cultural merchandise in 2025 and the six months ended June 30, 2025 and 2026, respectively.

Revenue by service areas

The following table sets out the breakdown of our revenue by service type and service areas, each expressed in absolute amount and as a percentage of our total revenue, for the periods indicated.

	Year ended December 31,						Six months ended June 30, 2026	
	2023		2024		2025			
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Shugang-Slender West Lake Scenic Area								
Water sightseeing boat service								
— standard sightseeing boat service	41,608	38.1	39,307	35.3	42,233[1]	29.9	25,913[1]	31.1
— "Boat+" service[2]	9,261	8.5	7,034	6.3	6,324	4.5	3,732	4.5
— chartered boat service[2]	28,526	26.2	31,896	28.6	33,510	23.7	22,090	26.5
Sightseeing tour bus service								
— sightseeing tour bus service	7,570	6.9	9,230	8.3	17,677	12.5	8,895	10.7
Sub-total	*86,965*	*79.7*	*87,467*	*78.5*	*99,744*	*70.6*	*60,630*	*72.8*
Ancient Canal Area								
Water sightseeing boat service								
— standard sightseeing boat service	15,704	14.4	14,423	13.0	6,641	4.7	1,750	2.1
— Grand Canal Yangzhou	—	—	3,386	3.0	29,489	20.9	18,091	21.8
Others								
— advertising service	1,084	1.0	434	0.4	154	0.1	179	0.2
Sub-total	*16,788*	*15.4*	*18,243*	*16.4*	*36,284*	*25.7*	*20,020*	*24.1*
Other — Gaoyou City Lake Tourism Resort								
Management service	5,343	4.9	5,718	5.1	5,168	3.7	2,577	3.1
Total	**109,096**	**100.0**	**111,428**	**100.0**	**141,196**	**100.0**	**83,227**	**100.0**

Notes:

(1) Including revenue of approximately RMB200.2 thousand and RMB51.2 thousand generated from the sale of C&C products, fashionable products and other high quality cultural merchandise in 2025 and the six months ended June 30, 2026.

(2) Both are categorized as our value-added boat services in our water sightseeing boat service business segment.

Gross profit and gross profit margin by business segments

The table below sets forth the breakdown of our gross profit and gross profit margin by business segment for the periods indicated:

	Year ended December 31						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Water sightseeing boat service										
— standard sightseeing boat service	30,768	53.7	26,006	48.4	24,909	51.0	18,361	62.7	15,802	57.1
— "Boat+" service*	6,290	68.0	3,767	53.6	3,486	55.1	2,876	67.0	2,531	67.8
— chartered boat service*	19,810	69.5	22,870	71.7	23,913	71.4	15,013	74.5	16,289	73.7
— Grand Canal Yangzhou*	—	—	1,312	38.7	15,071	51.1	9,312	50.0	10,334	57.1
Sub-total	*56,868*	*59.8*	*53,955*	*56.2*	*67,379*	*57.0*	*45,562*	*63.0*	*44,956*	*62.8*
Sightseeing tour bus service	4,411	58.3	4,539	49.2	13,541	76.6	7,621	77.9	7,317	82.3
Management service	2,054	38.4	1,686	29.5	1,116	21.6	397	16.4	692	26.9
Others*	1,084	100.0	434	100.0	154	100.0	—	—	179	100.0
Total	**64,417**	**59.0**	**60,614**	**54.4**	**82,190**	**58.2**	**53,580**	**63.4**	**53,144**	**63.9**

Note: See notes (1) to (3) to the table in "— Revenue by business segments" above.

Our gross profit for water sightseeing boat service remained relatively stable in 2023 and 2024, and amounted to RMB56.9 million and RMB54.0 million, respectively. Our gross profit margin decreased from 59.8% in 2023 to 56.2% in 2024 primarily due to the increase in cost of sales by RMB3.9 million in relation to the preparation and launch of the Grand Canal Yangzhou night show, higher commissions paid to Yuloh boat operators and costs relating to the 20 new boats, while revenue increased by only RMB0.9 million during the same period. Our gross profit margin for water sightseeing boat service increased from 56.2% in 2024 to 57.0% in 2025, primarily because the RMB22.2 million increase in revenue, mainly attributable to the growing popularity of the Grand Canal Yangzhou night show, outpaced the RMB8.7 million increase in cost of sales, which mainly resulted from increased depreciation and amortisation expenses arising from the relevant assets used in the Grand Canal Yangzhou night show. Our gross profit for water sightseeing boat service decreased slightly from RMB45.6 million for the six months ended June 30, 2025 to RMB45.0 million for the six months ended June 30, 2026, which is generally in line with the decrease in revenue from this business segment. Our gross profit margin for water sightseeing boat service remained stable at 63.0% for the six months ended June 30, 2025, and at 62.8% for the six months ended June 30, 2026. For the gross profit and gross profit margin of each business sub-segment under the water Gross sightseeing boat service during the Track Record Period, see "Financial Information — Gross profit and gross profit margin by business segments."

Our gross profit for sightseeing tour bus service increased from RMB4.4 million in 2023 to RMB4.5 million in 2024, primarily due to our revenue increase for the same period. At the same time, as our costs on purchase of 14 new tour buses which led to increase in depreciation costs outpaced the increase in revenue, our gross profit margin decreased from 58.3% in 2023 to 49.2% in 2024. Our gross profit for sightseeing tour bus service increased significantly from RMB4.5 million in 2024 to RMB13.5 million in 2025, primarily due to further increase in revenue driven by visitors' preference to ride tour buses as a more flexible option for touring around, in particular with the adoption of the intelligent ticketing system in March 2025, while the costs for operating electric-powered tour buses remained relatively stable. In light of the significant increase in gross profit for sightseeing tour bus service, the gross profit margin for sightseeing tour bus service increased from 49.2% in 2024 to 76.6% in 2025. Our gross profit for sightseeing tour bus services remained relatively stable for the six months ended June 30, 2025 and 2026, while the gross profit margin increased from 77.9% for the six months ended June 30, 2025 to 82.3% for the six months ended June 30, 2026, primarily due to decrease in labour costs following our adoption of the intelligent ticketing and inspection system in March 2025.

From 2023 to 2024, our employee compensation for management service increased in line with the business growth of Gaoyou City Lake Tourism Resort for the same period outpaced the increase in our variable fees linked to the revenue of Gaoyou City Lake Tourism Resort, as a result of which, our gross profit decreased from RMB2.1 million in 2023 to RMB1.7 million in 2024 and our gross profit margin for management service business also decreased from 38.4% in 2023 to 29.5% in 2024. Our gross profit for management service further decreased from RMB1.7 million in 2024 to RMB1.1 million in 2025, primarily due to decrease in revenue of Gaoyou City Lake Tourism Resort due to free entrance tickets

promotion activities for Yangzhou citizen commenced from January 2025. As a result, our gross profit margin for management service decreased from 29.5% in 2024 to 21.6% in 2025. Our gross profit for management services increased from RMB0.4 million for the six months ended June 30, 2025 to RMB0.7 million for the six months ended June 30, 2026, while the gross profit margin increased from 16.4% to 26.9%, primarily due to the increase in revenue following the increase in pre-agreed fixed management fees under the 2025 Cooperation Agreement.

Summary of Consolidated Statements of Financial Position

	As of December 31			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total assets	195,065	307,354	350,159	383,126
Total liabilities	28,746	98,151	96,630	92,828
Total non-current assets	32,928	99,983	108,715	113,700
Total non-current liabilities	18,462	42,300	64,298	64,000
Total current assets	162,137	207,371	241,444	269,426
Total current liabilities	10,284	55,851	32,332	28,828
Net current assets	151,853	151,520	209,112	240,598
Net assets	166,319	209,203	253,529	290,298

Our net assets increased from RMB166.3 million as of December 31, 2023 to RMB209.2 million as of December 31, 2024, primarily attributable to the increase in our revenue from RMB109.1 million in 2023 to RMB111.4 million in 2024 which was mainly driven by the launch of the Grand Canal Yangzhou night show in October 2024.

Our net assets further increased from RMB209.2 million as of December 31, 2024 to RMB253.5 million as of December 31, 2025, primarily attributable to the increase in our revenue from RMB111.4 million in 2024 to RMB141.2 million in our 2025 which was mainly driven by the growing popularity of the Grand Canal Yangzhou night show and the increase in our sightseeing tour bus ticket sales, partially offset by the final dividend of RMB7.7 million for 2024 declared and paid in 2025.

Our net assets further increased by approximately 14.5% from RMB253.5 million as of December 31, 2025 to RMB290.3 million as of June 30, 2026, primarily attributable to the profit and total comprehensive income of RMB36.8 million recorded for the six months ended June 30, 2026. During the same period, our gross profit remained relatively stable at RMB53.1 million, as the decrease in revenue from our water sightseeing boat service and sightseeing tour bus service due to frequent rainfall and high temperatures was largely offset by the decrease in our cost of sales. As no dividend was declared during the period, such profit was retained in full and reflected in the increase in our net assets.

Summary of Consolidated Cash Flow Statements

	Year ended December 31			Six months ended June
	2023	2024	2025	30, 2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash generated from operations	65,678	64,638	84,906	54,199
Income tax paid	(13,553)	(16,502)	(18,082)	(5,241)
Net cash generated from operating activities	52,125	48,136	66,824	48,958
Net cash used in investing activities	(62,919)	(79,820)	(55,962)	(8,225)
Net cash (used in)/generated from financing activities	25,940	43,200	(23,376)	(2,504)
Net increase/(decrease) in cash and cash equivalents	15,146	11,516	(12,514)	38,229
Cash and cash equivalents at beginning of year/period	14,727	29,873	41,389	28,875
Cash and cash equivalents at end of year/period	**29,873**	**41,389**	**28,875**	**67,104**

SUMMARY OF KEY FINANCIAL RATIOS

The table below sets out a summary of our key financial ratios as at the dates indicated and for the periods indicated:

Key Financial Ratios[1]	As of/for the year ended December 31, 2023	2024	2025	As of/for the six months ended June 30, 2026
Profitability ratios:				
1. Gross profit margin[2]	59.0%	54.4%	58.2%	63.9%
2. Net profit margin[3]	42.6%	38.5%	36.8%	44.2%
3. Return on equity[4]	27.9%	20.5%	20.5%	12.7%
4. Return on total assets[5]	23.8%	14.0%	14.8%	9.6%
Liquidity ratios:				
1. Current ratio[6]	1,576.6%	371.3%	746.8%	934.6%
2. Quick ratio[7]	1,574.7%	371.3%	746.3%	934.3%

Notes:

(1) The financial ratios are not a measure of performance under the HKFRS Accounting Standards.

(2) Calculated as: gross profit/revenue × 100%.

(3) Calculated as: profit and total comprehensive income for the year/revenue × 100%.

(4) Calculated as: profit and total comprehensive income for the year/total equity × 100%.

(5) Calculated as: profit and total comprehensive income for the year/total assets × 100%.

(6) Calculated as: current assets/current liabilities.

(7) Calculated as: (current assets – inventories)/current liabilities.

OUR CONTROLLING SHAREHOLDERS

Immediately following the completion of the [REDACTED] (assuming that the [REDACTED] is not exercised), (i) Tourism Development Group will directly hold approximately [REDACTED]% of the total registered share capital of our Company, (ii) Quanyu Tourism Company will directly hold approximately [REDACTED]% of the total registered share capital of our Company. Tourism Development Group is a wholly owned subsidiary of Yangzhou Industrial, which is a state-owned enterprise owned as to 75% by the Yangzhou Government and 25% by Yangzhou Economic Development, which in turn is 100% held by the Yangzhou Government. Quanyu Tourism Company is owned as to (i) 76.60% by Yangzhou Business Tourism Group, a wholly-owned subsidiary of Tourism Development Group which is in turn wholly owned by Yangzhou Industrial and ultimately controlled by the Yangzhou Government and (ii) 23.40% by Slender West Lake Administration Office. By virtue of Rule 19A.14 of the Listing Rules, the Yangzhou Government is considered a PRC Governmental Body within the definition under Rule 19A.04 of the Listing Rules, and so it should be excluded from the definition of a controlling shareholder under Rule 1.01 of the Listing Rules.

Accordingly, (i) Tourism Development Group, (ii) Yangzhou Industrial, (iii) Quanyu Tourism Company, (iv) Yangzhou Business Tourism Group, (v) Yangzhou Economic Development are controlled by the Yangzhou Government, and all of the foregoing, including Yangzhou Economic Development will constitute a group of Controlling Shareholders of our Company under the Listing Rules. See "Relationship with Our Controlling Shareholders."

[REDACTED]

Our Company underwent one [REDACTED] by way of capital increase. Our [REDACTED] is a limited liability partnership established in the PRC, primarily engaged in equity investment, venture capital investment, infrastructure investment, investment management, asset entrustment management, equity management as well as investment and investment management consulting. See "Our History and Development — [REDACTED]."

QUOTATION ON THE NEEQ

On May 9, 2017, our Shares were quoted on the NEEQ (code: 871343). See "Our History and Development — Quotation on the NEEQ and Reasons for [REDACTED] on the Stock Exchange."

CONNECTED TRANSACTIONS

We have [entered into], and are expected to continue, certain transactions that will constitute partially exempt and non-exempt continuing connected transactions of our Company under the Listing Rules upon the [REDACTED]. Accordingly, we have applied to the Stock Exchange for[, and the Stock Exchange has granted,] waivers in relation to certain continuing connected transactions between us and certain connected persons under Chapter 14A of the Listing Rules. For further details in this respect, see "Connected Transactions" in this document.

[REDACTED]

[REDACTED] represent professional fees, [REDACTED], and other fees incurred in connection with the [REDACTED] and the [REDACTED].

The estimated total [REDACTED] (based on the [REDACTED] of our indicative [REDACTED] range for the [REDACTED] and assuming that the [REDACTED] is not exercised) for the [REDACTED] are approximately RMB[REDACTED] million (equivalent to HK$[REDACTED] million), representing [REDACTED] of the gross [REDACTED] (based on the [REDACTED] of our indicative [REDACTED] range for the [REDACTED] and assuming that the [REDACTED] is not exercised) of the [REDACTED]. Our [REDACTED] are categorized into [REDACTED]-related expenses of approximately RMB[REDACTED] million (equivalent to HK$[REDACTED] million) and non-[REDACTED]-related expenses of approximately RMB[REDACTED] million (equivalent to HK$[REDACTED] million), representing [REDACTED] and [REDACTED], respectively, of the [REDACTED] (based on the [REDACTED] of our indicative [REDACTED] range for the [REDACTED] and assuming that the [REDACTED] is not exercised) of the [REDACTED]. We expect to incur [REDACTED] of approximately RMB[REDACTED] million (equivalent to HK$[REDACTED] million), of which, approximately RMB[REDACTED] million (equivalent to HK$[REDACTED] million) is expected to be charged to the consolidated statements of profit or loss. As of [REDACTED], a total of approximately RMB[REDACTED] million (equivalent to HK$[REDACTED] million) of the [REDACTED] has already been recognized in the consolidated statements of profit or loss. The remaining amount of RMB[REDACTED] million (equivalent to HK$[REDACTED] million) will be recognized in the consolidated statements of profit or loss in 2026. Also, approximately RMB[REDACTED] million (equivalent to HK$[REDACTED] million) is expected to be recognized as a deduction in equity directly upon [REDACTED]. The [REDACTED] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

[REDACTED] STATISTICS

	Based on an [REDACTED] of HK$[REDACTED] per [REDACTED]	Based on an [REDACTED] of HK$[REDACTED] per [REDACTED]
Our Company's market [REDACTED] upon completion of the [REDACTED][(1)]	HK$[REDACTED] million	HK$[REDACTED] million
Unaudited pro forma adjusted net tangible assets per Share[(2)(3)]	HK$[REDACTED]	HK$[REDACTED]

Notes:

(1) The calculation of market [REDACTED] is based on [REDACTED] Shares expected to be in issue immediately upon completion of the [REDACTED], assuming the [REDACTED] is not exercised.

(2) The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share is arrived at by dividing the unaudited pro forma adjusted net tangible assets by [REDACTED] shares, being the number of shares in issue assuming that the [REDACTED] had been completed on June 30, 2026, without taking account of the exercise of the [REDACTED].

(3) The unaudited pro forma adjusted consolidated net tangible assets per Share are converted into Hong Kong dollars at an exchange rate of 0.86560 to HK$1.00.

FUTURE PLAN AND [REDACTED]

We estimate the [REDACTED] of the [REDACTED] which we will receive, assuming an [REDACTED] of HK$[REDACTED] per [REDACTED] (being the [REDACTED] of the indicative [REDACTED] range stated in this document), will be approximately HK$[REDACTED] million, after deduction of [REDACTED] fees and [REDACTED] and estimated expenses payable by us in connection with the [REDACTED]. We intend to use the [REDACTED] of the [REDACTED] for the following purposes:

Amount	Approximate % of Total Estimated [REDACTED]	Intended Use
(HK$ million)		
[REDACTED]	[REDACTED]%	To curate more water-based innovative immersive projects within the waters of Slender West Lake
[REDACTED]	[REDACTED]%	To develop new water tour routes and water-based tourism project in Yangzhou
[REDACTED]	[REDACTED]%	To expand project portfolio under management service business segment
[REDACTED]	[REDACTED]%	To be used for continuous asset upgrading
[REDACTED]	[REDACTED]%	To be used for working capital and other general corporate purposes

See "Future Plans and [REDACTED] — [REDACTED]" for further details.

DIVIDENDS

As of the Latest Practicable Date, we had not adopted a dividend policy. Our Board may declare dividends in the future after taking into account factors, including results of operations, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. PRC laws require that dividends be paid only out of our distributable profits. No dividend may be declared or paid other than out of our profits and reserves lawfully available for distribution, including share premium. See "Financial Information — Dividends" for further details.

During the Track Record Period, on May 8, 2025, we declared a cash dividend of RMB2.74 per 10 Shares, amounting to approximately RMB7.7 million in aggregate for the year of 2024, which was paid in June 2025; and in September 2025, our Shareholders also approved a share dividend by way of a capitalisation issue, pursuant to which 38 new Shares were allotted for every 10 existing Shares. Save for this, we did not declare any dividend during the Track Record Period. See note 11 and 24 to the Accountants' Report included in Appendix I to this document. Any past dividend distribution records may not be used as a reference or basis in determining the level of dividends that may be declared or paid by us in the future.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

In July 2026, approximately 42,000 tickets were sold for our water sightseeing boat services, of which approximately 8,400 were for the Grand Canal Yangzhou night show, and approximately 46,000 tickets were sold for our sightseeing tour bus services. Our Directors have confirmed that, up to the Latest Practicable Date, there has been no material adverse change in our business operations, financial or trading positions or prospects since June 30, 2026, being the date on which our latest audited consolidated financial statements were prepared, and there is no event since June 30, 2026 which would materially affect the information as set out in the Accountants' Report in Appendix I to this document.

DEFINITIONS

In this document, unless the context otherwise requires, the following terms and expressions shall have the meanings set out below.

"2015 Concession Agreement"	the concession agreement for the exclusive operation right for operating water sightseeing boat services within the Shugang-Slender West Lake Scenic Area (蜀岡–瘦西湖風景名勝區內部水上遊船經營服務許可(權)承包合同) entered into by and between our Company and the Economic Development Bureau of the Shugang-Slender West Lake Administrative Committee on September 9, 2015
"2022 Concession Agreement"	the concession agreement for the exclusive operating right for sightseeing tour buses entered into by and between our Company and the Shugang-Slender West Lake Administrative Committee on July 26, 2022
"2022 Cooperation Agreements"	collectively, (i) the Tripartite Cooperation Agreement for the Quality Enhancement of Gaoyou City Lake Tourism Resort* (高郵清水潭旅遊度假區品質提升三方合作協議) entered into by and among our Company, Gaoyou Tourism Investment Co. and Yangzhou Media Co. on June 13, 2022 and (ii) the Cooperation Agreement for advertisement services entered into by and among our Company, Yangzhou Media Co. and Yangzhou Jingqu Rong Media Center* (揚州景區融媒體中心) on August 9, 2022, both of which expired on June 30, 2025
"2025 Cooperation Agreements"	collectively, (i) the Cooperation Agreement for the Quality Enhancement and Operation Management of Gaoyou City Lake Tourism Resort (高郵清水潭旅遊度假區品質提升運營管理合作協議) entered into by and among our Company, Gaoyou Tourism Investment Co., Yangzhou Media Co. and Gaoyou Ancient Post on June 30, 2025 and (ii) the Cooperation Agreement for advertisement services entered into by and between our Company and Yangzhou Media Co. on June 30, 2025
"Accountants' Report"	the accountants' report prepared by Ernst & Young, the text of which are set out in Appendix I to this document
"affiliate"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC"	Accounting and Financial Reporting Council of Hong Kong
"Ancient Canal Area"	the "urban section of" Ancient Canal area in Yangzhou, encompassing the river stretch from Zhuyuwan Scenic Area (茱萸灣風景區) to Guazhou (瓜洲), with the primary tourist route concentrated in the urban section of Yangzhou, running from Bianyi Gate Square Wharf (便益門廣場碼頭) to Nanmen Wharf (南門碼頭). Ancient Canal Area is one of the core parts of the Grand Canal and a cultural and historical landmark

"Ancient Canal Water Tour Routes"	the water tour route as elaborated in "Business — Water Sightseeing Boat Service Business — Water Sightseeing Boat Services by Service Areas — Ancient Canal Area (古運河區域) — Ancient Canal Water Tour Routes"
"Articles of Association" or "Articles"	the articles of association of our Company adopted on September 20, 2025 with effect upon [REDACTED] (as amended from time to time), a summary of which is set out in Appendix V to this document
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Baozhang Lake Water Tour Route"	the water tour route as elaborated in "Business — Water Sightseeing Boat Service Business — Water Sightseeing Boat Services by Service Areas — Shugang-Slender West Lake Scenic Area (蜀岡—瘦西湖風景名勝區) — Baozhang Lake Water Tour Route"
"Board" or "Board of Directors"	the board of Directors
"Business Day" or "business day"	a day on which banks in Hong Kong are generally open for normal business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong

[REDACTED]

DEFINITIONS

"China", "Mainland China" or "People's Republic of China" or "PRC"	the People's Republic of China which, for the purpose of this document and for geographical reference only, excluding Hong Kong, Macau Special Administrative Region and Taiwan
"close associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company", "our Company", "we", "our" or "us"	Jiangsu Slender West Lake Culture and Tourism Co., Ltd.* (江蘇瘦西湖文化旅遊股份有限公司), a joint stock company with limited liability incorporated in the PRC on April 20, 2016, and, except where the context otherwise requires (as the case may be), includes its predecessor, Yangzhou Ancient Canal Tourism Limited Company* (揚州市古運河旅游有限責任公司), a limited liability company incorporated in the PRC on August 31, 2006
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"connected transaction(s)"	has the meaning ascribed thereto under the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules and unless the context otherwise requires, refers to our controlling shareholders, namely, (i) Tourism Development Group, (ii) Yangzhou Industrial, (iii) Quanyu Tourism Company, (iv) Yangzhou Business Tourism Group and (v) Yangzhou Economic Development
"core connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"COVID-19"	COVID-19 virus, a coronavirus identified as the cause of an outbreak of respiratory illness that believed to have first emerged in late 2019
"CPC"	the Communist Party of China
"CSDCC"	China Securities Depository and Clearing Corporation Limited
"CSRC"	China Securities Regulatory Commission

"Deed of Non-competition"	a deed of non-competition dated [●] 2026 entered into by our Controlling Shareholders in favour of our Company (for ourselves and as trustee for and on behalf of our subsidiary), particulars of which are set out in "Relationship with our Controlling Shareholders — Non-competition Undertaking — Non-competition Undertaking by Controlling Shareholders"
"Director(s)"	the director(s) of our Company
"Domestic Share(s)"	ordinary share(s) issued by our Company, with a nominal value of RMB1.00 each, which are subscribed for and paid for in RMB and not listed or traded on any stock exchange but quoted on the NEEQ (stock code: 871343)
"Economic Development Bureau of the Shugang-Slender West Lake Administrative Committee"	Economic Development Bureau of the Administrative Committee of the Shugang-Slender West Lake Scenic Area of Yangzhou* (揚州市蜀岡-瘦西湖風景名勝區管理委員會經濟發展局), a functional department under the Shugang-Slender West Lake Administrative Office whose principal responsibilities include promoting project development and industrial growth in tourism and related sectors and a PRC Governmental Body
"EIT"	enterprise income tax
"EIT Law"	the Enterprise Income Tax Law of the PRC
"EIT Regulations"	the Regulation on the Implementation of the EIT Law
"ESG"	environmental, social & governance
"Exchange Participants"	has the meaning ascribed thereto under the Listing Rules
"Extreme Conditions"	the occurrence of "extreme conditions" as announced by any government authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below
	[REDACTED]
"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., a global market research and consulting company, an independent third party
"Gaoyou Ancient Post"	Gaoyou Ancient Post City Scenic Area Operation and Management Co., Ltd.* (高郵市古驛名城景區運營管理有限公司), a PRC limited liability company established on December 19, 2016, a party to the 2025 Cooperation Agreements, and an independent third party

"Gaoyou City Lake Cooperation Agreements"	collectively, the 2022 Cooperation Agreements and the 2025 Cooperation Agreements
"Gaoyou City Lake Tourism Resort"	Gaoyou City Lake Tourism Resort* (高郵清水潭旅遊度假區) a comprehensive lakeside destination in Gaoyou, Yangzhou, Jiangsu province, integrating ecological sightseeing, leisure tourism, and cultural experiences, which is a national 3A-level tourist attraction, a Jiangsu Provincial Wetland Park, and a provincial-level water conservancy scenic area
"Gaoyou Tourism Investment Co."	Gaoyou City Lake Tourism Investment Development Co., Ltd.* (高郵市清水潭旅遊投資開發有限公司), a limited liability company established under the PRC laws on October 28, 2013 and as of the Latest Practicable Date, it was wholly owned by Gaoyou City Financial Comprehensive Service Center (Gaoyou City State-owned Assets Management Center)* (高郵市財政綜合服務中心(高郵市國有資產管理中心)), a public institution sponsored by the Finance Bureau of Gaoyou* (高郵市財政局)
	[REDACTED]
"Grand Canal"	a man-made waterway running north to south in China, stretching approximately 1,700 kilometers from Beijing to Hangzhou, one of the longest and oldest canals in the world and a UNESCO World Heritage Site
"Grand Canal Fund"	Jiangsu Grand Canal (Yangzhou) Cultural Tourism Development Fund (Limited Partnership)* (江蘇省大運河(揚州)文化旅遊發展基金(有限合夥)), a limited partnership established under the laws of the PRC on September 11, 2019 and our [REDACTED]
"Grand Canal Yangzhou"	Grand Canal Yangzhou night show, an on-boat processional performance on the Ancient Canal Area. See "Business — Water Sightseeing Boat Service Business — Grand Canal Yangzhou (大運揚州)"
"Group", "our Group", "we", "our" or "us"	our Company and our subsidiary
	[REDACTED]
"H Share(s)"	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which is/are to be [REDACTED] for and [REDACTED] in Hong Kong dollars and to be [REDACTED] on the Stock Exchange
	[REDACTED]

[REDACTED]

"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong

[REDACTED]

[REDACTED]

"IEA"	International Energy Agency, a Paris-based autonomous intergovernmental organization, established in 1974 and provides policy recommendations, analysis and data on the global energy sector.
"HKFRS"	Hong Kong Financial Report Standards
"HKFRS Accounting Standards"	Hong Kong Accounting Standards, which includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants
"independent third party(ies)"	any company(ies) or person(s) and their respective ultimate beneficial owner(s), which/who, to the best knowledge, information and belief of our Directors having made all reasonable enquiries, is/are third party(ies) independent of our Company and our connected persons as defined under the Listing Rules
"Industry Report"	the industry report issued by Frost & Sullivan

[REDACTED]

"Jiangsu Yimi"	Jiangsu Yimi Technology Industry Co., Ltd.* (江蘇藝米科技產業有限公司), formerly known as Jiangsu Yimi Cultural and Creative Industry Co., Ltd.* (江蘇藝米文化創意產業有限公司), a PRC limited liability company established on January 22, 2018, and as of the Latest Practicable Date, it was owned as to 100% by Jiangsu Yimi Cultural Media Co., Ltd.* (揚州藝米文化傳媒有限公司), which was in turn controlled by Mr. Wang Junhong (王俊鴻), all of which are independent third parties
	[REDACTED]
"KOL(s)"	key opinion leader(s), influential individual(s) on a social platform that consumers trust with purchasing decisions and popular opinions
"Latest Practicable Date"	October 5, 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to its [REDACTED]
	[REDACTED]
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange
"MCN"	multi-channel networks, which refer to the agencies that represent content creators, such as KOLs, and assist them in areas such as audience development, content programming, content creator collaborations, digital rights management, monetization and sales
"Member of the Group"	the Company and/or any of its subsidiary or associated company
"MIIT"	Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
"MOF"	Ministry of Finance of the PRC (中華人民共和國財政部)
"MOFCOM"	Ministry of Commerce of the PRC (中華人民共和國商務部)
"NASDAQ"	the NASDAQ Stock Market in the United States
"NDRC"	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)

"NEEQ"	National Equities Exchange and Quotations (全國中小企業股份轉讓系統)
"Northern Ancient City Moat Water Tour Route"	the water tour route as elaborated in "Business — Water Sightseeing Boat Service Business — Water Sightseeing Boat Services by Service Areas — Shugang-Slender West Lake Scenic Area — Northern Ancient City Moat Water Tour Route"

[REDACTED]

"OHS"	occupational health and safety

[REDACTED]

"Overseas Listing Trial Measures"	the Trial Measures for the Administration on Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) promulgated by the CSRC on February 17, 2023 and became effective on March 31, 2023
"PBOC"	People's Bank of China (中國人民銀行), the central bank of the PRC
"PRC Company Law"	the Company Law of the PRC, effective on July 1, 1994, as amended, supplemented or otherwise modified from time to time
"PRC GAAP"	generally accepted accounting principles of the PRC
"PRC Government" or "State"	the central government of the PRC and all governmental subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof or, where the context requires, any of them
"PRC Governmental Body"	has the meaning ascribed thereto under the Listing Rules
"PRC Legal Adviser"	Merits & Tree Law Offices, our legal adviser as to PRC laws

[REDACTED]

"Promoters"	the promoters of the Company, whose names are set out in "Statutory and General Information — D. Other Information — 7. Promoters" in Appendix VI to this document
	[REDACTED]
"Qianlong Imperial Water Tour Route"	the water tour route as elaborated in "Business — Water Sightseeing Boat Service Business — Water Sightseeing Boat Services by Service Areas — Shugang-Slender West Lake Scenic Area — Qianlong Imperial Water Tour Route"
"Qichacha"	Qichacha (企查查) a Chinese enterprise information platform primarily used to query public data such as business registration and credit information, intellectual property and legal litigation risks
"Quanyu Tourism Company"	Yangzhou Quanyu Tourism Co., Ltd.* (揚州全域旅遊有限公司) (formerly known as Yangzhou Slender West Lake Management and Operation Co., Ltd.* (揚州瘦西湖經營管理有限責任公司)), a PRC limited liability company established on January 23, 2013 and a Controlling Shareholder
"Regulation S"	Regulation S under the U.S. Securities Act
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"SAFE"	State Administration of Foreign Exchange of the PRC (中華人民共和國外匯管理局), the PRC governmental agency responsible for matters relating to foreign exchange administration, including local branches, when applicable
"SAMR", or formerly known as "SAIC"	the State Administration of Market Regulation of the PRC (國家市場監督管理總局), formerly known as the State Administration of Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局)
"Sanwan Scenic Area"	located on the Sanwan section of the Ancient Canal Area, a large-scale ecological scenic zone created by thoughtfully integrating cultural landscapes and recreational facilities with the local environment and a part of the World Heritage Site, a national 4A-level tourist attraction, and a National Water Conservancy Scenic Area

"SASAC"	State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會)
"SAT"	State Administration of Taxation of the PRC (中華人民共和國國家税務總局)
"Securities Law"	the Securities Law of the PRC, as amended, supplemented or otherwise modified from time to time
"SFC"	Securities and Futures Commission of Hong Kong
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shareholder(s)"	holder(s) of the Share(s)
"Share(s)"	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each including our Domestic Shares and H Shares
"Shugang-Slender West Lake Administrative Committee"	Administrative Committee of the Shugang-Slender West Lake Scenic Area of Yangzhou* (揚州市蜀岡-瘦西湖風景名勝區管理委員會), an administrative office by the Yangzhou Government and a PRC Governmental Body, serving as a tourism-focused functional zone covering 35.8 sq. km., administering four counties (subdistricts), overseeing the Sanwan area, managing 11 national A-class tourist attractions located in the core urban area of Yangzhou. Its principal responsibilities include formulating, in accordance with the law, management regulations for the scenic area, preparing and organizing the implementation the overall scenic area planning, protecting and managing natural and cultural landscapes as well as infrastructure within the scenic area, and it is also responsible for tourism reception, asset management, product promotion, and resource protection and development, as well as overseeing the Tourism Development Group and the Slender West Lake Administration Office
"Shanghai-Hong Kong Stock Connect"	a securities trading and clearing links program developed by the Stock Exchange, Shanghai Stock Exchange, HKSCC and China Securities Depository and Clearing Corporation Limited for mutual market access between Hong Kong and Shanghai
"Shugang-Slender West Lake Scenic Area"	Yangzhou Shugang-Slender West Lake Scenic and Historic Area* (揚州市蜀岡-瘦西湖風景名勝區), covering an area of approximately 12.23 sq.km. and a national key scenic area of China
"Slender West Lake Administration Office"	Administration Office of the Slender West Lake Scenic Area of Yangzhou* (揚州市瘦西湖風景區管理處), a self-financed public institution, currently under the administration of the Shugang-Slender West Lake Administrative Committee

"Slender West Lake"	Yangzhou Slender West Lake Scenic Area* (揚州市瘦西湖風景區), with a total area of approximately 2 sq.km., a national 5A-level tourist attraction, an important component of the Grand Canal, a UNESCO World Heritage Site, and a core and essential part of the Shugang-Slender West Lake Scenic Area
"Slender West Lake Scenic Area"	Yangzhou Slender West Lake Scenic Area* (揚州市瘦西湖風景區), a scenic area located in Yangzhou, serving as a sub-area and the core highlight of the Shugang-Slender West Lake Scenic Area and a national key scenic and historic area, with a total area of 168 hectares, including 132 hectares of land and 36 hectares of waters
	[REDACTED]
"Sole Sponsor"	the sole sponsor as named in "Directors and Parties Involved in the [REDACTED]" in this document
"Songjiacheng"	Songjiacheng (宋夾城), a military defense town in Yangzhou during the Southern Song Dynasty and is now a public park combining historical ruins with sports and leisure facilities
"Songjiacheng Water Circular Island Tour Route"	the water tour route as elaborated in "Business — Water Sightseeing Boat Service Business — Water Sightseeing Boat Services by Scenic Areas — Shugang-Slender West Lake Service Area — Songjiacheng Water Circular Island Tour Route"
	[REDACTED]
"State Council"	State Council of the PRC (中華人民共和國國務院)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Takeovers Code"	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time

"the Grand Canal"	the Chinese Grand Canal* (中國大運河), one of the longest and oldest artificial waterways in the world, stretching from Beijing in the north to Hangzhou in the south and running through multiple provinces and cities in eastern China
"Tourism Development Group"	Yangzhou Slender West Lake Tourism Development Group Co., Ltd.* (揚州瘦西湖旅遊發展集團有限公司), a PRC limited liability company established on April 5, 2004 and Controlling Shareholder
"Track Record Period"	the three financial years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026
"treasury shares"	has the meaning ascribed thereto under the Listing Rules
	[REDACTED]
"UNESCO World Heritage Site"	a cultural, natural, or mixed heritage site recognized by UNESCO as having outstanding universal value under the Convention Concerning the Protection of the World Cultural and Natural Heritage
"UNESCO"	United Nations Educational, Scientific and Cultural Organization
"U.S." or "United States"	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
"U.S. dollar", "US$" or "USD"	United States dollar, the lawful currency of the United States
"U.S. Securities Act"	the United States Securities Act of 1933, as amended and supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder
"WeChat"	a multi-functional instant messaging and social platform application
"water-based tourism service"	leisure and sightseeing experiences conducted on inland navigable waters, such as rivers, lakes, and canals, using boats, including sightseeing boats, self-driving boats, painted boats, dining boats, etc., but excluding both overnight and non-overnight cruises
"Yangzhou Business Tourism Group"	Slender West Lake (Yangzhou) Business Tourism Industry Development Group Co., Ltd.,* (瘦西湖(揚州)商旅產業發展集團有限公司), a limited liability company established on October 22, 2013, and wholly owned by Tourism Development Group and is one of our Controlling Shareholders
"Yangzhou Development and Reform Commission"	Yangzhou Municipal Development and Reform Commission* (揚州市發展和改革委員會), a comprehensive economic management department under Yangzhou Government, responsible for coordinating the city's socio-economic development strategies, planning, and major policies
"Yangzhou Economic Development"	Yangzhou Economic and Technological Development Zone State Owned Holdings (Group) Co., Ltd.* (揚州經濟技術開發區國有控股(集團)有限公司), a limited liability company established under the PRC laws on June 30, 2015, and a state-owned enterprise and wholly owned by Yangzhou Government and is one of our Controlling Shareholders
"Yangzhou Emergency Management Bureau"	Yangzhou Municipal Emergency Management Bureau* (揚州市應急管理局), a regulatory authority under Yangzhou Government, responsible for comprehensive emergency management, safety supervision, and disaster prevention and response across the city

"Yangzhou Garden"	Yangzhou Garden Co., Ltd.* (揚州園林有限責任公司), a PRC limited liability company established on March 23, 2011 and as of the Latest Practicable Date, it was owned as to 93.3% by Yangzhou Business Tourism Group, Controlling Shareholder and 6.7% by Grand Canal Fund, our [REDACTED]
"Yangzhou Government"	municipal level government of Yangzhou, Jiangsu province and a PRC Governmental Body
"Yangzhou Industrial"	Yangzhou Industrial Investment State-owned Holding (Group) Co., Ltd.* (揚州市產業投資國有控股(集團)有限責任公司), a PRC limited liability company established on June 28, 2016, and a state-owned enterprise owned as to 75% by Yangzhou Government and 25% by Yangzhou Economic Development, wholly owned by Yangzhou Government and is Controlling Shareholder
"Yangzhou Market Supervision Bureau"	Yangzhou Municipal Administration for Market Regulation* (揚州市市場監督管理局), a regulatory authority under Yangzhou Government, responsible for market supervision, including the safety inspection of special equipment
"Yangzhou Media Co."	Yangzhou Broadcasting Newspaper Network Media Co., Ltd.* (揚州廣電報網傳媒有限公司), a limited liability company established under the PRC laws on July 13, 2012 and as of the Latest Practicable Date, it was owned as to 100% by Yangzhou Radio and Television Media Group Co., Ltd.* (揚州廣播電視傳媒集團有限責任公司), a wholly state-owned enterprise authorized by Yangzhou Government to have the Yangzhou Radio and Television Station* (揚州廣播電視總台) a public institution established by Yangzhou Government perform the capital-contributor's responsibilities
"Yangzhou Transportation Bureau"	Yangzhou Municipal Transportation Bureau* (揚州市交通運輸局), a transportation regulatory authority under Yangzhou Government, responsible for waterway transportation management and overall transportation planning and administration
"Yangzhou Yuntong"	Yangzhou Yuntong Cultural Performance Development Co., Ltd.* (揚州市運通文化演藝發展有限責任公司), a PRC limited liability company established on June 3, 2024 and a non-wholly owned subsidiary of our Company. As of the Latest Practicable Date, Yangzhou Yuntong was owned as to 52.63% by us, 21.05% by Yangzhou Garden, 10.53% by Yao Youguang, 10.53% by Yangzhou Media Co., and 5.26% by Jiangsu Yimi

"Yao Youguang"	Yao Youguang Technology Group Co., Ltd.* (耀有光科技集團有限公司), a PRC limited liability company established on August 4, 2008 and a substantial shareholder of Yangzhou Yuntong. As of the Latest Practicable Date, it was owned as to (i) 74.0% by Zhejiang Hengzi Enterprise Management Co., Ltd.* (浙江恒資企業管理有限公司) which was in turn controlled by Mr. Li Jie (李捷), (ii) 13.9% by Ningbo Yaoyouguang Enterprise Management Partnership Enterprise (Limited Partnership)* (寧波耀有光企業管理合夥企業(有限合夥)) which was controlled by its general partner, Mr. Li Jie, (iii) 4.7% directly by Mr. Li Jie, and (iv) the remaining 7.4% by Ningbo Liangjie Enterprise Management Partnership Enterprise (Limited Partnership)* (寧波亮界企業管理合夥企業(有限合夥)) which was in turn controlled by Ms. Zeng Lichun (曾麗春), all of which are independent third parties
"%"	percent

In this document, the terms "associate(s)", "close associate(s)", "connected person(s)", "connected transaction(s)", "core connected person(s)", "controlling shareholder(s)", "subsidiary(ies)" and "substantial shareholder(s)" shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires. The English translation of company names in Chinese or another language which are marked with "" and the Chinese translation of company names in English which are marked with "*" is for identification purpose only.*

GLOSSARY OF TECHNICAL TERMS

This glossary contains explanation and definitions of certain technical terms used in this document in connection with our Company and our business. As such, these terms and their given meanings may not correspond to standard industry meanings or usage of these terms.

"AIS"	automatic identification system, a navigation aid and maritime safety and communication system used between ships and shore, and between ships
"AR"	augmented reality, which is a technology that overlays digital information — such as images, sounds, or 3D models — onto the real-world environment, enhancing the user's perception of reality through devices like smartphones or AR glasses
"CAGR"	compound annual growth rate, which is the annual growth rate over a specified period of time longer than one year
"C&C"	cultural and creative
"GDP"	gross domestic product, a monetary measure of the market value of all the final goods produced and sold and services provided in a specific time period by a country or countries
"GFA"	gross floor area
"GHG"	greenhouse gas which are gases in the Earth's atmosphere that trap heat, contributing to the greenhouse effect and global warning
"hectare"	a metric unit of area, equal to 10,000 sq.m. It is commonly used to measure land area in agriculture, forestry, urban planning, and environmental management
"inland navigable waters"	inland waterways that are open for public vessel navigation and transportation purposes, and are generally subject to relevant navigation and water transportation management
"km"	kilometer (km) is a unit of length in the International System of Units (SI), equal to 1,000 meters. It is commonly used to measure distances in transportation, geography, and everyday applications
"maximum passenger capacity"	the maximum number of passengers that a vehicle or facility is certified to carry as stated on the relevant certificate of a vehicle or facility

"MWh"	megawatt-hour, a unit of energy equal to one million watt-hours, commonly used to measure large-scale electricity generation or consumption
"non-navigable waters"	water areas that are not designated for public navigation or general transportation purposes, but are designated or managed for specific activities such as water-based tourism, sightseeing and recreation
"N2"	a special equipment safety management and operation certificate for internal motor vehicle operations
"passenger capacity per trip"	the total number of people carried on a single trip, which is a key metric for assessing capacity, safety, and service efficiency in tourism and transportation operations
"OTA"	online travel agency, a platform that provides users with travel products and services such as flight tickets, hotel bookings, and travel itineraries via the internet
"passenger capacity per day"	the number of people that a facility, attraction, or transportation service can accommodate or serve in a single day
"Piaofutong"	Piaofutong (票付通) a specialized one-stop ticketing platform designed to streamline the sale, management and settlement of ticketing services for our water sightseeing boat service business
"sq.m."	square meter, which is an area unit, being the area of a square with sides one metre in length
"sq. km."	square kilometer, which is an area unit, being the area of a square with sides one kilometer in length
"tonne"	a metric unit of mass equal to 1,000 kilograms, commonly used worldwide to measure large quantities such as carbon emissions
"tonne CO_2e"	tonne of carbon dioxide equivalent, a standardized unit that measures the climate impact of different greenhouse gases by converting them into the equivalent amount of carbon dioxide with the same global warming potential over a specific time period
"VAT"	value-added-tax
"VR"	virtual reality, which is a simulated, computer-generated environment that allows users to interact with a 3D world using specialized devices like VR headsets or goggles

FORWARD-LOOKING STATEMENTS

This document contains certain forward-looking statements and information relating to our Company and our subsidiary that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this document, the words "aim", "anticipate", "believe", "could", "expect", "going forward", "intend", "may", "ought to", "plan", "project", "seek", "should", "will", "would" and the negative of these words and other similar expressions, as they relate to our Group or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this document, some of which are beyond our control and may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks, uncertainties and other factors facing our Group which could affect the accuracy of forward-looking statements include, but are not limited to, our business prospects; future developments, trends and conditions in the industry and markets in which we operate; our business strategies and plans to achieve these strategies; general economic, political and business conditions in the markets in which we operate; changes to the regulatory environment and general outlook in the industry and markets in which we operate; the effects of the global financial markets and economic crisis; our ability to reduce costs; our dividend policy; the amount and nature of, and potential for, future development of our business; capital market developments; the actions and developments of our competitors; and change or volatility in interest rates, foreign exchange rates, equity prices, volumes, operations, margins, risk management and overall market trends.

Subject to the requirements of applicable laws, rules and regulations, we do not have any and undertake no obligation to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this document might not occur in the way we expect or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this document are qualified by reference to the cautionary statements in this section.

In this document, statements of or references to our intentions or those of the Directors are made as of the date of this document. Any such information may change in light of future developments.

An investment in our H Shares involves a high degree of risk. You should carefully consider the following information about risks, together with the other information contained in this document, including our consolidated financial statements and related notes, before you decide to [REDACTED] our H Shares. If any of the circumstances or events described below actually arises or occurs, our results of operations, financial performance and business prospects may suffer. In any such case, [REDACTED] of our H Shares could decline and you may lose all or part of your [REDACTED]. This document also contains forward-looking information that involves risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of many factors, including the risks described below.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

We rely on the exclusive operation rights within the Shugang-Slender West Lake Scenic Area to maintain our water sightseeing boat service business and sightseeing tour bus service business.

We rely on the exclusive operation right granted in the Shugang-Slender West Lake Scenic Area to maintain our water sightseeing boat service business and sightseeing tour bus service business. Specifically, we hold a 20-year exclusive operation right for water sightseeing boat services within the Shugang-Slender West Lake Scenic Area under the 2015 Concession Agreement, effective from September 10, 2015 to September 9, 2035, covering a diversified portfolio of boat services, including our standard water sightseeing boat service provided through our signature Yuloh boat, self-driving boat and themed boat, value-added boat services provided through "Boat+" services and chartered boat services.

Furthermore, on July 26, 2022, we entered into the 2022 Concession Agreement through a public tender a 20-year exclusive operation right for sightseeing tour bus services on designated routes within the Shugang-Slender West Lake Scenic Area, pursuant to 2022 Concession Agreement, effective from August 1, 2022 to July 31, 2042. For further details, see "Business — Water Sightseeing Boat Service Business — Exclusive Operation Rights" and "Business — Sightseeing Tour Bus Service Business — Exclusive Operation Right, Service Areas and Designed Tour Routes" in this document.

Nonetheless, we remain exposed to certain uncertainties. If we fail to renew our operation rights upon expiry of the relevant concession agreements, we may have to cease the relevant services and lose the associated revenue. Failure to meet operational, environmental, or financial obligations under the concession agreements, or changes in government policies or scenic area planning may result in modifications to the terms of the licenses or the loss of our exclusivity and would expose us to increased competition from other operators. Even if our operation rights are renewed, the terms of the relevant licenses may become less favourable, including a narrower operating scope, higher license fees or more stringent operating requirements, which could restrict our operations or increase our costs. In addition, changes to the administrative responsibilities or geographical jurisdiction of the Shugang-Slender West Lake Administrative Committee, which oversees our water sightseeing boat and sightseeing tour bus operation rights within the scenic area, could change the applicable approval procedures and cause delays or additional compliance costs. If such changes involve revisions to scenic area planning, or if stricter cultural heritage protection requirements apply to our operating waters or routes, the competent authorities may reassess whether the scope and conditions of our operation rights remain consistent with those requirements. Subject to applicable laws and the concession agreements, this could lead to restrictions on operating areas, routes or service capacity, or suspension of affected services, thereby reducing our revenue and adversely affecting our operations. Should any of these risks materialize, our ability to serve visitors would be directly constrained, leading to revenue volatility, loss of market share, and impediments to our planned business expansion based on existing concession rights.

We rely on our current status as the sole operator within the designated Ancient Canal Area to maintain our water sightseeing boat service business in that area.

We have been the sole operator of water sightseeing boat services within the designated Ancient Canal Area since 2006. Our operation in this area is based on an approval letter issued by the Tourism Bureau of Yangzhou on August 29, 2006 (the "**Approval Letter**") and the Filing for Tourism and Sightseeing Business Operations in Non-Navigable Waters* (非通航水域遊覽經營活動備案) issued by Transportation Comprehensive Administrative Law Enforcement Brigade of Yangzhou* (揚州市交通運輸綜合行政執法支隊), which does not specify an expiration date. No licence fee has been imposed under relevant PRC laws and regulations for our operation of water sightseeing boat services, including standard water sightseeing boat service and the Grand Canal Yangzhou night show, in the designated Ancient Canal Area.

The Approval Letter constitutes a legally binding beneficial administrative act in the nature of an administrative confirmation under PRC laws. Upon its issuance and service, the Approval Letter became binding on both the Tourism Bureau of Yangzhou and our Company and constitutes one of the legal bases for our Company to conduct water sightseeing and tourism activities in the non-navigable waters of the designated Ancient Canal Area. As advised by our PRC Legal Adviser, such binding effect is protected under applicable PRC laws and regulations, including the Administrative Litigation Law of the PRC, the Administrative Licensing Law of the PRC and the Measures for the Safety Management of Inland Water Sightseeing Business Activities in Jiangsu Province. For further details, see "Business — Water Sightseeing Boat Service Business — Exclusive Operation Rights — Sole Operator within the designated Ancient Canal Area" in this document.

Nonetheless, we remain exposed to certain uncertainties. Our operation within the designated Ancient Canal Area is carried out under an administrative approval letter and a record-filing with the relevant authorities, and does not constitute any statutory or contractual exclusive operating right. There are no contractual or statutory documents preventing the relevant government authorities, subject to applicable PRC laws and regulations, from (i) terminating our operation right within the designated Ancient Canal Area at their discretion, (ii) imposing a license fee for our operations in that area, or (iii) introducing other operators to operate same or similar business in that area, thereby ending our current status as the sole operator. Accordingly, there can be no assurance that we will continue to retain our operation right, operate without paying license fees or maintain our current status as the sole operator in the future.

Should other operators enter the designated Ancient Canal Area, or should our approval or operation right be withdrawn, restricted or otherwise adversely affected as a result of changes in applicable laws, regulations or government policies, our visitor volume, market share and revenue may be adversely affected, which could materially and adversely affect our business, financial condition and results of operations.

Government authorities may grant operating rights, licences, concessions or approvals to operators of alternative modes of transportation or tourism experiences within our service areas, which may intensify competition and adversely affect our business.

We have exclusive operation rights for our water sightseeing boat services and sightseeing tour bus services within the Shugang-Slender West Lake Scenic Area, and are currently the sole operator of water sightseeing boat services within the designated Ancient Canal Area. There can be no assurance that the relevant government authorities will not grant operating rights, licences, concessions or approvals to other operators to provide alternative modes of transportation or tourism experiences within the Shugang-Slender West Lake Scenic Area or the Ancient Canal Area. Such alternatives may include amphibious tour buses operating on both land and water, drone-based aerial sightseeing experiences and drone swarm light shows. In addition, other qualified operators may conduct water sightseeing activities

in the designated Ancient Canal Area if they satisfy the applicable regulatory requirements and complete the relevant filing procedures. Such alternative services or experiences may compete with our services for visitor traffic and spending.

If such alternative services or experiences are more convenient, attractive or competitively priced, visitors may reduce their use of our water sightseeing boat services or sightseeing tour bus services. This could reduce our visitor volume and ticket sales, intensify competition within our service areas and materially and adversely affect our business, financial condition and results of operations.

Our water-based tourism business is located in Yangzhou, Jiangsu Province where all of our business operations and activities are located. Therefore, our business operations depend on our ability to attract visitors to the Shugang-Slender West Lake Scenic Area and the Ancient Canal Area.

Our water-based tourism business is concentrated in Yangzhou, Jiangsu Province, where all of our business operations and activities are located. During the Track Record Period, substantial amount of our revenue was generated from our business activities in Yangzhou, in the Shugang-Slender West Lake Scenic Area and the Ancient Canal Area. The amount of revenue generated for the year ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026 from (i) Shugang-Slender West Lake Scenic Area was RMB86.965 million, RMB87.467 million, RMB99.743 million and RMB60.6 million, respectively; and (ii) Ancient Canal Area was RMB16.788 million, RMB18.243 million, RMB36.131 million and RMB20.0 million, respectively. This makes us vulnerable to regional economic fluctuations, environmental challenges and changes in local regulations. For example, changes in the tourism industry market and tourism performance market could lead to decrease in consumer spending on leisure activities, directly affecting the visitor numbers. Additionally, environmental issues, such as natural disasters or climate change, could disrupt access to key attractions and deter visitors from visiting the Shugang-Slender West Lake Scenic Area and the Ancient Canal Area. Moreover, changes in national and local regulations, including those related to cultural tourism or the tourism industry, could also pose challenges to our business.

Changes in the tastes and preferences of visitors from different countries and regions may affect the demand for our water-based tourism services, and we may not be able to maintain our competitiveness in the water-based tourism industry.

Changes in the tastes and preferences of visitors can significantly impact the demand for our cultural tourism service offerings. As consumer interests evolve, we may face challenges in keeping pace with emerging trends and adopting our service offerings accordingly. If we become unable to timely adjust to shifts in visitors' preferences or spending habits, we may face challenges from a decrease in visitor numbers. As a result, our financial performance may be negatively impacted.

The operation of our water sightseeing boat service, sightseeing tour bus service, and Grand Canal Yangzhou night show necessitates our ability to stay aligned with evolving market trends. Failure to meet the evolving expectations of our target consumers in respect of our water-based tourism service, may impact our competitiveness within the water-based tourism market; and our expanded service offerings may not effectively attract visitors and stimulate their spendings. Failure to provide the preferred visitor and leisure offerings to the visitors could lead to diminished interest in our service offerings. Additionally, shifts towards alternative forms of entertainment or emerging travel trends could further affect demand for our existing and to-be-expended tourist attractions in the Shugang-Slender West Lake Scenic Area and the Ancient Canal Area.

A substantial portion of our revenue was derived from the sales of boat tickets during the Track Record Period.

Failure to adapt to industry developments and respond effectively to the expectations of modern visitors could significantly impact our future operations and financial performance. During the Track Record Period, revenue from water sightseeing boat services contributed approximately 87.2%, 86.2%, 83.7% and 86.0% of our total revenue, respectively. The reliance on a singular major revenue stream presents potential risks including changes in visitors' preferences, competition from alternative entertainment options and operational disruptions in the Shugang-Slender West Lake Scenic Area and the Ancient Canal Area. These factors may result in a decrease in our Company's revenue if we fail to anticipate and respond to these changes. As a result, the attractiveness of our water-based tourism services and our financial performance may be adversely impacted. Furthermore, our ability to maintain high operation quality and stay aligned with evolving market trends is essential for sustaining visitors' interest and maintaining our market share in our water-based tourism services over time.

Incidents or adverse publicity concerning our services could threaten our reputation and negatively impact our revenue and profitability.

The established brand recognition is the bedrock of our existing success and is crucial for attracting visitors and generating revenue for our Group as well. Moreover, as our water-based tourism services also influences other business segments, being our management service business, any incidents or adverse publicity related to our "Slender West Lake Culture & Tourism (瘦西湖文旅)" could significantly threaten our reputation.

Negative media coverage, customer complaints or operational failures could also lead to diminished public perception of our water sightseeing boat service and, by extensions, our entire service offerings. Such reputational damage may result in decreased occupancy rate of our sightseeing boats and tour buses, lower ticket sales volume and a decline in our overall profitability. Therefore, maintaining a good reputation is essential for our continuing success and any threats to our brandname could have long-lasting effects on our business operations and financial performance.

Our inability to maintain our competitiveness in the boarder cultural tourism industry, and in particular, the market position of our water sightseeing boat service business in the water-based tourism market in China, could adversely affect our financial condition, results of operations and prospects.

Any new market player in the water-based tourism market could intensify market competition and we may fail to maintain our competitive edge against other water-based tourism service providers or other service providers of cultural tourism services or general tourism services. These new competitors may offer innovative experiences or more attractive pricing, drawing potential visitors away from our service offerings. As competition increases, maintaining our market position will require substantial investments in marketing, technology and talent, which could strain our financial resources, to some extent. See "Industry Overview" and "Business — Competition" in this document for details. Additionally, our reputation as an established water-based tourism service provider in Jiangsu Province is closely tied to the quality and continuous enhancement/improvement of our water sightseeing boat services. If we encounter operational challenges due to our impotence to compete with other market players, our brand image could suffer, leading to diminished trust and loyalty from visitors and our customers. This reputational damage may be difficult to reverse, potentially resulting in long-term declines in visitor attendance and our revenue.

We have limited resource and capacity to extend our customer base to foreign countries.

Our ability to expand our visitor base to foreign countries is constrained by limited resources and capacity. This limitation may hinder our efforts to effectively penetrate international markets and establish a strong presence outside our domestic region, as most of the consumers of our water-based tourism services was from China historically and during the Track Record Period. We also acknowledge that although we engage third party ticket sale channel partners to conduct onward sales of tickets to our customers, most of our ticket sale channel partners are locally based, and therefore, the appeal of our water-based tourism services to international visitors are limited. If we are unable to adequately address such limitation, our growth potential on an international scale could be restrained, affecting our long-term viability globally.

If we fail to conduct marketing activities cost-effectively, our business, financial condition and results of operations may be materially and adversely affected.

Effective marketing is a crucial component of our strategy to attract visitors and maintain a strong market presence in the competitive water-based tourism industry. If our marketing campaigns do not resonate with our target customers, or if we misallocate resources towards ineffective marketing channels, we risk not reaching potential visitors to the Shugang-Slender West Lake Scenic Area and the Ancient Canal Scenic, leading to decreased awareness of our service offerings and diminished interest in our water-based tourism services. For the years ended 31 December 2023, 2024 and 2025 and the six months ended June 30, 2026, our marketing expenses were approximately RMB1,565 thousands, RMB1,333 thousands, RMB2,728 thousands and RMB1,770 thousands, representing approximately 94.7%, 93.8%, 96.9% and 97.6%, respectively of our total selling and distribution expenses, respectively. Marketing costs without corresponding returns will limit our financial resources and impacting profitability and cash flow. If we allocate heavily in promotional activities that do not yield the expected results, it could limit our ability to allocate funds to other segments of our business, such as enhancing visitors' experiences and/or improving operational efficiencies.

Our business, financial condition and results of operations may be materially and adversely affected by seasonality.

Our water-based tourism service is subject to seasonality fluctuations. During the Track Record Period, peak seasons mainly represented major holidays and school breaks. In addition to seasonal travel patterns, visitor demand for our water-based tourism service is sensitive to temperature and weather conditions. Frequent or prolonged rainfall, high temperatures and other adverse or extreme weather conditions may discourage visitors from travelling or participating in outdoor sightseeing activities and reduce visitor traffic. Changing climate conditions, including rising temperatures, may also increase the frequency or severity of such adverse weather conditions or otherwise alter seasonal travel patterns, which may further exacerbate fluctuations in visitor demand and adversely affect our revenue and profitability. Such weather conditions have affected our operations during the Track Record Period. In particular, extreme hot weather during the summer holiday in August 2024 led to a decrease in revenue from our standard sightseeing boat services during that period as compared with August 2023. Further, for the six months ended June 30, 2026, our overall revenue decreased by approximately 1.5% from RMB84.5 million for the six months ended June 30, 2025 to RMB83.2 million for the corresponding period in 2026, primarily due to decreases in revenue from our water sightseeing boat service and sightseeing tour bus service as frequent rainfall and high temperatures adversely affected visitor traffic. Hence, our sales and operating results for a particular period will not necessarily be indicative of our

results for the full year or future periods, and our interim result may not proportionally reflect our annual results. See "Business — Seasonality" in this document for a detailed illustration of seasonality implications, including a revenue breakdown by month during the Track Record Period for a quantitative analysis in terms of seasonality.

Our historical financial and operating results may not be indicative of our results of operations, financial performance or business prospects in the future.

Our historical results may not be indicative of our future performance given that our Group's revenue growth in 2023 was largely due to the rebound of tourism consumption upon the lifting of travel restrictions. We may not be able to maintain our growth, profitability, cash flows, or our historical performance due to visitor change of tourism consumption preferences and spending pattern. We cannot guarantee that we can successfully capitalize on new business opportunities. In that case, our revenue, profits and operating results may vary from period to period in response to a variety of factors beyond our control. If our business performance deteriorate, investors' perceptions of our business prospects may be materially and adversely affected and the market price of our Shares could decline.

We cooperate with a number of third party ticket sales channel partners, including OTA platforms and collaborating hotels to achieve our sales growth. Any challenges to their selling capabilities may have a negative impact on our overall operating and financial performance.

During the Track Record Period, the total ticket sales through our third party ticket sales channel partners contributed approximately 12.8%, 23.8%, 35.6% and 35.2% of our revenue from our water-based tourism services. Engaging third party ticket sale channel partners indicates that any challenges they may encounter in the course of their onward ticket selling process. The effectiveness of our sales growth is closely tied to the onward ticket selling capabilities of our third party ticket sale channel partners. Variability in their onward ticket selling capabilities, such as their marketing effectiveness, can influence our overall sales results. If any of the third party ticket sale channel partners fails to promote our water-based tourism services or provide a positive purchasing experience to the potential customers, it could lead to lower ticket sales volume of our Company and as a result, our financial performance will be negatively influenced. In addition, during the course of ticket bulk sales activities conducted by our third party ticket sale channel partners, they play a role in representing our brandname to potential customers. If any of our third party ticket selling distributors fails to uphold our brandname or mismanage potential customer' expectations and purchasing experiences, it could lead to reputational damage of our Company and also result in a decrease in customer trust. Negative ticket purchase experiences with our third party ticket sale channel partners could also deter potential customers from purchasing our boat tickets or tour bus tickets, which will have a negative impact on our financial performance.

We are exposed to operational risks due to potential malfunctions in the mechanical and hardware components of our water sightseeing boats and tour buses.

While the water sightseeing boats and tour buses are equipped with a range of advanced features that enhance the overall visitors' experience, they also entail certain operational risks. The complexity of the water sightseeing boats and tour buses requires meticulous operation and continuous maintenance. Any technical malfunctions or failures in the water sightseeing boats and tour buses could disrupt our operations, leading to cancellations or delays. Such incidents not only impact the immediate visitors' experience but could also result in negative publicity for our services and diminished trust from visitors and our customers in our operational capabilities.

Ensuring the safety of our employees and visitors is a top priority. Any failure to follow safety protocols in operating our water sightseeing boats or tour buses could lead to accidents, legal liabilities, and reputational harm. These operations require skilled personnel and proper maintenance, and any shortage of trained staff or maintenance disruptions could weaken operational safety, reduce service quality, and impair our emergency response capabilities, negatively affecting customer satisfaction and service reliability.

Any failure by us or our catering partner to maintain food safety and quality in relation to our "Boat + Dining" services may adversely affect our reputation, business and results of operations.

We provide "Boat + Dining" services as part of our value-added "Boat+" services. Since January 2017, we have collaborated with a catering partner, Yechun Catering Co., Ltd.* (冶春餐飲股份有限公司), an independent renowned local restaurant famous for Yangzhou-style breakfast tea, to offer visitors an on-boat dining experience on our ecological painted leisure boats. Although the dining component is provided in collaboration with our catering partner, the overall service is offered to visitors as part of our value-added water sightseeing boat services. Any contamination of food ingredients, improper food preparation, packaging, transportation or storage, failure to maintain appropriate temperature or hygiene conditions, defects in tableware or catering equipment, or other operational failures by us, our catering partner or other service providers may give rise to customer complaints, claims, litigation, administrative penalties, regulatory investigations or reputation damage against us as the operator of the relevant "Boat + Dining" services, although we may seek indemnification or recourse from the responsible third parties where appropriate. Any actual or alleged food safety incident may materially harm visitors' confidence in our services and our brand, reduce demand for our "Boat + Dining" services and other value-added boat services, and materially and adversely affect our business, financial condition and results of operations. Therefore, we would select qualified food and catering suppliers with requisite licences and permits, require them to comply with applicable food safety laws and regulations, conduct supplier qualification review and ongoing supplier evaluation, and maintain internal procedures for customer complaint handling and incident response.

Labour shortage or disruptions to our operation team could restrict our ability to provide water sightseeing boat services and sightseeing tour bus services and/or may result in our increased labour costs.

Labour shortage may cause disruptions to our operation team in respect of water sightseeing boat services and sightseeing tour bus services. As at the Latest Practicable Date, we had 204 employees within our operation team. It might be possible that we become unable to maintain all the operation team should there be any unforeseen emergencies. Additionally, if we face difficulties in terms of staffing, we may be compelled to hire temporary and incur higher labour costs, leading to increased operational expenses, which could adversely affect our profitability and overall financial performance. In addition, We have established a labor union in accordance with relevant regulations in June 2016 in the PRC. Our labour union actively provides benefits to employees, strives to protect our employees' fundamental rights and provides relief to employees in need. Therefore, it remains important to us that we safeguard our employee's fundamental rights and benefits to ensure our smooth business operations.

Power shortage or disruptions may result in suspension of the performance of our Grand Canal Yangzhou night show.

Our business operations depend on a continuous and adequate supply of utilities, such as electricity and water and, among which, electricity is the main utility used in our business operations. During the Track Record Period, we did not experience any material interruptions in our operations due to power shortages or outages. If there are any shortages or control of power due to government policies, the local authorities may require our business to be shut down periodically. Any disruption in the supply of power may disrupt our daily operations, including Baozhang Lake night tour and the performance of our Grand Canal Yangzhou night show. We cannot assure you that we would not be subject to any power outages in the future. If we are to be subject to power outages or there is prolonged power shortage in the future, the performance of our show will be inevitably disrupted. Our business, financial conditions and results of operation will therefore be adversely and materially affected.

Volatility in fuel prices, including increases arising from armed conflicts in the Middle East, may increase our operating costs and adversely affect our financial performance

Certain of our boats are powered by fuel, principally diesel, and our operations are therefore exposed to fluctuations in fuel supply and prices. During the Track Record Period, our fuel expenses amounted to approximately RMB1.5 million, RMB1.1 million, RMB1.3 million and RMB0.6 million, representing approximately 3.5%, 2.1%, 2.2% and 2.0%, of our total cost of sales, respectively.

Recent armed conflicts in the Middle East have contributed to volatility in global crude oil prices, which may in turn affect domestic diesel prices in the PRC. Although our Directors consider that our exposure to fuel price fluctuations is limited and manageable, there can be no assurance that fuel prices will not increase materially in the future.

We seek to mitigate such exposure through prepaid fuel top-up cards, progressive replacement of diesel-powered boats with electric-powered boats, fuel consumption management and pricing adjustments where appropriate. However, any sustained increase in fuel prices, or disruption in fuel supply in long term, may increase our cost of sales, reduce our profit margins and adversely affect our results of operations and financial condition.

The government-guided pricing mechanism applicable to certain of our services may limit our ability to adjust ticket prices and could adversely affect our profit margins and results of operations.

Our standard water sightseeing boat services and sightseeing tour bus services are subject to a government-guided pricing mechanism. Under such pricing mechanism, the competent pricing authorities set the highest ticket prices for the relevant services, and we may determine or adjust our actual ticket prices within those limits, subject to applicable pricing requirements. Accordingly, our ability to determine or adjust the ticket prices for such services is subject to applicable pricing policies, regulatory requirements and government-approved fare standards. For further details, see "Business — Pricing."

There can be no assurance that the relevant pricing policies, regulatory requirements or government-approved fare standards will remain unchanged. Any reduction in the applicable fare standards, additional restrictions on price adjustments or other changes to the government-guided pricing mechanism may limit our ability to increase ticket prices in response to increases in operating costs or changes in market conditions, and therefore, our profit margins, results of operations and financial condition may be materially and adversely affected.

If such pricing mechanism is extended to services for which we currently determine prices independently, such as our "Boat+" services, chartered boat services and the Grand Canal Yangzhou night show, we may be required to lower prices without a corresponding reduction in operating costs, or be unable to pass on cost increases to customers. These factors could reduce our revenue, profit margins and operating cash flows and adversely affect our financial condition.

Our business could be adversely affected in the event of any adverse development in tourism-related government policies.

Water-based tourism business, to a certain extent, is stimulated by, and meanwhile affected by tourism-related government policies. Changes in regulations such as restrictions on travel (i.e., resulting from administrative orders due to the public health concerns), alterations to tourism funding or new compliance requirements, may directly impact our business operations and profitability. For example, shifts in government support for tourism initiatives could affect our marketing efforts and access to incentives for our growth prospects. The Guiding Opinions of the National Development and Reform Commission on Improving the Pricing Mechanism for Entrance Tickets of State-owned Scenic Areas and Reducing the Entrance Ticket Prices of Key State-owned Scenic Areas (Fa Gai Jia Ge [2018] No. 951) (《國家發展改革委關於完善國有景區門票價格形成機制降低重點國有景區門票價格的指導意見》) issued by the National Development and Reform Commission in June 2018 and the Opinions of the General Office of the State Council on Further Stimulating the Potential of Cultural and Tourism Consumption (Guo Ban Fa [2019] No. 41) (《國務院辦公廳關於進一步激發文化和旅遊消費潛力的意見》(國辦發[2019]41號)) issued by the State Council in August 2019 encourage price reductions for entrance ticket prices for key state-owned scenic areas. Although our sightseeing boat and tour bus tickets are not entrance tickets for scenic areas and therefore shall not be subject to such policies, this would attract more visitors to the Shugang-Slender West Lake Scenic Area and thereby may increase in the demand for water sightseeing boat services and sightseeing tour bus service. In addition, our management service business may be affected by tourism-related government policies applicable to the tourist attractions managed by us. For example, the free entrance tickets promotional initiative for Yangzhou citizens implemented by the local Development and Reform Commission in respect of Gaoyou City Lake Tourism Resort since January 2025 is still ongoing and has no definitive implementation period. If such initiative were to cease in the future, this may result in fewer visitors to the scenic area and thus less demand for the water sightseeing boat services and sightseeing tour bus services. As such, our revenue and gross profit margin from management service business may be adversely affected. Therefore, our ability to operate effectively and maintain projected revenue levels may be significantly compromised if we become unable to adapt to the changes in the regulatory landscape.

If we determine our intangible assets to be impaired, our results of operations and financial condition may be adversely affected.

We currently do not have any impairment loss for our intangible asset but if we have a significant write-off of our intangible assets and this would record a significant impairment loss. Furthermore, our determination on whether intangible assets are impaired requires an estimation of the carrying amount and the recoverable amount of an intangible asset. If the carrying amount exceeds its recoverable amount, our intangible assets may be impaired. The impairment of intangible assets could have a material adverse effect on our business, financial condition and results of operations.

Any catastrophe, including outbreaks of health pandemics and other extraordinary events such as bad or extreme weather conditions, could severely disrupt our business operations.

Our operations are vulnerable to interruption and damage from natural and other types of catastrophes, including earthquakes, tsunami, fire, floods, hail, windstorms, severe winter weather (including snow, freezing water, ice storms and blizzards), health pandemics, environmental accidents, power loss, communications failures, explosions, man-made events such as terrorist attacks, and similar events. Due to their nature, we cannot predict the incidence, timing and severity of catastrophes. In addition, changing climate conditions, primarily rising global temperatures, may be increasing, or may in the future increase, the frequency and severity of natural catastrophes. If any such catastrophe or extraordinary event were to occur in the future, our ability to operate our business could be seriously impaired. Such events could make it difficult or impossible for us to operate our water sightseeing boat service, sightseeing tour bus service, and the Grand Canal Yangzhou night show and our operation of tourist attraction under our management service. In the event of a flood, our boats will be at significant risk of being inundated with water. The flooding may disrupt scheduled trip, compromise the safety of our visitors and staff, and result in costly repairs and restoration efforts. Additionally, the presence of water can create hazardous conditions, including electrical risks and structural integrity concerns, further exacerbating the potential impact on the boat's operations and our reputation.

Any increase in the entrance ticket prices to the Shugang-Slender West Lake Scenic Area might restrict the exposure of our service offerings to visitors.

Our water sightseeing boat and sightseeing bus services, rely heavily on visitor volume generated at the main entrances of the Shugang-Slender West Lake Scenic Area. The Guiding Opinions of the National Development and Reform Commission on Improving the Pricing Mechanism for Entrance Tickets of State-owned Scenic Areas and Reducing the Entrance Ticket Prices of Key State-owned Scenic Areas (Fa Gai Jia Ge [2018] No. 951) (《國家發展改革委關於完善國有景區門票價格形成機制降低重點國有景區門票價格的指導意見》) issued by the National Development and Reform Commission in June 2018 and the Opinions of the General Office of the State Council on Further Stimulating the Potential of Cultural and Tourism Consumption (Guo Ban Fa [2019] No. 41) (《國務院辦公廳關於進一步激發文化和旅遊消費潛力的意見》(國辦發[2019]41號)) issued by the State Council in August 2019 encourage price reductions for entrance ticket prices for key state-owned scenic areas. Although our boat and tour bus tickets are not entrance tickets for scenic areas and therefore shall not be subject to such policies, this would attract more visitors to the Shugang-Slender West Lake Scenic Area and thereby may increase in the demand for water sightseeing boat services and sightseeing tour bus services. However, if entrance fees for these scenic areas are increased, overall visitor numbers may decline — particularly among price-sensitive individual travelers. A reduction in total visitors would directly diminish the natural visibility and utilization of our services, thereby affecting revenue stability. Moreover, higher entrance fees may lead visitors to shorten their stays or adjust itineraries, reducing participation in value-added offerings such as "Boat+ Dining" and "Boat+ Education." Our service promotion remains highly dependent on foot traffic from the main attractions. If entrance fees continue to rise or zonal pricing is introduced, and we fail to timely develop diversified customer acquisition capabilities, business volatility may intensify, resulting in a material adverse impact on our overall profitability.

Any disruption to the schedule and/or any increase in price of flights and trains to and from Yangzhou could restrain the exposure of our service offerings to visitors to Yangzhou.

Any disruption to the schedule or an increase in the price of flights and trains to and from Yangzhou could limit the exposure of our service offerings to the visitors to Yangzhou. Such disruptions may deter potential visitors from travelling, thereby adversely affecting our overall financial conditions. Specifically, increased transportation costs can lead to reduced consumer spending on leisure activities, as visitors may prioritise essential expenses over tourism. Additionally, delays or cancellations in

transportation services could discourage visitors from planning trips to our destinations. These transportation-related challenges could significantly impact our ability to attract and retain visitors, ultimately affecting our revenue generation and business sustainability.

We may face potential complaints or claims related to safety issues in our water sightseeing boat service, sightseeing tour bus service, and Grand Canal Yangzhou night show. Any complaints or claims of safety issues may adversely affect our reputation.

We may encounter potential complaints or claims related to safety issues in our water sightseeing boat service, sightseeing tour bus service, and Grand Canal Yangzhou night show. Such incidents could pose significant risks to our reputation and brand integrity. If visitors experience health issues or express dissatisfaction with their experiences in our water sightseeing boat service, sightseeing tour bus service, and Grand Canal Yangzhou night show, it could lead to negative publicity of our brandname and a loss of consumer trust in our Group. Moreover, regulatory scrutiny and legal actions related to quality and safety could result in financial liabilities and increased operational costs. Addressing potential complaints and handling regulatory and legal actions may divert resources and management attention away from our core activities, further impacting our operational efficiency.

Our businesses are subject to operational risks.

Operational risks arise mainly from human errors, information technology system failures or external events. We consider operational risks to be inherent in our business and believe that they can be controlled or mitigated through adequate operational policies and procedures. See "Business — Risk Management and Internal Control" in this document for details. We are subject to numerous operational risks beyond our control that may cause significant business interruptions, personal injuries, or property damage, significant business interruptions, personal injuries, property or environmental damage. We are exposed to various operational risks in connection with our business, including among others, (i) the water sightseeing boat service and the sightseeing tour bus service may be interrupted due to personal injuries, operational errors, power outages, the failure of equipment and other risks; (ii) operating limitations imposed by environmental or other regulatory requirements; (iii) social, political and labour unrest and (iv) environmental accidents. In addition, we may not have adequate insurance coverage on the above operational risks. Should any of these risks occurs and we fail to take necessary responsive measures in a timely manner, our business may be temporarily interrupted or suspended, which could lead to increased labour costs, reputational damage and financial losses. Furthermore, any mismanagement, improper handling or violation of our operational procedure in the course of our service could result in accidents involving serious damage to our employees and property. If we fail to exercise sufficient caution on safety matters, our business operations and financial positions will be materially affected.

We are required to obtain certain approvals, licences, permits and certificates for our operations. Failure to obtain such approvals, licences, permits or certificates may have a material and adverse effect on our business and operations.

We are subject to various laws and regulations of PRC in which we operate and are required to obtain and comply with certain approvals, licences, permits and certificates from administrative authorities, including but not limited to business licence, commercial performance license, hygiene permit and special industry license. Each approval is dependent on the satisfaction of certain conditions and failure to obtain governmental approvals could have an adverse effect on our operations. We are

also subject to inspections, examinations, inquiries and audits by governmental authorities as part of the process of maintaining or renewing our permits, licences or certificates. There can be no assurance that we will be able to fulfil the pre-conditions necessary to obtain the required governmental approvals or that we will be able to adapt to new laws, regulations or policies that may come into effect from time to time with respect to our operations. There may be delays on the part of relevant administrative bodies in reviewing our applications and granting approvals.

Our business operations are subject to the maintenance and renewal of licences.

Our ability to carry out our business operations is subject to our ability to obtain and retain necessary approvals, licences and permits from relevant PRC Government authorities and to renew them when they expire. Any failure to obtain, retain or renew, or any delay in obtaining or renewing, such approvals, licences or permits could subject us to a variety of administrative penalties or other government actions and adversely impact our business operations.

As advised by our PRC Legal Adviser, during the Track Record Period, we did not hold the requisite commercial performance license (營業性演出許可證) categorized as performance brokerage institution (演出經紀機構) corresponding to its actual business category, and commenced the Grand Canal Yangzhou night show without first obtaining approval from the relevant culture and tourism authorities within the prescribed time. See "Business — Water Sightseeing Boat Service Business — Grand Canal Yangzhou (大運揚州) — Licensing Requirements." However, as of the Latest Practicable Date, we had applied the appropriate commercial performance license categorized as performance brokerage institution and had applied and obtained the requisite approval to commence the operation of the show. Except for the situations described above, during the Track Record Period and up to the Latest Practicable Date, we had obtained all requisite approvals, licences and permits for our current operations in all material aspects.

We may subject to fines for failing to register the lease agreement of leased property.

As at the Latest Practicable Date, we had not yet registered certain of our lease agreements with the relevant government authorities due to lack of property certificates. As advised by our PRC Legal Adviser, lease agreement has to be registered with the relevant authorities within 30 days of signing according to the Administration Measures for Commodity House Leasing (《商品房屋租賃管理辦法》) and we may be subject to a fine of RMB1,000 to RMB10,000 for each unregistered lease. Our PRC Legal Adviser further advised that the non-registration of lease agreement would however not affect the enforceability of such lease. See "Business — Non-compliance."

Our insurance coverage may not adequately cover the risks related to our business and operations.

We maintain personal injury insurance certain of for our employees, but there can be no assurance that our insurance coverage would be sufficient in case of such major accidents. Certain risks such as risks in relation to customer concentration, our ability to executed new water-based tourism projects, our ability to retain and attract personnel, project and cost management, our ability to maintain and renew our registrations, are generally not covered by insurance because they are either uninsurable or it is not cost justifiable to insure against such risks. Insurance policies covering losses from acts of war, terrorism, or natural catastrophes are also either unavailable or cost prohibitive. We may be subject to liabilities against which we are not, or cannot be, insured adequately or at all. Should any significant liability arise due to accidents, natural disasters, or other events which are not covered or are inadequately covered by our insurance, our business may be adversely affected, potentially leading to lawsuits, employee compensation obligations, loss of assets or other forms of economic loss. We cannot guarantee that our existing insurance are sufficient to cover all potential risks and losses or that we can renew our policies or renew on similar or other acceptable terms. If we suffer from severe unexpected losses or losses that far exceed insurance policy limits, our business, financial position, results of operations and prospects could be materially and adversely affected.

If we fail to maintain an effective risk management system, we may not be able to accurately report our financial results or prevent fraud.

We have recently enhanced our risk management systems as part of a continuous effort to improve our risk management capabilities. However, we cannot assure you that our risk management system will adequately protect us against, all credit risk and other risks. Some of these risks are unforeseeable or unidentifiable and may be more severe than what we may anticipate.

Our risk management capabilities and ability to effectively monitor credit risk and other risks are restricted by the information, tools, models and technologies available to us. In addition, given the short history of some aspects of our risk management system, we will require additional time to implement the system in order to fully assess the impact of and evaluate our compliance with them. Moreover, our employees may require time to adjust to the system and we cannot assure you that our employees will be able to consistently comply with or accurately apply them.

If our risk management systems fail to be implemented effectively, or if the intended results of such systems are not achieved in a timely manner, our asset quality, business, financial condition, results of operations and reputation may be materially and adversely affected.

We are dependent on our key management team and qualified personnel.

Our continued success is dependent on our ability to retain the services of these key management personnel. The loss of their services without timely and suitable replacement could adversely affect our operations. Our ability to attract and retain high quality personnel, such as performers and business development personnel is also critical to executing our expansion plans. If we are unable to attract and retain a sufficient number of skilled and qualified specialists, our business, financial condition, results of operations and prospects could be materially and adversely affected.

The PRC laws and regulations concerning cybersecurity and data protection are continuously evolving. Failure to comply with all applicable laws and regulations could harm our reputation, business, financial condition and results of operations and our [REDACTED] and [REDACTED] may be impeded.

Our business involves collecting and retaining customer data, including personal information such as name, phone number and ID number of our customer. Accordingly, our business operations are subject to various cybersecurity, data security and personal information protection laws, such as the Measures for Cybersecurity Review (《網絡安全審查辦法》) (the "**MCR**"), the Cyber Data Security Management Regulation (《網絡數據安全管理條例》) (the "**CDSR**"), the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》) (the "**Cybersecurity Law**"), the Data Security Law of the PRC (《中華人民共和國數據安全法》) (the "**Data Security Law**") and the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》) (the "**Personal Information Protection Law**"). There might be changes regarding the interpretation and application of the laws and regulations regarding cybersecurity, data security and personal information protection as they are generally complex and evolving. In addition, we may be subject to additional regulatory requirements regarding cybersecurity, data security and personal information protection, which may necessitate adjustments to our data framework and incur additional costs. Any failure or perceived failure of us to comply with cybersecurity, data security and personal information protection laws, or other concerns about our practices or policies with respect to the collection, use, storage, retention, transfer, disclosure and other processing of data and cybersecurity, could subject us to potential liabilities and reputational damage. In addition, the regulatory regime for cybersecurity, data security and personal information protection is complex and constantly evolving, which could increase our compliance costs and operational complexity. Any failure to closely monitor the relevant regulatory development could subject us to potential liability, and have a material and adverse impact on our business, results of operations and financial condition. On December 28, 2021, the Cyberspace Administration of China (the "**CAC**") jointly with other 12 government authorities promulgated the MCR, which became effective on February 15, 2022. According to the MCR, the procurement of network products and services by critical

information infrastructure operators and the data processing activities conducted by network platform operators, which affect or may affect national security, shall be subject to cybersecurity review. In particular, if critical information infrastructure operators anticipate that their procurement of network products and services affect or may affect national security after such network products and services are put into use, they shall apply for cybersecurity review to the Cybersecurity Review Office. The MCR also provides that network platform operators that possess personal information of over one million users shall apply for cybersecurity review before listing in a foreign country. Listing in Hong Kong is not treated as listing in a foreign country within the meaning of the MCR. In addition, the relevant government authorities may initiate the cybersecurity review against the relevant operators if the authorities believe that the network products or services or data processing activities of such operators affect or may affect national security. On September 24, 2024, the CDSR was promulgated by the State Council, which took effect on 1 January 2025, serves as a comprehensive implementing regulation for the compliance requirements set out by the Cybersecurity Law, Data Security Law, and Personal Information Protection Law. The CDSR reiterate that the cyber data processors which may possibly affect national security shall apply for cybersecurity review. Given that, as of the Latest Practicable Date, (i) we had not been determined or identified as a "critical information infrastructure operator" by any governmental authorities; (ii) according to the telephone consultation conducted by our PRC Legal Adviser on September 16, 2025, with the China Cybersecurity Review, Certification And Market Regulation Big Data Center ("**CCRC**") — the competent governmental authority delegated by the CAC to accept cybersecurity review application materials and conduct formal reviews — the CCRC confirmed that the term "listing in a foreign country" as provided in the MCR does not include listing in Hong Kong, and a proposed listing in Hong Kong will not trigger a cybersecurity review; (iii) we have not received any notice from the competent authorities stating that our products, services and data processing activities "affect or may affect national security"; and (iv) we have not received any notice from the competent authorities of a cybersecurity review on us; we are not required to apply for cybersecurity review in connection with our [REDACTED] and [REDACTED].

However, we cannot completely exclude the risks of being subject to cybersecurity review in the future. This is in consideration of the provisions of Article 16 of the MCR which stipulates that relevant authorities may initiate cybersecurity review against relevant operators if the authorities believe that the network products or services or data processing activities of such operators affect or may affect national security. In addition, we cannot assure you that relevant government authorities will not promulgate or interpret the laws and regulations in ways that may adversely affect us. If our [REDACTED] and [REDACTED] or business activities are deemed to "affect or may affect national security" in the future, we may be subject to cybersecurity review and there can be no assurance that we will be able to obtain approval from the regulatory authorities in a timely manner, or at all. As the regulatory framework regarding cybersecurity, data security and personal information protection is evolving, we cannot assure you that we will comply with these laws and regulations in all respects and regulatory authorities may order us to rectify or terminate our current practice of collecting and processing personal information. We may also become subject to fines and/or other penalties which may have material adverse effect on our business, operations and financial condition.

While we take various measures to comply with all applicable data privacy and protection laws and regulations, there is no guarantee that our current security measures and those of our third-party service providers may always be adequate for the protection of our customer and company data, and like all companies, any lapses in our or our service providers' security measures may result in regulatory investigations, actions, penalties, or other cybersecurity-related risks. In addition, we may be a target for computer hackers or cyber terrorists. Unauthorized access to our customer data may be obtained through break-ins, sabotage, breach of our secure network by an unauthorized party, computer viruses, computer denial-of-service attacks, employee theft or misuse, breach of the security of the networks of our third-party service providers, or other misconduct. Because the techniques used by computer programmers who may attempt to penetrate and sabotage our customer data change frequently and may not be recognized until launched against a target, we may be unable to anticipate these techniques. Any failure to prevent or mitigate security breaches, cyber-attacks or other unauthorized access to our systems or disclosure of our customers' data, including their personal information, could result in loss or misuse of

such data, interruptions to our service system, diminished customer experience, loss of customer confidence and trust, and harm our reputation and business, resulting in significant legal and financial exposure and potential lawsuits.

Our business depends on our ability to protect our intellectual property rights, and we may be exposed to intellectual property infringement and other claims by third parties, which, if successful, could cause us to pay significant damage awards and incur other costs.

We rely on a combination of trademark and other intellectual property laws as well as confidentiality agreements with our suppliers, customers and others to protect our intellectual properties. There are a number of issued intellectual properties and pending patent applications belonging to third parties that exist in fields in which we operate. Others may hold or obtain patents, copyrights, trademarks, or other proprietary rights used in our service. This might prevent, limit, or interfere with our use, development, sales, or marketing, and could therefore disturb our daily operations and distract our management. From time to time, we may receive communications from intellectual property right holders regarding their proprietary rights. Companies holding patents or other intellectual property rights may, and have in the past brought suits alleging infringement of such rights or otherwise assert their rights and urge us or our subsidiaries to obtain licenses. In addition, if we are found to have infringed upon a third party's intellectual property rights, we may be required to do one or more of the following (i) cease to offer services that are involved in the challenged intellectual property rights owned by others; (ii) pay damages; (iii) enter into license agreements with third parties and pay them a license fee; or (iv) establish and maintain alternative branding for our services.

We rely primarily on a combination of our trademarks, the confidentiality agreements signed by the employees, and confidentiality agreements signed with the third parties to protect our intellectual property rights. Although we have applied and obtained a number of trademarks for the operations of our business, there is no assurance that we are able to successfully apply and be granted new intellectual property rights in a timely and cost-effective manner in the future especially, for such applications are expensive and time consuming. See "Business — Intellectual Properties." Despite our efforts to protect our proprietary rights, unauthorized parties may be able to obtain and use information that we regard as our proprietary rights. Under such circumstances, we may initiate legal proceedings against parties who we believe are infringing our intellectual property rights. Legal proceedings are often costly and may divert management attention and resources away from our business.

The validity and scope of any potential claims/requests can be complicated and involve complex scientific, legal and factual questions and analysis and, therefore, may be highly uncertain. The defense and prosecution of intellectual property suits, patent opposition proceedings and related legal and administrative proceedings or requests can be costly and time consuming and may significantly divert the efforts and resources of our management. A determination in any such litigation or proceedings or requests to which we are a party may subject us to pay damages to third parties, require us to seek licenses from third parties, pay ongoing royalties, subject us to injunctions prohibiting the offering of our services or the use of our technologies. In the event of an adverse result in any such litigation, or even in the absence of litigation, we may need to obtain licenses from third parties to develop, or offer our services. Any such license might not be available on reasonable terms or at all, or is non-exclusive or require us to pay substantial licensing payments. Any of the afore-mentioned will materially and adversely affect our business, financial condition and results of operations.

We face risks relating to our employee dispatch arrangements.

During the Track Record Period, we engaged dispatched employees by entering into procurement agreement for service (採購合同(服務)) with third-party human resources service company. These dispatched employees entered into employment contracts with the service company and not with us. According to the PRC Labor Contract Laws (勞動合同法) Interim Provision on Labor Dispatch (勞務派遣暫行規定) promulgated by the Ministry of Human Resources and Social Security on January 24,

2014, the number of dispatched employees engaged by any company may not exceed 10% of the total number of its employees, including both directly hired employees and dispatched employees, and dispatched employees can be used only for temporary, ancillary or substitutable positions.

During the Track Record Period, we did not fully comply with the PRC Labor Contract Laws and the Interim Provision on Labor Dispatch. During the Track Record Period, we engaged dispatched employees by entering into procurement agreement for service (採購合同(服務)) with third-party human resources service company and the maximum number of dispatched employees we engaged was 69, 85, 68 and 16 for 2023, 2024 and 2025 and the six months ended June 30, 2026, respectively. The regulatory threshold for the number of the dispatched employees was 19, 22, 21 and 18 for the same period, respectively. Accordingly, our maximum number of dispatched employees which exceed the regulatory threshold is 50, 63, 47 and nil at any given time for the respective years. Please see "Business — Non-compliance" for details.

Nevertheless, we had already completed rectification of such non-compliance by September 10, 2025, our PRC Legal Adviser is of the view that the risk of us being penalized in respect of employee dispatch is remote. However, as advised by our PRC Legal Adviser, pursuant to the PRC Labor Contract Laws and the Interim Provision on Labor Dispatch, if we are ordered to make corrections and fail to do so within the prescribed time; we shall be fined not less than RMB5,000 but not more than RMB10,000 per dispatched employee and the maximum penalty amount shall be based on the number of dispatched employee which is in excess of the 10% regulatory threshold and at the discretion of the competent authorities. In addition, apart from fines, we may also face reputational damage and lose customers' trust in the quality of our water-based tourism services, which could in turn affect our profit scale.

A severe or prolonged downturn in the domestic economy could materially and adversely affect our business and financial condition.

With the slowdown of the growth of the domestic economy in recent years, it remains uncertain whether, and for how long, the domestic economic downturn will persist. There are considerable uncertainties over the long-term effects of the monetary and fiscal policies adopted by the domestic central bank and financial authority. Regional economic conditions are sensitive to global economic conditions, changes in domestic economic and political policies and the expected overall economic growth rate. Any economic downturn or slowdown or negative business sentiment could indirectly impact our industry. In addition, continued turbulence in the domestic markets may adversely affect our ability to access capital markets to meet liquidity needs which could adversely affect business operations and financial performance.

Deteriorating domestic economic conditions may reduce disposable income and consumer wealth as well as the growth of wealth among our potential customers, adversely impacting customer demand, which may negatively impact our profitability and put downward pressure on our tickets orders. Therefore, any severe or prolonged downturn or instability in the domestic economy may materially and adversely affect our business, financial condition and results of operations.

Failure to successfully execute our equipment upgrade and capacity expansion plans may have a material adverse effect on our business, financial conditions and results of operations.

Our capacity expansion and equipment upgrade require substantial capital investment, timely delivery of equipment and dedicated attention to oversee and manage the operation of the upgraded equipment, and are subject to the following risks and uncertainties:

- negative effect on the working capital available to us;
- failure to identify potential target for investment, acquisition or cooperation;
- the need to finance our equipment upgrade and capacity expansion through bank or other borrowings, which may not be available on commercially reasonable terms or at all;

- increase in depreciation charges associated with our new equipment and interest expenses associated with our future borrowings for planned upgrade or expansion;
- cost overruns, equipment problems, including delays in equipment delivery or delivery of equipment that does not meet our specifications, and other operational difficulties;
- failure to improve our operational and financial systems and risk monitoring and management system in line with our upgrade or expansion;
- decrease in our ticket prices, which fail to cover our increased expansion costs;
- failure to maintain or establish relationships with our existing or prospective customers and suppliers to align with the expansion of our service capabilities;
- the failure of our new equipment to perform as expected and lower our cost;
- insufficient management resources to properly oversee and manage our planned capacity expansion; and
- delay in or denial of government approvals, permits or documents of similar nature necessary and required for our expansion.

Any of the aforementioned risks or uncertainties could substantially restrict our capacity to carry out our equipment upgrade and capacity expansion as scheduled, potentially hampering our attainment of economies of scale and optimal utilization rates. Consequently, our business, financial conditions, and results of operations could be materially and adversely affected.

RISKS RELATING TO THE JURISDICTION IN WHICH WE OPERATE

Adverse changes in economic, political and social conditions, could have a material adverse effect on our business and prospects.

We are headquartered in Jiangsu Province, China and substantially all of our revenue is derived from our businesses in China. Accordingly, our results of operations, financial performance and business prospects may be influenced by the economic, regulatory, political and social conditions in China. China has implemented, and may continue to introduce various policies and measures to encourage the economic growth and guide the allocation of resources. China's tourism industry is generally affected by macro-economic factors, including international, national, regional and local economic conditions, trade relationships, employment levels, consumer demand and discretionary spending. Any changes in these factors may have material and adverse effect on our results of operations, financial performance and business prospects.

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

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

On February 24, 2023, the CSRC, the MOF, the National Administration of State Secrets Protection of China, and the National Archives Administration of China published the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》)

(the "Archives Rules," which came into effect on March 31, 2023. The Archives Rules require that, in relation to the overseas securities offering and listing activities of domestic enterprises, either in direct or indirect form, such domestic enterprises, as well as securities companies and securities service institutions providing relevant securities services, are required to strictly comply with relevant requirements on confidentiality and archives management, establish a sound confidentiality and archives system, and take necessary measures to implement their confidentiality and archives management responsibilities. The interpretation and implementation of the Archives Rules may keep evolving, failure to comply with which may materially affect our business, results of operations or financial conditions. Given that the Archives Rules were promulgated, their interpretation, application and enforcement are still evolving and subject to change. We will closely monitor how they will affect our operations and our future financing.

We may be subject to other PRC governmental authorities in connection with future capital raising activities.

We cannot assure you that any new rules or regulations promulgated in the future will not impose additional requirements or restrictions on us or our financing activities. If it is determined that we are subject to other PRC governmental authorities for future fund raising activities or other major events while we fail to complete such filing or meet such requirements in a timely manner or at all, we may face sanctions by other PRC regulatory authorities for failure to seek government authorization, or perform filing procedures, for our future financing activities, and these regulatory authorities may impose fines and penalties on us, limit our operating activities in the PRC, limit our ability to pay dividends outside the PRC or take other actions to restrict our financing activities, which could have a material adverse effect on our business.

Fluctuations in the value of the Renminbi and other currencies may have a material adverse impact on [REDACTED].

During the Track Record Period, substantially all of our revenue and expenditures were denominated in Renminbi, while the [REDACTED] from the [REDACTED] will be in Hong Kong dollars. Fluctuations in the exchange rate between the Renminbi and the Hong Kong dollar will affect the relative purchasing power in Renminbi in terms of the [REDACTED] from the [REDACTED]. Fluctuations in the exchange rate may also cause us to incur foreign exchange losses and affect the relative value of any dividend issued by our PRC subsidiaries. In addition, appreciation or depreciation in the value of the Renminbi relative to the Hong Kong dollar or U.S. dollar would affect our financial results in Hong Kong dollar or U.S. dollar terms without giving effect to any underlying change in our business or results of operations.

It may be difficult to effect service of process, enforce foreign judgments and arbitral awards against us or our Directors and senior management located in the PRC.

The substantial presence of our operations, assets, and personnel within the PRC jurisdiction has significant implications for our legal and regulatory landscape. Most of our Directors and senior management team are residents of the PRC, and their assets are predominantly located within the PRC. As a result, it presents a challenge in effecting service of process outside of the PRC, including but not limited to jurisdictions such as the United States or Hong Kong. Consequently, shareholders may encounter difficulties in enforcing judgments against our Company or our Directors, and senior management team if such judgments originate from courts outside of the PRC.

Our operations are subject to PRC tax laws and regulations.

We are subject to periodic examinations on fulfillment of our tax obligation under the PRC tax laws and regulations by PRC tax authorities. We cannot assure you that future examinations by PRC tax authorities would not result in fines, other penalties or action that could adversely affect our business, financial performance and results of operations.

Holders of our H Shares are subject to the PRC income tax.

Under the current PRC tax laws and regulations, non-PRC resident individuals and non-PRC resident enterprises are subject to different tax obligations with respect to the dividends paid to them by us and the gains realized upon the sale or other disposition of H Shares.

Non-PRC resident individuals are required to pay a 20% individual income tax on dividends received and the gains realised upon the sale or other disposition of the H Shares held by them, as stipulated by the Individual Income Tax Law of the PRC (2018 Revision) (《中華人民共和國個人所得税法 (2018修訂)》) and its implementation regulations. We are required to withhold such tax from dividend payments, unless applicable tax treaties between the PRC and the jurisdictions in which the foreign individuals reside, reduce or provide an exemption for the relevant tax obligations. Pursuant to the Circular of the State Taxation Administration on Individual Income Tax Collection Issues upon Abolishment of Document Guoshuifa [1993] No. 045 (《國家税務總局關於國税發[1993]045號文件廢止後有關個人所得税徵管問題的通知》), a tax rate of 5% to 20% (generally 10%) shall apply to the dividends paid by domestic non-foreign-invested enterprises issuing shares in Hong Kong to overseas resident individuals. Such tax rate depends on any applicable tax treaties between China and the jurisdiction in which the non-PRC resident individual holder of H Shares resides, and tax arrangement between the PRC and Hong Kong.

As for non-PRC resident enterprises incorporated under the laws of the foreign country whose actual administration institution is outside the PRC, but have set up institutions or establishments in the PRC or, without institutions or establishments set up in the PRC but have income originating from the PRC, under the PRC EIT Law, dividends paid by us and gains realised by such foreign enterprises from the sale or disposition of H shares are subject to PRC enterprise income tax at a 20%, which may be reduced under any special arrangement or applicable tax treaties between the China and the jurisdiction in which the non-PRC resident enterprise resides. In accordance with the Circular on Issues Relating to Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得税有關問題的通知》) (Guo Shui Han [2008] No. 897) (國税函[2008]897號) issued by SAT on 6 November 2008, the withholding tax rate for dividends payable to non-PRC resident enterprise holders of H Shares has been reduced to 10% and we intend to withhold tax at a rate of 10% from dividends paid to non-PRC resident enterprise holders of our H Shares (including [REDACTED]). Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty or arrangement will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the PRC tax authorities' approval. Holders of our H Shares should consider the potential impact of PRC tax laws on their investment and the possibility of future changes that could affect the tax treatment of their holdings.

Payment of dividends is subject to conditions under the PRC law.

As stipulated under PRC laws, dividends may be paid only out of distributable profits. Distributable profits refer to net profit as determined under PRC GAAP or HKFRSs accounting standards, whichever is lower, less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make. It may become possible that we may not have sufficient, if any, distributable profits to enable us to make dividend distributions to our Shareholders in the future, including periods for which our financial statements indicate that our operations have been profitable. Any distributable profits that are not distributed in a given year are retained and available for distribution in subsequent years.

In addition, because the calculation of distributable profits under PRC GAAP is different from the calculation under HKFRSs accounting standards in certain respects, our subsidiaries may not have distributable profits as determined under PRC GAAP, even if they have profits for that year as determined under HKFRSs accounting standards, or vice versa. Accordingly, we may not receive

sufficient distributions from our subsidiaries. In an unlikely event that our subsidiaries fail to pay dividends to us, it may have a negative impact on our cash flow and our ability to make dividend distributions to our Shareholders in the future, including those periods in which our financial statements indicate that our operations have been profitable.

RISKS RELATING TO THE [REDACTED]

Our Shares have been quoted on the NEEQ since May 9, 2017, and the characteristics of the NEEQ and our Shares [REDACTED] may differ.

Our Shares had been quoted on the NEEQ since May 9, 2017. With different trading characteristics, the Stock Exchange and the NEEQ have divergent trading volumes, liquidity and investor bases, as well as different levels of retail and institutional investor participation. As a result, the trading performance of the NEEQ may not be comparable to that of the Stock Exchange. Due to the different characteristics of the Stock Exchange and the NEEQ, the historical prices of the NEEQ may not be indicative of the performance of our Shares. You should therefore not place undue reliance on our prior trading history on the NEEQ when evaluating an [REDACTED] in our Shares.

You should not place any reliance on the information published regarding to our prior quotation on the NEEQ.

As our Shares had been quoted on the NEEQ since May 9, 2017 and we are required to comply with the then PRC regulations on periodic reports and other disclosures. Accordingly, we published our relevant information on the NEEQ. However, the information published on the NEEQ was based on the regulatory requirements and market practices of the PRC securities regulatory authorities and the financial information published on the NEEQ was prepared based on accounting principles generally accepted in the PRC which may be different from that applicable to the proposed [REDACTED]. Therefore, such published information does not form a part of this document. As a result, [REDACTED] in our Shares are reminded that, when making their [REDACTED] decisions as to whether to [REDACTED] our Shares, they should rely only on the financial, operating and other information included in this document. By applying for the [REDACTED], you will be deemed to have agreed that you will not rely on any information other than that contained in this document and other formal announcements made by us regarding the proposed [REDACTED] in Hong Kong.

There has been no prior public [REDACTED] for our H Shares, and their [REDACTED] and [REDACTED] may be volatile, which could result in substantial losses to you.

Prior to the completion of the [REDACTED], there has been no public [REDACTED] for our H Shares. There can be no guarantee that an active [REDACTED] for our H Shares will develop or be sustained after the completion of the [REDACTED]. The [REDACTED] is the result of negotiations between our Company and the [REDACTED] (for itself and on behalf of the [REDACTED]), which may not be indicative of the [REDACTED] at which our H Shares will [REDACTED] following the completion of the [REDACTED]. The [REDACTED] of our H Shares may drop below the [REDACTED] at any time after completion of the [REDACTED].

Holders of our H Shares are subject to the risk that [REDACTED] of our H Shares could fall during the period before [REDACTED] of our H Shares begins.

[REDACTED] of our H Shares [REDACTED] the investors under the [REDACTED] will be determined on the [REDACTED]. However, our H shares will not [REDACTED] until they are delivered, which is expected to be several business days after the [REDACTED]. As a result, [REDACTED] of our H shares may not be able [REDACTED] or otherwise [REDACTED] our H Shares during that period. Accordingly, holders of our H Shares may be subject to the risk that our H Share [REDACTED] could fall during the period before [REDACTED] of our H share begins as a result of adverse market conditions or other unfavourable developments which arise between the date of [REDACTED] and the date of [REDACTED] begins.

Future [REDACTED] or perceived [REDACTED] of substantial amounts of our H Shares in the [REDACTED] could have a material and adverse effect on the [REDACTED] of our H Shares and our ability to raise additional capital in the future.

The [REDACTED] of our H Shares could decline as a result of future sales of a substantial number of our H Shares or other securities relating to our H Shares in the [REDACTED], the issuance of new shares or other securities, or the perception that such sales or issuances may occur. Future sales, or perceived sales, of substantial amounts of our securities, including any future offerings, could also materially and adversely affect our ability to raise capital at a specific time and on terms favorable to us. In addition, our Shareholders may experience dilution in their holdings if we issue more securities in the future. New shares or shares-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the H Shares.

You will incur immediate and substantial dilution and may experience further dilution if we issue additional Shares in the future.

The [REDACTED] of the [REDACTED] is higher than the net tangible asset value per Share immediately prior to the [REDACTED]. Therefore, [REDACTED] of the [REDACTED] in the [REDACTED] will experience an immediate dilution in pro forma consolidated net tangible asset value. To expand our business, we may consider [REDACTED] and issuing additional shares in the future. [REDACTED] of the [REDACTED] may experience dilution in the net tangible asset value per Share of their Shares if we issue additional shares in the future at a price that is lower than the net tangible asset value per Share at that time.

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

Prior to and immediately upon the completion of our [REDACTED], without taking into account any Shares which [REDACTED] pursuant to the exercise of the [REDACTED], our Controlling Shareholders will remain having substantial control over our Company. Immediately upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised), our Controlling Shareholders will possess a majority of the voting power at general meetings, estimated to be approximately [REDACTED]%. This level of control enables them to significantly influence our business and affairs, including decisions in respect of mergers or other business combinations, acquisition or disposition of assets, issuance of additional Shares or other equity securities, timing and amount of dividend payments, and our management. The interests of our Controlling Shareholders may not always coincide with those of our other Shareholders. While they can exercise their voting rights in alignment with their preferences, this may not always benefit our Company or its minority Shareholders. Such conflicts of interests could potentially lead to decisions that are detrimental to the value of our Company or for our other Shareholders.

Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance that we will declare and distribute any amount of dividends in the future.

As a holding company, our ability to declare future dividends will depend on the availability of dividends, if any, received from us and our subsidiaries. Under PRC law and the constitutional documents of our PRC operating subsidiaries, dividends may be paid only out of distributable profits, which refer to after-tax profits as determined under PRC GAAP less any recovery of accumulated losses and required allocations to statutory capital reserve funds. Any distributable profits that are not distributed in a given year are retained and become available for distribution in subsequent years. The calculation of our distributable profits under PRC GAAP differs in many aspects from the calculation under HKFRS Accounting Standards. In addition, as stipulated by our Articles, distributable profits are recognized as our after-tax profit determined under PRC GAAP or HKFRS Accounting Standards, whichever is lower, less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make. As a result, our Company and our subsidiaries may not be able to pay a dividend in a given year if our Company or our subsidiaries do not have distributable profits as determined under PRC GAAP even if they have profits as determined under HKFRS Accounting Standards. See "Financial Information — Dividend" for details of our dividend policy. Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance that we will declare and distribute any amount of dividends in the future.

Certain facts, forecast and statistics contained in this Document are derived from government official sources and they may not be reliable.

This document includes certain facts, forecasts, and statistics that have been obtained from various official governments and other publications. However, we cannot guarantee the quality or reliability of information and statistics from official government sources.

The information from official government sources has not been independently verified by us, the Sole Sponsor, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], any of the [REDACTED], any of our or their respective directors, officers or representatives or any other parties involved in the [REDACTED] and no representation is given as to their accuracy. In addition, we cannot assure you that such information is stated or compiled on the same basis or with the same degree of accuracy as or consistent with similar statistics presented elsewhere, and such information may not be complete or up-to-date. In any event, you should consider carefully the importance placed on such information or statistics.

You should read the entire Document carefully and should not rely on any information contained in press articles or other media regarding us, our business, our industry and/or the [REDACTED].

We strongly caution you not to rely on any information contained in press articles or other media regarding us and the [REDACTED]. Prior to the publication of this Document, there has been press and media coverage regarding us, our business, our industry and the [REDACTED]. There may be additional press and media coverage regarding us, our business, our industry and the [REDACTED] subsequent to the date of this Document but prior to the completion of the [REDACTED]. Such press and media coverage may include references to certain information that does not appear in this Document, including certain operating and financial information and projections, valuations and other information. None of us or any other person involved in the [REDACTED] has authorized the disclosure of any such information in the press or media coverage and none of us accepts any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this Document, we disclaim responsibility for it, and you should not rely on such information.

Forward-looking statements contained in this document are subject to risks and uncertainties.

This document contains forward-looking statements relating to us and our operations and strategies made based on our current beliefs, assumptions and information currently available to us.

When used in this document, the words "anticipate," "believe," "estimate", "plan," "could," "potential," "continue," "expect," "intend," "may," "seek," "will," "would," "should", "going forward" and any similar terms, as they relate to us or our business, are intended to identify these forward-looking statements. Such statements are necessary estimates that reflects the current views of our Directors, Supervisors and management and subject to risks and uncertainties that may cause actual results to differ materially from those suggested by the forward-looking statements in this document. Whether the actual results of such statements will conform to our predictions is beyond our actual control. As a result, [REDACTED] should not regard these forward-looking statements as a guarantee of future performance and you should not place undue reliance on any forward-looking information. All forward-looking statements in this document are qualified by reference to this cautionary statement. We do not intend to update these forward looking statements in addition to our ongoing disclosure obligations pursuant to the Listing Rules or other requirements of the Stock Exchange.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

In preparation for the [REDACTED], our Company has sought the following waivers from strict compliance with the relevant provisions of the Listing Rules.

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, we must have sufficient management presence in Hong Kong. This normally means that at least two of the executive Directors must be ordinarily resident in Hong Kong. Rule 19A.15 of the Listing Rules further provides that the requirement in Rule 8.12 may be waived by having regard to, among other considerations, our Company's arrangements for maintaining regular communication with the Stock Exchange.

Since our Company's business operations are primarily located in the PRC and will continue to be based in the PRC, there is no business need to appoint executive Directors based in Hong Kong. As substantially all of our executive Directors and the senior management team of our Company currently reside in the PRC, we do not and, for the foreseeable future, will not have sufficient management presence in Hong Kong for the purpose of satisfying the requirement under Rules 8.12 and 19A.15 of the Listing Rules.

Accordingly, pursuant to Rule 19A.15 of the Listing Rules, we have applied to the Stock Exchange for[, and the Stock Exchange has granted,] a waiver from strict compliance with the requirements under Rules 8.12 and 19A.15 of the Listing Rules. In order to maintain effective communication with the Stock Exchange, we have put in place the following measures in order to ensure that regular communication is maintained between the Stock Exchange and us:

(a) Pursuant to Rule 3.05 of the Listing Rules, we have appointed and will continue to maintain two authorized representatives who shall act at all times as the principal channel of communication with the Stock Exchange. Each of our authorized representatives will be readily contactable by the Stock Exchange by telephone and/or e-mail to deal promptly with enquiries from the Stock Exchange. Both of our authorized representatives are authorized to communicate on our behalf with the Stock Exchange and will be able to meet with the relevant members of the Stock Exchange to discuss any matters in relation to our Company within a reasonable period of time. At present, our two authorized representatives are Ms. Xu Shunmei and Ms. Tsui Ka Yan;

(b) When the Stock Exchange wishes to contact our Directors on any matter, each of the Authorized Representatives will have all necessary means to contact all of our Directors (including our independent non-executive Directors) promptly at all times. Our Company will also inform the Stock Exchange promptly in respect of any changes of the authorized representatives. We have provided the Stock Exchange with the contact details (i.e. mobile phone number, office phone number and email address) of all Directors to facilitate communication with the Stock Exchange;

(c) All Directors who do not ordinarily reside in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period upon the request of the Stock Exchange;

(d) In compliance with Rule 3A.19 of the Listing Rules, we have appointed China Everbright Capital Limited as our compliance adviser (the "**Compliance Adviser**") pursuant to Rule 3A.19 of the Listing Rules for the period commencing on the [REDACTED] and ending on the date that our Company publishes our financial results for the first full financial year after the [REDACTED] pursuant to Rule 13.46 of the Listing Rules. The Compliance Adviser will have access at all times to our authorized representatives, our Directors and our senior management as prescribed by Rule 3A.23 of the Listing Rules, who will act as the additional channel of communication with the Stock Exchange when the authorized representatives are

not available. Our Company shall ensure that our authorized representatives, Directors and our senior management members will timely provide such information and assistance as the Compliance Adviser may need or may reasonably request in connection with the performance of the Compliance Adviser's duties as set forth in the Listing Rules; and

(e) The Company has designated staff members as the communication officer at the Company's headquarters after the [REDACTED] who will be responsible for maintaining day-to-day communication with the Authorized Representatives, and the Company's professional advisers in Hong Kong, including our legal advisers in Hong Kong and the Compliance Adviser, to keep abreast of any correspondences and/or inquiries from Stock Exchange and report to the executive Directors to further facilitate communication between the Stock Exchange and the Company.

WAIVER IN RESPECT OF OUR JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, the company secretary must be an individual who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

Pursuant to Note 1 to Rule 3.28 of the Listing Rules, the Stock Exchange considers the following academic or professional qualifications to be acceptable: (i) a member of The Hong Kong Institute of Chartered Secretaries; (ii) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); and (iii) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

Pursuant to Note 2 to Rule 3.28 of the Listing Rules, in assessing "relevant experience", the Stock Exchange will consider the individual's: (i) length of employment with the issuer and other issuers and the roles they played; (ii) familiarity with the Listing Rules and other relevant law and regulations including the Securities and Futures Ordinance, Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code; (iii) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and (iv) professional qualifications in other jurisdictions.

Our Company appointed Ms. Chen Xin ("**Ms. Chen**") and Ms. Tsui Ka Yan ("**Ms. Tsui**"), as joint company secretaries. See "Directors and Senior Management — Joint Company Secretaries" for their biographies.

Our Company appreciates that the company secretary will play an important role in our corporate governance following the [REDACTED], particularly in assisting our Company and our Directors in complying with the Listing Rules and other applicable company and securities laws and regulations. Ms. Chen currently serves as our executive Director, chief financial officer and secretary of our Board and has substantial experience in handling corporate and administrative matters but does not possess any of the qualifications under Rules 3.28 and 8.17 of the Listing Rules and may not be able to solely fulfill the requirements of the Listing Rules.

Since Ms. Chen does not possess the formal qualifications required of a company secretary, we have applied for[, and the Stock Exchange has granted,] a waiver from strict compliance with Rules 3.28 and 8.17 of the Listing Rules for a three-year period from the [REDACTED] such that Ms. Tsui, who fulfils the requisite qualification as required under Note 1 to Rule 3.28 of the Listing Rules by virtue of her membership with the Hong Kong chartered Governance Institute, will act as a joint company secretary of the Company. Pursuant to paragraph 13 of Chapter 3.10 of the Guide for New Listing Applicants, the waiver under Rule 3.28 of the Listing Rules will be granted for a fixed period of time but in any event not exceeding three years from the date of [REDACTED] and on the following conditions: (i) the relevant company secretary must be assisted by a person who possesses the

qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as joint company secretary throughout the waiver period; and (ii) the waiver can be revoked in the event of a material breach of the Listing Rules by the Company.

The waiver is valid for an initial period of three years from the [REDACTED], and is granted on the condition that:

(a) Ms. Tsui will work closely with Ms. Chen to jointly discharge the duties and responsibilities as the joint company secretaries of our Company and to assist Ms. Chen to acquire the relevant experience as required under the Listing Rules for an initial period of three years from the date of the [REDACTED], a period which should be sufficient for Ms. Chen to acquire the relevant experience as required under the Listing Rules.

(b) Ms. Tsui will also assist Ms. Chen in organizing Board meetings and Shareholders' meetings of our Company as well as other matters of our Company which are incidental to the duties of a company secretary. Ms. Tsui is expected to work closely with Ms. Chen and will maintain regular contact with Ms. Chen, the Directors and the senior management of our Company. The waiver will be revoked immediately if Ms. Tsui ceases to provide assistance to Ms. Chen as a joint company secretary for the three-year period after the [REDACTED] or where there are material breaches of the Listing Rules by our Company.

(c) Ms. Chen will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance her knowledge of the Listing Rules during the three-year period from the [REDACTED]. Ms. Chen will also be assisted by (a) the Compliance Adviser of our Company, particularly in relation to compliance with the Listing Rules; and (b) the Hong Kong legal advisers of our Company, on matters concerning our Company's ongoing compliance with the Listing Rules and the applicable laws and regulations.

(d) Before the expiration of the initial three-year period, the qualifications of Ms. Chen will be re-evaluated to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied and whether the need for ongoing assistance will continue. We will liaise with the Stock Exchange to enable it to assess whether Ms. Chen, having benefited from the assistance of Ms. Tsui for the preceding three years, will have acquired the skills necessary to carry out the duties of company secretary and the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

WAIVER IN RESPECT OF CONTINUING CONNECTED TRANSACTIONS

We have entered into, and are expected to continue, certain transactions that will constitute partially exempt and non-exempt continuing connected transactions of our Company under the Listing Rules upon the [REDACTED]. Accordingly, we have applied to the Stock Exchange for[, and the Stock Exchange has granted,] waivers in relation to certain continuing connected transactions between us and certain connected persons under Chapter 14A of the Listing Rules. For further details in this respect, see the section headed "Connected Transactions" in this document.

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Ms. Xu Shunmei (徐順美)	No. 1 Dashizi Xiang, Guangling District, Yangzhou City, Jiangsu Province, China	Chinese
Ms. Wang Juan (王娟)	Room 902, Building 25, Wuyue Pushu Residential Community, Hanjiang District, Yangzhou City, Jiangsu Province, China	Chinese
Mr. Lian Gang (練剛)	Room 504, Building 4, Cuizhu Garden, Cuigang Huayuan Community, Hanshang Subdistrict, Hanjiang District, Yangzhou City, Jiangsu Province, China	Chinese
Mr. Zhao Long (趙龍)	Room 603, Building 17, Jinyue Garden, Hanjiang District, Yangzhou City, Jiangsu Province, China	Chinese
Ms. Chen Xin (陳欣)	Room 302, Building 5, Jiaheyuan, No. 33 Jiangyang Middle Road, Development Zone, Yangzhou City, Jiangsu Province, China	Chinese
Ms. Jin Jing (金晶)	Building 63, Situ Beiyuan Donglou Residential Community, Hanjiang District, Yangzhou City, Jiangsu Province, China	Chinese
Independent Non-Executive Directors		
Ms. Shen Ling (沈玲)	No. 175 Jinsheng Road, Jiangning District, Nanjing City, Jiangsu Province, China	Chinese
Mr. Huang Jie (黃杰)	Room 301, Building 29, Huading Xingcheng, Yangzhou City, Jiangsu Province, China	Chinese
Ms. Huang Chunfang (黃春芳)	13F, Block 1, Oak Mansions, Whampoa Garden Phase 5 Tak Fung Street, Hung Hom Hong Kong	Hong Kong

For further details, see "Directors and Senior Management" in this document.

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor	**China Everbright Capital Limited** 33/F, Everbright Centre, 108 Gloucester Road Wan Chai, Hong Kong
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Legal Advisers to Our Company	*As to Hong Kong and U.S. laws:* **Simpson Thacher & Bartlett** 35/F, ICBC Tower, 3 Garden Road Central, Hong Kong *As to PRC laws:* **Merits & Tree Law Offices** 12th Floor, Raffles City Beijing Office Tower, No.1 Dongzhimen South Street, Dongcheng District, Beijing, PRC
Legal Adviser to the Sole Sponsor and [REDACTED]	*As to Hong Kong laws:* **Fangda Partners** 26/F, One Exchange Square, 8 Connaught Place Central, Hong Kong *As to PRC laws:* **Grandway Law Offices** 7–8/F, News Plaza, No. 26, Jianguomennei Street Dongcheng District, Beijing, PRC
Auditor and Reporting Accountants	**Ernst & Young** *Certificated Public Accountants* *Registered Public Interest Entity Auditor* 27/F, One Taikoo Place, 979 King's Road Quarry Bay, Hong Kong
Industry Consultant	**Frost & Sullivan (Beijing) Inc.** Unit 2401–02, Level 24, China World Office 2 1 Jianguomenwai Avenue, Chaoyang District Beijing 100004, PRC
[REDACTED]	**[REDACTED]**

CORPORATE INFORMATION

Registered Office and Headquarters in the PRC	20 Gaoqiao South Street, Yangzhou City, Jiangsu Province, PRC
Principal Place of Business in Hong Kong	31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong
Company's Website	**www.sxhboat.com** *(The information contained in this website does not form part of this document)*
Joint Company Secretaries	**Ms. Chen Xin** Room 302, Building 5, Jiaheyuan, No. 33 Jiangyang Middle Road, Development Zone, Yangzhou City, Jiangsu Province, China **Ms. Tsui Ka Yan** *(associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom)* 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong
Authorized Representatives	**Ms. Xu Shunmei** No. 1 Dashizi Xiang, Guangling District, Yangzhou City, Jiangsu Province, China **Ms. Tsui Ka Yan** *(associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom)* 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong
Audit Committee	Ms. Shen Ling *(Chairman)* Mr. Huang Jie Ms. Huang Chunfang
Nomination Committee	Ms. Xu Shunmei *(Chairman)* Mr. Huang Jie Ms. Shen Ling
Remuneration Committee	Mr. Huang Jie *(Chairman)* Ms. Wang Juan Ms. Shen Ling
Compliance Adviser	**China Everbright Capital Limited** 33/F, Everbright Centre, 108 Gloucester Road, Wan Chai, Hong Kong
[REDACTED]	**[REDACTED]**
Principal Bank	**Agricultural Bank of China (Meiling Branch)** No. 32, Shikefa East Road, Hanjiang District, Yangzhou City, Jiangsu Province, PRC

The information and statistics set out in this section and other sections of this document were extracted from the report prepared by Frost & Sullivan, which was commissioned by us, and from various official government publications and other publicly available publications. We engaged Frost & Sullivan to prepare the Industry Report, an independent industry report, in connection with the [REDACTED]. The information from official government sources has not been independently verified by us, the Sole Sponsor, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], any of their respective directors and advisers, or any other persons or parties involved in the [REDACTED], and no representation is given as to its accuracy.

SOURCES OF THE INDUSTRY INFORMATION

We commissioned Frost & Sullivan to analyse and prepare a report regarding water-based tourism service market in China and Jiangsu Province during the period of 2021 to 2030. Frost & Sullivan is an independent global consulting firm, which was founded in 1961 in New York, offering industry research and market strategies and provides growth consulting and corporate training. We agreed to pay a commission fee of RMB500,000 to Frost & Sullivan pursuant to a service agreement reached by arm's length negotiation. Except as otherwise noted, all of the data and forecasts contained in this section are derived from the Frost & Sullivan Report.

In preparing for the report, Frost & Sullivan conducted both primary and secondary research and relied on various sources. The primary research was conducted via interviews with key industry experts and leading industry participants. The secondary research involved analysis of market data obtained from several publicly available data sources, such as National Bureau of Statistics, Ministry of Culture and Tourism of the PRC, General Administration of Customs of the PRC and other industrial associations. The market projections in the Frost & Sullivan Report are based on the following key assumptions: (i) the overall social, economic, and political environment in China are expected to remain stable during the forecast period; (ii) China's economic and industrial development are likely to maintain a steady growth in the forecast period; (iii) related industry key drivers are likely to drive the growth of water-based tourism service market in China and Jiangsu Province in the forecast period, such as rising disposable income and travel expenditure, cultural-tourism integration and cross-industry synergy, digital technology and smart platforms, etc.; and (iv) there is no extreme force majeure or industry regulation in which the market may be affected dramatically or fundamentally.

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

THE TOURISM MARKET OVERVIEW

The Total Tourism Spending in China

The total tourism spending in China reached RMB6.3 trillion in 2025, rising from RMB2.9 trillion in 2021. In 2022, the total tourism spending experienced a significant decline due to pandemic control measures, including travel restrictions, lockdowns in some regions, reduced spending on transportation, accommodation, sightseeing, etc. However, with the relaxation of these controls, the market began to rebound in 2023, recovering to RMB4.9 trillion. This momentum continued into 2025, reflecting a notable increase from the 2022 downturn.

The government has introduced various policies to promote market growth. According to the "*Domestic Tourism Enhancement Plan (2023–2025)*" *(《國內旅遊提升計劃(2023–2025年)》)* issued by the Ministry of Culture and Tourism in 2023, the plan aims for the domestic tourism market to maintain reasonable growth by 2025, with further improvements in quality and an enriched supply of high-quality tourism offerings. In 2025, the General Office of the State Council issued the "*Several Measures on*

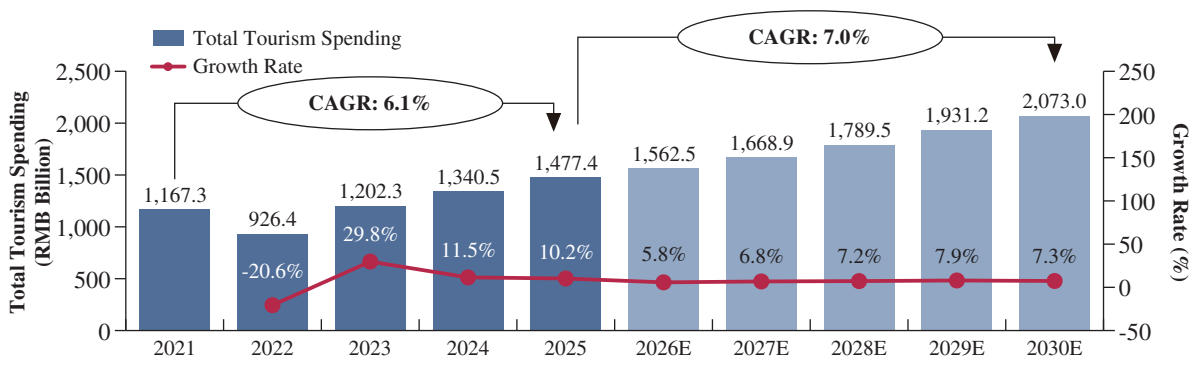
Further Cultivating New Growth Drivers and Promoting the Prosperity of Cultural and Tourism Consumption" *(《關於進一步培育新增長點繁榮文化和旅遊消費的若干措施》)*, which proposed organizing a series of cultural and tourism consumption promotion activities, launching distinctive tourism products, and developing the night-time cultural and tourism economy. By 2030, China's total tourism spending is expected to increase to RMB8.7 trillion, growing at a CAGR of 6.7% from 2025.

The Total Tourism Spending in Jiangsu Province

From 2021 to 2022, total tourism spending in Jiangsu Province fluctuated due to COVID-19 and has subsequently gradually rebounded since 2023. Tourism spending reached RMB1,167.3 billion in 2021. However, repeated COVID-19 outbreaks, travel restrictions, and weakened consumer confidence led to a decline of total tourism spending to RMB926.4 billion in 2022. In 2025, the total tourism spending in Jiangsu Province reached RMB1,477.4 billion driven by the gradual recovery of domestic travel demand, rising consumer confidence, and supportive government policies promoting cultural and tourism development, growing at a CAGR of approximately 6.1% from 2021.

With the deepening integration of culture and tourism, the upgrading of tourism infrastructure, and the expansion of high-quality cultural and leisure offerings, the total tourism spending in Jiangsu Province is projected to reach RMB2,073.0 billion by 2030, representing a CAGR of 7.0% from 2025.

Total Tourism Spending (Jiangsu Province), 2021–2030E



Source: Jiangsu Provincial Department of Culture and Tourism, Frost & Sullivan

The Total Tourism Spending in Yangzhou

Along with the continuous growth of total tourism spending in Jiangsu Province, tourism spending in Yangzhou has also increased at a CAGR of approximately 8.9% from 2021, reaching RMB114.3 billion in 2025, principally owing to Yangzhou's unique tourism strengths and targeted development efforts. As a city renowned for its rich cultural heritage, from the Slender West Lake to its food culture, and supported by local policies promoting cultural tourism integration, Yangzhou has successfully attracted more visitors. In the future, the total tourism spending in Yangzhou is expected to continue growing steadily, rising to RMB164.3 billion in 2030.

The Total Tourist Arrivals in China

Along with changes and growth in total tourism spending, the total tourist arrivals in China has shown similar changes in recent years. The total tourist arrivals in China increased from 3.2 billion person-times in 2021 to 6.7 billion person-times in 2025, rising at a CAGR of approximately 19.8%. According to the "*Several Measures on Unlocking Tourism Consumption Potential and Promoting the High-quality Development of the Tourism Industry*" *(《關於釋放旅遊消費潛力推動旅遊業高品質發展的若干措施》)* issued by the General Office of the State Council, the measures aims at strengthening the construction of leisure facilities such as greenways, cycling paths and parking facilities, improving the tourism consumption environment, and enhancing consumer-benefit policies. In addition to favorable

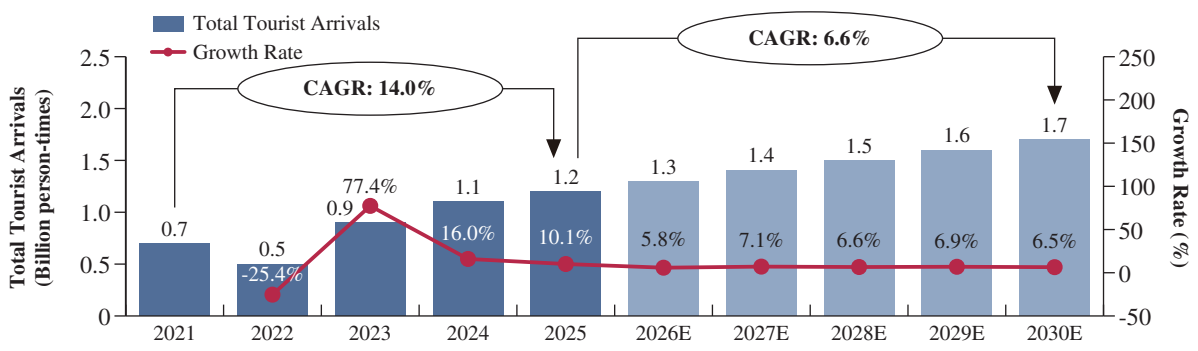
policies, the promotion of cultural products such as games, television dramas and variety shows has driven the continuous emergence of popular domestic tourist cities and attractions in recent years, becoming a new engine for the development of culture and tourism in many regions. Furthermore, China has further relaxed and optimized its visa-free policies and introduced a series of measures to facilitate foreign visitors, with continued benefits from policies easing visas, payments and accommodation in China.

These have not only stimulated people's willingness to travel but also facilitated the expansion of the tourism sector, further improving the development of the tourism market and driving up tourist numbers. By 2030, the total tourist arrivals are expected to rise to 9.5 billion person-times, with a CAGR of 7.4% from 2025.

The Total Tourist Arrivals in Jiangsu Province

The total tourist arrivals in Jiangsu province witnessed a rapid growth over the past years, rising from 0.7 billion person-times in 2021 to 1.2 billion person-times in 2025, representing a CAGR of 14.0% from 2021. According to the "*Specific Policy Measures on Promoting the Accelerated and Comprehensive Recovery of the Province's Cultural and Tourism Market*" *(《關於促進全省文旅市場加快全面復蘇的具體政策舉措》)* issued by the Jiangsu Provincial Department of Culture and Tourism and the Jiangsu Provincial Department of Finance, it aims at promoting the accelerated and comprehensive recovery of the cultural and tourism market through, among others, (i) accelerating the allocation of RMB90 million of provincial cultural and tourism development funds, with a focus on supporting projects such as consumption boosting, industrial integration, and digital development, and (ii) holding the 5th Grand Canal Cultural and Tourism Expo and tourism consumption promotion activities. These events not only enhanced tourism visibility in Jiangsu province but also attracted more tourists to travel there. By 2030, the total tourist arrivals in Jiangsu province is expected to increase to 1.7 billion person-times, with a CAGR of approximately 6.6% from 2025.

Total Tourist Arrivals (Jiangsu Province), 2021–2030E



Source: Jiangsu Provincial Department of Culture and Tourism, Frost & Sullivan

The Total Tourist Arrivals in Yangzhou

In 2025, the total tourist arrivals in Yangzhou increased to 132.8 million person-times from 60.6 million person-times in 2021, representing a CAGR of approximately 21.7% from 2021 to 2025. The local government has been improving tourism infrastructure, upgrading transport, and enhancing visitor

facilities. Support for cultural tourism projects and events such as festivals and exhibitions has further attracted more visitors to Yangzhou. The total tourist arrivals in Yangzhou is expected to grow at a CAGR of approximately 7.4%, rising to 190.0 million person-times in 2030.

WATER-BASED TOURISM SERVICE MARKET OVERVIEW

Definition and Classification of Water-based Tourism Service

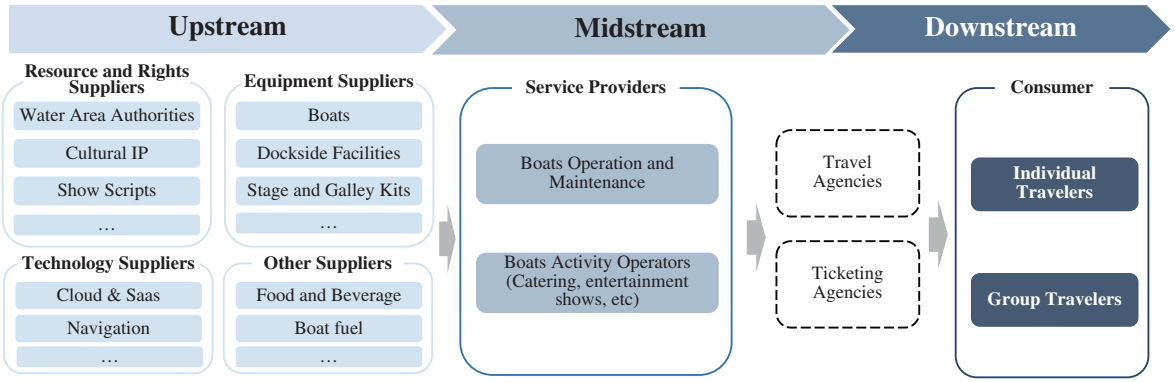
Water-based tourism services encompass leisure and sightseeing experiences conducted on designed water areas, including inland navigable waters and non-navigable waters such as rivers, lakes, canals and scenic areas, using boats including sightseeing boats, self-driving boats, painted boats, dining boats, etc.. For the purpose of this document, the scope excludes both overnight and non-overnight cruises. Water-based tourism service is not a nationally standardized industry term. However, the relevant business activities of water-based tourism service are reflected in existing industry classifications and regulatory documents.

Under the Industrial Classification for National Economic Activities (GB/T 4754-2017), "Inland waterway passenger transportation" under "water passenger transportation" includes passenger transportation services provided by inland sightseeing boats. In addition, the "*Jiangsu Provincial Measures for the Safety Administration of Inland Water-based Tourism Business Activities*" (《江蘇省內河水上遊覽經營活動安全管理辦法》) also uses the term "water-based tourism" when regulating relevant business activities. Therefore, "water-based tourism service" is reasonably regarded as a commonly used industry term for such business activities.

The water-based tourism service market in China can be categorized based on the water types and service offerings. By water type, it can be categorized into inland waterways, coastal waters, and urban water systems, each offering distinct route designs and visitor experiences. By service offerings, it can be categorized into daytime sightseeing boats, night sightseeing boats, self-driving boats, painted boats, dining boats, etc., catering to a spectrum of needs from cultural leisure to premium, customized experiences.

The Value Chain of Water-based Tourism Service in China

China's water-based tourism value chain links upstream suppliers, midstream service providers and downstream end users: (i) upstream suppliers include (1) resource and rights suppliers provide water area authorities, cultural IP, show scripts, etc., (2) equipment suppliers deliver boats, dockside facilities, and stage/galley kits, ensuring the infrastructure for operations, (3) technology suppliers provide cloud & SaaS solutions and navigation systems, ensuring the safety of journeys, and (4) other suppliers supply food and beverage as well as boat fuel, all ensuring the smooth operation of upstream related processes; (ii) midstream service providers involve boats operation and maintenance and boats activity operators. Boats operation and maintenance are responsible for the daily scheduling and sailing arrangements, as well as inspecting, cleaning and maintaining boats. Boats activity operators design the activities on the boat, such as providing catering, themed shows or interactive events, to enrich trips. Before reaching end users, midstream services are primarily distributed through online travel agencies ("**OTAs**") and offline travel agencies, as well as online and offline ticketing agencies, which package products and provide convenient booking channels for travelers; and (iii) downstream includes two types of clients: (1) individual travelers, defined as a single passenger who consumes the water-based service alone; and (2) group travelers, referring to two or more passengers traveling together, including families, tour groups and event parties such as weddings, celebrations and corporate team building.

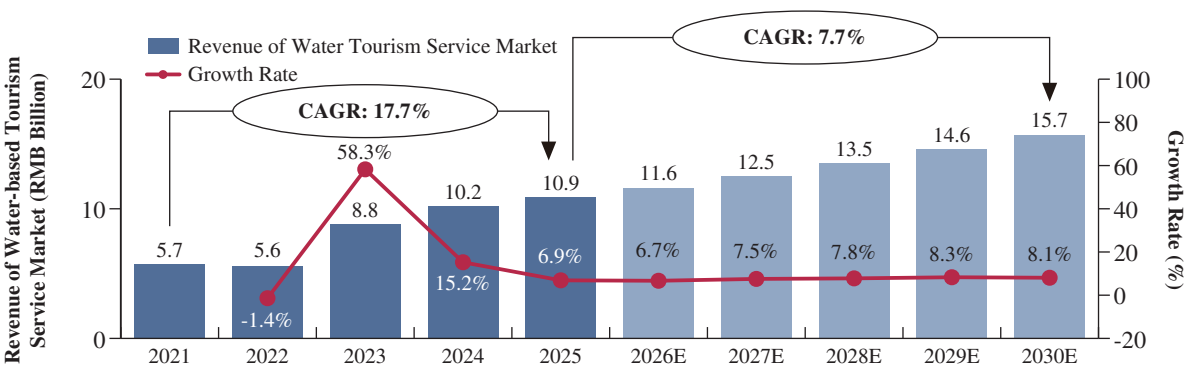


Source: Frost & Sullivan

The Market Size of Water-based Tourism Service in China, Jiangsu Province and Yangzhou

The revenue of water-based tourism service market in China reached RMB10.9 billion in 2025, rising from RMB5.7 billion in 2021, and is expected to maintain a steady growth with the continuous water-based tourism favorable policies and the upgrading of water related tourism products, and the rising consumer demand for unique water-based tourism experiences. By 2030, the revenue of water-based tourism service market in China is expected to increase from RMB10.9 billion to RMB15.7 billion, representing a CAGR of approximately 7.7% from 2025.

Revenue of Water-based Tourism Service Market (China), 2021–2030E

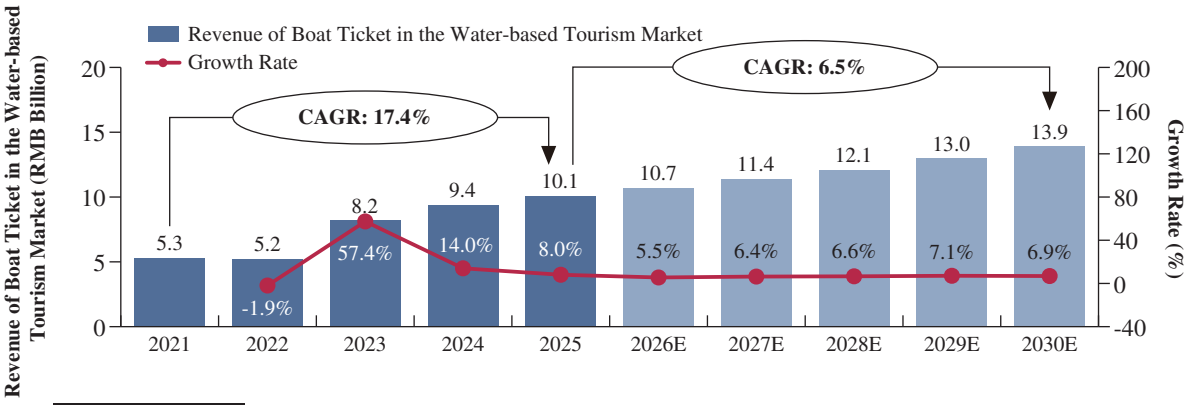


Source: Ministry of Culture and Tourism, Frost & Sullivan

Boat ticket revenue in the water-based tourism market in China accounts for most of the total market size. This segment grew markedly from RMB5.3 billion in 2021 to RMB10.1 billion in 2025, representing a CAGR of approximately 17.4%. The market saw a sharp contraction in 2022 as the COVID-19 pandemic severely restricted tourism activities and visitor numbers. With the easing of pandemic restriction measures and the gradual return of consumer confidence, the sector rebounded in 2023, supported by renewed travel demand and enriched service offerings, with revenue reaching RMB8.2 billion, up 57.4% on year-on-year basis, and continuing to grow to RMB10.1 billion in 2025.

Looking ahead, rising tourism consumption, diversification of sightseeing experiences, and continued enhancements in service quality are expected to drive steady growth. Boat ticket revenue in the water-based tourism market is projected to expand at a CAGR of approximately 6.5% from 2025 to 2030, reaching RMB13.9 billion by the end of 2030.

Revenue of Boat Ticket in the Water-based Tourism Market (China), 2021–2030E

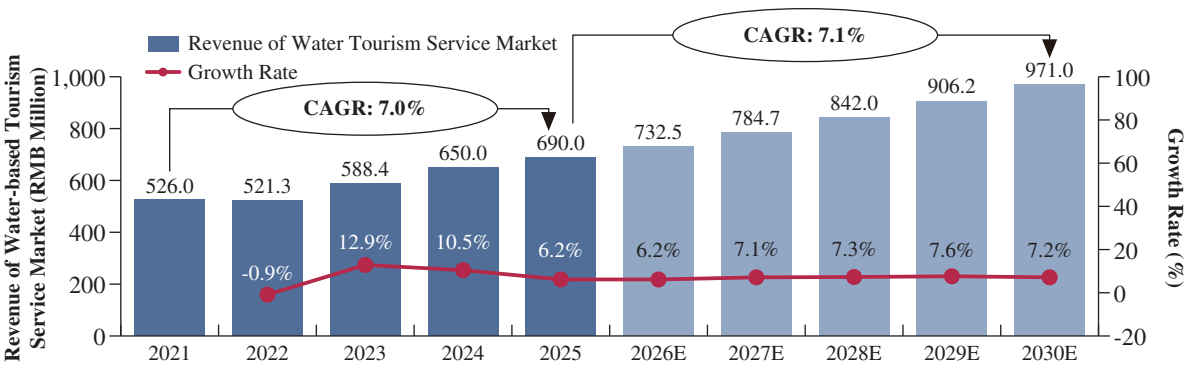


Source: Ministry of Culture and Tourism, Frost & Sullivan

The revenue of water-based tourism service market in Jiangsu Province showed a dynamic trend from 2021 to 2025 rising significantly from RMB526.0 million to RMB690.0 million, reflecting a CAGR of 7.0%. Similar to the national tourism market pattern, Jiangsu saw a decline in 2022, with the growth rate dropping to –0.9%. Driven by the continuous recovery of the tourism market and local development initiatives, the revenue of water-based tourism service market in Jiangsu Province is projected to keep growing steadily. Moreover, the high-quality water-based tourism and integrated water-based tourism products are likely to present growth opportunities. Therefore, the market is expected to reach RMB971.0 million by 2030, representing a CAGR of approximately 7.1% from 2025.

Other revenue sources of the water-based tourism service market in Jiangsu Province primarily comprise a variety of innovative themed services beyond traditional boat ticket revenue. These include "Boat + Dining" experiences that integrate on-board dining and sightseeing, offering distinctive local specialties such as Yangzhou-style breakfast tea; "Boat + Corporate" services that utilize boats as unique venues for corporate gatherings and events; and "Boat + Education" programs designed around the rich historical and cultural heritage of the Grand Canal, mainly targeting primary and secondary school students. Examples of such revenue sources in Jiangsu Province include comparable water-based tourism operators which generate revenue from water sightseeing boat ticket sales as a primary source and from value-added services as ancillary source. For example, (i) Company E mainly operates sightseeing boat services on the Qinhuai River and has expanded into themed and immersive boat tour offerings; (ii) Company K operates sightseeing boat services on the Wuxi Grand Canal and has disclosed revenue categories including sightseeing boat services, activity services and sales of cultural and creative products.

Revenue of Water-based Tourism Service Market (Jiangsu Province), 2021–2030E

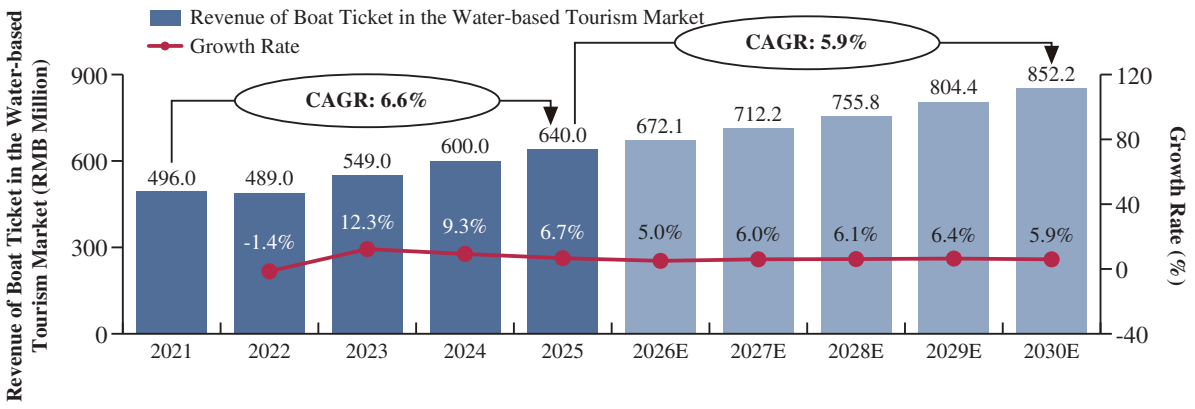


Source: Jiangsu Provincial Department of Culture and Tourism, Frost & Sullivan

The revenue of boat ticket in the water-based tourism market in Jiangsu Province grew substantially from RMB496.0 million in 2021 to RMB640.0 million in 2025, reflecting a CAGR of approximately 6.6%. In 2025, Jiangsu accounted for approximately 6.3% of China's total boat ticket revenue in the water-based tourism market. Akin to the national market, Jiangsu experienced a notable decline in 2022 as COVID-19 restrictions curtailed tourism activity. In 2023, the Jiangsu provincial government issued the "*Opinions on Accelerating the Development of a More Distinctive 'Water Transport Jiangsu'* (*《關於加快打造更具特色的「水運江蘇」的意見》*), advocating the integration of water passenger transport with tourism, culture and urban development. The policy emphasizes enhancing water public service quality, advancing networked ticketing, improving connections with public transportation, and creating premium water tour routes.

Underpinned by these initiatives, boat ticket revenue in Jiangsu's water-based tourism market is projected to reach RMB852.2 million by 2030, representing a CAGR of 5.9% from 2025.

Revenue of Boat Ticket in the Water-based Tourism Market (Jiangsu Province), 2021–2030E



Source: Jiangsu Provincial Department of Culture and Tourism, Frost & Sullivan

The revenue of water-based tourism service market in Yangzhou City increased from RMB53.6 million in 2021 to RMB130.0 million in 2025, growing at a CAGR of 24.8%.

In 2025, the Yangzhou Government emphasized the need to leverage the city's cultural heritage and abundant tourism resources by organizing cultural and tourism events such as the Grand Canal Cultural and Art Exhibition and the Slender West Lake Flower Festival. At the same time, the city focused on developing its night-time tourism to extend the tourism consumption chain, introducing projects such as the Slender West Lake Night Tour, the Slender West Lake Night Market, the "Grand Canal Yangzhou" night show. In 2030, the revenue of water-based tourism service market in Yangzhou City is expected to reach to RMB212.7 million, growing at a CAGR of 10.4% from 2025. In 2025, the market share of the water-based tourism service market in Yangzhou accounted for approximately 18.8% and 1.2% of the water-based tourism service markets in Jiangsu and China, respectively, and is expected to reach approximately 21.9% and 1.4%, respectively, by 2030.

Aligned with the revenue growth of water-based tourism service market in Yangzhou City, the revenue from boat ticket also showed a similar upward trend from 2021 to 2025. The increase was driven by the continuous enhancement of water-based tourism infrastructure, the expansion of cultural tourism events and the development of diversified boat services. From 2021 to 2025, the revenue from boat ticket in Yangzhou City increased from RMB52.2 million to RMB117.0 million, representing at a CAGR of 22.4% from 2021. Boat ticket in the water-based tourism market in Yangzhou City is projected to grow at a CAGR of 9.1% from 2025 to 2030, reaching RMB181.2 million by 2030.

Market Drivers of Water-based Tourism Service Market in China and Jiangsu Province

Rising disposable income and travel expenditure. China's rising disposable income is fueling demand for tourism experiences. In 2025, per capita annual disposable income reached RMB43,377, reflecting a CAGR of 5.4% from 2021. Over the same period, Chinese tourists' total travel expenditure surged from RMB2.9 trillion to RMB6.3 trillion, representing a CAGR of 21.2%. Such increasing in spending power is driving interest in higher-quality water-based tourism activities, the emergence of high-end customized boats, themed boat tours, and other upgraded offerings, accelerating market expansion.

Cultural-tourism integration and cross-industry synergy. The integration of cultural heritage and tourism has become an important driver of water-based tourism services. By adding cultural content and immersive experiences to tour products, operators are enhancing visitor engagement and expanding market appeal.

Digital technology and smart platforms. Technological innovation is driving water-based tourism services toward smarter and more efficient operations. Through digital platforms and intelligent systems, operators are improving booking convenience, resource allocation and service quality.

IP content empowerment. In Yangzhou, seasonal festivals, themed cultural events, and youth-oriented campaigns reinforce the city's tourism identity under the brand "Yangzhou is a Wonderful Place." Collaborations with travel influencers and immersive marketing further elevate brand visibility, driving a shift from conventional sightseeing to an integrated "culture + experience + consumption" model that supports sustainable revenue growth.

Favorable Policy Support. Government initiatives continue to underpin industry development. For example, the *"Implementation Opinions on Accelerating the Development of Cruise, Yacht Equipment and Industry" (《關於加快郵輪遊艇裝備及產業發展的實施意見》)* clearly proposes to promote the development of the boat and yacht industry, providing guidance for the equipment upgrade and industrial expansion of water-based tourism. Also, the "*Guiding Opinions on Promoting High-Quality Development of Tourism Public Services*" *(《關於推進旅遊公共服務高品質發展的指導意見》)*, issued by the Ministry of Culture and Tourism in 2024, support the construction and development of premium domestic waterway passenger routes and emphasizes strengthening traffic management and the application of smart transportation technologies to alleviate congestion during peak tourism periods. In September 2017, the Ministry of Housing and Urban-Rural Development issued its approval for *the "Plan of the Shugang-Slender West Lake Scenic Area (2017–2030) "(《蜀岡—瘦西湖風景名勝區總體規劃(2017–2030年)》)*, implementing strict protection of the scenic area's landscape and ecological resources, including ancient city relics, historic buildings and lakeside gardens, with particular emphasis on strengthening the protection and management of key scenic resources and preserving their authenticity and integrity. Against the backdrop of resource protection and culture-tourism integration, Yangzhou's transport authorities have continued to improve the quality of water-based tourism services. Key initiatives include comprehensive inspections of sightseeing boats, green upgrades of boats, the addition of pier facilities and the promotion of integrated development between Grand Canal culture and tourism. In December 2024, the General Office of the Ministry of Transport issued the *"Notice on Continuously Promoting the Development of Premium Domestic Waterway Tourism Passenger Routes" (《關於持續深入打造國內水路旅遊客運精品航線的通知》),* under which the Yangzhou Grand Canal sightseeing route was selected as a typical case of premium domestic waterway tourism passenger routes. Yangzhou places significant emphasis on the protection and development of the water systems of the Shugang-Slender West Lake Scenic Area and the Ancient Canal Area, and has continuously promoted water-based tourism through water environment improvement, infrastructure enhancement and operational safety management. In particular, the "Regulations on the Protection of the Yangzhou Shugang Slender West Lake Scenic Area" (《揚州市蜀岡—瘦西湖風景名勝區保護條例》) require strengthened water system protection, water quality improvement and ecological conservation, which help maintain the attractiveness of water-based tourism resources and enhance visitor experience. In addition, government policies supporting the renewal of tourism vessels, the adoption of clean-energy

passenger boats and the upgrading of tourism routes facilitate improvements in service quality, operational efficiency and carrying capacity of water-based tourism activities. At the same time, strengthened safety supervision and management of sightseeing vessels contribute to safer and more reliable tourism operations. In addition, relevant policies have emphasized the advancement of smart scenic area development in the Slender West Lake Scenic Area, including the establishment and enhancement of information service platforms for scenic areas and the adoption of emerging technologies, such as the internet and big data, to improve the standardization, intelligence and digitalization of tourism services. Furthermore, according to the "*22 Measures for Promoting the High-quality Development of the Culture, Sports and Tourism Industries in Yangzhou in 2025*" (*《揚州市2025年促進文體旅產業高品質發展的22條措施》*) issued by the Yangzhou Municipal People's Government, university students in Yangzhou are entitled to free daytime admission to Slender West Lake within one year after enrollment upon presentation of valid credentials. The policy aims to encourage tourism engagement among university students and enhance tourism consumption. In addition, the Shugang-Slender West Lake Scenic Area was encouraged to organize 150 cultural and tourism consumption promotion activities throughout 2025. During the Cultural and Tourism Benefit Activities held from December 2025 to January 2026, eligible ticketed scenic areas, including Slender West Lake, distributed targeted tourism experience vouchers to local residents to further promote tourism participation and stimulate tourism consumption. The Cultural and Tourism Benefit Activities were introduced as part of Yangzhou's initiatives of the Yangzhou Municipal Government to promote local cultural and tourism consumption and stimulate tourism demand during the winter season. From November 2025 to January 2026, the "Yangzhou Residents Visit Yangzhou" ("揚州人看揚州") winter cultural and tourism benefit activity offered eligible local residents and new residents targeted tourism experience vouchers and discounted admission to designated state-owned ticketed scenic areas, including Slender West Lake, with a view to encouraging local tourism participation and consumption. The activities were organized by the Yangzhou Municipal Bureau of Culture, Radio, Television and Tourism, with participating scenic areas implementing the relevant benefit measures. The targeted tourism experience vouchers formed part of a government-led public cultural and tourism benefit initiative, rather than a commercial promotional activity. Under the relevant policy framework and implementation arrangements, the Yangzhou Municipal Bureau of Culture, Radio, Television and Tourism, as the competent authority for culture and tourism, coordinated with and guided the relevant scenic areas to organize and implement the cultural and tourism benefit activities. As to the distribution of the tourism experience vouchers, the Yangzhou Municipal Bureau of Culture, Radio, Television and Tourism was responsible for coordinating and promoting the relevant activities, while the Shugang-Slender West Lake Scenic Area, as one of the participating scenic areas, carried out the distribution of the tourism experience vouchers to eligible local residents in accordance with the relevant arrangements and was responsible for the relevant on-site implementation matters, including admission verification. Such tourism experience vouchers referred to complimentary admission vouchers for the participating scenic areas, which entitled eligible residents to visit the relevant scenic areas free of charge upon reservation and identity verification. The tourism experience vouchers were not vouchers for boat tours, catering, accommodation, shopping or other consumption activities, nor were they commercial discount coupons. Collectively, these measures improve the ecological environment, tourism infrastructure and operational standards of the Shugang-Slender West Lake Scenic Area and the Ancient Canal Area, thereby supporting the sustainable development and long-term growth of water-based tourism activities.

Future Trends of Water-based Tourism Service Market in China and Jiangsu Province

Night tours + performances. With growing tourist demand for immersive cultural entertainment, integrating night-time water tours with live performances is emerging as a key industry focus. This approach enriches night-time experiences through coordinated lighting, sound, and stage effects, enhancing visitor engagement and interactivity.

Green and low-carbon water-based tourism. The adoption of electric, hybrid-powered vessels, and solar-assisted energy systems is driving the water-based tourism industry toward reduced carbon emissions and greater sustainability. For instance, zero-emission electric boats are increasingly deployed to lower fuel consumption and exhaust output. These green initiatives align with national carbon neutrality targets while protecting aquatic ecosystems.

Smart and immersive experiences. Smart technologies and immersive experiences are transforming water-based tourism. Leveraging AR and VR, operators offer multisensory journeys featuring historical reconstructions and interactive virtual theatres onboard, deepening cultural engagement. Coupled with big data analytics, intelligent guided tour systems deliver personalized route suggestions and real-time updates, enhancing convenience and precision of service.

The Popularity of the Shugang-Slender West Lake Scenic Area and Ancient Canal Area

Yangzhou City. The Shugang-Slender West Lake Scenic Area and Ancient Canal Area are located in Yangzhou City, which has a history dating back 2,500 years and is one of the first Excellent Tourism Cities in China, as well as one of China's first 24 historical and cultural cities (國家歷史文化名城). It is known as China's "canal city".

Shugang-Slender West Lake Scenic Area. The Shugang-Slender West Lake Scenic Area is the only national 5A-level scenic area (國家5A級旅遊景區) in Yangzhou City and it has been awarded honors such as National Civilized Scenic Tourist Area, National Cultural Tourism Demonstration Zone and World Cultural Heritage Site. The Shugang-Slender West Lake Scenic Area is frequently ranked as the number one tourist attraction (e.g., Tripadvisor, Trip.com, Expedia). The area possesses abundant cultural and tourism resources which fostered the development of a number of daytime tours and night tours, diversified business formats covering catering and accommodation, as well as full-scenario services on land and water. The area has built a complete tourism industrial chain integrating catering, accommodation, transportation, sightseeing, shopping and entertainment, transforming from a purely sightseeing-oriented offering into an all-round destination featuring sightseeing experience, vacation and leisure.

Ancient Canal Area. With respect to the Ancient Canal Area, as one of the world cultural heritage sites, the Ancient Canal continues to develop water tours and night tourism economy. Among its featured programs, the itinerant cruise night show "Grand Canal Yangzhou" has become a benchmark of Yangzhou's night economy and a typical example of immersive cultural tourism experience. The Grand Canal Yangzhou night show has won numerous awards successively. For example, it was awarded the 9th Longque Awards in 2026 and was shortlisted for the Annual Night-time Economic Demonstration Zone award. In addition, the Grand Canal Yangzhou night show has been selected into the second batch of the National Excellent Tourism Performance List issued by the PRC Ministry of Culture and Tourism. It has also received other national, provincial and municipal awards including the Best Night Tourism Project Award at the 14th China Tourism Investment ITIA Awards.

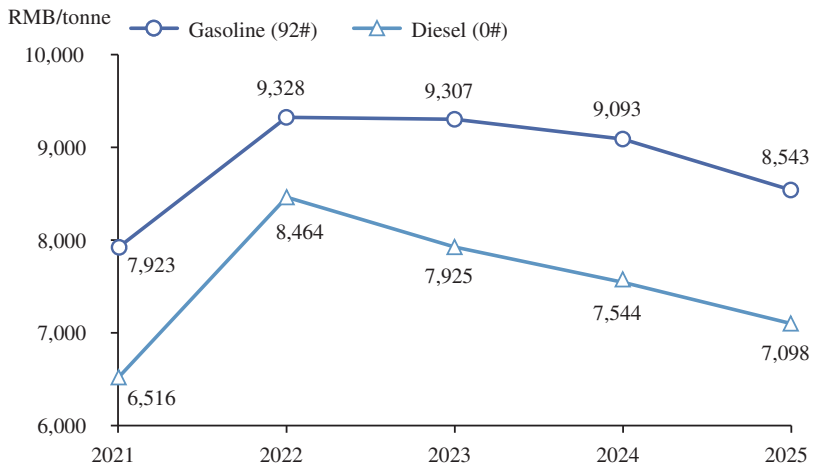
Visitor Numbers. In 2025, the number of tourist arrivals in Jiangsu Province is the largest in the PRC. Yangzhou City ranks the 4th among cities in Jiangsu Province in terms of tourist arrivals. According to the Department of Culture and Tourism of Jiangsu Province, total tourist arrivals in Yangzhou reached 132.8 million in 2025, increasing from 60.6 million in 2021, representing a CAGR of approximately 21.7% from 2021 to 2025. It is estimated that the total tourist arrivals in Yangzhou is expected to grow at a CAGR of approximately 7.4%, rising from 132.8 million in 2025 to 190.0 million in 2030. Specifically, in terms of tourist arrivals in the Shugang-Slender West Lake Scenic Area and the Ancient Canal Scenic Area, official statistics from the Jiangsu Provincial Department of Culture and Tourism show that the Shugang-Slender West Lake Scenic Area attracted over 7.0 million visitors in 2024. In 2025, the scenic area attracted a total of over 7.3 million visitors, representing a year-on-year increase of approximately 4.3%. Meanwhile, during the peak tourism seasons in 2025, the scenic area had an aggregate visiting capacity of up to 100,000 visitors per day. The Ancient Canal Area attracted a total of over 275,000 visitors in 2025 (based on number of ticket sales on Piaofutong system). With an

aggregate of visiting capacity of up to 6,000 visitors per day during peak tourism seasons in 2025. Since the official operation of the Grand Canal Yangzhou night show in October 2024, it has enhanced the cultural tourism appeal of the Ancient Canal area and driven passenger growth. Visitor arrivals of its cruise performance have increased by 65% since August 2025. During the 2026 Spring Festival holiday (January 28 to February 4, 2026), Yangzhou received approximately 1.6 million tourists, representing a year-on-year increase of 16.6%, reflecting the strong appeal of the city's cultural tourism market. Among them, visitor volume of Grand Canal Yangzhou night show increased by approximately 65%, while its revenue rose by around 80%.

The popularity of the Shugang-Slender West Lake Scenic Area and the Ancient Canal area is primarily reflected by the number of visitors, market recognition and tourist traffic during peak travel periods as well as scenic area operating revenue, which is highly correlated with the number of visitors. The visitor numbers are mainly derived from official statistics published by local culture and tourism authorities, as well as data compiled by scenic area management entities.

Prices of Fuel and Labor

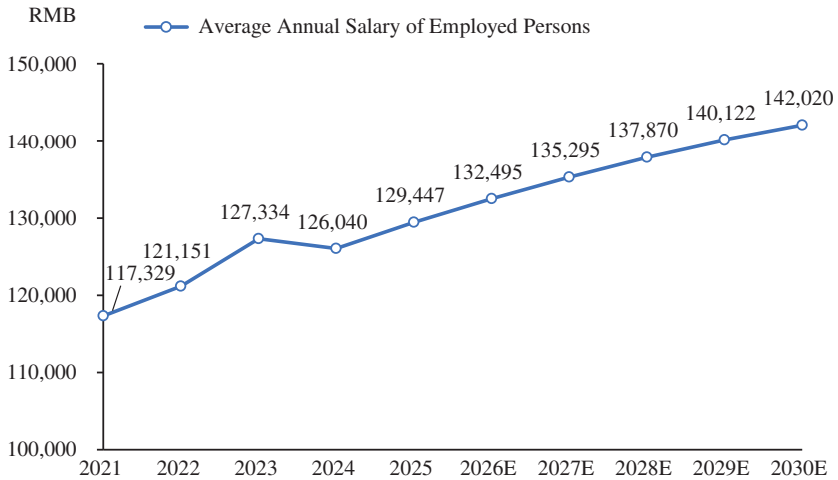
Price Trends of Gasoline and Diesel (China), 2021–2025



Source: National Bureau of Statistics, Frost & Sullivan

The prices of gasoline and diesel in China fluctuated during 2021 to 2025, primarily driven by changes in international crude oil prices, global supply and demand dynamics and adjustments to domestic refined oil pricing mechanisms. In 2022, gasoline and diesel prices generally increased, mainly due to the recovery of global economic activities and transportation demand following the COVID-19 pandemic, which supported crude oil prices. From 2023 to 2025, gasoline and diesel prices decreased, primarily attributable to weaker global crude oil prices amid moderated global demand growth and increased supply conditions. From 2021 to 2025, the prices of gasoline and diesel showed an overall trend of initially increasing and subsequently declining, representing CAGRs of approximately 1.9% and 2.2%, respectively. Looking forward, gasoline and diesel prices in China are expected to remain relatively stable and show a slight upward trend, with certain fluctuations, primarily influenced by factors such as movements in international crude oil prices and global supply and demand conditions.

Average Annual Salary of Employed Persons in Culture, Sports and Entertainment Industry (China), 2021–2030E



Source: National Bureau of Statistics, Frost & Sullivan

The average annual salary of employees in the culture, sports and entertainment industry in China increased from RMB117,329 in 2021 to RMB129,447 in 2025, representing a CAGR of 2.5% from 2021 to 2025. The average annual salary of employees in the culture, sports and entertainment industry in China is expected to reach RMB142,020 by 2030, representing a CAGR of 1.9% from 2025 to 2030. The increase was primarily driven by overall wage growth in China, rising labour costs and the recovery of demand in the culture, sports and entertainment industry following the COVID-19 pandemic.

COMPETITIVE LANDSCAPE OF WATER-BASED TOURISM SERVICE MARKET IN CHINA AND JIANGSU PROVINCE

Competitive Landscape of Water-based Tourism Service Market in China

In 2025, there were approximately over 270 water-based tourism service providers in China, with state-owned operators contributing the majority of boat ticket revenue. The market remains relatively fragmented, as the top ten providers accounted for approximately 28.6% of total boat ticket revenue.

The Group ranked **tenth** in the water-based tourism market in China, accounting for approximately 1.2% of the market share in terms of boat ticket revenue in 2025.

Top Ten Water-based Tourism Service Providers in terms of Boat Ticket Revenue (China), 2025

Ranking	Water Tourism Service Providers	Boat Ticket Revenue	Market Share
		(RMB million)	*(%)*
1	Company A	600.0	5.9%
2	Company B	536.0	5.3%
3	Company C	400.0	4.0%
4	Company D	370.0	3.7%
5	Company E	200.1	2.0%
6	Company F	206.0	2.0%
7	Company G	180.0	1.8%
8	Company H	145.5	1.4%
9	Company I	127.0	1.3%
10	**The Group**	**118.2**	**1.2%**
	Top ten	**2,882.8**	**28.6%**
	Total	**10,120.0**	**100.0%**

Notes:

1. The Company's data is provided by the Company.
2. Company A is a subsidiary of a state-owned company headquartered in Shanghai. Established in 1982, it provides water-based tourism services, including daytime and nighttime river sightseeing boats along the Huangpu River.
3. Company B is a subsidiary of a state-owned company headquartered in Guangzhou, Guangdong Province. Established in 1974, it provides water-based tourism services, including daytime and nighttime river sightseeing boats along the Pearl River.
4. Company C is a state-owned company headquartered in Hangzhou, Zhejiang Province. Established in 2002, it provides water-based tourism services, including daytime and nighttime river sightseeing boats across the West Lake scenic area.
5. Company D is a subsidiary of a state-owned company headquartered in Chongqing. Established in 1993, it provides water-based tourism services, including daytime and nighttime river sightseeing boats along the Yangtze River.
6. Company E is a subsidiary of a state-owned company listed on the National Equities Exchange and Quotations ("NEEQ"), Jiangsu Province. Established in 2005, it provides water-based tourism services, including Qinhuai River sightseeing boats and other tourism services in the Qinhuai scenic zone.
7. Company F is a state-owned company headquartered in Wuhan, Hubei Province. Established in 2005, it provides water-based tourism services, including daytime and nighttime river sightseeing boats along the Yangtze River and the Han River.
8. Company G is a subsidiary of a state-owned company headquartered in Chongqing. Established in 2010, it provides water-based tourism services, including daytime and nighttime river sightseeing boats along the Yangtze River.
9. Company H is a subsidiary of a state-owned company listed on the NEEQ, headquartered in Tianjin. Established in 2009, it provides water-based tourism services, including daytime and nighttime river sightseeing boats along the Haihe River.
10. Company I is a subsidiary of a state-owned company headquartered in Guilin, Guangxi Province. Established in 1998, it provides water-based tourism services, including sightseeing boat tours that focus on Suzhou's waterway cultural tourism resources.

Source: Frost & Sullivan

Competitive Landscape of Competitive Landscape of Water-based Tourism Service Market in Jiangsu Province, and Yangzhou City

In 2025, Jiangsu Province's water-based tourism market was highly concentrated, with state-owned operators contributing the majority of boat ticket revenue. The top three providers collectively held a 65.4% market share.

The Group ranked **second** in Jiangsu's water-based tourism market in 2025, generating RMB118.2 million in boat ticket revenue and capturing 18.5% of the market.

Top Three Water-based Tourism Service Providers in terms of Boat Ticket Revenue (Jiangsu Province), 2025

Ranking	Water Tourism Service Providers	Boat Ticket Revenue	Market Share
		(RMB million)	*(%)*
1	Company E	200.1	31.3%
2	**The Group**	**118.2**	**18.5%**
3	Company J	100.0	15.6%
	Top three	**418.3**	**65.4%**
	Total	**640.0**	**100.0%**

Notes:

1. The Company's data is provided by the Company.
2. Company J is a state-owned company headquartered in Suzhou, Jiangsu Province. Established in 2015, it provides water-based tourism services, including sightseeing boats focusing on Suzhou's waterway resources.

Source: Frost & Sullivan

In 2025, Yangzhou City's water tourism market was highly concentrated, the Group generating RMB118.2 million in boat ticket revenue and capturing 91.0% of the market.

Entry Barriers of Water-based Tourism Service Market in China and Jiangsu Province

Scarcity of navigable water resources. Navigable inland waterways suitable for sightseeing are limited and often tightly regulated. Many prime water systems lie within protected scenic or heritage areas, where exclusive operating rights are granted through competitive tender or administrative approval. This natural scarcity restricts new entrants, limiting qualified market participants.

Regulatory and licensing requirements. Operating water-based tourism services requires multiple permits and approvals. The process is often complex and time-consuming. Heritage and cultural tourism zones may impose additional cultural preservation requirements, further elevating entry thresholds.

Operational capability and management expertise. Successful operation demands expertise in fleet management, route planning, and marketing. Such capabilities develop over years of experience and strong stakeholder relationships. New entrants without this expertise face significant risks and may struggle to deliver high-quality, safe, and culturally immersive experiences.

Capital intensive investment. Launching water-based tourism services requires substantial upfront capital for vessel acquisition or construction, wharf and dock facilities, safety equipment, ticketing systems, and supporting infrastructure such as lighting and sound for night tours. Ongoing maintenance and compliance with evolving safety and environmental standards demand continuous investment, deterring financially weaker entrants.

OVERVIEW

This section sets out a summary of the major relevant laws, regulations, rules and policies which may have a material impact on our business.

APPLICABLE LAWS AND REGULATIONS TO OUR BUSINESS IN THE PRC

Our operations in the PRC are subject to a comprehensive regulatory framework, encompassing numerous laws, regulations, and rules that govern various aspects of our business. This section outlines the primary legal provisions applicable to our activities in the PRC.

Regulations Relating to Inland River Cruises

Pursuant to the Tourism Law of the PRC (《中華人民共和國旅遊法》) (the "**Tourism Law**"), enacted by the Standing Committee of the National People's Congress (the "**SCNPC**") on June 29, 2013, effective January 1, 2014, and most recently revised on October 26, 2018, tourism activities conducted within the PRC — including sightseeing, vacations, and leisure, as well as outbound tourism organized from the PRC — must comply with its provisions. For example, charges for facilities such as scenic areas and transportation are subject to government-prescribed or government-guided pricing. In addition, tourism operators are required to ensure that the goods and services they provide comply with applicable standards to protect the personal safety and property of tourists.

The Measures for the Safety Management of Inland Waterway Tourism Operations in Jiangsu Province (《江蘇省內河水上遊覽經營活動安全管理辦法》), issued by the People's Government of Jiangsu Province on February 28, 2017, and effective June 1, 2017, define inland waterway tourism operations to include sightseeing, leisure, and competitive activities conducted with vessels or floating devices (collectively, "**vessels**") in rivers, lakes, reservoirs, tidal flats, wetlands, parks, and scenic areas. The tourism administration department is responsible for the overall coordination and supervision of water tourism safety. The transportation administration department and local maritime authorities are responsible for supervising and managing water traffic safety in inland navigable waters under their jurisdiction (excluding the Yangtze River) and for maintaining safety filing records for water tourism operations in non-navigable waters.

Tourism operators shall register with the competent industrial and commercial authority and obtain the requisite business license or operational authorization for water tourism activities in accordance with law. For operations in non-navigable waters, operators must file with the local maritime authority, at least 15 days prior to commencement, the project approval documents, descriptions of the activities, and the relevant statutory registration and inspection materials for vessels and their crew. Any subsequent changes to the filed information must be updated with the authority within 15 days.

Regulations Relating to Vessel and Crew Management

Pursuant to the Regulations of the PRC on Ship Registration (《中華人民共和國船舶登記條例》), promulgated by the State Council on June 2, 1994, and revised on July 29, 2014, together with the Measures of the PRC on Ship Registration (《中華人民共和國船舶登記辦法》), issued by the Ministry of Transport on December 13, 2016, and effective February 10, 2017, vessels owned by enterprise legal entities incorporated under PRC law with their principal place of business in the PRC must be registered. A vessel may fly the national flag of the PRC only after completing statutory registration and obtaining PRC nationality. Crew members serving in positions requiring certification on Chinese-flagged vessels must hold valid certificates of competency issued by the relevant PRC authorities. The Maritime Safety Administration under the Ministry of Transport is responsible for administering national ship registration.

Pursuant to the Regulations of the PRC on Seamen (《中華人民共和國船員條例》) (the "**Seamen Regulations**"), promulgated by the State Council on April 14, 2007, effective September 1, 2007, and most recently revised on July 20, 2023, seamen must obtain the relevant certificate of competency as required under the Seamen Regulations. Seamen engaged in navigation or engineering must undergo

competency and specialized training, obtain the qualifications necessary for their positions, and maintain satisfactory performance and safety records. Seamen serving on international navigation vessels applying for a certificate of competency must also pass the foreign language proficiency test prescribed by the Seamen Regulations. Seamen and their employers are required to participate in work injury, health, pension, unemployment, and other social insurance programs as mandated under PRC law, and must make timely payment of all insurance premiums. In addition to statutory holidays, seamen are entitled to annual leave of no less than five days for every two months worked aboard a vessel. During such leave, employers must pay remuneration not less than the seamen's average wages earned while on duty.

Pursuant to Measures for the Safety Management of Inland Waterway Tourism Operations in Jiangsu Province, sightseeing vessels must be registered and inspected in accordance with law and obtain the requisite certificates. Crew members and other vessel operators must hold the qualifications required under national regulations and must strictly comply with operational procedures. Vessels may embark and disembark passengers only at designated docks or berthing facilities. In the event of an emergency necessitating passenger embarkation or disembarkation at other locations, operators must ensure passenger safety.

Regulations Relating to Special Equipment

Pursuant to the Special Equipment Safety Law of the PRC (《中華人民共和國特種設備安全法》), promulgated by the SCNPC on June 29, 2013, and effective January 1, 2014, together with the Special Equipment Catalogue (《特種設備目錄》), promulgated and revised on January 19, 2004, and October 30, 2014, respectively, "special equipment" includes boilers, large-scale amusement devices, and non-road motor vehicles, as well as other equipment designated under applicable laws and regulations. "Non-road motor vehicles" are specialized vehicles designed for use in specific areas such as tourist attractions and amusement facilities, excluding those used for road traffic or agricultural purposes, as defined in the Regulations on Safety Supervision of Special Equipment (《特種設備安全監察條例》), promulgated by the State Council on March 11, 2003, and revised on January 24, 2009.

Owners or operators of special equipment must apply for registration with the competent safety authority within 30 days before or after using the equipment and obtain a Registration Certificate for Special Equipment, which must be displayed in a conspicuous location on the equipment. Non-compliance with these requirements may result in administrative or legal liability.

Operators engaged in the installation, repair, maintenance, or operation of special equipment must obtain Special Equipment Operator Certificates issued by the competent authority. Special equipment is subject to periodic inspections, and owners or operators must timely apply for inspections to the competent authority and renew the relevant safety inspection qualification marks.

Regulations Relating to Commercial Performances

Pursuant to the Regulation on the Administration of Commercial Performances (《營業性演出管理條例》), promulgated by the State Council on July 7, 2005, and most recently amended on November 29, 2020, foreign investors may establish performance brokerage institutions within the PRC in accordance with law. To engage in commercial performance activities, such institutions must (i) employ at least three qualified full-time performance brokers, (ii) demonstrate sufficient financial resources to support their operations, and (iii) submit an application to the provincial, autonomous regional, or municipal cultural administrative department. The department must render a decision within 20 days, and if approved, issue a License for Commercial Performances. It is strictly prohibited to forge, alter, rent, lend, or sell such licenses, approval documents, or business licenses. Institutions conducting unauthorized commercial performance activities are subject to penalties including closure, confiscation of performance equipment and illegal proceeds, and fines of eight to ten times the illegal proceeds. If there are no illegal proceeds, or if such proceeds are less than RMB10,000, a fine of RMB50,000 to RMB100,000 will be imposed.

On August 28, 2009, the former Ministry of Culture of the PRC (now the Ministry of Culture and Tourism) issued the Detailed Rules for Implementation of the Regulation on the Administration of Commercial Performances (《營業性演出管理條例實施細則》), which were last revised on May 13, 2022. These rules define a "commercial performance" as a live artistic performance conducted for the public with the intent of generating profits, including through ticket sales, sponsorship, remuneration to performers, or use for advertising or product promotion.

Regulations Relating to Food Safety

Our "Boat + Dining" services such as Yangzhou-style breakfast tea dining experience shall be governed by PRC regulations relating to food safety.

Pursuant to the Food Safety Law of the PRC (《中華人民共和國食品安全法》), promulgated by the SCNPC on February 28, 2009, and most recently amended on September 12, 2025, effective December 1, 2025, together with the Regulation on the Implementation of the Food Safety Law of the PRC (《中華人民共和國食品安全法實施條例》), promulgated by the State Council on July 20, 2009, and last revised on October 11, 2019, the PRC has established a system for food safety risk monitoring, supervision, and assessment, and has mandated the adoption of national food safety standards. Business operators engaged in food production, sales, or catering services are required to obtain permits in accordance with applicable laws and regulations. Violations may result in civil liability and administrative penalties. In serious cases, criminal penalties may also be imposed.

Pursuant to the Measures for the Administration of Food Distribution Licensing and Recordation (《食品經營許可和備案管理辦法》), promulgated by the State Administration for Market Regulation (the "**SAMR**") on June 15, 2023, and effective December 1, 2023, entities engaged in food sales or catering services in the PRC, except as otherwise provided, must obtain a food business license valid for five years. Applications for a food business license are categorized based on the type and scope of operations. Food business operators must display the original or electronic license prominently at their business premises. Where there are changes to the licensed matters stated in the food business license, operators must apply for changes with the original licensing authority within 10 business days. Engaging in food business activities without a valid license will result in penalties in accordance with the Food Safety Law of the PRC.

Regulations Relating to Consumer Protection

The Law of the PRC on the Protection of Consumer Rights and Interests (《中華人民共和國消費者權益保護法》), promulgated by the SCNPC on October 31, 1993, and last amended on October 25, 2013, effective March 15, 2014, sets forth the obligations of business operators and the rights of consumers. Business operators must ensure the quality, functionality, intended use, and validity period of the goods or services they provide when consumed under normal conditions. Consumers whose rights are infringed by the purchase of goods or acceptance of services via online platforms may seek compensation from sellers or service providers. Online platform operators may also be held liable if consumers' lawful rights are infringed and the platform fails to provide authentic contact information of the relevant sellers or service providers.

Regulations Relating to Personal Information Protection

Pursuant to the Decision of the SCNPC on Strengthening Information Protection on Networks (《全國人民代表大會常務委員會關於加強網絡信息保護的決定》) adopted on December 28, 2012, the state protects electronic information that identifies individual citizens and relates to their personal privacy. Network service providers and other entities collecting or using electronic personal information in business activities must adhere to the principles of legality, reasonableness, and necessity, clearly inform data subjects of the purpose, scope, and means of collection and use, and obtain their consent. They must not collect or use personal information in violation of law or contrary to the agreed terms; they must keep such information confidential, and may not disclose, alter, damage, sell, or unlawfully provide it to others. They are also required to implement necessary technical and organizational

measures to ensure data security and to take immediate remedial action in the event of, or risk of, data leakage, damage, or loss. No organization or individual may unlawfully obtain or sell citizens' personal information.

On December 29, 2011, the Ministry of Industry and Information Technology of the PRC (the "**MIIT**") issued the Several Provisions on Regulating the Market Order of Internet Information Services (《規範互聯網信息服務市場秩序若干規定》), effective March 15, 2012. These provisions prohibit internet information service providers from collecting or disclosing users' personal information without consent. Providers must expressly inform users of the method, scope, and purpose of collection and processing, and may collect only the information necessary to provide their services. They must ensure proper maintenance of user data and, in the event of an actual or potential data breach, must take immediate remedial measures and report to the telecommunications authority in serious cases.

On July 16, 2013, the MIIT promulgated the Provisions on Protection of Personal Information of Telecommunications and Internet Users (《電信和互聯網用戶個人信息保護規定》), effective September 1, 2013. These provisions regulate the collection, use, and security of personal information such as name, date of birth, ID number, address, phone number, account number, and passwords, which may identify users individually or in combination with other data.

On May 28, 2020, the National People's Congress (the "**NPC**") adopted the Civil Code of the PRC (《中華人民共和國民法典》), effective January 1, 2021, which provides that personal information of natural persons is protected by law. Organizations and individuals may obtain others' personal information only lawfully and when necessary, must ensure its security, and may not unlawfully collect, use, process, transmit, buy, sell, or disclose such information.

The Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》), initially promulgated by the SCNPC on November 7, 2016 and effective June 1, 2017, with the revised version promulgated on October 28, 2025 and effective January 1, 2026, mandates that network operators must adopt necessary measures to secure personal information, and comply with principles of lawfulness, legitimacy and necessity in collecting and using personal information with the consent of data subjects.

The Data Security Law of the PRC (《中華人民共和國數據安全法》), promulgated by the SCNPC on June 10, 2021, and effective September 1, 2021, requires business operators engaged in data processing activities to establish sound data security management systems and sets forth legal liabilities for failure to fulfill data protection obligations.

The Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》), promulgated by the SCNPC on August 20, 2021, and effective November 1, 2021, establishes comprehensive requirements for personal information protection. These include lawful bases for collection and processing, data localization and cross-border transfer rules, requirements for consent, and stricter rules for sensitive personal information. It also grants individuals the right to opt out of personalized recommendations or targeted marketing, or to be provided with a non-targeted alternative.

The Regulations on Network Data Security Management (《網絡數據安全管理條例》), promulgated by the State Council on September 24, 2024, and effective January 1, 2025, further specify detailed rules for the protection of personal information in network data processing activities.

On July 7, 2022, the CAC issued the Measures for the Security Assessment of Outbound Data Transfer (《數據出境安全評估辦法》), effective September 1, 2022, which establish the security assessment system for outbound transfer of important data and personal information in specified circumstances.

On February 22, 2023, the Cyberspace Administration of China (the "**CAC**") issued the Measures for the Standard Contract for Outbound Cross-Border Transfer of Personal Information (《個人信息出境標準合同辦法》), effective June 1, 2023, which set out circumstances where personal information processors may transfer data abroad by entering into a standard contract and prescribe detailed compliance requirements.

On March 22, 2024, the CAC issued the Provisions on Promoting and Regulating Cross-border Data Flows (《促進和規範數據跨境流動規定》), effective on the date of issuance, which further unify and optimize the rules for outbound data transfer, clarify applicable scenarios for security assessment, standard contract and personal information protection certification, and set out exemptions and streamlined arrangements for cross-border data flows.

On February 12, 2025, the CAC issued the Administrative Measures for Compliance Auditing of Personal Information Protection (《個人信息保護合規審計管理辦法》), effective May 1, 2025. These measures define "personal information protection compliance audits" as the review and evaluation of whether personal information processing activities comply with laws and administrative regulations. Processors handling the personal information of more than 10 million individuals must conduct compliance audits at least once every two years.

Regulations Relating to Land and Property

Pursuant to the Civil Code of the PRC, the creation, modification, transfer, or extinguishment of real property rights becomes effective only upon registration in accordance with law; absent registration, such rights are ineffective unless otherwise provided by law.

Pursuant to the Administration of Urban Real Estate Law of the PRC (《中華人民共和國城市房地產管理法》), promulgated by the SCNPC on July 5, 1994, and last amended on August 26, 2019, effective January 1, 2020, a written lease contract must be entered into between the lessor and lessee for property leasing. Such contracts must be filed with the real estate administration department for registration and record.

The Administrative Measures for Commercial House Leasing (《商品房屋租賃管理辦法》), promulgated by the Ministry of Housing and Urban-Rural Development on December 1, 2010, and effective February 1, 2011, establish detailed rules for commercial leasing. Properties may not be leased under the following circumstances: (i) where the property constitutes an illegal structure; (ii) where the property fails to meet mandatory construction safety standards; (iii) where the property use has been altered in violation of regulations; or (iv) in other circumstances prohibited by law or regulation. Lessor and lessee must register and file the lease with the competent local authority within 30 days of execution. Failure to comply with registration and filing requirements may result in fines ranging from RMB1,000 to RMB10,000, if not rectified within the prescribed period.

Lease contracts must also comply with the Civil Code of the PRC. Pursuant to the Civil Code of the PRC, a lease contract generally includes the name, quantity, and purpose of the leased property, lease term, rent and payment terms, and provisions for maintenance. Owners of immovable or movable property are entitled to possess, use, benefit from, and dispose of such property in accordance with law. With the consent of the lessor, a lessee may sublease the leased premises to a third party. Where subleasing occurs, the original lease remains valid. However, if the lessee subleases the premises without the lessor's consent, the lessor may terminate the lease. Furthermore, if ownership of the leased premises changes during the lease term, the validity of the lease contract remains unaffected.

Regulations Relating to Labour Protection

Labour Law

Pursuant to (i) the Labour Law of the PRC (《中華人民共和國勞動法》), effective January 1, 1995, and last amended on December 29, 2018, (ii) the Labour Contract Law of the PRC (《中華人民共和國勞動合同法》), effective January 1, 2008, and last amended on December 28, 2012, effective July 1, 2013, and (iii) the Regulations on the Implementation of the Labour Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》), promulgated and effective September 18, 2008, employers must enter into written labour contracts with their employees, and wages must not be lower than the applicable local minimum wage. Employers must also establish occupational health and safety systems, provide training

to prevent workplace hazards, and protect employees' rights. When recruiting, employers must inform employees of job duties, working conditions, workplace location, occupational hazards, safety measures, and compensation.

Social Security Law

Pursuant to (i) the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), effective July 1, 2011, and last amended on December 29, 2018, (ii) the Provisional Regulations on Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》), promulgated on January 22, 1999, and revised on March 24, 2019, (iii) the Provisional Measures on Maternity Insurance of Enterprise Employees (《企業職工生育保險試行辦法》), promulgated December 14, 1994, effective January 1, 1995, (iv) the Regulations on Unemployment Insurance (《失業保險條例》), promulgated and effective January 22, 1999, and (v) the Regulations on Work-Related Injury Insurance (《工傷保險條例》), effective January 1, 2004, and amended December 20, 2010, effective January 1, 2011, employers are required to contribute to social insurance funds for employees, including basic pension, medical, maternity, unemployment, and work-related injury insurance. Pursuant to the Regulations on the Management of Housing Provident Fund (《住房公積金管理條例》), promulgated April 3, 1999, and last amended on March 24, 2019, employers must open housing provident fund accounts for employees with the competent authority and make the required contributions.

The Interpretation (II) by the Supreme People's Court of the PRC of Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》), was promulgated on July 31, 2025 and came into effect on September 1, 2025, specifically addresses disputes in the field of social insurance, providing that if the employer and the employee agree or the employee promises to the employer that the employer does not need to pay social insurance premiums, the court shall determine that the relevant agreement or commitment is invalid. The employee may terminate the labor contract based on this Interpretation and request the employer to pay economic compensation, and the court should support this in accordance with the relevant laws and regulations.

Regulations Relating to Taxation

Enterprise Income Tax

Pursuant to (i) the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》) (the "**PRC EIT Law**"), promulgated by the NPC on March 16, 2007, effective January 1, 2008, and last amended on December 29, 2018, and (ii) the Implementation Regulations on the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法實施條例》) (the "**PRC EIT Rules**"), promulgated by the State Council on December 6, 2007, effective January 1, 2008, and last revised on December 6, 2024, the standard enterprise income tax rate for both domestic and foreign-invested enterprises is 25%. Under the PRC EIT Law and PRC EIT Rules, enterprises are categorized as "resident enterprises" or "non-resident enterprises." Enterprises incorporated outside the PRC but with their "de facto management bodies" located in the PRC are considered resident enterprises and are subject to the 25% tax rate on worldwide income. A "de facto management body" is defined as the body that exercises substantive management and control over an enterprise's operations, personnel, accounts, and assets. Dividends, bonuses, and other equity investment income distributed between qualified resident enterprises are exempt from income tax, except where shares of publicly listed resident enterprises have been held for less than 12 months. Non-resident enterprises are those incorporated outside the PRC with no de facto management bodies in the PRC but with income sourced from the PRC, or with an establishment or place of business in the PRC.

Under the PRC EIT Rules, a 10% withholding tax is generally imposed on dividends paid to non-resident enterprise investors without an establishment in the PRC or unconnected to one. Pursuant to the Notice on Several Issues Concerning the Implementation of Dividend Clauses in Tax Treaties (《國家税務總局關於執行税收協定股息條款有關問題的通知》), promulgated by the State Administration of

Taxation (the "**SAT**") on February 20, 2009, withholding tax on dividends may be reduced under an applicable tax treaty if the non-resident enterprise investor is determined by the competent PRC tax authority to meet the relevant conditions.

Value-Added Tax

Pursuant to the Value Added Tax Law of the PRC (《中華人民共和國增值税法》) (the "**VAT Law**") promulgated by the SCNPC on December 25, 2024, and effective on January 1, 2026, and the Implementation Regulations of the Value-Added Tax Law of the People's Republic of China (《中華人民共和國增值税法實施條例》) (together with the VAT Law, the "**VAT Regulations**") promulgated by the State Council on December 25, 2024, and effective on January 1, 2026, all enterprises and individuals engaged in the sell of goods, provision of processing, repair, and replacement services, or leasing services of tangible movable property, or importation of goods are subject to a tax rate of 13%, unless otherwise specified in the VAT Regulations.

The VAT Regulations consolidate the former *Provisional Regulations of the PRC on Value-Added Tax* and the subsequent Notices and Announcements issued by the MOF, the State Administration of Taxation, and the General Administration of Customs on adjustments to VAT rates. As the VAT Regulations do not, in and of themselves, introduce new taxable items or modify tax rates during the TRP, the Company will not be adversely affected thereby during such period, nor will it incur any additional tax liabilities or suffer any adverse impact on its business operations.

Regulations Relating to Company and Foreign Investment

Company Law

The establishment, operation, and governance of corporate entities in the PRC are regulated by the Company Law of the PRC (《中華人民共和國公司法》) (the "**Company Law**"), promulgated by the SCNPC on December 29, 1993, effective July 1, 1994, and most recently amended on December 29, 2023, effective July 1, 2024. The Company Law governs two types of companies: limited liability companies and joint stock limited companies. Shareholders of a limited liability company are liable to the company to the extent of their capital contributions, while shareholders of a joint stock limited company are liable to the extent of the shares they have subscribed for. The Company Law also applies to foreign-invested companies unless other laws on foreign investment provide otherwise.

Foreign Investment Law

On January 1, 2020, the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the "**FIL**") and the Regulations on the Implementation of the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》) became effective, replacing the three prior laws governing foreign investment in China: the Sino-Foreign Equity Joint Venture Law (《中華人民共和國中外合資經營企業法》), the Sino-Foreign Cooperative Joint Venture Law (《中華人民共和國中外合作經營企業法》), and the Wholly Foreign-Invested Enterprise Law (《中華人民共和國外資企業法》), together with their implementing regulations and ancillary provisions. The FIL defines foreign investment and establishes the framework for its promotion, protection, and regulation.

On December 30, 2019, the Ministry of Commerce (the "**MOFCOM**") and the SAMR jointly promulgated the Measures for Reporting of Information on Foreign Investment (《外商投資信息報告辦法》), effective January 1, 2020, requiring foreign investors establishing foreign-invested enterprises, or acquiring equity in domestic enterprises, to submit an initial or amended report through the Enterprise Registration System.

Pursuant to the FIL, the PRC has adopted a national treatment regime incorporating a "negative list" approach for foreign investment administration. The negative list, issued and amended from time to time with approval of the State Council, sets forth industries in which foreign investment is prohibited or restricted. Investment in prohibited industries is not permitted, while investment in restricted industries is subject to conditions specified in the list. Foreign investments in industries not included in the negative list are treated on an equal basis with domestic investments.

The Special Administrative Measures (Negative List) for the Access of Foreign Investment (2024 Version) (《外商投資準入特別管理措施(負面清單)(2024年版)》) (the "**Negative List**"), promulgated by NDRC and MOFCOM on September 6, 2024, and effective November 1, 2024, replaced the previous 2021 version of the Negative List. And The Catalog of Industries for Encouraging Foreign Investment (2025 Version) (《鼓勵外商投資產業目錄(2025年版)》), promulgated on December 25, 2025, effective February 1, 2026, replaced the 2022 version of the catalogs. These documents identify encouraged, restricted, and prohibited industries. Industries not listed in the Negative List are subject to equal treatment for domestic and foreign investment. As of the Latest Practicable Date, our business does not fall within the scope of the Negative List and is not subject to special management measures.

Regulations Relating to Intellectual Property

Copyright

The PRC Copyright Law (《中華人民共和國著作權法》) (the "**Copyright Law**"), promulgated by the SCNPC on September 7, 1990, effective June 1, 1991, and most recently amended on November 11, 2020, effective June 1, 2021, together with its implementing regulations, constitutes the principal legal framework governing copyright protection in the PRC. The Copyright Law provides that Chinese citizens, legal persons, or other organizations shall enjoy copyright in their works, whether published or not. "Works" under the Copyright Law are defined as original intellectual achievements in the fields of literature, art, and science that can be expressed in a tangible form, including but not limited to written works, oral works, and computer software.

Trademark

The PRC Trademark Law (《中華人民共和國商標法》) (the "**Trademark Law**"), promulgated by the SCNPC on August 23, 1982, effective March 1, 1983, and most recently revised on June 26, 2026, effective January 1, 2027, together with the implementation rules of the PRC Trademark Law (《中華人民共和國商標法實施條例》) promulgated by the State Council on August 3, 2002, effective September 15, 2002, and amended on April 29, 2014, effective May 1, 2014, provides the principal framework for trademark protection. Registered trademarks are protected under the Trademark Law and related regulations. the Trademark Bureau is responsible for the registration and administration of trademarks and the departments of the People's Governments at or above the county level that undertake trademark enforcement functions shall be responsible for trademark enforcement work. All the registered trademarks are granted a term of ten years which may be renewed for consecutive ten-year periods upon request by the trademark owner pursuant to the provisions within the 12-month period before the expiry date.

Domain Name

The Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》), promulgated by the MIIT on August 24, 2017, and effective November 1, 2017, assign MIIT responsibility for managing PRC internet domain names. The system adopts the "first-to-file" principle. Domain name registrars must require applicants to provide authentic, accurate, and complete identity information and must verify the authenticity and completeness of the registration information.

Regulations Relating to Overseas Securities Offering and Listing of Domestic Companies

On February 17, 2023, the China Securities Regulatory Commission (the "**CSRC**") issued the Administrative Trial Implementation Measures for the Filing of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) and the Notice on Administrative Filing Arrangements Concerning Overseas Offering and Listing by Domestic Companies (《關於境內企業境外發行上市備案管理安排的通知》) (collectively, the "**Overseas Listing Trial Measures**"). Effective March 31, 2023, the Overseas Listing Trial Measures require that indirect

overseas offerings and listings by PRC domestic companies be subject to a CSRC filing. These measures reform and improve the regulatory regime governing overseas offerings and listings, covering both direct and indirect structures.

Under the Overseas Listing Trial Measures, "indirect overseas offering and listing" refers to overseas offerings and listings based on shares, assets, receivables, or similar interests of PRC domestic companies. In determining whether an offering constitutes an indirect overseas listing, the principle of substance over form applies. An issuer is deemed to be a domestic company applying for an indirect overseas offering and listing, and therefore subject to the CSRC filing, if both of the following conditions are met: (i) revenue, total profit, total assets, or net assets derived from PRC domestic companies account for more than 50% of the audited revenue, total profit, total assets, or net assets of the issuer on a consolidated basis in the most recent fiscal year; and (ii) the core business activities are conducted, or the principal place of business is located, in China, or the majority of senior management responsible for operations are PRC citizens or domiciled in China.

Where an issuer submits an application for an initial public offering in an overseas market, it must file with the CSRC within three business days following such submission. Issuers that had submitted overseas listing applications prior to March 31, 2023, but had not received approval from the relevant overseas regulatory authority or stock exchange, are required to complete the CSRC filing before their overseas offering and listing.

Regulations Relating to Dividend Distribution

Pursuant to the Foreign Investment Law, foreign investors may remit their capital contributions, profits, capital gains, proceeds from asset disposals, intellectual property licensing fees, lawfully obtained compensation, indemnities, or liquidation proceeds into or out of China, in Renminbi or foreign currencies, in accordance with applicable PRC laws.

Furthermore, under the Company Law, companies incorporated in the PRC must allocate 10% of their after-tax profits, calculated in accordance with PRC Accounting Standards, to statutory reserve funds on an annual basis. Such allocation may cease once the aggregate statutory reserves reach 50% of the company's registered capital. However, statutory reserves may not be distributed as cash dividends.

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 Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) (the "**Arrangement**"), signed on August 21, 2006, the PRC government may levy tax on dividends paid by PRC companies to Hong Kong residents (including individuals and entities), provided that such tax does not exceed 10% of the gross dividend amount. Where a Hong Kong resident directly holds at least 25% of the capital of the PRC company, is the beneficial owner of the dividends, and satisfies other conditions, the tax rate shall not exceed 5% of the gross dividend amount.

The SAT issued the Fifth Protocol to the Arrangement (《國家稅務總局關於〈內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排〉第五議定書》), which took effect on December 6, 2019. The protocol provides that preferential tax rates do not apply where obtaining such benefits is one of the principal purposes of the relevant arrangement or transaction.

In addition, pursuant to the Measures for Non-Resident Taxpayers' Enjoyment of Treaty Benefits (《非居民納稅人享受協定待遇管理辦法》), promulgated by the SAT on October 14, 2019, and effective January 1, 2020, non-resident taxpayers claiming treaty benefits must adopt a "self-assessment, declaration-based enjoyment, and documentary retention" mechanism. If a non-resident taxpayer determines that it meets the conditions for treaty benefits, it may claim such benefits either when filing its own tax return or through a withholding agent when the withholding return is filed. The taxpayer must concurrently prepare and retain the requisite supporting documents for inspection and remain subject to follow-up administration by the tax authorities.

OVERVIEW

We are a premium state-owned water-based tourism service provider headquartered in Yangzhou, Jiangsu Province. According to Frost & Sullivan, we ranked the second in terms of boat ticket sales amount in the water-based tourism market in Jiangsu Province in 2025, accounting for approximately 18.5% of the market share in Jiangsu; and we ranked the tenth in terms of boat ticket sales amount in the water-based tourism market in China in 2025.

Our history can be traced back to 2006 when our predecessor company, Yangzhou Ancient Canal Tourism Co., Ltd.* (揚州市古運河旅遊有限責任公司), was established to operate water sightseeing boats in the Slender West Lake Scenic Area. Prior to that, the water sightseeing boat service in the Slender West Lake Scenic Area had been directly operated and managed by the Slender West Lake Administration Office, a public institution under the administration of the Shugang-Slender West Lake Administrative Committee, on behalf of Yangzhou Government. In 2006, to better showcase the Grand Canal's cultural heritage and support Yangzhou's tourism development, Yangzhou Government decided that our predecessor company shall be set up principally for operating water sightseeing boats in the Slender West Lake Scenic Area and developing into an integrated water-based tourism company. Until that time, the operation of water sightseeing boat service within the Shugang-Slender West Lake Scenic Area was exclusively operated by our Company and was not subject to any licensing requirements. Starting in September 2015, it became mandatory to obtain an operation right for operating water sightseeing boats in the waterways in the Shugang-Slender West Lake Scenic Area through public tender process. Our Company is the exclusive operator with a 20-year water sightseeing boat operation right within the Shugang-Slender West Lake Scenic Area. Our Company is currently the sole operator qualified for operating water sightseeing boat service in the Ancient Canal Area and our operation right has no specified expiry date.

As part of our long-term initiative and commitment to continuously drive revenue growth and diversify revenue streams and leveraging our solid expertise in water sightseeing boat operation, we developed new business categories and a number of value-added services to further expand our flagship water sightseeing boat service business. In 2022, we commenced operation of our sightseeing tour bus service business by successfully obtaining a 20-year exclusive right for operating tour buses on the designated routes with the Shugang-Slender West Lake Scenic Area. In the same year, we also entered into a full spectrum entrusted management service agreement to provide a comprehensive entrusted management services to Gaoyou City Lake Tourism Resort and successfully expanded our asset light business model. In recent years, we have further diversified our service offerings by launching value-added "Boat+" services, which allow visitors to enjoy a more immersive traditional Yangzhou-style breakfast tea dining experience onboard our eco-friendly painted pleasure boats while leisurely cruising along the picturesque waterways of the scenic area. Further, in October 2024, we also successfully projected and launched the Grand Canal Yangzhou, a night processional show based on the history and culture heritage of Yangzhou and the Grand Canal, which combines outdoor boat-as-theaters, storytelling and lights show along the UNESCO-listed Grand Canal in Yangzhou, offering visitors onboarding our themed boat an immersive cultural experience in the 2,500 years of glory and transformation of Yangzhou and the Grand Canal.

KEY BUSINESS MILESTONES

The following table sets forth the key business milestones in our history:

Year	Events
2006	● Our Company was established in August 2006
2009	● We established "University Student Slender West Lake Chuanniang" (大學生瘦西湖船娘) brand and commenced the rejuvenation of our Chuanniang team
2016	● We converted into a joint stock company and renamed as Jiangsu Slender West Lake Culture and Tourism Co., Ltd.* (江蘇瘦西湖文化旅遊股份有限公司) in April 2016
2017	● Our Shares were quoted on the NEEQ in May 2017 (code: 871343)
2018	● We successfully registered "" as a trademark in China
2022	● We obtained a 20-year exclusive license for operating sightseeing tour buses on the northern route in the Slender West Lake Scenic Area and in the Sanwan Scenic Area ● We successfully developed an asset-light business model and commenced the provision of entrusted management service to Gaoyou City Lake Tourism Resort, marking it our first ever brand output and expansion in Yangzhou
2024	● Yangzhou Yuntong was established in June 2024 ● We launched the Grand Canal Yangzhou (大運揚州) night show in October 2024

CORPORATE DEVELOPMENT

2006 to 2015: Establishment and Early Development

Establishment

Our Company was established on August 31, 2006 as a limited liability company in the PRC, with an initial registered capital of RMB2,000,000, for the purpose of operating water sightseeing boats and developing the tourism business in the Slender West Lake Scenic Area. At the time of establishment, our Company was owned as to 85.0% by Slender West Lake Administration Office, 5.0% by Yangzhou Slender West Lake Travel Agency Co., Ltd.* (揚州瘦西湖旅行社有限責任公司), 5.0% by Yangzhou Mingcheng Construction Co., Ltd.* (揚州市名城建設有限公司) and 5.0% by Yangzhou Tourism Development Co., Ltd.* (揚州市旅遊發展有限責任公司). Slender West Lake Administration Office is a public institution under the administration the Shugang-Slender West Lake Administrative Committee, on behalf of Yangzhou Government, and is principally responsible for the protection, development and integrated management of the Slender West Lake Scenic Area. The other then shareholders were state-owned enterprises under the administration of three different local governmental bodies of Yangzhou.

Early Share Capital Changes

On October 10, 2009, as a result of a reduction of our share capital, our registered share capital was reduced by RMB300,000 to RMB1,700,000 and our Company became wholly owned by Slender West Lake Administration Office (the "**2009 Share Capital Reduction**").

Further, on October 15, 2012, Slender West Lake Administration Office contributed additional capital into our Company with RMB5,876,922.26 being contributed in kind in the form of sightseeing boats (of which, RMB5,870,000 was use for share registered capital increase and the remaining RMB6,922.26 was credited as capital reserve of our Company) and RMB2,500,000 being contributed in cash (which was used for share registered capital increase). As a result, our Company's registered share capital was increased by RMB8,370,000 from RMB1,700,000 to RMB10,070,000 (the "**2012 Share Capital Increase**"). The 2012 Share Capital Increase was completed on April 23, 2015.

Non-compliance regarding the share capital changes

Non-compliance with state-owned asset appraisal and filing requirements

Pursuant to the Interim Measures for the Administration of Assessment of State-owned Assets of Enterprises* (《企業國有資產評估管理暫行辦法》 (the "**Interim Assessment Measures**") and the Provisions on Several Issues Concerning the Administration of Assessment of State-owned Assets* (《國有資產評估管理若干問題的規定》 (the "**Provisions on Several Issues**"), (i) any change in the proportion of state-owned equity in a non-listed company requires an appraisal on the relevant assets and the submission of relevant materials to the state-owned assets supervision and administration authority (the "**SASA authority**") or file the same with its state-funded enterprise, and (ii) where a state-owned enterprise invests non-monetary assets, it shall conduct an asset appraisal and file such appraisal with the SASA authority or its state-funded enterprise. Further, pursuant to the Notice of the State-owned Assets Supervision and Administration Commission of the State Council on Strengthening the Administration of Assessment of State-owned Assets of Enterprises* (《國務院國有資產監督管理委員會關於加強企業國有資產評估管理工作有關問題的通知》) (the "**Notice on Strengthening State-owned Assets Administration**") (i) where the assessment objects involved in economic activities fall within the scope of enterprise legal person property rights, the enterprise shall engage an appraisal institution; (ii) where such objects pertain to investor rights such as enterprise property rights, the enterprise's investor shall engage an appraisal institution in accordance with property rights relationships; and (iii) where an enterprise accepts non-state-owned assets involving assessment of such assets, the enterprise accepting the assets shall generally engage an appraisal institution.

As the 2009 Share Capital Reduction resulted in the shareholding of the Slender West Lake Administration Office in our Company increasing from 85% to 100%, the Slender West Lake Administration Office, as shareholder of our Company, should have engaged a qualified asset appraisal institution to conduct appraisal of our Company's equity value and complete the filing procedures. However, the Slender West Lake Administration Office did not conduct the asset appraisal and filing procedures for this capital reduction, which constitute non-compliance with the above provisions.

Given that (i) the Slender West Lake Administration Office, as the unit performing capital contributor duties at that time and the Company's controlling shareholder, had already made a decision regarding this capital reduction and approved the arrangement, and (ii) the Shugang-Slender West Lake Administrative Committee, the Company's competent state-owned assets supervision and administration department, issued a written confirmation on August 26, 2025, confirming that the Company's establishment, shareholding reform, all previous equity changes (including increase/decrease of registered capital, equity transfers, etc.), quoting on the NEEQ and other matters that caused changes in state-owned equity have all been duly approved through decision-making by the competent state-owned assets supervision authority, that the relevant transaction prices were fair, that there was no damage to the rights and interests of state-owned assets, and that no loss of state-owned assets was caused, the PRC Legal Adviser is of the view that it is unlikely that the aforementioned procedural defect will be determined by the SASA authority as constituting a material violation of laws and regulations that damages the rights and interests of state-owned assets, or that the relevant economic activity will be invalid.

In relation to the 2012 Share Capital Increase, the Slender West Lake Administration Office should have conducted an asset appraisal and completed the state-owned asset filing procedures for its in-kind contribution. Although the Slender West Lake Administration Office conducted an assessment of the aforementioned non-monetary investment, it failed to complete the filing procedures, in violation of the aforementioned provisions.

Given that (i) the August 2006 meeting minutes of the Yangzhou Municipal Government regarding the Company's establishment plan explicitly stipulated that the Slender West Lake Administration Office would invest sightseeing boats and cash in the Company, and such capital increase was implemented in accordance with the aforementioned meeting minutes; (ii) the competent SASA authority at the time —

the Finance and Audit Bureau of the Shugang-Slender West Lake Administrative Committee（揚州市蜀岡—瘦西湖風景名勝區管理委員會財政審計局）— had already provided written confirmation of the state-owned property rights status following the capital increase; and (iii) the Shugang-Slender West Lake Administrative Committee, the competent SASA authority, issued the aforementioned written confirmation on August 26, 2025, the PRC Legal Adviser is of the view that it is unlikely that the aforementioned procedural defect will be determined by the SASA authority to constitute a material violation of laws and regulations damaging the rights and interests of state-owned assets, or that the relevant economic activity will be invalid.

Non-compliance with industrial and commercial changing registration procedures

The Company did not complete the industrial and commercial change registration procedures relating to the aforementioned capital increase until April 23, 2015, which constituted non-compliance with the then-effective Regulations of the PRC on Administration of Company Registration* (中華人民共和國公司登記管理條例), pursuant to which where a company increases its registered capital, it shall apply for change registration within 30 days from the date of the resolution or decision on the change. However, given that (i) the Regulations also stipulate that where a company fails to handle the relevant change registration in accordance with the provisions, the registration authority shall order it to register within a specified period, and the Company proactively corrected the matter before the registration authority discovered it, completing the industrial and commercial change registration for its registered capital in April 2015; (ii) the Yangzhou Administration for Industry and Commerce (揚州市工商行政管理局) issued a certificate on October 19, 2016, confirming that "after investigation, from January 1, 2014 to the date hereof, Jiangsu Slender West Lake Culture and Tourism Co., Ltd. (江蘇瘦西湖文化旅遊股份有限公司) has not been subject to any record of violation, non-compliance or adverse complaint or report in the market entity credit database of Yangzhou; and (iii) the Slender West Lake Administration Office, as the sole shareholder of the Company for the period from the respective share capital change to the completion of the relevant registration procedures, issued a shareholder statement confirming that its shareholder rights were not prejudiced and that it would not make any claim against the Company for its failure to timely update the relevant registration, our PRC Legal Adviser is of the view that the Company's failure to timely update the registration was minor in nature and does not constitute a material non-compliance.

Shareholding Changes

To optimize our Company's shareholding structure and facilitate our Company's quotation application on the NEEQ, the Shugang-Slender West Lake Administrative Committee decided on July 6, 2015 that the Slender West Lake Administration Office shall transfer (i) 62.50% equity interest in our Company to Tourism Development Group, and (ii) 37.50% equity interest in our Company to Quanyu Tourism Company, each at nil consideration. Quanyu Tourism Company is a non-wholly owned subsidiary of Tourism Development Group, which is in turn wholly owned by Yangzhou Government. The Slender West Lake Administration Office, Tourism Development Group and Quanyu Tourism Company are all under the administration of the Shugang-Slender West Lake Administrative Committee, on behalf of Yangzhou Government. Such transfers were completed on July 10, 2015, and as a result, our Company became owned as to 62.50% by Tourism Development Group and 37.50% by Quanyu Tourism Company.

To further optimize the shareholder structure and align with our Company's strategic development needs, in September 2015, Slender West Lake Administration Office made a decision for our Company to introduce an individual with management expertise as a shareholder of our Company, pursuant to which Quanyu Tourism Company transferred 10% of the equity interest in our Company to Mr. Ge Changyun (葛長雲), a then deputy general manager of our Company and an experienced senior marine engineer through public transfer at a consideration of RMB3,050,000. Such consideration was determined based on (i) the independently approved valuation of our Company's total equity value as of December 31, 2014, being RMB29,036,200, and (ii) the reference transfer price of RMB3,050,000 as announced by the Property Rights Exchange Center of Yangzhou* (揚州市產權交易中心).

Mr. Ge Changyun made a significant contribution to our Company's development and expansion during his tenure as a deputy general manager of our Company from November 2011 to February 2025, including participating in the design and manufacturing of various themed boats and successfully launched and branded our asset-light business model, including the provision of project-based consulting services to Yancheng Chuanchang River (鹽城串場河) in respect of its water-based tourism project in Yancheng Dayangwan (鹽城大洋灣) for the period from July 2016 to July 2017 and the management services to Gaoyou City Lake Tourism Resort starting from July 2022. As our Company's business strategy, we no longer offer project-based consulting services since the completion of the water-based tourism project in Yancheng Dayangwan in July 2017. Currently, under our asset-light business model, we only offer management services.

The above equity transfer was completed on December 28, 2015. As a result of the above transfer, our shareholding structure was as follows:

Shareholders	Registered Share Capital (RMB)	Shareholding percentage (%)
Tourism Development Group	6,293,750	62.50
Quanyu Tourism Company	2,769,250	27.50
Mr. Ge Changyun	1,007,000	10.00
Total	**10,070,000**	**100.00**

2016 to 2022: Organic Growth

During our organic development stage from 2016 to 2022, we implemented certain capital shareholding structure enhancements to support our evolving business needs and further expansion.

Step 1: Conversion into a joint stock company and quotation on the NEEQ

To provide our Company with a more flexible shareholding structure, enhance capital-raising capabilities and better align corporate governance with prevailing market practices, on March 30, 2016, our then Shareholders resolved and approved the conversion of our Company into a joint stock company with limited liability based on the audited net asset value of our Company as at February 29, 2016 (being RMB26,966,324.44), which was converted into 10,070,000 shares at a ratio of 1:0.3734, with a nominal value of RMB1.00 each and the remaining RMB16,896,324.44 was credited to the capital reserve of our Company (the "**Conversion into Joint Stock Company**"). On the same date, then shareholders of our Company, namely Tourism Development Group, Quanyu Tourism Company and Mr. Ge Changyun, entered into a promoters' agreement in respect of the Conversion into Joint Stock Company.

As a result, our Company had an aggregate registered capital of RMB10,070,000 divided into 10,070,000 Shares with a nominal value of RMB1.00 each. The Conversion into Joint Stock Company was completed on April 20, 2016. The shareholding structure subsequent to the completion of the Conversion into Joint Stock Company was as follows:

Shareholders	Number of Shares	Shareholding percentage (%)
Tourism Development Group	6,293,750	62.50
Quanyu Tourism Company	2,769,250	27.50
Mr. Ge Changyun	1,007,000	10.00
Total	**10,070,000**	**100.00**

Subsequently, on May 9, 2017, our Shares were quoted on the NEEQ. For further details, see "Quotation on the NEEQ and Reasons for [REDACTED] on the Stock Exchange" below.

Pursuant to the Interim Assessment Measures, where a state-owned enterprise is restructured, in whole or in part, into a limited liability company or a joint stock limited company, an asset appraisal shall be conducted and filed with the state-owned assets supervision and administration authority or its state-funded enterprise. The Company is a state-owned enterprise, and therefore it should have conducted an asset appraisal for its conversion into a joint stock company and completed the filing procedures of the asset appraisal; further, although the Company conducted assessment for the conversion, it failed to complete the filing procedures, which constitutes a non-compliance with the Interim Assessment Measures.

In view of the fact that (i) the Shugang-Slender West Lake Administrative Committee had approved the Company's shareholding reform plan in advance of the reform, and the state-owned shareholder's shareholding ratio remained unchanged before and after the reform; (ii) the Yangzhou Finance Bureau* (揚州市財政局) acknowledged the procedures and the results of the shareholding reform in May 2016; and (iii) the Shugang-Slender West Lake Administrative Committee issued the aforementioned written confirmation on August 26, 2025, the PRC Legal Adviser is of the view that it is unlikely that the aforementioned procedural defect will be determined by the state-owned assets supervision authority as constituting a material non-compliance with laws and regulations that damages the rights and interests of state-owned assets, or that the relevant economic activity will be confirmed as invalid.

Step 2: Upgrading shareholding structure and institutionalizing shareholder base

Subsequent to our quotation on the NEEQ and in late 2018, Mr. Ge Changyun transferred certain of his equity interest in our Company to three other individuals, namely Ms. Wang Juan, Mr. Bian Weiming and Mr. Jin Hong, who were all senior management members of our Company and Mr. Huang Zhaojun, spouse of Ms. Xu Shunmei (executive Director and the chairwoman of the Board) by way of bulk transaction through the NEEQ system. During the public transfer process, Mr. Yu Lehua, also acquired 1,000 Shares through call auction mechanism. To the best knowledge, information and belief of our Directors, Mr. Yu Lehua is an independent third party. As a result of these transfers, the shareholding structure of our Company was as follows:

Shareholders	Number of Shares	Shareholding percentage (%)
Tourism Development Group.	6,293,750	62.50
Quanyu Tourism Company.	2,769,250	27.50
Mr. Huang Zhaojun (黃朝軍)[1][3]	228,000	2.26
Mr. Bian Weiming (邊衛明)[1][2]	228,000	2.26
Mr. Ge Changyun	184,000	1.83
Ms. Wang Juan (王娟)[1][2]	183,000	1.82
Mr. Jin Hong (金宏)[1][2]	183,000	1.82
Mr. Yu Lehua (俞樂華)[1]	1,000	0.01
Total	**10,070,000**	**100.00**

Notes:

(1) From November to December 2018, (i) Mr. Ge Changyun transferred 228,000, 228,000, 183,000 and 183,000 shares to Mr. Huang Zhaojun, Mr. Bian Weiming, Ms. Wang Juan and Mr. Jin Hong, respectively, by way of bulk transaction through the NEEQ system, each at a consideration of RMB3.30 per share, determined based on arm's length negotiation among the parties; and (ii) Mr. Ge Changyun transferred 1,000 Shares to Mr. Yu Lehua through call auction mechanism on the NEEQ system at a consideration of RMB5.06 per share.

(2) Ms. Wang Juan was deputy general manager, the secretary to the Board and the chief financial officer of our Company and is an executive Director. Mr. Bian Weiming was the chairman of the Board at that time. Mr. Jin Hong was deputy general manager of our Company.

(3) Mr. Huang Zhaojun is spouse of Ms. Xu Shunmei, a director and general manager of our Company at that time.

Subsequently, in order to facilitate our Company's future [REDACTED] and capital-raising opportunities, the Shugang-Slender West Lake Administrative Committee resolved on August 9, 2020 that Tourism Development Group, the controlling shareholder of Quanyu Tourism Company shall acquire interests held by Mr. Huang Zhaojun, Mr. Bian Weiming, Mr. Ge Changyun, Ms. Wang Juan and Mr. Jin Hong in our Company, representing an aggregate of 9.99% equity interest in our Company at that time, by way of bulk transactions through the NEEQ system, at a total consideration of RMB4,538,066 for RMB4.51 per share, determined based on arm's length negotiation. The above transfers were completed on December 26, 2021. As a result, our shareholding structure was as follows:

Shareholders	Number of Shares	Shareholding percentage (%)
Tourism Development Group	7,299,750	72.49
Quanyu Tourism Company	2,769,250	27.50
Mr. Yu Lehua	1,000	0.01
Total	**10,070,000**	**100.00**

Pursuant to the Interim Assessment Measures and the Provisions on Several Issues, the above-mentioned equity transfer in relation to Tourism Development Group, a state-owned enterprise, acquiring assets from various individuals, shall be subject to the required asset appraisal and filing procedures. The asset appraisal for such equity transfers was completed; however, the required filing procedures in respect of such equity transfers was not completed, which constitute non-compliance with the Interim Assessment Measures and the Provisions on Several Issues.

Given that the competent state-owned assets management authority, the Shugang-Slender West Lake Administrative Committee, approved this share acquisition plan at that time and subsequently issued the aforementioned written confirmation on August 26, 2025, the PRC Legal Adviser is of the view that it is unlikely that the aforementioned procedural defect will be determined by the state-owned assets supervision authority as constituting a material non-compliance with laws and regulations that damages the rights and interests of state-owned assets, or that the relevant economic activity will be confirmed as invalid.

Step 3: Paving the way for future capital opportunities through capital conversion

Upon the approval of the general meeting of the Shareholders on June 17, 2022, our Board approved, on July 1, 2022, to convert an aggregate of capital reserve of RMB10,070,000 into share capital of our Company at a ratio of 10:15 (the "**Conversion**") with a view to facilitating potential future capital-raising activities and paving the way for a possible [REDACTED]. As a result, the total registered share capital of our Company was increased to RMB25,175,000, equivalent to a total number of 25,175,000 Shares with a nominal value of RMB1.0 each. The Conversion was completed on September 16, 2022. As a result, our shareholding structure was as follows:

Shareholders	Number of Shares	Shareholding percentage (%)
Tourism Development Group.	18,249,375	72.49
Quanyu Tourism Company.	6,923,125	27.50
Mr. Yu Lehua	2,500	0.01
Total	**25,175,000**	**100.00**

Since 2023: Strategic Development

Step 1: Introduction of [REDACTED]

On August 4, 2023, our Company raised additional capital through a new share issuance of 2,797,045 shares of our Company to Grand Canal Fund at a total consideration of RMB28,557,829.45 (the "**[REDACTED]**"). Such shares represented 10.00% of the total enlarged registered share capital of our Company immediately after the completion of the [REDACTED]. Further details about the subscription by Grand Canal Fund was set out in "[REDACTED]" below. Upon the completion of the [REDACTED], our shareholding structure was as follows:

Shareholders	Number of Shares	Shareholding percentage (%)
Tourism Development Group	18,249,375	65.24
Quanyu Tourism Company	6,923,125	24.75
Grand Canal Fund	2,797,045	10.00
Mr. Yu Lehua	2,500	0.01
Total	**27,972,045**	**100.00**

Step 2: Capitalization of share capital reserve

To prepare for our [REDACTED] on the Stock Exchange, the general meeting of the Shareholders passed a resolution at the general meeting held on September 20, 2025 to approve the further increase of our registered share capital to RMB134,265,816 by way of capitalization of a total retained earnings of RMB106,293,771 on a one-to-one basis (the "**Capitalization**"). The Capitalization was completed on October 14, 2025. As a result, the shareholding of our Company was as follows:

Shareholders	Number of Shares immediately before the completion of the Capitalization	Number of Shares immediately after the completion of the Capitalization	Shareholding percentage (%)
Tourism Development Group	18,249,375	87,597,000	65.24
Quanyu Tourism Company.	6,923,125	33,231,000	24.75
Grand Canal Fund	2,797,045	13,425,816	10.00
Mr. Yu Lehua	2,500	12,000	0.01
Total	**27,972,045**	**134,265,816**	**100.00**

On August 26, 2025, our Company obtained a confirmation from the Shugang-Slender West Lake Administrative Committee, which confirmed that (i) that since the establishment of our Company in 2006, we have been a state-owned enterprise under the supervision of the Shugang-Slender West Lake Administrative Committee for discharging its responsibility for the management of state-owned assets; (ii) our establishment, restructuring and all shareholding and capital changes, the Conversion into Joint Stock Company as well as our quotation on the NEEQ have obtained all necessary approvals from the responsible state-owned assets regulators in accordance with the relevant PRC laws and regulations, and (iii) the aforementioned procedural deficiencies have not impaired the rights and interests of state-owned assets, and there are no disputes or potential disputes. In addition, the transaction prices (where applicable) are fair and there has been no impairment of state-owned asset interests and no loss of state-owned assets; and our historical equity changes have never been subject to any disputes or potential disputes.

Our PRC Legal Adviser is of the view that our Company is a joint stock limited company duly incorporated and validly existing in accordance with the PRC Laws and Regulations; and except as otherwise disclosed in the paragraph headed "Corporate Development" above, the establishment of our Company, the aforementioned equity transfers and capital increases of our Company as well as the Conversion and the Capitalization were conducted and have been completed in full compliance with applicable PRC laws, regulations and rules, and have obtained all applicable consents, approvals, authorizations and permissions.

OUR SUBSIDIARY — YANGZHOU YUNTONG

During the Track Record Period and as at the Latest Practicable Date, our Company had one subsidiary — Yangzhou Yuntong, whose principal business is the operation of water sightseeing boat service within the Ancient Canal Area, including our Grand Canal Yangzhou night show.

On June 3, 2024, Yangzhou Yuntong was established as our wholly-owned subsidiary and as a limited liability company in the PRC with a registered capital of RMB5,000,000.

During the planning and preparation stage for the launch of the night show, we selected a few strategic partners, namely Yangzhou Garden (a professional construction company), Yao Youguang (an experienced show-related service provider), Yangzhou Media Co. (an integrated local marketing and advertising company) and Jiangsu Yimi (a maintenance and repair service provider), who wish to participate in the show. We intend to leverage their respective expertise in lighting performance, landscaping, publicity and facility maintenance, while diversifying risk in response to the challenging economic environment, especially in the rapid changing tourism industry. As such, on August 27, 2024, our Company resolved to increase the registered share capital of Yangzhou Yuntong from RMB5,000,000 to RMB95,000,000 with the additional RMB90,000,000 being contributed by our Company and four new shareholders, namely, Yangzhou Garden, Yao Youguang, Yangzhou Media Co., and Jiangsu Yimi, respectively ("**2024 Yangzhou Yuntong Capital Increase**"). Such additional capital also strengthened the financial position of Yangzhou Yuntong and to provide additional working capital to support its business operations and development.

The capital increase was completed on September 12, 2024. Following the capital increase and up to the Latest Practicable Date, the shareholding structure of Yangzhou Yuntong was as follows:

Shareholders	Number of Shares	Shareholding percentage (%)
Our Company	50,000,000	52.63
Yangzhou Garden	20,000,000	21.05
Yao Youguang	10,000,000	10.53
Yangzhou Media Co.	10,000,000	10.53
Jiangsu Yimi	5,000,000	5.26
Total	95,000,000	**100.00**

Each of Yangzhou Garden, Yao Youguang and Yangzhou Media Co. is a substantial shareholder of Yangzhou Yuntong, and therefore a connected person of our Company. To the best knowledge and information of our Directors, having made reasonable enquiries, Jiangsu Yimi is an independent third party.

As part of the arrangement under the 2024 Yangzhou Yuntong Capital Increase and for the purpose of consolidating our Company's control over Yangzhou Yuntong, our Company has agreed and is

contractually obliged to acquire the equity interests held by Yangzhou Garden, Yao Youguang, Yangzhou Media Co. and Jiangsu Yimi before January 31, 2030 at a purchase price determined based on the valuation of Yangzhou Yuntong at the date of the acquisition and details regarding future acquisition will be separately negotiated and agreed among the parties. See Note 16 to the Accountants' Report in Appendix I to this document. Our Company will comply with applicable Listing Rules and other regulatory requirements at the relevant time.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

Except for our deemed disposal of 47.37% equity interest in Yangzhou Yuntong in 2024, we did not have any major acquisition, disposal or merger during the Track Record Period and up to the Latest Practicable Date.

QUOTATION ON THE NEEQ AND REASONS FOR [REDACTED] ON THE STOCK EXCHANGE

On May 9, 2017, our Shares were quoted on the NEEQ (code: 871343). Our Directors confirmed that, during the Track Record Period and up to the Latest Practicable Date, we had no instances of material non-compliance with the rules of the NEEQ and other applicable securities laws and regulations of the PRC in any material respect and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the investors' attention in relation to our compliance record on the NEEQ. Based on the public searches on the websites of National Enterprise Credit Information Publicity System, NEEQ System, the Report on Institutional Integrity Information (Public Version) issued by the CSRC and CSRC and its Jiangsu Office, there are no records of material non-compliance of the Company and its subsidiaries with the rules of the NEEQ and other applicable securities laws and regulations. Therefore, during the Track Record Period and up to the Latest Practicable Date, nothing has come to the PRC Legal Adviser's attention that, the Company and its subsidiary had any instance of material non-compliance with the rules of the NEEQ and other applicable securities laws and regulations in any material respect. Based on the independent due diligence conducted by the Sole Sponsor, nothing has come to its attention that would cause them to disagree with our Directors' confirmation with regard to the compliance record of our Company on the NEEQ during the Track Record Period and up to the Latest Practicable Date.

Our Company seeks a [REDACTED] on the Stock Exchange in order to [REDACTED] for expanding to new water tour routes, developing new water-based tourism project, extending management output and asset upgrading, and general corporate purposes. See "Business — Our Strategies" and "Future Plans and [REDACTED]." Our Company's Domestic Shares will continue to be quoted on the NEEQ following the [REDACTED].

[REDACTED]

Subscription from Grand Canal Fund

On March 17, 2023, our Company and Grand Canal Fund entered into a share subscription agreement (the "**Subscription Agreement**"), pursuant to which, our Company agreed to issue and Grand Canal Fund agreed to subscribe a total number of 2,797,045 newly issued shares of our Company, representing 10.00% of the total enlarged registered share capital of our Company immediately after the completion of the subscription, at a cost of RMB10.21 per Share amounting to a total consideration of RMB28,557,829.45, out of which, RMB2,797,045 will be credited as share capital of our Company and RMB25,760,784.45 will be credited as capital reserve of our Company. The aforementioned consideration has been fully settled on June 1, 2023. The cost per Share upon the completion of the Capitalization will be RMB[REDACTED] per Share, representing approximately [REDACTED]% [REDACTED] to the [REDACTED] (based on an [REDACTED] of HK$[REDACTED], being the [REDACTED] of the indicative range of the [REDACTED] between HK$[REDACTED] and HK$[REDACTED]). Such consideration was determined on arm's length negotiation based on the market price of RMB[REDACTED] per share according to valuation on our Company's total equities attributable to our shareholders as of December 31, 2021 with reference to the development prospects of our Company. The aforementioned valuation was carried out by an independent third party valuer, using market approach.

The table below further sets out the total number of Shares held by our [REDACTED] subsequent to the above [REDACTED] and its shareholding immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised):

		Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised)[Note]	
[REDACTED]	**Number of Shares immediately prior to the [REDACTED]**	**Number of Shares**	**Approximate shareholding (%)**
Grand Canal Fund	13,425,816	13,425,816	[REDACTED]

Note: The calculation is based on the total number of [REDACTED] Shares in issue immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised).

Special Rights

On March 17, 2023, Tourism Development Group and Grand Canal Fund as the [REDACTED] entered into a first supplemental agreement to the Subscription Agreement, pursuant to which, Tourism Development Group, one of our Controlling Shareholders, granted Grand Canal Fund certain special rights such as right of first refusal, right of first offer, redemption right, nomination right and right to financial compensation in case of acquisition by or merger with third party company(ies) (the "**Compensation Right**"). Pursuant to the second supplemental agreement to the Subscription Agreement dated September 22, 2025, (i) redemption right and the Compensation Right were terminated on the date immediately prior to the [REDACTED], and (ii) all other special rights will be terminated on the date immediately prior to the [REDACTED]. In the event that (i) the Company's application for [REDACTED] is rejected, not approved or the review process is terminated; or (ii) the Company unilaterally decides to terminate or withdraw the [REDACTED] application, such special rights shall automatically be reinstated with full effect. There were no side agreements or arrangements between the Company and Tourism Development Group regarding the redemption right of the [REDACTED], nor had the Company provided any form of guarantee in connection with any potential default or failure by Tourism Development Group to fulfill its obligation relating to such redemption right. Our Company has no obligation to repurchase the shares held by Grand Canal Fund and, accordingly, no redemption liability was recognised in respect of the investment from Grand Canal Fund during the Track Record Period. See note 29 to the Accountants' Report in Appendix I to this document.

Strategic Benefits of the [REDACTED]

Our Directors are of the view that our Group has benefited from the [REDACTED]'s commitment to our Company as its investment demonstrates such investor' confidence in the business operation of our Group and serve as an endorsement of our Company's performance, strength and growth prospects. In particular, we believe that Jiangsu Grand Canal Culture and Tourism Development Fund (Limited Partnership)* (江蘇省大運河文化旅遊發展基金(有限合夥)) ("**Jiangsu Grand Canal Fund**"), a substantial shareholder of Grand Canal Fund, leveraging its extensive network and presence within the tourism industry, could provide meaningful commercial advantages and strategic guidance to our Company. In addition, Jiangsu Grand Canal Fund has experience in large-scale tourism project planning and development, and we could benefit from its insights and strategic advice on our business expansion initiatives. Further, at the time of investment made by our [REDACTED], our Directors were of the view that our Group could also benefit from the additional capital contributed by the [REDACTED].

Background of [REDACTED]

Grand Canal Fund is a limited liability partnership established in the PRC, primarily engaged in equity investment, venture capital investment, infrastructure investment, investment management, asset entrustment management, equity management as well as investment and investment management consulting. As at the Latest Practicable Date, Grand Canal Fund was owned as to (i) approximately 0.3% by Yangzhou Guoyang Fund Management Co., Ltd.* (揚州市國揚基金管理有限公司) ("**Yangzhou Guoyang**") and approximately 0.1% by Jiangsu Grand Canal Hongsheng Investment Management Co., Ltd.* (江蘇大運河紅盛投資管理有限公司) ("**Jiangsu Hongsheng**"), as general partners, (ii) approximately 14.94% by Jiangsu Grand Canal Fund, (iii) approximately 39.84% by Yangzhou Urban Construction State-owned Asset Holding (Group) Co., Ltd.* (揚州市城建國有資產控股(集團)有限責任公司) ("**Yangzhou Urban Construction Group**"), (iv) approximately 29.88% by

Yangzhou Government Investment Fund (Limited Partnership)* (揚州市政府投資基金(有限合夥)) ("**Yangzhou Government Fund**"), and (v) approximately 14.9402% by Yangzhou State-owned Capital Investment Group Co., Ltd.* (揚州國有資本投資集團有限公司) ("**Yangzhou State Capital**").

Yangzhou Urban Construction Group is wholly owned by the Jiangsu Provincial Government (江蘇省人民政府). Jiangsu Grand Canal Fund and Jiangsu Hongsheng are both controlled by Jiangsu Grand Canal Culture and Tourism Investment Management Co., Ltd.* (江蘇省大運河文化旅遊投資管理有限公司) ("**Jiangsu Grand Canal Investment Co.**"), which is in turn ultimately controlled by the Department of Finance of Jiangsu Province (江蘇省財政廳), which is an organ of the Jiangsu Provincial Government. Jiangsu Grand Canal Fund are also controlled and owned as to 49.78% by Jiangsu Culture Investment Management Group Co., Ltd.* (江蘇省文化投資管理集團有限公司) and 49.73% by Jiangsu Government Investment Fund (Limited Partnership)* (江蘇省政府投資基金(有限合夥)), both of which are ultimately controlled by the Department of Finance of Jiangsu Province.

Yangzhou Government Fund are controlled and owned as to 99.9% by Yangzhou Finance Bureau (揚州市財政局) and 0.1% by Yangzhou Guoyang as its general partner. Yangzhou Guoyang is wholly owned by Yangzhou State Capital, a wholly owned subsidiary of Yangzhou Guojin Investment Group Co., Ltd. (揚州市國金投資集團有限公司), which is ultimately controlled by Yangzhou Finance Bureau, which is under the administration of Yangzhou Government.

Use of Proceeds

The proceeds we obtained from Grand Canal Fund were used as purchasing boats and general working capital for the expansion and development of our business. As of the Latest Practicable Date, we had utilized all the proceeds.

Sole Sponsor's View

On the basis that (i) the consideration for the [REDACTED] has been settled more than 28 clear days before the date of our submission of the [REDACTED]; and (ii) the termination of special rights granted to the [REDACTED] as disclosed in this section, the Sole Sponsor has confirmed that the [REDACTED] disclosed in this section complied with the Stock Exchange's guidance in Chapter 4.2 of the Guide for New Listing Applicants.

[REDACTED] and [REDACTED]

Our Shares quoted on the NEEQ are not counted towards our [REDACTED] for the purpose of Rule 8.08 of the Listing Rules. [REDACTED] pursuant to the [REDACTED] (assuming the [REDACTED] is not exercised), representing [REDACTED]% of the total [REDACTED] issued upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised) will be counted towards the [REDACTED] of our Company.

Pursuant to Rule 19A.13C(1) of the Listing Rules, where an applicant is a PRC issuer with no other listed shares at the time of [REDACTED], this would normally mean that the portion of the H shares for which [REDACTED] is sought that are held by the public and not subject to any disposal restrictions, at the time of [REDACTED], must: (a) represent at least 10% of the total number of issued shares in the class to which H shares belong at the time of [REDACTED] (excluding treasury shares), with an expected market value at the time of [REDACTED] of not less than HK$50 million; or (b) have an expected market value at the time of [REDACTED] of not less than HK$600 million.

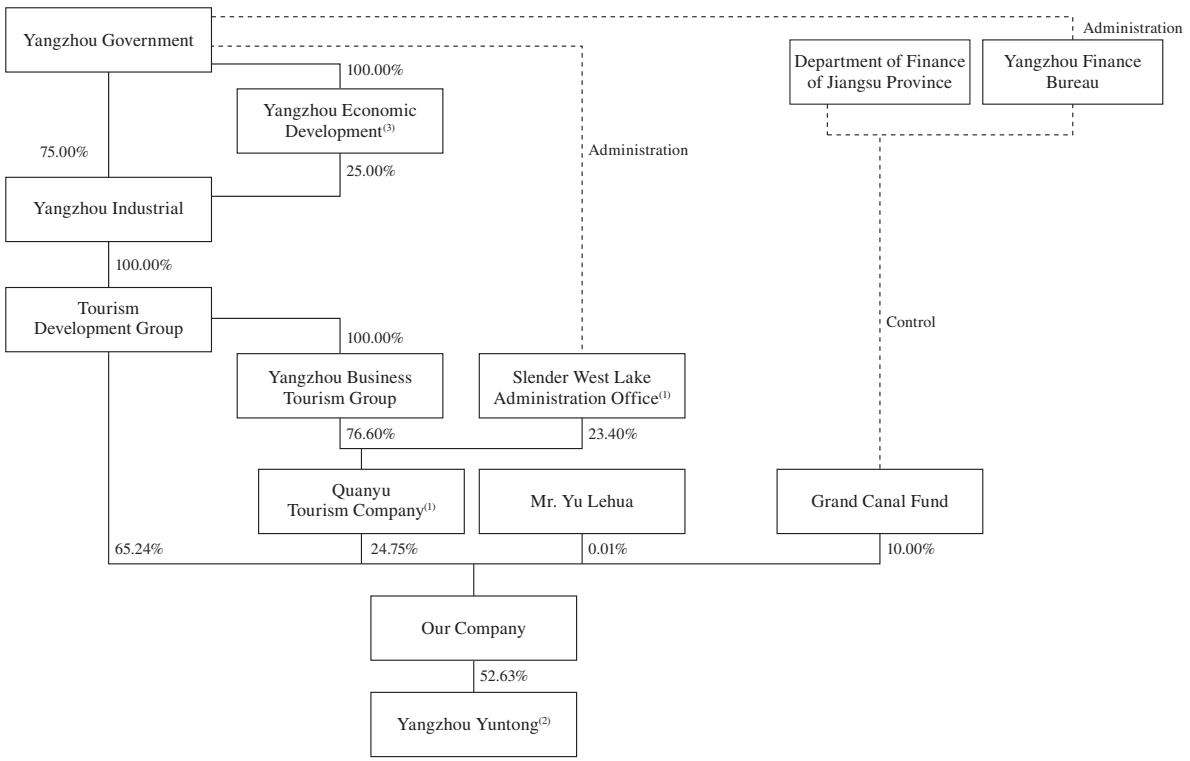
Immediately following the completion of the [REDACTED], assuming that the [REDACTED] is not exercised, the total number of Shares of our Company will be [REDACTED] ([REDACTED] [REDACTED] [REDACTED] and [REDACTED] Shares which are and will remain quoted on the NEEQ). On this basis, assuming no Shares will be allocated to any [REDACTED], we expect [REDACTED] Shares, representing [REDACTED]% of the total number of our issued shares, with an expected [REDACTED] of approximately HK$[REDACTED] million (assuming an [REDACTED] of HK$[REDACTED] per [REDACTED], being the [REDACTED] of the indicative [REDACTED] range),

HK$[REDACTED] million (assuming an [REDACTED] of HK$[REDACTED] per [REDACTED], being the [REDACTED] of the indicative [REDACTED] range), or HK$[REDACTED] million (assuming an [REDACTED] of HK$[REDACTED] per [REDACTED], being the [REDACTED] of the indicative [REDACTED] range), being held by the public and not subject to any disposal restrictions at the time of [REDACTED], which is higher than the prescribed percentage of [REDACTED] of at least [REDACTED]% and expected [REDACTED] of not less than HK$[REDACTED] million under Rule 19A.13C(1) of the Listing Rules.

Accordingly, our Company believes that there will be a free and open [REDACTED] for our H Shares immediately upon the completion of the [REDACTED] in compliance with the free float requirements under Chapter 3.6 of the Guide for New Listing Applicants and Rule 19A.13C(1) of the Listing Rules.

CORPORATE STRUCTURE

The chart below sets out our corporate and shareholding structure as of the Latest Practicable Date and immediately prior to the completion of the [REDACTED]:



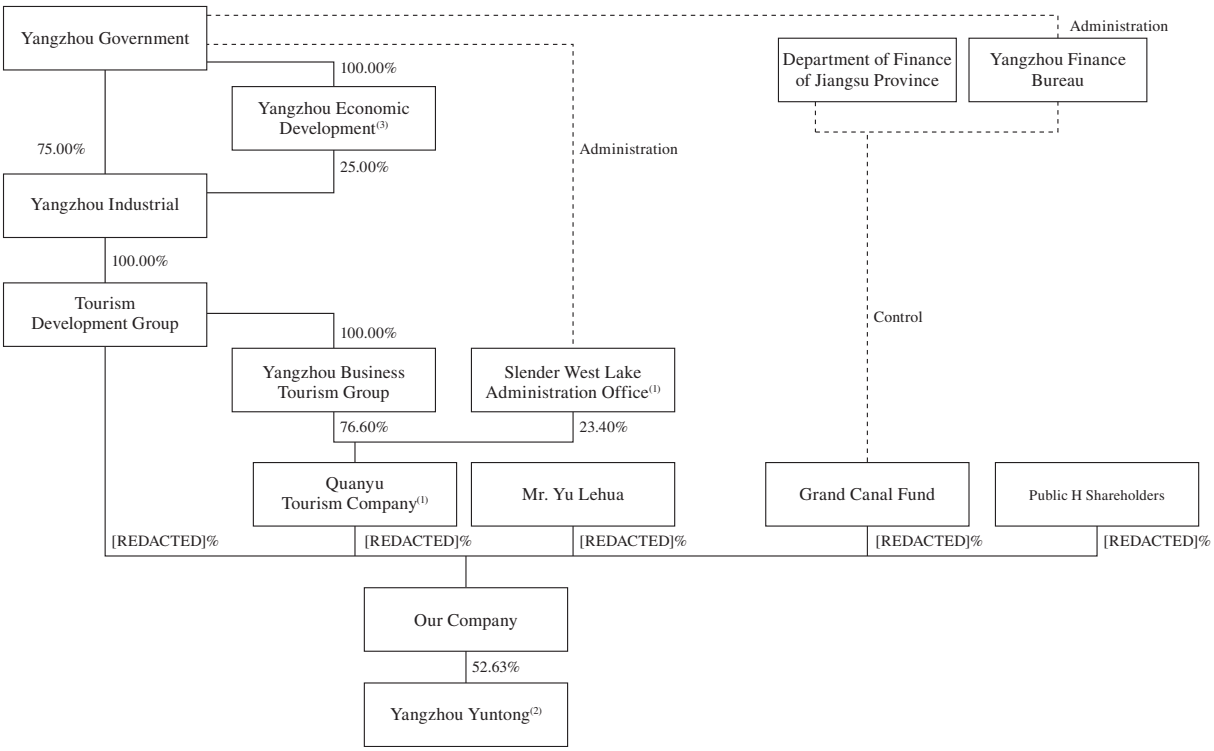
Notes:

(1) The Slender West Lake Administration Office is a public institution under the administration of the Shugang-Slender West Lake Administrative Committee, on behalf of Yangzhou Government.

(2) The remaining equity interest of Yangzhou Yuntong was directly owned as to 21.05% by Yangzhou Garden, 10.53% by Yao Youguang Technology, 10.53% by Yangzhou Media Co. and 5.26% by Jiangsu Yimi. Yangzhou Garden, Yao Youguang and Yangzhou Media Co. are substantial shareholders of Yangzhou Yuntong, and therefore are connected persons of our Company. Jiangsu Yimi is an independent third party.

(3) On April 16, 2026, Yangzhou Government underwent an internal reorganization, pursuant to which it transferred 25% equity interest in Yangzhou Industrial to Yangzhou Economic Development, which is wholly owned by Yangzhou Government. Upon completion of the internal reorganization, Yangzhou Industrial will be owned as to 75% directly by Yangzhou Government and 25% by Yangzhou Economic Development, which is in turn 100% held by Yangzhou Government.

The chart below sets out our corporate and shareholding structure immediately after the completion of the [REDACTED]:



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OVERVIEW

We are a state-owned water-based tourism service provider headquartered in Yangzhou, Jiangsu Province. We principally operate water sightseeing boat services in renowned Shugang-Slender West Lake Scenic Area and the Ancient Canal Area. Bolstered by the growing reputation of the Slender West Lake, our signature "Slender West Lake Chuanniang (瘦西湖船娘)" brand, the Grand Canal Yangzhou night show, as well as favourable national policy on tourism economy and the National Grand Canal Cultural Belt Strategy, our water sightseeing boat services have successfully attracted both domestic and international visitors. We ranked the second in terms of boat ticket sales amount in the water-based tourism service market in Jiangsu Province in 2025, accounting for approximately 18.5% of the market share in Jiangsu Province, according to Frost & Sullivan.

We are the only licensed operator of water sightseeing boats in Yangzhou and our boats are the sole designated transportation means within the waters of Yangzhou. We have a 20-year exclusive operation right for water sightseeing boats in the Shugang-Slender West Lake Scenic Area. We are the sole operator for water sightseeing boats in the Ancient Canal Area and as at the Latest Practicable Date, our operation in the Ancient Canal Area had no specified expiry date.

Since our inception, we have accumulated over 20 years of experience in operating water sightseeing boats. We have received multiple awards and recognitions. Notably, our designated water sightseeing tour routes between Yangzhou Ship Lock (揚州船閘) — Guazhou Ancient Ferry (瓜洲古渡) were selected as National Model Cases of Domestic Waterway Tourism Passenger Routes (國內水路旅遊客運精品航線典型案例) by the Ministry of Transport of the PRC (中華人民共和國交通運輸部) in 2024; and the same tour routes were also selected for inclusion in the "Premium Water Tourism Routes of Jiangsu (Cultural-themed Tourism)" (江蘇省水路旅遊客運精品航線(特色文化遊)) by the Transportation Department of Jiangsu Province (江蘇省交通運輸廳) in 2022 and were selected as an "Exemplary Case of National Premium Water Tourism Route" (國內水路旅遊客運精品航線典型案例) by the Ministry of Transport of the PRC (交通運輸部) in 2024. Additionally, our *Grand Canal Yangzhou* was selected as an Excellent Case of Immersive Experience Spaces for Smart Tourism in Jiangsu Province (江蘇省智慧旅遊沉浸式體驗新空間優秀案例) by Culture and Tourism Department of Jiangsu Province (江蘇省文化和旅遊廳) in 2025. As at the Latest Practicable Date, our water sightseeing boat service in the Shugang-Slender West Lake Scenic Area had achieved an outstanding overall rating of 4.6/5.0 for visitor satisfaction on Douyin (抖音) and our water sightseeing boat service for the Ancient Canal Area was rated 4.9/5.0 for visitor satisfaction on Tongcheng (同程).

We offer diverse sightseeing boat services, including standard water sightseeing boat service, value-added services and the Grand Canal Yangzhou night show. Our standard water sightseeing boat services are provided through our Yuloh boats, self-driving boats and themed boats. We directly own all of our boats. As at the Latest Practicable Date, we had a total number of 231 boats including 36 Yuloh boats, 121 self-driving boats and 74 themed boats, collectively delivering a total passenger capacity of 4,273 persons per trip under standard operating conditions and a maximum passenger capacity of approximately 37,000 persons per day during peak tourism seasons. We also offer various value-added water sightseeing boat services, including "Boat+" services and chartered boat services, to attract visitors in pursuit of unique travelling experience while maximizing the utilization of our boats. In October 2024, we also launched the Grand Canal Yangzhou night show, offering our visitors an immersive cultural experience in the 2,500 years of glory and transformation of Yangzhou and the Grand Canal. Our water sightseeing boat service business was our key revenue driver both historically and during the Track Record Period. In 2023, 2024 and 2025 and the six months ended June 30, 2026, revenue generated from our water sightseeing boat service business segment was approximately RMB95.1 million, RMB96.0 million, RMB118.2 million and RMB71.6 million, representing approximately 87.2%, 86.2%, 83.7% and 86.0% of our total revenue for the periods, respectively.

As part of our initiative to establish an integrated water-land interactive tour route, we also offer sightseeing tour bus service in the Slender West Lake Scenic Area to supplement to our water sightseeing boat service there, offering our visitors diverse and convenient transportation means to experience the cultural heritage and natural landscapes of the scenic area. As at the Latest Practicable Date, we had a total of 28 electric-powered tour buses, collectively delivering a total passenger capacity of 364 persons per trip under standard operating conditions and a maximum passenger capacity of approximately 13,000 persons per day during peak tourism seasons.

Over years of dedicated operation, we are now a well-known water sightseeing boat operator anchored in the Slender West Lake Scenic Area. In particular, we are proud that our operational and management system now serves as an industry benchmark for tourism management. Leveraged this expertise, we developed an asset-light business model where we offer management services to tourist attractions. During the Track Record Period, we provided management services to Gaoyou City Lake Tourism Resort. Through asset-light expansion, we are able to replicate our operational experience and established business framework to other tourist attractions.

We have distinguished ourselves as a water-based tourism service provider that provide high quality water sightseeing boat service in China. We are deeply rooted in and committed to the water-based tourism market; and remain focused on unlocking the development potential of the Grand Canal cultural tourism routes. In 2023, 2024 and 2025 and the six months ended June 30, 2026, our total revenue amounted to approximately RMB109.1 million, RMB111.4 million, RMB141.2 million and RMB83.2 million, respectively, representing a CAGR of approximately 13.8% from 2023 to 2025.

Details of the breakdown of our revenue by service type and service areas, each expressed in absolute amount and as a percentage of our total revenue, for the periods indicated, are set out below.

	Year ended December 31,						Six months ended June 30,	
	2023		2024		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Shugang-Slender West Lake Scenic Area								
Water sightseeing boat service								
— standard sightseeing boat service	41,608	38.1	39,307	35.3	42,233	29.9	25,913	31.1
— "Boat+" service[2]	9,261	8.5	7,034	6.3	6,324	4.5	3,732	4.5
— chartered boat service[2]	28,526	26.2	31,896	28.6	33,510	23.7	22,090	26.5
Sightseeing tour bus service								
— sightseeing tour bus service	7,570	6.9	9,230	8.3	17,677	12.5	8,895	10.7
Sub-total	*86,965*	*79.7*	*87,467*	*78.5*	*99,744*	*70.6*	*60,630*	*72.8*
Ancient Canal Area								
Water sightseeing boat service								
— standard sightseeing boat service	15,704	14.4	14,423	13.0	6,641	4.7	1,750	2.1
— Grand Canal Yangzhou	—	—	3,386	3.0	29,489	20.9	18,091	21.8
Others								
— advertising service	1,084	1.0	434	0.4	154	0.1	179	0.2
Sub-total	*16,788*	*15.4*	*18,243*	*16.4*	*36,284*	*25.7*	*20,020*	*24.1*
Other — Gaoyou City Lake Tourism Resort								
Management service	5,343	4.9	5,718	5.1	5,168	3.7	2,577	3.1
Total	**109,096**	**100.0**	**111,428**	**100.0**	**141,196**	**100.0**	**83,227**	**100.0**

Notes:

(1) Including revenue of approximately RMB200.2 thousand and RMB51.2 thousand generated from the sale of C&C products, fashionable products and other high quality cultural merchandise in 2025 and the six months ended June 30, 2026.

(2) Both are categorized as value-added boat services in our water sightseeing boat service business segment.

OUR STRENGTHS

Exclusive market access leveraging Yangzhou's profound history and cultural heritage and our established operational expertise

Our water sightseeing boat service business is founded on a combination of Yangzhou's unique cultural heritage, market exclusivity and operational expertise.

Yangzhou's world-class history and cultural heritage. Yangzhou, the birthplace of the Grand Canal, is home to ten UNESCO World Heritage Sites, making it a vital hub for cultural tourism. The Grand Canal stretches to over 3,200 km across six provinces, two municipal cities and 25 cities, and its core section within Yangzhou stretches 30 km from Guazhou (瓜洲) to Wantou (灣頭) with densely distributed historical sites and rich cultural landscapes along it, offering significant potential for cultural and tourism development. Our water sightseeing boat tour routes connect over 20 historical sites along the Grand Canal and play a key role in meeting the strong demand of visitors for cultural and sightseeing experiences along the Grand Canal. In addition, as one of the most representative scenic area in Yangzhou, the Slender West Lake Scenic Area was credited as a "National Key Scenic Area with Significant Historical and Cultural Heritage and Distinctive Yangzhou Garden Features (具有重要歷史文化遺產和揚州園林特色的國家重點名勝區)" by the State Council in 1988 and was rated among the first batch of national 5A-level scenic area in China in 2010. Further in 2014, the Slender West Lake Scenic Area was listed as a UNESCO World Cultural Heritage, making it a key heritage site along the Grand Canal Cultural Belt, and attracted more than seven million visitors in 2024.

Exclusive Market Access with High Barriers to Entry. The water sightseeing boat operation right in our core serviced scenic areas is subject to stringent qualification requirements, including rigorous qualified personnel and safety management standards, as well as a track record of operational expertise over an extended period of time. As a result of these high entry barriers and as at the Latest Practicable Date, we were the only licensed operator in Yangzhou.

Expertise in water sightseeing boat operation. Benefiting from our over 20 years of operational history with well maintained safety record, customer satisfaction rates and continuous innovation, we take pride in our expertise in water sightseeing boat operation. We have successfully established our signature tourism brand "Slender West Lake Chuanniang (瘦西湖船娘)", under which our Yuloh boat experience has become a widely recognized attraction and was rated as a "must-do" activity by the Voice of Yangzhou in 2024, drawing a significant number of visitors across the country. During the Track Record Period, our Slender West Lake Chuanniang team received a total number of over 1.3 million visitors for Yuloh boat service. Further, we have a robust safety management system and we are committed to consistently improving safety standards through a number of initiatives including boat cockpit intelligent monitoring system, in-boat real-time visitor monitoring system, tour bus smart speed monitory system and regular safety training. During the Track Record Period and up to the Latest Practicable Date, we did not record any accidents. Leveraging our expertise in water safety management, we led the drafting of Yangzhou Water Tourism Service Standards (水上旅遊服務規範) setting the benchmark local tourism service standards and we also collaborated with the Scientific Research Institute of the Ministry of Transport of the PRC and jointly drafted the national industry standards of the Technical Requirements for the Construction of Inland Waterway Tourism Routes (內河旅遊航道建設技術要求), demonstrating our solid expertise, thereby reinforcing our reputation as the trusted water-based tourism service provider and giving us a significant competitive advantage in the water-based tourism market.

A focused market player in the water-based tourism market in China supported by favourable governmental policies

Our operations strongly align with and benefit from national initiatives to boost the tourism economy such as the Rural Culture and Tourism Revitalization* (鄉村文旅振興) policy, a national initiative aimed at promoting the integrated development of rural culture and tourism, supporting the revitalization of local economies and enhancing the quality and diversity of tourism offerings across China, and the Grand Canal Cultural Belt* (大運河國家戰略), a national strategy focused on preserving, revitalizing and promoting the cultural and historical significance of the Grand Canal. We benefit significantly from these policies through better access to government support, increased visitor flows to rural and heritage tourism destinations, improved infrastructure and more opportunities to participate in government-funded projects. At the regional level, we have been actively integrating into the regional development framework of culture and tourism with the purpose of establishing a sustainable water-based tourism ecosystem. Supported by provincial and municipal government policies, combined with the increasing brand influence of the Slender West Lake Scenic Area as well as our Slender West Lake Chuanniang brand and the Grand Canal Yangzhou night show, we have attracted a large number of visitors to experience the Slender West Lake Scenic Area, driving the continuous growth and expansion of our business. At the provincial level, Jiangsu Province issued the "Several Measures for Releasing Tourism Consumption Potential and Promoting High-Quality Development of the Tourism Industry" in 2024, which promoted new consumption scenarios and fostered emerging growth drivers such as innovative service offering in the tourism industry. At the municipal level, Yangzhou Government issued the "Measures for Promoting High-Quality Development of the Cultural, Sports and Tourism Industries" in 2025, which outlined plans to launch 25 new projects with over RMB100.0 million in investment and advancing 22 key initiatives, that directly benefit local tourism businesses like ours.

Empowering the Grand Canal experience with cultural heritage

Strong integration capabilities of cultural and IP resources. Leveraging Yangzhou's profound cultural resources and historical legacy and with a deep understanding of evolving trends in the cultural and tourism economy, we have developed strong capabilities in the integration and commercialization of cultural assets, tourism resources and related IPs, and have successfully assimilated regional cultural heritage, premium tourism resources and related IPs into C&C products and innovative service offerings. During the Track Record Period, we have successfully picked up iconic elements from the Grand Canal and the Slender West Lake heritage sites, such as Wuting Bridge (五亭橋), Qiling Tower (棲靈塔) and Dongguan Ancient Wharf (東關古渡), and developed them into a diverse portfolio of C&C products, such as canvas bag, high quality scarves, fluffy toys, post cards, key chains and "Blind Box" lollipops; we also launched various fashionable products to cater for consumption trends, such as "Blind Box" canal heritage ice cream and festival-themed items for the Yangzhou Cherry Blossom Festival. In addition, we have endeavored to expand our product offering matrix with quality cultural merchandise such as customized refrigerator magnets, silk scarves as well as premium collectibles such as the Grand Canal stamp albums, successfully elevating the overall cultural tourism consumption experience. As part of our forward-looking brand strategy, we plan to register trademarks such as "Twelve Views of the Canal (運河十二景)" and "Canal Breeze (運河清風)" to further enrich our IP portfolio and enhance our capabilities in the integration and commercialization of cultural assets, tourism resources and related IPs.

We commenced the sales of C&C products, fashionable products and other high quality cultural merchandise from 2025 and generated a revenue of approximately RMB200.2 thousand, and RMB51.2 thousand, representing approximately 0.1% and less than 0.1% of our total revenue in 2025 and the six mouths ended June 30, 2026, respectively.

In relation to our offering of the "Blind Box" lollipops and ice cream, we have received a letter from the Administration of Market Regulation of the Slender-West Lake Scenic Area of Yangzhou* (揚州市蜀岡—瘦西湖風景名勝區市場監督管理局), the competent authority, confirming that, among others, (i) the Compliance Guidelines on Blind Box Operation (for Trial Implementation) (the "**Guidelines**") promulgated by the State Administration of Market Regulation and related interpretation, in practice, primarily apply to products in the trendy toys sector, (ii) for food products where only the external

packaging differs in random shipments, or where the ingredients are certain but the shapes vary in random shipments, which are insufficient to create additional consumer expectations regarding the random shipments, they do not constitute "Blind Boxes", and (iii) the lollipops and ice cream sold by the Group are fundamentally distinguished from trendy toys and possess the certainty of daily consumption; and as such, they do not fall under the definition of "Blind Box" products as regulated by the Guidelines, and the sale of these products shall not be subject to the Guidelines. In addition, as advised by the PRC Legal Adviser, as of the Latest Practicable Date, our Group has complied all applicable laws and regulations in terms of our sale of "Blind Box" lollipops and ice cream products.

Synergies from the Grand Canal Yangzhou. As an initiative to empower night tourism with a cultural theme, we launched an immersive experience project, the *Grand Canal Yangzhou* night show, by integrating water sightseeing boats with lighting technology, digital technologies, scene-setting techniques. The *Grand Canal Yangzhou* night show has generated significant synergies for our business by combining our cultural offerings and core water sightseeing boat services, and substantially enhanced the appeal of our tourism products, resulting in greater visitor engagement within the Slender West Lake Scenic Area. On one hand, the show significantly enhanced our brand "*Slender West Lake Culture & Tourism (瘦西湖文旅)*", enabling us to attract a broader and more diverse customer base; on the other hand, we are also able to optimize the allocation of resources such as boats, tour buses and human resources, and enhance overall visitor satisfaction. Since the launch of the show in October 2024, the number of our night visitors has increased by over 110%, establishing the show as a key driver of Yangzhou's night-time economy as well as our business growth.

Empowering the Grand Canal experience with advanced technologies

Enhancing visitor experience through smart operations and technologies. We continuously invest in the deployment of intelligent technologies, making consumer experiences safer, more convenient and personalized. Our adoption of mobile-based ticketing systems for water sightseeing boat service and an intelligent ticketing system for tour bus service enable a seamless ticketing purchase, reducing waiting times and improving convenience for visitors, which significantly improves the overall convenience for visitors and at the same time, sets a benchmark service standards for tourism service in Yangzhou. In addition, we have also integrated services such as recommended tour routes and real-time tour guide in our WeChat Mini-program, allowing visitors to plan their tours with greater flexibility, select preferred time slots and access real-time information regarding boat schedules and availability, which contribute to a more seamless and personalized travel experience. We also collaborated with leading intelligent technology companies to introduce seven smart-operated boats which are equipped with autonomous navigation, remote control capabilities, intelligent cockpits (智能座艙) and water-based 3D modelling functions, innovating and enhancing the overall visitor experience. In terms of visitor safety, we have also adopted robust safety measures and proactively promoted the "Red Ribbon (紅絲帶)" benchmark practice, installing AIS systems and video monitoring on all boats, and upgraded smart life-saving devices across all boats, safeguarding visitor safety throughout their journey. During the Track Record Period and up to the Latest Practicable Date, we maintained a record of zero safety accidents.

Intelligent business operation enabled by technologies. We have continuously reinforced our operation with advanced technologies. For example, we have adopted real-time data analytics to assist with our route planning, asset utilization and visitor engagement, enabling us to maximize passenger capacity per trip, significantly enhancing the utilization efficiency of our assets, resulting in record-setting revenue during peak seasons or holidays such as our record high revenue per day of approximately RMB2.6 million on the May Day holiday in 2025. In addition, we also deployed smart monitoring and AIS systems across our boats to oversee the boat movements, navigation safety and driver compliance, achieving an efficient and effective management across our boat operations.

An experienced management team with in-depth knowledge and experience in the water-based tourism industry with support from a devoted and highly skilled frontline team

We benefit from our dedicated and long-serving management team with their strategic visions, operational expertise and strong insights in the water-based tourism industry. In particular, Ms. Xu Shunmei, our executive Director and chairman of the Board, has accumulated over 20 years of experience in the tourism industry, and over 10 years of experience in the water-based tourism industry. Ms. Xu Shunmei leads the development, management and implementation of our strategies and business with support from a talented group of professionals with expertise in the management and operation of the water-based tourism business. Notably, Ms. Xu Shunmei worked across various positions, including tour guide, officer at the secretarial department of Slender West Lake Park, officer at the Slender West Lake Administration Office and now executive Director and chairman of our Board, and is extremely familiar with the daily operation and management of the Slender West Lake Scenic Area. Since Ms. Xu joined our Group, she has been leading the design and development of various water tour routes and the *Grand Canal Yangzhou* night show. In addition, our management team of Mr. Lian Gang, Ms. Wang Juan and Mr. Zhao Long, have a strong blend of expertise in quality service protocols, local Chuanniang cultures and sightseeing boat service as well as safety matters, and together contribute to our leading position and continuous business growth. Our management team is further strengthened by a group of industry pioneers and experts, whose collective experience covers business strategy, operations, marketing, and heritage promotion. Most of our senior management members have devoted over nine years to our Company, growing within our ranks through tailored development plans that foster both individual strengths and group cohesion.

In addition, our core water sightseeing boat service business is underpinned by a group of highly skillful and dedicated service team, among whom Chuanniang and professionally trained and licensed boat drivers play particularly distinguished roles. Each Chuanniang is not only proficient in navigating the Yuloh boat with rhythmic and precise movements, but also possesses five core skills, namely boat rowing, tour commentary, local opera singing, bilingual seamless communication and psychological guidance. Our professionally trained and licensed boat drivers are all qualified with valid licenses and pass rigorous annual safety tests. Dedication and professionalism of our service team is integral to ensuring visitor safety and delivering an authentic cultural experience, therefore making it a core pillar of our continuous success.

OUR STRATEGIES

Expand geographically through new water tour routes and water-based tourism projects

Building upon our successful operation of water sightseeing boats in the Shugang-Slender West Lake Scenic Area and the Ancient Canal Area, we plan to explore the potential for developing new water tour routes and water-based tourism projects in key cities and regions within or near Jiangsu Province, where we are planning new route designs and infrastructure improvements. These efforts aim to build a broader and more layered water-based tourism network that extends our customer reach while driving our sustainable growth and continuously enhancing our market share. In addition, leveraging our existing integrated resources, marketing experience, and established inter-linked routes, we intend to establish long-term and stable cooperative relationships with national 4A-level and above scenic areas along the Grand Canal. We plan to participate in public tender process for high-quality water-based tourism projects across the region, expanding our business footprint and achieving effective brand and management output. Further, we aim to actively engage with local governments and state-owned cultural and tourism investment platforms to identify underutilized or underdeveloped water resources within these regions.

In particular, we plan to construct high-quality cultural tourism corridors along the North City Moat Canal (北護城河) through enhanced refurbishment and functional upgrades to core heritage assets along the canal such as old office buildings and transformed such assets into a renewed urban district that integrates cultural exhibitions, boutique accommodations and creative commercial offerings. We also plan to revitalize industrial heritage sites along the Grand Canal, such as the unused old bus station, through introducing multi-layered waterfront developments including dining and cultural and creative office spaces while preserving the distinctive historical features, transforming these sites into "Canal

Memory Factory (運河記憶工廠)" themed destinations. Further, we plan to implement micro-renewal projects for certain water-based tourism destinations with a series of customized "Water System+" and "Boat+" tourism products to facilitate interactive experiences between water tour routes and surrounding business districts, aiming to deliver visitors a fully immersive experience that seamlessly transitions from strolling through ancient city streets to boating along scenic waterways.

Continue to curate more water-based innovative immersive projects

We plan to continue to actively collaborate with professional and experienced artistic institutions to create and launch a series of immersive Grand Canal history and culture themed performances. Building on the Grand Canal Yangzhou night show, we will continue to refine its narrative structure, enrich performance contents and layers, and enhance visual impact, interactivity and audience engagement to further elevate visitors' experience in the show. Concurrently, we will continue to explore the development of additional themed performances and related products, with a view to broadening our service portfolio and generating incremental revenue streams.

In addition, we plan to enrich visitors' water-based tourism experience through innovative and interactive projects that integrate canal and land experiences. In particular, we plan to curate additional immersive project within the Shugang-Slender West Lake Scenic Area, specifically targeting the night tour segment. This initiative is expected to not only deepen audience engagement and enhance the visual spectacle of the performances, but also to reinforce our distinctive market positioning in the water-based tourism industry. We believe that the successful launch of this new immersive project will contribute to our sustainable business growth and diversify revenue streams.

Continue to expand project portfolio in asset-light management service business segment

Building upon our success in Yangzhou, we have strategically developed an asset-light business model focused on "brand output + entrusted management". During the Track Record Period, we provided a full spectrum of services to optimize the operation and management of Gaoyou City Lake Tourism Resort, making it our first-ever brand output within Yangzhou. During the three-year service period from July 1, 2022 to June 30, 2025 under the 2022 Cooperation Agreements, Gaoyou City Lake Tourism Resort recorded a significant increase in the cumulative number of visitors, representing approximately 249.0% as compared to the three-year period prior to our provision of management services to it; and it also achieved an average 64.0% growth in its revenue over the same period. This achievement exemplifies our ability to replicate our successful water sightseeing operation model and asset-light approach in other water-based tourism destinations. In addition, with our deep understanding of cultural storytelling, visitor engagement and operational excellence, backed by our visionary and experienced management team, along with a devoted and skilled front team including our renowned *Chuanniang* team and boat drivers, we believe that we are well positioned and prepared to further expand to other water-based tourism destinations, further strengthening our brand and competitiveness in the water-based tourism industry.

We plan to expand our management business and identify more tourist attractions or water-based tourism projects, the owners of which believe in our management and operation capabilities and extend our service portfolio. Building on our successful experience in Gaoyou City Lake Tourism Resort, we intend to launch entrusted management business in a number of cities, then gradually establishing a nationwide network of water-based tourism management services.

Implement a comprehensive service system through diversified value-added "Boat+" services and water-land integration experience

In order to maximize the value of sightseeing boats as carriers of cultural heritage and unique tourism spaces, we intend to build a comprehensive service system through diversified value-added "Boat+" service offering and a seamless water-land integration, thereby generating cross-sector synergies.

We plan to further diversify our "Boat+" service offering through enriching existing "Boat+" services and introducing new "Boat+" services. For example, we plan to further enrich our "Boat + Education" services by offering mobile classroom programmes, such as study tours for youth which will be developed in partnership with leading educational institutions, as well as adult recreational classes such as tea ceremony, flower arrangement, calligraphy and photography skills. We also plan to expand our "Boat + Corporate" service offering by providing premium service scenarios, including business meetings, bespoke corporate events and private functions onboard. In terms of new "Boat+" services, we plan to launch a number of themed packaged offerings to cater to the varying needs of different customers and different consumption scenarios. For example, we plan to launch romantic packages of sightseeing boat and dining for couples for special events, such as "5.20", valentine's day and wedding anniversaries, cultural experience packages for family with children focusing on the promotion of the Grand Canal heritage and bespoke business social packages. These initiatives are designed to maximise consumer satisfaction and engagement, and are expected to further enhance our brand exposure and competitiveness within the water-based tourism industry.

In addition, we aim to launch more culturally themed boat experiences by designing and tailoring water tour routes to better showcase historical and regional characteristics, thereby transforming each sightseeing boat into an immersive cultural experience IP. Specifically, we plan to introduce two new electric-powered yachts for the Ancient Canal Area with one featuring a design inspired by the image of a "dragon" while the other incorporating elements of "classical garden architecture." We also plan to develop derivative products centered around these cultural IPs, thereby establishing a "Boat + C&C" value chain and further expanding our product offering. For example, we plan to launched a series of "Grand Canal Souvenir" C&C products ("大運游禮"系列文創), such as refrigerator magnets, silk scarves, notebooks, keychains, porcelain items and teacups.

Through this strategy, we believe that we will eventually achieve a strategic transformation from traditional sightseeing to an innovative, engaging and diverse tourism service model.

Continue to empower our business with culture experiences and advanced technologies

Empowering business through cultural integration and experience. We are committed to enhancing our brand influence by deeply integrating cultural experiences into our water-based tourism offerings. We plan to develop high-quality tourism products that reflect local traditions and historical significance of Yangzhou's canals. More specifically, we plan to organize themed events in canal cities and collaborate with the World Canal Cities Organization ("**WCCO**") and invite renowned canal cities across the country to participate in themed promotional activities on monthly basis, further enhancing Yangzhou's cultural appeal and brand influence as the "World Canal Capital (世界運河之都)." We also plan to host the World Canal Cultural Carnival (世界運河文化嘉年華) and collaborate with the Foreign Affairs Office and WCCO to invite international canal cities, such as Venice, Italy and its renowned gondoliers, to engage in interactive exchanges with Yangzhou's traditional Chuanniang, as well as the Yellow River rafters (黃河筏工) and Beijing Shichahai boatmen (北京什剎海船工), showcasing the intersection and integration of domestic and foreign canal cultures. Moreover, we plan to launch a Grand Canal-themed drama festival and invite prominent domestic theatre directors to produce Grand Canal-themed performances and innovate local performing arts such as Yang Opera (揚劇), Qingqu (清曲), Pinghua storytelling (評話) and puppetry; and we also plan to introduce short play flash events (短劇快閃), using iconic locations along the canal, including wharfs and bridges, as venues for improvisation, to attract a broader and younger visitor base. Through these strategies, we aim to rejuvenate traditional theatre by making it more accessible and appealing to younger audiences.

Enhance operational efficiency and visitor experience through advanced technologies. We attach great importance to the role of technology in enhancing tourism services and are committed to creating a safe, smart and immersive tourism experience through various advanced technologies, thereby further enhancing our brand influence and market competitiveness. We plan to collaborate with mainstream media giants such as Henan TV (河南衛視) to develop hybrid virtual-physical experience. For example, we plan to create a series of "time-traveling" mixed reality (MR) and/or virtual reality (VR) cultural experience projects, such as "Role-playing as a Tang Dynasty Merchant" and "Thousand-Year Grand Canal Light and Shadow Show", using MR and VR related technologies to recreate historical scenes and revive the cultural memories of the Grand Canal. These projects will be set against the backdrop of the ancient Grand Canal, creating a narrative space that combines the virtual and the real, allowing visitors to experience as if they were in such historical time.

We also plan to comprehensively upgrade our service quality through smart tourism system construction and enhance safety management with advanced technologies tailored to the evolving needs of our business operations. To this end, we intend to construct an integrated smart tourism system, incorporating multi-source data collection real-time analytics and artificial intelligence-driven algorithms, to build a precise tourist profile system and deliver personalized recommendations and intelligent marketing. By analyzing key indicators such as origins of tourists, consumption preferences and travel routes, we will achieve more efficient resource allocation and visitor reach, improving marketing conversion rates and visitor revisiting rates. At the same time, we will also use data analysis tools to optimize our operational resource allocation, tour route scheduling, ticketing management and assets utilization control, and enhance our overall operational efficiency. Furthermore, we attach great importance to safety and we will deploy advanced safety management technologies, including intelligent monitoring systems and advanced smart docking solutions at key wharfs, to ensure a secure service, streamlined passenger flow and the highest levels of safety, thereby reinforcing our operational standards and brand reputation.

Continue to empower our business through continuous asset upgrading

We will continue to upgrade and modernise our boats to enhance the overall quality and experience of our service offering. In particular, we plan to replace boats used for more than 10 years with newer models based on assessment that whether the condition of the relevant boat can still meet visitors' demand, thereby improving the standard of our service offerings and further elevating visitor onboarding experience. We also plan to procure new electric-powered boats and refurbish the appearance and interior furnishings of existing boats, including enhancements to onboard lighting and facilities, to ensure greater alignment with the surrounding landscape while catering to the visitor' dynamic demand. Through these initiatives, we aim to further elevate the overall visitor experience and to provide them with an immersive experience akin to "boat floating on the stream, a soul drifting through a dream (船在水中行，人在畫中遊)."

Through these strategic upgrades to service quality and technological infrastructure, we believe that we are well-positioned to further enhance our visitor experience, optimize operational efficiency and further improve our safety standards, reinforcing our competitiveness in the water-based tourism industry. Further, having considered the feasibility of our Company's expansion plans as detailed in "Future Plans and [REDACTED]", our Company's near 20 years of operation experience in water-based tourism business, the adoption of a robust and holistic approach for service quality and safety management, as well as recognitions from various governmental institutes on our service and operational track records, we are confident that our business strategies and expansion plans will be effective in boosting our continuous organic growth moving forward.

OUR BUSINESS MODEL

We are a water-based tourism service provider headquarter in Yangzhou Jiangsu Province with three principal business segments: (i) provision of water sightseeing boat service including value-added "Boat+" service and chartered boat service as well as the Grand Canal Yangzhou night show; (ii) provision of sightseeing tour bus service; and (iii) provision of management services.

The table below sets out the breakdown of our revenue by business segment, each expressed in absolute amount and as a percentage of our total revenue, for the periods indicated.

	Year ended December 31,						Six months ended June 30,	
	2023		2024		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Water sightseeing boat service								
— standard sightseeing boat services	57,312	52.5	53,730	48.2	48,874[(1)]	34.6	27,663[(1)]	33.2
— "Boat+" service	9,261	8.5	7,034	6.3	6,324	4.5	3,732	4.5
— chartered boat service	28,526	26.2	31,896	28.6	33,510	23.7	22,090	26.5
— *Grand Canal Yangzhou night show*	—	—	3,386	3.1	29,489	20.9	18,091	21.8
Sub-total	95,099	87.2	96,046	86.2	118,197	83.7	71,576	86.0
Sightseeing tour bus service	7,570	6.9	9,230	8.3	17,677	12.5	8,895	10.7
Management service	5,343	4.9	5,718	5.1	5,168	3.7	2,577	3.1
Others[(2)]	1,084	1.0	434	0.4	154	0.1	179	0.2
Total	**109,096**	**100.0**	**111,428**	**100.0**	**141,196**	**100.0**	**83,227**	**100.0**

Notes:

(1) Including revenue of approximately RMB200.2 thousand and RMB51.2 thousand generated from the sale of C&C products, fashionable products and other high quality cultural merchandise in 2025 and the six months ended June 30, 2026.

(2) "Others" represent advertising service using our sightseeing boats operated in the Ancient Canal Area.

WATER SIGHTSEEING BOAT SERVICE BUSINESS

Our water sightseeing boat service business is our core business both historically and during the Track Record Period. Anchored in the UNESCO-listed Slender West Lake Scenic Area, we have successfully expanded our business beyond the Slender West Lake to broader scenic areas within the Shugang-Slender West Lake Scenic Area and the Ancient Canal Area. We are now operating an aggregate number of 229 boats with five principal water tour routes, collectively delivering an aggregate of passenger capacity of 4,060 persons per trip under standard operating conditions and a maximum passenger capacity of approximately 37,000 persons per day during peak tourism seasons.

Exclusive Operation Rights

We principally operate our water sightseeing boat service business in the Shugang-Slender West Lake Scenic Area and the Ancient Canal Area. Our water sightseeing boat service business was originated from and largely operated in the Shugang-Slender West Lake Scenic Area, a UNESCO World

Heritage Site as part of the Grand Canal, a national 5A-level scenic area and one of China's most renowned classical garden and lake landscapes. According to the official statistics of the Culture and Tourism Department of Jiangsu Province (江蘇省文化和旅遊廳), the Slender West Lake Scenic Area recorded approximately 7.0 million and 7.3 million visitor entries for the years ended December 31, 2024 and 2025, respectively, and approximately 5.1 million and 5.0 million visitor entries for the six months ended June 30, 2025 and 2026, respectively. The Shugang-Slender West Lake Scenic Area also had an aggregate visitor capacity of up to 100,000 visitors per day during the peak tourism seasons in 2025. We also operate water sightseeing boat services within the Ancient Canal Area, a core part of the Grand Canal, the UNESCO World Heritage Site and a celebrated cultural and historical landmark renowned for its picturesque waterways, well-preserved historic architecture and vibrant local culture that reflect Yangzhou's long-standing connection to the Grand Canal. The Ancient Canal Area attracts a total of over 275,000 visitors in 2025 (based on number of ticket sales on Piaofutong system) with an aggregate of visiting capacity of up to 6,000 visitors per day during peak tourism seasons in 2025.

Exclusive operation right within the Shugang-Slender West Scenic Area

It became mandatory to obtain an operation right for water sightseeing boat services in the Shugang-Slender West Lake Scenic Area through public tender process starting from September 2015. On September 9, 2015, our Company (as the Grantee) and the Economic Development Bureau of the Shugang-Slender West Lake Administrative Committee (as the Grantor) entered into the 2015 Concession Agreement, pursuant to which, we obtained a 20-year exclusive operation right for operating water sightseeing boat services within the Shugang-Slender West Lake Scenic Area for the period from September 10, 2015 to September 9, 2035 with exclusive rights to operate a variety of water-based tourism projects within the designated waters in this scenic area. Further details of the 2015 Concession Agreement are set out below:

Principle terms

Pursuant to the 2015 Concession Agreement, the Grantor has agreed to grant our Company the exclusive right to operate water sightseeing boat services within the Shugang-Slender West Lake Scenic Area, as well as the ancillary wharves and related facilities.

During the term of the 2015 Concession Agreement, our Company is permitted to operate water sightseeing boats, including painted leisure boats, electric boats, rowing boats, self-driving boats, dragon boats, kayaks and water bicycles, but excluding submarines. Our Company is required to contribute not less than RMB3.0 million towards the construction and enhancement of wharves and related facilities for sightseeing boats, and shall provide the Grantor with the relevant production certificate and factory certificate of compliance for the sightseeing boat facilities.

Fees and payment

(i) License fees. During the term of the 2015 Concession Agreement, we shall pay to the Grantor an initial annual license fee of RMB1.2 million for the first contract year (i.e., from September 10 to September 9) as base license fee, which shall be increased by 10% every three contract years thereafter. During the Track Record Period, in accordance with the 2015 Concession Agreement, the actual annual licence fees paid by us were RMB1,452 thousand, RMB1,500 thousand, RMB1,597 thousand and RMB1,597 thousand in 2023, 2024 and 2025 and the six months ended June 30, 2026, respectively.

We shall pay the license fee for the preceding contract year to the Grantor on or before September 10 of the following year. If we fail to pay the license fees within three months after the due date, we shall be deemed to have forfeited the operation right under the 2015 Concession Agreement, and the performance bond (see below) shall be forfeited to the Grantor.

(ii) Performance Bond (履約保證金). Within seven working days following the execution of the 2015 Concession Agreement, we shall pay to the Grantor, in a single lump sum, a performance bond in the aggregate amount of RMB100,000.

Renewal

Before the expiration of the 2015 Concession Agreement, if we decide to renew the agreement, we are entitled to renew the agreement subject to the satisfaction of the same terms and conditions through a public tender process, provided that we have not breached any terms of the contract during the term of the 2015 Concession Agreement. As expressly provided under the 2015 Concession Agreement, our Company shall be the first choice during the public tender process if we are more or equally qualified under the terms and conditions of the public tender.

Termination

During the effective term of the 2015 Concession Agreement, if we elects to unilaterally terminate the agreement, we shall submit a written application to the Grantor at least three months in advance. Prior to the Grantor's approval of the termination, we shall ensure the continued provision of normal operational services. If we engage in unauthorized sub-letting, sub-contracting or lending of the operating premises, or is deemed to have breached the 2015 Concession Agreement pursuant to relevant its relevant terms, the Grantor shall be entitled to terminate the agreement. Upon such termination, the performance bond shall be forfeited to the Grantor, who is also entitled to require us to compensate for all losses arising from such unauthorized sub-letting, sub-contracting or lending and/or claim further damages against us.

According to the interview conducted with the Shugang-Slender West Lake Administrative Committee, the competent authority for operation right of boats in the Shugang-Slender West Lake Scenic Area, on September 19, 2025, it is confirmed that, as at the date of the interview, (i) to its knowledge, there are no other qualified or capable companies in Yangzhou that could replace us for the water sightseeing boat operation in the Shugang-Slender West Lake Scenic Area, (ii) our Company is a high quality cultural tourism enterprise with a sustainable business model and growth potential, (iii) there has been no discussions or plans to introduce any other operator of water sightseeing boat service within the Shugang-Slender West Lake Scenic Area, according to the Enterprise High-quality Development Rules of the Shugang-Slender West Lake Scenic Area, (iv) it has no intention to revoke or reallocate the operation right for water sightseeing boat service within the Shugang-Slender West Lake Scenic Area, (v) although our Company is required to obtain or renew the operation right through a public tender process upon the expiration of the 2015 Concession Agreement, our Company can successfully renew such operation right and there is no foreseeable event that would prevent our Company from securing the exclusive operation right for water sightseeing boat service within the Shugang-Slender West Lake Scenic Area, and (vi) given its satisfaction on our Company's operation, it is willing for our Company to continue to operate the water sightseeing boat service within the Shugang-Slender West Lake Scenic Area on an exclusive basis.

Having considered (i) the competent authority, Shugang-Slender West Lake Administrative Committee, has expressed its satisfaction to our services and willingness for us to continue to operate the water sightseeing boat service within the Shugang-Slender West Lake Scenic Area on an exclusive basis, and confirmed that it has no intention to revoke or reallocate the operation right of water sightseeing boat service within the Shugang-Slender West Lake Scenic Area, (ii) as acknowledged by the Shugang-Slender West Lake Administrative Committee that, currently, we are the only qualified operator with accumulated experience in water sightseeing boat service operation in the Shugang-Slender West Lake Scenic Area and there are no other qualified or capable companies in Yangzhou that could replace us for the water sightseeing boat operation within such scenic area, (iii) we have been the exclusive operator for water sightseeing boat service within the Shugang-Slender West Lake Scenic Area with zero incidents and without any material disputes with or complaints from customers or visitors, and (iv) based on our qualification, experience and operation history, we believe, as confirmed by the Shugang-Slender West Lake Administrative Committee, that there is no foreseeable event that would prevent our Company from securing the exclusive operation right for water sightseeing boat service within the Shugang-Slender West Lake Scenic Area, our Directors (i) believe that we are able to renew the water sightseeing boat operation right under the 2015 Concession Agreement upon its expiry and are confident that we would be able to successfully win the bid in the public tender process, and that the relevant exclusive operation right will be renewed upon its expiry, and (ii) are of the view that the risk of an early termination of the 2015 Concession Agreement is remote. Based on the above-mentioned and the independent due diligence work performed by the Sole Sponsor, nothing has come to the attention of the Sole Sponsor that would lead them to cast doubt on the Directors' confirmation with regard to (i) the Company's ability to renew the water sightseeing boat operation right under the 2015 Concession Agreement upon its expiry, and (ii) the risk of an early termination of the 2015 Concession Agreement being remote.

Sole operator within the designated Ancient Canal Area

In addition, we have been the sole operator of the water sightseeing boat services within the designated Ancient Canal Area since 2006. According to the meeting minutes of the Yangzhou Government dated August 10, 2006, the Yangzhou Government and the relevant government departments shall coordinated to establish Yangzhou Ancient Canal Tourism Limited Company, our predecessor, as the operating entity of the sightseeing routes within the designated Ancient Canal Area and to make contribution to the acquisition of boats and relevant assets to such entity for its operation (the "**Arrangement**"). Further, on August 29, 2006, the Tourism Bureau of Yangzhou issued an approval letter confirming that we were approved to provide water-based tourism and sightseeing services in the non-navigable waters of that area, without an explicit expiration date (the "**Approval Letter**"). The Approval Letter constitutes a legally binding beneficial administrative act in the nature of an administrative confirmation under PRC laws. Upon its issuance and service, the Approval Letter became binding on both the Tourism Bureau of Yangzhou and the Company and constitutes one of the legal bases for the Company to conduct water sightseeing and tourism activities in the non-navigable waters of the designated Ancient Canal Area. As advised by the PRC Legal Adviser, such binding effect is protected under applicable PRC laws and regulations, including the Administrative Litigation Law of the PRC, the Administrative Licensing Law of the PRC and the Measures for the Safety Management of Inland Water Sightseeing Business Activities in Jiangsu Province. As the designated Ancient Canal Area is a public water area, no licence fee was imposed under relevant PRC laws and regulations for our operation of water sightseeing boat services in this area. As of the Latest Practicable Date, we have not been imposed any time limitations on our operation rights in this area. According to the interview conducted with the Transportation Bureau of Yangzhou, the designated authority for the integrated administration of port shorelines, land areas and water areas for transportation, the guidance of comprehensive transportation law enforcement, and the filing of water and underwater sightseeing activities in non-navigable waters within Yangzhou and therefore the competent authority for operation right of boats in the designated Ancient Canal Area, on September 21, 2025, it is confirmed that our Company has been the sole and legitimate operator for the 26.55km Ancient Canal water tour route and further confirmed that our operation right for water sightseeing boat service within the designated Ancient Canal Area has no time limitation. In addition, the Transportation Bureau of Yangzhou also acknowledged and stated that, as at the date of the interview, (i) there are no other qualified or capable companies in Yangzhou that could replace us for the water sightseeing boat operation in the designated Ancient Canal Area, (ii) our Company is a high quality cultural tourism enterprise with a sustainable business model and growth potential, and (iii) there has been no discussions or plans to introduce any other operator of water sightseeing boat service and it is willing for our Company to continue to operate the water sightseeing boat service within the designated Ancient Canal Area on an indefinite and exclusive basis. The Arrangement, the Approval Letter and the confirmations obtained during the interview with the Transportation Bureau of Yangzhou, collectively support our operations and current status as the sole operator in the designated Ancient Canal Area. Our current status as the sole operator is further supported by the applicable qualification and filing requirements, our accumulated operational experience and established operating track record, as well as the fact that, according to the interview with the Transportation Bureau of Yangzhou, there were no other qualified or capable companies in Yangzhou that could replace us and there had been no discussions or plans to introduce any other operator as at the date of the interview. Our Directors are of the view that the risk of termination of the operation right within the designated Ancient Canal Area is remote on the basis that (i) according to the interview with the Transportation Bureau of Yangzhou, it confirmed that (a) there are no other qualified or capable companies in Yangzhou that could replace us for the water sightseeing boat operation in the designated Ancient Canal Area, and (b) there has been no discussions or plans to introduce any other operator of water sightseeing boat service and it is willing for our Company to continue to operate the water sightseeing boat service within designated the Ancient Canal Area on an indefinite and exclusive basis, (ii) we are the only qualified operator with accumulated experience in water sightseeing boat service operation in the designated Ancient Canal Area, and (iii) we have been the sole operator of water sightseeing boat service within the designated Ancient Canal Area with zero incidents and without any material disputes with or complaints from our customers or visitors. Based on the above-mentioned and the independent due diligence work performed by the Sole Sponsor, nothing has come to the attention of the Sole Sponsor that would lead them to cast doubts on the Directors' confirmation with regard to the risk of termination of the operation right within the designated Ancient Canal Area.

The Transportation Bureau of Yangzhou is a competent authority to give the above confirmations on the basis that (i) it is the local transportation comprehensive law enforcement authority at the project location shall be responsible for the filing administration of such projects relating to water sightseeing business activities in non-navigable waters under the Measures for the Safety Management of Inland Water Sightseeing Business Activities in Jiangsu Province (《江蘇省內河水上游覽經營活動安全管理辦法》) and it is the responsible authority for the integrated administration of port shorelines, land areas and water areas for transportation, and for guiding the transportation enforcement matters within Yangzhou, and that possesses the administrative power to file water and underwater sightseeing activities conducted

in non-navigable waters under the Provisions on the Functional Configuration, Internal Institutions and Staffing of the Transportation Bureau of Yangzhou (《揚州市交通運輸局職能配置、內設機構和人員編製規定》) and the Administrative Power List of the Transportation Bureau of Yangzhou (2023) (《揚州市交通運輸局行政權力清單(2023)》); and (ii) it also expressly confirmed its competency to advice and confirm on the Company's operation right and current status as the sole operator within the designated Ancient Canal Area.

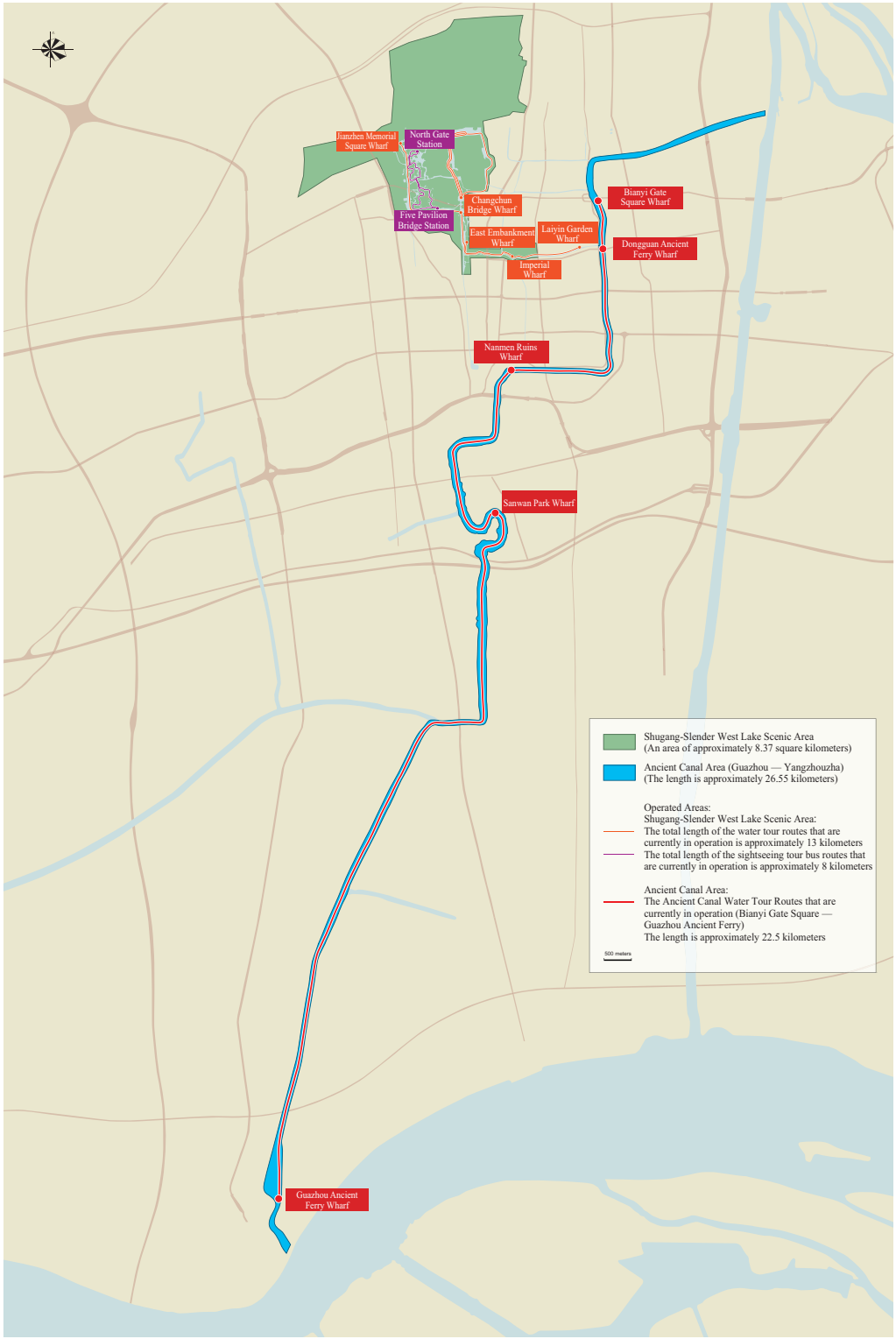
In addition, to the best knowledge of our Directors, having made due enquiry, there are no known or potential changes in governmental policies, urban planning, environmental regulations or other regulatory developments that may affect our ability to continue operating water sightseeing boat service within the Shugang-Slender West Lake Scenic Area and the Ancient Canal Area in all material aspects.

With the long-term exclusive operation right within the Shugang-Slender West Lake Scenic Area and as the sole operator within the Ancient Canal Area as well as a broad portfolio of water tourism projects, we have a stable and secure foundation for our sustained business operation and expansion as well as our ongoing investment in boosting the region's tourism industry.

Water Sightseeing Boat Services by Service Areas

We principally engage in the provision of water sightseeing boat services within the renowned Shugang-Slender West Lake Scenic Area, a UNESCO World Heritage Site and national 5A-level scenic area, as well as the historically significant Ancient Canal Area, both of which are celebrated for their picturesque landscapes and rich cultural heritage. We strategically designed and operated our principal water tour routes with more flexible spots which enable us to deliver an immersive sightseeing experience that connects iconic attractions and optimizes the utilization rate of our boats and operating waterways, securing a stable foundation for our ongoing growth and expansion of water sightseeing boat service business within these premier areas.

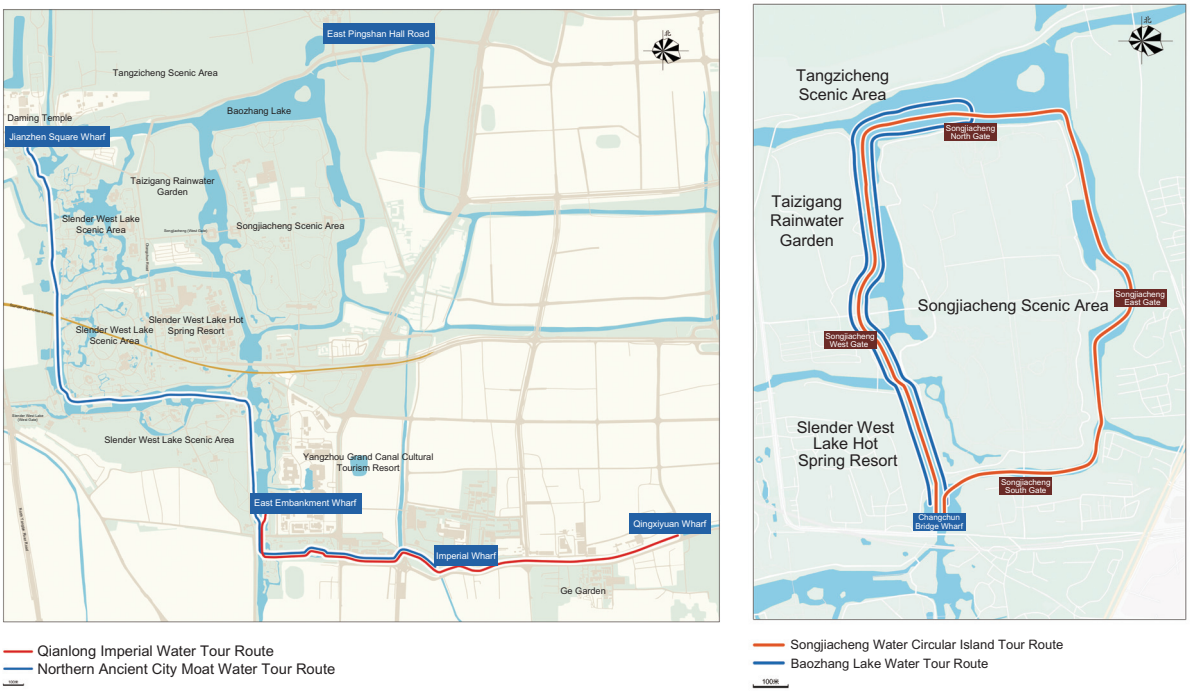
Our water sightseeing boat service and sightseeing tour bus service are currently operated in the Shugang-Slender West Lake Scenic Area and the Ancient Canal Area. The map below illustrated the locations of such service areas:



Shugang-Slender West Lake Scenic Area (蜀岡—瘦西湖風景名勝區)

Our water sightseeing boat services within the Shugang-Slender West Lake Scenic Area are principally provided through small and medium-sized boats, each with a passenger capacity of fewer than 50 persons, in order to accommodate the relatively narrow and elongated waterways and the densely distributed scenic spots of the scenic area. Our service offerings in this scenic Area include (i) standard water sightseeing boat services which are typically provided through iconic *Yuloh* boats, self-driving boats and themed boats, and (ii) value-added "Boat+" services and chartered boat services which are typically provided through Yuloh boats and themed boats. We operate four major water tour routes within the Shugang-Slender West Lake Scenic Area. We strategically designed our water tour routes to connect major iconic attractions, enabling tourists to enjoy a comprehensive sightseeing experience, immersing themselves in the beautiful scenery of attractions along the water tour routes as well as the 2,500 year historical and culture heritage of Yangzhou and the Grand Canal while maximizing the utilization rate of our boats and operating waterways.

Our service offerings within the Shugang-Slender West Lake Scenic Area are illustrated below:



Qianlong Imperial Water Tour Route (乾隆水上遊覽線)

The Qianlong Imperial Water Tour Route is famous for its iconic twenty-four scenic spots, where the architectural features are built along the lake, connected by water and harmoniously integrated with the surroundings, offering a unique lakeside garden scenery. This tour begins at Imperial Wharf (御馬頭), passes through with stops at 13 notable scenic spots such as Yechun Garden (冶春園), Juan Stone Cave (卷石洞天), West Garden Winding Stream (西園曲水), Rainbow Bridge (虹橋), Spring Willows along Long Shore (長堤春柳), Misty Rain over the Four Bridges (四橋煙雨), Xu Garden (徐園), Little Golden Hill (小金山), Five Pavilion Bridge (五亭橋), Twenty-Four Bridge (二十四橋), Jingxiang Study (靜香書屋), Shibi Liuzong (石壁流淙), Little Flute Terrace (小吹台) and ends at Jianzhen Memorial Square (鑒真廣場). The complete one-way water tour route has six stops, including Imperial Wharf, Juan Stone Cave, Slender West Lake East Shore (瘦西湖東堤) (the Slender West Lake South Gate (瘦西湖南門)), Xu Garden, Twenty-Four Bridge (Jingxiang Study), Shibi Liuzong and Jianzheng Memorial Square (Little Flute Terrace). The name of this route originates from the traditional path taken by Emperor Qianlong when he visited the Slender West Lake during his various southern inspection tours to Yangzhou. The scenery from Imperial Wharf to Jianzhen Memorial Square is especially renowned for "two shores of willows and blooms mirrored in the streams and a stretch of towers and terraces leading to the distant hill (兩堤花柳全依水，一路樓台直到山)", a celebrated couplet used to be inscribed on

the stone boat of Xiangfu ("翔鳧"石舫) in the West Garden (西園曲水) within the Slender West Lake and is currently positioned in a prominent location along the lake and has become an iconic attraction and cultural highlight in the Slender West Lake Scenic Area. The couplet was composed by Liu Chunchi (劉春池), a poet from Qing dynasty and subsequently calligraphed by renowned contemporary artist Shen Jinshou (沈覲壽) and through employing literary techniques in ancient Chinese, it vividly depicts the poetic charm of the landscape within the Slender West Lake.

This tour route operates daily from 08:00 to 17:00 every 20 minutes for RMB50 or RMB60 per ticket every two stops depending on the type of boat and runs for up to 60 minutes for a complete one-way tour. We offer various themed boats to cater customized requirements of our visitors, including our signature *Yuloh* boats, premium painted leisure boats (豪華畫舫) and Anfu boat (安福號) with live guide and premium eco-friendly painted leisure boats (豪華生態畫舫) and eco-friendly painted leisure boats (生態畫舫) with audio guide. We also offer chartered boat services when requested and the detailed time interval, boat type and price will be subject to the specific demand. For further details about our boats, see "— Boat Portfolio" below.

Northern Ancient City Moat Water Tour Route (北護城河水上遊覽線)

Northern Ancient City Moat Water Tour Route connects a number of scenic spots while weaving together with the cultural heritage and vibrant daily life of Yangzhou. This tour route begins at Qingxiyuan Wharf (清溪園碼頭), proceeds through and stops at Ge Garden (个園), Imperial Wharf (御碼頭), and finally at East Embankment (東堤). The tour route is popular with its distinctive feature of its path, starting from Qingxiyuan (清溪園) at the Qingxiyuan Wharf in the east and extends westward to East Embankment, along which, notable historical and cultural landmarks such as Tianning Temple (天寧寺), the Imperial Wharf (御碼頭), Yechun Garden (冶春園), Ge Garden (个園), and the Shi Ancestral Hall (史公祠) are distributed.

This tour route is operated on daily basis from 09:00 to 16:00 every one hour for RMB25 per ticket per stop depending on the type of boat and runs for up to 30 minutes for a complete one-way tour. We offer premium eco-friendly painted leisure boats (豪華生態畫舫) and eco-friendly painted leisure boats (生態畫舫) with audio guides for this tour route. We also offer chartered boat services when requested and the detailed time interval, boat type and price will be subject to the specific demand.

Songjiacheng Water Circular Island Tour Route (宋夾城環島遊覽線)

Songjiacheng Water Circular Island Tour Route is specifically designed for visitors who wish to tour around the Songjiacheng, an area within the Shugang-Slender West Lake Scenic Area. Songjiacheng was a military defense town during the Southern Song Dynasty, currently a popular public park combining historical ruins with sport and leisure facilities. The tour begins at Changchun Bridge Wharf (長春橋碼頭) and travels along the water surrounding Songjiacheng. The route features a multi-layered landscape of Songjiacheng with water, sloping shores, green spaces and woodlands as well as waterways, pedestrian paths and bicycle paths running parallel to each other, together presenting a picturesque natural scene where the water flows through the garden, and the scenery is nestled within the woods (水在園中，景在林中). This circular island tour route around Songjiacheng allows visitors to experience the beauty of the ecological and cultural landscapes that unfold continuously along the tour.

The Songjiacheng Water Circular Island Tour taking with our sightseeing boat normally takes 35 minutes and services are available from 09:00 to 16:30 on daily basis for RMB50 per ticket. We typically offer premium eco-friendly painted leisure boats and eco-friendly painted leisure boats for this tour route with audio guides.

Baozhang Lake Water Tour Route (保障湖水上遊覽線)

Baozhang Lake Water Tour Route is a night tour route, renowned for its ecological haven like scenery along the tour, representing a symbol of harmonious coexistence between nature and the city of

Yangzhou. The tour route begins at Changchun Bridge Wharf (長春橋碼頭) and then meanders toward Songjiacheng. This route offers a unique night boat experience along the tranquil waters by the foot of Shugang (蜀岡), unveiling a rich tapestry of cultural and historical landmarks from the Song, Ming and Qing dynasties at the water's edge, while the heights of Shugang evoke the heritage of Han, Sui and Tang periods.

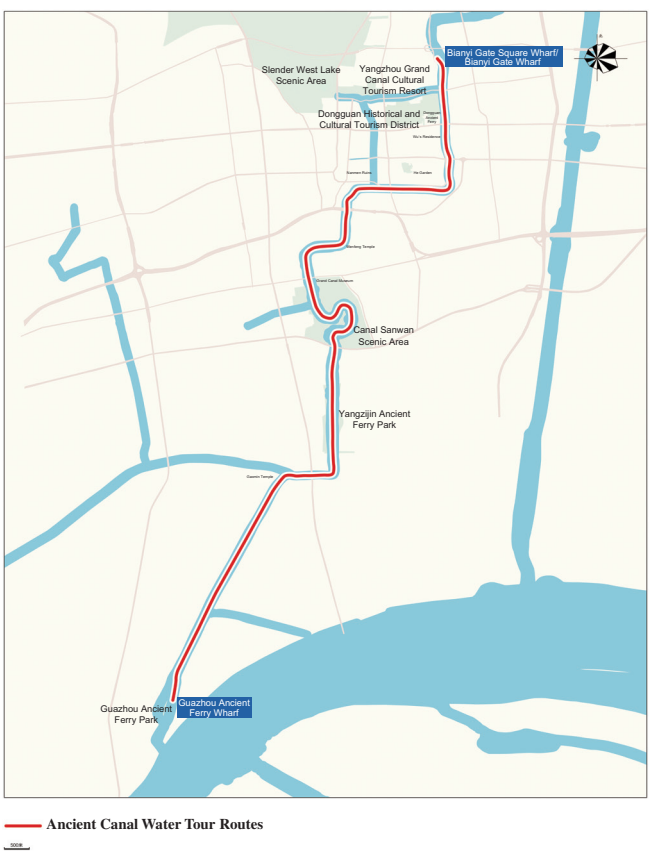
This night tour operates with limited-time schedules from 18:30 to 21:00 every 30 minutes for RMB50 or 60 per ticket depending on the type of boat, and is only available from June 30 to August 31 every year. We offer premium eco-friendly painted leisure boats and eco-friendly painted leisure boats with audio guides.

In addition to the water sightseeing boat service through the water tour routes above, we also offer self-driving boat service in designated waterways within the Slender West Lake Scenic Area and Songjiacheng area to visitors who wish to explore the waters and the nature landscape at their own pace with greater flexibility. See "— Boat Portfolio — Self-driving boat" below.

Ancient Canal Area (古運河區域)

As the water area in the Ancient Canal Area is relatively wide, we provide water sightseeing boat services primarily through medium to large-sized boats, typically with a passenger capacity ranging from approximately 100 to over 200 persons. Our service offerings in this scenic area include (i) standard water sightseeing boat services and (ii) sightseeing boat services for the Grand Canal Yangzhou night show, both of which are offered through various themed boats, including classical painted leisure boats with passenger capacities of 38, 100, or 110 persons and modern yachts with passenger capacities of 136, 206, or 216 persons. For the Grand Canal Yangzhou night show, we also offer imitation antique steel leisure boats with a passenger capacity of 60 persons, and pontoon boats with a passenger capacity of 20 persons. For further details about our boats, see "— Boat Portfolio" below.

Our service offerings within the Ancient Canal Area are illustrated below:



Ancient Canal Water Tour Routes (古運河水上遊覽線)

The Ancient Canal Water Tour Routes are operated through four different combination of routes, traveling between Bianyi Gate Wharf (便益門碼頭), Dongguan Ancient Ferry Wharf (東關古渡碼頭), Nanmen Ruins (南門遺址), Sanwan Park (三灣公園) and Guazhou Ancient Ferry (瓜洲古渡). The Ancient Canal, the section of the Grand Canal within Yangzhou, is the oldest section of the Grand Canal and has the richest historical sites and cultural resources. The water flows through the city of Yangzhou with various ancient landmarks lining on both shores, connecting over 20 cultural and ecological scenic spots, creating a unique local atmosphere. The scenery along these tour routes combine garden landscapes, culture and leisure, making it a popular sightseeing destination. Taking our water sightseeing boat along the Ancient Canal feels like traveling back in time, allowing visitors to experience Yangzhou's profound cultural heritage and the unique charm of "Yangzhou on the Water (水上揚州)."

To cater for the high demand for its many "must-do" historical sites in the Ancient Canal Area, we offer four different combination of tour routes within the scenic area: (i) a 50-minute return tour route starting at Bianyi Gate Wharf, traveling directly to Nanmen Ruins, and then returning to Bianyi Gate Wharf, with departures every hour from 14:00 to 17:00 on daily basis for RMB100 per ticket; (ii) a 40-minute return tour route starting from Dongguan Ancient Ferry Wharf, then going directly to Nanmen Ruins, and returning to Dongguan Ancient Ferry Wharf, with departures every 60 minutes from 14:30 to 17:30 on daily basis for RMB100 per ticket; (iii) a 40-minute one way tour route between Dongguan Ancient Ferry Wharf and Sanwan Grand Canal Museum Wharf (三灣大運河博物館碼頭), with departures from Dongguan Ancient Ferry Wharf at 09:00 and 14:00 and from Sanwan Grand Canal Museum Wharf at 11:00 and 16:00, and this tour route operates on daily basis for RMB80 per ticket; and (iv) a six-hour comprehensive tour route with departures from Dongguan Ancient Ferry Wharf at 10:00, two-hour stop at Guazhou Ancient Ferry (瓜洲古渡) from 11:30 to 13:30, one-hour stop at Sanwan Park from 14:30 to 15:30, and returns to Dongguan Ancient Ferry Wharf around 16:10 with live guide; and this tour route operates on daily basis for RMB160 per ticket.

In addition to the standard water sightseeing boat services offered through the Ancient Canal Water Tour Routes, we also offered sightseeing boat services for the Grand Canal Yangzhou night show within the Ancient Canal Area. See "— Grand Canal Yangzhou (大運揚州)" below.

We regularly review and update our tour route designs to reflect changes in visitor flow, seasonal demand, feedback from visitors and changes in the access to the scenic areas or tourist attractions.

There are no specific restrictions imposed by relevant authorities on the number of boats that are permitted to be operated in the Shugang-Slender West Lake Scenic Area and the Ancient Canal Area. However, we put in place self-imposed scheduling restrictions on the maximum number of self-driving boats to maintain enhanced waterway traffic and safety, and to prevent congestion on the waterways. See "— Operational Restrictions" below. The following tables set out further details of the maximum number of boats operated by us at any given time during the Track Record Period and the maximum

number of rides we operated per day with respect to our current operating tour rides, during the Track Record Period, by service areas and tour routes:

	Maximum number of operating boats at any given time during the Track Record Period[1]	Maximum number of rides per day during the Track Record Period[2]
Shugang-Slender West Lake Scenic Area		
Qianlong Imperial Water Tour Route		
— Eco-friendly painted leisure boat	12	120
— Premium painted leisure boat or Anfu boat	13	130
— Premium eco-friendly painted leisure boat	20	200
Sub-total	*45*	*450*
— Yuloh boat	36	504
Northern Ancient City Moat Water Tour Route		
— Eco-friendly/premium eco-friendly painted leisure boat	2	30
Songjiacheng Water Circular Island Tour Route		
— Eco-friendly/premium eco-friendly painted leisure boat	2	24
Baozhang Lake Water Tour Route		
— Eco-friendly/premium eco-friendly painted leisure boat	8	48
Self-driving Boats		
— Designated area within the Slender West Lake Scenic Area	80	800
— Designated area within the Songjiacheng area	41	410
Ancient Canal Area		
Ancient Canal Water Tour Routes (daytime tour routes)[3]		
— 50-minute return route between Bianyi Gate Wharf and Nanmen Ruins	4	16
— 40-minute return route between Dongguan Ancient Ferry Wharf and Nanmen Ruins	2	10
— 40-minute one way route from Dongguan Ancient Ferry Wharf to Sanwan Grand Canal Museum Wharf	2	4
— six-hour route from Dongguan Ancient Ferry Wharf to Guazhou Ancient Ferry, to Sanwan Park and back to Dongguan Ancient Ferry Wharf	1	1
Grand Canal Yangzhou (night tour route)[4]		
— Pontoon boat	2	6
— Imitation antique steel leisure boat	1	3
— Classical painted leisure boat	6	18
— Modern yacht	3	11
Sub-total	*12*	*38*

Notes:

(1) Representing the maximum number of boats operated by us for the relevant water tour route at any given time during the Track Record Period, which is subject to the actual number of each type of available boats, operating conditions and additional navigation time under actual operating conditions and without taking into account the adjustment to the allocation of themed boats across different tour routes.
(2) Representing the maximum number of rides for the relevant water tour route operated by us during the Track Record Period, which is subject to the actual number of each type of available boats, operating conditions and additional navigation time under actual operating conditions.
(3) For each of the Ancient Canal Water Tour Routes, we use both classical painted leisure boat and modern yacht and the relevant number of operating boats and rides represent the total number and the total rides of operating classical painted leisure boat and modern yacht, respectively.
(4) Based on the extended operating business hours from 18:00 to 22:30 during peak tourism seasons.

Our Directors believe that we have the ability to further expand our operations within the Shugang-Slender West Lake Scenic Area on the basis that we could extend our standard water sightseeing boat service to cover broader water areas, as the number of visitors to Yangzhou City and demands of visitors to explore the scenic areas by sightseeing boat increase. In relation to the potential expansion of our operating water areas, the Slender West Lake Scenic Area has a total water area of approximately 36 hectares, while our existing operation covers approximately 18 hectares, representing approximately 50% of its total water area; and in relation to the number of visitors, the total number of visitors to Yangzhou City increased from approximately 103.2 million in 2023 to approximately 119.2 million in 2024, and further to approximately 132.8 million in 2025, which demonstrates a continuing growing demand of visitors in the city.

Boat Portfolio

All of our boats are self-owned. We engage third party boat manufactures for the design and manufacturing of our boats, and maintain a wide range of boat portfolio to offer diverse and tailor-made water sightseeing boat services to visitors, whether they are pursuing for unique and immersive traveling experience, or they are looking for a more personal and luxury traveling experience. Through our comprehensive portfolio of boats to cater for different needs and preferences of different types of visitors, we are confident that each visitor, whether seeking tradition, flexibility, convenience, exclusivity or immersive experience, can find a tailored sightseeing boat experience that best matches their interests, needs and expectations. Our offering of water sightseeing boat services can be broadly categorized into three types, Yuloh boats, self-driving boats and themed boats according to its decoration and styles and sizes to cater to different demands of our targeted customers.

Yuloh boat

Yuloh (搖櫓) boat is sculling oar Yangzhou style hand-rowed boat typically maneuvered by Chuanniang (船娘) using a single stern-mounted sculling oar with rhythmic movements, which is available exclusively in chartered services. Yuloh boat is an iconic feature of Yangzhou's water culture and our signature boat, in particular in the Slender West Lake Scenic Area, and it is often accompanied by local opera singing by Chuanniang along with rhythmic movements of Yuloh boat.

Yuloh boat is popular among general tourists and visitors seeking in-depth experience of local culture and is the most popular offering in our portfolio of boats. Drivers for Yuloh boat are known as Chuanniang for female or Chuanfu for male, all of whom are well trained to possess five core skills, namely, boat rowing, tour commentary, local opera singing, bilingual seamless communication and psychological guidance. Our "Slender West Lake Chuanniang (瘦西湖船娘)" has been recognized as a

premium tourism brand and Chuanniang maneuvered Yuloh boat services has long been our signature, attracting a wide range of visitors, both domestically and internationally and was rated as a "must-do" activity by the Voice of Yangzhou in 2024.





Self-driving boat

Self-driving boat is an electronic self-navigated boat with intuitive joystick control that can accommodate four to six passengers depending on the boat model. Our self-driving boats are only available in the designated waters of the Slender West Lake Scenic Area and Songjiacheng Scenic Area within the Shugang-Slender West Lake Scenic Area, and are ideal and trending among families and small group of visitors, allowing them to chart their own course and explore the waters and the nature landscape in the scenic areas at their own pace with greater flexibility.





Themed boats

Themed boats are boats with different decorations and are widely used for all purposes, including our standard sightseeing boat services, value-added "Boat+" and chartered boat services as well as for the Grand Canal Yangzhou night show. Our themed boats can be sub-categorized into ecological painted leisure boat, premium painted leisure boat, premium ecological painted leisure boat, Anfu boat, classical painted leisure boat, imitation antique steel leisure boat, modern yacht and pontoon boat:

- *ecological painted leisure boat* — a small-sized economy-class boat with a maximum passenger capacity of 20 people, offering a high-quality yet cost-effective sightseeing solution for price-conscious visitors and being equipped with high-quality recorded audio guides to enhance the touring experience.





- *premium painted leisure boat* — a small-sized luxury boat with a maximum passenger capacity of 24 people, which is offered for visitors seeking a higher standard of service and comfort. The boat resembles a floating palace and is equipped with more refined amenities (such as luxury chairs and tea tables) and professional tour guides offering live narration and interactive Q&A, thereby delivering an elevated and more flexible sightseeing experience with in-depth immersion in the historical and cultural heritage of Yangzhou and the Grand Canal.




- *premium ecological painted leisure boat* — a medium-sized premium boat with a maximum passenger capacity of 32 people, which resembles a traditional wooden boat in ancient China.




- *Anfu boat* — a medium-sized boat with a maximum passenger capacity of 32, 37 or 42 people depending on the model, which is offered for visitors with high spending power and is equipped with luxury sofa and dining tables.



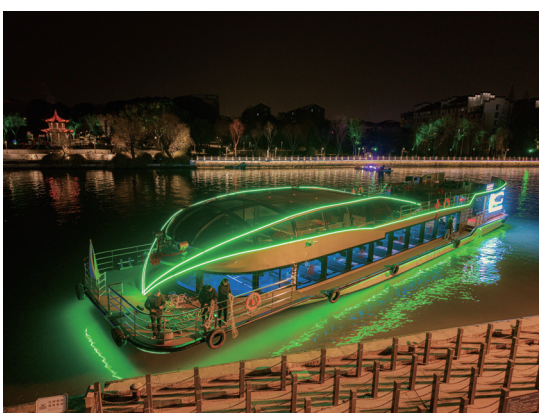

- *classical painted leisure boat* — a traditional style boat featured with two dragons at the bow with a maximum passenger capacity of 38, 100 or 110 depending on the model. The boat is exclusively operated in the Ancient Canal Area.




- *imitation antique steel leisure boat* — a small-sized luxury boat featured with modern decoration with a maximum passenger capacity of 20 people. The imitation antique steel leisure boat is exclusively used for visitors seeking for a more immersive and premium experience of our Grand Canal Yangzhou night show.




- *modern yacht* — a mega-sized modern style yacht with a maximum passenger capacity of 136, 206 and 216 people depending on the model. Our modern yacht is exclusively operated in the Ancient Canal Area.




- *pontoon boat* — a small-sized premium luxury boat with a maximum passenger capacity of 20 people and is exclusively used for the Grand Canal Yangzhou night show for visitors who are seeking for a higher standard of touring experience.





For ticket prices of each type of our boats for different tour routes, see " — Pricing — Our ticket prices and pricing basis" below.

The table below sets out the number of our boats during the Track Record Period:

Types of Boat	As of December 31, 2023	2024	2025	As of June 30, 2026
Yuloh boats	36	36	36	36
Self-driving boats	113	106	121	121
Themed boats	42	62	64	72
TOTAL	191	204	221	229

Throughout the Track Record Period, the number of our self-driving boats decreased slightly from 2023 to 2024 due to our enhanced asset utilization rate which allows us to dispose of outdated self-driving boats without the necessity of acquiring new ones to accommodate increased number of visitors during the same period. The total number of self-driving boats are also restricted by the operating water area designated for self-driving boats. See "— Operational restrictions" below. In response to the trending and increasing demand for flexible, self-paced exploration among families and small groups, we bought 15 new self-driving boats in 2025. In line with the growth in our boat ticket sales and recent business expansion initiatives, we continue to acquire new themed boats throughout the Track Record Period, and we plan to purchase more themed boats in line with our business expansion. See "Business — Our Strategies — Continue to empower our business through continuous asset upgrading" and "Future Plans and [REDACTED]."

Operational restrictions

There are no specific restrictions imposed by relevant authorities on the number of boats that are permitted to be operated in each of the Shugang-Slender West Lake Scenic Area and the Ancient Canal Area. However, our Company instituted a self-imposed restrictions on the maximum number of self-driving boats that are permitted to be operated at any given time within the designated Slender West Lake and Songjiacheng areas to maintain enhanced safety and order and to prevent congestion on the waterways. Self-driving boats are operated by visitors, who are non-professional boat drivers for sightseeing and recreational purpose and who may not possess the requisite experience to navigate congested and challenging conditions. Having considered the water surface area and the number of other types of sightseeing boats that may be operated in or near the designated area, and based on our boat operating experience in the areas, our Company has established an internal management rules for the safety of boat operation in each of the Slender West Lake and Songjiacheng area, pursuant to which the maximum number of self-driving boats that could be operated at any given time shall not exceed 80 and 60, respectively. Our Directors are of the view that such operational restrictions do not have any material adverse impact on our business operations or financial performance, on the basis that (i)

according to our accumulated operation experience in the designated area, the limitation on the number of self-driving boats ensures optimal utilization of waterway capacity, thereby enhancing our overall operational efficiency and visitor experience, (ii) the rigorous safety and management measures we adopted internally significantly reduced the likelihood of incidents that could result in reputational harm to us or financial liability to be borne by us, thereby protecting the long-term interests of our Company and our shareholders, and (iii) such restrictions align with our Company's commitment to public safety.

In practice, when determining the number of operating boats at any given time in a designated water area we take into account a number of interrelated factors, such as (i) safety of visitors and the operating boats, including the density of operating boats to prevent overcrowding and ensure effective responses in case of emergency, (ii) orderly movement of both self-driving boats and other boats to reduce congestion, minimize navigational conflicts and maintain prescribed traffic pattern, ensuring seamless and predictable waterway operations, (iii) the quality of our water sightseeing boat service by balancing our service availability in a timely manner with the manageable visitor flows, ensuring timely access to service and minimal waiting times, and (iv) physical capacity and operational conditions of wharf docking areas, so that we can guarantee an orderly movement of visitors in the embarking and disembarking processes as well as a safety conditions for boat maneuverability near the wharf docking areas. Our Directors are of the view that these measures are designed to uphold the highest standards of safety and operational efficiency to achieve visitor satisfaction consistently; in addition, these dynamic measures allow our Company to have a comprehensive assessment on the specific operating conditions when making a decision, instead of a catch-all approach, thereby maximizing our operational efficiency and profitability, benefiting our Company and our shareholders in a long run.

The table below is a summary of our boats by service areas as of June 30, 2026:

Type of Boat	Shugang-Slender West Lake Scenic Area	Ancient Canal Area
Yuloh boat	36	—
Self-driving boat[(1)]	121	—
Themed boat[(2)]	57	15
TOTAL	214	15

Notes:

(1) Self-driving boats are only available within the designated waters in Shugang-Slender West Lake Scenic Area. As of June 30, 2026, we had 80 self-driving boats for operation in the Slender West Lake Scenic Area and 41 self-driving boats in the Songjiacheng Scenic Area.

(2) Themed boats include five premium painted leisure boats, 28 premium eco-friendly painted boats, 16 eco-friendly painted boats, eight Anfu boats, seven classical painted leisure boats, one imitation antique steel leisure boat, three modern yachts and four pontoon boats.

We select third party boat manufactures through public tender process for the designing and manufacturing of all of our boats. All of our sightseeing boats are wholly owned by us to ensure our complete control over the quality, safety and availability of our boats while allowing us to efficiently schedule maintenance, implement upgrades and adjust our operations in response to changing visitors' demand or trends in the cultural tourism industry. In addition, comparing to lease or charter arrangements, directly owning our boats allows us to reduce long-term operating costs and mitigate exposure to pricing volatility and potential supply constraints in the boat rental market. As a result, we are able to maintain a consistent standard of service and safety throughout our operations, which strengthens our brand reputation for delivering a high-quality experience for all visitors to the scenic areas.

Our Directors are of the view that we have the practical ability to increase the number of boats in operation in both the Shugang-Slender West Lake Scenic Area and the Ancient Canal Area, on the basis that:

(i) No restriction on the number of operating boats. There are no specific restrictions imposed by the relevant authorities on the number of boats permitted to be operated in either service area, and the only limitation is our self-imposed restriction on the maximum number of self-driving boats operated at any given time within the designated Slender West Lake and Songjiacheng areas. In relation to the Ancient Canal Area, based on our estimation, the maximum number of boats that could operate in our current service area is 62, as compared with a maximum of 21 boats currently operated by us within such area (taking into account the allocation of themed boats from other tour routes in case of high demand);

(ii) Expansion of operating water areas. The Slender West Lake Scenic Area has a total water area of approximately 36 hectares while our existing operation covers approximately 18 hectares, representing approximately 50% of its total water area; and

(iii) Enhancing board capacity and efficiency. We may construct additional wharfs and boarding facilities to facilitate the boarding and departure efficiency of our boats, which would in turn increase the number of boats that can be docked and deployed at any given time and shorten passenger boarding and disembarking time; and we may also increase the number of rides we operate by increasing the frequency of, and shortening the intervals between, our scheduled departures, and by extending our daily operating hours, in particular during peak tourism seasons.

Value-added "Boat+" and Chartered Boat Services

In addition to standard water sightseeing boat services, we also offer chartered boat services since we start the water sightseeing boat services. As part of our long-term initiative to drive innovation across multiple sectors with focus on integrating and enhancing the synergies among the water-based tourism, waterway transportation and other innovative services, we extended our water sightseeing boat service capabilities to growing demand for a more dynamic, diverse and immersive service offerings through the provision of value-added "Boat+" since 2015, which enriched our visitors' experience, further broadened our service offerings and diversified our revenue streams, continuously driving our business growth. During the Track Record Period and up to the Latest Practicable Date, we launched the following value-added "Boat+" services:

- *"Boat + Dining."* Since January 2017, we started strategic collaboration with an independent renowned local restaurant, Yechun Catering Co., Ltd.* (冶春餐飲股份有限公司), which is famous for its Yangzhou-style breakfast tea, to offer a unique on-boat dining experience for our visitors. Visitors are required to book their boat tickets in advance. We offer ecological painted leisure boat for "Boat + Dining" services and which can accommodate up to 16 persons.

Our Directors confirm that there were no food safety incidents in relation to dining services provided under our "Boat +" services during the Track Record Period and up to the Latest Practicable Date. If any such incident occurs, we may be exposed to customer complaints or claims, civil liabilities for customer losses, administrative penalties and, in serious cases, potential criminal liabilities under applicable PRC laws and regulations. Even where the relevant food or catering services are supplied or provided by third-party suppliers or service providers, we may still be subject to customer claims, regulatory enquiries or reputational damage as the operator of the relevant "Boat+" services, although we may seek indemnification or recourse from the responsible third parties where appropriate. We select qualified food and catering suppliers with requisite licences and permits, require them to comply with applicable food safety laws and regulations, conduct supplier qualification review and ongoing supplier evaluation, and maintain internal procedures for customer complaint handling and incident response.

- *"Boat + Corporate."* We tailor-made "Boat + Corporate" service to suit the needs of corporate customers, using our boat as an exceptional venue for various corporate events or activities, ranging from large-scale enterprise activities such as team building activities and product launches to bespoke private events such as strategic meetings and client appreciation events.

- *"Boat + Education."* We developed "Boat + Education" tour programs centered on the profound history and cultures and ecological significance of the Grand Canal primarily for primary and secondary school students. For example, we launched interactive educational field trip program (研學項目) where the participants could board on themed water sightseeing boats and visit notable historical and cultural landmarks as well as engage in field studies that integrate themes of integrity, heritage and environmental stewardship. In relation to our "Boat + Education" tour programs, we have invited intangible cultural heritage inheritors (非物質文化遺產繼承人) from the Yangzhou Quyi Research Institute* (揚州市曲藝研究所), national-level professional actors, and outstanding emerging Quyi performers to provide local intangible cultural heritage performances on our sightseeing boats. Such performances include Yangzhou Pinghua (揚州評話), Yangzhou Tanci (揚州彈詞), Yangzhou Qingqu (揚州清曲), enabling visitors to engage with and learn about intangible cultural heritage traditional culture. In addition, our Company integrates culture resources along the Grand Canal and creates commentaries to the canal culture and Yangzhou traditional culture for the "Boat + Education" tour programs, delivers on-board commentary to tourists during the voyage, providing visitors with on-boat commentary during the water sightseeing tour, and a dynamic and unique learning experience in the those cultural fields.

  As advised by the PRC Legal Adviser, our "Boat + Education" tour program business is operated with a focus on our offering of water sightseeing boat service, and does not involve the education and training business stipulated in the Law of the PRC on the Promotion of Private Education (as amended 2018)* (中華人民共和國民辦教育促進法(2018年修正)) and the Regulations on the Implementation of the Law of the PRC on the Promotion of Private Education (as revised in 2021)* (中華人民共和國民辦教育促進法實施條例(2021年修訂)); and therefore, our "Boat + Education" tour programs do not require special permission or approval from relevant education authorities.

During the Track Record Period, we have also refined our chartered boat services to cater to specific visitor demand. Chartered boat services play a significant role in diversifying our service offering and are provided in a various scenarios, including corporate team-building events, private gatherings or celebrations such as weddings and birthdays, business receptions and other personalized occasions, with itineraries and onboard experiences designed in consultation with the customers.

Although both the chartered boat services and the "Boat + Corporate" services use boats as venues, they are different as elaborated below:

- *Target customers.* Chartered boat services target both individual customers (such as family trip and private gatherings) and corporate customers; while "Boat + Corporate" services target corporate customers only for corporate activities such as business meetings, team-building activities and corporate social events;

- *Service content.* Customers of chartered boat services have exclusive use of an entire boat; while customers of "Boat + Corporate" services can, in addition to exclusive use of an entire boat, have customized and value-added services, including event planning, themed decoration, specialty catering and ancillary experiential activities;

- *Operating routes.* Chartered boat services are offered for relatively fixed routes, which are principally our existing routes; while "Boat + Corporate" services are offered for more flexible routes based on customers' specific needs with adjustments to stops and duration;

- *Booking arrangement.* Customers can book chartered boat services on the date of service, subject to availability; while customers are required to book in advance for "Boat + Corporate" services due to customization arrangements; and

- *Price.* Chartered boat services are charged at RMB2,000 per boat every two stops for premium painted leisure boat, RMB1,000 per boat every two stops for eco-friendly painted leisure boat and RMB1,000 per boat every two stops for Yuloh boat; while "Boat + Corporate" services are charged from RMB1,000 per service, the final price of which varies depending on customers' needs and customization arrangements.

Our valued-added "Boat+" and chartered boat service have made a significant contribution to our revenue growth. For the three years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026, the revenue generated from our value-added "Boat+" and chartered boat service amounted to RMB37.8 million, RMB38.9 million, RMB39.8 million and RMB25.8 million, respectively, accounting for approximately 34.6%, 35.0%, 33.7% and 36.1% of our total revenue generated from the water sightseeing boat service business for the periods, respectively, representing a CAGR of approximately 2.35% from 2023 to 2025.

We believe that together with the breadth of our boat offerings, the introduction of various value-added boat services collectively position us to cater for diverse interests, needs and expectations of both individual and group visitors, whether they are seeking tradition, flexibility, convenience, exclusivity or a deeper cultural immersion in their travelling experience.

Grand Canal Yangzhou (大運揚州)

Overview

In October 2024, we launched the Grand Canal Yangzhou night show as part of our commitment to offering our visitors an immersive experience of the historical and cultural heritage of Yangzhou and the Grand Canal to further enhance the local tourism experience and distinguish ourselves in the water-based tourism industry, while diversifying our revenue streams and driving our business growth. By blending the 2,500 years of history, culture and immersive entertainment, our Grand Canal Yangzhou night show attracts a wide range of visitors and increases overall visitor engagement during the sightseeing tour and has quickly become a highlight of Yangzhou's cultural tourism offerings. Since its launch, the show has become our fast-growing business segment.

Show contents and times

The Grand Canal Yangzhou is a large-scale outdoor night processional show staged along the open waters within the Ancient Canal Area. The show provides immersive storytelling with professional tour guides and audio guides narrating Yangzhou's rise as a prosperous salt trading city and as part of the Grand Canal cultural heritage. The show unfolds as a processional experience on sightseeing boats that transform into moving theatres. The show allows visitors to experience our designed storyline which unfolds in different chapters, each illustrating a distinct era or story from the vibrant canal history of Yangzhou and the Grand Canal. The show features live performance, music, dynamic lighting, visual effects and water effects that reflect the changing themes of each chapter encapsulating a distinct epoch that has shaped Yangzhou's rich canal and cultural legacy. The main contents of the key chapters of the Grand Canal Yangzhou night show are described below:

- Chapter 1 — "Dreams moor in Yangzhou (夢棲揚州)": this chapter employs advanced visual technology to vividly depict Yangzhou as a city intrinsically linked to the Grand Canal, whose prosperity and cultural vitality have, for centuries, been nourished by the lifeblood of the canal. Under this chapter, such relationship that is vividly brought to life through high-spray water curtain projections with laser effects to create an immersive scene in which the "moon rises from the water (水炮出明月)." Chuanniang, dressed in traditional attire, dance gracefully at bamboo rafts as mobile performance platforms, creating a dreamlike scene of "people on the raft, raft on the canal, and the canal entering the painting (人在筏上，筏在運河，運河入畫)," in response to the famous poem that "of moonlight, three parts grace the land; two, Yangzhou did command (天下三分明月夜，二分無賴是揚州)", taken from

"Reminiscence of Yangzhou" (《憶揚州》) by Xu Ning (徐凝), a renowned poet of Tang Dynasty. These two lines has made Yangzhou widely known for its beautiful night scenery and emotional resonance, which has become an identity of the city for centuries.



- Chapter 2 — "The Wu King Opens the Canal (吳王開運)": this chapter introduces the legendary story of Wu King who ambitiously dominated the central part of ancient China and excavated the Han Gou (邗溝), the earliest section of the Grand Canal, in 486 BCE. This chapter is presented by two processional boat performances. One boat features an actor acting as Wu King, who appears with commanding presence brandishing a sword; and the other is designed replica war boat accompanied by drummers and dancers dressed as ancient warriors. The scene is further enhanced by intelligent pyrotechnic effects, which produces a "blazing sky" spectacle, telling the profound historical moment when the canal was first excavated.



- Chapter 3 — "The Canal Flourishes during the Sui and Tang Dynasties (隋唐起運)": this chapter introduces the flourishing of the Grand Canal during the Sui and Tang Dynasties. The performance commences with the boat departing from the Spring and Autumn setting, towards a "Gateway of Time and Space (時空之門)" constructed through the interplay of mist, water curtains, and laser effects, forming a semi-transparent screen of light and shadow. The boat then proceeds along this illuminated passage, gradually entering the flourishing history of the Grand Canal during the Sui and Tang Dynasties. This is presented by live dancing with a performer, portraying a Chuanniang, elegantly dancing upon a projection stage opposite to the wharf and guiding visitors, through dancing, that the Emperor, Yang Guang, of the Sui Dynasty, was standing on his dragon boat and gazing toward the wharf, and during his era, Emperor Yang Guang ambitiously extended the canal and expanded his domain. The chapter was accompanied with rich narratives on how Emperor Yang Guang led the popularity of Chuanniang as a leisure activity. With advanced dynamic holographic projection and naked-eye 3D technologies (動態全息投影與裸眼3D技術視覺技術), the performance employs a fan-shaped water curtain as the backdrop, and through the 3D projections, the scene demonstrates how the Grand Canal, through trade and cultural exchange, brought unprecedented prosperity to the cities along its route, including Yangzhou.



The chapter continues with a live performance featuring the renowned Tang poet Li Bai, one of greatest lyrical geniuses in the history of China, who reclines at the bow of his boat, serenely reciting his celebrated verses "my friend said farewell to me at the Yellow Crane Tower in the west, amidst the blossoms of March, heading down to Yangzhou (故人西辭黃鶴樓，煙花三月下揚州)." This scene is accompanied with narratives introducing the literary legacy of Yangzhou which was appraised by over 150 poets in the Tang Dynasty in more than 400 poems. As Li Bai's boat drifts away, a large LED screen projects the images, names and verses of other poets who praised Yangzhou, along with the vibrant street scenes of the Tang Dynasty, recreating the city's historic cultural splendour.



- Chapter 4 — "The Canal's Continuous Prosperity during the Kangxi and Qianlong Eras (康乾大運)": this chapter explores Yangzhou's prosperity during the reigns of Emperors Kangxi and Qianlong of the Qing Dynasty. The scene starts with the boat transitioning from the Sui and Tang Dynasties through "Gateway of Time and Space" using 3D projection technologies to bring the historical scroll to life upon Xuningmen Bridge (徐凝門橋), which is adorned with laser effects that simulate golden ingots drifting from the sky and gradually transforming into grains of salt. The sides of the arches under the bridge are serving as screens, unfolding the prosperous Yangzhou and its economic ascent from Tang and Song Dynasties to Ming and Qing Dynasties. This chapter is accompanied with an actor acting as Emperor Qianlong reciting a poem about Yangzhou's scenic beauty, especially the enchanting landscape along the canal, expressing his desire for artists to draw detailed scrolls of the canal, capturing the opulent grandeur of the canal. The chapter is accompanied by narratives in the background, revealing the prosperous salt trading in Yangzhou in the Qing Dynasty which in turn prompted the thriving salt merchants in Yangzhou and fostered rapid social, economic and cultural development of Yangzhou, ushering in the city's third golden age. During that time, Emperor Kangxi visited Yangzhou six times during his southern tours, while Emperor Qianlong also toured the city six times and composed nearly 200 poems, demonstrating their appreciation for the city's beauty.



- Chapter 5 — "A Long Flow of Good Fortune (綿長好運)": this chapter is the concluding chapter where the boat proceeds through a visual spectacle created by a fibre-optic lighting, simulating a dreamlike landscape reminiscent of twinkling stars. This final chapter is presented as a duet, symbolizing the enduring legacy and continuous good fortune of Yangzhou as a city illuminated by the Grand Canal. The performance background is constructed through the integration of advanced 3D projection technology, special-effect lasers, and direct-flow water curtain systems, creating an immersive audio-visual environment. The performance stage further utilises special water effects and a cooling fog system, producing a futuristic atmosphere that delivers a dual feast for the senses and vision. This chapter demonstrated the history of Yangzhou from its initial rise in the Han Dynasty, which brought abundant goods and renown, through its peak prosperity in the Tang Dynasty, marked by widespread peace and glory, to its continued flourishing in the Qing Dynasty, characterized by lively trade and vibrant local life. Yangzhou's history is portrayed as a continuously flowing "river of good fortune," signifying the city's perpetual vitality, rooted in its rise through the Grand Canal and the enduring transmission of its cultural heritage.



By integrating rich history, poems and visual effects, the Grand Canal Yangzhou night show aspires to offer a culturally enriching experience that deepens our visitors' understanding of the enduring legacy of Yangzhou and its symbiotic relationship with the Grand Canal while evaluating visitors' perceived value of our services offering.

The Grand Canal Yangzhou night show runs three times daily from 18:00 to 21:00, subject to frequency adjustment during peak tourism seasons, and each show lasts about 60 minutes. The 60-minute show takes place between Bianyi Gate Square Wharf (便益門廣場碼頭) and Nanmen Ruins along a picturesque section of the Grand Canal with a total of 4.8 km waterways. We offer three types of themed boats to visitors for the Grand Canal Yangzhou night show, including small-sized premium pontoon boats, medium-sized imitation antique steel leisure boat and mega-sized modern yacht for visitors of different spending power and demand for personalized experience. In addition to our sightseeing boats, a typical show requires six performing boats positioned along the canal and which are specifically designed and decorated as boat-as theaters. These boats are used exclusively for performance only and will not be used for other water sightseeing boat services.

Projection, Operation and Intellectual Property Rights

To ensure the high quality of our Grand Canal Yangzhou night show, we engaged Yao Youguang, a connected person who is a professional service provider, specialized in the provision of show related services, including recruitment and management of performers. Pursuant to the contract with such party, (i) such party is responsible for making a performance plan, which shall include the schedule of performance sessions, timings, list of performing chapters and performers, and details of staff members involved in the show; and (ii) we are responsible for creating and providing the script contents for the show, and pay to such party fees for rehearsal, performance, costume and prop production as well as fees relating to their overall management and supervision of the show. Under the contract, we are also entitled to supervise and manage the execution of the performances.

In addition, we have an exclusive license from Yangzhou Cultural Investment Management Co., Ltd.* (揚州市文化投資管理有限公司) ("**Yangzhou Cultural Investment**"), an independent third party, to use the "Grand Canal Yangzhou (大運揚州)" trademark as the name of our night show for five years from October 1, 2024 to September 30, 2029. Upon the expiration of the aforementioned trademark license, we intend to renewal such license right with Yangzhou Cultural Investment. We believe that we will be able to renew such license right with Yangzhou Cultural Investment on substantially the same terms and conditions on the basis that (i) Yangzhou Cultural Investment has confirmed in written that it will renew the trademark license agreement with us on substantially the same terms and conditions, including the grant of free licence to us to use "大運揚州" as the name of our Grand Canal Yangzhou night show, (ii) we maintained a good working relationship with Yangzhou Cultural Investment during the contractual period, (iii) according to Yangzhou Cultural Investment, it currently does not have any plans or discussions regarding the termination or revocation of our license to use "大運揚州" trademark, and it does not foresee any legal impediments or other restrictions that would adversely impact its subsequently grant of the trademark license to us.

Licensing Requirements

Pursuant to applicable PRC laws and regulations, and considering our operation of the Grand Canal Yangzhou night show, we must hold a commercial performance license (營業性演出許可證) categorized as a performance brokerage agency (演出經紀機構) (the "**Performance Brokerage Agency License**") and obtain a permit (the "**Performance Organization Permit**") from the local cultural authority before launching the show. The Grand Canal Yangzhou night show was launched in October 2024, and from October 2024 to September 2025, we (i) did not hold the Performance Brokerage Agency License; instead, we operated the show under the inappropriate category of domestic literary and artistic performance group (文藝表演團體), and (ii) commenced the operation of the show without first obtaining the Performance Organization Permit. See "— Non-compliance" below.

Pricing, Ticketing and Revenue Recognition

The price for the Grand Canal Yangzhou night show is included in boat ticket price which is determined by us and designed to be transparent and accessible. According to local regulations, the boat ticket price for this show do not require approval by the pricing department of Yangzhou Government but must be filed with it for record. Boat ticket prices for the show are RMB158 per ticket for pontoon boats, imitation antique steel leisure boat and classical painted leisure boats or RMB168 per ticket for modern yachts, which are determined with reference to factors such as route length and boat type. Boat ticket prices for the Grand Canal Yangzhou night show include the price for the show itself. The prices are reviewed regularly by us to ensure that the price is competitive and accessible for visitors. From time to time, we may also offer promotional packages or "combo" tickets with other sightseeing services to enhance visitor experience. For further details about pricing of our boat tickets, see "— Pricing" below.

For ticketing and payment arrangement as well as the revenue recognition of the Grand Canal Yangzhou night show, see "— Ticketing" and "— Payment and Revenue Recognition" below.

Synergies

Since its launch, Grand Canal Yangzhou night show has delivered a range of positive impacts on local tourism, economy and cultural identity. It attracted a total of approximately 423,000 visitors since its launch up to the Latest Practicable Date. The show has a synergetic effect on the regional economy as it attracted more domestic and international visitors with increasing demand for related services such as restaurants, hotels and transport in Yangzhou and in turn contributing to the robust growth in local tourism industry and sparked new revenue stream. For the six months ended June 30, 2025, the total number of visitors stayed overnight in Yangzhou increased by approximately 16.3% compared to the same period in 2024, according to the statistical data published by the government of Jiangsu Province. The popularity of our Grand Canal Yangzhou night show also promoted other tourism spending in the region through cross-selling strategies. For example, we promoted a bundled ticket package combing boat ticket for the Grand Canal Yangzhou night show and the boat ticket for water sightseeing boat service within the Gaoyou City Lake Tourism Resort at a price of RMB168 per bundled ticket package for the period from January to October 2025, resulting in the sale of an aggregate 9,316 ticket packages, generating an aggregate revenue of approximately RMB1.4 million. In addition, the show requires certain number of dedicated performers, technical staff and support personnel which has created local employment opportunities, and the show's production requires our collaboration with local businesses such as design of boat-as-theatre and lighting, which further boosted the regional economy. According to Frost & Sullivan, the employment opportunities in the local cultural and entertainment industry has increased since late 2025.

By placing Yangzhou's stories and traditions at the center of a modern, engaging entertainment format, the Grand Canal Yangzhou night show has strengthened community pride and raised awareness of local heritage. Its popularity on social media and positive customers' reviews have enhanced Yangzhou's reputation as a cultural destination. For example, the widespread dissemination of the Grand Canal Yangzhou through national media platforms, such as the report titled Research in the New Era of China: Cultural China | Yangzhou, Jiangsu: The Fusion of Ancient and Modern Showcasing the Cultural Pulse of the Grand Canal Ancient City (《新時代中國調研行之文化中華｜江蘇揚州：古今交融展現運河古城文化脈動》) with the Grand Canal Yangzhou night show as a key feature published by Xinhua News Agency and the Joint Focus programme (《共同關注》欄目) of CCTV broadcasting a special report on the Grand Canal Yangzhou night show under the theme of New Spring Tourism Scenarios: Canal Culture Drives Diverse Experiential Consumption, Sightseeing Boat-as-Theater Performances Travel Through History, Grand Canal Night Tours Promote Consumption, generated significant attention and positive sentiment on social media, which has in turn contributed to a notable enhancement of Yangzhou's reputation as an attractive cultural destination. At the same time, the show also demonstrated our innovation capability in the water-based tourism industry through integrating traditional boat tours with live cultural and immersive performance, setting a benchmark for creative tourism experiences in the region and beyond.

The Grand Canal Yangzhou night show has demonstrated significant growth potential. Since the launch of the show in October 2024, revenue generated from the Grand Canal Yangzhou night show amounted to RMB3.4 million for the three months ended December 31, 2024, RMB29.5 million in 2025 and RMB18.1 million for the six months ended June 30, 2026, representing 3.1%, 24.9% and 25.3% of the total revenue generated from our water sightseeing business segment for the same periods, respectively. With ongoing enhancements in performance content and a commitment to quality, we believe that our Grand Canal Yangzhou night show is poised to remain a flagship attraction and "must-do" activity, continuing to drive our revenue growth and business expansion while supporting Yangzhou's pursuit as a leading cultural tourism destination and contributing to the preservation and celebration of its historic legacy, which in turn further enhance our market position in the cultural tourism industry.

Ticketing

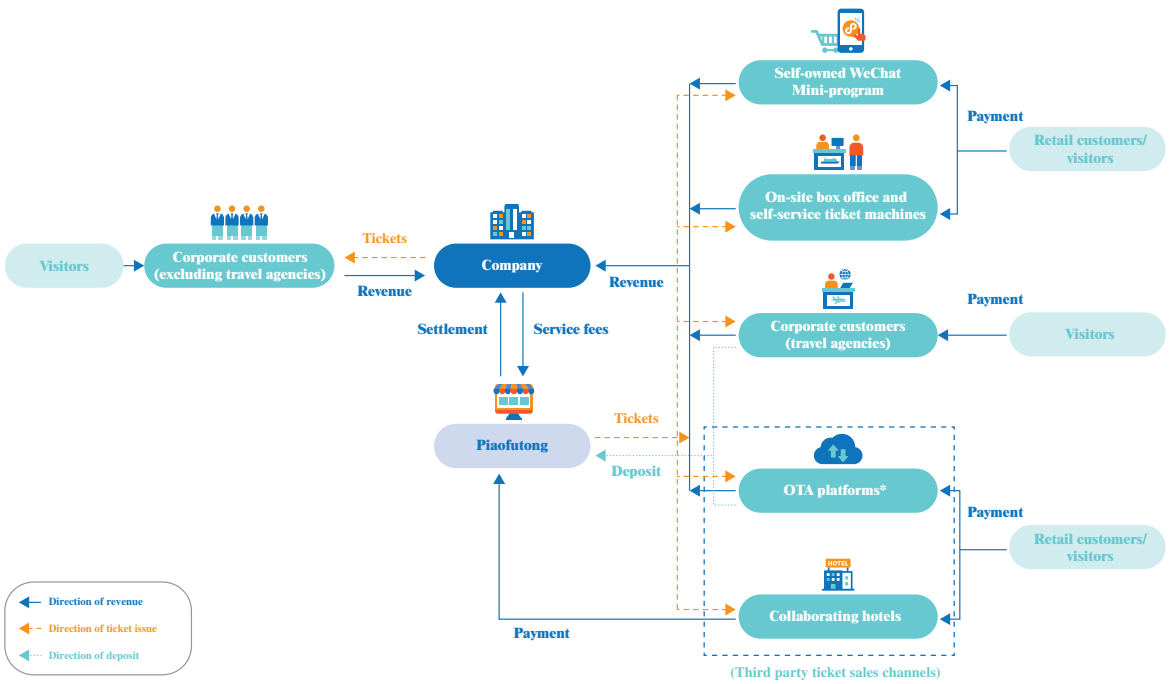
We sell our boat tickets to retail customers, including individuals and groups, (i) directly through on-site box offices and self-service ticket machines and our self-owned WeChat Mini-program "Yangzhou Slender West Lake Water Tour (揚州瘦西湖水上遊)" by cash or electronic payment, and (ii) indirectly through third party ticket sales channels including OTA platforms such as Meituan, Ctrip, Douyin and Tongcheng and collaborating hotels. We also sell our boat tickets directly to corporate customers, including travel agencies and other corporate customers, by way of wholesale. Since August

2017, except for boat tickets sold to a few collaborating hotels were settled through an independent ticketing platform, Piaofutong, all other boat tickets sold (i) to our retail customers through our self-owned WeChat Mini-program, third-party ticket sales channels including OTA platforms and collaborating hotels as well as on-site box offices and self-service ticket machines and (ii) to travel agencies as our corporate customers and other corporate customers were directly settled with us by way of bank transfer.

Piaofutong (票付通)

Piaofutong is a specialized third-party one-stop ticketing service provider and its platform is used by us to streamline the ticket issuance and management for our water sightseeing boat service business. It plays a vital role in the coordination and management of our ticket transactions across multiple channels and platforms, ensuring both efficiency and transparency of the ticket transactions. Piaofutong acts as an independent intermediary among us, ticket channels and visitors. Piaofutong offers a centralized ticketing management system where we shall upload our ticket inventory details, pricing and availability on Piaofutong which then synchronizes such details with our self-owned WeChat Mini-program, on-site box offices and self-service ticket machines (except for cash), travel agencies and across all third party ticket sales channels, including OTA platforms and collaborating hotels who agreed to participate in the *Piaofutong* network. When a customer purchases a boat ticket, either online, the purchase order will be directed to and processed via Piaofutong for ticket issue.

The following flowchart illustrates our boat ticket selling model:



* *OTA platform operated under Model B was not required to make a security deposit in the Piaofutong system. See "OTA platforms" below.*

According to the service agreement entered between us and Piaofutong in 2022 and 2023, (i) we paid to Piaofutong a fixed annual service fee of for the provision of its integrated, one-stop ticketing sales, distribution and settlement services; (ii) in relation to settlements conducted through Piaofutong, we shall pay a technical service fee equivalent to 0.5% of the settlement amount to Piaofutong, and we shall ensure that there are sufficient funds available in our designated account on Piaofutong to settle the payment of technical service fees; and (iii) in the event of insufficient funds resulting in Piaofutong's inability to successfully deduct the technical service fees from our account, we will not be able to successfully process ticket orders through the system. Typically, our service agreement with Piaofutong is entered into for a fixed term of one year. Upon expiry of the current service agreement, our Company and Piaofutong may, upon mutual agreement, enter into a new service agreement to continue the provision of the aforesaid ticketing-related services. During the Track Record Period and up to the

Latest Practicable Date, there was no incident where we were not able to process ticket orders through the Piaofutong system as a result of insufficient funds on the Piaofutong accounts of relevant customers or third party sales channels that led to Piaofutong's inability to deduct the technical service fees.

Our unified ticketing payment, issue and settlement approach through Piaofutong ensures that ticket prices are standardized across all ticketing platforms and ticket sale channels, and payments are settled in a timely manner, thereby building trust with both of our customers and our partners through the digitalized and efficient ticketing ecosystem.

Since December 2023, we also sell, issue and settle of our boat tickets through an advanced smart ticketing system, which was developed by Piaofutong in accordance with requirements set by Ctrip and us (the "**Offline QR Code Ticketing System**"). The Offline QR Code Ticketing System has already been set up in all of our operating areas, including the Shugang-Slender West Lake Scenic Area and the Ancient Canal Area, and includes the installation of access control devices, ticketing gate equipment and the deployment of corresponding ticketing software terminals, significantly enhancing our ticketing infrastructure. Pursuant to the arrangement among Piaofutong, Ctrip and us, Ctrip has exclusive operation right of the offline QR code ticket purchasing segment. This integrated approach runs parallel with Piaofutong, aiming to streamline our boat ticket issue and management processes and fostering a more efficient and intelligent ticketing ecosystem across service areas within our service network.

OTA platforms

We normally enter into cooperation agreement with OTA platforms for the sale of our boat tickets through such OTA platforms for a fixed period of one year, upon the expiration of which, parties shall enter into new agreement upon mutual agreement. During the Track Record Period, our cooperation with the OTA platforms can be categorized into two models, namely (i) model A ("**Model A**") where boat ticket purchase orders placed through OTA platforms are subject to a certain percentage of the boat ticket prices as service fees and/or commissions for such OTA platforms, which is determined based on marketing and distribution support provided by the relevant OTA platforms. and (ii) model B ("**Model B**"), i.e. the Offline QR Code Ticketing System, where boat ticket purchases orders placed through scanning offline QR code and settled via online platform provided by the OTA platform. Such OTA platform will obtain an agency service fees representing the difference between the recommended boat ticket price and the settlement price, if any. During the Track Record Period and up to the Latest Practicable Date, we only had one OTA platform under Model B and no agency service fees was paid by us to such OTA platform given the recommended boat ticket price and the settlement price were the same. The service fees and/or commission under Model A were accounted for selling and distribution expenses in our financial statement.

Under Model A and since November 2023, majority of our OTA platforms are required to pay us an upfront security deposit for the purchase of boat tickets from us; and the other OTA platforms are not required to pay us an upfront security deposit but they agreed to automatically settle their boat ticket orders placed with us through Piaofutong within five days upon confirmation of the actual boat ticket orders by both parties. Prior to November 2023, OTA platforms who were not required to pay us an upfront security deposit were required to settle their boat ticket orders within 15 days upon confirmation of the actual boat ticket orders by both parties. Under Model A, we agreed to authorise those OTA platforms to conduct online advance reservations for boat tickets through their respective sales networks and channels, and the OTA platforms agreed to deposit RMB1,000 as security for purchase of our boat tickets in the Piaofutong system.

Under our current arrangement with the OTA platforms under Model A, when a visitor reserves a boat ticket via such OTA platform, the visitor is required to make payment for the ticket directly to the OTA platform at the time of reservation. The OTA platform, in turn, transmits the list of pre-booked visitors to us through *Piaofutong* or other agreed means in accordance with the terms of the relevant cooperation agreement. On the day of the visit, visitors are not required to collect physical tickets; instead, they use the QR code for seamless admission to take our boats. The cooperation agreements set out the discounted online reservation price and the corresponding settlement price, which is the preferential rate agreed between us and each OTA platform. The difference between the online reservation price and the settlement price constitutes the commission payable to the relevant OTA platform for its ticketing services. Tickets purchased through such OTA platforms are also subject to certain service fees out of the ticket price to be charged by such OTA platforms.

Under Model B, such OTA platform offer offline QR code to on-site visitors and direct them to purchase boat tickets instantly through the online platform operated by such OTA platform, we do not require upfront security deposit from it. In this case, we agreed to provide reception and related services to tour groups and individual visitors with customised requirements introduced by such OTA platform

and agreed to reserve, arrange and provide all or part of the tourism products as requested by such OTA platform for visitors who booked boat tickets through such OTA platform, and we also agreed to appoint such OTA platform to act as our sales agents, authorising it to sell our boat tickets through its respective sales channels, including designated third-party online platforms as determined by it. Under current arrangement with the OTA platforms under Model B, such OTA platform is required to adhere to the recommended boat ticket prices as stipulated by us and observe the agreed settlement prices. The difference between the recommended boat ticket prices and the settlement prices represents the profit of the OTA platform for its agency services.

In 2023, 2024 and 2025 and the six months ended June 30, 2026, our revenue derived from OTA platforms under Model A was RMB10.8 million, RMB5.6 million, RMB8.4 million and RMB4.3 million, respectively; and our revenue derived from OTA platforms under Model B was RMB1.2 million, RMB16.2 million, RMB32.8 million and RMB20.7 million, respectively.

Collaborating hotels

We normally enter into cooperation agreement with collaborating hotels for the sale of our boat tickets for a fixed period of one year, upon the expiration of which, parties shall enter into new agreement upon mutual agreement. Pursuant to the cooperation agreement, it is agreed that (i) we shall sell bundled boat tickets to the collaborating hotels via Piaofutong platform and each collaborating hotel shall be provided a unique self-managed account on Piaofutong platform, and (ii) the collaborating hotels shall submit an all-channel sales report to us on monthly basis and strictly adhere to our Company's pricing control policies, including real-time inspection on their pricing implementation. In terms of our cooperation with collaborating hotels for the sale of boat tickets for the Grand Canal Yangzhou night show, collaborating hotels shall have their own account on Piaofutong and pay us instantly on each order, and they shall also charge certain service fees which were deducted directly from the boat ticket sales amount prior to their settlement with us.

The following table sets out a breakdown of our revenue from sales of sightseeing boat tickets from different sale channels, each expressed in an absolute number and as a percentage of our total revenue generated from water sightseeing boat services, for the periods indicated:

	Year ended December 31						Six months ended June 30			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Direct Sales										
— On-site box offices and self-service ticket machines	78,929	83.0	68,189	71.0	70,187	59.3	44,639	61.7	42,906	59.9
— Corporate customers (including travel agencies)	3,980	4.2	4,625	4.8	5,887	5.0	3,680	5.1	3,407	4.8
— Self-owned WeChat Mini-program	54	0.1	400	0.4	60	0.1	7	—*	67	0.1
Sub-total	*82,963*	*87.2*	*73,214*	*76.2*	*76,134*	*64.4*	*48,326*	*66.8*	*46,380*	*64.8*
Third party sales channels										
— OTA platforms	11,955	12.6	21,871	22.8	41,121	34.8	23,239	32.1	24,961	34.9
— Collaborating hotels	181	0.2	961	1.0	942	0.8	777	1.1	235	0.3
Sub-total	*12,136*	*12.8*	*22,832*	*23.8*	*42,063*	*35.6*	*24,016*	*33.2*	*25,196*	*35.2*
Total	**95,099**	**100.0**	**96,046**	**100.0**	**118,197**	**100.0**	**72,342**	**100.0**	**71,576**	**100.0**

* *less than 0.1%*

Third party sales channel management

We have a robust and systematic approach in place to manage our third party sales channels. We set up designated account in the Piaofutong system for each of our third party sales channels for a streamlined ticket issue and management process. For OTA platforms who are required to pay upfront security deposit, we are able to manage their security deposit fund in the Piaofutong system and verify their transactions conducted. For collaborating hotel who can top up fund in their designated account in the system at their discretion, we are able to monitor the transactions conducted through their accounts.

With a goal to cultivate a broad and vibrant ticket sale network and in line with the industry practice, we do not have rigid or pre-determined selection criteria for engagement with OTA platforms or collaborating hotels for ticket sale. However, we monitor the performance of each ticket sales channel on an ongoing basis, leveraging technology and data analytics to assess ticketing patterns, visitor preferences and the operational effectiveness of our ticket sales channels. This allows us to make timely response to adjust or terminate our relationships with ticket sales channels based on performance results and market developments. Meanwhile, we are also actively expanding the range of OTA platforms and collaborating hotels to further expand our ticket sales channels, increase our sales amount across different sales channels and our market share, enhancing our market position.

We adopt a unified ticket pricing policy across all of our ticket sales channels, which is contractually regulated and strictly enforced. All contracted OTA platforms and collaborating hotels must adhere to ticket prices approved by us, fostering a consistent and transparent ticketing ecosystem. The implementation of unified ticket pricing policy is also reinforced through Piaofutong. We believe that our established resilient, efficient and customer-oriented ticket sales channel network will continue to support our business objectives and reinforcing our market position. All of our third party ticket sale channel partners are independent third parties.

The table below sets out the number of our third party ticket sales channel partners as of the periods indicated:

	Year ended December 31,			Six months ended June
	2023	2024	2025	30, 2026
OTA platforms	4	4	4	4
Collaborating hotels	3	4	4	3
TOTAL	**7**	**8**	**8**	**7**

Refund

In relation to the sale of our water sightseeing boat tickets, our Company has established a refund policy based on the principles of complete documentation, status verification, authorized approval, prompt processing and clear record, and all refund requests must be reported in the designated refund group and may only be executed after obtaining the necessary approvals. We generally agree to refund "unused" tickets (i.e., tickets purchased through all channels that have not been used by visitors) and will process the refund request in a timely manner on the conditions that the refund reason, mobile number of relevant visitor, number of refund tickets and value amount are clearly documented. All refund requests will be processed online through our designated refund group, being our internal refund processing team, consisting of ticket clerks, team leader (中心班組長) and all employees of water sightseeing boat service department (遊船經營工作部) for relevant manager's approval. The ticket clerks will collect the relevant refund information, including reason(s), and submit such information to the team leader for review. Upon review, the refund request will be submitted to the water sightseeing boat service department for review. The manager of the department will determine whether to approve or reject the refund. Upon approval, the refund amount (i.e., the actual ticket payment amount) will be returned to visitor or credited to the visitor's original payment account in a timely manner.

We would generally approve refund requests for reasons such as itinerary changes, incorrect ticket purchases, duplicate purchases, weather conditions or unexpected personal circumstances, subject to checking with our ticket clerks. However, we may reject a refund request where the ticket holder requests a refund without providing any reason, or where the refund reason provided is inconsistent with the circumstances verified by our ticket clerks. There is no difference in refund policy among different types of customers. In addition, our Company also grants refunds in case of (i) force majeure such as sudden severe weather (such as thunderstorms, strong winds, heavy fog), natural disasters, public health incidents, etc., that result in full or partial suspension of sightseeing boat services, (ii) unexpected visitor incidents such as sudden illness, injury, or other accidents after ticket verification, (iii) operational reasons such as where visitors experience excessive waiting time or are unable to board as scheduled due to unexpected boat malfunctions or excessive visitor volume during peak seasons, (iv) visitor complaints on our service quality and such complaints cannot be remedied on-site, and (v) other special circumstances as determined by the relevant boat operation teams.

During the Track Record Period, we recorded a total number of 184, 2,331, 6,689 and 3,676 refund requests for boat tickets, all of which were approved and duly processed, representing an aggregate of ticket value amount of approximately RMB19.5 thousand, RMB99.4 thousand, RMB440.3 thousand and RMB345.1 thousand, respectively, representing less than 0.1% of the total revenue from our water sightseeing boat service business segment in 2023 and 2024 and approximately 0.4% of the total revenue from our water sightseeing boat service business segment in 2025 and 0.5% the six months ended June 30, 2026, respectively. The significant increase in refund requests throughout the Track Record Period was primarily attributable to the growing adoption of OTA platforms and the Offline QR Code Ticketing System for ticket purchases from 2024 to 2025. In contrast to the historical on-site ticketing model, which was associated with lower refund rates, these digital channels offer visitors greater flexibility to purchase tickets in advance and initiate self-service refunds via mobile devices in the event of unforeseen itinerary changes. During the Track Record Period and up to the Latest Practicable Date, we had not encountered any issues with counterfeit tickets. We have not encountered any material disputes or litigation arising from refund requests during the Track Record Period and up to the Latest Practicable Date.

We believe that our refund policy is adequate and effective in addressing the legitimate concerns of visitors while safeguarding our Company's operational and financial interests. The Directors have considered the historical pattern of refund requests and the aggregate historical amounts refunded, and are of the view that the historical refunds during the Track Record Period have not had, and are not expected to have, any material adverse impact on our Group's financial performance or position. Our Directors are of the view that the systematic procedures and controls embedded in our refund policy will minimize the risk of abuse and ensure that refunds are granted only in justified circumstances, thereby maintaining a prudent balance between visitor satisfaction and financial performance. Further, as advised by our industry consultant, Frost & Sullivan, our refund policy is in line with the industry practice.

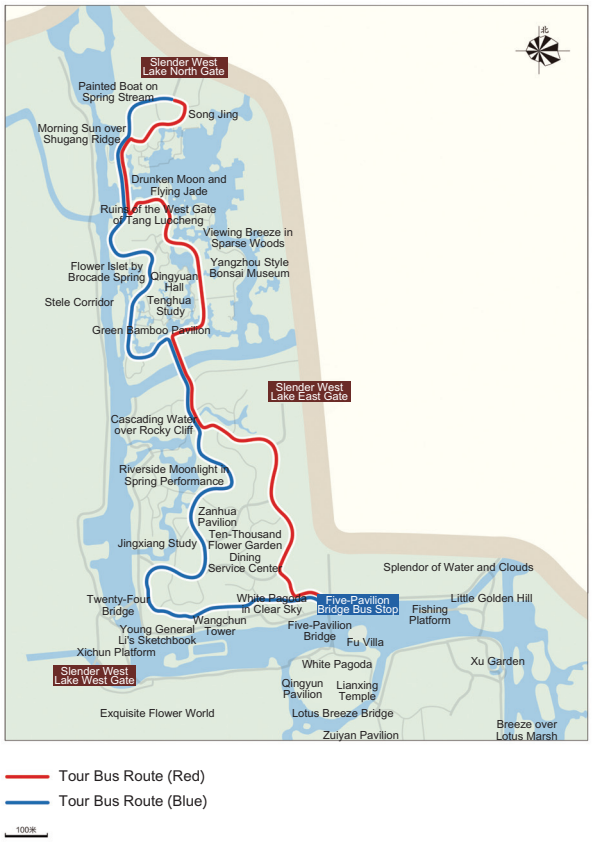
Payment and Revenue Recognition

We generally require full payment before we issue boat tickets to our customers, except for some long-standing and good credit corporate customers. During the Track Record Period, except for tickets sold to a few collaborating hotels which were settled through Piaofutong, all other tickets sold (i) to our retail customers through our self-owned WeChat Mini-program, third party ticket sales channels including OTA platforms and collaborating hotels as well as on-site box offices and self-service ticket machines and (ii) to travel agencies as our corporate customers and other corporate customers were directly settled with us by way of bank transfer. Revenue is recognised once visitors have boarded our sightseeing boats and the water sightseeing boat services have been completed.

SIGHTSEEING TOUR BUS SERVICE BUSINESS

We are committed to enhancing our service offerings by implementing the "water + land" interconnectivity initiative. Driven by this initiative, in August 2022, we extended our service to land by offering sightseeing tour bus services in the designated tour routes within the Shugang-Slender West Lake Scenic Area, offering our visitors with a seamless travel experience that combines both water-based and land-based tours. By integrating land-based sightseeing bus tours and water-based sightseeing boat tours, we are able to cater to a broader range of visitor preferences and deliver a more comprehensive sightseeing services. Our offering of sightseeing tour bus service, combined with our principal water sightseeing boat service, further diversifies our customer portfolio and strengthens our competitive position in the cultural tourism market.

The map below demonstrates our sightseeing tour bus routes within the Shugang-Slender West Lake Scenic Area:



Exclusive Operation Right, Service Areas and Designed Tour Routes

We have a 20-year exclusive operation right for sightseeing tour buses on the designed northern route in the Slender West Lake Scenic Area (瘦西湖景區內北線) and in the Sanwan Scenic Area of the Grand Canal (運河三灣景區內) within the Shugang-Slender West Lake Scenic Area (the "**Designated Tour Routes**"). In July 2022, we successfully bid for the exclusive operation right for sightseeing tour buses on the Designated Tour Routes, and on July 26, 2022, our Company (as the Grantee) and the Shugang-Slender West Lake Administrative Committee (as the Grantor) entered into the 2022 Concession Agreement, pursuant to which our Company obtained a 20-year exclusive operation right on the Designated Tour Routes for the period from August 1, 2022 to July 31, 2042. Further details of the 2022 Concession Agreement are set out below:

Principle terms

Pursuant to the 2022 Concession Agreement, the Grantor shall grant to us the exclusive right to operate sightseeing tour buses on the Designated Tour Routes. Such exclusive rights shall also extend to the operation of sightseeing bus stations, charging rooms and other ancillary facilities in the designated area within the Shugang-Slender West Lake Scenic Area.

Fees and payment

During the term of the 2022 Concession Agreement, we shall pay to the Grantor an annual license fee of RMB200,000 for the first year as the base license fee. The annual license fee shall be increased by 10% every three years thereafter.

We shall pay the annual license fee for the preceding year to the Grantor on or before August 1 of the following year. If we fail to pay the license fees within three months after the due date, the Grantor shall be entitled to terminate the 2022 Concession Agreement and hold us liable for breach of contract.

Renewal

Before the expiration of the 2022 Concession Agreement, if we wish to continue to have such operation right, we are entitled to renew the operation right for sightseeing tour buses on the Designated Tour Routes, subject to the satisfaction of the same terms and conditions through a public tender process, provided that we have not breached any term of the contract during the term of the 2022 Concession Agreement. we should be the first choice during the public tender process if we are more or equally qualified under the terms and conditions of the public tender.

Termination

During the effective term of the 2022 Concession Agreement, if we elect to unilaterally terminate the agreement, we shall submit a written application to the Grantor at least three months in advance. Prior to the Grantor's approval of the termination, we shall ensure the continued provision of normal operational services. If we engage in unauthorized sub-letting, sub-contracting or lending of the operating premises, or is deemed to have breached the 2022 Concession Agreement pursuant to relevant its relevant terms, the Grantor shall be entitled to terminate the agreement. Upon such termination, the Grantor is entitled to require us to compensate for all losses arising from such unauthorized sub-letting, sub-contracting or lending and/or claim further damages against us.

According to the interview conducted with the Shugang-Slender West Lake Administrative Committee, the competent authority for operation right of sightseeing tour bus service in the Shugang-Slender West Lake Scenic Area, on September 19, 2025, it is confirmed that, as at the date of the interview, (i) to its knowledge, there are no other qualified or capable companies in Yangzhou that could replace us for the sightseeing tour bus operation in the Shugang-Slender West Lake Scenic Area, (ii) our Company is a high quality cultural tourism enterprise with a sustainable business model and growth potential, (iii) there has been no discussions or plans to introduce any other operator of sightseeing tour bus service within the Shugang-Slender West Lake Scenic Area, according to the Enterprise High-quality Development Rules of the Shugang-Slender West Lake Scenic Area, (iv) it has no intention to revoke or reallocate the operation right for sightseeing tour bus service within the Shugang-Slender West Lake Scenic Area, (v) although the Company is required to obtain or renew the operation right through a public tender process upon the expiration of the 2022 Concession Agreement, the Company can successfully renew its operation right and there is no foreseeable event that would prevent our Company from securing the exclusive operation right for sightseeing tour bus service within the designated Shugang-Slender West Lake Scenic Area, and (vi) given its satisfaction on our Company's operation, it is willing for our Company to continue to operate the sightseeing tour bus service within the designated Shugang-Slender West Lake Scenic Area on an exclusive basis.

Having considered that (i) the competent authority, Shugang-Slender West Lake Administrative Committee, has expressed its satisfaction to our services and willingness for us to continue to operate the sightseeing tour bus service within the designated Shugang-Slender West Lake Scenic Area on an exclusive basis, and confirmed that it has no intention to revoke or reallocate the operation right of sightseeing tour bus service within the designated Shugang-Slender West Lake Scenic Area, (ii) as

acknowledged by the Shugang-Slender West Lake Administrative Committee, currently, we are the only qualified operator with accumulated experience in sightseeing tour bus service operation within the designated Shugang-Slender West Lake Scenic Area, (iii) currently, we are the exclusive operator for sightseeing tour bus service within the designated Shugang-Slender West Lake Scenic Area with zero incidents and without any material disputes with or complaints from customers or visitors, and (iv) based on our qualification, experience and operation history, we believe, as confirmed by the Shugang-Slender West Lake Administrative Committee, that there is no foreseeable event that would prevent our Company from securing the exclusive operation right for sightseeing tour bus service within the designated Shugang-Slender West Lake Scenic Area, our Directors (i) believe that we are able to renew the sightseeing tour bus operation right under the 2022 Concession Agreement upon its expiry and are confident that we would be able to successfully win the bid in the public tender process, and that the relevant exclusive operation right will be renewed upon its expiry, and (ii) are of the view that the risk of an early termination of the 2022 Concession Agreement is low. Based on the above-mentioned and the independent due diligence work performed by the Sole Sponsor, nothing has come to the attention of the Sole Sponsor that would lead them to cast doubt on the Directors' confirmation with regard to (i) the Company's ability to renew the sightseeing tour bus operation right under the 2022 Concession Agreement upon its expiry, and (ii) the risk of an early termination of the 2022 Concession Agreement being remote.

In addition, to the best knowledge of our Directors, having made due enquiry, there are no known or potential changes in governmental policies, urban planning, environmental regulations or other regulatory developments that may affect our ability to continue operating sightseeing tour bus service within the Shugang-Slender West Lake Scenic Area.

We operate our sightseeing tour bus services on the Designated Tour Routes for a total of 8.0 kilometers with two designed tour routes: (i) red tour route, a 20-minute one-way tour route of approximately 4.0 kilometers, with departures at North Gate (北大門) and ends at Five Pavilion Bridge (五亭橋) and passes through six scenic spots such as Drunk Moon Flying Jade Bridge (醉玥飛瓊橋) and Jinquan Flower Island (錦泉花嶼); and (ii) blue tour route, a 20-minute one-way tour route of approximately 4.0 kilometers, with departures at Five Pavilion Bridge and ends at North Gate, passes through six scenic spots such as 1757 Food Plaza (1757美食廣場) and Yangzhou Bonsai Museum (揚派盆景博物館).

We carefully designed our tour bus routes to connect with our water tour routes as well as other iconic attractions within relevant areas, enabling visitors to enjoy a more comprehensive "water + land" interactive sightseeing experience, fully immersing themselves in the beautiful scenery of the areas and canal attractions in Yangzhou while maximizing our utilization rate of our tour buses and the tour routes. We regularly review and update our tour route designs to reflect changes in visitor flow, seasonal demand and feedback from visitors.

Tour Bus Portfolio

We only have one type of tour bus, which is a 14-seat electronic tour bus, to offer visitors a convenient transition while immersing themselves in the unique and distinguished scenery along the tour routes. As of December 31, 2023, 2024 and 2025 and June 30, 2026, we had a total of ten, 24, 25 and 28 tour buses. The overall increase in the number of our tour buses during the Track Record Period are in line with our sightseeing tour bus service business growth during the same period.





We purchased all of our tour buses from independent tour bus manufacturing companies. All of our tour buses are self-owned, ensuring that we have complete control over the quality, safety and availability of our tour buses, which also enables us to efficiently schedule maintenance, implement upgrades and adjust our operations in response to visitors' changing demand or trends in the cultural tourism industry, such as more staff shifts and increased frequency of tour bus operations for tourism peak season and festival events.

In 2023, 2024 and 2025 and the six months ended June 30, 2026, the revenue generated from our sightseeing tour bus service business segment amounted to RMB7.6 million, RMB9.2 million, RMB17.7 million and RMB8.9 million, accounting for approximately 6.9%, 8.3%, 12.5% and 10.7% of our total revenue for the periods, respectively, representing a CAGR of approximately 52.5% from 2023 to 2025.

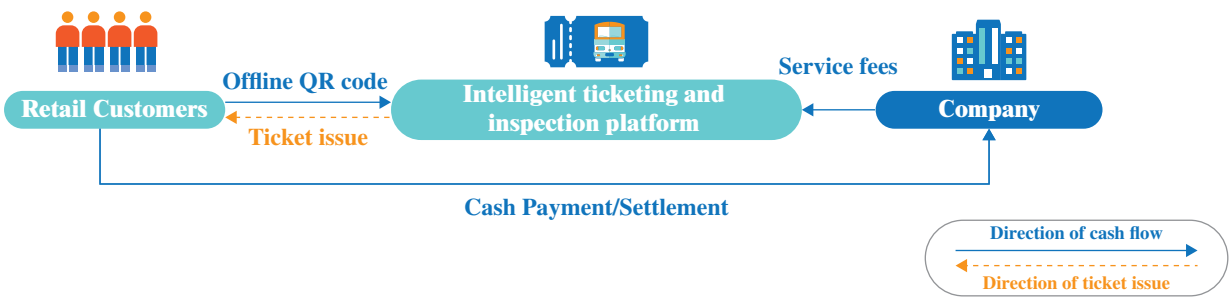
By offering integrated "water + land" sightseeing options and with sufficient number of tour buses, focusing on visitor convenience and safety, we position ourselves as a leader in the regional tourism industry in Jiangsu Province. Through our dedicated service and long-term commitment to quality and innovation, we ensure that our visitors receive a memorable and comprehensive sightseeing experience.

Ticketing, Payment and Revenue Recognition

Ticketing

We sell our sightseeing tour bus tickets principally through an intelligent sightseeing tour bus ticketing and inspection platform (system) (觀光車智能化售檢票平台(系統)), a smart ticketing system specially designed to optimize the ticket issue and validation process for our sightseeing tour bus service operations, which was developed in collaboration with an independent ticketing and payment solution provider, Lakala Payment Co., Ltd.* (拉卡拉支付股份有限公司). The system offers an electronic ticketing process, enabling our visitors to have seamless self-service ticket purchase experience and us to efficiently validate the tour bus tickets for visitors. In addition, the third party payment solution provider also provided us multiple lightweight on-board ticket inspection terminals which are installed on our tour buses. By integrating advanced electronic ticketing and onboard validation technology, the system significantly enhances our operational efficiency, improves the accuracy of ticket sales data, and ensures a seamless ticketing purchase experience of our visitors.

The following flowchart illustrates our sightseeing tour bus ticket selling model:



Refund

During the Track Record Period and prior to the adoption of the intelligent sightseeing tour bus ticketing and inspection system in March 2025, we sold our sightseeing tour bus tickets through on-site box offices or other means immediately before the purchasers getting on the tour bus for departure.

In relation to the sale of our sightseeing tour bus tickets, we general agree to refund "unused" tickets in two circumstances, (i) where a purchaser purchased a ticket through QR code scanning but has not yet validated or used, the purchaser may initiate refund request through designated WeChat Mini-program, which allows the purchaser to complete the refund process independently; and (ii) where a purchaser purchased an incorrect ticket and subsequently completed the QR code validation which confirms the "usage" status of the ticket, a ticket refund request may only be processed upon the tour bus driver submitting his ticket purchase proof to the head of the sightseeing tour bus business unit for

verification on the grounds for the refund and, if deemed appropriate, the supervisor will effectuate the refund through our internal system. Refunds, and upon approval in the case of (ii), will ordinarily be returned to the original payment account of the purchaser.

Since the commencement of our sightseeing tour bus business in August 2022 to March 2025, all tour bus tickets were sold on site immediately before departure, and there were no refund before March 2025. Following the adoption of the intelligent sightseeing tour bus ticketing and inspection system in March 2025, a total of 990 tour bus tickets were refunded during the six months ended June 30, 2026, all of which were unused tickets and duly approved and processed, representing an aggregate ticket value of RMB25,060, accounting for approximately 0.3% of the total revenue from our sightseeing tour bus service business segment for the same period. During the Track Record Period and up to the latest Practicable Date, we had not encountered any counterfeit tickets.

We believe that our refund policy is adequate and effective in addressing the legitimate concerns of visitors while safeguarding our Company's operational and financial interests. The Directors have considered the historical pattern of refund requests and the aggregate historical amounts refunded, and are of the view that the historical refunds during the Track Record Period have not had, and are not expected to have, any material adverse impact on our Group's financial performance or position. Our Directors are of the view that the systematic procedures and controls embedded in our refund policy will minimize the risk of abuse and ensure that refunds are granted only in justified circumstances, thereby maintaining a prudent balance between visitor satisfaction and financial performance. Further, as advised by our industry consultant, Frost & Sullivan, our refund policy is in line with the industry practice.

Payment and revenue recognition

We generally require full payment before we issue tour bus tickets to our customers. During the Track Record Period, all of tour bus tickets sold through intelligent sightseeing tour bus ticketing and inspection platform (system), were settled by way of bank transfer. Revenue is recognised when they board our sightseeing tour buses and we complete the provision of our sightseeing tour bus services.

PRICING

Our pricing strategy balances regulatory requirements, operational costs, and market competitiveness. According to the Notice on Implementing the Jiangsu Province Measures for the Administration of Scenic Area Ticket Prices and Related Service Prices (Yangfa Gaijia Fa [2023] No. 346) (《關於貫徹落實江蘇省景區門票和相關服務價格管理辦法的通知》(揚發改價格發[2023]346號)) ("**Jiangsu Pricing Notice No. 346**"), service prices within scenic areas shall not exceed the government-guided highest prices or implement self-determined market prices, details of which are set out below:

Government-guided highest prices

The Jiangsu Pricing Notice No. 346 is mandatory and states that prices of transportation services with monopolistic nature within scenic areas shall not exceed the government-guided highest prices. Transportation services with monopolistic nature within scenic areas is not defined in the aforementioned notice. As advised by our PRC Legal Adviser, having considered the Notice on Further Strengthening the Administration of Scenic Area Prices issued by the General Office of the National Development and Reform Commission in December 2023 (Fa Gai Ban Jia Ge [2023] No. 964 (《關於進一步加強景區價格管理有關工作的通知》(發改辦價格[2023] 964號) and similar regulations in other regions, transportation services within scenic areas would generally be subject to government pricing administration only if they simultaneously possess the features of (a) *monopoly over resources*, i.e., the service is provided based on the unique natural resources or administrative authority of the scenic area, and the operator has an exclusive position such that external operators cannot enter the market or provide substitutes; (b) *general necessity*, i.e., the service is generally required by visitors to complete sightseeing within the scenic area or along a specific route, or is expressly identified under relevant regulations as having such feature; and (c) *non-substitutability*, i.e., due to the specific geographical

environment of the scenic area, such as water areas, airspace or designated roads, visitors cannot achieve the same sightseeing effect by walking, using their own transportation tools or using other alternative transportation services. In addition, operating recreational facilities, amusement projects and guide services within scenic areas that are voluntarily selected by visitors shall be subject to market-regulated pricing, and the operators may determine the prices independently. We received pricing notices from the competent pricing department in Yangzhou, expressly requiring that the tour guide services and self-driving boat services and other leisure and entertainment projects shall be subject to market-regulated pricing, to be independently determined with adequate public announcement on prices, and that chartered boat services within the Slender West Lake Scenic Area shall be negotiated on a case-by-case basis.

On the basis of the above, (i) our chartered boat services and chartered tour bus services; (ii) our self-driving boat services; and (iii) the Grand Canal Yangzhou night show do not possess the features of general necessity and non-substitutability required to be subject to government pricing administration, and fall within the leisure and entertainment projects as prescribed in leisure and entertainment projects under the relevant pricing document. Furthermore, the Grand Canal Yangzhou night show does not have monopolistic nature given that (i) the show and the sightseeing boats are operated in public waters, which is not exclusive in nature; and other qualified operators, subject to the fulfillment of qualification and licensing requirements, can also operate other shows and sightseeing boats in the same area and we are currently the only qualified operator in Yangzhou, and (ii) access to the show itself is not restricted to sightseeing boats only and visitors in the Ancient Canal Area are not required to purchase any entrance tickets and the show is performed in a public area; and sightseeing boat is the best means to watch the show with immersive experience. Accordingly, we can independently determine the prices for such services which are considered of leisure and entertainment nature.

By contrast, our standard water sightseeing boat services and sightseeing tour bus services satisfy visitors' transportation needs for sightseeing within the relevant scenic areas or along specific routes, and the prices for our water sightseeing boat services offered in water areas with transportation functions such as boat ticket prices for the Qianlong Imperial Water Tour Route, the Northern Ancient City Moat Water Tour Route, the Songjiacheng Water Circular Island Tour Route, the Baozhang Lake Water Tour Route and the Ancient Canal Water Tour Routes for shared services, and our sightseeing tour bus services for shared services shall be subject to the highest price approved by the Development and Reform Bureau of Yangzhou Government and go through thorough cost analysis and collective reviews conducted by relevant pricing department of Yangzhou Government, including consultations with relevant operators, to ensure that the prices are transparent and reasonable, reflecting the operational costs and in the interests of the consumers.

The Yangzhou Development and Reform Committee will set or adjust the highest price in the following circumstances: (i) when a new monopolized water tour route is proposed to be developed for commercial operation and prior to its operation, the committee will issue the highest price, and (ii) where our service offering is substantially changed or our operation costs are significantly increased, resulting in material adverse impact on our business operations, we may submit an application to the Yangzhou Development and Reform Committee for the re-assessment of the highest price, for the purpose of safeguarding the long-term stability and sustainability of our business operation. Any adjustments of ticket prices that are within the highest price do not require prior approval of the regulatory authority. During the Track Record Period, we have never adjusted our ticket price above the highest price set by the governmental authority. When determining the final ticket price, we take into account the local economic conditions and the disposable income of our target visitors so as to ensure that our ticket prices remain competitive and accessible to a broad range of visitors while maximizing our revenue.

During the Track Record Period and up to the Latest Practicable Date, the Yangzhou Development and Reform Bureau did not make any adjustment to the highest prices it set and neither has our Company applied to the bureau for a re-assessment of and adjustment to the highest prices set.

Our Directors are of the view that the government-set highest price mechanism does not have material impact on the pricing of our services or products, on the basis that (i) the underlying mechanism of government-set highest price is to provide an industry-wide pricing regulation guidance with the objectives to maintain an orderly market and safeguard consumer rights, rather than intervening the business operation of market players or pricing decisions, and (ii) our Company has been strictly adhering to a market-driven pricing approach, pursuant to which we have taken into account factors such as market demand, operation costs, operational efficiency and the competitive landscape of the industry in determining our boat ticket prices, so as to ensure our prices comply with regulatory requirements and remain competitive in the market. In addition, our Directors are of the view that the above pricing regulations have no material impacts on our pricing flexibility or profitability, having considered that (i) the differences between our final prices and relevant government-set highest prices represent pricing flexibility permitted under regulations to provide a "pricing buffer margin" for the industry to respond to exceptional market fluctuations or significant increase in costs, rather than constraining business decisions, (ii) the government-set highest prices are generally above the prevailing industry average pricing levels, and (iii) our Company's historical financial results achieved under such market-driving pricing strategy, together with our Company's effective cost control measures and business development strategies, demonstrated that our Company's profitability remains resilient and unaffected by the government-set highest prices and the pricing difference mentioned in (i).

Self-determined prices and fees

For chartered boat service, chartered tour bus service, self-driving boat service and sightseeing boat services for the Grand Canal Yangzhou night show, they are considered of leisure and entertainment nature and we can determine their prices independently. Further, our service prices are also subject to mutual negotiation between us and the customer(s), taking into account the customers' personalized requirements, such as the type and size of the boat or the number of tour bus(es), the specific tour route, duration of service, operational costs, current market conditions, and any special requirements from the customer(s). In addition, in determining our service prices, we also take into account relevant government policies or regulations or guidance on general pricing for the broader tourism industry, for example, the Guiding Opinions of the National Development and Reform Commission on Improving the Pricing Mechanism for Entrance Tickets of State-owned Scenic Areas and Reducing the Entrance Ticket Prices of Key State-owned Scenic Areas (Fa Gai Jia Ge [2018] No. 951)* (《國家發展改革委關於完善國有景區門票價格形成機制降低重點國有景區門票價格的指導意見》) issued by the National Development and Reform Commission in June 2018 and the Opinions of the General Office of the State Council on Further Stimulating the Potential of Cultural and Tourism Consumption (Guo Ban Fa [2019] No. 41)* (《國務院辦公廳關於進一步激發文化和旅遊消費潛力的意見》(國辦發[2019]41號)) issued by the State Council in August 2019 which encourage price reductions for entrance ticket prices for scenic areas. Our boat and tour bus tickets are not entrance tickets for scenic areas and therefore shall not be subject to such policies; however, we will take those general

pricing policies or regulations into consideration in determining the prices of our boat and tour bus tickets. Such general pricing policies for related service offerings (i) provide valuable reference for us to form a diverse competitive and attractive pricing strategies, and (ii) allow us to have better understanding on the market expectations and consumer preferences, and by incorporating similar pricing strategies in our business operation, we could enhance our competitiveness in the broader tourism industry, further our engagement with wider community, and align our service offerings with prevailing regional practices, ultimately helping to attract a broader customer base and increase overall visitor satisfaction. Therefore, our Directors are of the view that such general pricing policies, regulations or guidance for the broader tourism industry serve as a valuable guidance for the industry trend and taking these factors into our price determination mechanism is beneficial to our Company to make timely adjustment to our pricing policy and ticket prices and fees so as to maintain our competitiveness in the water-based tourism industry. For self-priced services, the prices are posted clearly at each site.

In relation to our boat tickets, we adopted a systematic pricing policy across all of our ticket sales channels, including our direct ticket sales channels and third party ticket sales channels. To ensure consistent prices and compliance with the applicable pricing regulations, we also request our ticket sales channels to process boat ticket purchase orders through Piaofutong. Ticket prices include settlement price applicable to our ticket sales channels and direct sales price applicable to visitors. Settlement price in respect of boat tickets sold though our ticket sales channels are pre-agreed in the relevant cooperation agreements. Direct sales price (i) for direct sale of boat tickets to our retail customers through on-site box offices and self-service ticket machines as well as our self-owned WeChat Mini-program "揚州瘦西湖水上遊" and (ii) for direct wholesale of boat tickets to our corporate customers (a) are pre-agreed in the relevant cooperation agreements with travel agencies or (b) are subject to parties' negotiation in respect of corporate customers (other than travel agencies). For details on our ticketing and related arrangements, see "Water Sightseeing Boat Service Business — Ticketing" above.

Our ticket prices of our water sightseeing boats and tour buses are in compliance with the government-set prices and where required, the final ticket prices have been filed with the local pricing bureau according to relevant laws and regulations. As confirmed by our PRC Legal Adviser, no record has been found of our Company being penalized by the relevant authorities in connection with the compliance with applicable pricing laws and regulations. We believe that our systematic pricing approach, combined with rigorous approval processes and clear public disclosures, helps foster trust and clarity for both customers and business partners.

Our ticket prices and pricing basis

The following tables set forth further details of our sightseeing boat and tour bus ticket prices and their respective pricing basis by service type, boat type and water tour routes during the Track Record Period and up to the Latest Practicable Date for the government-guided pricing mechanism and the self-determined pricing mechanism, respectively:

Government-guided pricing mechanism

	Ticket price[Note]	Pricing basis
Water sightseeing boat services		
Standard sightseeing boat service (themed boats)		
— Qianlong Imperial Water Tour Route	• RMB50 per person every two stops for eco-friendly painted leisure boat • RMB60 per ticket every two stops for premium painted leisure boat, premium eco-friendly painted leisure boat and Anfu boat	The boat ticket prices were determined based on the Notice on the Approval of Transportation Service Prices within the Slender West Lake Scenic Area (Yang Jia Fu (2016) No. 110)* (《關於核定瘦西湖景區內交通運輸服務價格的通知》揚價服(2016)110號文件) ("**Pricing Notice No. 110**"), which stipulates that the boat ticket price per person is RMB30 per person per stop for large painted leisure boat, and RMB25 per person per stop for the eco-friendly painted leisure boat.

	Ticket price[Note]	Pricing basis
— Northern Ancient City Moat Water Tour Route	• RMB50 per person every two stops for eco-friendly painted leisure boat • RMB60 per person every two stops for premium eco-friendly painted leisure boat	Pursuant to the Pricing Notice No. 110, the ticket price per stop for eco-friendly painted leisure boat is RMB25 per person and for premium eco-friendly painted leisure boat is RMB30 per person.
— Songjiacheng Water Circular Island Tour Route	• RMB50 per ticket for eco-friendly painted leisure boat and premium eco-friendly painted leisure boat	See above. Songjiacheng Water Circular Island Tour Route has a total of four stops and according to the Pricing Notice No. 110, the complete tour shall be RMB100 per ticket covering four stops for eco-friendly painted leisure boat and RMB120 per ticket covering four stops for premium eco-friendly painted leisure boat. The reduced ticket price of RMB50 per ticket was made with reference to (i) our pricing strategy to leverage cost-effectiveness with lower ticket price for rapid market penetration and attracting a base of price-sensitive visitors to stimulate visitor flow and sustainable growth, and at the same time, our pricing strategy highlighting the importance of cost-effectiveness over traditional mass advertising approach also fostered word-of-mouth recommendation among visitors, which in turn further promote our brand exposure and encourage repeat purchases or purchases of our value-added service offerings; and (ii) our operation costs for the tour route.
— Baozhang Lake Water Tour Route	• RMB50 per ticket for eco-friendly painted leisure boat • RMB60 per ticket for premium eco-friendly painted leisure boat	The boat ticket prices were determined based on the Notice on the Publication of Low and Peak Season Ticket Prices, Night Tour Hours, and Free Open Days for Scenic Spots in Yangzhou Subject to Government-guided Pricing in 2025 (Yang Fa Gai Jiage Fa (2024) No. 341)* (《關於公布2025年揚州市實行政府指導價管理景區(點)淡旺季門票價格、夜遊時間及免費開放日的通知》(揚發改價格發(2024)341號)) (the "**Pricing Notice No. 341**"), which stipulates that the provisional one-way tour route boat ticket price for Baozhang Lake Night Tour shall be RMB60 per person. In respect of our reduced price of RMB50 per ticket for eco-friendly painted leisure boat, we also considered our pricing strategy to leverage cost-effectiveness with lower ticket price for rapid market penetration and attracting a base of price-sensitive visitors to stimulate visitor flow and sustainable growth, and at the same time, our pricing strategy highlighting the importance of cost-effectiveness over traditional mass advertising approach also fostered word-of-mouth recommendation among visitors, which in turn further promote our brand exposure and encourage repeat purchases or purchases of our value-added service offerings; and (iii) our operation costs for the tour route.
— Ancient Canal Water Tour Routes	• 50-minute return tour route between Bianyi Gate Wharf and Nanmen Ruins • RMB100 per person for classical painted leisure boat and modern yacht	The boat ticket price was determined based on the (i) Notice on the Approval of Boat Tour Prices for the Section from Bianyi Gate to Nanmen Ruins on the Ancient Canal (Yang Jia Fu (2010) No. 142)* (《關於核定古運河便益門至南門遺址段遊船遊覽價格的通知》揚價服(2010)142號文件), which stipulates that the one-way tour route boat ticket price from Bianyi Gate to Nanmen Ruins is RMB60 per person; and (ii) our pricing strategy to leverage cost-effectiveness with lower ticket price for rapid market penetration and attracting a base of price-sensitive visitors to stimulate visitor flow and sustainable growth, and at the same time, our pricing strategy highlighting the importance of cost-effectiveness over traditional mass advertising approach also fostered word-of-mouth recommendation among visitors, which in turn further promote our brand exposure and encourage repeat purchases or purchases of our value-added service offerings; and (iii) our operation costs for the tour route. As such, our Company adjusted boat ticket price to RMB100 per person for return tour route.

	Ticket price[Note]	Pricing basis
	• 40-minute return tour route between Dongguan Ancient Ferry Wharf and Nanmen Ruins • RMB100 per person for classical painted leisure boat and modern yacht	See above. Dongguan Ancient Ferry Wharf is between Bianyi Gate Wharf and Nanmen Ruins. This 40-minute return tour therefore covers the same tour route as the 50-minute return tour route between Bianyi Gate Wharf and Nanmen Ruins, and therefore is subject to the same pricing basis as above. In addition, we have also taken into account our pricing strategy to leverage cost-effectiveness with lower ticket price for rapid market penetration and attracting a base of price-sensitive visitors to stimulate visitor flow and sustainable growth, and at the same time, our pricing strategy highlighting the importance of cost-effectiveness over traditional mass advertising approach also fostered word-of-mouth recommendation among visitors, which in turn further promote our brand exposure and encourage repeat purchases or purchases of our value-added service offerings, and our operation costs for the tour route, adjusted boat ticket price to RMB100 per person for return tour route.
	• 40-minute one way tour route from Dongguan Ancient Ferry Wharf to Sanwan Grand Canal Museum Wharf • RMB80 per person for classical painted leisure boat and modern yacht	The boat ticket prices was determined based on the Notice on the Approval of Additional Water Tour Route Boat Ticket Prices for the Ancient Canal (Yang Fa Gai Jiage Fa (2025) No. 105)* (《關於核定古運河新增水上遊覽線游船價格的通知》揚發改價格發(2025)105號文件) ("**Pricing Notice No. 105**"), which stipulates that the one-way tour route boat ticket price from Dongguan Ancient Ferry to Sanwan Park is RMB80 per person.
	• six-hour tour route from Dongguan Ancient Ferry Wharf to Guazhou Ancient Ferry, to Sanwan Park and back to Dongguan Ancient Ferry Wharf • RMB160 per person for classical painted leisure boat and modern yacht	The boat ticket prices was determined with reference to the Pricing Notice No. 105, which stipulates that the one-way tour route boat ticket price for different sections of the tour route, including the ticket price from Dongguan Ancient Ferry to Guazhou Ancient Ferry is RMB120 per person, and from Dongguan Ancient Ferry to Sanwan Park is RMB80 per person. Our reduced ticket price of RMB160 per person for the six-hour tour route also took into account (i) our pricing strategy to leverage cost-effectiveness with lower ticket price for rapid market penetration and attracting a base of price-sensitive visitors to stimulate visitor flow and sustainable growth, and at the same time, our pricing strategy highlighting the importance of cost-effectiveness over traditional mass advertising approach also fostered word-of-mouth recommendation among visitors, which in turn further promote our brand exposure and encourage repeat purchases or purchases of our value-added service offerings; and (ii) our operation costs for the tour route.
Sightseeing tour bus service		
— red tour route — blue tour route	• RMB20 per person for one-way route	The tour bus ticket price was determined based on the Pricing Notice No. 110, which stipulates that the sightseeing tour bus ticket price shall be RMB20 per person for one-way route.

Note: The ticket prices are the standard ticket prices and do not take into account adjusted prices during promotional period or set for marketing events.

Self-determined pricing mechanism

	Ticket price[1]	Pricing basis
Water sightseeing boat service		
Standard sightseeing boat service (self-driving boat)	• RMB120 per hour for four-seat model and RMB150 per hour for six-seat model within the Songjiacheng area • RMB200 per hour for both five-seat six-seat models within the Slender West Lake Scenic Area	The ticket prices for self-driving boat were determined based on (i) the prices of similar self-driving leisure boats operated by comparable companies in Jiangsu Province, and (ii) the maintenance and other costs and expenses associated with the operation of self-driving boats.
Value-added "Boat+" services[2]	• RMB158 per person for Yangzhou-style breakfast tea • From RMB1,000 per service for "Boat + Corporate" and "Boat + Education", with final prices varying depending on visitors' needs • Prices for other "Boat + Dining" services vary depending on visitors' needs	The prices for value-added "Boat+" services were determined based on (i) the leisure and entertainment nature of such services with high privacy and customized offerings which justified a higher price premium, (ii) the service content, duration, boat type, number of participants and level of customization required by customers, and (iii) the costs and expenses associated with the provision of such services, including boat operation, staff, catering, commentary, performance, event arrangement and/or other ancillary service costs.
Chartered boat service	• RMB2,000 per boat every two stops for premium painted leisure boat • RMB1,000 per boat every two stops for eco-friendly painted leisure boat • RMB1,000 per boat every two stops for Yuloh boat	The chartered boat service prices were determined with reference to (i) the Pricing Notice No. 110 which stipulates that the chartered boat service price shall be subject to negotiation between the parties; and (ii) the operation costs, including compensation for boat drivers, energy costs such as fuel and costs for purchasing the boats and maintenance fees.
Grand Canal Yangzhou[3]	• RMB158 per ticket for pontoon boat, imitation antique steel leisure boat and classical painted leisure boat • RMB168 per ticket for modern yacht	The boat ticket prices for the Grand Canal Yangzhou night show were determined with reference to the government-recommended price set out in the Pricing Notice No. 341, which stipulates that the Grand Canal Yangzhou night tour is subject to market-adjusted pricing, with recommended ticket prices at RMB258 and RMB198. Our reduced ticket prices of RMB158 and RMB168 per ticket depending on type of boat also took into account (i) our pricing strategy to leverage cost-effectiveness with lower ticket price for rapid market penetration and attracting a base of price-sensitive visitors to stimulate visitor flow and sustainable growth, and at the same time, our pricing strategy highlighting the importance of cost-effectiveness over traditional mass advertising approach also fostered word-of-mouth recommendation among visitors, which in turn further promote our brand exposure and encourage repeat purchases or purchases of our value-added service offerings; and (ii) our operation costs for the show.

	Ticket price[1]	Pricing basis
Sightseeing tour bus service		
Chartered tour bus service	RMB500 per tour bus for 30 minutes	The price is determined with reference to (i) the government-set RMB20 per person for tour bus operated on shared basis as set out under the Pricing Notice No. 110, (ii) the premium rising from chartered services where visitors have exclusive and customized tour bus services with flexibility to hop on and off any time during the 30 minutes as well as the flexibility to deviate from our usual fixed tour routes, and (iii) the longer service time of 30 minutes than usual tour bus route (of approximately 10 minutes) and the associated costs derived from employee compensation and energy consumption.

Notes:

(1) Representing standard ticket prices, without taking into account adjusted prices during promotional period or set for marketing events.

(2) The duration of Yangzhou-style breakfast tea under "Boat + Dining" is approximately 40 minutes per service, while the duration of other "Boat" services, varies depending on visitors' needs.

(3) Prices for the Grand Canal Yangzhou night show are boat ticket prices which include the price for the show itself.

In relation to our ticket prices for our offering of various value-added "Boat+" services, the ticket prices include all services (such as dining and corporate events) offered under our "Boat+" services. The boat ticket prices for our "Boat+" services vary depending on the (i) the boat ticket price determined for the relevant tour route, (ii) the operation costs for such services, such as the ingredient costs and other relevant fees we paid to our collaborating restaurant for "Boat + Dining" service, and compensation of additional service personal and customized decoration as requested by corporate customers for "Boat + Corporate" service, and (iii) other personalized requirements from relevant customers; and the ticket prices are also determined with reference to the premium arising from the exclusiveness of service customized for our customers of our "Boat+" services.

Our Directors are of the view that the ticket prices of our water sightseeing boat service and sightseeing boat service are in line with applicable regulatory pricing notices during the Track Record Period and up to the Latest Practicable Date.

FUEL COST SENSITIVITY

Our operations consume fuel, principally diesel, for our operation of water sightseeing boats. In 2023, 2024 and 2025 and the six months ended June 30, 2026, we had a total of eight, eight, ten and ten diesel-powered boats, with fuel expenses amounted to approximately RMB1.5 million, RMB1.1 million, RMB1.3 million and RMB0.6 million, representing approximately 3.5%, 2.1%, 2.2% and 2.0%, of total cost of sales, respectively.

Recent armed conflicts in the Middle East have contributed to volatility in global crude oil prices, which may in turn affect PRC domestic diesel supply and prices. Based on our fuel consumption levels during the Track Record Period, and assuming no change of other factors, the Directors estimate that a hypothetical 10% increase in the average price of diesel, which would have resulted in an increase in annual fuel expenses of approximately RMB0.1 million based on fuel expenses in 2025, representing less than 0.23% of total cost of sales in 2025. Accordingly, the Directors are of the view that the Group's exposure to fuel supply and price fluctuations is limited and manageable, and has not had a material adverse impact on the Group's operation and operating costs, or financial condition during the Track Record Period. We mitigate our exposure to negative impacts resulted from fuel supply and price fluctuations through the following measures: (i) prepaying for fuel consumption through prepaid fuel top-up cards, which allows us to lock in fuel supply at prevailing prices and mitigate the negative impact of short-term fuel supply disruptions and price fluctuations. In July and September 2026, we prepaid an aggregate amount of RMB199.5 thousand and RMB48.0 thousand for 30 tonnes and 5 tonnes of diesel fuel. As of the Latest Practicable Date, 5.5 tonnes of diesel fuel remained unused; (ii) planning the progressive replacement of diesel-powered boats with electric-powered boats to reduce energy costs

and maintenance costs; (iii) full ownership (rather than leasing) of all boats and tour buses, enabling more effective fuel consumption management; and (iv) pricing flexibility for self-priced services, with the ability to apply for government-guided price re-assessment where operation costs are significantly increased. Notwithstanding the foregoing mitigating measures, no assurance can be given that fuel prices will not increase materially in the future, or that any such increase can be fully offset by our cost reduction initiatives or pricing adjustments. For risks associated with potential increases in our operating costs, see "Risk Factors — Volatility in fuel prices, including increases arising from armed conflicts in the Middle East, may increase our operating costs and adversely affect our financial performance."

SEASONALITY

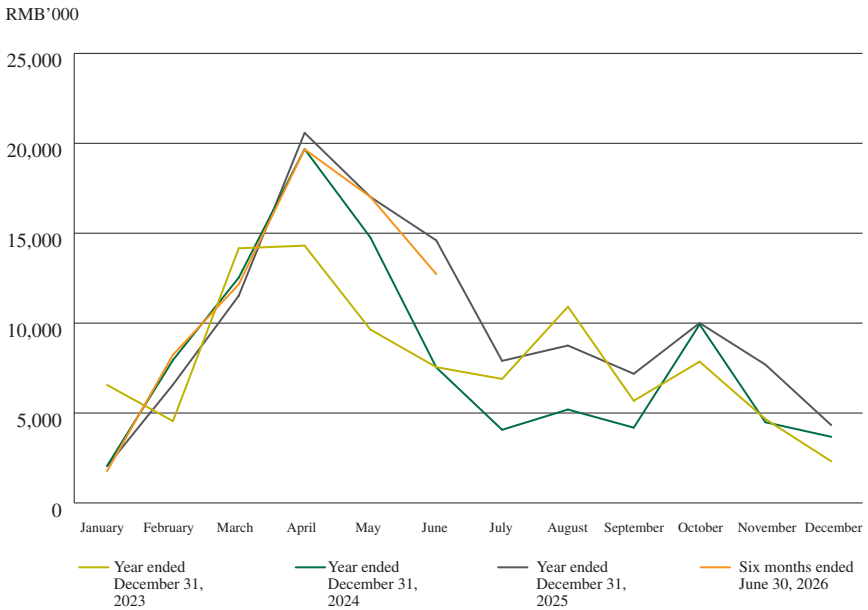
Our water sightseeing boat service and sightseeing tour bus service are subject to the seasonal fluctuations throughout the year. These seasonal fluctuations include (i) the general peak season and off-season of the cultural tourism market, public holidays and school holidays, (ii) weather conditions, (iii) promotional festivals and events, and (iv) other factors that affect travel behavior and visitor demand. The revenue from our water sightseeing boat service and sightseeing tour bus service demonstrate an obvious seasonality. Historically and during the Track Record Period, peak seasons generally represented: (i) spring time (from March to May) due to the cultural influence of the renowned poem "To Yangzhou in spring's bloom and mist I sail (煙花三月下揚州)" from Li Bai, one of the most celebrated and beloved poet in ancient China, which significantly shaped public perception, inspiring a strong preference among visitors to visit Yangzhou during the spring season when the city's natural landscape is believed to be at its most captivating and the weather conditions are the best; (ii) major holidays such as May Day Holiday (International Labour Holiday) often characterised by increased number of travellers due to the holiday break, Chinese National Holiday (October Golden Week Holiday) attracting large crowds of travellers as families and tourists take advantage of an extended break, and Spring Festival (Chinese Lunar New Year); and (iii) school breaks such as summer holidays and spring holidays which recorded a rise in family travel, contributing to increased tourist activities.

Seasonality analysis on water sightseeing boat service business

The following table sets out the revenue of our water sightseeing boat service by month during the Track Record Period.

	Year ended December 31,						Six months ended June 30, 2026	
	2023		2024		2025			
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
January	6,559	6.9	2,060	2.1	2,048	1.7	1,777	2.5
February	4,551	4.8	7,943	8.3	6,575	5.6	8,234	11.5
March	14,162	14.9	12,529	13.0	11,525	9.8	12,154	17.0
April	14,308	15.0	19,677	20.5	20,580	17.4	19,667	27.5
May	9,641	10.1	14,759	15.4	17,014	14.4	17,015	23.8
June	7,552	7.9	7,536	7.8	14,600	12.3	12,729	17.7
July	6,895	7.3	4,068	7.3	7,900	6.7	—	—
August	10,913	11.5	5,195	5.4	8,753	7.4	—	—
September	5,682	6.0	4,187	4.4	7,183	6.1	—	—
October	7,858	8.3	9,928	10.3	10,004	8.4	—	—
November	4,663	4.9	4,487	4.7	7,690	6.5	—	—
December	2,315	2.4	3,677	3.8	4,325	3.7	—	—
TOTAL	**95,099**	**100.0**	**96,046**	**100.0**	**118,197**	**100.0**	**71,576**	**100.0**

The following line chart illustrates the seasonality analysis of our water sightseeing boat service in terms of revenue recognised during the Track Record Period.



During the Track Record Period, the monthly revenue generated from our water sightseeing boat service business demonstrated notable seasonal fluctuations, with highest demand observed generally between March to May as well as high demand in the summer months between August and October, reflecting peak tourist season in spring time, summer holiday and the October Golden Week Holiday. In addition to the overall seasonal fluctuations, our revenue throughout the year is also affected by the significant rebound of tourism consumption in 2023, one-off or short-term promotions or marketing events in a particular month and the weather conditions, especially sunny days, during a particular month, and the new launch of the Grand Canal Yangzhou night show in October 2024 which introduced a new stream of revenue for our Company. In particular:

- the elevated revenue in January 2023 compared to that in 2024 and 2025, primarily driven by the rebound of tourism consumption following the initial relaxation of COVID-19 pandemic restrictions. This period coincided with the 2023 Chinese New Year holiday, during which the Slender West Lake Scenic Area implemented a free admission promotion activity, attracting a large number of visitors, which in turn significantly increased visitors' consumption of water sightseeing boat service in January 2023. In addition, as the Chinese New Year holiday fell in mid-February 2026, revenue in January 2026 slightly decreased compared to the corresponding periods in 2024 and 2025, while revenue in February 2026 showed an increase over the corresponding periods;

- the revenue in March showed a downward trend from 2023 to 2025, primarily due to that (i) March 2023 was warmer with more comfortable weather conditions compared to March 2024 and 2025, resulting in more visitors in March 2023; and (ii) March 2024 and 2025 were normal peak tourism season and due to more sunny days in March 2024, there were more visitors in March 2024 than March 2025, leading to higher revenue in March 2024 than March 2025;

- the revenue in April showed an upward trend from 2023 to 2025. The revenue increased from April 2023 to April 2024 is primarily due to continued growth of tourism consumption with further relaxation of COVID-19 pandemic restrictions and our increasing passenger capacity with the expansion of our boat portfolio from 2023 to 2024; and the further revenue increase from April 2024 to April 2025 is primarily due to the launch of the Grand Canal Yangzhou night show in late 2024 which introduced a new revenue stream of our Company and attracted more visitors to take our water sightseeing boats;

- the revenue in May showed an upward trend from 2023 to 2025, and revenue in May 2025 is higher than that in 2023 and 2024, primarily due to the launch of the Grand Canal Yangzhou night show in late 2024 which introduced a new revenue stream of our Company and attracted more visitors to take our water sightseeing boats;

- the increase in revenue in June 2025 is much higher than that in 2023 and 2024, primarily driven by an inflow of visitors attracted by the promotion of free admission to the Shugang-Slender West Lake Scenic Area for Yangzhou citizens during the Jiangsu Football City League event period that commenced in June 2025 as well as the launch of the Grand Canal Yangzhou night show in October 2024. The slight decrease in revenue in June 2026 as compared to June 2025 was primarily attributable to hot and rainy weather conditions, which adversely affected visitor flow;

- although August is not a typical peak season, August 2023 is the first year following the lift of the COVID-19 pandemic and therefore had a significant tourism consumption, especially for family group during the school summer holidays. As a result, the revenue in August 2023 is higher than that in 2024 and 2025; and

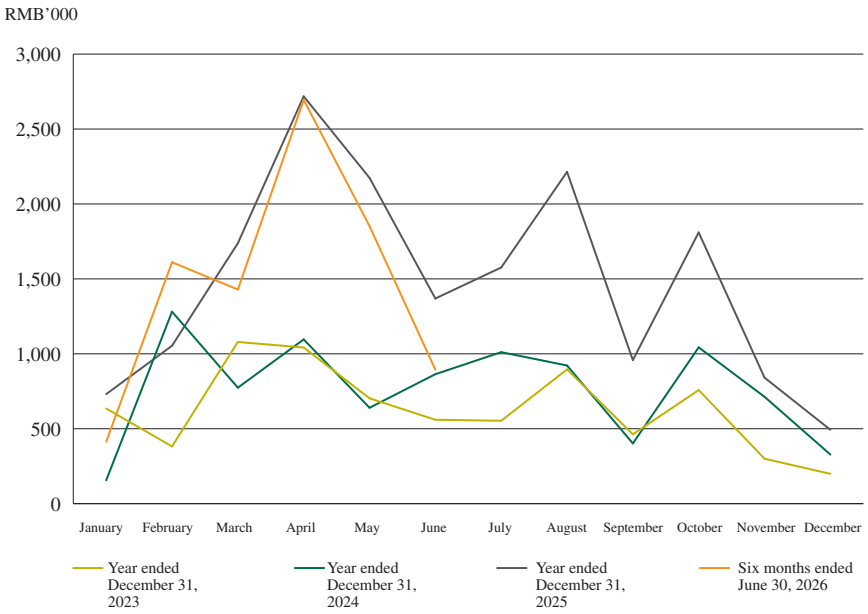
- the revenue in July and September through December 2025 exceeded that of the corresponding periods in 2023 and 2024, primarily due to the growing popularity of the Grand Canal Yangzhou night show.

Seasonality analysis on sightseeing tour bus service business

The following table sets out the revenue of our sightseeing tour bus service by month during the Track Record Period.

	Year ended December 31,						Six months ended June 30, 2026	
	2023		2024		2025			
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
January	635	8.4	156	1.7	731	4.1	414	4.7
February	382	5.0	1,281	13.9	1,054	6.0	1,611	18.1
March	1,079	14.3	774	8.4	1,738	9.8	1,429	16.1
April	1,042	13.8	1,096	11.9	2,718	15.4	2,695	30.3
May	703	9.3	640	6.9	2,174	12.3	1,852	20.8
June	560	7.4	864	9.4	1,369	7.8	894	10.0
July	553	7.3	1,011	10.9	1,576	8.9	—	—
August	896	11.8	922	10.0	2,214	12.5	—	—
September	463	6.1	402	4.4	958	5.4	—	—
October	758	10.0	1,043	11.3	1,810	10.2	—	—
November	300	4.0	713	7.7	841	4.8	—	—
December	199	2.6	328	3.5	494	2.8	—	—
TOTAL	**7,570**	**100.0**	**9,230**	**100.0**	**17,677**	**100.0**	**8,895**	**100.0**

The following line chart illustrates the seasonality analysis of our sightseeing tour bus service in terms of revenue recognised during the Track Record Period.



During the Track Record Period, the monthly revenue generated from our sightseeing tour bus service business demonstrates seasonal fluctuations, with higher demand during peak tourist months, particularly in spring and the holiday periods. In addition to the overall seasonal fluctuations, the revenue of our sightseeing tour bus throughout the year is also affected by holiday period in that month and the change of our passenger capacity. In particular:

- the elevated revenue in January 2023 and 2025 was driven by the Chinese New Year holiday at that time; and the robust revenue in January 2023 was driven by a significant rebound in tourism consumption upon the lift of COVID-19 pandemic restrictions as well as the Chinese New Year holiday in January, which was further reinforced by the promotion of free admission to the Slender West Lake Scenic Area implemented during that time, resulting in substantial increase in the number of visitors; whereas the Chinese New Year holiday for 2024 and 2026 fell in February and therefore, January 2024 and January 2026 was a relative off-peak period for the Slender West Lake Scenic Area with fewer visitor inflow and consumption;

- the revenue in February 2023 was lower than that in 2024 and 2025 as the Chinese New Year holiday fell in February 2024, in late January and early February 2025 and in mid-February 2026, attracting a relatively larger number of visitors for tourism consumption in February 2024 and 2025;

- the revenue in March 2024 was relatively lower than March 2023 and March 2025, primarily due to that (i) March 2023 benefitted from a rebound in tourism consumption after the lift of the COVID-19 pandemic restrictions, and (ii) March 2025 benefitted from increase in the number of our sightseeing tour buses, resulting in increased capacity of our sightseeing tour bus service which in turn increased our revenue for that period; and

- the revenue in April through December 2025 was higher than respective period in 2023 and 2024, primarily due to the additional five and nine sightseeing tour buses acquired in April and June 2024, respectively, which were put into operation in late April and June 2024, respectively, and as a result, our overall passenger capacity in April through December 2025 was higher than respective period in 2023 and 2024, resulting in higher revenue in April through December 2025. The slight decrease in revenue in June 2026 as compared to June 2025 was primarily attributable to hot and rainy weather conditions, which adversely affected visitor flow.

Seasonality impact and measures

Due to the seasonal fluctuations, a significant portion of our annual revenue is concentrated in a few key months, particularly during spring time, major holidays and long weekends. As a result, our financial results may vary significantly from quarter to quarter and are not necessarily indicative of long-term trends.

Given that seasonality plays a critical role in shaping our business operation and financial performance. We have implemented appropriate systems to forecast demand, adjust operations and mitigate the impact of seasonal fluctuations on our business. Nevertheless, our results of operations and cash flows will continue to be influenced by these recurring seasonal trends. We have put in place the following measures to minimize the adverse impacts from the seasonal fluctuations:

- *optimizing operational and cost structure:* in respect of peak season and off season times, we optimize our staffing and cost structures. Personnel expenses make up a significant portion of our operating costs and remain relatively stable throughout the year. However, during peak seasons, we incur additional expenses related to overtime compensation and increased operational support. Despite the surge in revenue during busy periods, we carefully monitor and manage our cost base to protect profitability during quieter months;

- *diversifying our "Boat+" services:* we have proactively diversified our service offering through value-added "Boat+" services to reduce dependency on our principal water sightseeing boat services that are subject to weather and natural conditions, thereby broadening our revenue base during off-peak seasons and enhancing operational stability throughout the year. For example, we offer "Boat + Education" services to cater to school groups and educational institutions, which can be scheduled during off-peak seasons and are less sensitive to weather conditions, and we also offer "Boat + Enterprise" services where we promote corporate events or activities to be held onboard our boats, which may be organized year-round and are less affected by seasonality; and

- *enhancing marketing strategies and initiatives:* we collaborated with local tourism authorities, educational institution, and corporate customers to jointly promote off-peak and non-seasonal products and services. We also conduct targeted marketing campaigns and off-season promotions to stimulate customer demand and enhance market awareness of our diversified offerings.

We regularly assess the effectiveness of our measures and monitor industry practices, including those adopted by comparable companies, to identify best practices and implement enhancements where feasible, and to further mitigate the impact of seasonal fluctuations and deliver stable and sustainable growth.

SAFETY MANAGEMENT

Safety Management Team

We believe that safety is crucial to our long-term success. We place significant emphasis on safety matters during our service offerings. We have a dedicated leadership structure with chairman of our Board responsible for overall safety matters and managers and department heads responsible for safety implementation within their respective areas. We also have set up a safety management department (安全工作部) which is responsible for safety matters arising from all aspects of our business operation processes, including our water sightseeing boat service, sightseeing tour bus service as well as safety of our visitors during the course of our service offering. As of June 30, 2026, our safety management department consisted of three employees, including one department head who shall be responsible for the overall safety related matters. We also have a team of specialized safety staff (專職安全人員) and emergency management team (應急管理團隊) for the safety management of the respective operational centers and teams.

Our safety management team is principally responsible for (i) overseeing the implementation of safety management practices, coordinating with various departments and teams, (ii) ensuring compliance with interim regulations for sightseeing boat operations, (iii) investigating any incidents, (iv) coordinating with local maritime and waterways management departments, monitoring weather changes and making timely operational adjustments accordingly, (v) training service staff, boat drivers and tour bus drivers, in terms of safety procedures and technical skills, (vi) conducting daily inspections to monitor safety operations, (vii) conducting monthly safety reviews, and (viii) implementing enhanced on-site safety management. In cases of emergency, our safety management team is also responsible for organizing and implementing appropriate countermeasures. In addition, our safety management team also implement protocols to ensure that safety patrol boats are properly maintained and available for use when needed.

We regularly update our safety management systems and policies to align with the latest regulations and standards, including the PRC Work Safety Law and various maritime regulations, ensuring that our business operation meets or is above the latest regulatory requirements at all times.

Safety Management Measures

We always take safety seriously and put it as our No. 1 priority. To this end, we have adopted strict and comprehensive protocols to ensure that all of our sightseeing boats and tour buses as well as relevant personnel remain in full compliance with the relevant regulatory requirements at all times and to ensure safety across all aspects of our business operations, safeguarding visitors' wellbeing and ensure the orderly operation of our sightseeing boats. During the Track Record Period and up to the Latest Practicable Date, we maintained a record of zero safety accidents.

Sightseeing boats

We have implemented strict protocols for our sightseeing boats, including full set of safety equipment, regular inspections and patrols and intensified inspections and patrols during peak seasons, rigorous adherence to operational safety procedures, speed and passenger capacity as well as clear boarding instructions. All of our service boats are equipped with the necessary safety equipment, such as safety belts, life jackets, fire extinguishers and loudspeakers, in compliance with vessel inspection requirements. We have established strict and detailed safety protocols for our boat operations for daily inspections by operational teams, weekly sample inspections by the relevant department and comprehensive safety inspections before every holiday and peak season. All findings and actions are recorded. When any deficiencies or potential hazards are identified, we take immediate rectification measures and the boats can only be put into operation until all issues are fully resolved and the boat itself has been officially inspected and confirmed to be safe for use. We also launched "Red Ribbon (紅絲帶)" safety initiative in May 2020, aiming to identify and resolve hidden risks at early as possible. During the Track Record Period and up to the Latest Practicable Date, through our "Red Ribbon" initiative, we have significantly enhanced employees' proactive engagement in identifying and eliminating safety hazards in their immediate working environments; and as a result, we have maintained a record of zero safety incidents throughout the relevant period.

In addition, during the Track Record Period and up to the Latest Practicable Date, all of our boats have duly obtained ownership certificates, national registration certificates and inspection certificates, and have duly completed annual renewals; and all of our tour buses have duly obtained the special equipment usage registration certificates and duly completed annual renewals. In addition, we also have patrol boats to conduct regular patrols on daily basis and intensified patrols during peak periods to supervise and promptly correct any unsafe driving behaviour or circumstance to ensure that all operational safety protocols are strictly adhered during the boat operation, including no speeding and no overloading.

Technological advancements also play a vital role in our safety management measures. Since May 2025, all of our sightseeing boat cockpits have been upgraded and equipped with intelligent monitoring system (遊船駕駛室智能監控系統) which allows for real-time supervision of navigation conditions,

enabling our management and operational teams to promptly identify and address any irregularities or unsafe behaviors of boat drivers. In addition, the intelligent monitoring system records key operational data, such as speed, route adherence and the functioning of critical equipment, thereby supporting a comprehensive incident investigation and continuous safety improvement. In addition, since May 2025, we have also installed in-boat real time visitor monitoring system to monitor the visitor activity area to ensure that all visitors onboarding our boats follow our safety protocols. The in-boat monitoring system also improves the effectiveness of emergency response by providing immediate visual access to the situation onboard, allowing our staff to respond in a timely manner to any safety incident or emergency. These monitoring systems collectively reduced human error in boat operation, enhanced operational discipline and timely detected and rectified potential safety matters.

Sightseeing tour bus

We have also implemented strict protocols for our sightseeing tour buses, including full set of safety equipment, regular inspections and intensified inspections during peak seasons, rigorous adherence to operational safety procedures, speed and passenger capacity as well as clear safety reminders. All of our service tour buses are equipped with the necessary safety equipment, such as safety belts, fire extinguisher in compliance with vessel inspection requirements. All of our tour bus drivers are required to carry out detailed pre-operational inspections on the tour buses, including braking system, steering assembly, tyre pressure, signal indicators, horn, battery connections and the driving recorder. Should any malfunction or safety risk be identified, the relevant tour bus must stop providing service and shall undergo examination and rectification, and shall only be back to service once all safety issues have been duly resolved. Tour bus drivers are further required to complete and sign daily and weekly inspection record. We strictly prohibit overloading and speeding and require all of our tour buses must only operate along designated routes. Deviation, U-turns, or operating against the designated direction and routes are not permitted.

Technological advancements also play a vital role in our safety management measures. Since 2024, all of our sightseeing tour buses have been fitted with smart speed monitoring system (智能監控測速系統) which monitors the speed of each tour bus in real time, ensuring strict adherence to prescribed speed limits and regulatory requirements. The system also provides instant alerts to drivers and management personnel in case of speeding or any deviation from the designated tour route, significantly reducing the risk of over speeding incidents. In addition, the system records speed data to facilitate our comprehensive review and analysis of driving behavior, supporting ongoing monitoring and improvement in operational safety standards.

Staff qualification and training

Staff qualification is a core pillar of our safety management. Drivers for boats of five meters long or above must register on the Inland Vessel Crew Service Book (內河船員服務簿) or obtain the Inland Vessel Crew Certificate of Competency (內河船舶船員適任證書) which can be renewed every five years. Both the aforementioned service book and certificate are issued by the Transportation Bureau of Yangzhou (揚州市交通局). *Chuanniang* for our *Yuloh* boats are not required to obtain the certificate of competency as their skill sets are different from other boat drivers. *Chuanniang* are required to obtain the basic crew certificate and all of our Chuanniang have obtained the crew certificates. Drivers for our sightseeing tour buses must obtain a special equipment safety management and operation certificate for internal motor vehicle operations (N2) which is issued by the Yangzhou Market Supervision Bureau (揚州市市場監管局) and shall be renewed every four years. Personnel responsible for charging batteries for our boats and tour buses must obtain a low voltage electrician operations certificate (特種作業操作證 — 低壓電工作業) issued by the Yangzhou Emergency Management Bureau. This certificate is valid for six years and must be reviewed every three years.

Before commencing their duties, all relevant staff are required to obtain the necessary certifications as stipulated by the competent authorities. we conduct regular internal audits of certificate validity to ensure that all renewals are timely processed and that no lapses occur in staff qualifications. During the Track Record Period and up to the Latest Practicable Date, all of our staff, including boat drivers and tour bus drivers, regardless of their roles, have obtained the necessary certificates.

To maintain a high level of safety standards, we are committed to provide robust safety training to our employees. We request all of our employees to attend regular safety trainings to ensure that both new and existing staff are well-prepared to respond to emergencies while improving their safety awareness. Such safety trainings are held at least once per month and cover a range of topics and practical exercises including emergency rescue drills, swimming training, viewing educational safety films, instruction on safe vessel operation and safety trainings on boat driving. We request new staff to complete such safety trainings before the commencement of their work duties. We also review and update our safety training plan annually to reflect changes in regulatory requirements, industry standards, and insights gained from operational experience and launched a reward program to reward staff who take initiatives to identify safety hazards. All of our staff are required to sign a personal safety responsibility agreement and to study operational safety procedures relevant to their roles.

Visitor safety

Our visitors are protected by a comprehensive set of safety measures during our service offering. Safety belts, life jackets and seat belts are provided on all of our boats and tour buses. Before departure, on-boat employees or tour guides will deliver safety briefings to all visitors. For visitors who rent our self-driving boats, they are required to sign a safety commitment agreement before boarding. In addition, prominent signage and instructional materials on the use of life-saving equipment are displayed at boarding points and box offices and safety demonstration videos and emergency contact numbers are also made available.

MARKETING STRATEGIES AND VISITOR ENGAGEMENT

Marketing Strategies

We implement a multi-faceted marketing strategy that combines both digital and traditional methods to increase brand awareness and visitor engagement. We established robust presence on leading digital platforms such as Douyin (抖音) and Xiaohongshu (小紅書) to increase our visibility. We operate and manage two official Douyin (抖音) accounts, namely "Yangzhou Ancient Canal Sightseeing Boats (揚州古運河遊船)" and "Slender West Lake Water Tour (瘦西湖水上遊)", to market and promote our tourism products and services, including themed boat tours and the *Grand Canal Yangzhou* night show, thus enhancing our brand visibility and customer reach. We collaborate with professional third parties such as professional MCN (Multi-Channel Network) companies to produce and distribute engaging short videos and live-stream as well as OTA platforms such as Douyin (抖音), Ctrip (携程), Meituan (美團) and Tongcheng (同程) to attract new customers. In parallel, we also deploy traditional marketing methods such as collaboration with hotels and travel agencies to market seasonal promotions or discounts for our service offerings. We also participate in offline activities where we have the opportunities to directly engage with young people, achieving effective marketing through direct illustration of the profound heritage of the Grand Canal and our unique Chuanniang service. These branding and marketing activities further strengthen our brand recognition and ensure high-frequency exposure to both local and visiting visitors, attracting a diverse base of customers. In addition, these strategies also significantly enhance visibility of the Slender West Lake which will raise more awareness to our service offering in the scenic area.

Our marketing strategies are designed to be responsive to seasonal changes, market demand, and special events in the cultural tourism industry. During peak seasons, we roll out early bird discounts, group ticket offers and bundled packages that combine multiple attractions or experiences at a preferential price. For example, we may offer combo tickets with various attractions and sightseeing boat options at a discounted rate or provide limited-time offers in light of high volume of visitors during regional activities like sporting events. We also designed marketing strategies for different groups of customers. For example, we collaborate with local hotels and travel agencies to promote exclusive deals for families, couples, students and corporate groups. For larger teams and corporate clients, we negotiate tailored packages that address specific needs, such as team-building activities, event hosting, or business events.

In addition, we closely monitor our ticket sales and revenue amount and established sales data reporting system, under which we regularly review our sales data and activities and promptly implement measures to enhance sales performance. Internally, our general manager, sales team and responsible principle of relevant business segments shall discuss the sales data reports and the changes on monthly basis to propose any identified issues and marketing measures to improve our sales. We also carry out annual assessment on the effectiveness of our marketing strategies implemented and based on which, we shall make necessary adjustments to our next year marketing planning to further enhance the effectiveness of our marketing strategies.

During the Track Record Period, we had completed over 1,600 brand promotion and marketing activities, with at least one marketing release disseminated through our various marketing channels on a daily basis.

Visitor Satisfaction

We have a system in place to promptly address visitor complaints. We use our visitors' feedbacks as a tool for both securing excellent services as well as input for the continuing development of our services offerings. Owing to our dedicated service offerings, our visitor satisfaction level remains high and has developed positively over the years, laying a strong foundation for our brand reputation and has become a key pillar that supports our high quality growth. The key drivers for visitors' positive feedbacks to our services are the high quality of our service offerings, continuous investments in experience enhancement for our sightseeing services including the Grand Canal Yangzhou night show and the timely respond we made to complaints, if any. We also rely on online reviews to consistently improve our services through addressing the constructive feedbacks from our visitors and reviewing the comments on online platforms.

MANAGEMENT SERVICE BUSINESS

Since our inception, we have been taking initiatives to diverse our revenue stream, minimize potential risks that may be resulted from narrow business scope and hedge the risks on our asset heavy business focusing on water sightseeing boat service and sightseeing tour bus service. In 2016, we successfully developed and implemented an asset-light business model, under which we provided strategic consulting services, covering regulatory consulting on relevant licensing requirements for its launch of water sightseeing boat tour routes, on-site supervision of the construction of wharves, boat charging facilities, etc., facilitating the establishment of safety management system and providing training for its boat drivers, to the Yancheng Chuanchang River (鹽城串場河) in respect of its water tourism project in Yancheng Dayangwan (鹽城大洋灣). Such project-based consulting services is one-off in nature and the scope of our service offering is limited to a few aspects as requested by our customer. Upon the completion of the water tourism project in Yancheng Dayangwan in 2017, our Company has not taken any other one-off project-based consulting service. We subsequently refined our asset-light business model and started to offer a full spectrum entrusted management services to tourist attractions.

The operational structure of our management service business is illustrated below:



Management Services

Our management business is a cornerstone of our asset-light business model. We provide a comprehensive suite of management services, underpinned by our deep understanding of our customers' requirements and our strong emphasis on tailoring solutions to suit the unique characteristics of each project such as local cultural history, historical context and geographical landscapes. In delivering entrusted management services, we act as a professional operator and manager, taking on delegated responsibilities for their day-to-day management, aiming to optimize resource allocation, deepen team collaboration within the scenic area or tourist attraction, enhance operation efficiency, improve infrastructure to integrate with the environment, facilitate market promotions, enhance brand exposure and reputation while maximizing economic benefits, upgrading visitor experiences while driving the revenue growth of the tourist attractions. Through the provision of bespoke strategies, we facilitate the achievement of operational excellence and support long-term sustainable development of our customers.

Under our management business segment, we provide management services on-site primarily through our own employees and typically offer the following services:

- *ticketing solutions:* where we are responsible for the ticketing operations of the core scenic area, which include ticket sales, the development of customers, the compilation and analysis of visitor statistics as well as ancillary services associated with visitor admission to the scenic area such as online ticket reservations, ticket verification and customer service. Our comprehensive ticketing solutions are designed to ensure seamless visitor access, facilitate effective visitor management, and maximize the revenue for the scenic area;

- *internal operation solutions:* where we oversee the full spectrum of commercial operations within the core scenic area, which include the management of car parks, sightseeing boats, tour buses, food and beverage outlets, event venues and street-front retail shops as well as other commercial operations. Our solutions cover both the operational and management aspects of all such commercial operations with most of our revenue generated from the provision of tour bus and sightseeing boat services as well as the entrance ticket sales;

- *accreditation and planning solutions:* where we formulate and implement enhancement strategies for the scenic area in accordance with targeted level of scenic area standards. Our solutions cover the upgrading of tourism transportation, visitor facilities, visitor safety, sanitation, postal and telecommunications infrastructure, visitor shopping experience, overall management and natural resource and environmental protection. We are committed to meeting accreditation requirements by proposing innovative planning for signature tourism projects, distinctive tourism products, tourism and leisure offerings, tour routes, smart service systems, public facilities and landscaping and environmental systems, while preserving existing site conditions and operational needs;

- *media and marketing solutions:* where we are responsible for promoting the scenic area through both traditional and new media platforms. We have an established network of collaborating media and marketing channels including national platforms such as CCTV Video (央視頻) and Xinhuanet (新華網), as well as local scenic area official accounts, WeChat Video Channels (微信視頻號), Douyin (抖音) and major urban billboards at key locations. We also regularly invite key opinion leaders (KOLs) to experience the scenic area and conduct multi-dimensional promotional campaigns across various social media platforms, thereby expanding the scenic area's brand exposure. In addition, we tailor-make promotional videos for the scenic area, producing various versions for dissemination across different media channels to maximise exposure and attract new customers; and
- *event planning solutions:* where we focus on the scenic area itself and leverage local cultural characteristics and integrate media promotion with event-driven marketing strategies to curate bespoke tourism route products. These efforts are aimed at enriching visitors' choices and delivering differentiated tourism experiences to visitors.

Gaoyou City Lake Tourism Resort

During the Track Record Period, we provided entrusted management services to Gaoyou City Lake Tourism Resort, which has been accredited as a national 3A-level tourist attraction, a provincial-level wetland park in Jiangsu and a provincial-level water conservancy scenic area. Gaoyou City Lake Tourism Resort is one of the seven key tourism resorts in Yangzhou with a total area of approximately 13.8 sq.km., offering an integrated resort services, including hot spring leisure, water sports, and aquatic delicacies. The resort is renowned for outstanding ecological environment.

We entered into the 2022 Cooperation Agreements with Gaoyou Tourism Investment Co. and Yangzhou Media Co. on June 13, 2022 effective from July 1, 2022 to June 30, 2025. Upon expiration of the 2022 Cooperation Agreements, we entered into the 2025 Cooperation Agreements with Gaoyou Tourism Investment Co., Yangzhou Media Co. and Gaoyou Ancient Post on June 30, 2025 effective from July 1, 2025 to June 30, 2028, together with the 2022 Cooperation Agreements, the "**Gaoyou City Lake Cooperation Agreements**"). Gaoyou Tourism Investment Co. is a local state-owned investment entity and is not involved in the tourism operations, whereas Gaoyou Ancient Post is a local state-owned operator of cultural and tourism resources in Gaoyou City. It is principally engaged in scenic area management, cultural tourism project development and operation, ticketing and conference services and owns or operates a number of historical and cultural landmarks in Gaoyou City, including Yucheng Post* (盂城驛), Wang Zengqi Memorial Hall* (汪曾祺紀念館), Tongxing Pawnshop* (同興當鋪), and Gaoyou Lake Floral Sea Scenic Area* (湖上花海景區). Gaoyou Ancient Post was established on December 19, 2016 and is ultimately wholly owned by Gaoyou City Financial Comprehensive Service Center (Gaoyou City State-owned Assets Management Center)* (高郵市財政綜合服務中心(高郵市國有資產管理中心)), which also directly wholly owned Gaoyou Tourism Investment Co. Our Company has expertise in operating water-based tourist attractions (which Gaoyou City Lake Tourism Resort is) while Gaoyou Ancient Post has cultural tourism operational resources in the local area. It was therefore considered by the parties that it would enhance the cooperation through the involvement of Gaoyou Ancient Post, such as including Gaoyou City Lake Tourism Resort and its related products and activities into its integrated promotional campaigns, combo ticket of different tourist attractions and promotional package products, and coordinating with the Gaoyou Culture and Tourism Bureau to facilitate inclusion of Gaoyou City Lake Tourism Resort in local supporting policies, funds, subsidies and incentive programs. To the best knowledge and information of our Directors, Gaoyou Ancient Post is an independent third party of our Company.

Summary of the principle terms of the 2022 Cooperation Agreements is set forth below:

Date and term

(i) Tripartite Cooperation Agreement for the Quality Enhancement of Gaoyou City Lake Tourism Resort

- Date: June 13, 2022
- Term: from July 1, 2022 to June 30, 2025

(ii) Cooperation Agreement (for advertisement services)

- Date: August 9, 2022
- Term: from July 1, 2022 to June 30, 2025

Within six months prior to its expiry on June 30, 2025, the parties to the 2022 Cooperation Agreements shall negotiate the terms of next phase of cooperation.

Parties

(i) Tripartite Cooperation Agreement for the Quality Enhancement of Gaoyou City Lake Tourism Resort

- Gaoyou Tourism Investment Co.
- Our Company
- Yangzhou Media Co.

(ii) Cooperation Agreement (for advertisement services)

- Our Company
- Yangzhou Media Co.
- Yangzhou Jingqu Rong Media Center*

Cooperation model and terms

Entrusted management model for the core area of Gaoyou City Lake Tourism Resort, pursuant to which Gaoyou Tourism Investment Co. entrusts our Company and Yangzhou Media Co. to provide operational management services in terms of the agreed service area, including the overall operation and management of Gaoyou City Lake Tourism Resort, including ticket sales, internal operation and management, application for 4A-level scenic area accreditation, event planning and promotion and marketing activities as well as development of C&C products.

Our Company shall be responsible for the day-to-day operational management of the tourist attraction, including the centralized coordination of operational personnel, the planning, formulation and implementation of the 4A-level scenic area accreditation, the marketing of the tourist attraction, the design of tour routes, the promotion of tourism products and other related matters. Our Company shall also bear the costs and expenses associated with its operational personnel. More specifically, those responsibilities include (i) *ticketing operations* — including ticket sales, the customer development, the visitor statistics as well as ancillary services associated with visitor admission to the touristic attraction such as online ticket reservations, ticket verification and customer service; (ii) *internal commercial operations* — including the management of car parks, sightseeing boats, sightseeing tour buses, dining, event venues and street-front retail shops as well as other commercial operations; and (iii) *4A-level scenic area accreditation planning service* — including formulating and implementing enhancement strategies for the tourist attraction in accordance with 4A-level scenic area standards.

Yangzhou Media Co. shall be responsible for integrated publicity and marketing matters, creating marketing events, planning and execution of important events, brand promotion and publicity activities for the tourist attraction, and shall bear the costs and expenses associated with its operational personnel. More specifically, such responsibilities shall include: (i) *integrated media publicity* — which encompasses utilising a variety of platforms and leveraging the respective strengths of both traditional and new media, with Yangzhou as the centre of publicity initiatives, jointly promoting the tourist attraction; and during such publicity or marketing activities, KOL groups shall be invited from time to time to participate in marketing experiences and to promote the tourist attraction through their respective social media platforms. In addition, promotional videos shall be produced in accordance with the development and 4A-level accreditation requirements of the tourist attraction; and (ii) *event planning* — including the customisation of tour routes within Gaoyou City Lake Tourism Resort.

Our Company shall also cooperate with Yangzhou Media Co. to (i) ensure the planning and organisation of not fewer than five large-scale marketing or promotional events; and (ii) design C&C products themed around the Grand Canal culture, culinary culture, and distinctive local culture of Gaoyou.

Cooperation fees and payment terms

(i) Fixed management fees

Gaoyou Tourism Investment Co. shall pay our Company a fixed annual amount of RMB3.0 million, which shall be paid by two installments on semi-annual basis. The first installment shall be paid within two weeks after the signing of the agreement and the second installment shall be paid within two weeks upon the lapse of the six months after the signing of the agreement.

(ii) Variable fees linked to the revenue of Gaoyou City Lake Tourism Resort (or the revenue-sharing mechanism)

Pursuant to the 2022 Cooperation Agreement, our Company and Yangzhou Media Co. shall, on best effort basis, to achieve an annual visitor volume of 100,000 and a minimum revenue which is equivalent to the Benchmark Revenue (as defined below); and our Company is entitled to the annual revenue of Gaoyou City Lake Tourism Resort up to the Benchmark Revenue (as defined below).

Revenue-sharing mechanism

Further, pursuant to the 2022 Cooperation Agreement, the parties agreed on a revenue-sharing mechanism, pursuant to which each party is entitled to one-third of the revenue of Gaoyou City Lake Tourism Resort in a contract year that exceeds the Benchmark Revenue (as defined below). Each party's annual entitlement under the revenue-sharing mechanism is calculated based on the formula below:

Revenue-sharing entitlement = (Total Contract Year Revenue – Benchmark Revenue) / 3

"Total Contract Year Revenue" represents the total revenue generated from the sales of entrance tickets, sightseeing boat tickets and sightseeing tour bus tickets of Gaoyou City Lake Tourism Resort in a contract year (i.e. for the period from July 1 of a previous year to June 30 of current year). "Benchmark Revenue" represents the average revenue of Gaoyou City Lake Tourism Resort for the three financial years immediately prior to the entering into of the 2022 Cooperation Agreements.

(iii) Advertising fees

Our Company shall pay Yangzhou Media Co. a fixed amount of RMB0.5 million for its provision of marketing services to Gaoyou City Lake Tourism Resort, which shall be paid on annual basis.

Pursuant to the 2022 Cooperation Agreements, our Company shall directly collect the Total Contract Year Revenue. Of the Total Contract Year Revenue amount collected by us, (i) the pre-agreed fixed management fees, the revenue amount up to the Benchmark Revenue and the revenue-sharing entitlement attributable to our Company shall be recognized as our revenue, (ii) the fixed advertising fees attributable to Yangzhou Media Co. shall be recognized as our cost of sales, (iii) the revenue-sharing entitlement attributable to Yangzhou Media Co. shall be recognized as our revenue on a gross basis, with corresponding amounts paid to Yangzhou Media Co. recognized as our cost of sales, consistent with our role as principal, and (iv) the revenue-sharing entitlement attributable to Gaoyou Tourism Investment Co. shall be collected by us on its behalf and paid to Gaoyou Tourism Investment Co. as its revenue, any unsettled amount of which at the end of reporting period of our Company shall be recognized as other payables.

During the Track Record Period and pursuant to the Gaoyou City Lake Cooperation Agreements, the total fees derived from our service offering of management business to Gaoyou City Lake Tourism Resort, including the fixed management fees and the variable fees linked to the revenue of Gaoyou City Lake Tourism Resort, amounted to RMB5.3 million, RMB5.7 million, RMB5.2 million and RMB2.6 million, respectively, accounting for approximately 4.9%, 5.1%, 3.7% and 3.1% of our total revenue, respectively. Pursuant to the 2025 Cooperation Agreement, our management fees was further increased from RMB3.0 million (including tax) to RMB3.5 million (including tax). We believe and as confirmed by Gaoyou Tourism Investment Co. that it is satisfied with our service offering on the basis that (i) the revenue of Gaoyou City Lake Tourism Resort had been increasing during the period of the 2022 Cooperation Agreements except for slight decrease in the first half of 2025 caused by the promotion of free entrance tickets for Yangzhou citizens, (ii) the number of visitors to Gaoyou City Lake Tourism Resort had been increasing during the term of the 2022 Cooperation Agreements from approximately 43 thousand in 2022 to approximately 290 thousand in 2024, and further to approximately 608 thousand in 2025, and (iii) extensive marketing and promotions organized or carried out by us, including over 30 marketing events and promotional activities, promotional video of Gaoyou City Lake Tourism Resort played on outdoor mega screen in the heart of Yangzhou as well as over 30 national and provincial-level publicity articles and over 70 municipal-level publicity articles. We also believe that the increase in our annual management fees by Gaoyou Tourism Investment Co. demonstrated its satisfaction of our service offerings and the results achieved as aforementioned.

The terms of the 2025 Cooperation Agreements, are substantially the same as the 2022 Cooperation Agreements, except for (i) that there were four signing parties to the agreement, (ii) the revenue exceeding the Benchmark Revenue will be shared as to one-fourth by each signing party, and (iii) the marketing expenses to Yangzhou Media Co. shall be RMB0.6 million per year.

As of the Latest Practicable Date, the free entrance tickets promotional initiative for Yangzhou citizens implemented by the local Development and Reform Commission since January 2025 was on-going and has no definitive implementation period. The free entrance tickets promotional initiative primarily affects the variable fees linked to the revenue of Gaoyou City Lake Tourism Resort. During the Track Record Period, the revenue-sharing portion was approximately RMB1.0 million, RMB1.3 million and RMB0.5 million, representing approximately 0.9%, 1.2% and 0.4% of our total revenue in 2023, 2024 and 2025, respectively. Our gross profit for management service decreased from approximately RMB1.7 million in 2024 to approximately RMB1.1 million in 2025, primarily due to the decrease in revenue of Gaoyou City Lake Tourism Resort as a result of such free entrance tickets promotional initiative which commenced in January 2025. Accordingly, our gross profit margin for management service decreased from 29.5% in 2024 to 21.6% in 2025, as the cost of sales related to our provision of management services remained relatively stable in 2025 while our variable fees decreased.

Notwithstanding the foregoing, our Directors are of the view that such initiative has not had, and is not expected to have, a material adverse impact on our overall gross profit margin, primarily because: (i) gross profit generated from our management service business in 2025 and for the six months ended June 30, 2026 accounted for only approximately 1.4% and 1.3% of our total gross profit for the same period; (ii) the revenue component directly affected by such free entrance tickets promotional initiative refers to the revenue derived from the revenue-sharing mechanism under our management services agreement with Gaoyou City Lake Tourism Resort, which is linked to the revenue generated by Gaoyou City Lake Tourism Resort exceeding the Benchmark Revenue, and amounted to approximately RMB0.5 million in 2025, representing only approximately 0.4% of our total revenue for the same period; and (iii) our overall gross profit margin increased from 54.4% in 2024 to 58.2% in 2025, primarily driven by the growing popularity of the Grand Canal Yangzhou night show and the significant increase in revenue from our sightseeing tour bus services. In addition, the number of visitors to the Gaoyou City Lake Tourism Resort increased significantly from approximately 290,000 in 2024 to approximately 608,000 in 2025, and the free entrance ticket promotional initiative is expected to increase demand for services within the resort and thereby support its overall revenue.

Summary of the principle terms of the 2025 Cooperation Agreements is set forth below:

Date and term

(i) Cooperation Agreement for the Quality Enhancement and Operation Management of Gaoyou City Lake Tourism Resort

- Date: June 30, 2025
- Term: from July 1, 2025 to June 30, 2028

(ii) Cooperation Agreement (for advertising services)

- Date: June 30, 2025
- Term: from July 1, 2025 to June 30, 2028

Within six months prior to the expiration of the term of the 2025 Cooperation Agreements on June 30, 2028, the parties thereto shall negotiate the terms of next phase of cooperation.

Parties

(i) Cooperation Agreement for the Quality Enhancement and Operation Management of Gaoyou City Lake Tourism Resort

- Gaoyou Tourism Investment Co.
- Our Company
- Yangzhou Media Co.
- Gaoyou Ancient Post

(ii) Cooperation Agreement (for advertising services)

- Our Company
- Yangzhou Media Co.

Cooperation model and terms

Entrusted management model for the core area of Gaoyou City Lake Tourism Resort, pursuant to which Gaoyou Tourism Investment Co. and Gaoyou Ancient Post entrust our Company and Yangzhou Media Co. to provide operational management services in terms of the agreed service area, including the overall operation and management of Gaoyou City Lake Tourism Resort, including ticket sales, internal operation and management, application for 4A-level scenic area accreditation, event planning and promotion and marketing activities as well as development of C&C products.

Our Company shall be responsible for the day-to-day operational management of the tourist attraction, which includes the centralized coordination of operational personnel, ticketing operations, routine cleaning and security management of the tourist attraction, commercial operations, tourism marketing, route planning, and product promotion, and shall bear all costs and expenses in relation to their operational personnel. More specifically, those responsibilities include (i) *ticketing operations* — including ticket sales, the customer development, the visitor statistics as well as ancillary services associated with visitor admission to the touristic attraction such as online ticket reservations, ticket verification and customer service; (ii) *commercial operations* — including the management of car parks, sightseeing boats, sightseeing tour buses, dining, event venues and street-front retail shops as well as other commercial operations; and (iii) *4A-level scenic area accreditation planning service* — including formulating and implementing enhancement strategies for the tourist attraction in accordance with 4A-level scenic area standards.

Yangzhou Media Co. shall be responsible for (i) integrated media publicity — which encompasses leveraging the respective strengths of both traditional and new media, with Yangzhou as the centre of publicity initiatives, jointly promoting the tourist attraction; and (ii) event planning and implementation — for each event, KOL groups shall be invited to participate in marketing experiences with the production of no fewer than one promotional video tailored to each event. During the publicity activities, due consideration will be given, within a reasonable scope, to incorporate Gaoyou's notable cultural tourist attractions, projects, and events into the publicity work.

Our Company and Yangzhou Media Co. shall also (i) ensure the planning and organisation of not fewer than four large-scale marketing or promotional events on annual basis; and (ii) undertake the design of not fewer than ten C&C products themed around the Grand Canal culture, culinary culture, and distinctive local culture of Gaoyou.

Cooperation fees and payment terms

(i) Fixed management fees

Gaoyou Tourism Investment Co. shall pay our Company a fixed annual amount of RMB3.5 million, which shall be paid by two installments on semi-annual basis. The first installment shall be paid within two weeks after the signing of the agreement and the second installment shall be paid within two weeks upon the lapse of the six months after the signing of the agreement.

(ii) Variable fees linked to the revenue of Gaoyou City Lake Tourism Resort (or the revenue-sharing mechanism)

Pursuant to the 2025 Cooperation Agreements, our Company and Yangzhou Media Co. shall, on best effort basis, to achieve an annual visitor volume of 250,000. Further, the parties agreed on a revenue-sharing mechanism, pursuant to which (i) our Company is entitled to the annual revenue of Gaoyou City Lake Tourism Resort up to the Benchmark Revenue (as defined below), and (ii) each party is entitled to 25% of the revenue of Gaoyou City Lake Tourism Resort in a contract year that exceeds the Benchmark Revenue (as defined below). Each party's annual entitlement under the revenue-sharing mechanism is calculated based on the formula below:

Revenue-sharing entitlement = (Total Contract Year Revenue – Benchmark Revenue) x 25%

"Total Contract Year Revenue" represents the total revenue generated from the sales of entrance tickets, sightseeing boat tickets and sightseeing tour bus tickets of Gaoyou City Lake Tourism Resort in a contract year (i.e. for the period from July of a previous year to June 30 of current year). "Benchmark Revenue" represents the average revenue of Gaoyou City Lake Tourism Resort for the three financial years immediately prior to the entering into of the 2022 Cooperation Agreements.

(iii) Advertising fees

Our Company shall pay Yangzhou Media Co. a fixed amount of RMB0.6 million for its provision of marketing services to Gaoyou City Lake Tourism Resort, which shall be paid on annual basis.

(iv) Other fees

In the event that our Company successfully assists Gaoyou Tourism Investment Co. in attaining the accreditation of a 4A-level scenic area, 50% of all subsidies, rewards, and guidance funds granted by relevant authorities (if any) in connection therewith shall be allocated to us and Yangzhou Media Co. and the relevant amount to be further apportioned between us and Yangzhou Media Co. in accordance with workload undertaken by us and Yangzhou Media Co., respectively. Upon completion of such allocation, we shall settle the distributed amount with Yangzhou Media Co. based on the actual work undertaken.

For all funds applied for under the name of the tourist attraction (other than those specified above), the entity submitting the application shall, after receipt of such funds, distribute an amount equivalent to 50% of the total funds obtained as a reward, which shall be divided equally among the other three entities.

Pursuant to the 2025 Cooperation Agreements, our Company shall directly collect the Total Contract Year Revenue. Of the Total Contract Year Revenue amount collected by us, (i) the pre-agreed fixed management fees, the revenue amount up to the Benchmark Revenue and the revenue-sharing entitlement attributable to our Company shall be recognized as our revenue, (ii) the fixed advertising fees attributable to Yangzhou Media Co. shall be recognized as our cost of sales, (iii) the revenue-sharing entitlement attributable to Yangzhou Media Co. shall be recognized as our revenue on a gross basis, with corresponding amounts paid to Yangzhou Media Co. recognized as our cost of sales, consistent with our role as principal, and (iv) the revenue-sharing entitlement attributable to Gaoyou Tourism Investment Co. and Gaoyou Ancient Post shall be collected by us on their behalf and paid to them as their revenue, any unsettled amount of which at the end of reporting period of our Company shall be recognized as other payables.

Pricing, Payment and Revenue Recognition

Our pricing for management service business segment is determined and agreed upon through arm's length negotiations with relevant counterparties by reference to prevailing market price, project scale and the scope of services to be provided for each projects. These projects not only contribute to our revenue but also enhance our reputation and attract future engagements across the tourism industry.

The detailed payment schedule is subject to the arm's length negotiation with relevant parties by reference to the prevailing market practice. We usually request the counterparty to make full payment of the pre-agreed fixed management fees by installments within period of the relevant service agreement. Pursuant to the Gaoyou City Cooperation Agreements, Gaoyou Tourism Investment Co. shall pay us (i) 50% of the first semi-annual amount of the total pre-agreed fixed management fees within one week after the date of the relevant service agreement, (ii) the remaining 50% of the first annual amount of the total pre-agreed fixed management fees within one week upon the lapse of the six months from the date of the relevant agreement, and (iii) for each of the second and third semi-annual installments, payment shall be made in the same manner and according to the schedules set out in (i) and (ii) as aforementioned.

In line with industry practice and the terms stipulated under each agreement, revenue derived from our management service business is recognised on a fixed-fee basis and is generally recognised based on the progress of performance obligations, taking into account key project milestones or the continuous provision of services over the contractual period. Specially: (i) the fixed pre-agreed annual management service fee is recognized on a straight-line basis over the contract period according to the progress of performance. (ii) the revenue drives from the revenue-sharing mechanism in the management services contract is recognized over time as services are rendered.

Potential for Replication and Scalability

Our management business presents significant growth potential, fueled by booming tourism trends, and is inherently scalable and well-suited for replication across a broad spectrum of tourism and cultural assets. Looking ahead, with the governmental policy support on boosting the tourism economy and in particular the canal economy, scenic area owners and operators are increasingly seeking to differentiate themselves and elevate the quality of visitor experiences. In turn, we expect that the demand for tourist attraction entrusted management services will further increase. In addition, with the digital transformation of tourism industry, evolving visitor preferences and the increasing demand for sustainability, we expect that there will be a growing need for trending and practical solutions in terms of project planning, branding, marketing and operational excellence. We believe that through continuous innovation and expansion of our management capabilities, we are well positioned to capture new market opportunities, strengthen customer relationships, and drive long-term, sustainable growth for our entrusted management business. Our successful management of Gaoyou City Lake Tourism Resort demonstrates the effectiveness and replicability of our management business model, serving as a model for future management projects in other tourist attractions.

OUR CUSTOMERS

Overview

During the Track Record Period, (i) customers of our water sightseeing boat service business, as recognised in our financial statements, were (a) retail customers, including individual customers and group customers, who purchased our boat tickets directly through on-site box offices and self-service ticket machine as well as our self-owned WeChat Mini-program "Yangzhou Slender West Lake Water Tour (揚州瘦西湖水上遊)" by cash or electronic payment or indirectly through third party ticket sale channels including OTA platforms such as Meituan, Ctrip, Douyin and Tongcheng and collaborating hotels, and (b) corporate customers, including travel agencies and other corporate customers, by way of wholesale; (ii) customers of our sightseeing tour bus service business, as recognised in our financial statements, were retail customers who purchased our tour bus tickets on-site directly; and (iii) customer of our management service business which was Gaoyou Tourism Investment Co., the owner of Gaoyou City Lake Tourism Resort.

Top Five Customers

In 2023, 2024 and 2025 and the six months ended June 30, 2026, our top five customers in each period accounted for approximately 7.0%, 7.5%, 5.8% and 5.5% of our total revenue for each period, respectively. Our largest customer accounted for approximately 4.9%, 5.1%, 3.7% and 3.1%, of our revenue in 2023, 2024 and 2025 and the six months ended June 30, 2026, respectively.

The following tables summarize information about our five largest customers by revenue during each period of the Track Record Period:

For the year ended December 31, 2023

Ranking	Customer	Background	Services/products provided	Commencement of Relationship	Credit Term	Payment Method	Revenue	% of Total Revenue
				(Year)			*RMB'000*	
1	Gaoyou Tourism Investment Co.	A state-owned owner and operator of tourist attractions with focus on the their investment, development, and management of tourist attractions	Management services to Gaoyou City Lake Tourism Resort	2022	7 days	bank transfer	5,343	4.9
2	Customer E	A private ticket agency company	See note below	2019	—	bank transfer	975	0.9
3	Customer F	A private travel agency	See note below	2020	—	bank transfer	521	0.5
4	Customer G	A private travel agency	See note below	2023	—	bank transfer	450	0.4
5	Customer H	A private trading company	Advertising and marketing services by playing promotional videos inside the cabins and displaying illuminated advertisements on the exterior sides of two water sightseeing boats operating in the Ancient Canal Area	2023	—	bank transfer	377	0.3
						TOTAL	**7,666**	**7.0**

For the year ended December 31, 2024

Ranking	Customer	Background	Services/products provided	Commencement of Relationship	Credit Term	Payment Method	Revenue	% of Total Revenue
				(Year)			*RMB'000*	
1	Gaoyou Tourism Investment Co.	A state-owned owner and operator of tourist attractions with focus on the investment, development, and management of tourist attractions	Management services to Gaoyou City Lake Tourism Resort	2022	7 days	bank transfer	5,718	5.1
2	Customer G	A private travel agency	See note below	2023	—	bank transfer	889	0.8
3	Customer E	A private travel agency	See note below	2019	—	bank transfer	827	0.7
4	Customer F	A private travel agency	See note below	2020	—	bank transfer	692	0.6
5	Customer I	A private service provider of radio and television program production, marketing planning, advertising services, and cultural event organization	Advertising and marketing services by playing promotional videos inside the cabins and displaying illuminated advertisements on the exterior sides of two water sightseeing boats operating in the Ancient Canal Area	2024	7 days	bank transfer	340	0.3
						TOTAL	**8,466**	**7.5**

For the year ended December 31, 2025

Ranking	Customer	Background	Services/products provided	Commencement of Relationship	Credit Term	Payment Method	Revenue	% of Total Revenue
				(Year)			*RMB'000*	
1	Gaoyou Tourism Investment Co.	A state-owned owner and operator of tourist attractions with focus on the investment, development, and management of tourist attractions	Management services to Gaoyou City Lake Tourism Resort	2022	7 days	bank transfer	5,168	3.7
2	Customer G	A private travel agency	See note below	2023	—	bank transfer	1,077	0.8
3	Customer J	A private travel agency	See note below	2023	—	bank transfer	956	0.7
4	Customer K	A private travel agency	See note below	2019	—	bank transfer	529	0.4
5	Customer E	A private travel agency	See note below	2015	—	bank transfer	437	0.3
						TOTAL	**8,167**	**5.8**

For the six months ended June 30, 2026

Ranking	Customer	Background	Services/products provided	Commencement of Relationship	Credit Term	Payment Method	Revenue	% of Total Revenue
				(Year)			*RMB'000*	
1	Gaoyou Tourism Investment Co.	A state-owned owner and operator of tourist attractions with focus on the investment, development, and management of tourist attractions	Management services to Gaoyou City Lake Tourism Resort	2022	14 days	bank transfer	2,577	3.1
2	Customer G	A private travel agency	See note below	2023	—	bank transfer	813	1.0
3	Customer J	A private travel agency	See note below	2023	—	bank transfer	553	0.7
4	Customer K	A private travel agency	See note below	2019	—	bank transfer	348	0.4
5	Customer L	A private travel agency	See note below	2025	—	bank transfer	212	0.3
						TOTAL	**4,503**	**5.5**

Note: Boat and tour bus tickets for the Shugang-Slender West Lake Scenic Area and the Ancient Canal Area, and boat and tour bus tickets and the entrance tickets for Gaoyou City Lake Tourism Resort

During the Track Record Period, all of our five largest customers in each period were independent third parties of the Group. None of our Directors, their associates or any of our current Shareholders (who, to the knowledge of our Directors, own more than 5% of our total registered share capital immediately following the completion of the [REDACTED]) has any interest in any of our five largest customers during the Track Record Period that is required to be disclosed under the Listing Rules.

OUR SUPPLIERS

Overview

During the Track Record Period, our suppliers primarily consisted of (i) third party dispatched employee service providers, from whom we engaged dispatched employees for our business operation, (ii) boat manufacturers, from whom we also procured boats for our water sightseeing boat service business, and (iii) suppliers of fuel. All materials provided by our suppliers and services procured must comply with the quality control requirements.

Top Five Suppliers

In 2023, 2024 and 2025 and the six months ended June 30, 2026, our purchases from our five largest suppliers in aggregate accounted for approximately 56.9%, 84.1%, 62.3% and 61.1% of our total purchases for the same period, respectively. Our purchases from our largest supplier in each period accounted for approximately 28.8%, 49.4%, 28.7% and 24.8%, of our total purchases for the same period, respectively.

The following tables summarise information about our five largest suppliers by purchase amount during the Track Record Period:

For the year ended December 31, 2023

Ranking	Supplier	Background	Services/products procured	Commencement of Relationship	Credit Term	Payment Method	Purchase Amount	% of Total Purchase
				(Year)			*RMB'000*	
1	Supplier A	A private company and a service provider of dispatched employee service and property management service	Dispatched employee service	2020	—	Bank transfer	6,612	28.8
2	Supplier D	A private boat manufacturing company	One imitation antique steel leisure boat	2023	14 days	Bank transfer	1,750	7.6
3	Shugang-Slender West Lake Administrative Committee	A governmental body supervising the overall operation of the Shugang-Slender West Lake Scenic Area	Exclusive operation right fees for operating water sightseeing boats and tour buses	2015	—	Bank transfer	1,652*	7.2
4	Supplier B	A state-owned producer and supplier of oil and petrochemical products	Diesel, gasoline, and other fuels for boats	2020	—	Bank transfer	1,541	6.7
5	Supplier E	A private boat manufacturing company	60 self-driving boats	2017	—	Bank transfer	1,513	6.6
						TOTAL	**13,068**	**56.9**

* *Represents the license fees of RMB1,452.0 thousand for operating water sightseeing boats within the Shugang-Slender West Lake Scenic Area for the year under the 2015 Concession Agreement; and the license fees of RMB200.0 thousand for operating sightseeing tour buses for the Designated Tour Routes within the Shugang-Slender West Lake Scenic Area for the year of 2022 under the 2022 Concession Agreement. For further details on the license fees, see "Water Sightseeing Boat Service Business — Exclusive Operation Rights — Exclusive operation right within the Shugang-Slender West Lake Scenic Area" and "Sightseeing Tour Bus Service Business — Exclusive Operation Right, Service Area and Designated Tour Routes."*

For the year ended December 31, 2024

Ranking	Supplier	Background	Services/products procured	Commencement of Relationship	Credit Term	Payment Method	Purchase Amount	% of Total Purchase
				(Year)			*RMB'000*	
1	Yao Youguang	A private company specializing in stage engineering, commercial performances, and provision of lighting services	Performance planning services, as well as equipment supply and installation, for the Grand Canal Yangzhou night show	2024	—	Bank transfer	45,435	49.4
2	Supplier F	A state-owned boat manufacturing company	One modern yacht	2017	—	Bank transfer	12,115	13.2
3	Supplier G	A private boat manufacturing company	20 premium eco-friendly painted leisure boats	2023	—	Bank transfer	11,217	12.2
4	Supplier A	A private company and a service provider of dispatched employee service and property management service	Dispatched employee service	2020	—	Bank transfer	6,846	7.4
5	Supplier H	A private construction company engaged in all types of construction projects and the installation, modification, and repair of special equipment	Construction service for the Baozhang Lake landscape lighting project	2024	14 days	Bank transfer	1,743	1.9
						TOTAL	**77,356**	**84.1**

For the year ended December 31, 2025

Ranking	Supplier	Background	Services/products procured	Commencement of Relationship	Credit Term	Payment Method	Purchase Amount	% of Total Purchase
				(Year)			*RMB'000*	
1	Supplier E	A private boat manufacturing company	One modern yacht	2017	—	Bank transfer	10,095	28.7
2	Supplier A	A private company, dispatched employee services and property management service management	Dispatched employee services	2020	—	Bank transfer	4,825	13.7
3	Yangzhou Media Group	A group consisting of (i) a public institution established by Yangzhou Government, serving as a key local media outlet and (ii) a state-owned media promotion company, both providing professional publicity and media promotion services	Publicity and media promotion service	2016	—	Bank transfer	2,602	7.4
4	Supplier J	A private service provider of landscape enhancement	Landscape enhancement service	2024	—	Bank transfer	2,583	7.3
5	Supplier I	A private service provider of performance-related services, including performance brokerage and commercial performance services	Providing performers for the Grand Canal Yangzhou night show	2024	7 days	Bank transfer	1,830	5.2
						TOTAL	**21,935**	**62.3**

For the six months ended June 30, 2026

Ranking	Supplier	Background	Services/products procured	Commencement of Relationship	Credit Term	Payment Method	Purchase Amount	% of Total Purchase
				(Year)			*RMB'000*	
1	Supplier G	A private boat manufacturing company	Eight premium eco-friendly painted boats	2023	—	Bank transfer	4,296	24.8
2	Supplier K	A private service provider of digital display and projection display solutions	Digital display and projection solutions, animation production and audio system services	2024	—	Bank transfer	3,372	19.5
3	Supplier I	A private service provider of performance-related services, including performance brokerage and commercial performance services	Providing performers for the Grand Canal Yangzhou night show	2024	7 days	Bank transfer	1,017	5.9
4	Supplier A	A private company and a service provider of dispatched employee service and property management service	Dispatched employee service	2020	—	Bank transfer	983	5.7
5	Shugang-Slender West Lake Administrative Committee	A governmental body supervising the overall operation of the Shugang-Slender West Lake Scenic Area	Exclusive operation right fees for operating water sightseeing boats and tour buses	2015	—	Bank transfer	909	5.2
						TOTAL	**10,577**	**61.1**

During the Track Record Period, except for Yao Youguang and Yangzhou Media Group, all of our five largest suppliers in each period were independent third parties of the Group. None of our Directors, their associates or any of our current Shareholders (who, to the knowledge of our Directors, own more than 5% of our total registered share capital immediately following the completion of the [REDACTED]) has any interest in any of our five largest suppliers during the Track Record Period that is required to be disclosed under the Listing Rules.

OVERLAPPING CUSTOMERS AND SUPPLIERS

During the Track Record Period, we had eleven customers who were also our suppliers, namely, (i) Slender West Lake Administration Office, to whom we directly sold tickets for water sightseeing boats in connection with our collaboration with the Slender West Lake Administration Office and other touristic attractions in Yangzhou in the summer of 2025 to promote integrated land-and-water tourism ticket packages where the Slender West Lake Administration Office sold the ticket packages online and then settle with us the amounts relating to the sale of our water sightseeing boat services and from whom we purchased entrance tickets to the Slender West Lake Scenic Area and tour guide services, (ii) Yangzhou Ge Yuan Management Office* (揚州市個園管理處), to whom we directly sold tickets for water sightseeing boats and from whom we purchased entrance tickets to Ge Yuan and tour guide services, (iii) Company Y, to whom we directly sold tickets for water sightseeing boats and from whom we procured wellness retreat services for our current outstanding employees, (iv) Yangzhou Chuyouqi Trading Co., Ltd.* (揚州楚悠啟貿易有限公司), to whom we charged service fees in proportionate to their sales amount derived from operating beverage vending machines at the wharf operated by us and from whom we purchased bottled water and drinks for resale, (v) Company Z, to whom we directly sold tickets and provided chartered water sightseeing boat services for its customers which are mainly visitors or travelers and from whom we procured travel ticket reservation services for business trips of our employees, (vi) Customer I, one of our top five customers in 2024, to whom we provided advertising and marketing services by displaying illuminated advertisements on the exterior sides of two water sightseeing boats operating in the Ancient Canal Area and from whom we purchased advertising boards for our marketing and promotional activities, (vii) Supplier E, one of our top five suppliers in 2023 and 2025, from whom we purchased 60 self-driving boats in 2023 and one modern yacht in 2025 and to whom we provided marketing services such as setting up advertising booth at exhibition events to

it, (viii) Company X, to whom we directly sold tickets for water sightseeing boats and from whom we procured linen cleaning services in connection with our water sightseeing boat operations, (ix) Company W, to whom we leased our properties for commercial use and from whom we procured catering services, (x) Company V, to whom we directly sold tickets for water sightseeing boats and from whom we procured disposal services for obsolete life jackets in connection with our water sightseeing boat operations and (xi) Shugang-Slender West Lake Administrative Committee to whom we directly sold tickets for water sightseeing boats and from whom we procured operation licenses for water sightseeing boats and tour buses within the designated Shugang-Slender West Lake Scenic Area. Our Directors confirmed that the sales and purchases with the overlapping customers and suppliers during the Track Record Period were not connected nor conditional upon each other.

The total revenue from these eleven overlapping customers and suppliers amounted to RMB209.7 thousand, RMB412.5 thousand, RMB146.6 thousand and RMB343.29 thousand in 2023, 2024 and 2025 and the six months ended June 30, 2026, accounting for approximately 0.2%, 0.4%, 0.1% and 0.4% of our total revenue for the relevant periods, respectively. The total purchases from these eleven overlapping customers and suppliers amounted to (i) RMB8.8 thousand in 2023, accounting for less than 0.1% of our total purchases for the same year and (ii) RMB80.1 thousand, RMB10,101.7 thousand and RMB917.8 thousand in 2024 and 2025 and the six months ended June 30, 2026, accounting for approximately 0.1%, 28.7% and 5.3% of our total purchases for the respective period.

The purchases from relevant overlapping customer/supplier are of different nature from sales of water sightseeing boat services and provision of management services and such purchases are of small amount as compared to our revenue derived from the same overlapping customer/supplier, such as short-period offering of dining services, advertising board design services out of sporadic or temporary needs and small amount of service fees paid for travel ticket reservation services.

The eleven overlapping customers and suppliers include (i) Shugang-Slender West Lake Administrative Committee, one of our top five suppliers in 2023 and for the six months ended June 30, 2026, was also a customer of our Company in relation to tickets for water sightseeing boats, (ii) Supplier E, one of our top five suppliers in 2023 and 2025, was also a customer of our Company in relation to our provision of marketing services such as setting up advertising booth at exhibition events to it, and (iii) Customer I, one of our top five customers in 2024, was also a supplier of Company in relation to supply of advertising boards to us. Details of the transactions with Shugang-Slender West Lake Administrative Committee, Supplier E and Customer I are set out below:

Shugang-Slender West Lake Administrative Committee

For the six months ended June 30, 2026

Revenue from Shugang-Slender West Lake Administrative Committee *(RMB'000)*	4
As a percentage (%) of our total revenue	—*
Purchase from Shugang-Slender West Lake Administrative Committee *(RMB'000)*	909
As a percentage (%) of our total purchase	5.2

Supplier E

For the year ended December 31, 2025

Revenue from Supplier E *(RMB'000)*	70
As a percentage (%) of our total revenue	—*
Purchase from Supplier E *(RMB'000)*	10,095
As a percentage (%) of our total purchase	28.7

Customer I

For the year ended December 31, 2024

Revenue from Customer I *(RMB'000)*	340.0
As a percentage (%) of our total revenue	0.3
Purchase from Customer I *(RMB'000)*	9.3
As a percentage (%) of our total purchase	—*

* *less than 0.1%*

Negotiations of the terms of our boat ticket sales or the provision of management services and advertising services to and purchases from those customers were conducted on an individual basis and the sales and provision of management services were neither inter-connected nor interconditional with each other. Our Directors also confirmed that the terms and the pricing policies of transactions with those customers are in line with normal commercial terms and similar to those transactions with our other customers and suppliers on the basis that (i) we are experienced and have good understanding of the water-based tourism industry as well as the broader tourism industry and therefore we are knowledgeable of the commercial terms adopted by most market players and are capable of identifying that the terms and pricing policies are in line with normal commercial terms, (ii) with respect to supplier engagement, we generally conduct public tender process as part of our supplier selection process and where public tender is not required, we will directly negotiate with the relevant suppliers, and we will compare the commercial terms of proposed suppliers of similar background in making the selection, and (iii) with respect to transactions with customers, for water sightseeing boat service, the commercial terms are the same and non-negotiable and for management services, commercial terms are heavily negotiated, customers may be in negotiations with our competitors, which ensures that the commercial terms are normal and in line with market practice.

PROCUREMENT MANAGEMENT

We strive to obtain high quality supplies from reliable sources at reasonable prices. We primarily procure hardware and facilities (including sightseeing boats, marine accessories, and cabin seating), engineering services (such as development of waterway tours and dock maintenance projects), fuel (diesel and gasoline), and various services (including dock security services).

We have established a procurement system to implement a multi-tier approval system for all purchase orders where a procurement order needs to be approved first by department head and responsible principal and then shall be submitted to our general manager. Authorisation levels are clearly defined, with higher value transactions of RMB40,000 or above subject to enhanced approval procedures and management oversight. Purchase order with procurement budget (i) at or above RMB50,000 shall be discussed and approved by the Board, (ii) at or above RMB8,000 per unit or RMB40,000 for bulk purchase shall be subject to market research process, and (iii) at or above RMB300,000 shall be subject to a public tender process. We typically have multiple suppliers for each category of suppliers to minimize any potential disruption in our operations, maintain sourcing stability, avoid over-reliance risk, and secure competitive prices from suppliers.

Supplier selection and quality control

Our Group is committed to sourcing high-quality products and services from reliable and reputable suppliers to support our continued growth and operational excellence. We have established a comprehensive supplier selection and evaluation framework to ensure transparency, competitiveness and adherence to recognised industry standards.

We do not maintain a list of qualified suppliers. Instead, our selection of suppliers is governed by a rigorous and structured process. Based on estimated value of goods or services, we have two different supplier selection procedures. For procurement of goods or services with an estimated value of RMB300,000 or above, supplier selection is conducted through a formal public tender process, ensuring that supplier selection is based on competitive bidding and objective evaluation criteria. For procurement of goods or services with an estimated value below RMB300,000, suppliers are identified and selected through a rigorous market research and comparison process, promoting cost-effectiveness and suitability.

We also implemented a strict supplier selection protocol, under which all potential suppliers must undergo a thorough qualification review, which includes verification of business licenses, financial statements and compliance documentation as well as examination on company history and records via public credit and business information platforms. For major suppliers, we also undertake site visits and on-site inspections. Where necessary, industry-specific verification is carried out, such as ensuring that boat manufacturers possess valid vessel manufacturing-grade professional qualifications.

We maintain stringent technical and quality requirements tailored to each category of procurement. For example, for on-boat furniture, we require the use of non-spliced ingia wood, mortise and tenon construction techniques and natural lacquer finishes to ensure durability and authenticity.

We are dedicated to improving our supplier selection and quality control procedures on ongoing basis through regular internal reviews and benchmarking against leading industry practices. Supplier performance is evaluated on an annual basis and such evaluation includes both quantitative scoring and qualitative assessments. Based on performance, suppliers are classified into four categories: "A" (excellent), "B" (good), "C" (qualified), and "D" (unqualified). The allocation of procurement volume for the subsequent year is adjusted according to these categories, and unqualified suppliers are eliminated from our supplier pool. Suppliers who fail to meet the requisite standards we set are required to take immediate remedial actions within a specified period and persistent non-compliance will result in the supplier being disqualified and removed from our supplier pool. Through adhering to our commitment to improving supplier selection and quality control management, we want to continuously foster transparency, operational excellence and ethical conduct throughout our supplier selection processes and quality control management.

Supplier management

We had 405, 437, 411 and 269 suppliers as of December 31, 2023, 2024 and 2025 and June 30, 2026, respectively. On average, we have approximately three years of business dealings with our major suppliers.

We seek to establish long-term strategic relationships with key suppliers to enhance supply chain stability and cost optimization. Through competitive bidding and tendering mechanisms, we are able to maintain our competitive position and secure advantageous terms with suppliers. We typically have three to five suppliers for each category of suppliers to minimize any potential disruption in our operations, maintain sourcing stability, avoid over-reliance risk and secure competitive prices from suppliers. We also adopt centralised procurement where appropriate and practicable, allowing us to benefit from bulk purchase discounts. We also established a supplier evaluation mechanism where suppliers fail to meet the requisite standards we set, they are required to take immediate remedial actions within a specified period. Suppliers who remain non-compliant are considered disqualified and will be removed from our supplier pool. During the Track Record Period, we did not experience any interruption in our supply of products or services, early termination of supply agreements or failure to secure sufficient quantities of supplies that had any material adverse impact on our business or results of operations.

Our suppliers generally offer us a credit term up to 14 days. We typically settle trade payable obligations with respect to our suppliers through bank transfers.

Price management

We manage our prices by closely monitoring market price fluctuations. We also implement certain measures to control our purchase costs, such as (i) conducting market researches and obtaining fee quotes from at least three suppliers in the event that the estimated procurement amount is at or above RMB8,000 per unit or at or above RMB40,000 for bulk purchase, (ii) in the event that the estimated procurement amount is at or above RMB300,000, a formal tender process must be initiated with accurate procurement requirements and evaluation criteria; and (iii) entering into framework agreements with certain suppliers to secure sufficient supplies at agreed price. Moreover, we believe we are able to obtain favorable prices from suppliers as we generally conduct centralized procurement in large volumes. As is customary in our industry, we typically do not pass any short-term price increases of our supplies to guests.

Anti-bribery Measures

We have set forth strict guidelines against engaging in bribery and creating circumstances which may create a conflict of interest between us and our employees. In addition, we have a set of anti-bribery internal procedures. For example, all of our agreements with suppliers have incorporated anti-bribery terms and we may terminate our cooperation with the supplier if it violates any relevant laws or regulations or fail to report incident of bribery involving such supplier. We have also implemented a whistle-blower program under which employees will report instances of bribery or kickbacks directly to our discipline inspection and supervision office. As of June 30, 2026, our discipline inspection and supervision office had two employees and their principal responsibilities are supervising and auditing our operations and financial matters, and assisting with our internal inspections. The discipline inspection and supervision office implements internal anti-corruption policies, investigates relevant allegations and takes disciplinary actions when necessary. The multi-tier procurement system also enables us to limit the number of employees with the authority to select suppliers and thus to increase effectiveness of our internal control measures.

We have established a procurement center, which is consisted of two employees who are specialists responsible for our procurement and selection of suppliers. The two employees at the procurement center shall collaborate with employees from relevant business and financial departments to conduct market researches on the supplier candidates, on-site visits (where necessary), and make recommendations to the Board for determination. Our Directors are of the view that (i) assigning supplier selection responsibilities to a group of designated employees, including the two employees at the procurement center, who must act jointly with relevant business and financial departments and cannot make unilateral decisions, significantly mitigates the risk of bribery by eliminating the risk of single employee colluding with suppliers and requiring consensus between them, (ii) with only two employees representing the procurement center and collaborating with relevant business and financial departments to handle supplier selection matters, any anomalous transaction can be rapidly traced, which in turn facilitated alleged bribery investigation, and such concentrated responsibility also increases the cost and risk associated with any fraudulent behaviour, thereby serving as a deterrent. Accordingly, our Directors are of the view that the separation of selection authority and decision-making power in terms of supplier selection ensures that the two procurement employees do not have dominant influence over the supplier selection outcome for individual interest, thereby mitigating the risk of suppliers to offer bribes; and in addition, we also required clear documentation, rigorous traceability, and robust compliance framework in the supplier selection process to provide additional safeguards, which, together with our supplier selection and quality control mechanism, establishing an effective mechanism for deterring and preventing bribery in the procurement process. No other employee has the authority to select suppliers. During the Track Record Period and up to the Latest Practicable Date, there was no kickback arrangement with any of our suppliers.

Procurement procedure

We have established a comprehensive procurement procedure to ensure the quality, quantity, pricing, delivery, inspection and acceptance of goods and services required for our business operations. The procurement process is designed to ensure transparency, compliance with internal controls, and the safeguarding of our interests in accordance with industry practices and applicable laws and regulations. The following outlines the principal steps involved in our procurement process:

- *Step 1:* the relevant procurement business or functional department submits a request for procuring goods or services, specifying requirements in terms of quality, quantity, delivery period and other relevant criteria.
- *Step 2:* the procurement request is reviewed and approved within defined authority limits by the designated department head and responsible principal(s).
- *Step 3:* with the department level approval, the procurement request shall then be submitted to our principal officers, Ms. Xu Shumei (executive Director and chairman of the Board) and Mr. Lian Gang (executive Director) for consideration and approval. For procurement request for a budget of RMB40,000 or above, such procurement request shall then be submitted to the chairman of the Board for consideration and approval.
- *Step 4:* upon receipt of the requisite approvals, the procurement centre initiates and conducts the procurement process in accordance with our procurement policy, including but not limited to supplier selection, contract negotiation and purchase order placement.
- *Step 5:* when goods or services are delivered, relevant departments shall conduct inspection on the quantity and quality of goods or services; and where necessary, such as critical projects, third-party inspection or audit firms may be engaged to participate in the inspection and acceptance process.

Handling disputes with suppliers

In the event of disputes arising with suppliers, we typically undertake a structured approach which includes promptly collecting relevant evidence such as contracts, invoices and inspection reports, followed by formal written communication to notify the supplier of the issues identified and to propose specific remedial actions within a reasonable timeframe. Should such negotiations fail to reach a satisfactory resolution, we may seek third-party mediation through industry associations or relevant administrative authorities. Where disputes remain unresolved, we may seek recourse through arbitration or legal proceedings in accordance with the terms of the relevant procurement contract. We also conduct internal review of procurement processes to identify the underlying causes of disputes and implements remedial measures as appropriate to mitigate recurrence and any adverse impacts on our business operations and financial results. During the Track Record Period and up to the Latest Practicable Date, we had not had any material disputes with our suppliers which have adverse impacts on our business operations or financial results.

DATA PRIVACY AND PERSONAL INFORMATION PROTECTION

In the ordinary course of our business, we collect certain personal information of our customers. For instance, during the processes of ticket purchase, ticket verification, and post-sales services provided to customers, we collect customers' names, phone numbers, and ID numbers for the purpose of facilitating ticket purchase and validation process, verifying their identities, and enabling communication with them. When customers need us to issue invoices, we collect customers' invoice issuance information along with their email addresses or phone numbers for the purpose of issuing and delivering invoices to them. See "Risk Factors — Risks Relating to Our Business and Industry — The PRC laws and regulations concerning cybersecurity and data protection are continuously evolving. Failure to comply with all applicable laws and regulations could harm our reputation, business, financial condition and results of operations and our [REDACTED] and [REDACTED] may be impeded". We implement

strict confidentiality measures by assigning data access permissions for customer information storage systems based on our employees' job roles and responsibilities. In addition, we have formulated multiple internal management policies related to data privacy and personal information protection, including the Cyber Security Management Policy, Data Security Management Policy, Personal Information Protection Management Policy, and Emergency Response Plan for Data Security Incidents. Among these, the Cyber Security Management Policy applies to our network security compliance management activities. It specifies our Company's cybersecurity management mechanism, mainly covering computer virus prevention management, classified medium management, computer room management, data and information security management, and asset and equipment management. The Data Security Management Policy governs our data processing activities and sets forth security requirements to be followed during data collection, storage, use, sharing, destruction, and transmission. The Personal Information Protection Management Policy applies to our personal information processing activities. It mainly clarifies the security requirements for personal information processing from dimensions such as compliance management of personal information processing activities, protection of the rights of personal information subjects, classification and grading of personal information, and management of personal information interaction with third parties. The Emergency Response Plan for Data Security Incidents is designed to mitigate the impact of data security incidents and applies to our response work to data security incidents. It mainly sets out the classification standards for data security incidents and the emergency response procedures that our Company shall adopt in the event of a data security incident. All the above policies have been adopted and implemented across all aspects of our Company's business operation. We also require employees with access to customers' personal information to comply with these policies. From a technical standpoint, we adopt technical measures such as secure password protection, login authentication, access control, and operation log retention to ensure data privacy and personal information security.

Our PRC Legal Adviser is of the view that, during the Track Record Period and up to the Latest Practicable Date, we have not experienced any material incident of data leakage, data loss or breach incidents and we have been in compliance with the relevant PRC laws, rules and regulations relating to cybersecurity and data protection in all material aspects on the basis that (i) as of the Latest Practicable Date, we had implemented comprehensive cybersecurity and data protection policies, procedures and measures to ensure secured storage and use of data, and prevent unauthorised access or use of data; (ii) we had not been subject to any material fines or administrative penalties, mandatory rectifications, or other sanctions by any competent regulatory authorities for violation of cybersecurity and data protection laws, rules and regulations; (iii) there had 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 Directors, threatened against or relating to us; and (iv) we did not experience any material leakage of data, any material breach of confidential business data or violation of cybersecurity and data protection and privacy.

INTELLECTUAL PROPERTIES

We rely on a combination of trademark and other intellectual property laws as well as confidentiality agreements with our suppliers, customers and others to protect our intellectual properties. As of the Latest Practicable Date, we had 24 registered trademarks in China, which are material to our business. See "Statutory and General Information — B. Further Information about Our Business — 2. Intellectual Property Rights of the Group" in Appendix VI to this document.

During the Track Record Period and up to the Latest Practicable Date, our Directors and the PRC Legal Adviser both confirmed that, so far as they were aware, there was no material violation or infringement of any intellectual property rights owned by us or by any third parties, and we were not aware of any threatened material proceedings or claims relating to intellectual property rights against us. As further advised by our PRC Legal Adviser, there was no material violation or infringement of, or any material proceedings or claims relating to, intellectual property rights owned by us or by any third parties during the Track Record Period and up to the Latest Practicable Date. Moreover, despite our best efforts, we cannot be certain that third parties will not infringe or misappropriate our intellectual property rights or that we will not be sued for intellectual property infringement. See "Risk Factors — Risks Relating to Our Business and Industry — Our business depends on our ability to protect our intellectual property rights, and we may be exposed to intellectual property infringement and other claims by third parties, which, if successful, could cause us to pay significant damage awards and incur other costs."

COMPETITION

The water-based tourism market in China is characterised by a dynamic and competitive landscape, driven by several key factors. With the increasing national disposable income and evolving consumer preferences, there is a notable shift towards cultural and immersive travelling experiences. Major market players, like us, are able to leverage unique local historical and cultural elements to create diverse service offerings, including a diverse selection of water-based sightseeing boat tours with a wide range of value-added "Boat+" and chartered boat services such as on-boat dining experience as well as the innovative Grand Canal Yangzhou night show and convenient sightseeing tour buses. The growth is further fueled by supportive government policies and technological advancements, enhancing visitor engagement. Nonetheless, we face competition from market players of similar scale, who may bring innovative services to their core sightseeing business which may has intensified market competition, positioning the water-based tourism market in China for significant expansion. According to Frost & Sullivan, it is projected that the revenue of water-based tourism service market in China will reach approximately RMB15.7 billion by 2030, reflecting a CAGR of approximately 7.7% from 2025; and the revenue in the water-based tourism service market in Jiangsu is projected to reach RMB971.0 million by 2030, representing a CAGR of 7.1% from 2025. See "Industry Overview — Water-based Tourism Service Market Overview in China and Jiangsu Province — The Market Size of Water-based Tourism Service in China and in Jiangsu Province" in this document for details.

Despite the above, our Directors consider that our core water sightseeing boat service business with track record can differentiate ourselves and tap into growth opportunities in the water-based tourism sector and the broader cultural tourism market.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

ESG Governance

We are committed to complying with applicable national, municipal and local laws and regulations governing environmental protection, labour management, health and safety, business ethics and other relevant areas. Concurrently, we are developing ESG policies in accordance with Appendix C2 of the Listing Rules, which will cover, among others, (i) ESG policies and performance, (ii) ESG strategy, and (iii) ESG risk management and monitoring.

Our Board of Directors acts as the highest authority and decision-making body for the Group's ESG management and related matters, assuming ultimate responsibility for the Group's ESG targets, initiatives and strategy. In addition, we encourage our directors to participate in ESG-related training, including organizing internal training sessions, providing relevant learning materials for their

professional development, and arranging other appropriate learning formats. These efforts are designed to develop and update their knowledge and skills, thereby enhancing the Board members' ESG awareness and response capabilities, as well as keeping them informed of the latest developments in ESG-related risks and opportunities.

Materiality Assessment

To understand the scope and long-term impact of ESG issues on our operations and development, and to enhance our ESG management and disclosure, we conduct materiality assessments. These assessments integrate our business realities, industry trends, national macroeconomic conditions, and regular stakeholder engagement, identifying potential material issues that may impact the Group's business or stakeholders. We conduct a materiality assessment of issues from the three dimensions of environment, social and governance, forming a materiality matrix. Issues with scores ranking in the top 20% based on the assessment results were selected as material issues. Through this process, we identify material ESG issues for the Group and prioritize them in implementing our sustainability values and goals.

ESG Goals

We focus on areas such as business ethics, environmental responsibility, sustainable supply chain, social responsibility and community engagement, and we intend to put our efforts in the following directions and goals:

(i) Business ethics: we are committed to preventing corruption through a robust business ethics management framework, encompassing policies, regular anti-corruption training for all employees.

(ii) Environmental responsibility: we will continuously strive to enhance our resource utilization efficiency, reduce our own carbon emissions, and increase resource recycling rates.

(iii) Social responsibility: recognizing employees as invaluable assets, we are dedicated to safeguarding their rights-including workplace safety and health, competitive remuneration, comprehensive welfare programs, and initiatives to boost engagement and satisfaction.

(iv) Sustainable supply chain: we aim to build a sustainable supply chain by optimizing our management systems and requiring suppliers to fulfill ESG obligations in areas such as labor practices, environmental protection, privacy safeguards, business ethics, and occupational health and safety.

(v) Community engagement: we are committed to increasing investment in public welfare initiatives to contribute positively to society.

Business ethics

Our Group has long attached great importance to anti-corruption management, recognizing it as a cornerstone for the healthy, stable, and sustainable development of the enterprise. We have incorporated anti-corruption clauses into key documents, embedding anti-corruption principles into all aspects of corporate operations and employees' daily work.

In addition to multi-channel publicity and education initiatives such as showing warning education videos to all employees and organizing integrity culture courses, we have innovatively launched the "*Canal Breeze*" *(運河清風)* integrity culture study tour route, with the canal as the spiritual link and water sightseeing boats as the unique carrier. This enables all employees to deeply understand the significance of anti-corruption work to the development of the enterprise, fostering a strong integrity culture within the Group and creating a positive atmosphere where everyone participates and abides by the rules.

During the Track Record Period and up to the Latest Practicable Date, we ensured compliance with all relevant PRC laws and regulations.

Environmental responsibility

As an enterprise providing tourism services, our operational activities have relatively limited environmental impact. However, we fully recognize the growing societal emphasis on environmental protection. Accordingly, we strictly adhere to PRC environmental laws and regulations and implement robust environmental protection measures. The air pollutant and greenhouse gas emissions from water sightseeing boats operations, along with non-hazardous waste generated from daily operations, may pose environmental risks to our scenic sites. To addressing these risks, we are planning to gradually replace fossil fuel-powered boats with new-energy boats across our operational fleet and prioritizing new-energy boats for new projects, such as the Grand Canal Yangzhou. Additionally, all non-hazardous waste is systematically collected and processed.

Response to climate change

Our Group is acutely aware that climate change presents complex challenges, with potential significant impacts on society and our day-to-day operations. Environmental and climate-related risks may expose us to financial losses and non-financial setbacks. Identifying both existing and potential risks to our business, and proactively managing and responding to them, is therefore critical to our sustainable development. Such risks primarily include:

(i) Physical risks: Arising from the direct impacts of climate change, including acute extreme events such as floods, typhoons, and droughts, as well as chronic changes like long-term temperature rise and sea-level elevation, which may directly affect the canal's hydrological ecology and infrastructure.

(ii) Transition risks: Involving changes in policies and regulations, market dynamics, and reputation, which may require our Group to allocate more resources to climate change mitigation and adaptation. Increasingly stringent regulatory requirements and the market trend toward sustainable development will prompt us to raise compliance costs and advance green consumption upgrading to maintain competitiveness and reputation.

To address climate-related risks, our Group has formulated documents including the Extreme Weather Emergency Plan and Work Arrangements Under Special Weather Conditions. These documents clarify the responsibilities of various departments under extreme weather conditions, detail warning levels, response measures, disposal procedures, support measures, and training requirements, and establish corresponding management measures to ensure employee safety.

During the Track Record Period and up to the Latest Practicable Date, we have not incurred any material capital expenditures or compliance costs related to climate and environmental protection due to violations of environmental laws and regulations. If there are any changes to the existing laws or regulations, we may be required to comply with more stringent compliance requirements and incur additional costs in the future.

Set forth below is a summary of the climate-related risks we have identified, their potential impact on business and financial performance, and the mitigating measures we have taken or plan to take:

Climate-related risk Categories	Climate-related risk Descriptions	Time impact	Potential impact on business performance	Potential impact on financial performance	Mitigating measures
Acute physical risk	Boat suspension due to heavy rains and floods.	Short-term (1–3 years)	Temporary closure of routes due to extreme weather events will lead to an increase in customer complaints.	During the suspension period, ticket and catering revenues will decrease.	Develop digital tour alternatives for the canal; sign insurance agreements with insurers to secure compensation upon suspension.
Policy and legal transition risk	New regulations on boat carbon emissions take effect.	Short-term (1–3 years)	In accordance with new regulatory requirements, high-emission boats must be phased out and replaced with electric ones, otherwise, we will face policy penalties.	Converting high-emission boats to electric ones will incur costs.	Apply for "green shipping subsidies" and implement phased retrofits.
Chronic physical risk	Diminished tourism value due to canal ecological degradation.	Medium-term (4–9 years)	Deterioration of water quality will affect the travel experience, leading to a decline in tourists' revisit rate.	A reduction in tourist numbers will impact ticket revenues.	Collaborate with environmental protection authorities to plant water-purifying vegetation.
Market transition risk	Carbon neutrality certification becomes a bidding threshold.	Medium-term (4–9 years)	Failure to obtain carbon neutrality certification will result in the loss of orders.	Completing carbon neutrality certification will lead to an increase in carbon accounting costs.	Establish a canal tourism carbon account and purchase local carbon credits to achieve route carbon neutrality.

Environmental Management Goals

China is committed to enhancing its Nationally Determined Contributions through the implementation of more stringent policies and measures, striving to peak carbon emissions before 2030 and achieve carbon neutrality before 2060. In response, the Group has formulated a series of goals aimed at aligning with national strategic directions, while enhancing market competitiveness and strengthening brand image.

Aspect	Our Goals
Greenhouse Gas Emissions	Reduce greenhouse gas emissions intensity by 5% by 2028, with 2024 as the base year.
Energy Management	Reduce energy consumption intensity by 5% by 2028, with 2024 as the base year.
Water Resource Management	Reduce water consumption intensity by 5% by 2028, with 2024 as the base year.
Waste Management	Reduce non-hazardous waste intensity by 5% by 2028, with 2024 as the base year.

In setting these goals, we have taken into account the respective historical levels during the Track Record Period and comprehensively considered our future business expansion, with a view to striking a balance between business growth and environmental protection and achieving sustainable development. To fulfill the goals, we have developed a series of specific energy conservation and emission reduction measures, which are detailed in the corresponding sections below.

Greenhouse gas emissions

Our Group attaches great importance to greenhouse gas (GHG) emissions and is firmly committed to exploring effective emission reduction pathways. We have implemented a range of measures to minimize carbon emissions, such as: specifying standard temperature settings for air conditioners in summer and winter.

By comparing with the average values of comparable tourism service companies [REDACTED] on the Stock Exchange from FY2023 to FY2025, we found that our GHG emission intensity is lower than the industry average. The table below sets forth our GHG emissions during the Track Record Period:

		Year ended 31 December			Six months ended June 30
GHG emission	**Unit**	**2023**	**2024**	**2025**	**2026**
Scope 1 Greenhouse Gas direct emission*(Note1)*	tonne CO_2e	1,414.88	1,315.41	1,525.23	678.40
Scope 2 Greenhouse Gas indirect emission*(Note2)*	tonne CO_2e	249.18	307.93	475.54	257.57
Scope 3 other Greenhouse Gas indirect emission*(Note3)*	tonne CO_2e	3.47	6.07	10.58	3.98
Total Greenhouse Gas Emissions	tonne CO_2e	1,667.53	1,629.41	2,011.35*(Note4)*	939.95
Total Greenhouse Gas Emissions Intensity	tonne CO_2e/ million RMB of revenue	15.28	14.62	14.25	11.29

Notes:

1. Scope 1 direct emission includes the GHG emissions from our self-owned boats. Emissions factors refer to the HKEx — How to prepare an ESG Report Reporting Appendix 2: Reporting Guidance on Environmental KPIs and Technical Guidelines for Compiling Integrated Emission Inventories of Atmospheric Pollutants and Greenhouse Gases.
2. Scope 2 indirect emission primarily includes the GHG emissions from our usage of purchased electricity. The emission factor is referred from the database of IEA and Chinese average emission factor of the national power grid.
3. Scope 3 other indirect emission includes the GHG emissions from electricity for the treatment of water and wastewater, as well as emissions from flights taken for business travel.
4. By the end of 2024, the Dayun Yangzhou project entered operation, driving up both electricity and water consumption, which in turn resulted in an increase in GHG emissions.

Air pollutant management

Since our Group has no company-owned cars, our air pollutant emissions mainly stem from the operation of water sightseeing boats, with nitrogen oxides (NOx), sulphur oxides (SOx), and particulate matter (PM) as the main contaminants.

By comparing with the average values of comparable tourism service companies [REDACTED] on the Stock Exchange from FY2023 to FY2025, we found that our air pollutant emission intensity is lower than the industry average. The table below demonstrates a breakdown of our air pollutant emission generated from water sightseeing boats record during the Track Record Period:

		Year ended 31 December			Six months ended June 30
Air pollutant emission	**Unit**	**2023**	**2024**	**2025**	**2026**
Nitrogen oxides (NOx)	tonne	8.65	8.04	9.32	4.15
Sulphur oxides (SOx)	tonne	0.31	0.29	0.33	0.15
Particulate matter (PM)	tonne	0.69	0.64	0.75	0.33

Waste management

We ensure all waste treatment activities fully comply with PRC laws and regulations, with safe and compliant handling guaranteed throughout the process.

As our core business is tourism services, no hazardous waste is generated during operations. Non-hazardous waste mainly comprises ordinary office waste.

By comparing with the average values of comparable tourism service companies [REDACTED] on the Stock Exchange from FY2023 to FY2025, we found that our non-hazardous waste intensity is lower than the industry average. The table below sets forth a breakdown of the amount of waste generated during the Track Record Period:

		Year ended 31 December			Six months ended June 30
Waste generation	**Unit**	**2023**	**2024**	**2025**	**2026**
Non-hazardous waste	tonne	212	255	297	138
Intensity of non-hazardous waste	tonne/million RMB of revenue	1.94	2.28	2.10	1.66

Use of resources

As a tourism service enterprise, all our resources are sourced from standardised supply channels. In terms of energy, the main energy consumption in our operations comes from gasoline and diesel used in water sightseeing boats; electricity supports daily operational activities; and water resources, relying on the municipal water supply system, are used for Scenic Area environment maintenance and employees' daily needs in office buildings and canteens. Overall, the impact of our business activities on these resources is relatively limited.

The Group strictly complies with all relevant laws and regulations of the People's Republic of China regarding resource management.

By comparing with the average values of comparable tourism service companies [REDACTED] on the Stock Exchange from FY2023 to FY2025, we found that our energy consumption intensity, electricity consumption intensity and water consumption intensity are lower than the industry average. The table below sets forth a breakdown of our energy and resource consumption during the Track Record Period:

		Year ended 31 December			Six months ended June 30
Energy and resources consumption	**Unit**	**2023**	**2024**	**2025**	**2026**
Direct energy consumption	MWh	2,189.88	2,035.93	2,360.68	1,050.00
Direct energy consumption intensity	MWh/million RMB of revenue	20.07	18.27	16.72	12.62
Electricity consumption	MWh	447.52	553.03	854.06*(Note1)*	462.59
Electricity consumption intensity	MWh/million RMB of revenue	4.10	4.96	6.05	5.56
Water consumption	tonne	3,237.00	3,555.00	12,872.00*(Note1)*	5,599.00
Water consumption intensity	tonne/million RMB of revenue	29.67	31.90	91.16	67.27

Notes: By the end of 2024, the Grand Canal Yangzhou night show commenced operation, driving up both electricity and water consumption.

Social Responsibility

Employees are a vital asset to our Group, and their growth contributes significantly to our development. Guided by a people-oriented philosophy, we are committed to providing employees with fair and equitable opportunities, a healthy and safe working environment, and a democratic and harmonious corporate culture.

Employment

Our Group strictly complies with PRC laws and regulations governing compensation and benefits, dismissal procedures, equal opportunities, diversity and inclusion, and anti-discrimination. We enter into labor contracts with all employees to safeguard their legitimate rights and interests, ensuring that dismissal processes are lawful and compliant. Adhering to the principle of diversified employment, we implement a talent diversification strategy that respects and accommodates differences among employees in all aspects. In recruitment, remuneration, and promotion processes, factors such as skin color, nationality, gender, age, ethnicity, marital status, religious belief, and household registration are ensured to have no impact, fostering a work environment of mutual respect, understanding, and integration for employees from diverse cultural backgrounds. Additionally, we actively support the employment of persons with disabilities, providing suitable positions based on their abilities and needs.

We attach great importance to protecting employees' rights and interests. In strict accordance with relevant regulations, we explicitly prohibit the use of child labor and forced labor, requiring all employees to be at least 18 years old upon hiring.

In terms of compensation and benefits, we comprehensively consider factors such as market standards, job value, employee performance, and skills, striving to provide employees with competitive remuneration packages, including: basic salary, performance bonus, annual bonus and various policy-based reimbursements.

Occupational Health and safety

Occupational Health and Safety ("**OHS**") is a top priority in our operational management. We strictly adhere to all PRC laws and regulations governing labor protection, work safety, and occupational accident prevention, committed to creating a caring and dynamic work environment that prioritizes employees' physical and mental well-being. To safeguard the health of all employees, we regularly organize comprehensive health check-up services.

During the Track Record Period and up to the Latest Practicable Date, we did not have any material non-compliance issues and accidents with regard to occupational health and safety. Our health and safety data for the Track Record Period are listed out below:

	Year ended 31 December			Six months ended June 30
	2023	2024	2025	2026
Number of work-related fatalities *(person)*	0	0	0	0
Number of work-related injuries	0	0	0	1 *(Note 1)*
Lost days due to work injury *(day)*	0	0	0	19

Note: This work-related injury resulted from the employee slipping on the steps at the ticket office, which caused an ankle fracture. No claims for personal injury have been made in connection with this work-related injury.

Development and Training

We attach great importance to the career development and growth of talents, and have formulated the Regulations on Employee Education and Training (《員工教育培訓管理規定》).

Quality training is a key means to achieve employee development. We have established clear provisions on training plans, types, implementation, and effectiveness evaluation. Each year, we develop a comprehensive training program covering diversified formats such as centralized training, self-directed learning, external study visits, and online courses. Post-training assessments are conducted through written tests or oral defenses to scientifically measure employees' learning outcomes. Our diversified and multi-level training system fully stimulates employees' potential and enhances their professional capabilities.

Sustainable Supply Chain

We have formulated comprehensive internal policies for supply chain management and established an evaluation mechanism covering the entire lifecycle of suppliers. When selecting suppliers, we score them against standards covering technical capabilities, personnel qualifications, quality management systems, overall corporate capabilities, after-sales service, and physical product inspections. We require suppliers and outsourcers to provide relevant qualifications and certifications such as business licenses and production/operation permits, and give priority to partners with outstanding ESG management practices, including those with excellent customer service capabilities and stable production capacity.

The introduction of new suppliers must go through on-site assessment and review, and they can only become officially qualified suppliers after passing the probationary evaluation. In terms of ESG, we conduct continuous monitoring of suppliers' performance. We believe that a responsible enterprise must maintain consistent practices throughout the entire supply chain to jointly promote social harmony and environmental sustainability. Any quality issues will result in immediate disqualification. At the beginning of each year, the procurement department will formulate the Regulations on Regular Supplier Evaluation, different departments will assess suppliers on various aspects, including ESG and evaluators will identify underperforming suppliers in accordance with these regulations and require them to rectify.

Community Engagement

We have always been committed to public welfare initiatives and actively fulfilling our corporate social responsibility. During the Track Record Period, we accumulated a total of RMB516,000 in public welfare investment. The funds were mainly used to provide targeted support to Yuyangqing Agricultural Products Sales Co., Ltd. in Hengshan District, Yulin City (榆林市橫山區榆揚情農產品銷售有限公司), through purchasing agricultural products from the company. In addition, the *Chuanniang* team of our company regularly visits and sponsors two impoverished children. Going forward, we will continue to giving back to society and contributing to building a harmonious and sustainable society.

PROPERTIES

Owned Properties

As of the Latest Practicable Date, we owned two properties in the PRC, details of which are set out below:

No.	Location	Landlord	Usage	Approximate GFA[Note]
				(sq.m.)
1.	Portion of Jingxiang Garden, Dahongqiao Road, Yangzhou, Jiangsu Province (江蘇省揚州市大虹橋路靜香園部分)	Our Company	Leased to independent third party for commercial use	518
2.	Portion of Jingxiang Garden, Dahongqiao Road, Yangzhou, Jiangsu Province (江蘇省揚州市大虹橋路靜香園部分)	Our Company	Leased to independent third party for commercial use	176

Note: The GFA for each of our owned properties is measured on the total area of building area.

As of the Latest Practicable Date, we were not allowed and unable to obtain the land use rights for the aforementioned properties, and local regulations prohibit the issuance of property ownership certificates for structures such as wharves and ancillary facilities within the Slender West Lake Scenic Area. See "Non-compliance" below.

Ownership

Our Company obtained approval from the Planning and Construction Administration Bureau of the Shugang-Slender West Lake Administrative Committee* (揚州市蜀岡—瘦西湖風景名勝區管理委員會規劃建設管理局) and the Shugang-Slender West Lake Administrative Committee in 2014 for our investment in and construction of relevant ancillary facilities at Jingxiang Garden Wharf (靜香園碼頭) in the Slender West Lake Scenic Area. According to the Notice of the State Council on Strengthening the Supervision and Administration of Urban and Rural Planning* (《國務院關於加強城鄉規劃監督管理的通知》) issued on May 15, 2002, transfer or disguised transfer of scenic area resources and land within scenic areas in any name or manner shall be strictly prohibited, pursuant to which, we are not allowed and are unable to obtain the relevant land use rights within the Slender West Lake Scenic Area through land transfer or other means, and as a result, we are not allowed to and are unable to apply for property ownership certificates for such ancillary facilities. According to the confirmation letter issued by the Shugang-Slender West Lake Administrative Committee in January 2026, it is agreed that our Company could lease such ancillary facilities to third parties and has an exclusive right to the income generated from such lease(s); and it is further explicitly confirmed that there is no ownership dispute over the ancillary facilities constructed by our Company. As confirmed by the PRC Legal Adviser, the Shugang-Slender West Lake Administrative Committee is the competent authority to issue the aforementioned confirmation letter.

Based on the above, our Company has listed the two properties we invested in and constructed at Jingxiang Garden Wharf in the Slender West Lake Scenic Area as self-owned properties.

Leased Property

As of the Latest Practicable Date, we had one leased property in the PRC, details of which are set out below:

Location	Landlord	Tenant	Lease Period	Usage	Approximate GFA
					(sq.m.)
The asset located in the south building of Bianyi Gate Square, No. 20 Gaoqiao South Road, Yangzhou (formerly the site of the wheat flour factory) (揚州市高橋南路20號便益門廣場的南樓資產(原麥粉廠舊址)) . .	Quanyu Tourism Company	Our Company	July 1, 2022 to December 31, 2026	Functional space	1,510

Note: The GFA for each of our owned properties is measured on the total area of building area.

Our landlord, Quanyu Tourism Company, is one of our Controlling Shareholders. The lease agreement entered into between Quanyu Tourism Company and us therefore constitute continuing connected transactions upon [REDACTED]. See "Connected Transactions — One-off Connected Transaction — 1. Property Lease Framework Agreement."

We had obtained valid title certificates or documents to prove our legal rights from relevant landlords for all of these leased buildings.

We do not have any property interest with a carrying amount of 15% or more of our combined total assets as of June 30, 2026. Therefore, according to Chapter 5 of the Listing Rules and section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), this document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance which requires a valuation report with respect to all of our Group's interests in land or buildings.

During the Track Record Period, (i) we failed to register the lease agreement with respect to the above leased property at Bianyi Gate Square, No. 20 Gaoqiao South Road, Yangzhou with the relevant competent authorities in a timely manner in accordance with applicable PRC regulations primarily due to oversight of our employees responsible for the relevant matter; and (ii) we failed to register the two lease agreements with respect to the above self-owned properties at the portion of Jingxiang Garden, Dahongqiao Road, Yangzhou, Jiangsu Province due to lack of property certificates. On November 4, 2025, we had completed the registration of the lease agreement with respect to the leased property at Bianyi Gate Square, No. 20 Gaoqiao South Road, Yangzhou. See "— Non-compliance" below for further details.

EMPLOYEES

As of December 31, 2023, 2024 and 2025 and June 30, 2026, we had a total of 227, 232, 201 and 209 employees. All of our employees are based in China, at our headquarters in Yangzhou, Jiangsu Province.

The following table sets for the breakdown of our employees by function as of June 30, 2026:

Functions	Number of employees	% of total employees
Business operations	198	94.7
Safety management	3	1.4
Finance	2	1.0
Procurement	2	1.0
General and Administration	4	1.9
Total	**209**	**100.0**

We recruit employees through various method, including on-campus recruitment programs, online recruitment advertisements and internal referrals. We do not use any employment agencies.

Our success, to a considerable extent, depends on our ability to attract, retain and motivate a sufficient number of qualified employees. Therefore, we offer various training programs for employees of different departments and positions, covering subjects of service etiquette for cultural tourism professionals, maritime skills, financial and tax knowledge, safety, etc. so as to continuously enhance their professional skill sets and understanding of our Company and the cultural tourism industry. In addition, as part of our human resources strategies to attract and motivate talented employees, we also offer our qualified employees opportunities for career advancement through a structured promotion system and we also constantly review and update our remuneration and incentive policies through market research, ensuring a competitive employment system with fair remuneration and attractive benefits offering. We believe that remuneration package and benefits programs are competitive and above the average of the water-based cultural tourism industry.

We have an established an annual performance evaluation program to assess the performance of our employees, which forms the basis of our decisions with respect to salary raises, bonuses and promotions. The performance evaluation program varies among different teams, either on group basis with reference to the team's collective operating results and profit margins, or on individual basis with reference to their respective performance and revenue generated.

We enter into labor contracts with all of our enterprise-nature employees, including full-time employees and temporary employees. We offer a competitive remuneration package to our employees. Our remuneration package is categorized into three models: (i) performance-based remuneration, namely salaries for senior management members, which shall be determined based on annual appraisal results conducted by the Economic Development Bureau of the Shugang-Slender West Lake Scenic Area with reference to our Company's achievement of relevant economic targets, key work targets, regulatory compliance goals, social responsibility goals, party-building objectives, etc.; (ii) fixed remuneration, for employees who are responsible principles of each business teams or above, which consists of wages based on skills, allowances, position subsidies, living allowances, allowances for management members and performance bonuses; and (iii) commissioned-based remuneration, for tour guides and Chuangniang, which varies team by team and typically includes a base salary and commission based on their respective sales amount. Our employees do not negotiate the terms of their employment through any labor unions or by way of collective bargaining agreements.

As required by relevant PRC laws and regulations, we participate in various employee social security plans that are organized by municipal and provincial governments, including pension insurance, unemployment insurance, maternity insurance, work-related injury insurance, medical insurance and housing funds. In addition, we also provide additional employee benefits such as annual holiday gifts, summer cooling supplies, maternity leave, parental leave, and single-child parental care leave. Except as otherwise disclosed in the paragraphs headed "Historical employee dispatch arrangement" below, our PRC Legal Adviser is of the view that, as of the Latest Practicable Date, we had complied with the applicable PRC labor laws and regulations in all material respects, and we have not experienced any of our employees negotiating their terms of employment through any labor union or by way of collective bargaining agreements.

Historical employee dispatch arrangement

During the Track Record Period, we engaged dispatched employees by entering into procurement agreement for service (採購合同(服務)) with third-party human resources service company. During the Track Record Period, we did not fully comply with the PRC Labor Contract Laws and the Interim Provision on Labor Dispatch. Nevertheless, we rectified such non-compliance by transferring some good standing dispatched employees to full-time employees and terminating the engagement with relevant dispatched employees by September 10, 2025. See "— Non-compliance" below for further details.

Labor union

We established a labor union in June 2016 in accordance with relevant PRC laws and regulations. Our labor union represents the employees in labor disputes and other employee matters. Our labor union set up three committees, namely, union committee (工委委員會), economic review committee (經濟審查委員會), and women's committee (女職工工作委員會). We also regularly organize employee representative meetings to review and discuss key matters of our Company. During the Track Record Period and up to the Latest Practicable Date, we did not have any labor disputes or suffered any strikes that would have a material adverse effect on our business, financial condition or results of operations.

INSURANCE

We maintain (i) public liability insurance to cover liability for damages arising out of our business operations in the designated waters of the Qianlong Imperial Water Tour Route, Ancient Canal Water Tour Routes, Northern Ancient City Moat Water Tour Route and the designated waters for self-driving boats in the Songjiacheng area, including, among other things, property damages and personal injury suffered by our employees or our customers and (ii) water tourism liability insurance which is group accident insurance for labours sourced from third parties and our temporary employees to cover liabilities for accidental hospitalization allowance, accidental death and disability and accidental injury medical expense. Our Directors consider our insurance coverage to be customary for business of our size and type and in line with the standard commercial practice in Mainland China. However, our insurance coverage may not be adequate to cover all losses that may occur. See "Risk Factors — Risks Relating to Our Business and Industry — Our insurance coverage may not be adequately cover the risks related to our business and operations."

LEGAL PROCEEDINGS

We may from time to time become a party to various legal, arbitral or administrative proceedings arising in the ordinary course of our business. During the Track Record Period and up to the Latest Practicable Date, we were not involved in any legal, arbitral or administrative proceedings pending or, to our knowledge, threatened against us or any of our Directors that could have a material and adverse effect on our business, reputation, financial condition or results of operations.

LICENSES AND PERMITS

We are required to obtain various licenses, permits and certifications for our operations. As advised by our PRC Legal Adviser, during the Track Record Period and as of the Latest Practicable Date, except as disclosed in "Water Sightseeing Boat Service Business — Grand Canal Yangzhou — Licensing Requirements" and "Non-compliance" below, we have duly obtained all material licenses, permits and certificates required by PRC laws and regulations applicable to the operation of our principal business, and such licenses, permits and certificates have remained in full effect. We renew all such permits and licenses from time to time to comply with the relevant laws and regulations. As of the Latest Practicable Date, as advised by our PRC Legal Adviser there was no foreseeable material legal impediment to renewing our licenses, permits and certificates required for our operations.

The following table sets forth the details of our material licenses, permits and approvals obtained by our Group as of the Latest Practicable Date:

License/Permit/Approval	Issuing Authority	Holder	Grant Date	Expiration Date
Food Operation License* (食品經營許可證)	Market Regulation of Shugang-Slender West Lake Scenic Area of Yangzhou* (揚州市蜀岡—瘦西湖風景名勝區市場監督管理局)	Our Company	November 26, 2021	November 25, 2026
Approval for the "Grand Canal Yangzhou" Night Processional Show* (准予"'大運揚州'行進式遊船演藝"演出活動)	Culture, Radio, Television and Tourism Bureau of Yangzhou* (揚州市文化廣電和旅遊局)	Yangzhou Yuntong	August 22, 2025	February 12, 2027
Performance Brokerage Agency License* (營業性演出許可證(演出經紀機構))	Data Bureau of Yangzhou* (揚州市數據局)	Yangzhou Yuntong	October 23, 2025	October 22, 2027
License for Operating Tourist Sightseeing Services in Non-Navigable Waters* (非通航水域內從事旅遊觀光接待業務許可)	Tourism Bureau of Yangzhou* (揚州市旅遊局)	Our Company	August 29, 2006	N/A
Extension of the Tourist Vessel Route on the Grand Canal in Yangzhou* (延伸揚州古運河旅遊船舶航線)	Transportation Department of Jiangsu Province* (江蘇省交通運輸廳)	Our Company	May 10, 2022	N/A
Filing for Tourism and Sightseeing Business Operations in Non-Navigable Waters* (非通航水域遊覽經營活動備案)	Transportation Comprehensive Administrative Law Enforcement Brigade of Yangzhou* (揚州市交通運輸綜合行政執法支隊)	Our Company	—	N/A
License for Water Sightseeing Boat Operation and Service within the Shugang-Slender West Lake Scenic Area* (蜀岡—瘦西湖風景名勝區內部水上遊船經營服務許可)	Economic Development Bureau of the Shugang-Slender West Lake Administrative Committee	Our Company	September 10, 2015	September 9, 2035
License for Sightseeing Tour Bus Operation and Service on the Northern Route of the Slender West Lake Scenic Area and in the Sanwan Scenic Area* (蜀岡—瘦西湖風景名勝區瘦西湖景區內北線及運河三灣景區內觀光車經營服務許可)	Shugang-Slender West Lake Administrative Committee	Our Company	August 1, 2022	July 31, 2042

NON-COMPLIANCE

The following table sets forth our non-compliance incidents under the relevant PRC laws and regulations during the Track Record Period and up to the Latest Practicable Date, and the corrective actions we have taken in response to these incidents:

Non-compliance incidents and Reasons	Legal implications	Remedies, potential impacts and internal control measures
In relation to the operation of the Grand Canal Yangzhou night show from October 2024 to October 2025, we (i) did not hold the Performance Brokerage Agency License; instead, we operated the show under inappropriate category of domestic literary and artistic performance group (文藝表演團體), and (ii) commenced the show without first obtaining the Performance Organization Permit. Such non-compliance incidents are primarily due to (i) our failure to consult relevant government authorities in a timely manner for guidance on obtaining the requisite licenses and completing approval procedures, and (ii) a misunderstanding of relevant laws and policies. We have fully rectified the non-compliance by obtaining the requisite licenses on October 23, 2025. During the period of 13 months from the launch of the show in October 2024 to October 2025 (the date of issuance of the Performance Brokerage Agency license), the total revenue generated from the Grand Canal Yangzhou night show was RMB32.6 million, accounting for 22.1% of the total revenue of our Company for the same period.	As advised by our PRC Legal Adviser, failure to timely obtain the Performance Brokerage Agency License or the commencement of commercial performance without first obtaining the Performance Organization Permit would result in our operation of the Grand Canal Yangzhou night show constituting unauthorized engagement in commercial performance business operations, for which we may be ordered to cease operations, have our performance equipment and illegal gain confiscated, and be subject to additional fines equivalent to eight to ten times of such illegal gain.	Yangzhou Yuntong, subsidiary of our Company and the operating entity for the Grand Canal Yangzhou night show, obtained (i) the Performance Organization Permit from the Culture, Broadcasting, Television and Tourism Bureau of Yangzhou* (揚州市文化廣電及旅遊局) in August 2025 and (ii) the Performance Brokerage Agency License from the Data Bureau of Yangzhou* (揚州市數據局) in October 2025. Our Company received certificates from the Culture, Broadcasting, Television and Tourism Bureau of Yangzhou which confirmed that (i) our failure to timely obtain the Performance Brokerage Agency License and commencement of the show without first obtaining the Performance Organization Permit were due to insufficient understanding of relevant laws and policies by our Company and Yangzhou Yuntong, and do not constitute material non-compliance; (ii) the revenue generated from the Grand Canal Yangzhou night show does not constitute illegal gain, and the Company and Yangzhou Yuntong will not be subject to any administrative penalties (including but not limited to fines, confiscation of illegal gain, etc.) due to the such non-compliance incidents; (iii) from their respective dates of establishment to the date of issuance of this confirmation, no complaints or reports have been received and made against the Company or Yangzhou Yuntong in their commercial performance-related business activities, neither the Company nor Yangzhou Yuntong has committed any material violations of laws or regulations, and no penalties have been imposed on the Company or Yangzhou Yuntong. In addition, during the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material administrative fines or penalties (i) we had not received any notification from the relevant PRC authorities alleging that we had not obtained or requesting us to change or obtain another category of the commercial performance license or the requisite approval before the commencement of the show; (ii) we had not been ordered, nor were we aware of any plans by relevant authorities to order us to cease the operation of the show; and (iii) no fines or penalties had been imposed on us, nor were we aware of any plans by relevant authorities to impose such measures. Our PRC Legal Adviser is of the view that (i) the Culture, Broadcasting, Television and Tourism Bureau of Yangzhou is the designated authority in Yangzhou that is responsible for overseeing cultural affairs within Yangzhou and enforcing relevant laws and regulations in the cultural market in Yangzhou and therefore it is competent authority for granting Performance Organization Permit and is the competent authority to give the above confirmations, (ii) the Data Bureau of Yangzhou is the authority for the issue of the Performance Brokerage Agency License only and has no authority over cultural affairs within Yangzhou or enforce any relevant laws and regulations in the cultural market in Yangzhou, and (iii) based on the confirmation of the Cultural, Broadcasting, Television and Tourism Bureau of Yangzhou and the fact that the Company and Yangzhou Yuntong had not been subject to any material administrative fines or penalties, the likelihood that we would be required by relevant authorities to cease the operation of the Grand Canal Yangzhou night show or become subject to material administrative fines or penalties by relevant authorities due to our failure to obtain the Performance Brokerage Agency License and the Performance Organization Permit is low.

Non-compliance incidents and Reasons	Legal implications	Remedies, potential impacts and internal control measures
		Having considered the foregoing, including our PRC Legal Adviser's view, our Directors are of the view that the relevant authorities will not confiscate our revenue generated from the Grand Canal Yangzhou night show during such non-compliance period and such non-compliance incident would not have a material and adverse effect on our business and results of operations. Based on the above-mentioned and the independent due diligence work performed by the Sole Sponsor, nothing has come to the attention of the Sole Sponsor that would lead them to cast doubts on the Directors' confirmation with regard to the Group's exposure to penalties due to such non-compliance incident and that such non-compliance incident would not have a material and adverse effect on the business and results of operations of the Group. We have reviewed and implemented the enhanced internal control measures in September 2025 in relation to licensing matters involved in our business operations, including (i) we have enhanced our internal compliance policy with respect to licensing requirements relating our business operations in accordance with the PRC laws and regulations, including that new performance projects (if any) must be reported to and approved by designated department before commencing operations; and (ii) we also engaged an external legal counsel to advice us on regulatory matters, including licensing related matters. The internal control consultant of the Company, having reviewed the above enhanced internal control measures adopted by the Company, is of the view that (i) the relevant measures have a comprehensive risk management process, covering risk identification, measure implementation, monitoring and feedback, and also incorporate a inter-departmental collaboration mechanism to clearly define authorities and responsibilities of different business departments and units, (ii) the embedded principle of "segregation of duties and mutual checks" of the aforementioned measures are effectively mitigating human-related risks in license and approval management, and (iii) based on the foregoing, the Company's internal control measures in terms of its management of relevant license and approval requirements for its business operation in the cultural and tourism industry are effective, and from a long-term perspective, such measures would be effective in responding to regulatory changes and business expansion needs, allowing the Company to identify and comply with relevant license and approval requirements in a timely manner. Our Directors believe that our enhanced internal control measures are sufficient and effective for our current business operations.

Non-compliance incidents and Reasons

During the Track Record Period, we failed to make full contribution to the social insurance premiums and housing provident funds for certain employees based on the statutory contribution bases. In 2023, 2024 and 2025 and the six months ended June 30, 2026, the shortfall in social insurance premiums and housing provident fund contributions amounted to approximately RMB0.9 million, RMB2.9 million, RMB0.4 million and nil, respectively.

Such non-compliance incident was primarily because (i) some of our employees were not willing to bear the costs associated with social insurance premiums and housing provident funds strictly in proportion to their actual salary, and (ii) compared to other local enterprises in Yangzhou, our current contribution standards of social insurance premiums and housing provident funds are already at a relatively high standards, employees have low willingness to adjust the contribution base.

Legal implications

As advised by our PRC Legal Adviser, (i) in respect of the shortfall in social insurance premium contributions, the relevant PRC authorities may demand us to pay the outstanding social insurance premium contributions within a stipulated deadline and pay an overdue payment equivalent to 0.05% of the outstanding amount for each day of delay; if we fail to make such payment within the prescribed period, we may be liable for a fine of one to three times the outstanding contribution amount; and (ii) in respect of the shortfall in housing provident funds contributions, we may be ordered to make the outstanding payment within a prescribed time limit; if the payment is not made within such time limit, an application may be made to the PRC courts for compulsory enforcement.

Remedies, potential impacts and internal control measures

We made up all shortfall that we should have contributed in social insurance premiums for our employees for the period from January to August 2025, and in housing provident funds for July and August 2025. We have been making full contribution to the social insurance premiums and housing provident funds since September 2025.

As of the Latest Practicable Date, (i) we had not received any notification from the relevant PRC authorities alleging that we had not made full contribution to the social insurance premiums and housing provident funds and demanding payment of the same before a stipulated deadline; (ii) we were not aware of any plan of relevant authorities to collect the outstanding amounts from us; and (iii) we had not received any notification from the relevant authorities requiring us to amend our policies or practice regarding our contribution of social insurance premiums and housing provident funds for employees.

In addition, we have obtained the written confirmations from competent authorities in charge of social insurance premiums where our Company and our subsidiary are located that, (i) there has been no instance or potential instance that could result in claims against our Company to make up the shortfall in contribution to social insurance premiums and (ii) no administrative penalties had been or will be imposed on our Company or our subsidiary.

We have also received written confirmations from the housing provident fund management department overseeing our Company and our subsidiary, stating that neither our Company nor our subsidiary has ever been penalized for violations of national or local housing provident fund-related laws and regulations.

Our Directors believe that such non-compliance incident would not have a material and adverse effect on our business and results of operations, considering that: (i) as advised by our PRC Legal Adviser, based on the relevant regulatory requirements for social insurance premiums and housing provident fund matters, and the facts stated above, the risk of the Company or its subsidiary being required by relevant authorities to make up any unpaid social insurance premium and housing provident fund contributions or being subject to administrative penalties by relevant authorities due to our failure to provide full social insurance premium and housing provident fund contributions for our employees is remote, and that the risks that this non-compliance incident will cause actual material losses to us is remote; (ii) as of the Latest Practicable Date, we had not received any notification from the relevant PRC authorities requiring us to pay any shortfalls or the penalties with respect to social insurance premiums and housing provident funds; (iii) we had not been subject to any administrative penalties during the Track Record Period and up to the Latest Practicable Date; and (iv) we were not aware of any employee complaints nor were involved in any labor disputes with our employees with respect to social insurance premiums and housing provident funds during the Track Record Period and up to the Latest Practicable Date.

Based on the above-mentioned and the independent due diligence work performed by the Sole Sponsor, nothing has come to the attention of the Sole Sponsor that would lead them to cast doubts on the Directors' confirmation with regard to the Group's exposure to penalties due to such non-compliance incident and that such non-compliance incident would not have a material and adverse effect on the business and results of operations of the Group.

Further, in relation to the Interpretation (II) issued by the Supreme People's Court of the PRC Concerning the Application of Law in the Trial of Labour Dispute Cases (the "**Interpretation**"), which was effective on September 1, 2025, our Directors are of the view that the Interpretation would not have a material adverse impact on our business, financial performance or compliance with the relevant laws and regulations on the basis that: (i) as further advised by our PRC Legal Adviser, the Interpretation does not expand our Company's exposure to potential penalties in relation to our historical shortfall in social insurance premium and housing provident fund contribution, or repeal the social insurance premium and housing provident fund related PRC laws and regulations currently in force; and (ii) none of our employees has brought a lawsuit or arbitration in respect of our contribution to social insurance premiums and housing provident funds, neither is there any pending litigation or arbitration involving our Company shall be subject to the Interpretation.

Non-compliance incidents and Reasons	Legal implications	Remedies, potential impacts and internal control measures
		We have reviewed and implemented the following enhanced internal control and remedial measures to prevent future occurrence of such non-compliances: • we have enhanced our internal compliance policy with respect to social insurance premium and housing provident fund contributions in accordance with the PRC laws and regulations; • we have assigned designated personnel to monitor the status of payments of social insurance premiums and housing provident funds on a regular basis in order to ensure that we have made these payments for our employees on time in compliance with the applicable laws and regulations or in a manner as required by the relevant government authorities. The designated team includes our human resources staff, who shall prepare the written records of the relevant payments on a monthly basis and submit the same to the heads of our human resources and finance departments for review; and • we also engaged an external legal counsel to provide compliance trainings to the responsible staff and update us the relevant laws and regulations on an on-going basis. Our Directors believe that our enhanced internal control measures are sufficient and effective for our current business operations.

Non-compliance incidents and Reasons	Legal implications	Remedies, potential impacts and internal control measures
During the Track Record Period and up to the Latest Practicable Date, we were not allowed and unable to obtain the land use rights for ancillary facilities of approximately 518 sq.m. and 176 sq.m., respectively, that we constructed at the Jingxiang Garden Wharf (靜香園碼頭) in the Slender West Lake Scenic Area as local regulations prohibit the issuance of property ownership certificates for structures such as wharves and ancillary facilities within the Slender West Lake Scenic Area. As a result, we have not been able to obtain property ownership certificates for such properties. Such properties were built in December 2014 and were initially intended to be used as box offices or warehouses in relation to our business operation; and such properties were subsequently leased to independent third parties for commercial use. Our rental income generated from the lease of the aforementioned properties in 2024 was approximately RMB888,000. In accordance with relevant laws and regulations, we are not allowed and are unable to obtain land use rights within the Slender West Lake Scenic Area. Furthermore, as confirmed by the Shugang-Slender West Lake Administrative Committee, the competent authority in relation to this matter, since the relevant facilities are located within the Slender West Lake Scenic Area, they cannot be issued a separate property certificate by the department for real estate registration.	As advised by our PRC Legal Adviser that, in relation to the lack of land use rights and property certificate for the ancillary facilities we constructed, we may be ordered to demolish the relevant facilities, which could in turn result in the lease agreements we entered into with independent third parties being unenforceable. As advised by our PRC Legal Adviser, (i) pursuant to the Interpretation of the Supreme People's Court on Several Issues Concerning the Application of Law in the Trial of Disputes over Urban House Lease Contracts (2020 Revision)* (最高人民法院關於審理城鎮房屋租賃合同糾紛案件具體應用法律若干問題的解釋(2020年修訂)), lease contracts entered into by a lessor regarding houses that have not obtained a construction project planning permit or have not been constructed in accordance with the provisions of such permit shall be invalid. However, if a construction project planning permit is obtained or construction is approved by the competent authority before the conclusion of court debate at the first instance, the people's court shall deem the contract valid. In view of the fact that the Company had obtained approval from the Planning and Construction Administration Bureau of the Shugang-Slender West Lake Administrative Committee at the time of investing in and constructing the relevant ancillary facilities, the lease contracts entered into by the Company with relevant lessees regarding such ancillary facilities are valid; (ii) pursuant to the Notice of the State Council on Strengthening the Supervision and Administration of Urban and Rural Planning, the Company is unable to obtain the relevant land use rights within the Slender West Lake Scenic Area, and the relevant ancillary facilities cannot apply for property ownership certificates, and there is a risk that they may be ordered to be demolished by government departments. If the relevant ancillary facilities are demolished due to the aforementioned reasons, although the relevant lease contracts do not expressly specify the Company's liability for breach of contract in such circumstances, pursuant to Articles 577 and 583 of the Civil Code of the PRC (中華人民共和國民法典), there is a risk that the Company may need to bear relevant liability for breach of contract to the lessees (such as refunding rent already collected but not yet incurred, compensating the lessees for part of their business operation losses, relocation expenses, etc.). However, given that the Company had obtained approval from the Planning and Construction Administration Bureau and the Shugang-Slender West Lake Administrative Committee at the time of investing in and constructing the relevant ancillary facilities, and the Shugang-Slender West Lake Administrative Committee has expressly confirmed that it will not require the Company to demolish the aforementioned ancillary facilities, the risk of the Company bearing liability for breach of contract to relevant lessees is low.	We have sought and the Shugang-Slender West Lake Administrative Committee confirmed on January 19, 2026 that (i) our Company was granted consent to build the ancillary facilities at the Jingxiang Garden Wharf; (ii) it agreed our Company may lease out the ancillary facilities and exclusively retain the income derived therefrom, (iii) as property ownership certificates are not issued for wharves and ancillary buildings located within the Slender West Lake Scenic Area, it is therefore not possible to obtain a property ownership certificate for such ancillary facilities; (iv) the construction of the ancillary facilities is not subject to any ownership dispute; and (v) it will not impose any penalties on our Company nor mandatorily require us to demolish such ancillary facilities. As confirmed by the PRC Legal Adviser, pursuant to the Regulations on the Administration of Scenic Areas* (風景名勝區條例) and the institutional setup and functions published on the official website of the Shugang-Slender West Lake Administrative Committee, the Shugang-Slender West Lake Administrative Committee is the dispatched agency of the Yangzhou Government and the administrative institution of the Shugang-Slender West Lake Scenic Area, responsible for the protection, utilization and unified management of the scenic area, and has functional departments such as the Housing and Urban-Rural Development Bureau* (住房和城鄉建設局) under it. Given that the Company's two self-owned properties are both located within the Shugang-Slender West Lake Scenic Area, the Shugang-Slender West Lake Administrative Committee is the competent authority to issue the relevant confirmation letter, and its confirmation has overriding effect over competent authorities such as the Housing and Urban-Rural Development Bureau of the Shugang-Slender West Lake Administrative Committee. Our PRC Legal Adviser is of the view that the risk of the Company being demanded to demolish the relevant ancillary facilities or being deemed to breach the relevant lease agreement due to demolish of the ancillary facilities (if any) is remote, on the basis that: (i) the Company obtained prior consent from the Shugang-Slender West Lake Administrative Committee and the Planning and Construction Administration Bureau of the Shugang-Slender West Lake Administrative Committee to make investment in and construct such ancillary facilities; (ii) a written opinion from the Shugang-Slender West Lake Administrative Committee stating that such ancillary facilities shall not be demolished; (iii) the Company has not received any order to demolish the relevant ancillary facilities or been subject to any administrative fines or penalties during the Track Record Period and up to the Latest Practicable Date; and (iv) the fact that failure to obtain property certificates for such ancillary facilities does not constitute a breach of the lease agreements. Our Directors believe that such non-compliance incident would not have a material and adverse effect on our business and results of operations, considering that: (i) we obtained the consent of the Shugang-Slender West Lake Administrative Committee before constructing the facilities, (ii) the advice of our PRC Legal Adviser as set out above; (iii) as of the Latest Practicable Date, we had not received any notification from the relevant PRC authorities alleging that we had not obtained the requisite property certificate; and we were not aware of any plan of relevant authorities to order us to demolish the said facilities or would render the lease agreements invalid or impose any fines or penalties on us; (iv) we had received the certificate from relevant authorities that they will not impose any administrative penalties on us, nor require us to demolish the said facilities; (v) as of the Latest Practicable Date, we had not received any notification from relevant authorities requiring us to terminate the lease agreements given that they are invalid; and (vi) we had not been subject to any administrative fines or penalties during the Track Record Period and up to the Latest Practicable Date. In addition, the relevant ancillary facilities are primarily used for leasing to third parties and do not constitute principal places of business and the fees derived therefrom account for a relatively small portion of our other income. Based on the above-mentioned and the independent due diligence work performed by the Sole Sponsor, nothing has come to the attention of the Sole Sponsor that would lead them to cast doubts on the Directors' confirmation with regard to the Group's exposure to penalties due to such non-compliance incident and that such non-compliance incident would not have a material and adverse effect on the business and results of operations of the Group.

Non-compliance incidents and Reasons

Legal implications

Remedies, potential impacts and internal control measures

We have been actively reviewing and improving relevant practices. Specifically, we have established the following enhanced internal control measures:

- we have designated personnel and department to be responsible for property, facility and construction related matters; and
- we also engaged external legal counsel and consulted on related laws and regulations on regular basis.

Our Directors believe that our enhanced internal control measures are sufficient and effective for our current business operations.

Non-compliance incidents and Reasons	Legal implications	Remedies, potential impacts and internal control measures
During the Track Record Period, we failed to register the three lease agreements with respect to (i) our lease of property of approximately 518 sq.m. at the relevant portion of Jingxiangyuan, Dahongqiao Road, Yangzhou to independent third party, (ii) our lease of property of approximately 176 sq.m. at the relevant portion of Jingxiangyuan, Dahongqiao Road, Yangzhou to independent third party and (iii) our leased property of approximately 1,510 sq.m. at Bianyi Gate Square, No. 20 Gaoqiao South Road from Quanyu Tourism Company, one of our Controlling Shareholders, with the relevant competent authorities in accordance with applicable PRC regulations. *Lease agreements with respect to (i) and (ii)* The reason that we had not registered the two lease agreements with respect to the self-owned properties at Jingxiangyuan, Dahongqiao Road, Yangzhou is due to lack of property certificates. *Lease agreement with respect to (iii)* The reason that we did not register the lease agreement with respect to the leased property at Bianyi Gate Square, No. 20 Gaoqiao South Road is primarily due to oversight of our employees responsible for the relevant matter.	As advised by our PRC Legal Adviser, failure to register the lease agreements would not affect the validity and enforceability of such lease agreement. However, if we and the landlord fail to register such lease agreements as required by the relevant competent authorities, we may be subject to a fine of RMB1,000 to RMB10,000 for each of the unregistered lease agreements.	On November 4, 2025, we completed the registration of the lease agreement with respect to the leased property at Bianyi Gate Square, No. 20 Gaoqiao South Road with the relevant competent authorities in accordance with applicable PRC regulations. As of the Latest Practicable Date, we had not registered the two lease agreements with respect to the self-owned properties at Jingxiangyuan, Dahongqiao Road, Yangzhou due to lack of property certificates. See above for further details on our inability to obtain the relevant property certificates. As of the Latest Practicable Date, we had not been ordered by any PRC governmental authorities to register any lease agreements, nor had we been subject to any penalties or fines by any PRC government authorities, and we do not expect the failure to register the lease agreements of these properties to be material to our business and results of operations. Our PRC Legal Adviser is of the view that having considered (i) the confirmation letter issued by the Shugang-Slender West Lake Administrative Committee on January 19, 2026, which confirmed, among others, that (a) they agreed us to build and lease out the properties built at Jingxiangyuan, Dahongqiao Road, Yangzhou, (b) there is no ownership dispute over such properties, (c) it is not possible to obtain property ownership certificates for such properties, and (d) it will not impose any penalties or fines against the Company or demand the Company to demolish the properties; and (ii) the facts that the Company has not been ordered by any PRC governmental authorities to register such lease agreements and the Company has not been subject to any penalties or fines or demanded to demolish relevant properties, the risk of our Company being subject to material administrative penalties for failure to complete registration for our lease agreements is relatively remote. Based on the above-mentioned and the independent due diligence work performed by the Sole Sponsor, nothing has come to the attention of the Sole Sponsor that would lead them to cast doubts on the PRC Legal Adviser's view with regard to the Group's exposure to penalties due to such non-compliance incident and that such non-compliance incident would not have a material and adverse effect on the business and results of operations of the Group.

Non-compliance incidents and Reasons

During the Track Record Period, we engaged dispatched employees by entering into procurement agreement for service (採購合同(服務)) with third-party human resources service company and the maximum number of dispatched employees we engaged was 69, 85, 68 and 16 for 2023, 2024 and 2025 and the six months ended June 30, 2026. The regulatory threshold for the number of the dispatched employees was 19, 22, 21 and 18 for the same periods, respectively. Accordingly, our maximum number of dispatched employees which exceed the regulatory threshold is 50, 63, 47 and nil at any given time for the respective years. These dispatched employees entered into employment contracts with the service company and not with us. During the Track Record Period, we did not fully comply with the PRC Labor Contract Laws and the Interim Provision on Labor Dispatch, and the number of dispatched employees engaged by us exceeded 10% of the total number of our employees and certain dispatched employees are not only used for temporary, ancillary or substitutable positions.

Such non-compliance incident was primarily due to the inadequate legal knowledge and inadvertent oversight of the relevant legal requirements.

Legal implications

According to the PRC Labor Contract Laws (劳動合同法) Interim Provision on Labor Dispatch (劳務派遣暫行規定) promulgated by the Ministry of Human Resources and Social Security on January 24, 2014, the number of dispatched employees engaged by any company may not exceed 10% of the total number of its employees, including both directly hired employees and dispatched employees, and dispatched employees can be used only for temporary, ancillary or substitutable positions.

As advised by our PRC Legal Adviser, if we are ordered to make corrections and fail to do so within the prescribed time, it shall be fined not less than RMB5,000 but not more than RMB10,000 per dispatched employee and the maximum penalty amount shall be based on the number of dispatched employee which is in excess of the 10% regulatory threshold and at the discretion of the competent authorities.

Based on the maximum number of dispatched employees that exceeds the 10% regulatory limit, the maximum penalty that could be imposed on our Group is RMB630 thousand.

Remedies, potential impacts and internal control measures

As of the Latest Practicable Date, we had rectified the above non-compliance by transferring some good standing dispatched employees to our full-time employees and terminating the engagement with relevant dispatched employees.

Our PRC Legal Adviser is of the view that, pursuant to the relevant provisions of the Labour Contract Law of the People's Republic of China (《中華人民共和國劳動合同法》) and the Interim Provisions on Labour Dispatch (《劳務派遣暫行規定》), in respect of the aforesaid non-compliance with labour dispatch the legal consequence for such non-compliance only involves a penalty but does not involve confiscation of illegal gains and therefore, the Company will not be subject to confiscation of revenue generated from the employment of dispatched employees in excess of the applicable regulatory threshold.

Our PRC Legal Adviser is further of the opinion that the risk of us being penalized in respect of labor dispatch is remote, given that (i) we have already rectified such non-compliance by September 10, 2025; (ii) as of the Latest Practicable Date, we had not received any notice of rectification or administrative penalties in respect of labor dispatch from the relevant labor administrative departments; (iii) we obtained certificates issued by the relevant departments in charge of labor affairs, confirming that no penalty of any kind will be imposed on us for the above historical non-compliance of engaging with dispatched workers in excess of the statutory 10% limit; and (iv) the relevant departments in charge of labor affairs and the relevant labor administrative departments are the competent authorities to make such confirmation.

Based on the above-mentioned and the independent due diligence work performed by the Sole Sponsor, nothing has come to the attention of the Sole Sponsor that would lead them to cast doubts on the PRC Legal Adviser's view with regard to the Group's exposure to penalties due to such non-compliance incident and that such non-compliance incident would not have a material and adverse effect on the business and results of operations of the Group.

We have established the following enhanced internal control measures to prevent future occurrence of similar non-compliance:

- we have designated specific personnel and departments to verify the proportion of dispatched employees on a monthly basis; and in the case that the ratio of dispatched employees approaches 10% of our total number of employees at any given time, we will immediately suspend all new dispatch hiring to ensure regulatory compliance; and

- we have also engaged an external legal counsel and consult them on the relevant laws and regulations on a regular basis to ensure our on-going regulatory compliance.

See "Risk Factors — Risks Relating to Our Business and Industry — We face risks relating to our employee dispatch arrangements."

RISK MANAGEMENT AND INTERNAL CONTROL

We have designated responsible personnel in our Company to monitor the risk management and internal control performance of our Company. In addition, we have adopted a set of internal rules, policies and procedures governing the conduct of our employees to ensure effective risk management and internal control. We are dedicated to continually improving these rules, policies and procedures. Such rules, policies and procedures cover various aspects of our business operations, such as human resources, information technology and financial reporting.

Human Resource Risk Management

We provide training tailored to our human resource management policies, and the needs of our employees in different departments. We from time to time organize training session for our employees covering various aspects of our business operations and compliance issues, such as anti-bribery and anti-corruption. Through these training sessions, we strive to ensure that our employee's knowledge level of our internal policies remain up-to-date, and to enable them to better comply with applicable laws and regulations in the course of exploring business. We have in place an employee handbook and a code of conduct which is distributed to all our employees, covering topics such as work ethics, fraud prevention, negligence prevention and anti-corruption policies, among others. We emphasize the importance of integrity in business conduct through various training mechanisms, and require our employees to observe our anti-corruption and anti-bribery policies throughout our business operations.

Information Technology Risk Management

Sufficient maintenance and protection of our information technology infrastructure, as well as the personal data and other information we collect in the course of our business, is critical to our operations. We have implemented a number of IT risk management measures throughout our system, such as data back-up, recovery and emergency response mechanisms. We have put in place a series of back-up management procedures. We perform data recovery tests on a regular basis and we retain relevant records. We have an emergency response mechanism to evaluate critical risks, formulate disaster response plans and perform emergency drills regularly. We take extra precaution regarding the usage, storage and protection of personal data we collect. See "— Data Privacy and Personal Information Protection." In addition, we have formed partnerships with key information technology and internet players to jointly enhance business performance in workplace collaboration and cybersecurity.

Financial Reporting Risk Management

We have in place various accounting policies in connection with our financial reporting risk management. We have also installed our financial reporting management system, which can monitor the our financial reporting and recording procedures, to safeguard the implementation of our accounting policies. We also provide regular trainings to our finance department employees to ensure that they understand our financial management and accounting policies and implement them in our operations.

Internal Control

We have designed and adopted strict internal control procedures to safeguard the compliance of our business operations with relevant laws and regulations. Our internal control team work closely with our legal, compliance and finance team to perform risk assessment, improve business efficiency, monitor the effective of internal control and promote the awareness of internal control and risk management across the Company. We have established channels to report misconducts or wrongdoings, and we take disciplinary actions against employee who committed misconducts.

We have also engaged an independent internal control consultant to review our internal control measures and assess the effectiveness of our internal control system. The scope of such review covers the following aspects of our business: sales, receivables and collections, procurement, payables and payments, inventory management, production cost management, human resources and compensation management, asset and construction-in-progress management, cash and cash equivalents management,

financial reporting and disclosure controls, tax management, investment and financing management, insurance management as well as IT general controls management. Based on the abovementioned internal control review, the internal control consultant is of the view that, within the scope of the above-mentioned internal control evaluation, the internal control consultant did not find any material defects in our internal control system and measures.

AWARDS AND RECOGNITION

During the Track Record Period, we have received numerous awards and recognitions with respect to our services and our social contributions and etc., including:

Awards/Recognitions	Date	Awarding Institution/Authority
The Second Batch of the National Catalogue of Premium Tourism Performing Arts Projects (第二批全國旅遊演藝精品名錄)	2025	Ministry of Culture and Tourism of the PRC (中華人民共和國文化和旅遊部)
Excellent Cases of Immersive Experience Spaces for Smart Tourism in Jiangsu Province (2025) (2025年江蘇省智慧旅遊沉浸式體驗新空間優秀案例)	2025	Culture and Tourism Department of Jiangsu Province (江蘇省文化和旅遊廳)
Excellent Cases of Cultural and Tourism Equipment & Technology Advancement in Jiangsu Province (2025) (2025年全省文化和旅遊裝備技術提升優秀案例)	2025	Culture and Tourism Department of Jiangsu Province (江蘇省文化和旅遊廳)
The Ancient Canal Tour Route between Yangzhou Ship Lock to Guazhou Ancient Ferry (揚州船閘—瓜洲古渡古運河遊覽航線) was selected as National Model Cases of Domestic Waterway Tourism Passenger Routes (揚州船閘—瓜洲古渡古運河遊覽航線獲選為國內水路旅遊客運精品航線典型案例)	2024	Ministry of Transport of the PRC (中華人民共和國交通運輸部)
Model Case of Integrated Development of Transportation and Tourism in Jiangsu (江蘇省交通運輸與旅遊融合發展典型案例)	2023	Culture and Tourism Department of Jiangsu Province (江蘇省文化和旅遊廳)

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

Immediately following the completion of the [REDACTED] (assuming that the [REDACTED] is not exercised), (i) Tourism Development Group will directly hold approximately [REDACTED]% of the total registered share capital of our Company, (ii) Quanyu Tourism Company will directly hold approximately [REDACTED]% of the total registered share capital of our Company.

Tourism Development Group is a wholly owned subsidiary of Yangzhou Industrial, which is a state-owned enterprise owned as to 75% by the Yangzhou Government and 25% by Yangzhou Economic Development, which in turn is 100% held by the Yangzhou Government.

Quanyu Tourism Company is owned as to (i) 76.60% by Yangzhou Business Tourism Group and (ii) 23.40% by Slender West Lake Administration Office. Yangzhou Business Tourism Group is a wholly owned subsidiary of Tourism Development Group, which in turn is wholly owned by Yangzhou Industrial and ultimately controlled by the Yangzhou Government. By virtue of Rule 19A.14 of the Listing Rules, the Yangzhou Government is considered a PRC Governmental Body within the definition under Rule 19A.04 of the Listing Rules, and so it should be excluded from the definition of a controlling shareholder under Rule 1.01 of the Listing Rules.

Accordingly, (i) Tourism Development Group, (ii) Yangzhou Industrial, (iii) Quanyu Tourism Company, (iv) Yangzhou Business Tourism Group, (v) Yangzhou Economic Development are controlled by the Yangzhou Government, and all of the foregoing, including Yangzhou Economic Development, will constitute a group of Controlling Shareholders of our Company under the Listing Rules.

DELINEATION OF BUSINESS

Our core business is provision of water sightseeing boat services with a series of value-added services. The provision of sightseeing tour bus services and the provision of management services are ancillary to our core business. For further details, please see "Business."

Tourism Development Group is a state-owned company which is mainly responsible for the operation of capital and project construction of the Shugang-Slender West Lake Administrative Committee. Tourism Development Group is involved in various commercial properties and vacation resort projects in Yangzhou, including but not limited to, Slender West Lake Hot Spring Hotel, Slender West Lake Rainbow Square and the Flower Culture and Art Exhibition Hall. It also has investments in real estate development, film and television media in the PRC. As opposed to our Group, it mainly focuses on project constructions for commercial properties and will not provide any management services after the constructions are completed.

In addition to our business, Quanyu Tourism Company also offers other ancillary tourism-related services in Yangzhou, including (i) the operation of cultural tourist attractions and restaurants in Yangzhou; (ii) the sale of cultural and creative souvenirs; and (iii) the provision of marketing services. It does not operate any water sightseeing boat services, which is the core business of our Group. As opposed to our Group, the business scope and operational focus of Quanyu Tourism Company is different from those of our Group.

Yangzhou Industrial is primarily engaged in the provision of business services and equity investments in the PRC. Yangzhou Business Tourism Group is primarily engaged in asset management services, property management services, including property operation for commercial buildings in the PRC. Further, Yangzhou Business Tourism Group does not currently engage in scenic area operation. Yangzhou Economic Development is primarily engaged in equity investments and asset management in the PRC, which are distinct from and do not overlap with our principal business.

As of the Latest Practicable Date, none of our Controlling Shareholders or Directors was engaged or had any interest in any business which competes or is likely to compete, either directly or indirectly, with our Company's core business i.e. water sightseeing boat services, which would require disclosure under Rule 8.10 of the Listing Rules. Therefore, our Directors are of the view that the businesses of our Controlling Shareholders and our Group is clearly delineated.

INDEPENDENCE OF OUR BUSINESS

Having considered the following factors, our Directors are satisfied that we are able to carry out our business independently from our Controlling Shareholders and their respective close associates upon and after the [REDACTED].

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Management Independence

The Board comprises six executive Directors and three independent non-executive Directors. Our management and operational decisions are made by our executive Directors and senior management, most of whom have served our Group for a long time and have substantial experience in the industry in which we are engaged. Please see the section headed "Directors and Senior Management" in this document for further details.

As of the Latest Practicable Date, save as disclosed below, none of our Directors or members of our senior management team holds any position at our Controlling Shareholders. Set out below is a table summarizing the positions held by certain Directors at our Company and our Controlling Shareholders:

Name	Position with our Group	Position with our Controlling Shareholders as of the Latest Practicable Date
Ms. Xu Shunmei . . .	Chairman of the Board and Executive Director	Chairman and non-executive director of Quanyu Tourism Company
Mr. Lian Gang	Executive Director	Non-executive director of Quanyu Tourism Company
Ms. Wang Juan	Executive Director	Chairman of the supervisory committee of Quanyu Tourism Company

Despite Ms. Xu Shunmei and Mr. Lian Gang being the chairman and non-executive director of Quanyu Tourism Company respectively, they are mainly responsible for providing strategic advice for overall development and are not involved in the day-to-day management activities of Quanyu Tourism Company and do not have any management roles in Quanyu Tourism Company. Ms. Wang Juan is the chairman of the supervisory committee of Quanyu Tourism Company and does not have any management role in Quanyu Tourism Company. Our management and operation decisions in the Company are made by our executive Directors and senior management as a whole, most of whom have served our Group for a long time and have substantial experience in the industry in which we are engaged in. Ms. Xu Shunmei, Mr. Lian Gang and Ms. Wang Juan are and will continue to devote substantially all their time to discharge their duties in their positions at our Group. In the event that Ms. Xu Shunmei, Mr. Lian Gang and Ms. Wang Juan are required to be absent themselves from any board meeting on any matter which may give rise to a potential conflict of interest, our remaining Directors will have sufficient expertise and experience to fully consider such matter.

In addition, our Directors are of the view that there are sufficient and effective control mechanisms to ensure our Directors to discharge their duties appropriately and safeguard the interests of our Shareholders as a whole for the following reasons:

(a) three out of nine Directors, representing one-third of our Board are independent non-executive Directors. All of our independent non-executive Directors are independent of our Group, and none of them are directors of our Group or otherwise connected with our Group in any manner that may affect their independent judgment or independence as required under the Listing Rules. Our independent non-executive Directors are professional parties with extensive experience in their respective areas of expertise. Please see the section headed "Directors and Senior Management" in this document for more details. Our independent non-executive Directors are appointed in accordance with the requirements under the Listing Rules to ensure that the decisions of our Board are made only after due consideration of independent and impartial opinions. They will also provide checks and balances over the decision-making of the Board on significant transactions, connected transactions and other transactions involving any actual or potential conflict of interest; and

(b) each Director is aware of his/her fiduciary duties as a director which require, among others, that he/she acts for the benefit and in the interests of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interests. For the avoidance of doubt, our Directors' interests in our Group (if any) will not compromise their independence of judgment in discharging their fiduciary duties as directors of our Company. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested Director(s) shall abstain from voting and shall not be counted in the quorum at the relevant board meetings of our Company in respect of such transactions. Please see the paragraph headed "Corporate Governance Measures" below for other corporate governance measures we have adopted to manage conflicts of interest, if any, between our Group and our Controlling Shareholders.

Therefore, there are sufficient non-overlapping Directors who are independent and have relevant experience to ensure the proper function of the Board.

Based on the above, our Directors are satisfied that our Board as a whole, together with our senior management team, is able to perform the managerial role in our Group independently and are of the view that we are capable of managing our business independently from our Controlling Shareholders after the [REDACTED].

Operation Independence

Although our Controlling Shareholders will retain a controlling interest in our Company after the [REDACTED], we have full rights to make all decisions regarding, and to carry out, our own business operations independently from our Controlling Shareholders. Our Company holds or enjoys the benefit of all relevant licenses necessary to carry out our businesses, and has sufficient capital and employees to operate our business independently from our Controlling Shareholders.

We have established our own organizational structure with independent departments and business units, each with specific areas of responsibility. We maintain a set of comprehensive internal control procedures to facilitate the effective operations of our business. Our operational functions are running independently of our Controlling Shareholders.

We have our own employee headcount for our operations and our own management of human resources, cash and accounting, invoicing and billing. As of the Latest Practicable Date, substantially all of our full-time employees were recruited independently and primarily through recruitment websites, on-campus recruitment programs, advertisements in newspapers and internal referrals.

Save for the continuing connected transactions set out in the section headed "Continuing Connected Transactions" in this document, our Directors do not expect that there will be any other transactions between our Group and our Controlling Shareholders upon or shortly after the [REDACTED]. Based on the above, our Directors believe that our business is operationally independent of our Controlling Shareholders.

Financial Independence

During the Track Record Period and up to the Latest Practicable Date, our Group had our own internal control, accounting and financial management systems, accounting and finance department and independent treasury functions for cash receipts and payments. We made financial decisions according to our own business needs.

During the Track Record Period and up to the Latest Practicable Date, we have not entered into any facility agreements or standalone loan agreements with any banks. We confirm that there is no other financial assistance provided by our Controlling Shareholders to our Group and vice versa.

Our Directors believe that we are capable of obtaining financing from external sources without reliance on our Controlling Shareholders. In addition, our Group has developed long term and stable relationships with various banks to support our business operations and expansion.

Based on the above, our Directors believe that we have the ability to operate independently of our Controlling Shareholders from a financial perspective and are able to maintain financial independence from our Controlling Shareholders.

NON-COMPETITION UNDERTAKING

Non-competition Undertaking by Controlling Shareholders

Each of our Controlling Shareholders has undertaken to us in the Deed of Non-competition that it will not, and will procure its close associates (other than members of our Group) not to directly or indirectly participate, acquire or hold any right or interest in or otherwise be involved in or undertake any business that directly or indirectly competes, or may compete, with our business (the "**Restricted Business**"), or hold shares or interest in any companies or business that compete or may compete directly or indirectly with the business engaged by our Group from time to time except where our Controlling Shareholders and their close associates hold less than 10% of the total issued share capital of any company which is engaged in any business that is or may be in competition with any business engaged by any member of our Group and they do not possess the right to control the board of directors of such company.

Each of our Controlling Shareholders has also undertaken to us in the Deed of Non-competition that if it or their respective close associates (other than members of our Group) become aware of and wishes to undertake any business opportunity to own, invest in, participate in, develop, operate or engage in any Restricted Business (the "**Business Opportunity**"), they shall, and shall procure their close associates (other than members of our Group) to first refer the Business Opportunity to our Company in writing. Any decision on whether to take up the Business Opportunity shall be decided by our Independent Non-executive Directors. Our Controlling Shareholders or any of their close associates (other than members of our Group) may only take up the Business Opportunity after our Company has issued a written confirmation signed by the Independent Non-executive Directors confirming that our Company has decided not to take up the Business Opportunity or our Company fails to respond.

Pursuant to the Deed of Non-competition, the above restrictions and undertakings will cease to have effect on the earlier of the date on which (i) so far as a Controlling Shareholder is concerned it ceases to be our Controlling Shareholder under the Listing Rules; or (ii) our Shares cease to be [REDACTED].

In order to promote good corporate governance practices and to improve transparency, the Deed of Non-competition includes the following provisions:

- our Independent Non-executive Directors will review, at least on an annual basis, the compliance with the Deed of Non-competition by our Controlling Shareholders;
- each of our Controlling Shareholders will and will procure its relevant close associates to provide all information necessary for the annual review by our Independent Non-executive Directors for the enforcement of the Deed of Non-competition;
- we will disclose the review by our Independent Non-executive Directors on the compliance with and the enforcement of, the Deed of Non-competition and the decisions on matters reviewed by our Independent Non-executive Directors either through our annual report or by way of announcement to the public in compliance with the Listing Rules;
- each of our Controlling Shareholders will make an annual declaration on the compliance with the Deed of Non-competition in our annual report in accordance with the principle of voluntary disclosure in the corporate governance report; and

- in the event that any of our Directors and/or their respective close associates has material interests in any matter to be deliberated by our Board in relation to the compliance and enforcement of Deed of Non-competition, it may not vote on the resolutions of our Board approving the matter and may not be counted towards the quorum for the voting pursuant to the applicable provisions in the Articles of Association.

CORPORATE GOVERNANCE MEASURES

Our Directors believe that there are adequate corporate governance measures in place to manage the potential conflict of interests between our Controlling Shareholders and our Group, and to safeguard the interests of our Shareholders taken as a whole for the following reasons:

- as part of the preparation for the [REDACTED], our Company has amended the Articles of Association to comply with the Listing Rules which will become effective upon the [REDACTED]. In particular, the Articles of Association will provide that a Director shall abstain from voting on any resolution approving any contract, transaction or arrangement in which such Director or any of his/her close associates has a material interest;

- our Group has established internal control mechanisms to identify connected transactions. Upon the [REDACTED], if the Company enters into connected transactions with our Controlling Shareholders or any of their associates, the Company will comply with the applicable requirements under the Listing Rules;

- our Company is committed that the Board shall include a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors). The Company has appointed three independent non-executive Directors, and believes that the independent non-executive Directors (a) possess sufficient experience, (b) are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment, and (c) will be able to provide an impartial and external opinion to protect the interests of the Shareholders as a whole. See "Directors and Senior Management";

- the independent non-executive Directors will review, on an annual basis, whether there is any conflict of interest between the Group and our Controlling Shareholders (the "**Annual Review**") and provide impartial and professional advice to protect the interests of the minority Shareholders. Our Controlling Shareholders will undertake to provide all information necessary, including all relevant financial, operational and market information and any other necessary information as required by the independent non-executive Directors for the Annual Review. Our Company will disclose decisions (with basis) on matters reviewed by the independent non-executive Directors either in its annual report or by way of announcements; and

- where our Directors reasonably request the advice of independent professionals, such as financial advisers, the appointment of such independent professionals will be made at our Company's expenses; and

- we have appointed China Everbright Capital Limited as our Compliance Adviser, who will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to directors' duties and corporate governance, and inform us on a timely basis of any amendment or supplement to the Listing Rules or applicable laws and regulations in Hong Kong.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest that may arise between our Company and our Controlling Shareholders, and to protect our minority Shareholders' interests after [REDACTED].

Upon [REDACTED], transactions between us and our connected persons will constitute our connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules.

OUR CONNECTED PERSONS

We have entered into certain transactions with the following persons, which will become our connected persons upon [REDACTED]:

Name	Connected Relationship
Quanyu Tourism Company . .	Quanyu Tourism Company is one of our Controlling Shareholders within the meaning under the Listing Rules
Tourism Development Group .	Tourism Development Group is one of our Controlling Shareholders within the meaning under the Listing Rules
Yangzhou Media Co.	Yangzhou Media Co. is a substantial shareholder of our subsidiary, Yangzhou Yuntong and therefore is a connected person within the meaning under the Listing Rules
Yangzhou Radio and Television Station	Yangzhou Radio and Television Station is a holding company of Yangzhou Media Co., which is a substantial shareholder of our subsidiary, and therefore is a connected person within the meaning under the Listing Rules (together with Yangzhou Media Co, "**Yangzhou Media Group**")
Yao Youguang	Yao Youguang is a substantial shareholder of our subsidiary, Yangzhou Yuntong and therefore is a connected person within the meaning under the Listing Rules
Yao Youguang Yangzhou Branch	Yao Youguang Technology Group Co., Ltd Yangzhou Branch* (耀有光科技集團有限公司揚州分公司) ("**Yao Youguang Yangzhou Branch**") is a branch office of Yao Youguang who is a substantial shareholder of our subsidiary, Yangzhou Yuntong and therefore is a connected person within the meaning under the Listing Rules

ONE-OFF CONNECTED TRANSACTION

1. Property Lease Framework Agreement

Our Company [entered] into an property leasing framework agreement with Quanyu Tourism Company on [REDACTED], pursuant to which Quanyu Tourism Company agreed to lease to us the premises with a total gross area of 1,510 sq.m. located in 20 Gaoqiao South Street, Yangzhou City, Jiangsu Province, the PRC for use as our functional space (including but not limited to tourist centers, offices space and conference rooms) ("**Property Lease Framework Agreement**"). The rent under the Property Lease Framework Agreement, are approximately RMB100,000, and shall be payable by us on an annual basis. The Property Lease Framework Agreement has a fixed term of three years, and will commence on the [REDACTED]. The value of the lease liabilities which includes the present value of the lease payment recognized by our Company according to HKFRS 16 attributable to the office leases to be signed on [REDACTED] amounted to approximately RMB262,800. The Property Lease Framework Agreement was entered into: (i) in the ordinary and usual course of business of our Group; (ii) on arm's length basis, and (iii) on favourable commercial terms with the rent and property management fee being determined with reference to, among others, the terms under the previous property lease framework agreement with previous landlord and our Company, the prevailing market rates for similar properties in the same area, the square meters rented.

In accordance with HKFRS 16 "Leases," our Company recognized a right-of-use asset on its balance sheet in connection with the lease of the properties from Quanyu Tourism Company, one of our Controlling Shareholders. As such, the lease transactions under the Property Lease Framework Agreement will be recorded as an acquisition of a capital asset and a one-off connected transaction of our Group for the purpose of the Listing Rules. As the highest applicable percentage ratio in respect of the total value of the right-of-use assets to be recognised by the Company in connection with the Property Lease Framework Agreement is more than 0.1% but less than 5%, the entering into of the Property Lease Framework Agreement is subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules and the announcement requirement under Rule 14A.35 of the Listing Rules.

Historically, our Company leased the premises from Quanyu Tourism Company. To avoid unnecessary costs associated with searching for new premises and engaging in prolonged negotiations with third-party property owners for lease agreements, our Company intends to continue with the leasing arrangements after the [REDACTED]. In light of the foregoing, our Directors are of the view that the leasing arrangements are fair and reasonable and in the interests of our Shareholders as a whole. Notwithstanding the above, the Property Lease Framework Agreement does not affect our operational independence. For further details, please see "Relationship with Our Controlling Shareholders — Independence of our business — Operational Independence" in this document.

SUMMARY OF OUR CONTINUING CONNECTED TRANSACTIONS

Transactions	Applicable Listing Rules	Waiver Sought	Proposed annual cap for the year ending December 31, 2026	2027	2028
				(RMB'000)	
Partially exempt continuing connected transactions					
1. Advertisement Framework Agreement	14A.34, 14A.35, 14A.76 and 14A.105	Announcement requirement	1,650	1,650	1,650
2. 2025 Cooperation Agreements	14A.34, 14A.35, 14A.76 and 14A.105	Announcement requirement	1,100	1,100	1,100
Non-exempt continuing connected transaction					
3. Performance Services Agreement	14A.34, 14A.35, 14A.36, 14A.49, 14A.53 to 14A.59, 14A.71 and 14A.105	Requirements as to announcement, circular and independent shareholders' approval requirements	12,136	2,000	2,000

PARTIALLY EXEMPT CONTINUING CONNECTED TRANSACTION

1. Advertisement Framework Agreement

Principal terms

Our Group entered into an advertisement framework agreement (the "**Advertisement Framework Agreement**") with Yangzhou Media Group on [REDACTED], pursuant to which our Group will pay RMB1,650,000 annually to Yangzhou Media Group, pursuant to which Yangzhou Media Group, will provide advertisement services (including but not limited to preparing the Group's advertisement materials, displaying advertisements on the platform of Yangzhou Media Group, posting promotion videos on our Group's WeChat account and photo taking and video recording at the Group's events) to our Group.

The term of the Advertisement Framework Agreement has a term of three years and will commence on [REDACTED], which is the [REDACTED], and will expire on [REDACTED], subject to renewal upon the mutual consent of both parties (which will be subject to compliance with the requirements under Chapter 14A of the Listing Rules).

Pricing policies

The advertising fees to Yangzhou Media Group is mainly determined with reference to the prevailing market rates and taking into account the specific requirements of the relevant advertising services, including (i) the types and forms of advertising, (ii) the frequency and number of promotional activities, and (iii) the media channels and scope of coverage involved.

Reasons for the transaction

Yangzhou Media Group, is our long term and reliable supplier and had a business relationship with our Group more than five years. Our Directors consider that our continuous business relationship with Yangzhou Media Group, is beneficial to our Group as Yangzhou Media Group, can make use of its existing and various media resources in Yangzhou to better promote our Group and our Group's events and promotions in Yangzhou.

Historical amounts

In respect of the advertisement services provided by Yangzhou Media Group to our Group, the historical amounts were approximately RMB150,000, RMB150,000, RMB1,819,880 and RMB259,434 for the three years ended December 31, 2025 and the six months ended June 30, 2026 respectively. The significant increase in 2025 was mainly due to our increased demand for advertisement and promotion services to promote the Grand Canal Yangzhou night show, which was launched in October 2024. The Group expects to conduct further advertisement transactions with Yangzhou Media Group in the second half of 2026 in line with its business promotion schedule and advertising needs, including the continued promotion of the Grand Canal Yangzhou night show. In particular, the planned activities mainly include (i) publicity through traditional and new media channels; (ii) outdoor advertising on large screens at major shopping malls and major road intersections; (iii) promotional coverage through regional and national media platforms; (iv) themed promotional campaigns around key tourism periods, including the summer holiday and the Mid-Autumn Festival and National Day holidays; and (v) promotion through social media platforms such as Douyin, Xiaohongshu, WeChat Channels, Bilibili and Toutiao. In addition to the above planned activities, and subject to our actual business promotion needs, our Group may also conduct further marketing activities, brand promotion and event planning in the second half of 2026.

Annual caps

In respect of the Advertisement Framework Agreement, the transaction amounts to be paid by our Group to Yangzhou Media Group, for the three years ending December 31, 2028 shall not exceed the proposed annual caps as set out in the table below:

	Proposed annual caps for the year ending December 31,		
	2026	**2027**	**2028**
		(RMB'000)	
Transaction amount to be paid by us to Yangzhou Media Group	1,650	1,650	1,650

Basis of caps

In determining the above proposed annual caps, we have primarily considered (i) the historical transaction amounts during the Track Record Period under the Advertisement Framework Agreement between our Group and Yangzhou Media Group; (ii) our expected demand for general advertisement services to satisfy our general advertisement needs; and (iii) the Grand Canal Yangzhou night show, which was only launched in October 2024, we invested significant efforts on advertising and promoting the show in 2025 to raise the customers' awareness of such show and hence a significant increase in our demand for advertisement services to further promote our newly launched night show, attract new customers and broaden our exposure on various media sources (including newspapers, WeChat account and other different media platforms). Following the extensive promotional campaigns in 2025, we expect to moderately scale back the advertising and promotional activities from 2026 onwards.

Listing Rules implications

In respect of the transactions contemplated under the Advertisement Framework Agreement, as the highest applicable percentage ratio in respect of the highest annual cap for the three years ending December 31, 2028 calculated for the purpose of Chapter 14A of the Listing Rules is expected to exceed 0.1%, but less than 5% on an annual basis, such transactions will, upon [REDACTED], constitute continuing connected transactions of our Company subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules and the announcement requirement under Rule 14A.35 of the Listing Rules.

2. 2025 Cooperation Agreements

Principal terms

Our Company entered into the 2022 Cooperation Agreements, effective from July 1, 2022 to June 30, 2025. Upon expiration of the 2022 Cooperation Agreements, our Company entered into the 2025 Cooperation Agreements (together with the 2022 Cooperation Agreements, the "**Gaoyou City Lake Cooperation Agreements**"). Consists of (i) the cooperation agreement for the Quality Enhancement and Operation Management of Gaoyou City Lake Tourism Resort entered into between our Company, Gaoyou Tourism Investment Co., Yangzhou Media Co., and Gaoyou Ancient Post dated June 30, 2025 and (ii) the cooperation agreement (for advertising services) entered into between our Company and Yangzhou Media Co. dated June 30, 2025. Pursuant to 2025 Cooperation Agreements, (i) Gaoyou Tourism Investment Co. and Gaoyou Ancient Post entrust our Company and Yangzhou Media Co. to provide operational management services in terms of the agreed service area, including the overall operation and management of Gaoyou City Lake Tourism Resort and (ii) our Company and Yangzhou Media Co. are responsible for integrated media publicity and event planning and implementation for Gaoyou City Lake Tourism Resort. The 2025 Cooperation Agreements are effective from July 1, 2025 to June 30, 2028, subject to renewal upon the mutual consent of both parties (which will be subject to compliance with the requirements under Chapter 14A of the Listing Rules).

According to the terms of the 2025 Cooperation Agreements, (i) we will charge Gaoyou Tourism Investment Co. a total management fee of RMB3.5 million, by installments on semi-annual basis, (ii) we will pay Yangzhou Media Co. an aggregate of annual advertisement fees of RMB0.6 million and (iii) we will pay to Yangzhou Media Co. a variable amount of fees linked to the annual revenue of Gaoyou City Lake Tourism Resort, equivalent to one fourth of the revenue amount under the revenue-sharing mechanism calculated based on the formula below:

Revenue-sharing entitlement = (Total Annual Revenue — Benchmark Revenue) x 25%.

"Total Annual Revenue" represents the total annual revenue generated from the sales of entrance tickets, sightseeing boat tickets and sightseeing tour bus tickets of Gaoyou City Lake Tourism Resort. "Benchmark Revenue" represents the average revenue of Gaoyou City Lake Tourism Resort for the three financial years immediately prior to the entering into of the 2022 Cooperation Agreements.

Reasons for the transactions

The Gaoyou City Lake Cooperation Agreements are strategically important to us as we strive to refine our asset-light business model and offer entrusted management services to tourist attractions. We have diversified our revenue stream and expanded our service offerings. Additionally, the partnership provides valuable market insights, maximize our brand value, and promoting the co-development of regional cultural and tourism resources.

Pricing policies

The advertising fees we paid to Yangzhou Media Co. under the 2025 Cooperation Agreements were negotiated on an arm's length basis with reference to the prevailing market rates and the specific advertising and promotional needs of Gaoyou City Lake Tourism Resort, taking into account (i) the types and forms of advertising and promotional activities, (ii) the frequency and number of such promotional activities, and (iii) the media channels and scope of coverage involved.

Pursuant to the 2025 Cooperation Agreements, one fourth of the revenue amount of Gaoyou City Lake Tourism Resort under the revenue-sharing mechanism shall be paid to Yangzhou Media Co which was also agreed among the parties through arm's length negotiations.

Historical amounts

In respect of advertising fees and the amount we fees linked to the relevant annual revenue under the revenue sharing mechanism, the historical amounts paid to Yangzhou Media Co. are set out below:

	Year ended December 31,			six months ended June
	2023	2024	2025	30, 2026
	(RMB'000)			
Advertising fees	500	500	519	283
Fees paid linked to the relevant annual revenue under the revenue sharing mechanism	130	495	264	131
Total	630	995	783	414

Annual caps

In respect of the advertising fees and the amount of fees linked to the relevant annual revenue under the revenue sharing mechanism of Gaoyou City Lake Tourism Resort under the 2025 Cooperation Agreements, the transaction amounts to payable by our Company to Yangzhou Media Co. for the three years ending December 31, 2028 shall not exceed the proposed annual caps as set out in the table below:

	For the year ending December 31,		
	2026	**2027**	**2028**
		(RMB'000)	
Advertising fees	600	600	600
Fees payable linked to the relevant annual revenue under the revenue sharing mechanism	500	500	500
Total	1,100	1,100	1,100

Basis of caps

In determining the above proposed annual caps for advertising fees, we have primarily considered (i) the historical transaction amounts and the growth trend during the Track Record Period; and (ii) the increasing popularity of Gaoyou City Lake Tourism Resort and the expected demand for the advertisement services.

In determining the above proposed annual caps in relation to fees payable linked to the relevant annual revenue, we have primarily considered (i) the historical transaction amount during the Track Record Period under the existing cooperation arrangements between our Company and Yangzhou Media Co.; and (ii) the policy issued by Gaoyou Municipal People's Government in 2025 which allows certain visitors to enter into Gaoyou City Lake Tourism Resort free of charge on weekdays, which we expect an increase in demand for our services in Gaoyou City Lake Tourism Resort and thereby increase in revenue.

Listing Rules implications

Since both the Advertisement Framework Agreement and the 2025 Cooperation Agreements are connected with Yangzhou Media Group, our Directors consider that the transactions thereunder shall be aggregated and treated as if they were one transaction pursuant to Rules 14A.81 and 14A.82(1) of the Listing Rules. Accordingly, the annual caps in respect of the transactions contemplated under the Advertisement Framework Agreement and 2025 Cooperation Agreements are aggregated, and such aggregate amount is used when calculating the relevant percentage ratio under Chapter 14A of the Listing Rules.

Since all the applicable ratios under the Listing Rules in respect of the total amount payable under the Advertisement Framework Agreement and the 2025 Cooperation Agreements are expected to exceed 0.1%, but less than 5% on an annual basis, such transactions will, upon [REDACTED], constitute continuing connected transactions of our Company subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules and the announcement requirement under Rule 14A.35 of the Listing Rules.

NON-EXEMPT CONTINUING CONNECTED TRANSACTION

3. Performance Services Agreement

Principal terms

Our subsidiary, Yangzhou Yuntong entered into a performance services agreement (the "**Performance Services Agreement**") with Yao Youguang on July 26, 2024 (as supplemented by a supplemental agreement dated July 26, 2024 with Yao Youguang and Yao Youguang Yangzhou Branch (together with Yao Youguang, "**Yao Youguang Entities**")), pursuant to which Yao Youguang Entities will provide our Company with certain performance assistance services including but not limited to planning and designing the Grand Canal Yangzhou night show and providing equipment installation services and maintenance support for the night show. The Performance Services Agreement mainly relates to an one-off large-scale project for the Grand Canal Yangzhou night show, covering the planning and design of the night show, the purchase and installation of related machinery and equipment, together with the subsequent maintenance support. Payments for such one-off project are made by instalments upon specified contractual milestones, including (i) the signing of the agreement, (ii) completion of the relevant works, (iii) acceptance of the completed works, (iv) completion of the settlement review and (v) expiry of the warranty period.

The Performance Services Agreement, unless terminated earlier, will remain in full force and effect until September 30, 2029 (which will be subject to compliance with the requirements under Chapter 14A of the Listing Rules).

As required by Rule 14A.52 of the Listing Rules, the period for the agreement for a continuing connected transaction must not exceed three years, except in cases where the nature of the transaction requires the agreement to be of a duration longer than three years. Our Directors (including our independent non-executive Directors) are of the view that the Performance Service Agreement was entered into on normal commercial terms, and believe that it is normal business practice and in the interests of our Company and our Shareholders as a whole for the term of the Performance Services Agreement to be longer than three years, given (i) the nature of such performance services, which involves planning and designing the Grand Canal Yangzhou night show and providing equipment installation services for the night show, and providing maintenance services for the equipment upon completion; and (ii) it is not uncommon for agreements of providing performance services to have a term of more than three years. As confirmed by our Directors (including the independent non-executive Directors), it is not uncommon for agreements relating to performance services of this nature to extend beyond three years, particularly where the services involve both design and long-term maintenance services. According to Frost & Sullivan, such durations is not uncommon in the industry to safeguard the interests of both contracting parties and to ensure the sustainability and smooth delivery of the project. Accordingly, our Directors (including our independent non-executive Directors) confirm that the longer contractual term, considering (i) the nature of such performance services and (ii) it is not inconsistent with normal business practice, is in the best interests of our Company and our Shareholders as a whole. The Sole Sponsor is of the view that it is in the normal business practice for this type of agreement to have a term longer than three years.

Reasons for the transactions

Yao Youguang is reliable supplier of our Group. In addition, our Directors consider that the quality of the performance services offered by Yao Youguang Entities can satisfy our commercial needs, especially the quality standards for night shows.

Pricing policies

The fees payable by us to Yao Youguang Yangzhou Branch under the Performance Services Agreement were determined with reference to the prevailing market rates for comparable performance services and taking into account (i) the complexity of the project, (ii) the amount of resources required to complete the project, and (iii) the time required to complete the project.

Historical amounts

In respect of the transactions under the Performance Services Agreement between Yao Youguang Entities and our Group, which mainly involved the purchase and installation of machinery and equipment for the Grand Canal Yangzhou night show and the related planning and design services, payments are made by instalments upon specified contractual milestones, including the (i) signing of the agreement, (ii) completion of the relevant works, (iii) acceptance of the completed works, completion of the settlement review and (iv) expiry of the warranty period.

The historical amounts were approximately nil, RMB33.64 million (being the progress payments made upon the (i) signing of the agreement, (ii) completion of the planning and design of the night show, the installation of all machinery and equipment for the night show purchased under the Performance Services Agreement ("**2024 Purchase**") and (iii) partial payment upon acceptance of the 2024 Purchase), RMB2.83 million (being the remaining progress payment upon acceptance of the 2024 Purchase) and RMB10.41 million (being the progress payment made following completion of the settlement review of the 2024 Purchase) for the three years ended December 31, 2025 and the six months ended June 30, 2026, respectively.

Annual caps

In respect of the Performance Services Agreement, the transaction amounts to be paid by our Group to Yao Youguang Yangzhou Branch for the three years ending December 31, 2028 shall not exceed the proposed annual caps as set out in the table below:

	Proposed annual caps for the year ending December 31,		
	2026	**2027**	**2028**
		(RMB'000)	
Transaction amount to be paid by us to Yao Youguang Yangzhou Branch	12,136*	2,000	2,000

Note: Of the total amount of RMB12.136 million, RMB10.41 million was paid during the six months ended June 30, 2026.

Basis of caps

In determining the above proposed annual caps, we have primarily considered (i) the historical transaction amounts during the Track Record Period under the existing performance services arrangements between our Group and Yao Youguang Entities; (ii) the amount payable by us under the Performance Services Agreement; and (iii) the increased popularity and the expected demand for the performance services, including the maintenance and support services.

The proposed annual cap for 2026 is higher than those for 2027 and 2028 mainly because it includes the RMB10.41 million payment made upon completion of the settlement review during the six months ended June 30, 2026. Following such payment, the annual basis for the years ending 2027 and 2028 are expected to comprise ongoing maintenance and support services, resulting in lower and more stable transaction amounts.

Listing Rules implications

In respect of the transactions contemplated under the Performance Services Agreement, as the highest applicable percentage ratio in respect of the highest annual cap for the three years ending December 31, 2028 calculated for the purpose of Chapter 14A of the Listing Rules is expected to exceed 5% on an annual basis, such transactions will, upon [REDACTED], constitute continuing connected transactions of our Company subject to the annual reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

WAIVERS GRANTED BY THE STOCK EXCHANGE

In respect of each of the Property Lease Framework Agreement, Advertisement Framework Agreement and the 2025 Cooperation Agreements, as the highest applicable percentage ratio is expected to be 0.1% or more but less than 5%, the transaction contemplated thereunder are exempt from the circular (including the opinion and recommendation from an independent financial advisor) and the independent Shareholders' approval requirements, but are subject to the announcement requirements under Rule 14A.35 of the Listing Rules and the annual reporting requirements under Rules 14A.49 and 14A.71 of the Listing Rules.

We have applied for[, and the Stock Exchange has granted to us,] a waiver under Rule 14A.105 of the Listing Rules from strict compliance with the announcement requirements pursuant to Rule 14A.35 of the Listing Rules, subject to the condition that the aggregate value of such continuing connected transactions for the years ended December 31, 2026, 2027 and 2028 shall not exceed relevant annual amounts stated above.

In respect of the transactions contemplated under each of the Performance Services Agreement, as the highest applicable percentage ratio is expected to be more than 5%, the transactions contemplated thereunder are subject to the annual reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for[, and the Stock Exchange has granted us,] a waiver pursuant to Rule 14A.105 of the Listing Rules from strict compliance with the announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of these transactions, provided that the transaction amount involved for each of the three years ending December 31, 2028 will not exceed the proposed annual caps above.

CONFIRMATION BY DIRECTORS

Our Directors (including the independent non-executive Directors) are of the view that:

(a) the continuing connected transactions set out above have been and will be entered into in the ordinary and usual course of our business, on normal commercial terms or better, on terms that are fair and reasonable, and are in the interests of our Company and our Shareholders as a whole;

(b) the proposed annual caps in respect of the partially exempt continuing connected transactions pursuant to the Property Lease Framework Agreement, the Advertisement Framework Agreement and the 2025 Cooperation Agreements and the non-exempt continuing connected transaction pursuant to the Performance Services Agreement set out above are fair and reasonable and in the interests of our Company and our Shareholders as a whole; and

(c) the term of the Performance Services Agreement, which is longer than three years, is in the normal business practice of our Group and is in the interests of our Company and our Shareholders as a whole. It is normal business practice for the term of the Performance Services Agreement to be longer than three years given (i) the nature of such performance services, which involves planning and designing the Grand Canal Yangzhou night show and

providing technical services support for the night show, and providing maintenance services for the equipment upon completion and (ii) it is not uncommon for agreements of providing performance services to have a term of more than three years.

CONFIRMATION FROM THE SOLE SPONSOR

Based on the documentation, information and data (including historical figures) provided by our Company, the representations and confirmations provided by our Company and our Directors to the Sole Sponsor, and participation in due diligence and discussions, the Sole Sponsor is of the view that:

(a) the aforesaid non-exempt continuing connected transactions for which a waiver has been sought [have been] entered into in the ordinary and usual course of our Company's business, on normal commercial terms or better, that are fair and reasonable, and are in the interests of our Company and our Shareholders as a whole; and

(b) the proposed annual caps in respect of the non-exempt and partially-exempt continuing connected transactions set out above are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

GENERAL INFORMATION

The following table sets forth the key information about our Directors and senior management as of the date of this document.

Directors

Name	Age	Position(s)	Date of Appointment	Date of joining our Group	Roles and responsibilities
Executive Directors					
Ms. Xu Shunmei (徐順美)	56	Chairman of the Board and Executive Director	August 2015[(1)]	August 2006	Overseeing the implementation of resolutions of shareholders' meeting and formulating the overall strategies of our Group
Ms. Wang Juan (王娟)	55	Executive Director	September 2025[(2)]	November 2009	Assisting in formulating overall development strategies and overseeing talent management and planning of our Group
Mr. Lian Gang (練剛)	48	Executive Director	September 2022	April 2022	Overseeing the overall business operation of the Group
Mr. Zhao Long (趙龍)	45	Executive Director	September 2025	December 2010	Overseeing the day-to-day business operations of our Group
Ms. Chen Xin (陳欣)	37	Executive Director	September 2025	January 2019	Overseeing overall financial management and risk control of our Group and executing resolutions of our Board
Ms. Jin Jing (金晶)	41	Executive Director	September 2025	June 2025	Assisting in formulating overall development strategies
Independent non-executive Directors					
Ms. Shen Ling (沈玲)	38	Independent non-executive Director	September 2025	September 2025	Providing independent advice on the operation and management of our Company
Mr. Huang Jie (黃杰)	59	Independent non-executive Director	September 2025	September 2025	Providing independent advice on the operation and management of our Company
Ms. Huang Chunfang (黃春芳)	48	Independent non-executive Director	September 2025	September 2025	Providing independent advice on the operation and management of our Company

Notes:

(1) Ms. Xu first joined our Company in August 2006 and served as a Director of our Company from August 2006 to August 2009. From November 2011 to March 2016, Ms. Xu worked as the general manager of our Company and she is appointed as the Director of our Company in August 2015 and served as our chairman of the board in September 2019.

(2) Ms. Wang first joined our Company in November 2009 and served as a Director of our Company from November 2009 to March 2016. After March 2016, she served as various positions at our Company and is appointed as our Director in September 2025.

Senior Management

Name	Age	Position(s)	Date of Appointment	Date of joining our Group	Roles and responsibilities
Mr. Lian Gang (練剛)	48	General manager	April 2022	April 2022	Overseeing the overall business operation of the Group
Mr. Zhao Long (趙龍)	45	Deputy general manager	June 2025	December 2010	Overseeing the day-to-day business operations of our Group
Ms. Chen Xin (陳欣)	37	Chief financial officer, secretary of the Board and joint company secretary	June 2025	January 2019	Overseeing overall financial management and risk control of our Group and executing resolutions of our Board
Ms. Jin Jing (金晶)	41	Deputy general manager	June 2025	June 2025	Assisting in formulating overall development strategies

None of our Directors and senior management has any relationship with other Directors and senior management or any Substantial Shareholder or Controlling Shareholder.

DIRECTORS

Our Board currently consists of nine Directors, including six executive Directors and three independent non-executive Directors. Our Board is responsible for and has the general power over the management and operations of our business, including determining our business strategies and investment plans, implementing resolutions passed at our Shareholders' general meetings, and exercising other powers, functions and duties conferred by the Articles of Association.

Pursuant to our Articles of Association, our Directors are elected and appointed by our Shareholders at a Shareholders' meeting for a term of three years which is renewable upon re-election and re-appointment. The functions and powers of our Board include, among other things, convening Shareholders' meetings, reporting on our Board's work at the Shareholders' meetings, implementing the resolutions passed at the Shareholders' meetings, determining business and investment plans and formulating our proposals for profit distributions and plans on making up losses, formulating our proposals for the increase or reduction of registered capital and issue and listing of bonds or other securities of our Company, formulating proposals for our Company's material acquisition, purchase of our Company's Shares or merger, division, dissolving and change in corporate form of our Company, deciding on our Company's basic internal management structure, and appointing or dismissing the general manager, the secretary of the Board, chief financial officer or other senior officers, determining their emoluments, rewards and penalties, and establishing the basic management system of our Company. In addition, our Board is responsible for exercising other powers, functions and duties in accordance with the Articles of Association, and all applicable laws and regulations, including the Listing Rules.

We have entered into service contracts and letters of appointment with each of our Directors. Pursuant to our Articles of Association, the term of office of the Directors shall be three years. Each of the service contracts and letters of appointment with our Directors is for a term commencing from the relevant effective date of appointment until the day on which the next general meeting of the Shareholders for re-election of Directors is held. A description of the business experience of each Director is set out below.

Executive Directors

Ms. Xu Shunmei (徐順美), aged 56, is our executive Director and the chairman of the Board. Ms. Xu first joined our Company in August 2006 and served as a Director of our Company from August 2006 to August 2009. From November 2011 to March 2016, Ms. Xu was the general manager of the Company and she is appointed as the Director of our Company since August 2015 and served as our chairman of the board since September 2019. Concurrently, Ms. Xu is the chairman and the non-executive director of Quanyu Tourism Company since January 2022. Ms. Xu has over 30 years of experience in the cultural tourism industry. With her extensive experience, she is responsible for overseeing the implementation of resolutions of shareholders' meeting and formulating the overall strategies of our Group.

Prior to that, Ms. Xu worked at Slender West Lake Administration Office from November 2005 to November 2011, with her last position being the vice officer. As early as between December 1989 and October 2005, Ms. Xu already worked at Slender West Lake Park* (揚州市瘦西湖公園), Yangzhou, including as the chief officer of the secretarial department.

Ms. Xu worked as a director or responsible manager in various entities. From July 25, 2007 to February 15, 2015, Ms. Xu served as a responsible manager at the Quyuan Tea House, the tourism team which is under the reception department of the Yangzhou Slender West Lake Administrative Committee* (揚州市瘦西湖風景區管理處旅遊接待科服務部趣園茶樓) ("**Quyuan Tea House**"), an agency which is principally engaged in catering services. Quyuan Tea House was established by the Administrative Committee of the Shugang-Slender West Lake Scenic Area of Yangzhou in order to expand customers' experience so that the customers can enjoy Yangzhou morning teas with the surrounding gardens. From August 2, 2013 to August 3, 2016, Ms. Xu served as the director and general manager of the Yangzhou Canal Mingcheng Tourism Development Co., Ltd* (揚州運河名城旅遊發展有限公司) ("**Canal Mingcheng**"), which was established by Tourism Development Group to be a holding company of the Group and was principally engaged in boat rental and water sightseeing business. From July 9, 2015 to October 27, 2016, Ms. Xu served as an executive partner of the Yangzhou Yiyang Investment Management Center* (揚州益揚投資管理中心(有限合夥)) ("**Yangzhou Yiyang**"), a company established to become a platform for employee incentive schemes. From August 19, 2019 to November 18, 2024, Ms. Xu served as director of the Yangzhou Canal Carnival Cultural Development Co., Ltd* (揚州運河嘉年華文化發展有限責任公司) ("**Canal Carnival**"), which was established by Quanyu Tourism Company in order to explore cultural exchange activities through it principal boat rental and water sightseeing business. As a responsible manager, Ms. Xu was principally responsible for supervising the performance of duties of senior management, and as a director, she was principally responsible for overseeing the management and operation.

Due to cessation of business operations, Quyuan Tea House, Canal Mingcheng, Yangzhou Yiyang and Canal Carnival were deregistered on February 2015, August 2016, October 2016 and November 2024 respectively. Ms. Xu confirmed that (i) to the best of her knowledge, information and belief, Quyuan Tea House, Canal Mingcheng, Yangzhou Yiyang and Canal Carnival were solvent immediately prior to their deregistration; (ii) there is no wrongful act on her part leading to the deregistration of Quyuan Tea House, Canal Mingcheng, Yangzhou Yiyang and Canal Carnival; (iii) she is not aware of any actual or potential claim that has been or will be made against her as a result of the deregistration of Quyuan Tea House, Canal Mingcheng, Yangzhou Yiyang and Canal Carnival; and (iv) no misconduct or misfeasance had been involved on her part in the deregistration of Quyuan Tea House, Canal Mingcheng, Yangzhou Yiyang and Canal Carnival.

Ms. Xu received her bachelor's degree in laws from Yangzhou University in the PRC in July 2013, through distance learning. Ms. Xu also received senior economist professional certificate issued by Jiangsu Provincial Department of Human Resources and Social Security in November 2011.

Ms. Wang Juan (王娟), aged 55, is our executive director and is responsible for assisting in formulating the overall development strategies and overseeing daily operations and management of our Company.

Ms. Wang first joined our Company in November 2009 and served as a Director of our Company from November 2009 to March 2016. From March 2016 to September 2022, she worked as our Company's deputy general manager. She also served as the board secretary of our Company from April 2016 to November 2020, our party branch secretary from December 2019 to November 2024 and she was our supervisor from September 2022 to September 2025. Prior to this, she was the deputy general manager at Quanyu Tourism Company from February 2019 to September 2022. She is currently the chairman of the supervisory committee of Quanyu Tourism Company since May 2022. Ms. Wang worked at the Slender West Lake Administration Office from January 2004 to January 2009, with her last position being the head of the marketing team. Before that, Ms. Wang worked at the infrastructure department at Slender West Lake Park* (揚州市瘦西湖公園) from August 1994 to December 2003, with her last position as an accountant.

Ms. Wang worked as a director, supervisor or responsible manager in various entities. From August 11, 2005 to April 20, 2015, Ms. Wang served as a responsible manager at the tour guide sub-team, the tourism team, which is under the operation and sales department of Yangzhou Slender West Lake Administrative Committee* (揚州市瘦西湖風景區管理處經營促銷科旅遊服務部導遊分部) ("**Tour Guide Team**"), an agency which is principally engaged in operation and sales. From August 9, 2005 to November 22, 2022, Ms. Wang served as the responsible manager at photography team, the tourism department of Yangzhou Slender West Lake Administrative Committee* (揚州市瘦西湖風景區管理處旅遊服務部照相館) ("**Photography Team**"), an agency which is principally engaged in photography services. From July 25, 2007 to December 2008, Ms. Wang served as the responsible manager at Wuting Snack team, the tourism department of Yangzhou Slender West Lake Administrative Committee* (揚州市瘦西湖風景區管理處旅遊服務部五亭小吃部) ("**Snack Team**"), an agency which is principally engaged in catering services. From August 2, 2013 to August 3, 2016, she was the director and general manager of the Yangzhou Canal Mingcheng. From July 9, 2015 to October 27, 2016, Ms. Wang served as an executive partner of the Yangzhou Yiyang. From August 19, 2019 to November 18, 2024, Ms. Wang served as director of the Canal Carnival. As a responsible manager and supervisor, Ms. Wang was principally responsible for general operation work and supervising the performance of duties of senior management, respectively, and as a director and general manager, she was principally responsible for overseeing the management and operation.

Due to cessation of business operations, Tour Guide Team, Photography Team, Snack Team, Canal Mingcheng, Yangzhou Yiyang and Canal Carnival were deregistered on November 2022, November 2022, May 2012, August 2016, October 2016 and November 2024 respectively. Ms. Wang confirmed that (i) to the best of her knowledge, information and belief, Tour Guide Team, Photography Team, Snack Team, Canal Mingcheng, Yangzhou Yiyang and Canal Carnival were solvent immediately prior to their deregistration; (ii) there is no wrongful act on her part leading to the deregistration of Tour Guide Team, Photography Team, Snack Team, Canal Mingcheng, Yangzhou Yiyang and Canal Carnival; (iii) she is not aware of any actual or potential claim that has been or will be made against her as a result of the deregistration of Tour Guide Team, Photography Team, Snack Team, Canal Mingcheng, Yangzhou Yiyang and Canal Carnival; and (iv) no misconduct or misfeasance had been involved on her part in the deregistration of Tour Guide Team, Photography Team, Snack Team, Canal Mingcheng, Yangzhou Yiyang and Canal Carnival.

Ms. Wang received her bachelor's degree in Business Enterprise Management at Yangzhou University Business School in the PRC in June 1994 and she received her bachelor's degree in laws from Yangzhou University in the PRC in July 2013, which she completed through distance learning. Ms. Wang also received senior economist professional certificate issued by Jiangsu Provincial Department of Human Resources and Social Security in November 2011.

Mr. Lian Gang (練剛), aged 48, is our executive Director and the general manager of our Company. Mr. Lian has served as our general manager since April 2022, our director since September 2022 and he is responsible for overseeing the overall business operation of the Group.

Prior to joining our Company, Mr. Lian served as the general manager of Quanyu Tourism Company from January 2022 to April 2022 and the supervisor of Quanyu Tourism Company from February 2019 to January 2022. He is currently the non-executive director of Quanyu Tourism Company since January 2022. Mr. Lian worked as the deputy general manager at Yangzhou Slender West Lake Tourism and Investment Management Group Co., Ltd.* (揚州瘦西湖旅遊度假投資管理集團有限責任公司) from March 2016 to February 2019 and worked as the general manager of Yangzhou Guesthouse Operation and Management Co., Ltd.* (揚州迎賓館經營管理有限公司) from May 2016 to February 2019. Before that, Mr. Lian worked at Yangzhou Yingbin Hotel* (揚州迎賓館) from July 1996 to March 2016, where he held various positions, with his last being the deputy general manager.

Mr. Lian worked as a director or responsible manager in various entities. From August 2019, Mr. Lian served as a director and general manager of Canal Carnival. From October 2023 to March 28, 2025, he served as the responsible manager of the Fengle No. 1 Shop of Yangzhou Slender West Lake Chenli Hotel Management Co., Ltd* (揚州瘦西湖宸臨酒店管理有限公司豐樂壹號店) ("**Chenli Fengle**"), a company which is principally engaged in catering services. As a responsible manager, Mr. Lian was principally responsible for general operation work, and as a director and general manager he was principally responsible for overseeing the management and operation.

Due to cessation of business operations, Canal Carnival and Chenli Fengle were deregistered on November 2024, and March 2025 respectively. Mr. Lian confirmed that (i) to the best of his knowledge, information and belief, Canal Carnival and Chenli Fengle were solvent immediately prior to their deregistration; (ii) there is no wrongful act on his part leading to the deregistration of Canal Carnival and Chenli Fengle; (iii) he is not aware of any actual or potential claim that has been or will be made against him as a result of the deregistration of Canal Carnival and Chenli Fengle; and (iv) no misconduct or misfeasance had been involved on his part in the deregistration of Canal Carnival and Chenli Fengle.

Mr. Lian received his bachelor's degree in tourism management from Yangzhou University in the PRC in July 2016. Mr. Lian also received the senior economist professional certificate issued by the Jiangsu Provincial Department of Human Resources and Social Security in October 2015.

Mr. Zhao Long (趙龍), aged 45, is our executive Director and deputy general manager of our Company. He is responsible for overseeing the overall business operation of the Group.

Mr. Zhao joined our Company in December 2010 and started his position as a general staff. He was then promoted to the secretary of the communist youth league branch of the Company from July 2012 to April 2016, and became the branch secretary and the manager of the business management department from April 2016 to January 2022. Before becoming the deputy general manager at our Company in June 2025, he served as the general manager assistant from January 2022 to June 2025. Concurrently, he was the manager of the boat management department at Quanyu Tourism Company from April 2020 to January 2022.

Mr. Zhao completed his studies in national economics at Yunan Minzu University in the PRC in June 2008.

Ms. Chen Xin (陳欣), aged 37, is our executive director, chief financial officer, secretary of the board and the joint company secretary of our Group. She is responsible for overseeing overall financial management and risk control of our Group and executing resolutions of our Board. Ms. Chen joined our Group in January 2019 and started her position as our chief financial officer.

Before Ms. Chen joined our Group in January 2019, she served as head of the department of finance of Yangzhou Urban Greening Co., Ltd* (揚州城市綠化工程建設有限公司) from January 2018 to December 2018, a deputy head of the Finance Department of Heyuan Administration Office* (揚州市何園管理處) from January 2014 to December 2017. She worked as an accountant at Yangzhou Urban Greening Company* (揚州城市綠化工程建設有限公司) from January 2012 to December 2013.

Ms. Chen received her bachelor's degree in accounting from Yangzhou University in the PRC in June 2011.

Ms. Jin Jing (金晶), aged 41, was appointed as our executive director and deputy general manager in June 2025, and she is responsible for assisting in formulating overall development strategies.

Prior to this role, she has spent more than 15 years at Slender West Lake Administration Office* (揚州瘦西湖風景區管理處) and worked at various positions. She was the deputy manager of the tour guide service department from December 2022 to June 2025, where she also acted as an internal trainer. From May 2018 to December 2022, she was the head of the reception and an internal trainer. She worked as a staff in the operations management office of the Slender West Lake Administration Office* (揚州瘦西湖風景區管理處經營公司綜合辦公室) from July 2013 to May 2018 and a staff at the water operations management office of the Slender West Lake Administration Office* (揚州瘦西湖風景區管理處水上公司綜合辦公室) from January 2013 to July 2013, Before that, she worked as a tour guide from May 2007 to January 2013 at the Slender West Lake Administration Office.

Ms. Jin completed her studies in tourism management at Yangzhou Polytechnic College in the PRC in June 2006.

Independent non-executive Directors

Ms. Shen Ling (沈玲), aged 38, is our independent non-executive director. She is responsible for providing advice on the operation and management of our Company.

Ms. Shen has extensive experience in auditing. She is the quality control partner at Nanjing Zhongsheng Certified Public Accountants* (南京中昇會計師事務所(特殊普通合夥)) since January 2024. Prior to this position, she worked as a quality control manager Asia Pacific Certified Public Accountants LLP Jiangsu branch* (亞太(集團)會計師事務所(特殊普通合夥)江蘇分所) from July 2020 to December 2023, a project manager at Zhongxinghua Certified Public Accountants LLP Jiangsu Branch* (中興華會計師事務(特殊普通合夥)江蘇分所) from November 2012 to June 2020 and an audit assistant at Great Wall Accounting Firm Co., Ltd* (長城會計師事務所有限責任公司) from June 2010 to November 2012.

Ms. Shen received her bachelor's degree in economics (public finance) from Nanjing University of Finance and Economics in the PRC in June 2010, and she obtained the Chinese Certified Intermediate Accountant qualification in September 2017 and is a member of the Chinese Institute Certified Public Accountants since January 2018.

Mr. Huang Jie (黃杰), aged 59, is our independent non-executive director, responsible for providing advice on the operation and management of our Company.

He is the chief expert at the Yangzhou University Yangtze River Culture Research Institute (Grand Canal Research Institute)* (揚州大學長江文化研究院(大運河研究院)) since August 2025. From July 2022 to July 2025, he was the vice president at the China Grand Canal Research Institute of Yangzhou University* (揚州大學中國大運河研究院). Prior to this, he was the head of the vocational manager training center at Yangzhou University School of Business from September 1996 to March 2017. He began his academic career at Jiangsu Agricultural College, where he worked as a teaching assistant and became a lecturer in the Department of Economics and Trade of Jiangsu Agricultural College from September 1989 to September 1996.

He has been a member of the development committee of the World Historic and Cultural Canal Cities Cooperation Organization* (世界運河歷史文化城市合作組織) since July 2018 and a member of the expert advisory committee of the Yangzhou Tourism Association* (揚州市旅遊協會) since March 2024. In addition to his professional roles, Mr. Huang has received several awards and honors. He has been recognized as an advanced individual in political participation (參政議政先進個人) by the government of Yangzhou in the years of 2021 and 2022 and by the government of Jiangsu Province in years of 2023 and 2024. In March 2024, he was honored as an advanced individual for "Benefiting the Public with Heart" ("益心為公"志願者). He received the advanced individual award for policy participation work of the Yangzhou Municipal Committee of the China Democratic League for 2021–2022 (民盟揚州市2021–2022年度參政議政工作先進個人) in May 2022 and the advanced individual award for policy participation work of the Jiangsu Provincial Committee of the China Democratic League for 2023–2024 (民盟江蘇省2023–2024年度參政議政工作先進個人) in March 2024.

Mr. Huang graduated with a bachelor's degree in economics from Xiamen University in the PRC in July 1989 and obtained a recognized teaching qualification from the Jiangsu Provincial Department of Education.

Ms. Huang Chunfang (黃春芳), aged 48, is our independent non-executive Director and she is responsible for providing independent advice on the operation and management of our Company.

Ms. Huang is the executive officer of the president's office at the Hong Kong Polytechnic University since February 2023. Prior to that, Ms. Huang was the development manager of the mainland development office at the Hong Kong Polytechnic University from November 2021 to February 2023. From 2012 to 2020, Ms. Huang was the founder and the general manager of Headway (Xiamen) Co., Ltd* (弘達(廈門)實業有限公司), a company primarily engaged in foreign trade business, within 12 months prior to its dissolution as she would like to devote more time to her family and personal commitments in July 2020. Ms. Huang confirms that, to the best of her knowledge, (i) the dissolved company was solvent immediately prior to its dissolution and had no outstanding claim or liabilities; (ii) she has not received any notification in respect of penalty, acting or proceeding from PRC authorities as a result of the dissolution; and (iii) she is not aware of any actual or potential claim which has been or will be made against her as a result of the dissolution. Ms. Huang worked as an operation management and enrollment director at the School of Management at Xiamen University from May 2014 to July 2015, a deputy general manager at CatKing Trading Company Ltd.* (廈門猫皇貿易有限公司) from November 2012 to July 2014, director of foreign trade at Prima (Xiamen) Co., Ltd* (寶瑞(廈門)製帽有限公司) from March 2003 to November 2012.

Ms. Huang obtained a bachelor's degree in science from Jilin Pharmaceutical University, the PRC, in December 2001 and obtained her master's degree of business administration in Xiamen University, the PRC, in December 2015.

None of our Directors holds any other directorships in any other companies listed in Hong Kong or elsewhere during the three years immediately preceding the date of this document.

SENIOR MANAGEMENT

The senior management members are responsible for our day-to-day management and operations of our Company. For biographical details of Mr. Lian Gang, Mr. Zhao Long, Ms. Chen Xin and Ms. Jin Jing, see the paragraphs headed "— Executive Directors" in this section for the relevant biographies.

JOINT COMPANY SECRETARIES

Ms. Chen Xin (陳欣), aged 37, was appointed as our joint company secretary on September 2025. See the paragraph headed "— Executive Directors" in this section for her biography.

Ms. Tsui Ka Yan (崔嘉欣), was appointed as our joint company secretary in September 2025. Ms. Tsui has over eight years of professional experience in the company secretarial field. Ms. Tsui is the assistant manager of the Listing Services Department at TMF Hong Kong Limited and is responsible for providing corporate secretarial and compliance services to listed company clients. She obtained a bachelor degree of business administration in accounting from City University of Hong Kong in July 2017. She is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

BOARD COMMITTEES

Audit Committee

Our Company established an audit committee in compliance with Rules 3.21 to 3.23 of the Listing Rules with written terms of reference in compliance with the Corporate Governance Code set forth in Appendix C1 to the Listing Rules. The primary duties of our audit committee are to review, supervise and approve our financial reporting process, risk management and internal control system and to provide advice and comments to our Board. Members of the audit committee are Ms. Shen Ling (沈玲), Mr. Huang Jie (黄杰) and Ms. Huang Chunfang (黄春芳). Ms. Shen Ling (沈玲) is the chairman of the audit committee.

Remuneration Committee

Our Company established a remuneration committee with written terms of reference in compliance with the Corporate Governance Code in Appendix C1 to Listing Rules. The remuneration committee reviews and recommends to our Board the remuneration and other benefits paid by us to our Directors and senior management. The remuneration of all our Directors and senior management is subject to regular monitoring by our remuneration committee to ensure that levels of their remuneration and compensation are appropriate. Members of the remuneration committee are Mr. Huang Jie (黄杰) , Ms. Wang Juan (王娟) and Ms. Shen Ling (沈玲). Mr. Huang Jie (黄杰) is the chairman of the remuneration committee.

Nomination Committee

Our Company established a nomination committee with written terms of reference in compliance with the Corporate Governance Code in Appendix C1 to the Listing Rules. The primary responsibilities of the nomination committee are to consider and recommend to our Board suitable and qualified candidates of Directors and to review the structure, size and composition of our Board and the board diversity policy adopted by our Company on a regular basis. Members of the nomination committee are Ms. Xu Shunmei (徐顺美), Mr. Huang Jie (黄杰) and Ms. Shen Ling (沈玲). Ms. Xu Shunmei (徐顺美) is the chairman of the nomination committee.

BOARD DIVERSITY

To enhance the effectiveness of our Board and to maintain the high standard of corporate governance, we have adopted the board diversity policy which sets out the objective and approach to achieve and maintain diversity of our Board. Pursuant to board diversity policy, we seek to achieve board diversity by taking into consideration of various factors, including but not limited to professional experience, skills, knowledge, gender, age, cultural and education background, ethnicity and length of service with our Company.

Our Directors have a balanced mix of knowledge, skills and experience, including the areas of accounting, education and tourism industries. They obtained academic degrees in various majors, including accounting, economics, tourism management and business administration. We have three independent non-executive Directors with different industry backgrounds, representing one-third of the members of our Board. Furthermore, our Board has a wide range of age, ranging from 36 years old to 58 years old. We have also taken, and will continue to take steps to promote gender diversity at all

levels of our Company, including but not limited to the Board and the management levels. In particular, four of our executive Directors are also female. Going forward, our Company will take into consideration factors based on its own business model and specific needs from time to time in determining the optimum composition of our Board. All Board appointments will be based on meritocracy having due regard for the benefits of diversity on the Board.

Our Nomination Committee is responsible for ensuring the diversity of our Board members and compliance with relevant codes governing board diversity under the Corporate Governance Code contained in Appendix C1 of the Listing Rules. Our Nomination Committee will review the board diversity policy and our diversity profile (including gender balance) from time to time to ensure its continued effectiveness. We will also disclose in our corporate governance report about the implementation of the board diversity policy on an annual basis.

We are also committed to adopting similar approach to promote diversity, including but not limited to gender diversity, at all other levels of our Company from the Board downwards to enhance the effectiveness of our corporate governance as a whole.

WAIVERS GRANTED BY THE STOCK EXCHANGE

We have applied to the Stock Exchange for, [and the Stock Exchange has granted to us,] a waiver from strict compliance with the requirement under Rules 8.12 and 19A.15 of the Listing Rules in relation to the requirement of management presence in Hong Kong and a waiver from strict compliance with the requirement under Rule 3.28 and 8.17 of the Listing Rules in relation to the company secretary. For details of the waiver, please see the section headed "Waivers from Strict Compliance with the Listing Rules" in this document.

CONFIRMATION FROM OUR DIRECTORS

Rule 8.10 of the Listing Rules

Each of our Directors confirms that as of the Latest Practicable Date, he or she did not have any interest in a business which competes or is likely to compete, either directly or indirectly, with our Company's business which would require disclosure under Rule 8.10 of the Listing Rules.

Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules in September 2025, and (ii) understands his or her obligations as a director of a [REDACTED] under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors confirms (i) his/her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) that he/she has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person of the Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his/her independence at the time of his/her appointments.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

The aggregate amount of remuneration (including fees, salaries, contributions to pension schemes, discretionary bonuses, housing and other allowances and other benefits in kind) our Directors, supervisors and senior management members have received for each of the three years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026 was approximately RMB1.4 million, RMB1.4 million, RMB1.5 million and RMB0.8 million, respectively. Save as disclosed in this

document, no other amounts have been paid or are payable by our Group to our Directors, supervisors and senior management members for the three years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026.

The aggregate amount of remuneration (including fees, salaries, contributions to pension schemes, discretionary bonuses, housing and other allowances and other benefits in kind) paid to the five highest paid individuals of our Company, including Directors, during each of the three years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026 was approximately RMB2.0 million, RMB2.0 million, RMB2.3 million and RMB0.9 million, respectively.

No remuneration was paid by us to our Directors, senior management members or the five highest paid individuals as an inducement to join or upon joining us or as a compensation for loss of office in respect of the three years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026. Further, none of our Directors nor senior management members waived or agreed to waive any remuneration during the same periods.

Under the arrangements currently in force as of the date of this document, the aggregate amount of remuneration (including benefits in kind and discretionary bonuses) payable to our Directors, supervisors and senior management members for the year ending December 31, 2026 is estimated to be approximately RMB2.0 million in aggregate.

Our Board will review and determine the remuneration and compensation packages of our Directors and senior management which, following the [REDACTED], will receive recommendation from the Remuneration Committee taking into account salaries paid by comparable companies, their time commitment, experience and level of responsibilities and performance of our Group.

COMPLIANCE ADVISER

We have appointed China Everbright Capital Limited as our compliance adviser (the "**Compliance Adviser**") upon [REDACTED] of our H Shares on the Stock Exchange in compliance with Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Adviser will provide advice to us when consulted by us in the following circumstances:

- before the publication of any announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;
- where we propose to use the [REDACTED] of the [REDACTED] in a manner different from that detailed in this document or where its business activities, developments or results deviate from any forecast, estimate, or other information in this document; and
- where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of the Shares of our Company.

The term of the appointment shall commence on the [REDACTED] and end on the date on which our Company distributes our annual report in respect of our financial results for the first full financial year commencing after the [REDACTED]. This appointment may be subject to extension by mutual agreement.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the [REDACTED] and assuming that the [REDACTED] is not exercised, the following persons will have an interest or a short position in Shares or underlying Shares of our Company which will be required to be disclosed to our Company and the Stock Exchange pursuant to the provisions of Division 2 and 3 of Part XV of the SFO or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

			Immediately after the [REDACTED] (assuming the [REDACTED] is not exercised)[1]	
Name of Shareholder/ Ultimate Controller	**Nature of interest**	**Class of Shares**	**Number of Shares**	**Approximate percentage of interest in the relevant class of Shares**
Yangzhou Economic Development	Beneficial owner	Domestic Shares	[REDACTED]	[REDACTED]%
	Interest in controlled corporation[2]	Domestic Shares	[REDACTED]	[REDACTED]%
Yangzhou Industrial .	Beneficial owner	Domestic Shares	[REDACTED]	[REDACTED]%
	Interest in controlled corporation[3]	Domestic Shares	[REDACTED]	[REDACTED]%
Tourism Development Group	Beneficial owner	Domestic Shares	[REDACTED]	[REDACTED]%
Quanyu Tourism Company	Beneficial owner	Domestic Shares	[REDACTED]	[REDACTED]%
Yangzhou Business Tourism Group . . .	Interest in controlled corporation[4]	Domestic Shares	[REDACTED]	[REDACTED]%

Notes:

(1) The calculation is based on the total number of [REDACTED] Shares in issue immediately following the completion of the [REDACTED] (assuming that the [REDACTED] is not exercised).

(2) Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Quanyu Tourism Company will directly hold approximately [REDACTED]% of the total registered share capital of our Company. Quanyu Tourism Company is owned as to (i) 76.6% by Yangzhou Business Tourism Group, and (ii) 23.4% by the Slender West Lake Administration Office. Yangzhou Business Tourism Group is a wholly owned subsidiary of Tourism Development Group, which in turn is a wholly owned subsidiary of Yangzhou Industrial. Yangzhou Industrial is owned as to 25% by Yangzhou Economic Development and 75% by the Yangzhou Government and Yangzhou Economic Development is ultimately controlled by Yangzhou Government. As such, Yangzhou Economic Development is deemed under the SFO to be interested in the Shares held by Quanyu Tourism Company.

(3) Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Quanyu Tourism Company will directly hold approximately [REDACTED]% of the total registered share capital of our Company. Quanyu Tourism Company is owned as to (i) 76.6% by Yangzhou Business Tourism Group, and (ii) 23.4% by the Slender West Lake Administration Office. Yangzhou Business Tourism Group is a wholly owned subsidiary of Tourism Development Group, which in turn is a wholly owned subsidiary of Yangzhou Industrial, and is ultimately controlled by Yangzhou Government. As such, Yangzhou Industrial is deemed under the SFO to be interested in the Shares held by Quanyu Tourism Company.

(4) Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Quanyu Tourism Company will directly hold approximately [REDACTED]% of the total registered share capital of our Company. Quanyu Tourism Company is owned as to (i) 76.6% by Yangzhou Business Tourism Group, and (ii) 23.4% by the Slender West Lake Administration Office. Yangzhou Business Tourism Group is a wholly owned

subsidiary of Tourism Development Group, which in turn is a wholly owned subsidiary of Yangzhou Industrial, and is ultimately controlled by Yangzhou Government. As such, Yangzhou Business Tourism Group is deemed under the SFO to be interested in the Shares held by Quanyu Tourism Company.

Save as disclosed above, our Directors are not aware of any person who will, immediately following the completion of the [REDACTED] and assuming that the [REDACTED] is not exercised, have an interest or a short position in the Shares or underlying Shares which will be required to be disclosed to our Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any Member of the Group.

SHARE CAPITAL

The following is a description of the share capital of our Company immediately prior to and following the completion of the [REDACTED].

Before the [REDACTED]

Immediately before the [REDACTED], the total registered share capital of our Company is RMB[134,265,816], comprising [134,265,816] Shares with a nominal value of RMB1.00 each, all of which were Domestic Shares.

Upon the completion of the [REDACTED]

Assuming the [REDACTED] is not exercised, the total registered share capital of our Company immediately after the [REDACTED] will be as follows:

Description of Shares	Number of Shares	Approximate percentage to total share capital
Domestic Shares in issue	[134,265,816]	[REDACTED]%
H Shares [REDACTED] under the [REDACTED]	[REDACTED]	[REDACTED]%
TOTAL	[REDACTED]	[100.0]%

Assuming the [REDACTED] is exercised in full, the total registered share capital of our Company immediately after the [REDACTED] will be as follows:

Description of Shares	Number of Shares	Approximate percentage to total share capital
[REDACTED] in issue	[REDACTED]	[REDACTED]%
H Shares [REDACTED] under the [REDACTED]	[REDACTED]	[REDACTED]%
TOTAL	[REDACTED]	[REDACTED]%

CLASS AND RANKING OF SHARES

Upon the completion of the [REDACTED], we have two classes of ordinary shares, namely [REDACTED] and H Shares. Apart from certain qualified domestic institutional [REDACTED] in the PRC, certain qualified PRC [REDACTED] under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect, and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities, [REDACTED]. [REDACTED] can only be [REDACTED] for by and [REDACTED] between legal or natural PRC persons, qualified foreign institutional [REDACTED] and foreign strategic [REDACTED]. H Shares may only be [REDACTED] and [REDACTED] Hong Kong dollars. [REDACTED], on the other hand, may only be [REDACTED] and transferred in Renminbi. [REDACTED] and H Shares are regarded as one class of Shares under our Articles of Association. Our [REDACTED] are not [REDACTED] or traded on any generally cannot be subscribed for by or traded among legal and natural persons of the PRC (other quoted on NEEQ).

Both [REDACTED] and H Shares are ordinary shares in the share capital of our Company and will rank *pari passu* with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of the document. All dividends in respect of the H Shares are to be paid by us in Hong Kong dollars or in the form of H Shares. All dividends in respect of [REDACTED] are to be paid by us in Hong Kong dollars whereas all dividends in respect of Domestic Shares are to be paid by us in Renminbi. In addition to cash, dividends may be distributed in the form of Shares. For holders of H Shares, dividends in the form of Shares will be distributed in the form of additional H Shares. For holders of Domestic Shares, dividends in the form of Shares will be distributed in the form of additional Domestic Shares.

According to the Articles of Association, (i) any proposed variation or abrogation of the rights attached to any class shares shall take effect only if it has been approved by a special resolution of the shareholders in general meeting and by the holders of the affected class shares voting separately at a class meeting convened in accordance with the provisions of the Articles of Association; (ii) Notwithstanding the foregoing, no such approval of the shareholders in general meeting or of the holders of the relevant class shares shall be required where the variation or abrogation results from (a) any change in the laws, administrative regulations, the Hong Kong Listing Rules or any other securities regulatory rules of the place where the Company's shares are [REDACTED], in each case in or outside the PRC, or (b) any decision made by a securities regulatory authority in or outside the PRC in the exercise of its statutory powers, (c) The transfer by a holder of [REDACTED] of all or part of his or her non-[REDACTED] [REDACTED] to [REDACTED] outside the PRC for [REDACTED] and trading outside the PRC, or the conversion of all or part of the [REDACTED] into overseas-listed foreign shares for [REDACTED] and trading on an overseas stock exchange, shall not be deemed to be a proposed variation or abrogation by the Company of the rights attaching to any variation or any class shares.

For further details, please refer to the section headed "Summary of the Articles of Association" in Appendix V to this document.

[REDACTED]

[REDACTED]

[REDACTED]

TRANSFER OF SHARES ISSUED PRIOR TO [REDACTED]

The PRC Company Law provides that in relation to the [REDACTED] of a company, the shares issued prior to the [REDACTED] shall not be transferred within one year from the date on which the publicly offered shares are [REDACTED] on any stock exchange. Accordingly. Shares issued by our Company prior to the [REDACTED] shall be subject to this statutory restriction and not be transferred within one year from the [REDACTED].

Directors and senior management shall notify the Company of the Shares they hold and any changes therein. During their respective tenure of office, any Shares transferred by any of the Company's Directors and senior management in any year shall not exceed 25% of the relevant individual's total Shares in the Company. Shares held by any Director or senior management shall not be transferred within one year from the [REDACTED] and within six months from the date on which he or she ceases to be a Director or senior management of our Company.

[REDACTED]

[REDACTED]

CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS AND CLASS MEETINGS ARE REQUIRED

According to our Articles of Association, the following matters must be approved by the general meeting through a special resolution, which requires that the approval must be obtained by more than two-thirds of the voting rights held by the shareholders (including their proxies) present at the meeting: (1) increase or reduction of the registered capital of the Company; (2) demerger, merger, dissolution and liquidation of the Company or change of corporate form of the Company; (3) amendment to the Articles of Association; (4) purchase or disposal of material assets or provision of guarantee by the Company within a year of a value exceeding 30% of the Company's latest audited total assets; (5) share incentive plans; and (6) any other matters prescribed by the laws, administrative regulations, the Listing Rules or the Articles of Association, and those matters approved by ordinary resolution at a shareholders' meeting as having a material impact on the Company and are required to be approved by a special resolution.

For further details, please see "Summary of the Articles of Association — Voting and Resolutions of Shareholders' Meeting" in Appendix V to this document.

FINANCIAL INFORMATION

You should read the following discussion and analysis of our business, financial position and results of operations which are based on and should be read in conjunction with our consolidated financial statements as of and for each of the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026, respectively, and the accompanying notes included in the Accountants' Report as set out in Appendix I to this document and other financial information appearing elsewhere in this document. The Accountants' Report has been prepared in accordance with HKFRS Accounting Standards, which may differ in certain material aspects from generally accepted accounting principles in other jurisdictions. Potential investors should read the Accountants' Report set out in Appendix I to this document in its entirety and not rely merely on the information contained in this section.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. In evaluating our business, you should carefully consider the information provided in this document, including "Forward-looking Statements", "Risk Factors" and "Business."

OVERVIEW

We are a state-owned water-based tourism service provider headquartered in Yangzhou, Jiangsu Province. We principally operate sightseeing boat services in renowned scenic areas in Yangzhou, namely the Shugang-Slender West Lake Scenic Area and the Ancient Canal Area, which are part of the Grand Canal UNESCO World Heritage Site. According to Frost & Sullivan, we ranked the second in terms of boat ticket sales amount in the water-based tourism market in Jiangsu Province in 2025, accounting for approximately 18.5% of the market share in Jiangsu Province.

We are the sole operator of water sightseeing boats in Yangzhou with a 20-year exclusive right to operate water sightseeing boats in the Shugang-Slender West Lake Scenic Area. We are the sole operator to operate water sightseeing boats within the waterways of the Ancient Canal Area and as of the Latest Practicable Date, we have not been imposed on any time limitation on the operation right. We offer diverse sightseeing boat services, tour bus services and management services. As of the Latest Practicable Date, we had a total number of 231 boats including 36 Yuloh boats, 121 self-driving boats and 74 themed boats, collectively delivering a total passenger capacity of 4,273 persons per trip under standard operating conditions and a maximum passenger capacity of approximately 37,000 persons per day during peak tourism seasons; and we had a total number of 28 tour buses, collectively delivering a total passenger capacity of 364 persons per trip under standard operating conditions and a maximum passenger capacity of approximately 13,000 persons per day during peak tourism seasons.

We have distinguished ourselves as a leading water-based tourism service provider in Jiangsu Province. We are deeply rooted in, and committed to the water-based tourism market; and remain focused on unlocking the innovative development of the potential of the Grand Canal cultural tourism routes by generating synergies from our diverse service offerings. In 2023, 2024 and 2025 and the six months ended June 20, 2026, our total revenue amounted to approximately RMB109.1 million, RMB111.4 million, RMB141.2 million and RMB83.2 million, respectively, representing a CAGR of approximately 13.8% from 2023 to 2025.

BASIS OF PREPARATION

The historical financial information of our Group has been prepared in accordance with HKFRS Accounting Standards which includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the HKICPA. All effective standards, amendments to standards and interpretations are consistently applied to the Track Record Period.

The historical financial information of our Group as of December 31, 2023, 2024 and 2025 and June 30, 2026 has been prepared on the historical cost basis except for certain financial assets at fair value through profit or loss ("**FVTPL**") which was carried at fair value.

KEY FACTORS AFFECTING OUR FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

We believe the most significant factors that directly or indirectly affect our financial conditions and results of operations include:

Changes in Macroeconomic Environment and the Cultural Tourism Industry

The financial performance and results of operations of our Group are closely linked to the prevailing macroeconomic conditions and the general development of the cultural tourism industry in the regions where we operate. Fluctuations in economic growth, consumer sentiment and disposable income may directly affect overall demand for leisure and tourism-related services. In recent years, the cultural tourism industry has experienced rapid evolution, driven by the emergence of new consumption scenarios, shifting customer preferences, and technological advancements. Industry participants, including our Group, are required to adapt swiftly to new trends to seize new market opportunities and maintain competitiveness. Failure to adjust our business strategies in response to such evolving market conditions could adversely impact our operating results and growth prospects.

In addition, we are currently operating our business exclusively in Jiangsu Province, where all of our business activities are centralised. This geographic concentration allows us to focus our efforts on enhancing our position as a water-based tourism service provider in the region. However, it also exposes us to various risks associated with regional economic fluctuations, environmental challenges and shifts in local regulations and governmental policies, which may significantly influence the operating environment for our Group. Favourable policies such as financial incentives, marketing support for tourist destinations, and investment in tourism infrastructure may accelerate industry growth, thereby facilitating our business and financial performance. However, unfavourable changes in regulatory requirements, whether related to the overall tourism industry or cultural tourism industry, environmental protection, heritage site preservation, reductions in government support or business operations, could pose challenges to our operations and financial performance. Any adverse developments in the water-based tourism market or the overall cultural tourism market could significantly affect our operations and lead to a decline in customer traffic, ultimately influencing our financial performance and results.

Our Ability to Make Adjustments to Evolving Trends in the Visitors' Preference to Attract Visitor Traffic

Our revenue and profitability are significantly influenced by our ability to identify evolving trends in the visitors' preference and the overall cultural tourism industry, and to make timely adjustments to our business strategies to attract visitor traffic. We principally operate in the Shugang-Slender West Lake Scenic Area and the Ancient Canal Area which are UNESCO World Heritage Sites as part of the Grand Canal and are renowned for its unique natural landscape, well-preserved historic architecture and the 2,500 years of history and cultural heritage. Our ability to effectively highlight these qualities through our marketing efforts is essential and vital for attracting higher volume of visitors. Seasonal promotions and targeted marketing activities can enhance our visibility and broaden our visitor base. Understanding visitor preference is crucial as visitor interests increasingly shift toward a more immersive experience. Therefore, it remains important that we adapt our service and product offering to meet these expectations. Regular market research and visitor feedback mechanisms will help us identify and respond to these trends effectively. It is therefore of paramount for us to maintain our market competitiveness and appeal of our business segments, including our core water sightseeing boat service, our signature Slender West Lake Chuanniang of Yuloh boats and our "Slender West Lake Cultural and Tourism" brand for management output.

Seasonal fluctuations

Our core water sightseeing boat and sightseeing tour bus service and their financial performance are subject to seasonal fluctuations. Throughout the Track Record Period, peak seasons primarily coincided with major holidays and school vacations as well as spring time driven by the renowned poem "To Yangzhou in spring's bloom and mist I sail (煙花三月下揚州)" from Li Bai, the most celebrated and beloved poet back of ancient China. As a result, sales and operating outcomes for any specific period may not accurately represent our overall results for the entire year or future periods. Additionally, our interim results might not proportionally reflect our annual performance. For a detailed explanation of the implications of seasonality, including a monthly revenue breakdown during the Track Record Period for a quantitative analysis, see "Business — Seasonality" in this document.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Some of the our accounting policies require us to apply estimates and assumptions as well as complex judgments related to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and operational results. Our management continually evaluates such estimates, assumptions and judgments based on past experience and other factors, including industry practices and expectations of future events that are believed to be reasonable under the circumstances. There has not been any material deviation from our management's estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future.

We set forth below those accounting policies that we believe are of critical importance to us or involve the most significant estimates, assumptions and judgments used in the preparation of our financial statements. Other material accounting policies, estimates, assumptions and judgments, which are important for understanding our financial condition and results of operations, are set forth in detail in notes 2.3 and 3 to the Accountants' Report in Appendix I to this document.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services. When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which we will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Revenue from water sightseeing boat service and sightseeing tour bus service

We provide water sightseeing boat services to visitors. We sell our boat tickets to retail customers, including individuals and groups, (i) directly through on-site box offices and self-service ticket machines as well as our self-owned WeChat Mini-program "Yangzhou Slender West Lake Water Tour (揚州瘦西湖水上遊)" by cash or electronic payment, and (ii) indirectly through third party ticket sales channels including OTA platforms such as Meituan, Ctrip, Douyin and Tongcheng and collaborating hotels. We also sell our boat tickets directly to corporate customers, including travel agencies and other corporate customers, by way of wholesale.

We provide sightseeing tour bus services to visitors and we principally sell our tour bus tickets for such sightseeing tour bus services through an intelligent sightseeing tour bus ticketing and inspection platform (system). Revenue from sightseeing boat service and sightseeing tour bus service, is recognized over time as services are rendered — that is, when passengers board the vessel and simultaneously receives and consumes the benefits provided by us.

Revenue from provision of management services

We also provide management services to other tourist attractions. In line with industry practice and the terms stipulated under the management agreement, revenue derived from management services is recognised based on the progress of performance obligations, taking into account key project milestones or the continuous provision of services over the contractual period. Specially: (i) the fixed pre-agreed annual management service fee is recognized on a straight-line basis over the contract period according to the progress of performance; and (ii) the revenue drives from the revenue-sharing mechanism in the management services contract is recognized over time as services are rendered.

Revenue from advertising services

We derive revenue from advertising services related to certain cruise vessels and associated facilities. As the customer simultaneously receives and consumes the benefits of our performance during the fulfillment period, the related performance obligation is satisfied over time. Revenue is therefore recognized progressively as the performance obligation is fulfilled.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, we recognise such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Office equipment and electronic devices	19% to 31.7%
Vehicles	4.8% to 31.7%
Leasehold improvements	5% to 9.5%
Machinery	9.5%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Fair value measurement

We measure our structured deposits at fair value at the end of each of the relevant periods. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by us. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

We use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, we determine whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each of the relevant periods.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Exclusive Operation Rights

Exclusive operation right for operating water sightseeing boat services and exclusive operation right for operating sightseeing tour buses within the Shugang-Slender West Lake Scenic Area are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 20 years in accordance with the contractually agreed term.

Intellectual Property

Intellectual property comprises the copyrights and other rights related to Grand Canal Yangzhou night show, is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of five years.

Software

Software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of three to five years.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and our business model for managing them. We initially measure a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

Our business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that we commit to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the profit or loss. This category includes structured deposits, at fair value.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. Our financial liabilities include trade and other payables, lease liabilities and long-term payables.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the profit or loss.

Redemption liability

The financial liability is recognised initially at the present value of the redemption amount and is reclassified from equity. Subsequently, if we revise its estimates of future payments, we will adjust the carrying amount of the redemption liabilities to reflect actual and revised estimated cash outflows. Further details are included in note 23 to the Historical Financial Information.

The adjustments will be recognized as "Other expense" or "Other income and gains" in the statement of profit or loss and other comprehensive income. If the put option expires without delivery, the carrying amount of the liability is reclassified to equity.

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of our financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying our accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements:

Identifying performance obligations and determining the main customer

We have entered into contracts with Gaoyou Tourism Investment Co. to provide comprehensive entrusted management services for the Gaoyou City Lake Tourism Resort. These services include ticket sales and management, boat ticket operations and management, visitor reception and services, as well as scenic area marketing and promotion. We have determined that these performance obligations are not separately distinguishable and, as a whole, constitute a single performance obligation.

In addition, we identify the customer as the party that has entered into the contract with us, receives the related services, and is obligated to pay consideration. Accordingly, Gaoyou Tourism Investment Co. is regarded as the customer.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the relevant periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Redemption liability

We have redemption liability arising from a put option arrangements with non-controlling shareholders of Yangzhou Yuntong. The redemption liability is initially recognized under "long-term payables" in the consolidated financial statements at the present value of the estimated future cash outflows on exercise under the put option. The carrying amount of the financial liability is adjusted subsequently to reflect actual and revised estimated cash outflows, which will be recognized as "other expense" or "other income and gains" in the statement of profit or loss and other comprehensive income. The information about the redemption liability is disclosed in note 23 in the Accountants' Report as set out in Appendix I to this document.

RESULTS OF OPERATIONS

The following table sets forth a summary, for the periods indicated, of our consolidated results of operations in absolute amounts and as a percentage of our total revenue. Our historical results presented below are not necessarily indicative of the results that may be expected for any future period.

Consolidated Statements of Profit or Loss and Other Comprehensive Income

	Year ended December 31						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*
Revenue	109,096	100.0	111,428	100.0	141,196	100.0	84,542	100.0	83,227	100.0
Cost of sales	(44,679)	(41.0)	(50,814)	(45.6)	(59,006)	(41.8)	(30,962)	(36.6)	(30,083)	36.1
Gross profit	64,417	59.0	60,614	54.4	82,190	58.2	53,580	63.4	53,144	63.9
Other income and gains	4,573	4.2	4,966	4.5	3,501	2.5	2,160	2.6	2,469	3.0
Selling and distribution expenses	(1,652)	(1.5)	(1,421)	(1.3)	(2,816)	(2.0)	(759)	(0.9)	(1,814)	2.2
Administrative expenses	(4,462)	(4.1)	(4,661)	(4.2)	(9,185)	(6.5)	(2,450)	(2.9)	(3,870)	4.6
Impairment (losses)/reversal on financial assets, net	11	—*	3	—*	9	—*	(96)	(0.1)	(107)	0.1
Other expenses	(530)	(0.5)	(800)	(0.7)	(3,546)	(2.5)	(307)	(0.4)	(379)	0.5
Finance costs	(949)	(0.9)	(881)	(0.8)	(839)	(0.6)	(415)	(0.5)	(392)	0.5
Profit before income tax	**61,408**	**56.3**	**57,820**	**51.9**	**69,314**	**49.1**	**51,713**	**61.2**	**49,051**	**58.9**
Income tax expense	(14,978)	(13.7)	(14,936)	(13.4)	(17,324)	(12.3)	(12,890)	(15.2)	(12,282)	14.8
Profit and total comprehensive income for the year	**46,430**	**42.6**	**42,884**	**38.5**	**51,990**	**36.8**	**38,823**	**45.9**	**36,769**	**44.2**
Profit and total comprehensive income attributable to:										
Owners of the Parent	46,430	42.6	42,874	38.5	48,294	34.2	35,304	41.8	34,726	41.7
Non-controlling interests	—	—	10	—*	3,696	2.6	3,519	4.2	2,043	2.5

* *less than 0.1%*

PRINCIPAL COMPONENTS OF CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Revenue

During the Track Record Period, our revenue was principally generated from (i) provision of water sightseeing boat service through sale of boat tickets to (a) retail customers, including individuals and groups, directly through on-site box offices and self-service ticket machines as well as our self-owned WeChat Mini-program "Yangzhou Slender West Lake Water Tour (揚州瘦西湖水上遊)" by cash or electronic payment, and indirectly through third party ticket sale channels including OTA platforms and collaborating hotels; and (b) corporate customers, including travel agencies, directly by way of wholesale; (ii) provision of sightseeing tour bus service through sale of tour bus tickets; and (iii) provision of management services to tourist attractions. In 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, our revenue generated from provision of water sightseeing boat services, provision of sightseeing tour bus services and provision of management services was approximately RMB108.0 million, RMB111.0 million, RMB141.0 million, RMB84.5 million and RMB83.0 million, accounting for approximately 99.0%, 99.6%, 99.9%, 100.0% and 99.8% of our total revenue, respectively. During the Track Record Period, all of our revenue was generated in China. As to our revenue composition, revenue generated from water sightseeing boat service business accounted for approximately 87.2%, 86.2%, 83.7%, 85.6% and 86.0% in 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, respectively; revenue generated from our sightseeing tour bus service business accounted for approximately 6.9%, 8.3%, 12.5%, 11.6% and 10.7% in 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, respectively; and revenue generated from our management service business accounted for approximately 4.9%, 5.1%, 3.7%, 2.9% and 3.1% in 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, respectively.

Our revenue increased by approximately 2.1% from RMB109.1 million in 2023 to RMB111.4 million in 2024, primarily due to (i) to our purchase of more boats and tour buses in 2024 which increased our maximum passenger capacity per day which in turn led to the increase in our revenue; and (ii) the launch of the Grand Canal Yangzhou night show in October 2024. In addition, our revenue increased by approximately 26.7% from RMB111.4 million in 2024 to RMB141.2 million in 2025, primarily attributable to the launch of the Grand Canal Yangzhou night show in October 2024 and its growing popularity among visitors. Our revenue decreased slightly by approximately 1.5% from RMB84.5 million for the six months ended June 30, 2025 to RMB83.2 million for the six months ended June 30, 2026, primarily due to decrease in revenue from sightseeing boat and sightseeing tour bus services as frequent rainfall and high temperatures in the six months ended June 30, 2026 adversely affected visitor traffic.

Our significant revenue growth from 2023 to 2025 also resulted from the synergistic effect of other multiple factors: (i) the 2023 summer blockbuster animated film Chang'an significantly enhanced Yangzhou's global recognition by showcasing its historical and cultural heritage, driving the total tourist arrivals in Yangzhou to grow at a CAGR of 103.7% from 2022 to 2023; and (ii) favourable governmental policies such as the Rural Culture and Tourism Revitalization Policy and the Grand Canal Cultural Belt as well as various government supporting events and festivals such as the Jiangsu Football City League. As a result, we were able to effectively capture the market recovery momentum, attract substantial customer inflows and thereby drive the significant growth of our revenue over the period.

Revenue by business segments

The following table sets out a breakdown of our revenue by business segments, each expressed in absolute amount and as a percentage of our total revenue, for the periods indicated.

	Year ended December 31						Six months ended June 30			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Water sightseeing boat service										
— Standard sightseeing boat service	57,312	52.5	53,730	48.2	48,874	34.6	29,264	34.6	27,663	33.2
— "Boat+" service[1]	9,261	8.5	7,034	6.3	6,324	4.5	4,295	5.1	3,732	4.5
— Chartered boat service[1]	28,526	26.2	31,896	28.6	33,510	23.7	20,142	23.8	22,090	26.5
— Grand Canal Yangzhou[2]	—	—	3,386	3.1	29,489	20.9	18,641	22.1	18,091	21.8
Sub-total	*95,099*	*87.2*	*96,046*	*86.2*	*118,197*	*83.7*	*72,342*	*85.6*	*71,576*	*86.0*
Sightseeing tour bus service	7,570	6.9	9,230	8.3	17,677	12.5	9,784	11.6	8,895	10.7
Management service	5,343	4.9	5,718	5.1	5,168	3.7	2,416	2.9	2,577	3.1
Others[3]	1,084	1.0	434	0.4	154	0.1	—	—	179	0.2
Total	**109,096**	**100.0**	**111,428**	**100.0**	**141,196**	**100.0**	**84,542**	**100.0**	**83,227**	**100.0**

Notes:

(1) Both are value-added boat services.

(2) Grand Canal Yangzhou night show was launched in October 2024.

(3) "Others" represent advertising service using our sightseeing boats operated in the Ancient Canal Area.

Water sightseeing boat service

Revenue generated from water sightseeing boat service increased slightly by approximately 1.0% from RMB95.1 million in 2023 to RMB96.0 million in 2024, which was result of the continuous business development of our Company, including the launch of the Grand Canal Yangzhou night show in October 2024, its growing popularity among visitors and the continuous tourism booming in domestic market during the period, and partially offset by the decrease in boat tickets sales due to the construction works carried out in the Ancient Canal Area for the launch of the Grand Canal Yangzhou night show from August to September 2024.

Revenue generated from water sightseeing boat service increased by approximately 23.1% from RMB96.0 million in 2024 to RMB118.2 million in 2025, primarily attributable to our continued business expansion in 2025 and the launch of the Grand Canal Yangzhou night show in October 2024 as well as its continuous growing popularity among visitors.

Revenue generated from water sightseeing boat service decreased slightly by approximately 1.0% from RMB72.3 million for the six months ended June 30, 2025 to RMB71.6 million for the six months ended June 30, 2026, primarily due to frequent rainfall and high temperatures in the six months ended June 30, 2026, which adversely affected visitor traffic.

By service type

During the Track Record Period, revenue generated from our water sightseeing boat service businesses consist of (i) sale of boat tickets for standard sightseeing boat service, (ii) sale of boat tickets for value-added boat service, including "Boat+" and chartered boat service, and (iii) sale of boat tickets for the Grand Canal Yangzhou night show.

The following table sets out a breakdown of our revenue generated from our water sightseeing boat service businesses by service type, each expressed in the absolute amount and as a percentage of our total revenue, for the periods indicated.

	Year ended December 31						Six months ended June 30			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Standard sightseeing boat service	57,312	52.5	53,730	48.2	48,874	34.6	29,264	34.6	27,663	33.2
Value-added boat service[1]	37,787	34.6	38,930	34.9	39,834	28.2	24,437	28.9	25,822	31.0
Grand Canal Yangzhou[2]	—	—	3,386	3.0	29,489	20.9	18,641	22.1	18,091	21.8
Total	**95,099**	**87.1**	**96,046**	**86.1**	**118,197**	**83.7**	**72,342**	**85.6**	**71,576**	**86.0**

Notes:
(1) Value-added boat services include "Boat+" services and chartered boat services.
(2) Grand Canal Yangzhou night show was launched in October 2024.

Our revenue generated from provision of standard sightseeing boat services decreased from RMB57.3 million in 2023 to RMB53.7 million in 2024, primarily due to (i) extreme hot weather during summer holiday in August 2024 which led to significant decrease of revenue during that period as compared to tourism peak seasons in August 2023, and (ii) significant decrease in revenue in August and September 2024 due to construction works carried out in the Ancient Canal Area for the launch of the Grand Canal Yangzhou night show from August to September 2024. Our revenue generated from provision of standard sightseeing boat services decreased from RMB53.7 million in 2024 to RMB48.9 million in 2025, as a result of the launch of the Grand Canal Yangzhou night show in October 2024, coupled with hotter summer and prolonged hot weather in Yangzhou in 2025, which attracted visitors to visit during night time for the show from the standard sightseeing boat service during day time. Our revenue generated from provision of standard sightseeing boat services decreased by approximately 5.5% from RMB29.3 million for the six months ended June 30, 2025 to RMB27.7 million for the six months ended June 30, 2026, primarily due to frequent rainfall and high temperatures in the six months ended June 30, 2026, which adversely affected visitor traffic.

Our revenue generated from provision of value-added boat services increased from RMB37.8 million in 2023 to RMB38.9 million in 2024, primarily due to our launch of new "Boat + Dining" in the Northern Ancient City Moat Water Tour Route since May 2024. Our revenue generated from provision of value-added boat services amounted to RMB39.8 million in 2025. Despite the impact of frequent rainfall and high temperatures in the first half of 2026, our revenue generated from provision of value-added boat services increased slightly as compared to that in the six months ended June 30, 2025, primarily driven by visitors' growing preference for chartered boat services.

Our revenue generated from Grand Canal Yangzhou night show amounted to RMB3.4 million in 2024 as it was launched only in October 2024. Our revenue generated from Grand Canal Yangzhou night show significantly increased to RMB29.5 million in 2025 due to its growing popularity among visitors. Our revenue generated from Grand Canal Yangzhou night show decreased slightly despite its growing popularity, primarily due to frequent rainfall and high temperatures in the first half of 2026 as compared to that in the six months ended June 30, 2025, which adversely affected visitor traffic.

By sales channel

During the Track Record Period, revenue generated from our water sightseeing boat service businesses represent (i) direct sales of boat tickets to (a) our retail customers, including individual and group customers, through on-site box offices and self-service ticket machines as well as our self-owned WeChat Mini-program "Yangzhou Slender West Lake Water Tour (揚州瘦西湖水上遊)" by cash or electronic payment and (b) our corporate customers, including travel agencies and other corporate customers by way of wholesale; and (ii) indirect sales of boat tickets to our retail customers through third party sales channels including OTA platforms such as Meituan, Ctrip, Douyin and Tongcheng and collaborating hotels.

The following table sets out a breakdown of our revenue generated from our water sightseeing boat service businesses by sales channel, each expressed in absolute amount and as a percentage of our total revenue, for the periods indicated.

	Year ended December 31						Six months ended June 30			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Direct sales										
— On-site box offices and self-service ticket machines	78,929	83.0	68,189	71.0	70,187	59.3	44,639	61.7	42,906	59.9
— Corporates customers (including travel agencies)	3,980	4.2	4,625	4.8	5,887	5.0	3,680	5.1	3,407	4.8
— Self-owned WeChat Mini-program	54	0.1	400	0.4	60	0.1	7	—*	67	0.1
Sub-total	*82,963*	*87.3*	*73,214*	*76.2*	*76,134*	*64.4*	*48,326*	*66.8*	*46,380*	*64.8*
Third party sales channels										
— OTA platforms	11,955	12.6	21,871	22.8	41,121	34.8	23,239	32.1	24,961	34.9
— Collaborating hotels	181	0.2	961	1.0	942	0.8	777	1.1	235	0.3
Sub-total	*12,136*	*12.8*	*22,832*	*23.8*	*42,063*	*35.6*	*24,016*	*33.2*	*25,196*	*35.2*
Total	**95,099**	**100.0**	**96,046**	**100.0**	**118,197**	**100.0**	**72,342**	**100.0**	**71,576**	**100.0**

Our revenue generated from water sightseeing boat service through on-site box offices and self-service ticket machines decreased from RMB78.9 million in 2023 to RMB68.2 million in 2024, primarily due to more visitors prefer to purchase tickets via online channels. Our revenue increased from water sightseeing boat service through on-site box offices and self-service ticket machines increased from RMB68.2 million in 2024 to RMB70.2 million in 2025, primarily due to increased on-site ticket purchases amid the continued recovery of the local cultural tourism market and more visitor traffic, as well as the expansion of our offline ticketing points which enhanced the convenience for visitors to purchase tickets on site. Our revenue generated from water sightseeing boat services through on-site box offices and self-service ticket machines decreased by approximately 3.8% from RMB44.6 million for the six months ended June 30, 2025 to RMB42.9 million for the six months ended June 30, 2026, which is generally in line with the overall decrease in revenue from water sightseeing boat services due to frequent rainfall and high temperatures in the six months ended June 30, 2026, which adversely affected visitor traffic.

Our revenue generated from water sightseeing boat service through OTA platforms increased from RMB12.0 million in 2023 to RMB21.9 million in 2024, and further increased to RMB41.1 million in 2025 primarily due to (i) the adoption of Offline QR Code Ticketing System in December 2023 and more visitors preferred to purchase our boat tickets through OTA platforms, and (ii) visitors' trending preference to purchase tickets via OTA platforms, as well as our increased deployment of Offline QR code for ticket purchases through OTA platforms. Our revenue generated from water sightseeing boat services through OTA platforms increased by approximately 7.8% from RMB23.2 million for the six months ended June 30, 2025 to RMB25.0 million for the six months ended June 30, 2026, primarily driven by visitors' growing preference to purchase tickets through OTA platforms.

Sightseeing tour bus service

During the Track Record Period, revenue generated from our sightseeing tour bus service businesses represent the sales of tour bus tickets through our intelligent sightseeing tour bus ticketing and inspection platform (system). Our revenue generated from sales of tour bus tickets amounted to approximately RMB7.6 million, RMB9.2 million, RMB17.7 million, RMB9.8 million and RMB8.9 million in 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, respectively.

Revenue generated from sightseeing tour bus service increased by approximately 21.9% from RMB7.6 million in 2023 to RMB9.2 million in 2024, primarily driven by the growing demand of visitors for our sightseeing tour bus services as a more flexible option for touring around within the Shugang-Slender West Lake Scenic Area and the increase in number of our operating sightseeing tour buses from ten in 2023 to 24 in 2024.

Revenue generated from sightseeing tour bus service increased by approximately 91.5% from RMB9.2 million in 2024 to RMB17.7 million in 2025, primarily due to the continuous growing preference of visitors for our sightseeing tour bus services as a more flexible option for touring around within the Shugang-Slender West Lake Scenic Area which led to the increase in our tour bus ticket sales. Revenue generated from sightseeing tour bus services decreased by approximately 9.2% from RMB9.8 million for the six months ended June 30, 2025 to RMB8.9 million for the six months ended June 30, 2026, primarily due to frequent rainfall and high temperatures in the six months ended June 30, 2026, which adversely affected visitor traffic.

Management service

As our long-term initiatives to diverse revenue streams and minimize potentials risks from narrow business scope and mitigate the risks on our asset-heavy business focusing on water sightseeing boat service and sightseeing tour bus service, we are committed to continuously refining our asset-light business model. During the Track Record Period, we provided entrusted management services to Gaoyou City Lake Tourism Resort, one of the key tourism resorts in Yangzhou and a prominent lakeside tourist destination. According to the terms of the 2022 Cooperation Agreements entered into by Gaoyou Tourism Investment Co., Yangzhou Media Co. and us, (i) we were responsible for the overall operation and management of Gaoyou City Lake Tourism Resort, including ticket sales, internal operation and management, application for 4A-level scenic area accreditation, event planning and promotion and marketing activities as well as development of C&C products; (ii) we shall charge Gaoyou Tourism Investment Co. a total fixed amount of management fees of RMB3.0 million (including tax) which shall be paid by installments on semi-annual basis, and a variable amount of fees linked to the annual revenue of Gaoyou City Lake Tourism Resort; and (iii) we shall pay an annual fixed amount of RMB0.5 million to Yangzhou Media Co. for its provision of marketing services to Gaoyou City Lake Tourism Resort. See "Business — Management Service Business." The Benchmark Revenue represents the average historical revenue of Gaoyou City Lake Tourism Resort for the three financial years immediately prior to entering into of the 2022 Cooperation Agreements.

During the Track Record Period, revenue generated from our management service businesses represented (i) the pre-agreed fixed management fees under the 2022 Cooperation Agreement which shall be paid by Gaoyou Tourism Investment Co. to us by installments on semi-annual basis, and (ii) the

variable fees linked to the revenue generated from the sales of entrance tickets, sightseeing boat tickets and tour bus tickets within Gaoyou City Lake Tourism Resort. Such revenue is recognised in accordance with the terms of the 2022 Cooperation Agreements and reflects our contractual entitlements and obligations under the 2022 Cooperation Agreements.

Our revenue generated from provision of management services amounted to approximately RMB5.3 million, RMB5.7 million, RMB5.2 million, RMB2.4 million and RMB2.6 million, respectively, in 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, respectively. Revenue generated from provision of management services increased by approximately 7.0% from RMB5.3 million in 2023 to RMB5.7 million in 2024 which is in line with the overall development of the regional tourism business. Revenue generated from provision of management services decreased by approximately 9.6% from RMB5.7 million in 2024 to RMB5.2 million in 2025, primarily attributable to the promotional activities initiated by the local Development and Reform Commission of free entrance for Yangzhou citizen to Gaoyou City Lake Tourism Resort from Monday to Friday from January 2025 which in turn led to the decrease of its revenue and thereby resulting in the decrease of our variable fees linked to the revenue of Gaoyou City Lake Tourism Resort under the 2022 Cooperation Agreements. Revenue generated from provision of management services increased by approximately 8.3% from RMB2.4 million for the six months ended June 30, 2025 to RMB2.6 million for the six months ended June 30, 2026, primarily due to the increase in pre-agreed fixed management fees from RMB3.0 million per annum under the 2022 Cooperation Agreements to RMB3.5 million per annum under the 2025 Cooperation Agreements.

By revenue components

The following table sets out a breakdown of our revenue generated from our management service businesses by components, each expressed in absolute amount and as a percentage of our total revenue, for the periods indicated.

	Year ended December 31						Six months ended June 30			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Pre-agreed fixed management fees	2,830	53.0	2,830	49.5	3,066	59.3	1,415	58.6	1,651	64.1
Variable fees linked to revenue of Gaoyou City Lake Tourism Resort	2,513	47.0	2,888	50.5	2,102	40.7	1,001	41.4	926	35.9
Total	**5,343**	**100.0**	**5,718**	**100.0**	**5,168**	**100.0**	**2,416**	**100.0**	**2,577**	**100.0**

The fluctuations in the variable fees linked to the revenue of Gaoyou City Lake Tourism Resort is in line with the overall revenue changes of Gaoyou City Lake Tourism Resort.

Revenue by service areas

The following table sets out a breakdown of our revenue by service areas, each expressed in absolute amount and as a percentage of our total revenue, for the periods indicated.

	Year ended December 31						Six months ended June 30			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Shugang-Slender West Lake Scenic Area	86,965	79.7	87,467	78.5	99,744	70.6	61,050	72.2	60,630	72.8
Ancient Canal Area	16,788	15.4	18,243	16.4	36,284	25.7	21,076	24.9	20,020	24.1
Other — Gaoyou City Lake Tourism Resort	5,343	4.9	5,718	5.1	5,168	3.7	2,416	2.8	2,577	3.1
Total	**109,096**	**100.0**	**111,428**	**100.0**	**141,196**	**100.0**	**84,542**	**100.0**	**83,227**	**100.0**

Our revenue generated from the Shugang-Slender West Lake Scenic Area increased slightly by approximately 0.6% from RMB87.0 million in 2023 to RMB87.5 million in 2024. It further increased by approximately 13.9% to RMB99.7 million in 2025, mainly attributable to the significant increase in revenue from our sightseeing tour bus services, driven by the increase in visitor demand and ticket sales. Our revenue generated from the Shugang-Slender West Lake Scenic Area decreased slightly by approximately 0.8% from RMB61.1 million for the six months ended June 30, 2025 to RMB60.6 million for the six months ended June 30, 2026, which is in line with the decreases in revenue from our standard sightseeing boat and sightseeing tour bus services.

Our revenue generated from the Ancient Canal Area increased by approximately 8.3% from RMB16.8 million in 2023 to RMB18.2 million in 2024, mainly due to the launch of the Grand Canal Yangzhou night show in October 2024. It further increased by approximately 99.5% to RMB36.3 million in 2025, primarily because the Grand Canal Yangzhou night show contributed revenue for the full year in 2025 and gained increasing market recognition following its launch. Our revenue generated from the Ancient Canal Area decreased by approximately 5.2% from RMB21.1 million for the six months ended June 30, 2025 to RMB20.0 million for the six months ended June 30, 2026, which is in line with the decrease in revenue from the Grand Canal Yangzhou night show.

Our revenue generated from Gaoyou City Lake Tourism Resort increased by approximately 7.5% from RMB5.3 million in 2023 to RMB5.7 million in 2024, and decreased by approximately 8.8% to RMB5.2 million in 2025. Such fluctuation was generally in line with the trend of revenue generated from our management service business, as discussed above. Our revenue generated from Gaoyou City Lake Tourism Resort increased by approximately 8.3% from RMB2.4 million for the six months ended June 30, 2025 to RMB2.6 million for the six months ended June 30, 2026, primarily due to the increase in pre-agreed fixed management fees under the 2025 Cooperation Agreements.

Cost of Sales

Our cost of sales primarily consists of employee compensation, dispatched employee fees, depreciation expenses, maintenance and repair expenses and fuel and utility expenses. Our cost of sales amounted to approximately RMB44.7 million, RMB50.8 million, RMB59.0 million, RMB31.0 million and RMB30.1 million in 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, respectively.

The cost of sales increased by 13.7% from RMB44.7 million for 2023 to RMB50.8 million for 2024, primarily due to increase in employee compensation as a result of the increase in our bonus paid to employees and increase in our revenue-sharing paid to Yangzhou Media Co. under the 2022 Cooperation Agreements along with the revenue growth of Gaoyou City Lake Tourism Resort in 2024. The cost of sales increased by approximately 16.1% from RMB50.8 million in 2024 to RMB59.0 million in 2025, primarily due to increase in depreciation and amortization expenses in respect of the Grand Canal Yangzhou night show, as well as higher costs on payment to performers and fuel and utility expenses for the whole year of 2025 as compared to such costs and expenses incurred for the three months in 2024 only given that the Grand Canal Yangzhou night show was launched in October 2024. Our cost of sales decreased slightly by approximately 2.9% from RMB31.0 million for the six months ended June 30, 2025 to RMB30.1 million for the six months ended June 30, 2026, primarily due to decrease in dispatched employee fees as certain dispatched employees became directly employed by us and reduced labour costs for our sightseeing tour bus services following the adoption of the intelligent ticketing and inspection system, partially offset by higher employee compensation, depreciation expenses and show service fees.

The fluctuation of our cost of sales during the Track Record Period is generally in line with the fluctuation of our revenue during the same period. During the Track Record Period, cost of sales as a percentage of total revenue increased from approximately 41.0% in 2023 to 45.6% in 2024 and decreased to 41.8% in 2025 and further decreased to 36.2% for the six months ended June 30, 2026.

Cost of sales by nature

The table below sets forth a breakdown of our cost of sales by nature, expressed in absolute amount and as a percentage of our total cost of sales, for the periods indicated:

	Year ended December 31						Six months ended June 30			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Employee compensation	25,485	57.0	31,263	61.5	30,155	51.1	15,394	49.7	17,835	59.3
Dispatched employee fees	7,483	16.8	7,275	14.3	6,705	11.4	4,341	14.0	1,495	5.0
Depreciation expenses	2,292	5.1	3,081	6.1	10,247	17.4	4,846	15.7	5,596	18.6
Maintenance and repair expenses	3,148	7.0	2,280	4.5	2,113	3.6	787	2.5	696	2.3
Amortisation of exclusive operation rights fees[(1)]	1,364	3.1	1,364	2.7	1,364	2.3	682	2.2	682	2.3
Fuel and utility expenses	1,907	4.3	1,609	3.2	1,969	3.3	1,046	3.4	865	2.9
Show service fees	—	—	—	—	2,491	4.2	495	1.6	1,017	3.4
Revenue-sharing fees[(2)]	261	0.6	990	1.9	930	1.6	499	1.6	436	1.4
Others[(3)]	2,739	6.1	2,952	5.8	3,032	5.1	2,872	9.3	1,461	4.9
Total	**44,679**	**100.0**	**50,814**	**100.0**	**59,006**	**100.0**	**30,962**	**100.0**	**30,083**	**100.0**

Notes:

(1) Represent amortisation of license fees for exclusive operation rights of water sightseeing boat service and sightseeing tour bus service within the Shugang-Slender West Lake Scenic Area under the 2015 Concession Agreement and the 2022 Concession Agreement, respectively.

(2) Comprise mainly of variable fees payable to Yangzhou Media Co. under the revenue-sharing mechanism in respect of Gaoyou City Lake Tourism Resort, pursuant to the 2022 Cooperation Agreements and the 2025 Cooperation Agreements.

(3) Include low value consumables, utility charges, travel expenses, meal allowance, fruit expenses, trade union funds and tax and others.

Employee compensation

Employee compensation primarily consists of salaries, bonuses and other benefits of our employees. The employee compensation increase from RMB25.5 million in 2023 to RMB31.3 million in 2024 was primary driven by (i) increase in our revenue over the period which led the increase in bonuses paid to certain employees, including Chuanniang and tour guides, and (ii) the increase in the number of our employees by way of new hire or certain dispatched employees becoming directly employed by us due to our significant business growth from 2023 to 2024.

The employee compensation decreased from RMB31.3 million in 2024 to RMB30.2 million in 2025, primarily due to a decrease in employee headcount following the adoption of the digitized ticketing system. Employee compensation increased from RMB15.4 million for the six months ended June 30, 2025 to RMB17.8 million for the six months ended June 30, 2026, primarily due to higher social insurance and housing provident fund contributions, as well as higher labour costs resulting from certain dispatched employees becoming directly employed by us.

Dispatched employee fees

Dispatched employee fees represent our fees paid to third party human resource service provider in relation to their provision of dispatched employee services. The dispatched employee fees slightly decreased from RMB7.5 million in 2023 to RMB7.3 million in 2024, primary due to certain dispatched employees becoming directly employed by us in 2024. The dispatched employee fees amounted to RMB6.7 million in 2025. Dispatched employee fees decreased from RMB4.3 million for the six months ended June 30, 2025 to RMB1.5 million for the six months ended June 30, 2026, primarily due to certain dispatched employees becoming directly employed by us.

Depreciation expenses

Depreciation expenses primarily represent depreciation on our boats and tour buses. The depreciation expenses increased by approximately 34.4% from RMB2.3 million in 2023 to RMB3.1 million in 2024, presenting depreciation of our boats and tour buses over useful lives.

The depreciation expenses increased by 232.6% from RMB3.1 million in 2024 to RMB10.2 million in 2025, primarily due to increase in the depreciation of two modern yachts purchased in December 2024 and January 2025 and the depreciation of the lighting infrastructure of the Grand Canal Yangzhou night show. Depreciation expenses increased from RMB4.8 million for the six months ended June 30, 2025 to RMB5.6 million for the six months ended June 30, 2026, primarily due to additional depreciation arising from the acquisition of seven new boats during the period.

Maintenance and repair expenses

Maintenance and repair expenses represent expenses incurred for maintaining and repairing our boats and tour buses and for repairing wharves and on-site ticket box offices. The maintenance and repair expenses decreased by 27.6% from RMB3.1 million in 2023 to RMB2.3 million in 2024, primarily due to one-off expenses of RMB1.1 million on repairing the lighting system and decorations in the Ancient Canal Area incurred in 2023, which is in line with our commitment on offering high quality services to visitors. The maintenance and repair expenses further decreased slightly to RMB2.1 million in 2025. Maintenance and repair expenses remained stable at RMB0.8 million and RMB0.7 million for the six months ended June 30, 2025 and 2026, respectively.

Fuel and utility expenses

Our fuel and utility expenses amounted to approximately RMB1.9 million, RMB1.6 million, RMB2.0 million, RMB1.0 million and RMB0.9 million, representing approximately 4.3%, 3.2%, 3.3%, 3.4% and 2.9% of our total cost of sales in 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, respectively. Although fuel and utility expenses accounted for a relatively small portion of our total cost of sales during the Track Record Period, future fuel price volatility may increase our operating costs. See "Business — Fuel Cost Sensitivity."

Cost of sales by business segments

The table below sets forth a breakdown of our cost of sales by business segments, expressed in absolute amount and as a percentage of our total cost of sales, for the periods indicated:

	Year ended December 31						Six months ended June 30			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Water sightseeing boat service	38,231	85.6	42,091	82.8	50,818	86.1	26,780	86.5	26,620	88.5
Sightseeing tour bus service	3,159	7.1	4,691	9.2	4,136	7.0	2,163	7.0	1,578	5.2
Management service	3,289	7.3	4,032	8.0	4,052	6.9	2,019	6.5	1,885	6.3
Others[Note]	—	—	—	—	—	—	—	—	—	—
Total	**44,679**	**100.0**	**50,814**	**100.0**	**59,006**	**100.0**	**30,962**	**100.0**	**30,083**	**100.0**

Note: "Others" represent advertising service using our sightseeing boats operated in the Ancient Canal Area.

Water sightseeing boat service

During the Track Record Period, cost of sales for water sightseeing boat service businesses primarily represent employee compensation, fuel and utility expenses, depreciation of boats and amortization of water sightseeing boat operation rights and intellectual property rights.

Our cost of sales for water sightseeing boat service amounted to RMB38.2 million, RMB42.1 million, RMB50.8 million, RMB26.8 million and RMB26.6 million in 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, respectively.

Cost of sales for water sightseeing boat service increased by approximately 10.1% from RMB38.2 million in 2023 to RMB42.1 million in 2024, primarily due to the preparation, planning and launch of the Grand Canal Yangzhou night show in October 2024 which led to increase in our operating expenses such as employee compensation. Cost of sales for water sightseeing boat service increased by approximately 20.7% from RMB42.1 million in 2024 to RMB50.8 million in 2025, primarily attributable to depreciation of the lighting infrastructure of the Grand Canal Yangzhou night show and two modern yachts and the amortisation of our script rights in relation to the Grand Canal Yangzhou night show. Our cost of sales for water sightseeing boat services remained relatively stable at RMB26.8 million and RMB26.6 million for the six months ended June 30, 2025 and 2026, respectively.

Sightseeing tour bus service

During the Track Record Period, cost of sales provided for our sightseeing tour bus service businesses represent employee compensation, depreciation on tour buses and amortization of sightseeing tour bus operation rights.

Our cost of sales for sightseeing tour bus service amounted to RMB3.2 million, RMB4.7 million, RMB4.1 million, RMB2.2 million and RMB1.6 million in 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, respectively.

Cost of sales for sightseeing tour bus service increased by approximately 48.5% from RMB3.2 million in 2023 to RMB4.7 million in 2024, primarily driven by continuous growing popularity of sightseeing tour bus service as a more flexible option for touring around among visitors. Cost of sales for sightseeing tour bus service remained relatively stable and amounted to RMB4.1 million in 2025 primarily because (i) the sightseeing tour buses are all electric-powered and electricity is a more cost-efficient energy and therefore the costs incurred is minimal as compared to fuel, (ii) maintenance and repair expenses and depreciation expenses for our sightseeing tour bus services remained relatively stable and in aggregate only accounted for approximately 7.3% of the total cost of sales for our sightseeing tour bus service in 2025, and the related operating costs did not increase proportionately with higher ticket sales, and (iii) on the other hand, labour costs, which accounted for approximately 87.8% of the total cost of sales for sightseeing tour bus service in 2025, for such services decreased due to the adoption of an intelligent ticketing and inspection system. Our cost of sales for sightseeing tour bus services decreased by approximately 27.3% from RMB2.2 million for the six months ended June 30, 2025 to RMB1.6 million for the six months ended June 30, 2026, primarily due to the decrease in labour costs following our adoption of the intelligent ticketing and inspection system.

Management service

During the Track Record Period, cost of sales related to provision of our management service businesses represent compensation for employees and dispatched employee fees engaged in the management service business.

Our cost of sales related to provision of management services amounted to RMB3.3 million, RMB4.0 million, RMB4.1 million, RMB2.0 million and RMB1.9 million in 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, respectively.

Cost of sales related to provision of management services increased by approximately 22.6% from RMB3.3 million in 2023 to RMB4.0 million in 2024, primarily due to the increase in the number of employees in order to meet the demand of growing number of visitors. Cost of sales related to provision of management services remained relatively stable and amounted to RMB4.1 million in 2025. Our cost of sales related to the provision of management services remained relatively stable at RMB2.0 million and RMB1.9 million for the six months ended June 30, 2025 and 2026, respectively.

Gross Profit and Gross Profit Margin

As a result of the foregoing, in 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, our gross profit was RMB64.4 million, RMB60.6 million, RMB82.2 million, RMB53.6 million and RMB53.1 million, respectively.

Gross profit margin represents gross profit divided by total revenue, expressed as a percentage. In 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, our gross profit margin was approximately 59.0%, 54.4%, 58.2%, 63.4% and 63.9%, respectively. The overall gross profit margin slightly decreased from 59.0% in 2023 to 54.4% in 2024, primarily due to our increased costs on the development and launch of the Grand Canal Yangzhou night show in October 2024. The overall gross profit margin increased slightly from 54.4% in 2024 to 58.2% in 2025, primarily due to the Grand Canal Yangzhou night show's growing popularity among visitors. Our overall gross profit margin remained relatively stable at 63.4% for the six months ended June 30, 2025 and 63.9% for the six months ended June 30, 2026.

Gross profit and gross profit margin by business segments

The table below sets forth the breakdown of our gross profit and gross profit margin by business segment for the periods indicated:

	Year ended December 31						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Water sightseeing boat service										
— standard sightseeing boat service	30,768	53.7	26,006	48.4	24,909	51.0	18,361	62.7	15,802	57.1
— "Boat+" service*	6,290	68.0	3,767	53.6	3,486	55.1	2,876	67.0	2,531	67.8
— chartered boat service*	19,810	69.5	22,870	71.7	23,913	71.4	15,013	74.5	16,289	73.7
— Grand Canal Yangzhou*	—	—	1,312	38.7	15,071	51.1	9,312	50.0	10,334	57.1
Sub-total	*56,868*	*59.8*	*53,955*	*56.2*	*67,379*	*57.0*	*45,562*	*63.0*	*44,956*	*62.8*
Sightseeing tour bus service	4,411	58.3	4,539	49.2	13,541	76.6	7,621	77.9	7,317	82.3
Management service	2,054	38.4	1,686	29.5	1,116	21.6	397	16.4	692	26.9
Others*	1,084	100.0	434	100.0	154	100.0	—	—	179	100.0
Total	**64,417**	**59.0**	**60,614**	**54.4**	**82,190**	**58.2**	**53,580**	**63.4**	**53,144**	**63.9**

Note: See notes (1) to (3) to the table in "— Revenue by business segments" above.

Our gross profit for water sightseeing boat service remained relatively stable in 2023 and 2024, and amounted to RMB56.9 million and RMB54.0 million, respectively. Our gross profit margin decreased from 59.8% in 2023 to 56.2% in 2024 primarily due to the increase in cost of sales by RMB3.9 million in relation to the preparation and launch of the Grand Canal Yangzhou night show, higher commissions paid to Yuloh boat operators and costs relating to the 20 new boats, while revenue increased by only RMB0.9 million during the same period. Our gross profit for water sightseeing boat service further increased to RMB67.4 million in 2025, primarily attributable to the Grand Canal Yangzhou night show's growing popularity among visitors. Our gross profit margin for water sightseeing boat service increased from 56.2% in 2024 to 57.0% in 2025, primarily because the increase of RMB22.2 million in revenue, mainly attributable to the growing popularity of the Grand Canal Yangzhou night show, outpaced the RMB8.7 million increase in cost of sales, which mainly resulted from increased depreciation and amortisation expenses arising from the relevant assets used in the Grand Canal Yangzhou night show. Our gross profit for water sightseeing boat service decreased slightly by approximately 1.3% from RMB45.6 million for the six months ended June 30, 2025 to RMB45.0 million for the six months ended June 30, 2026, which is generally in line with the decrease in revenue from this business segment. Our gross profit margin for water sightseeing boat service remained stable at 63.0% for the six months ended June 30, 2025, and at 62.8% for the six months ended June 30, 2026.

Our gross profit margin for standard sightseeing boat service decreased from 53.7% in 2023 to 48.4% in 2024, primarily attributable to the acquisition of 20 premium eco-friendly painted leisure boats in 2024, which resulted in higher depreciation and related operating costs. Our gross profit margin for standard sightseeing boat service increased from 48.4% in 2024 to 51.0% in 2025, primarily because the RMB3.8 million decrease in cost of sales, mainly due to lower employee compensation as first-quarter discretionary bonuses were paid in 2024 but not in 2025 and lower repair and maintenance expenses following certain repainting and refurbishment works for our boats in 2024, outpaced the RMB4.9 million decrease in revenue during the same period. Our gross profit margin for standard sightseeing boat service decreased from 62.7% for the six months ended June 30, 2025 to 57.1% for the six months

ended June 30, 2026, primarily because revenue decreased by RMB1.6 million due to rainfall and high temperatures in the first half of 2026, while cost of sales increased by RMB1.0 million during the same period.

Our gross profit margin for "Boat+" service decreased from 68.0% in 2023 to 53.6% in 2024, primarily because revenue decreased by RMB2.2 million as visitors increasingly preferred chartered boat service, following the promotion of our "Slender West Lake Chuanniang (瘦西湖船娘)" brand resulting in a corresponding RMB3.4 million increase in revenue from chartered boat service, while cost of sales remained relatively stable. Our gross profit margin for "Boat+" service increased from 53.6% in 2024 to 55.1% in 2025, primarily because the RMB0.4 million decrease in cost of sales, mainly reflecting lower personnel costs as first-quarter employee discretionary bonuses were paid in 2024 but not in 2025, outpaced the RMB0.7 million decrease in revenue during the same period. Our gross profit margin for "Boat+" service remained relatively stable at 67.0% for the six months ended June 30, 2025, and 67.8% for the six months ended June 30, 2026.

Our gross profit margin for chartered boat service increased from 69.5% in 2023 to 71.7% in 2024, primarily because revenue increased by RMB3.4 million as visitors increasingly preferred chartered boat service, while cost of sales increased by only RMB0.3 million during the same period. Our gross profit margin for chartered boat service remained relatively stable, at 71.7% in 2024 and 71.4% in 2025. Our gross profit margin for chartered boat service decreased slightly from 74.5% for the six months ended June 30, 2025 to 73.7% for the six months ended June 30, 2026, primarily because the decrease in cost of sales outpaced the decrease in revenue, mainly due to higher commissions paid to Chuanniang and boat drivers as a result of visitors' growing preference for chartered boat services.

Our gross profit margin for the Grand Canal Yangzhou night show increased from 38.7% in 2024 to 51.1% in 2025, primarily because that it was launch in October 2024 and therefore it only generated revenue for three months in 2024 but contributed revenue for the full year in 2025, resulting in a RMB26.1 million increase in revenue which outpaced the RMB12.3 million increase in cost of sales during the same period. Our gross profit margin for the Grand Canal Yangzhou night show further increased from 50.0% during the same period for the six months ended June 30, 2025 to 57.1% for the six months ended June 30, 2026, primarily attributable to decrease in cost of sales, reflecting lower personnel costs in this sub-segment in relation to the slight decrease in service demand, as well as lower repair and maintenance expenses and costs of low-value consumables.

Our gross profit for sightseeing tour bus service increased from RMB4.4 million in 2023 to RMB4.5 million in 2024, primarily due to our revenue increase for the same period. At the same time, as our costs on purchase of 14 new tour buses which led to increase in depreciation costs outpaced the increase in revenue, our gross profit margin decreased from 58.3% in 2023 to 49.2% in 2024. Our gross profit for sightseeing tour bus service increased significantly from RMB4.5 million in 2024 to RMB13.5 million in 2025, primarily due to further increase in revenue driven by visitors' preference to ride tour buses as a more flexible option for touring around, in particular with the adoption of the intelligent ticketing system in March 2025, while the costs for operating electric-powered tour buses remained relatively stable. In light of the significant increase in gross profit for sightseeing tour bus service, the gross profit margin for sightseeing tour bus service increased from 49.2% in 2024 to 76.6% in 2025. Our gross profit for sightseeing tour bus service decreased by approximately 3.9% from RMB7.6 million for the six months ended June 30, 2025 to RMB7.3 million for the six months ended June 30, 2026, generally in line with the decrease in revenue from such service while the gross profit margin increased from 77.9% to 82.3%, primarily due to the decrease in labour costs following our adoption of the intelligent ticketing and inspection system in March 2025.

From 2023 to 2024, our employee compensation for management service increased in line with the business growth of Gaoyou City Lake Tourism Resort for the same period outpaced the increase in our variable fees linked to the revenue of Gaoyou City Lake Tourism Resort, as a result of which, our gross profit decreased from RMB2.1 million in 2023 to RMB1.7 million in 2024 and our gross profit margin for management service business also decreased from 38.4% in 2023 to 29.5% in 2024. Our gross profit for management service further decreased from RMB1.7 million in 2024 to RMB1.1 million in 2025, primarily due to decrease in revenue of Gaoyou City Lake Tourism Resort due to free entrance tickets promotion activities for Yangzhou citizen commenced from January 2025. As a result, our gross profit margin for management service decreased from 29.5% in 2024 to 21.6% in 2025. Our gross profit for management services increased from RMB0.4 million for the six months ended June 30, 2025 to RMB0.7 million for the six months ended June 30, 2026, and the gross profit margin increased from 16.4% to 26.9%, primarily due to the increase in revenue generated from our management services following the increase in pre-agreed fixed management fees under the 2025 Cooperation Agreement.

Our gross profit margins for water sightseeing boat service, standard sightseeing boat service, "Boat+" service, chartered boat service and sightseeing tour bus service decreased from 63.0%, 62.7%, 67.0%, 74.5% and 77.9%, respectively, for the six months ended June 30, 2025 to 57.0%, 51.0%, 55.1%, 71.4% and 76.6%, respectively, for the year ended December 31, 2025. This was primarily because the six months ended June 30, 2025 covered Yangzhou's peak tourism season, which generally falls from March to May, during which the above businesses generated a significant proportion of their respective full-year revenue, while a substantial portion of our operating costs were fixed or semi-fixed in nature and incurred throughout the year. In addition, our cost of sales for the full year 2025 reflected higher employee compensation as certain dispatched employees became directly employed by us and higher show service fees incurred during the year. As a result, the increase in cost of sales from RMB31.0 million for the six months ended June 30, 2025 to RMB59.0 million for the full year 2025 outpaced the corresponding increase in revenue from RMB84.5 million to RMB141.2 million.

Conversely, our gross profit margins for water sightseeing boat service, standard sightseeing boat service, "Boat+" service, chartered boat service and sightseeing tour bus service increased from 57.0%, 51.0%, 55.1%, 71.4% and 76.6%, respectively, for the year ended December 31, 2025 to 62.8%, 57.1%, 67.8%, 73.7% and 82.3%, respectively, for the six months ended June 30, 2026. This was primarily because the six months ended June 30, 2026 similarly covered Yangzhou's peak tourism season, during which a significant portion of revenue was generated, while fixed and semi-fixed operating costs were incurred relatively evenly throughout the year.

Our gross profit margin for the Grand Canal Yangzhou night show increased from 50.0% for the six months ended June 30, 2025 to 51.1% for the year ended December 31, 2025, primarily due to lower costs of low-value consumables and fuel expenses in the second half of 2025. Our gross profit margin further for the Grand Canal Yangzhou night show increased from 51.1% for the year ended December 31, 2025 to 57.1% for the six months ended June 30, 2026, primarily because the six months ended June 30, 2026 covered Yangzhou's peak tourism season.

Our gross profit margin for management service increased from 16.4% for the six months ended June 30, 2025 to 21.6% for the year ended December 31, 2025, and further to 26.9% for the six months ended June 30, 2026. The increase in 2025 was primarily because the pre-agreed fixed management fee revenue increased following the increase in the annual fixed management fees from RMB3.0 million under the 2022 Cooperation Agreements to RMB3.5 million under the 2025 Cooperation Agreements effective from July 1, 2025. The further increase for the six months ended June 30, 2026 was primarily because such six-month period fully reflected the higher fixed management fees under the 2025 Cooperation Agreements, while the related cost of sales remained relatively stable.

Gross profit and gross profit margin by service areas

The table below sets forth the breakdown of our gross profit and gross profit margin by service areas for the periods indicated:

	Year ended December 31						Six months ended June 30			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Shugang-Slender West Lake Scenic Area	55,419	63.7	50,251	57.5	66,810	67.0	43,145	70.7	43,072	71.0
Ancient Canal Area	6,944	41.4	8,677	47.6	14,264	39.3	10,038	47.6	9,380	46.9
Other — Gaoyou City Lake Tourism Resort	2,054	38.4	1,686	29.5	1,116	21.6	397	16.4	692	26.9
Total	**64,417**	**59.0**	**60,614**	**54.4**	**82,190**	**58.2**	**53,580**	**63.4**	**53,144**	**63.9**

Our gross profit generated from the Shugang-Slender West Lake Scenic Area decreased from RMB55.4 million in 2023 to RMB50.3 million in 2024, and the gross profit margin decreased from 63.7% to 57.5%, primarily due to the increase in depreciation and related operating costs following the acquisition of 20 premium eco-friendly painted leisure boats and 14 new tour buses in 2024. Our gross profit generated from Shugang-Slender West Lake Scenic Area increased to RMB66.8 million in 2025, and the gross profit margin increased to 67.0%, mainly due to the combined effect of the steady increase in revenue from water sightseeing boat services and the significant increase in revenue from sightseeing tour bus services in this scenic area, which outpaced the increase in depreciation and related operating

costs arising from our acquisition of new boats and tour buses in 2024, while the operating costs of electric-powered tour buses remained relatively stable. Our gross profit and gross profit margin generated from the Shugang-Slender West Lake Scenic Area remained relatively stable at RMB43.1 million and approximately 70.7% for the six months ended June 30, 2025 and RMB43.1 million and approximately 71.0% for the six months ended June 30, 2026, respectively.

Our gross profit generated from the Ancient Canal Area increased from RMB6.9 million in 2023 to RMB8.7 million in 2024, mainly due to the launch of the Grand Canal Yangzhou night show in October 2024 and the relatively stable operating costs of the Ancient Canal Area in 2024 as the construction-related costs of the Grand Canal Yangzhou night show were not expensed on a one-off basis, and the depreciation and amortization expenses relating to certain assets, including the lighting facilities and the relevant boats, were only reflected in 2025. As a result, our gross profit margin for the Ancient Canal Area increased from 41.4% in 2023 to 47.6% in 2024. Our gross profit further increased to RMB14.3 million in 2025, primarily due to the full-year revenue contribution from the Grand Canal Yangzhou night show. Our gross profit margin for the Ancient Canal Area decreased to 39.3% in 2025, mainly due to the increase in operating costs associated with the operation and promotion of the Grand Canal Yangzhou night show. Our gross profit generated from the Ancient Canal Area decreased by approximately 6.0% from RMB10.0 million for the six months ended June 30, 2025 to RMB9.4 million for the six months ended June 30, 2026, and the gross profit margin decreased from 47.6% to 46.9%, primarily due to frequent rainfall and high temperatures in the six months ended June 30, 2026, which adversely affected visitor traffic and reduced revenue from our water sightseeing boat service in this area.

For our gross profit and gross profit margin generated from Gaoyou City Lake Tourism Resort decreased during the Track Record Period, see discussions in "— gross profit and gross profit margin by business segments" above.

Other Income and Gains

Our other income primarily consists of (i) rental income derived from leasing our self-owned property at Jingxiang Garden (靜香園) located within the Slender West Lake Scenic Area, and (ii) others including governmental grant and interest from bank deposits we received. Our other income amounted to RMB1.4 million, RMB1.1 million, RMB1.0 million, RMB1.1 million and RMB0.5 million in 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, respectively.

Gains primarily consists of investment income from structured deposits and gains arising from structured deposits at fair value.

Other income and gains increased from RMB4.6 million in 2023 to RMB5.0 million in 2024, primarily because we scaled up our investment amount on structured deposits during the period which led to increase in investment income derived from structured deposits upon their maturity in 2024. Other income and gains decreased from RMB5.0 million in 2024 to RMB3.5 million in 2025, primarily due to the decrease in investment income from structured deposits and no gain of fair value on structured deposits as a result of declining market interest rates. Our other income and gains increased by approximately 13.6% from RMB2.2 million for the six months ended June 30, 2025 to RMB2.5 million for the six months ended June 30, 2026, primarily due to the increase in investment income and fair value gains from structured deposits.

The table below sets forth the breakdown of other income and gains, each expressed in absolute amount and as a percentage of our total other income and gains, for the periods indicated:

	Year ended December 31						Six months ended June 30			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Other income										
Rental income	777	17.0	888	17.9	752	21.5	419	19.4	419	17.0
Others[Note]	621	13.6	195	3.9	285	8.1	721	33.4	98	4.0
Sub-total	1,398	30.6	1,083	21.8	1,037	29.6	1,140	52.8	517	20.9
Gains										
Investment income from structured deposits	2,038	44.6	2,970	59.8	2,464	70.4	766	35.5	1,252	50.7
Fair value gains on structured deposits	1,137	24.9	913	18.4	—	—	254	11.8	700	28.4
Sub-total	3,175	69.4	3,883	78.2	2,464	70.4	1,020	47.2	1,952	79.1
Total	**4,573**	**100.0**	**4,966**	**100.0**	**3,501**	**100.0**	**2,160**	**100.0**	**2,469**	**100.0**

Note: "Others" include government funding we received and interest from bank deposits.

Our investment income from structured deposits increased from RMB2.0 million in 2023 to RMB3.0 million in 2024, primarily due to the increase in our revenue during the period which allowed us to have more residue cash for investment in structured deposits, which is in line with our overall business growth and revenue growth for the same period. Our investment income from structured deposits decreased from RMB3.0 million in 2024 to RMB2.5 million in 2025, primarily due to decrease in interest income generated from structured deposits as a result of declining market interest rates. Our investment income from structured deposits increased by approximately 62.5% from RMB0.8 million for the six months ended June 30, 2025 to RMB1.3 million for the six months ended June 30, 2026, primarily due to an increase in the amount of cash placed in structured deposits as a result of the increase in our available cash balances.

Our fair value gains from structured deposits decreased from RMB1.1 million in 2023 to RMB0.9 million in 2024, primarily due to our investment in the establishment of Yangzhou Yuntong and the Grand Canal Yangzhou night show which led to the decrease in our residue cash for investment. Our fair value gains from structured deposits was nil in 2025 as a result of declining market interest rate. Our fair value gains from structured deposits increased from RMB0.3 million for the six months ended June 30, 2025 to RMB0.7 million for the six months ended June 30, 2026, primarily due to the increase in amounts invested in structured deposits.

Selling and Distribution Expenses

Our selling and distribution expenses primarily consist of (i) marketing and related expenses and (ii) depreciation and amortization. The following table sets forth the breakdown of our selling and distribution expenses, each expressed in absolute amount and as a percentage of our total selling and distribution expenses, for the periods indicated:

	Year ended December 31						Six months ended June 30			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Marketing and related expenses	1,565	94.7	1,333	93.8	2,728	96.9	687	90.5	1,770	97.6
Depreciation and amortization	87	5.3	88	6.2	88	3.1	44	5.8	44	2.4
Insurance premium	—	—	—	—	—	—	28	3.7	—	—
Total	**1,652**	**100.0**	**1,421**	**100.0**	**2,816**	**100.0**	**759**	**100.0**	**1,814**	**100.0**

Note: Our depreciation and amortization expenses represent depreciation of advertising boards or boards used for promotional activities relating to our water sightseeing boat service.

Our total selling and distribution expenses decreased by approximately 14.0% from RMB1.7 million in 2023 to RMB1.4 million in 2024, primarily due to decrease in service fees charged by certain OTA platforms under Model A, as revenue generated under Model A decreased from RMB10.8 million in 2023 to RMB5.6 million in 2024. Although our overall revenue generated through OTA platforms increased during the same period, such increase was mainly attributable to Model B, under which we did not incur agency service fees during the Track Record Period. See "Business — Ticketing — OTA platforms." Our total selling and distribution expenses increased from RMB1.4 million in 2024 to RMB2.8 million in 2025, primarily due to the increase in our marketing and related expenses. Our total selling and distribution expenses increased significantly by approximately 125.0% from RMB0.8 million for the six months ended June 30, 2025 to RMB1.8 million for the six months ended June 30, 2026, primarily due to the increase in our marketing and related expenses.

Our marketing and related expenses remained relatively stable and amounted to RMB1.6 million in 2023 and RMB1.3 million in 2024. Our marketing and related expenses increased from RMB1.3 million in 2024 to RMB2.7 million in 2025, primarily due to the increase in marketing expenses incurred in connection with the Grand Canal Yangzhou night show. Our marketing and related expenses increased significantly by approximately 157.1% from RMB0.7 million for the six months ended June 30, 2025 to RMB1.8 million for the six months ended June 30, 2026, primarily due to increased promotional activities, including expenses of approximately RMB0.4 million incurred for signage at Bianyi Gate Square.

Administrative Expenses

Our administrative expenses primarily consist of employee compensation, professional service fees, office expenses and depreciation of fixed assets and amortization of intangible assets. The following table sets forth the breakdown of the key components of our administrative expenses each expressed in absolute amount and as a percentage of our total administrative expenses, for the periods indicated:

	Year ended December 31						Six months ended June 30			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Employee compensation	3,181	71.3	3,562	76.4	5,389	58.7	1,920	78.4	2,209	57.1
Professional service fees	145	3.2	418	9.0	2,594	28.2	239	9.8	967	25.0
Office expenses	371	8.3	275	5.9	332	3.6	72	2.9	226	5.8
Depreciation and amortization	138	3.1	114	2.4	21	0.2	58	2.4	61	1.6
Others[Note]	627	14.1	292	6.3	849	9.3	161	6.6	407	10.5
Total	**4,462**	**100.0**	**4,661**	**100.0**	**9,185**	**100.0**	**2,450**	**100.0**	**3,870**	**100.0**

Note: "Others" include postage and telecommunication expenses, travel expenses, business entertainment expenses, maintenance and repair expenses, transportation expenses and meal allowance.

Our administrative expenses amounted to RMB4.5 million, RMB4.7 million, RMB9.2 million, RMB2.5 million and RMB3.9 million, accounting for approximately 4.1%, 4.2%, 6.5%, 2.9% and 4.6% of our total revenue in 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, respectively. Our administrative expenses increased as an absolute amount from 2023 to 2024, primarily due to increases in employees' compensation, including salaries and benefits associated with the increase in the total number of our office administrative employees from 2023 to 2024 along with our business growth. Our administrative expenses increased significantly by approximately 97.1% from RMB4.7 million in 2024 to RMB9.2 million in 2025, primarily due to (i) an increase in professional service fees incurred in connection with the proposed [REDACTED]; and (ii) an increase in employee compensation from RMB3.6 million in 2024 to RMB5.4 million in 2025, mainly attributable to higher social insurance premium and housing provident fund contributions following our subsequent contributions in respect of our historical failure to make full contributions for certain employees based on the statutory contribution bases, as well as higher labour costs resulting from certain dispatched employees becoming directly employed by us. Our administrative expenses increased by approximately 56.0% from RMB2.5 million for the six months ended June 30, 2025 to RMB3.9 million for the six months ended June 30, 2026, primarily due to (i) higher social insurance premium and housing provident fund contributions following our subsequent contribution of historical failure to make full contributions for certain employees based on the statutory contribution bases, see "Business — Non-compliance" for further details; and (ii) higher professional service fees incurred in connection with the proposed [REDACTED].

Impairment reversal on financial assets, net

Net impairment reversal on financial assets decreased from RMB11 thousand in 2023 to RMB3 thousand in 2024. We recorded net impairment reversal on financial assets of RMB9 thousand in 2025, primarily due to reversals of previously recorded bad debts derived from trade and other receivables. Our net impairment losses on financial assets increased by approximately 11.5% from RMB96 thousand for the six months ended June 30, 2025 to RMB107 thousand for the six months ended June 30, 2026, due to changes in expected credit losses on financial assets.

Other Expenses

Our other expenses represent losses incurred on disposal of fixed assets. Our other expenses increased from RMB530 thousand in 2023 to RMB800 thousand in 2024, primarily due to the increase in the impairment of the physical tickets in stock which led the increase in other expenses. Our other expenses increased significantly from RMB800 thousand in 2024 to RMB3.5 million in 2025, primarily

due to increase in the fair value of the non-controlling interest in Yangzhou Yuntong of RMB2.6 million in line with the increase in revenue derived from the Grand Canal Yangzhou night show. This reflected an increase in the estimated future cash outflows under the relevant put option arrangements based on the updated valuation of such equity interests of Yangzhou Yuntong held by its non-controlling shareholders, and was recognised as other expenses in accordance with our accounting policy. Our other expenses increased by approximately 23.5% from RMB307 thousand for the six months ended June 30, 2025 to RMB379 thousand for the six months ended June 30, 2026, primarily due to the recognition of a loss arising from an upward adjustment to the carrying amount of the redemption liability in respect of the equity interests of Yangzhou Yuntong held by its non-controlling shareholders.

Finance Costs

Our finance costs consist of interest on long term payable relating to our exclusive operation right of water sightseeing boat services and sightseeing tour buses in the Shugang-Slender West Lake Scenic Area and lease liabilities relating to our lease of our office building. Our finance costs decreased by approximately 7.2% from RMB949 thousand in 2023 to RMB881 thousand in 2024, primarily due to decrease in interest on long-term payables related to the long-term operation rights. Our finance costs remained relatively stable and amounted to RMB839 thousand in 2025. Our finance costs decreased slightly from RMB415 thousand for the six months ended June 30, 2025 to RMB392 thousand for the six months ended June 30, 2026, primarily due to the slight decrease in interest on long-term payables relating to our exclusive operation rights.

Income Tax Expenses

Income tax expenses primarily represent our total current and deferred tax expenses under the relevant PRC income tax rules and regulations. Current income tax consists of PRC enterprise income tax, which is generally assessed at a rate of 25% and paid by us and our PRC subsidiary on taxable income. In 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, our effective tax rate was 24.4%, 25.8%, 25.0%, 24.9% and 25.0%, respectively.

Our income tax expenses remained relatively stable and amounted to RMB15.0 million and RMB14.9 million in 2023 and 2024, respectively. Our income tax expenses increased by approximately 16.0% from RMB14.9 million in 2024 to RMB17.3 million in 2025, which is in line with our revenue growth and net profit growth during the same period. Our income tax expense decreased by approximately 4.7% from RMB12.9 million for the six months ended June 30, 2025 to RMB12.3 million for the six months ended June 30, 2026, which is generally in line with the slight decrease in profit before income tax. During the Track Record Period and up to the Latest Practicable Date, we had fulfilled all of our tax obligations and did not have any unresolved tax disputes.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Six Months Ended June 30, 2026 Compared to Six Months Ended June 30, 2025

Revenue

Revenue decreased slightly by approximately 1.5% from RMB84.5 million for the six months ended June 30, 2025 to RMB83.2 million for the six months ended June 30, 2026, primarily attributable to decreases in revenue generated from our water sightseeing boat service and sightseeing tour bus service. In particular, revenue generated from our water sightseeing boat service decreased slightly by approximately 1.0% from RMB72.3 million to RMB71.6 million, and revenue generated from our sightseeing tour bus service decreased by approximately 9.2% from RMB9.8 million to RMB8.9 million. Such decreases were primarily due to frequent rainfall and high temperatures in the six months ended June 30, 2026, which adversely affected visitor traffic.

Revenue generated from provision of management services increased by approximately 8.3% from RMB2.4 million for the six months ended June 30, 2025 to RMB2.6 million for the six months ended June 30, 2026, primarily due to the increase in the pre-agreed fixed management fees from RMB3.0 million per annum under the 2022 Cooperation Agreements to RMB3.5 million per annum under the 2025 Cooperation Agreements.

Cost of sales

Cost of sales decreased slightly by approximately 2.9% from RMB31.0 million for the six months ended June 30, 2025 to RMB30.1 million for the six months ended June 30, 2026, primarily due to decrease in dispatched employee fees following certain dispatched employees becoming directly employed by us and reduced labour costs for our sightseeing tour bus services following the adoption of the intelligent ticketing and inspection system, partially offset by higher employee compensation, depreciation expenses and show service fees.

Gross profit and gross profit margin

Gross profit decreased slightly by approximately 0.9% from RMB53.6 million for the six months ended June 30, 2025 to RMB53.1 million for the six months ended June 30, 2026, primarily due to the decrease in our revenue during the period.

Our overall gross profit margin increased remained relatively stable at 63.4% for the six months ended June 30, 2025 and 63.9% for the six months ended June 30, 2026.

Our gross profit for water sightseeing boat service decreased slightly by approximately 1.3% from RMB45.6 million for the six months ended June 30, 2025 to RMB45.0 million for the six months ended June 30, 2026, which is generally in line with the decrease in revenue from this business segment. Our gross profit margin for water sightseeing boat service remained stable at 63.0% for the six months ended June 30, 2025, and at 62.8% for the six months ended June 30, 2026.

Our gross profit for sightseeing tour bus service decreased by approximately 3.9% from RMB7.6 million for the six months ended June 30, 2025 to RMB7.3 million for the six months ended June 30, 2026, which is generally in line with the decrease in revenue from such service, while the gross profit margin for sightseeing tour bus service increased from 77.9% to 82.3%, primarily due to the decrease in labour costs following our adoption of the intelligent ticketing and inspection system in March 2025.

Our gross profit for management service increased from RMB0.4 million for the six months ended June 30, 2025 to RMB0.7 million for the six months ended June 30, 2026, and the gross profit margin increased from 16.4% to 26.9%, primarily due to the increase in revenue generated from our management services following the increase in pre-agreed fixed management fees under the 2025 Cooperation Agreement.

Other income and gains

Other income and gains increased by approximately 13.6% from RMB2.2 million for the six months ended June 30, 2025 to RMB2.5 million for the six months ended June 30, 2026, primarily due to the increase in investment income and fair value gains from structured deposits.

Selling and distribution expenses

Selling and distribution expenses increased by approximately 125.0% from RMB0.8 million for the six months ended June 30, 2025 to RMB1.8 million for the six months ended June 30, 2026, primarily due to the increase in marketing expenses, including expenses incurred for promotional signage at Bianyi Gate Square.

Administrative expenses

Administrative expenses increased by approximately 56.0% from RMB2.5 million for the six months ended June 30, 2025 to RMB3.9 million for the six months ended June 30, 2026, primarily due to (i) higher employee compensation resulting from increased social insurance and housing provident fund contributions following our subsequent contribution of historical failure to make full contributions for certain employees based on the statutory contribution base; and (ii) higher professional service fees incurred in connection with the proposed [REDACTED].

Impairment losses on financial assets, net

Net impairment losses on financial assets increased by approximately 11.5% from RMB96 thousand for the six months ended June 30, 2025 to RMB107 thousand for the six months ended June 30, 2026, primarily due to changes in the expected credit losses on trade and other receivables.

Other expenses

Other expenses increased by approximately 23.5% from RMB307 thousand for the six months ended June 30, 2025 to RMB379 thousand for the six months ended June 30, 2026, primarily due to the loss arising from an upward adjustment to the carrying amount of the redemption liability in relation to the non-controlling interest in Yangzhou Yuntong.

Finance costs

Our finance costs decreased slightly from RMB415 thousand for the six months ended June 30, 2025 to RMB392 thousand for the six months ended June 30, 2026, primarily due to the slight decrease in interest on long-term payables relating to our exclusive operation rights.

Income tax expenses

Income tax expenses decreased by approximately 4.7% from RMB12.9 million for the six months ended June 30, 2025 to RMB12.3 million for the six months ended June 30, 2026, which is generally in line with the slight decrease in profit before income tax.

Profit and total comprehensive income for the period

As a result of the foregoing, our profit and total comprehensive income for the period decreased by approximately 5.2% from RMB38.8 million for the six months ended June 30, 2025 to RMB36.8 million for the six months ended June 30, 2026.

Year Ended December 31, 2025 Compared to Year Ended December 31, 2024

Revenue

Revenue increased by approximately 26.7% from RMB111.4 million in 2024 to RMB141.2 million in 2025, primarily due to the launch of the Grand Canal Yangzhou night show in October 2024 and its growing popularity among tourists.

Revenue generated from water sightseeing boat service increased by approximately 23.1% from RMB96.0 million in 2024 to RMB118.2 million in 2025, primarily attributable to our continued business expansion and the growing popularity of the Grand Canal Yangzhou night show in 2025.

Revenue generated from sightseeing tour bus service increased by approximately 91.5% from RMB9.2 million in 2024 to RMB17.7 million in 2025, primarily due to the continuous growing preference of visitors for our sightseeing tour bus services as a more flexible option for touring around within the Shugang-Slender West Lake Scenic Area which led to the increase in our tour bus ticket sales.

Revenue generated from provision of management services decreased by approximately 9.6% from RMB5.7 million in 2024 to RMB5.2 million in 2025, primarily attributable to the promotional activities initiated by the local Development and Reform Commission of free entrance to Gaoyou City Lake Tourism Resort from Monday to Friday from January 2025 which in turn led to the decrease of its overall revenue and thereby resulting in the decrease of our variable fees linked to the revenue of Gaoyou City Lake Tourism Resort under the 2022 Cooperation Agreements.

Cost of sales

Cost of Sales increased by approximately 16.1% from RMB50.8 million in 2024 to RMB59.0 million in 2025, primarily due to increase in depreciation and amortization expenses in respect of the Grand Canal Yangzhou night show, as well as higher costs on payment to performers and fuel and utility expenses for the whole year of 2025 as compared to such costs and expenses incurred for the three months in 2024 only given that the Grand Canal Yangzhou night show was launched in October 2024.

Gross profit and gross profit margin

Gross profit increased by approximately 35.6% from RMB60.6 million in 2024 to RMB82.2 million in 2025, primarily due to the launch of the Grand Canal Yangzhou night show in October 2024 which led to the increase in our revenue in 2025.

The overall gross profit margin increased slightly from 54.4% in 2024 to 58.2% in 2025, primarily due to the Grand Canal Yangzhou night show's growing popularity among visitors.

Our gross profit for water sightseeing boat service increased by approximately 24.9% from RMB54.0 million in 2024 to RMB67.4 million in 2025, primarily due to increased revenue driven by growing visitor flow attracted by the Grand Canal Yangzhou night show. Our gross profit margin for water sightseeing boat service increased from 56.2% in 2024 to 57.0% in 2025, primarily because the increase of RMB22.2 million in revenue, mainly attributable to the growing popularity of the Grand Canal Yangzhou night show, outpaced the RMB8.7 million increase in cost of sales, which mainly resulted from increased depreciation and amortisation expenses arising from the relevant assets used in the Grand Canal Yangzhou night show.

Our gross profit for sightseeing tour bus service increased by approximately 198.3% from RMB4.5 million in 2024 to RMB13.5 million in 2025, primarily due to the increasing popularity of our sightseeing tour buses as a more flexible option for touring around among visitors, in particular with the adoption of the intelligent ticketing system in March 2025, while the costs for operating electric-powered tour buses remained relatively stable. As a result of the foregoing, our gross profit margin for sightseeing tour bus service increased from 49.2% in 2024 to 76.6% in 2025.

Our gross profit for management service decreased by approximately 33.8% from RMB1.7 million in 2024 to RMB1.1 million in 2025, primarily due to the revenue decrease as a result of the promotional activities of free entrance tickets for Yanzhou citizen commenced from January 2025. As a result of the foregoing, gross profit margin for management service was decreased from 29.5% in 2024 to 21.6% in 2025, respectively.

Other income and gains

Other income and gains decreased by approximately 29.5% from RMB5.0 million in 2024 to RMB3.5 million in 2025, primarily due to decrease in interest income generated from structured deposits and no gain of fair value as a result of declining market interest rates.

Selling and distribution expenses

Selling and distribution expenses increased significantly by approximately 98.2% from RMB1.4 million in 2024 to RMB2.8 million in 2025, primarily due to increase in marketing expenses incurred in connection with the Grand Canal Yangzhou night show.

Administrative expenses

Administrative expenses increased significantly by approximately 97.1% from RMB4.7 million in 2024 to RMB9.2 million in 2025, primarily due to increase in professional service fees incurred in connection with the proposed [REDACTED].

Impairment reversal on financial assets, net

We recorded net impairment reversal on financial assets of RMB3 thousand and RMB9 thousand in 2024 and 2025, respectively. The net impairment reversal on financial assets in 2025 was mainly due to reversals of previously recorded bad debts derived from trade and other receivables.

Other expenses

Other expenses increased significantly by approximately 343.3% from RMB800 thousand in 2024 to RMB3.5 million in 2025, primarily due to increase in the fair value of the non-controlling interest in Yangzhou Yuntong of RMB2.6 million in line with the increase in the revenue derived from the Grand Canal Yangzhou night show.

Finance costs

Finance costs remained relatively stable and amounted to RMB881 thousand and RMB839 thousand in 2024 and 2025, respectively.

Income tax expenses

Income tax expenses increased by approximately 16.0% from RMB14.9 million in 2024 to RMB17.3 million in 2025, in line with our revenue growth and net profit growth during the same period.

Profit and total comprehensive income for the year

As a result of the foregoing, our profit and total comprehensive income increased by approximately 21.2% from RMB42.9 million in 2024 to RMB52.0 million in 2025, in line with our overall revenue growth for the period.

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenue

Revenue increased by approximately 2.1% from RMB109.1 million in 2023 to RMB111.4 million in 2024, primarily due to (i) our purchase of more boats and tour buses in 2024 which increased our maximum passenger capacity per day which in turn led to the increase in our revenue; and (ii) the launch of the Grand Canal Yangzhou night show in October 2024.

Revenue generated from water sightseeing boat service increased slightly by approximately 1.0% from RMB95.1 million in 2023 to RMB96.0 million in 2024, which was result of the continuous business development of our Company, including the launch of the Grand Canal Yangzhou night show in October 2024, its growing popularity among visitors and the continuous tourism booming in domestic market during the period, and partially offset by the decrease in boat tickets sales due to the construction works carried out in the Ancient Canal Area for the launch of the Grand Canal Yangzhou night show from August to September, 2024.

Revenue generated from sightseeing tour bus service increased by approximately 21.9% from RMB7.6 million in 2023 to RMB9.2 million in 2024, primarily driven by the growing demand of visitors for our sightseeing tour bus services as a more flexible option for touring around within the Shugang-Slender West Lake Scenic Area and the increase in number of our operating sightseeing tour buses from ten in 2023 to 24 in 2024.

Revenue generated from provision of management services increased slightly by approximately 7.0% from RMB5.3 million in 2023 to RMB5.7 million in 2024 which is in line with the overall development of the regional tourism business.

Cost of sales

Cost of sales increased by approximately 13.7% from RMB44.7 million in 2023 to RMB50.8 million in 2024, primarily due to increase in employee compensation as a result of the increase in our bonus paid to employees and increase in our revenue-sharing paid to Yangzhou Media Co. under the 2022 Cooperation Agreements along with the revenue growth of Gaoyou City Lake Tourism Resort in 2024.

Gross profit and gross profit margin

Gross profit decreased by approximately 5.9% from RMB64.4 million in 2023 to RMB60.6 million in 2024, primarily due to the increase of employee compensation in 2024 as a result of certain dispatched employees becoming directly employed by us and increase in commission paid to tour bus drivers and Yuloh boat drivers as the revenue generated from them increased.

The overall gross profit margin slightly decreased from 59.0% in 2023 to 54.4% in 2024, primarily due to our increased costs on the development and launch of the Grand Canal Yangzhou night show in October 2024.

Our gross profit for water sightseeing boat service remained relatively stable as compared to that in 2024, amounting to RMB56.9 million in 2023 to RMB54.0 million in 2024. Our gross profit margin decreased from 59.8% in 2023 to 56.2% in 2024 primarily due to the increase in cost of sales by RMB3.9 million in relation to the preparation and launch of the Grand Canal Yangzhou night show, higher commissions paid to Yuloh boat operators and costs relating to the 20 new boats, while revenue increased by only RMB0.9 million during the same period. Within this segment, the gross profit generated from our standard sightseeing boat services decreased from RMB30.8 million in 2023 to RMB26.0 million in 2024, with the gross profit margin declining from 53.7% to 48.4%, primarily attributable to the acquisition of 20 premium eco-friendly painted leisure boats in 2024, which resulted in higher depreciation and related operating costs.

Our gross profit for sightseeing tour bus service increased by approximately 2.9% from RMB4.4 million in 2023 to RMB4.5 million in 2024, primarily due to our revenue increase for the same period. At the same time, as our costs on purchase of 14 new tour buses which led to increase in depreciation costs outpaced the increase in revenue, as a result, our gross profit margin for sightseeing tour bus service decreased from 58.3% in 2023 to 49.2% in 2024.

Our gross profit for management service decreased by approximately 15.0% from RMB2.1 million in 2023 to RMB1.7 million in 2024, primarily due to increase in the number of employees and their compensation for the management business segment which outpaced the increase in our variable fees linked to the revenue of Gaoyou City Lake Tourism Resort for the same period. As a result of the foregoing, our gross profit margin for management service decreased from 38.4% in 2023 to 29.5% in 2024.

Other income and gains

Other income and gains increased by approximately 8.6% from RMB4.6 million in 2023 to RMB5.0 million in 2024, primarily because we scaled up our investment amount on structured deposits during the period which led to increase in investment income derived from structured deposits upon their maturity in 2024.

Selling and distribution expenses

Selling and distribution expenses decreased by approximately 14.0% from RMB1.7 million in 2023 to RMB1.4 million in 2024, primarily due to decrease in service fees charged by certain OTA platforms together with the decrease in sales of tickets through such OTA platforms.

Administrative expenses

Administrative expenses increased by approximately 4.4% from RMB4.5 million in 2023 to RMB4.7 million in 2024, primarily due to increase in number of employees of general and administration functions in 2024 which led to the increase of employee compensation for that year.

Impairment reversal on financial assets, net

The reversal of net impairment on financial assets decreased from RMB11 thousand in 2023 to RMB3 thousand in 2024.

Other expenses

Other expenses increased by approximately 50.9% from RMB530 thousand in 2023 to RMB800 thousand in 2024, primarily due to the increase in the impairment of the physical tickets in stock which led the increase in other expenses.

Finance costs

Finance costs decreased by approximately 7.2% from RMB949 thousand in 2023 to RMB881 thousand in 2024, primarily due to the amortisation of long-term operation rights.

Income tax expenses

Income tax expenses remained relatively stable and amounted to RMB15.0 million and RMB14.9 million in 2023 and 2024 respectively.

Profit and total comprehensive income for the year

As a result of the foregoing, our profit and total comprehensive income decreased by approximately 7.6% from RMB46.4 million in 2023 to RMB42.9 million in 2024.

ANALYSIS OF SELECTED ITEMS OF COMPONENTS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The table below sets forth the breakdown of assets and liabilities as of the dates indicated.

	As of December 31			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment	11,975	72,349	82,405	79,829
Right-of-use assets	265	177	88	44
Intangible assets	17,184	24,071	21,081	19,572
Deferred tax assets	177	470	1,486	1,389
Other non-current assets	3,327	2,916	3,655	12,866
Total non-current assets	**32,928**	**99,983**	**108,715**	**113,700**
Current assets				
Inventories	198	—	165	97
Trade receivables	415	258	611	2,272
Prepayments, other receivables and other assets	514	4,811	19,309	19,253
Income tax recoverable	—	—	2,489	—
Financial assets at fair value through profit or loss ("**FVTPL**")	131,137	160,913	189,995	180,700
Cash and cash equivalents	29,873	41,389	28,875	67,104
Total current assets	**162,137**	**207,371**	**241,444**	**269,426**
Current liabilities				
Trade and other payables	7,263	54,154	27,668	19,380
Lease liabilities	82	95	91	93
Income tax payable	2,508	1,227	3,981	8,437
Contract liabilities	431	375	592	918
Total current liabilities	**10,284**	**55,851**	**32,332**	**28,828**
Non-current liabilities				
Lease liabilities	195	96	—	—
Deferred income	—	—	560	490
Deferred tax liabilities	—	7	—	—
Long-term payables	18,267	42,197	63,738	63,510
Total non-current liabilities	**18,462**	**42,300**	**64,298**	**64,000**
Net current assets	**151,853**	**151,520**	**209,112**	**240,598**
Net assets	**166,319**	**209,203**	**253,529**	**290,298**

Property, plant and equipment

Our property, plant and equipment increased significantly from RMB12.0 million as of December 31, 2023 to RMB72.3 million as of December 31, 2024, primarily due to purchase of a modern yacht and other lighting and show related equipment for the Grand Canal Yangzhou night show in 2024 as

well as additional tour buses to meet our business growth. Our property, plant and equipment increased from RMB72.3 million as of December 31, 2024 to RMB82.4 million as of December 31, 2025, primarily due to our purchase of a new modern yacht in 2025. Our property, plant and equipment decreased by approximately 3.2% from RMB82.4 million as of December 31, 2025 to RMB79.8 million as of June 30, 2026, primarily because depreciation of RMB4.9 million and a cost adjustment of RMB0.7 million arising from the settlement review under the Performance Services Agreement with Yao Youguang, which confirmed an amount payable lower than previously expected.

Right-of-use assets

Our right-of-use assets represent our lease of functional space at Bianyi Gate Square in Yangzhou. Our right-of-use assets amounted to RMB265 thousand, RMB177 thousand, RMB88 thousand and RMB44 thousand as of December 31, 2023, 2024 and 2025 and June 30, 2026. The decreasing trend of our right-of-use assets through the Track Record Period was primarily due to depreciation of the lease over such period.

Intangible assets

Our intangible assets mainly represent exclusive operation rights, software and intellectual properties. Our intangible assets increased from RMB17.2 million as of December 31, 2023 to RMB24.1 million as of December 31, 2024, primarily relating to intellectual property in relation to the Grand Canal Yangzhou night show. Our intangible assets decreased from RMB24.1 million as of December 31, 2024 to RMB21.1 million as of December 31, 2025 and further decreased to RMB19.6 million as of June 30, 2026, primarily due to amortization of our operation rights and intellectual property over estimated useful lives.

Other non-current assets

Our other non-current assets are comprised of prepayment for property, plant and equipment and value-added-tax recoverable. Our other non-current assets decreased from RMB3.3 million as of December 31, 2023 to RMB2.9 million as of December 31, 2024, primarily due to net impact of (i) prepayment of RMB2.9 million for the purchase of a new modern yacht and (ii) recognition of previously purchased assets as property, plant and equipment. Our other non-current assets increased from RMB2.9 million as of December 31, 2024 to RMB3.7 million as of December 31, 2025, primarily due to prepayments made for purchasing new boats in response to our operational needs. Our other non-current assets increased from RMB3.7 million as of December 31, 2025 to RMB12.9 million as of June 30, 2026, mainly due to (i) an increase in prepayments for the procurement of two lithium battery-powered boats; and (ii) an increase in recoverable value-added tax in relation to lighting and show-related equipment for the Grand Canal Yangzhou night show and the procurement of two themed boats.

As of June 30, 2026, we had a total amount of RMB12.9 million, primarily derived from our purchase of boats and lighting and show related equipment in relation to the Grand Canal Yangzhou night show.

The table below sets forth the breakdown of our other non-current assets as of the dates indicated:

	As of December 31			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayment for property, plant and equipment	3,327	2,916	3,655	8,430
Value-added tax recoverable	—	—	—	4,436
Total	**3,327**	**2,916**	**3,655**	**12,866**

Inventories

Our inventories consist of (i) physical tickets for our water sightseeing boat service and sightseeing tour bus service prior to 2025 and (ii) cultural and creative products for 2025 and the six months ended June 30, 2026. With the introduction of our smart ticketing systems in 2024, we no longer need the physical tickets and therefore we disposed of all the physical tickets, which were accounted for as impairment losses on inventory in our financial statements. The value of our inventories amounted to RMB198 thousand, nil, RMB165 thousand and RMB97 thousand, accounting for less than 0.1% of our total current assets as of December 31, 2023, 2024 and 2025 and June 30, 2026, respectively.

As of August 31, 2026, we had inventories of approximately RMB97 thousand, representing the C&C products.

The table below sets forth our inventory turnover days for the periods indicated:

	For the year ended December 31			For the six months ended June 30, 2026
	2023	2024	2025	
Inventory turnover days	1.6	0.7	0.5	0.8

Note: Calculated based on the average balance of inventory divided by the cost of sales for the relevant year and multiplied by the number of days in the relevant year. Average balance of inventory is calculated as the sum of the beginning balance and ending balance for the relevant year. The number of days for the year ended December 31 is 365 days and for the six months ended June 30 is 182 days.

Inventory turnover days decreased from 1.6 days in 2023 to 0.7 days in 2024 and further decreased slightly to 0.5 days in 2025, primarily due to the decrease in our physical tickets after the introduction of our smart ticketing system. Our inventory turnover days was 0.5 days in 2025 and 0.8 days for the six months ended June 30, 2026 in relation to our C&C products, which demonstrated the popularity of our C&C products and our ability to market and sell those C&C products.

Trade receivables

Our trade receivables mainly represent the balances due from our customers. Our total trade receivables decreased from RMB0.4 million as of December 31, 2023, to RMB0.3 million as of December 31, 2024, mainly attributable to our efforts in collecting debts. Our trade receivables subsequently increased to RMB0.6 million as of December 31, 2025, mainly attributable to the increase in boat ticket receivables from the Slender West Lake Administration Office in 2025 in line with the increase in their purchases of our boat tickets in connection with our collaboration with the Slender West Lake Administration Office and other touristic attractions in Yangzhou in the summer of 2025 to promote integrated land-and-water tourism ticket packages where the Slender West Lake Administration Office sold the ticket packages online and then settle with us the amounts relating to the sale of our water sightseeing boat services. Our trade receivables further increased to RMB2.3 million as of June 30, 2026, mainly due to receivables of approximately RMB1.8 million from Gaoyou Tourism Investment Co. in respect of management services provided to Gaoyou City Lake Tourism Resort under the 2025 Cooperation Agreements.

The table below sets forth the breakdown of our trade receivables as of the dates indicated:

	As of December 31			As of June 30, 2026
	2023	2024	2025	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	439	278	624	2,392
Less: impairment	(24)	(20)	(13)	(120)
Total	**415**	**258**	**611**	**2,272**

The table below sets forth our trade receivables turnover days for the periods indicated:

	For the year ended December 31			For the six months ended June 30, 2026
	2023	2024	2025	
Trade receivables turnover days	1.9	1.1	1.1	3.2

Note: Calculated based on the average balance of trade receivables divided by total revenue for the relevant year and multiplied by the number of days in the relevant year. Average balance of trade receivables is calculated as the sum of the beginning balance and ending balance for the relevant year. The number of days for the year ended December 31 is 365 days and for the six months ended June 30 is 182 days.

We allow a credit period of up to 30 days to our long-standing and good credit standing corporate customers. In 2023, 2024 and 2025 and the six months ended June 30, 2026, our trade receivables turnover days were 1.9 days, 1.1 days, 1.1 days and 3.2 days, respectively, which were within the range of credit period granted to our customers.

The table below sets forth the aging analysis of our trade receivables, net of loss allowance for impairment, as of the dates indicated, based on the invoice date:

	As of December 31			As of June 30, 2026
	2023	2024	2025	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	388	180	611	2,272
1 to 2 years	27	64	—	—
2 to 3 years	—	14	—	—
Total	**415**	**258**	**611**	**2,272**

As of December 31, 2023 and 2024, approximately 91.1% and 69.8% of our trade receivables net of loss allowance were aged less than one year. The decrease in our trade receivables net of impairment with a term of less than one year from 2023 to 2024 was primarily because we collected outstanding balance in time. The significant increase of trade receivables net of impairment with a term of less than one year as of December 31, 2025 as compared to December 31, 2024 was primarily because of RMB357.1 thousand of boat ticket receivables from the Slender West Lake Administration Office in 2025. The increase of trade receivables net of impairment with a term of less than one year as of December 31, 2025 as compared to June 30, 2026 was primarily because of approximately RMB1.8 million from Gaoyou Tourism Investment Co. in respect of management services provided to Gaoyou City Lake Tourism Resort under the 2025 Cooperation Agreements.

As of December 31, 2023, 2024 and 2025 and June 30, 2026, we made provisions for impairment of trade receivables of approximately RMB24 thousand, RMB20 thousand, RMB13 thousand and RMB120 thousand, respectively, which we believe were sufficient as of the end of each year during the Track Record Period.

As of August 31, 2026, RMB2.2 million, or 93.45% of our total trade receivables before impairment as of June 30, 2026, had been settled subsequent to June 30, 2026. Our Directors are of the view that there were no recoverability issues in respect of our trade receivables and that sufficient provisions had been made as of June 30, 2026.

Prepayment, other receivables and other assets

Our prepayment, other receivables and other assets consist of value-added input tax, prepayment for prepaid fuel top-up cards, deposits and other receivables relating to change fund for ticket clerks and procurement fund and value-added-tax recoverable. As of December 31, 2023, 2024 and 2025 and June 30, 2026, our prepayment, other receivables and other assets amounted to RMB0.5 million, RMB4.8 million, RMB19.3 million and RMB19.3 million, respectively.

The table below sets forth the breakdown of our prepayment, other receivables and other assets as of the dates indicated:

	As of December 31			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments	84	166	445	329
Deposits and other receivables	48	62	120	23
Value-added-tax recoverable	382	4,583	5,666	2,321
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	**514**	**4,811**	**19,309**	**19,253**

Prepayments

Prepayments mainly represents our prepayment for prepaid fuel top-up cards. Our prepayments amounted to RMB84 thousand, RMB166 thousand, RMB445 thousand and RMB329 thousand as of December 31, 2023, 2024 and 2025 and June 30, 2026, respectively.

As of December 31, 2023, 2024 and 2025 and June 30, 2026, our prepayments relating to prepayment for prepaid fuel top-up cards were aged less than one year.

Deposits and other receivables

Deposits and other receivables mainly represents change fund for ticket clerks and procurement fund for administration and procurement departments. Our deposits and other receivables amounted to RMB48 thousand, RMB62 thousand, RMB120 thousand and RMB23 thousand as of December 31, 2023, 2024 and 2025 and June 30, 2026, primarily due to partial settlement on the fund for procurement.

Value-added-tax recoverable

Value-added-tax recoverable increased from RMB382 thousand as of December 31, 2023 to RMB4.6 million as of December 31, 2024 primarily due to our investment in the Grand Canal Yangzhou night show and further acquisition of boats for the show as a result of its increasing popularity among visitors. Value-added-tax recoverable further increased to RMB5.7 million as of December 31, 2025, primarily because deductible input VAT on newly acquired boats was not deducted in 2025. Value-added tax recoverable further decreased from RMB5.7 million as of December 31, 2025 to RMB2.3 million as of June 30, 2026, primarily because a portion of our value-added tax recoverable was classified as other non-current assets as such amount was not expected to be utilized within one year. Deductible input VAT represents VAT incurred on our purchases of goods, equipment and services that may, subject to applicable tax rules, be offset against our output VAT. In 2025, the deductible input VAT arising from our newly acquired boats exceeded the output VAT generated during the same year and therefore could not be fully offset, with the remaining balance carried forward for deduction in subsequent periods. As of December 31, 2025, based on our then-existing plan to apply for VAT credit refunds, such balance was expected to be recovered within 12 months and was therefore classified as current assets.

Financial assets at fair value through profit or loss

Our financial assets at FVPL consist of low-risk and short-term structured deposits we purchased from domestic reputable commercial banks. Return on such structured deposits depended on the performance of the underlying investments, primarily including large-denomination certificates of deposit, structural deposits and bilateral deposits. By virtue of these underlying investments, we believe the structured deposits we purchased were flexible, low-risk and non-speculative in nature. These investments generally have a fixed term but not fixed coupon rate and may be redeemed any time at our discretion.

We managed and evaluated the performance of structured products on a fair value basis in accordance with our business needs and investment strategy. Upon [REDACTED], our investment in financial assets at fair value through profit or loss will be subject to compliance with Chapter 14 of the Listing Rules. See "— Liquidity and Capital Resources — Policies for Wealth Management Products" below for further details on our policies for wealth management products.

Our financial assets at FVTPL increased from RMB131.1 million as of December 31, 2023 to RMB160.9 million as of December 31, 2024, primarily due to increase in our revenue for the same period which allowed us to have more cash flow for investment in structured deposits. Our financial assets at FVTPL increased from RMB160.9 million as of December 31, 2024 to RMB190.0 million as of December 31, 2025 because of an increase of structured deposits in the principal amount of approximately RMB30.0 million. Our financial assets at FVTPL decreased by approximately 4.9% from RMB190.0 million as of December 31, 2025 to RMB180.7 million as of June 30, 2026, mainly reflecting net redemptions of structured deposits during the period.

Cash and cash equivalents

Our cash and cash equivalents comprise cash at bank and in hand. Our cash and cash equivalents increased from RMB29.9 million as of December 31, 2023 to RMB41.4 million as of December 31, 2024, primarily due to increase in our revenue for the same period driven by the lifting of COVID-19 pandemic restrictions and the rapid rebound of consumer travel. Our cash and cash equivalents decreased from RMB41.4 million as of December 31, 2024 to RMB28.9 million as of December 31, 2025, primarily due to the increase in our purchases of structured deposits in 2025 compared to 2024. Our cash and cash equivalents increased by approximately 132.2% from RMB28.9 million as of December 31, 2025 to RMB67.1 million as of June 30, 2026, reflecting the net increase in cash generated during the period.

All of our cash and cash equivalents are denominated in RMB.

Trade and other payables

Our trade and other payables primarily represent payables for property, plant and equipment and intangible assets, salary payables relating to employees' compensation, including salaries and bonus redemption liability and amounts due to related parties. Our trade and other payables amounted to RMB7.3 million, RMB54.2 million, RMB27.7 million and RMB19.4 million in 2023, 2024 and 2025 and the six months ended June 30, 2026, respectively.

The table below sets forth the key components of our trade and other payables as of the dates indicated:

	As of December 31			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Payables for property, plant and equipment and intangible assets	86	8,972	5,615	5,196
Payroll payables	5,457	7,945	7,095	5,312
Other tax payables	21	51	598	1,413
Redemption liability, current portion	—	20,000	—	—
Amount due to related parties	—	14,754	12,044	2,383
Long term payable of exclusive operation rights due within one year	769	962	1,079	—
[REDACTED] payable	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Others	930	1,470	1,237	1,664
Total	**7,263**	**54,154**	**27,668**	**19,380**

Note: "Others" mainly represent deposit paid to our suppliers.

Our payables for property, plant and equipment and intangible assets increased significantly from RMB86 thousand as of December 31, 2023 to RMB9.0 million as of December 31, 2024, primarily due to increase in payables in relation to the purchase of boats and lighting equipment in relation to the Grand Canal Yangzhou night show. Our payables for property, plant and equipment and intangible assets decreased from RMB9.0 million as of December 31, 2024 to RMB5.6 million as of December 31, 2025, primarily due to settlement of payables due in 2025 in relation to the boat and lighting equipment purchases for the Grand Canal Yangzhou night show carried from 2024. Our payables for property, plant and equipment and intangible assets remained relatively stable, amounting to RMB5.6 million as of December 31, 2025 and to RMB5.2 million as of June 30, 2026.

Our payroll payables increased from RMB5.5 million as of December 31, 2023 to RMB7.9 million as of December 31, 2024, primarily driven by our revenue growth in 2023 which in turn resulted in the increase in bonus payables to our employees. Our payroll payables decreased slightly from RMB7.9 million as of December 31, 2024 to RMB7.1 million as of December 31, 2025 primarily due to lower staffing needs following system automation. Our payroll payables decreased from RMB7.1 million as of December 31, 2025 to RMB5.3 million as of June 30, 2026, primarily because the payroll payables as of December 31, 2025 included employee bonuses accrued for the full year of 2025, while those as of June 30, 2026 only included employee bonuses accrued for the first half of 2026.

Our other tax payables represent value-added tax payable. Our other tax payables increased significantly from RMB51 thousand as of December 31, 2024 to RMB598 thousand as of December 31, 2025, primarily due to higher VAT payable arising from increase in taxable revenue for the same period. Our other tax payables further increased to RMB1.4 million as of June 30, 2026, primarily due to higher taxable revenue generated during the peak tourism season from March to June.

Redemption liability, current portion, represents our liability arising from a put option arrangement with non-controlling shareholder of Yangzhou Yuntong. Redemption liability, current amounted to RMB20 million, nil and nil as of December 31, 2024, December 31, 2025 and June 30, 2026, respectively.

Amount due to related parties primarily represent fees due to Yao Youguang. Amount due to related parties amounted to RMB14.8 million and RMB12.0 million as of December 31, 2024 and December 31, 2025, respectively, in line with the contractual terms. According to the relevant agreement, such amount due to related parties are trade in nature. Amount due to related parties decreased to RMB2.4 million as of June 30, 2026, primarily due to the settlement of approximately RMB10.4 million of outstanding service fees payable to Yao Youguang under the Performance Services Agreement following completion of the settlement review.

Long term payable of exclusive operation rights due within one year represent our payables of exclusive operation rights for our water sightseeing boat services and sightseeing tour bus services in the Shugang-Slender West Lake Scenic Area. Long term payable of exclusive operation rights due within one year increased from RMB769 thousands of December 31, 2023 to RMB962 thousand as of December 31, 2024 and further increased to RMB1.1 million as of December 31, 2025, primarily due to amortisation of such exclusive operation rights due within one year. Long term payable of exclusive operation rights due within one year decreased to nil as of June 30, 2026 as the exclusive operation rights fees payable for 2026 were fully settled in May 2026.

During the Track Record Period and up to the Latest Practicable Date, our Directors confirm that we did not default in payment of any trade and other payables.

We are normally granted credit terms of up to 30 days. Our trade payables turnover days were not applicable for 2023 and 2024 as we had no trade payables balances for the relevant periods, and were 0.4 days in 2025 and 0.5 days for the six months ended June 30, 2026. Such trade payables turnover days were calculated based on the average balance of trade payables divided by total cost of sales for the relevant period and multiplied by the number of days in the relevant period. Average balance of trade payables is calculated as the sum of the beginning balance and ending balance for the relevant period.

We generally made payment to our suppliers in a timely manner in order to maintain good and stable strategic relationship with our suppliers. We have financial risk management policies in place to ensure that all payables are within the credit timeframe.

As of August 31, 2026, we had settled RMB24.7 thousand of our trade payables outstanding as of June 30, 2026, representing 64.39% of the total trade payables as of such date.

Income tax payables

Our tax payable decreased from RMB2.5 million as of December 31, 2023 to RMB1.2 million as of December 31, 2024, primarily due to decrease in our Company's profits before income tax in 2024. Our tax payable increased from RMB1.2 million as of December 31, 2024 to RMB4.0 million as of December 31, 2025, primarily due to increase in our Company's profits before income tax in 2025. Our tax payable increased from RMB4.0 million as of December 31, 2025 to RMB8.4 million as of June 30, 2026, primarily because certain income tax accrued for the second quarter of 2026 had not yet fallen due for payment as of June 30, 2026.

Contract liabilities

Our contract liabilities represent advances of boat tickets received from our customers. We typically receive a security deposit of RMB50,000 from our travel agencies who are our corporate customers and a security deposit of RMB1,000 from certain OTA platforms who are our boat ticket sales channels. The general utilization period of our contract liabilities during the Track Record Period was within 60 days.

Our contract liabilities was RMB431 thousand, RMB375 thousand, RMB592 thousand and RMB918 thousand as of December 31, 2023, 2024 and 2025 and June 30, 2026, respectively.

Almost all of our contract liabilities at the end of each year comprising the Track Record Period are aged less than 60 days.

Long-term payables

Our long-term payables mainly represent long-term payables of operation rights for operating water sightseeing boat services and sightseeing tour buses within the Shugang-Slender West Lake Scenic Area and our Company's redemption liability to purchase the non-controlling interests of Yangzhou Yuntong, a non-wholly owned subsidiary of our Company.

The table below further sets forth the breakdown of our long-term payables as of the dates indicated:

	As of December 31			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Long-term payable of exclusive operation rights	18,219	17,197	16,118	15,770
Redemption liability, non-current portion	—	25,000	47,620	47,740
Others	48	—	—	—
Total	**18,267**	**42,197**	**63,738**	**63,510**

Note: Redemption liability is arising from a put option arrangements with non-controlling shareholders of Yangzhou Yuntong. See note 16 to the Accountants' Report in Appendix I to this document.

Our long-term payables of exclusive operation rights amounted to RMB18.2 million, RMB17.2 million, RMB16.1 million and RMB15.8 million as of December 31, 2023, 2024 and 2025 and June 30, 2026, respectively. The decrease in our long-term payables of exclusive operation rights from 2023 to 2025 and further to the six months ended June 30, 2026 was mainly due to payment made by our Company for the exclusive operation rights fees as agreed in the 2015 Concession Agreement and the 2022 Concession Agreement.

Our redemption liability amounted to RMB25.0 million, RMB47.6 million and RMB47.7 million as of December 31, 2024 and 2025 and June 30, 2026, respectively. Our redemption liabilities arose from the put option arrangements with the non-controlling shareholders of Yangzhou Yuntong in connection with the capital increase agreement entered into by us and the other shareholders of Yangzhou Yuntong in 2024, pursuant to which we are contractually obliged to acquire their equity interests in Yangzhou Yuntong before January 31, 2030 at a purchase price determined based on the valuation of Yangzhou Yuntong at the date of the acquisition. See "Our History and Development — Our Subsidiary — Yangzhou Yuntong" and note 16 to the Accountants' Report in Appendix I to this document.

NET CURRENT ASSETS

We recorded net current assets of RMB151.9 million, RMB151.5 million, RMB209.1 million, RMB240.6 million and RMB250.1 million as of December 31, 2023, 2024 and 2025, June 30, 2026 and August 31, 2026, respectively. The table below sets forth the breakdown of our current assets and liabilities as of the dates indicated.

	As of December 31			As of June 30,	As of August 31,
	2023	2024	2025	2026	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Current assets					
Inventories	198	—	165	97	97
Trade receivables	415	258	611	2,272	455
Prepayments, other receivables and other assets	514	4,811	19,309	19,253	19,560
Income-tax recoverable	—	—	2,489	—	—
Financial assets at FVTPL	131,137	160,913	189,995	180,700	80,000
Cash and cash equivalents	29,873	41,389	28,875	67,104	165,664
Total current assets	**162,137**	**207,371**	**241,444**	**269,426**	**265,776**
Current liabilities					
Trade and other payables	7,263	54,154	27,668	19,380	12,822
Lease liabilities	82	95	91	93	94
Income tax payable	2,508	1,227	3,981	8,437	1,773
Contract liabilities	431	375	592	918	999
Total current liabilities	**10,284**	**55,851**	**32,332**	**28,828**	**15,688**
Net current assets	**151,853**	**151,520**	**209,112**	**240,598**	**250,088**

Our net current assets remained relatively stable, amounting to RMB151.9 million as of December 31, 2023 and RMB151.5 million as of December 31, 2024.

Our net current assets increased from RMB151.5 million as of December 31, 2024 to RMB209.1 million as of December 31, 2025, mainly attributable to increase in trade receivables and prepayments, other receivables and other assets, partially offset decrease in cash and cash equivalents.

Our net current assets increased by approximately 15.1% from RMB209.1 million as of December 31, 2025 to RMB240.6 million as of June 30, 2026, mainly due to the increase in cash and cash equivalents and the decrease in trade and other payables, partially offset by the decrease in financial assets at FVTPL. Our net current assets amounted to RMB250.1 million as of August 31, 2026.

WORKING CAPITAL SUFFICIENCY

Taking into account cash and cash equivalents on hand, our operating cash flows and the estimated [REDACTED] available to us from the [REDACTED], our Directors believe that we have sufficient working capital for our present requirements and for at least the next 12 months from the date of this document.

Our future cash requirements will depend on many factors, including our operating income, capital expenditures on property, plant and equipment and intangible assets, market acceptance of our services and products offering or other changing business conditions and future developments, including any investments or acquisitions we may decide to pursue. We may require additional cash due to changing business conditions or other future developments. If our existing cash is insufficient to meet our requirements, we may seek to borrow from lending institutions. See "Risk Factors — Risks Relating to Our Business and Industry — Failure to successfully execute our equipment upgrade and capacity expansion plans may have a material adverse effect on our business, financial conditions and results of operations."

LIQUIDITY AND CAPITAL RESOURCES

Historically, we funded our operations primarily with net cash generated from our operating operations and funds raised through private placements. As of June 30, 2026, we had RMB67.1 million in cash and cash equivalents, all of which were denominated in RMB. Our cash and cash equivalents primarily consist of cash on hand and bank balances.

The table below sets forth a summary of our consolidated statement of cash flows for the periods indicated:

	Year ended December 31			Six months ended June 30, 2026
	2023	2024	2025	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash generated from operations	65,678	64,638	84,906	54,199
Income tax paid	(13,553)	(16,502)	(18,082)	(5,241)
Net cash generated from operating activities	52,125	48,136	66,824	48,958
Net cash used in investing activities	(62,919)	(79,820)	(55,962)	(8,225)
Net cash generated from/(used in) financing activities	25,940	43,200	(23,376)	(2,504)
Net increase/(decrease) in cash and cash equivalents	15,146	11,516	(12,514)	38,229
Cash and cash equivalents at beginning of year	14,727	29,873	41,389	28,875
Cash and cash equivalents at end of year	**29,873**	**41,389**	**28,875**	**67,104**

Operating Activities

We derive our cash inflows from operations principally from the sales of our boat tickets and tour bus tickets as well as the provision of management services. Our cash outflows used in operations are principally payments for the employee compensations, dispatched employee fees and fuel.

Cash generated from operations reflects our profit before income tax, adjusted for (i) the cash flow effects of non-cash items, including depreciation of property, plant and equipment, depreciation of right-of-use assets, amortization of intangible assets, provision or reversal of impairment of trade receivables and other current financial assets, finance costs, reversal or provision of impairment of inventories, fair value gains or loss on structured deposits, investment income from structured deposits and loss on disposal of items of property, plant and equipment; and (ii) the effects of changes in our working capital, including increases or decrease in inventories, trade receivables, prepayment, other receivables and other assets, trade and other payables, contract liabilities and increase in long-term payables.

For the six months ended June 30, 2026, our net cash generated from operating activities was RMB49.0 million, primarily attributable to profit before tax of RMB49.1 million, as adjusted for certain non-cash items and working capital adjustments. Negative working capital adjustment primarily reflected (i) an increase in trade receivables of RMB1.8 million and (ii) an increase in prepayments, other receivables and other assets of RMB2.7 million, which were partially offset by positive adjustments mainly including (i) an increase in trade and other payables of RMB4.2 million, (ii) an increase in contract liabilities of RMB0.3 million and (iii) a decrease in inventories of RMB68 thousand.

In 2025, our net cash generated from operating activities was RMB66.8 million, primarily attributable to profit before tax of RMB69.3 million, adjusted for certain non-cash items and working capital adjustments. Negative working capital adjustment reflected (i) an increase in inventories of RMB165 thousand, and (ii) an increase in trade receivables of RMB346 thousand, which were offset by positive adjustments including (i) a decrease in prepayment, other receivables and other assets of RMB1,579 thousand, (ii) an increase in contract liabilities of RMB217 thousand, (iii) an increase in trade and other payables of RMB500 thousand, and (iv) an increase in deferred income related to income of RMB700 thousand.

In 2024, our net cash generated from operating activities was RMB48.1 million, primarily attributable to profit before tax of RMB57.8 million, adjusted for certain non-cash items and working capital adjustments. Negative working capital adjustment reflected a decrease in contract liabilities of RMB56 thousand and increase in long-term payables of RMB48 thousand, which were offset by positive adjustments primarily including (i) a decrease in prepayment, other receivables and other assets of RMB1.6 million; (ii) a decrease in trade receivables of RMB161 thousand and (iii) an increase in trade and other payables of RMB3.1 million.

In 2023, our net cash generated from operating activities was RMB52.1 million, primarily attributable to profit before tax of RMB61.4 million, adjusted for certain non-cash items and working capital adjustments. Negative working capital adjustment reflected a decrease in contract liabilities of RMB276 thousand and increase in prepayment, other receivables and other assets of RMB174 thousand, which were offset by positive adjustments primarily including an increase in trade and other payables of RMB2.4 million.

Investing Activities

Our cash outflows used in investing activities primarily reflect payment for the purchase of property, plant and equipment and purchase of financial assets at FVTPL. Our cash inflows generated from investing activities reflect proceeds from disposal of financial assets at FVTPL.

For the six months ended June 30, 2026, our net cash used in investing activities was RMB8.2 million, which was primarily attributable to (i) purchases of financial assets at FVTPL of RMB380.0 million, (ii) purchases of property, plant and equipment of RMB17.3 million and (iii) purchases of intangible assets of RMB2.2 million, partially offset by proceeds from disposal of financial assets at FVTPL of RMB391.2 million.

In 2025, our net cash used in investing activities was RMB56.0 million, which was primarily attributable to (i) purchase of financial assets at FVTPL of RMB770.0 million, (ii) purchase of property, plant and equipment of RMB26.6 million, and (iii) additions to intangible assets of RMB2.7 million, partially offset by proceeds from disposal of financial assets at FVTPL of RMB743.4 million.

In 2024, our net cash used in investing activities was RMB79.8 million, which was primarily attributable to (i) purchase of financial assets at FVTPL of RMB723.0 million and (ii) purchase of property, plant and equipment of RMB49.6 million, partially offset by proceeds from disposal of financial assets at FVTPL of RMB697.1 million.

In 2023, our net cash used in investing activities was RMB62.9 million, which was primarily attributable to (i) purchase of financial assets at FVTPL of RMB385.0 million and (ii) purchase of property, plant and equipment of RMB5.5 million, partially offset by proceeds from disposal of financial assets at FVTPL of RMB327.6 million.

The increase in cash used in purchasing property, plant, equipment from RMB5.5 million in 2023 to RMB49.6 million in 2024 was primarily attributable to purchase of boats and show-related equipment such as lighting equipment for the Grand Canal Yangzhou night show launched in October 2024.

Financing Activities

Our cash inflows from financing activities primarily include issue of shares of our Company and capital injection in Yangzhou Yuntong by its shareholders (except for us). Our cash outflows from financing activities primarily include dividends payments, share issue expenses and lease payment.

For the six months ended June 30, 2026, our net cash used in financing activities was RMB2.5 million, which was attributable to (i) principal portion of exclusive operation rights payments of RMB1.8 million and (ii) payment of [REDACTED] of RMB[REDACTED] million. Our net cash used in financing activities decreased from RMB7.7 million for the six months ended June 30, 2025 to RMB2.5 million for the six months ended June 30, 2026, primarily because no dividend was paid during the six months ended June 30, 2026, whereas dividends of RMB7.7 million were paid during the corresponding period in 2025, partially offset by the exclusive operation rights payments and [REDACTED] paid during the six months ended June 30, 2026.

In 2025, our net cash used in financing activities was RMB23.4 million, which was attributable to the dividend payment to shareholders of our Company in June 2025. See note 11 to the Accountants' Report set out in Appendix I to this document.

In 2024, our net cash generated from financing activities was RMB43.2 million, which was attributable to the capital injection of RMB45.0 million in Yangzhou Yuntong by its minority shareholders, partially offset by principal portion of exclusive operation rights payment of RMB1.7 million and our lease payment for the year of RMB95.0 thousand relating to the lease of our office building at Bianyi Gate Plaza in Yangzhou. See "Our History and Development — Our Subsidiary — Yangzhou Yuntong."

In 2023, our net cash generated from financing activities was RMB25.9 million, which was attributable to proceeds from issue of our shares to Grand Canal Fund of approximately RMB28.6 million, partially offset by share issue expenses of RMB140 thousand in relation to share issue to Grand Canal Fund, lease payments of RMB95 thousand relating to the lease of our office building at Bianyi Gate Plaza in Yangzhou and the principal portion of exclusive operation rights payments of RMB2.4 million.

Policies for Wealth Management Products

From time to time, we may purchase wealth management products, which are low-risk investments with the primary purpose of capital preservation. We primarily consider the following factors before purchasing wealth management products.

- ***Product selection and investment risk.*** We only invest in wealth management products offered by reputable commercial banks that guarantee the principal amounts of our investments.
- ***Investment return.*** We select wealth management products that offer competitive returns compared to similar investment products.
- ***Investment amount and duration.*** We only invest in wealth management products in amounts and with durations that are consistent with our working capital needs. Such durations are generally between 25 days to 189 days.

According to our internal control measures, the purchase of the wealth management products and the annual amount of the wealth management products that we can purchase shall be subject to pre-approval by our Board and by our shareholders at the beginning of each year and will be determined based on expected cash flow for the next year. Further, our Group's purchase of such wealth management products or other investment in financial assets at fair value through profit or loss shall also be subject to Chapter 14 of the Listing Rules after the [REDACTED].

In addition, our internal audit team is responsible for monitoring the approval, purchase and audit of such wealth management products. The Audit Committee also has the authority to review our investments, including the purchase of wealth management products.

CAPITAL EXPENDITURES

Our capital expenditures amounted to RMB5.5 million, RMB53.9 million, RMB29.3 million and RMB19.5 million in 2023, 2024 and 2025 and the six months ended June 30, 2026. Our capital expenditures were primarily used for the purchase of assets such as boats and tour buses, used in daily operation and labor costs.

The table below sets forth the breakdown of our capital expenditures for the periods indicated:

	Year ended December 31			Six months ended June 30, 2026
	2023	2024	2025	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Purchase of items of property, plant, equipment	(5,496)	(49,554)	(26,604)	(17,285)
Purchase of items of intangible assets	—	(4,373)	(2,735)	(2,187)
Total	**(5,496)**	**(53,927)**	**(29,339)**	**(19,472)**

During the Track Record Period, we financed our capital expenditures primarily with cash generated from operations. We plan to fund our planned capital expenditures primarily by using the cash on our consolidated statements of financial position and cash generated from our operations and the [REDACTED] from the [REDACTED].

Our actual capital expenditures may differ from the amounts set forth above due to various factors, including our future cash flows, our results of operations and financial condition, economic conditions in the PRC, the availability of financing on terms acceptable to us and changes in the regulatory environment in the PRC. In addition, we may incur additional capital expenditures from time to time as we pursue new opportunities to expand its business.

Our planned capital expenditures mainly relate to the expansion and asset upgrading plans described in "Future Plans and [REDACTED]," namely the Slender West Lake Night Tour Project, the new water tour route and water-based tourism projects in Yangzhou, the New Management Service Projects and the continuous upgrading of our water sightseeing boats and related facilities. Such capital expenditures principally comprise the purchase and installation of lighting, central control, audio and show-related systems, the construction and upgrading of wharves, ticket box offices and charging facilities, the procurement of new electric-powered sightseeing boats and ancillary boats, and the deployment of intelligent ticketing and tourist attraction management systems.

We expect to incur capital expenditures of over RMB100 million in relation to the above plans, and such estimates reflect the expected timing of delivery of the relevant assets and completion of the relevant works as set out in the "Future Plans and [REDACTED]".

We expect to fund such planned capital expenditures with the [REDACTED] from the [REDACTED], supplemented, to the extent necessary, by cash generated from our business operations.

CONTRACTUAL OBLIGATIONS AND COMMERCIAL COMMITMENTS

Capital Commitments

Our capital commitments during the Track Record Period primarily related to capital expenditure in respect of the acquisition of property, plant and equipment contracted for. As of December 31, 2023, 2024 and 2025 and June 30, 2026, the total amount of our capital expenditure contracted for but not yet provided was RMB8.7 million, RMB7.7 million, RMB3.9 million and RMB9.9 million, respectively.

INDEBTEDNESS

The table below sets forth our indebtedness as of the dates indicated:

	As of December 31			As of June 30,	As of August 31,
	2023	2024	2025	2026	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Current liabilities					
Trade and other payables	7,263	54,154	27,668	19,380	12,822
Lease liabilities	82	95	91	93	94
Income tax payable	2,508	1,227	3,981	8,437	1,773
Contract liabilities	431	375	592	918	999
Total current liabilities	**10,284**	**55,851**	**32,332**	**28,828**	**15,688**
Non-current liabilities					
Lease liabilities	195	96	—	—	—
Deferred income	—	—	560	490	467
Deferred tax liabilities	—	7	—	—	—
Long-term payables	18,267	42,197	63,738	63,510	63,647
Total non-current liabilities	**18,462**	**42,300**	**64,298**	**64,000**	**64,114**
Total	**28,746**	**98,151**	**96,630**	**92,828**	**79,802**

Lease Liabilities

As of December 31, 2023, 2024 and 2025, June 30, 2026 and August 31, 2026, our total lease liabilities amounted to RMB277 thousand, RMB191 thousand, RMB91 thousand, RMB93 thousand and RMB94 thousand, respectively. The decrease in lease liabilities was primarily due to amortisation of the principal component while the right-of-use asset was depreciated over the lease term.

Since August 31, 2026, and up to the date of this document, there has not been any material change in our indebtedness and contingent liabilities, and our Directors confirm that we did not have any external financing plans as of the Latest Practicable Date. In addition, as of August 31, 2026, our Company had not obtained any banking facilities and our Directors do not foresee any potential difficulty in obtaining bank facilities should the need arise.

Our Directors further confirm that there has been no material change in the indebtedness of the Company from August 31, 2026 and up to the Latest Practicable Date. Our Company is not subject to any material covenants, undertakings, guarantees, pledges of key assets or other contingent obligations in relation to its outstanding indebtedness. During the Track Record Period and up to the Latest Practicable Date, our Company has not breached any applicable covenants, undertakings, guarantees, pledges or contingent obligations in respect of our indebtedness, nor has there been any event of default or circumstance which would result in a breach thereof.

KEY FINANCIAL RATIOS

The table below sets out a summary of our key financial ratios as of the dates indicated and for the periods indicated:

Key Financial Ratios[1]	As of/for the year ended December 31, 2023	2024	2025	As of/for the six months ended June 30, 2026
Profitability ratios:				
1. Gross profit margin[2]	59.0%	54.4%	58.2%	63.9%
2. Net profit margin[3]	42.6%	38.5%	36.8%	44.2%
3. Return on equity[4]	27.9%	20.5%	20.5%	12.7%
4. Return on total assets[5]	23.8%	14.0%	14.8%	9.6%
Liquidity ratios:				
1. Current ratio[6]	1,576.6%	371.3%	746.8%	934.6%
2. Quick ratio[7]	1,574.7%	371.3%	746.3%	934.3%

Notes:

(1) The financial ratios are not a measure of performance under the HKFRS Accounting Standards.

(2) Calculated as: gross profit/revenue × 100%.

(3) Calculated as: profit and total comprehensive income for the year/revenue × 100%.

(4) Calculated as: profit and total comprehensive income for the year/total equity × 100%.

(5) Calculated as: profit and total comprehensive income for the year/total assets × 100%.

(6) Calculated as: current assets/current liabilities.

(7) Calculated as: (current assets – inventories)/current liabilities.

CONTINGENT LIABILITIES

As of the Latest Practicable Date, we did not have any significant contingent liabilities.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our major financial instruments include financial assets at fair value through profit or loss, trade receivables, prepayments, other receivables and other assets, cash and cash equivalents, trade and other payables, lease liabilities and long-term payables. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Our management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk. We trade only with recognised and creditworthy third parties. It is our policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, we closely monitor our receivable balances on an ongoing basis and our exposure to bad debts is not significant.

Liquidity risk. Our approach to managing liquidity risk is to ensure sufficient capital liquidity to meet our due debts without incurring unacceptable losses or causing damage to our reputation. We regularly analyses our liability structure and maturity dates to ensure the maintenance of ample liquidity.

Capital risk management. The primary objectives of our capital management are to safeguard our ability to continue as a going concern, and to maintain healthy capital ratios in order to support our business and maximise shareholders' value.

We manage our capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, we may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. We are not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Track Record Period.

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 operation decisions. Parties are also considered to be related if they are subject to common control. Members of key management and their close family member are also considered as related parties. During the Track Record Period, we entered into transactions with our related parties from time to time. Our Directors confirm that (i) our related party transactions were conducted in the ordinary course of our business on an arm's length basis, (ii) such related party transaction were carried out on the basis of commercial principles of fairness with adequate payment terms and voluntary, (iii) the prices of such related parties transactions are determined based on market approaches and the pricing is fair and reasonable, (iv) the related party transactions had no adverse impact on our ability to continue as a going concern, our profitability or asset condition, and (v) our independence has not been compromised as a result of such transactions, nor has there been any situation that would prejudice the interests of our Company or our shareholders. For discussion of related party transactions, see note 29 to the Accountants' Report in Appendix I to this document.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

During the Track Record Period and as of the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

DIVIDEND

As of the Latest Practicable Date, we had not adopted a dividend policy. Our Board may declare dividends in the future after taking into account factors, including results of operations, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. PRC laws require that dividends be paid only out of our distributable profits. Distributable profits are our after-tax profits, less appropriations to statutory and other reserves that we are required to make. No dividend may be declared or paid other than out of our profits and reserves lawfully available for distribution, including share premium. During the Track Record Period, on May 8, 2025, we declared a cash dividend of RMB2.74 per 10 Shares, amounting to approximately RMB7.7 million in aggregate for the year of 2024, which was paid in June 2025; and in September 2025, our Shareholders also approved a share dividend by way of a capitalisation issue, pursuant to which 38 new Shares were allotted for every 10 existing Shares. Save for this, we did not declare any dividend during the Track Record Period. See note 11 and 24 to the Accountants' Report included in Appendix I to this document. Any past dividend distribution records may not be used as a reference or basis in determining the level of dividends that may be declared or paid by us in the future.

Our ability to declare and pay dividends will depend on the availability of dividends received from group companies in the PRC. Pursuant to relevant PRC laws, dividends shall be paid only out of the net profit calculated according to PRC accounting principles, which differ in many aspects from generally accepted accounting principles in other jurisdictions, including HKFRS Accounting Standards. PRC laws also require PRC companies, including foreign-invested enterprises to set aside at least 10% of its after-tax profits as the statutory common reserve fund until the cumulative amount of the statutory common reserve fund reaches 50% or more of such companies' registered capital, if any, to fund its statutory common reserves, which are not available for distribution as cash dividends. Distributions from our

subsidiary may also be restricted if it incurs debt or losses or in accordance with any restrictive covenants in bank credit facilities or other agreements that we or our subsidiary may enter into in the future.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The unaudited pro forma statement of adjusted consolidated net tangible assets of our Group prepared in accordance with Rule 4.29 of the Listing Rules is set out below to illustrate the effect of the [REDACTED] on the consolidated net tangible assets of our Group as of June 30, 2026 as if the [REDACTED] had taken place on that date.

The unaudited pro forma statement of adjusted consolidated net tangible assets of our Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of our Group as of June 30, 2026 or any subsequent dates, including following the [REDACTED].

	Consolidated net tangible assets of the Group attributable to owners of the Company as at December 31, 2025[1]	**Estimated [REDACTED] from the [REDACTED][2]**	**Unaudited pro forma adjusted net tangible assets of the Group attributable to owners of the Company**	**Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share[3][4]**	
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB)*	*(HK$)*
Based on an [REDACTED] of HK$[REDACTED] per Share	222,714	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Based on an [REDACTED] of HK$[REDACTED] per Share	222,714	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Based on an [REDACTED] of HK$[REDACTED] per Share	222,714	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

(1) The consolidated net tangible assets attributable to owners of the Company as of June 30, 2026 is extracted from "Appendix I — Accountants' Report", which is based on the audited consolidated equity attributable to owners of the Company as of June 30, 2026 of approximately RMB239,549,000 less intangible assets as of June 30, 2026 of approximately RMB16,835,000.

(2) The estimated [REDACTED] from the [REDACTED] are based on the [REDACTED] of HK$[REDACTED], HK$[REDACTED] and HK$[REDACTED] per Share, after deduction of the [REDACTED] fees and other related expenses payable by the Group (excluding [REDACTED] expense of RMB[REDACTED] that have been charged to profit or loss during the Relevant Periods) and does not take into account of any Shares which may be issued upon the exercise of the [REDACTED]. The estimated [REDACTED] from the [REDACTED] are converted into Hong Kong dollars at an exchange rate of 0.8656 to HK$1.00.

(3) The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share is arrived at by dividing the unaudited pro forma adjusted net tangible assets by 179,025,816 shares, being the number of shares in issue assuming that the [REDACTED] had been completed on June 30, 2026, without taking account of the exercise of the [REDACTED].

(4) The unaudited pro forma adjusted consolidated net tangible assets per Share are converted into Hong Kong dollars at an exchange rate of 0.8656 to HK$1.00.

(5) No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to June 30, 2026.

[REDACTED]

[REDACTED] represent professional fees, [REDACTED], and other fees incurred in connection with the [REDACTED] and the [REDACTED].

The estimated total [REDACTED] (based on the [REDACTED] of our indicative [REDACTED] for the [REDACTED] and assuming that the [REDACTED] is not exercised) for the [REDACTED] are approximately RMB[REDACTED] million (HK$[REDACTED] million), representing [REDACTED]% of the gross [REDACTED] (based on the [REDACTED] of our indicative [REDACTED] for the [REDACTED] and assuming that the [REDACTED] is not exercised) of the [REDACTED]. Our [REDACTED] are categorized into [REDACTED]-related expenses of approximately RMB[REDACTED] million (HK$[REDACTED] million) and non-[REDACTED]-related expenses of approximately RMB[REDACTED] million (equivalent to HK$[REDACTED] million), representing [REDACTED]% and [REDACTED]%, respectively, of the [REDACTED] (based on the [REDACTED] of our indicative [REDACTED] for the [REDACTED] and assuming that the [REDACTED] is not exercised) of the [REDACTED]. We expect to incur [REDACTED] of approximately RMB[REDACTED] million (equivalent to HK$[REDACTED] million), of which approximately RMB[REDACTED] million (equivalent to HK$[REDACTED] million) is expected to be charged to the consolidated statements of profit or loss. As of June 30, 2026, a total of approximately RMB[REDACTED] million (equivalent to HK$[REDACTED] million) of the [REDACTED] has already been recognized in the consolidated statements of profit or loss. The remaining amount of RMB[REDACTED] million (equivalent to HK$[REDACTED] million) will be recognized in the consolidated statements of profit or loss in 2026. Also, approximately RMB[REDACTED] million (equivalent to HK$[REDACTED] million) is expected to be recognized as a deduction in equity directly upon [REDACTED]. The [REDACTED] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

DISTRIBUTABLE RESERVES

As of June 30, 2026, our retained earnings amounted to approximately RMB100.7 million. It represented our distributable reserves as of June 30, 2026 according to our Article of Association and the applicable laws and regulations in China.

NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, our Directors confirm that, up to the date of this document, there had been no material adverse change in our financial or trading position or prospects since June 30, 2026, being the date on which our latest audited consolidated financial statements were prepared, and there is no event since June 30, 2026 which would materially affect the information as set out in the Accountants' Report in Appendix I to this document.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

As of the Latest Practicable Date, our Directors confirmed that there were no circumstances that will give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS

See "Business — Our Strategies" for a detailed description of our future plans.

[REDACTED]

We estimate that we will receive [REDACTED] of approximately HK$[REDACTED] million from the [REDACTED], based on an [REDACTED] of HK$[REDACTED] per [REDACTED] (being the [REDACTED] of the indicative [REDACTED] stated in this document), after deduction of [REDACTED] fees and [REDACTED] and estimated expenses payable by us in connection with the [REDACTED] and assuming the [REDACTED] is not exercised. We intend to use the [REDACTED] of the [REDACTED] for the following purposes and in the amounts set out below:

- approximately [REDACTED]%, or HK$[REDACTED] million (or RMB[REDACTED] million), will be used to curate a water-based immersive project within the Slender West Lake Scenic Area (the "**Slender West Lake Night Tour Project**"), which is expected to be completed by the end of 2027. Details are blow:

  — approximately HK$[REDACTED] million (or RMB[REDACTED] million), will be used for the enhancement and construction of facilities supporting our night tour projects, of this amount, (i) approximately HK$[REDACTED] (or RMB[REDACTED] million) is intended to be used for improvement on lighting system, including purchase and installation of various lighting fixtures, decorative lighting elements, exhibition lighting for nighttime displays, and other equipment and works aimed at creating an immersive night-time atmosphere within the relevant scenic area, and (ii) approximately HK$[REDACTED] million (or RMB[REDACTED] million) will be utilised for the purchase and construction of other supporting facilities for the night tour projects, including but not limited to ancillary boats, water equipments, performance equipments, signal transmission devices, and central control systems; so as to ensure the comprehensive enhancement of our night tour offerings and to support the successful implementation of immersive experiences for visitors.

  — approximately HK$[REDACTED] million (or RMB[REDACTED] million) will be allocated for the upgrading and enhancement of our existing fleet of boats, subject to the specific requirements and operational characteristics of the night tour routes, and a portion may be applied towards the purchase of new boats, depending on our assessment of passenger capacity and overall demand from visitors after the launch of the night tour project. The Company will determine the final allocation between upgrading existing vessels and purchasing new boats based on a detailed evaluation of operational efficiency and market demand;

  — approximately HK$[REDACTED] million (or RMB[REDACTED] million) will be used for the engagement of professional third-party service providers for the purposes of developing product narratives, preparing performance scripts, and providing comprehensive direction in relation to our immersive show offerings and related products;

  — approximately HK$[REDACTED] million (or RMB[REDACTED] million) will be used for the production of audio and video materials in support of our night tour project; and

  — approximately HK$[REDACTED] million (or RMB[REDACTED] million) is expected to be utilized for the recruitment and compensation of performers, as well as the engagement of additional designated operational personnel, to support the operation of the night tour routes.

  The Slender West Lake Night Tour Project

  The Slender West Lake Night Tour Project aligns with the guidance on vigorously developing night time cultural tourism consumption of the Ministry of Culture and Tourism and the development plans of Yangzhou and Jiangsu Province to build up the Grand Canal Cultural Belt (大運河文化帶). The night tour will be based on the story of Emperor

Qianlong's Southern Inspection Tour (乾隆南巡) and unfolds as a processional experience on our sightseeing boats as moving theatres with performances on each unique scenic spot within the Slender West Lake. Once launched, the Slender West Lake Night Tour Project will be the only night tour service offering within the Slender West Lake Scenic Area.

Feasibility and benefits

We have undertaken feasibility studies in connection with the Slender West Lake Night Tour Project. In assessing commercial viability, we have conducted evaluations on, among others, the local tourism consumption demand, competitive positioning with similar services offering nearby, and the potential profitability.

- *Local tourism consumption demand*. The Slender West Lake is recognized as a prominent tourist attraction, with demonstrable growth in the number of visitors and for night time visitors, it recorded over 600,000 night-time visitors in 2023 and over 700,000 night-time visitors in each of 2024 and 2025. According to our researches and understanding on the latest trend of the cultural tourism industry and as advised by our industry consultant, Frost & Sullivan, nowadays, families and young visitors are the primary tourism consumers and they have increasing demand for immersive, cultural and interactive experiences. Thus, the integration of advanced lighting and technologies in the immersive experience is anticipated to further stimulate visitors' interest and tourism consumption demand, attracting both new and repeat visitors. Based on the historical annual night time visitors to the Slender West Lake Scenic Area and taking into account our proposed elevated boat ticket price for the Slender West Lake night tour and the market surveys conducted, we estimated that the annual visitor volume to consume our sightseeing boat service for the Slender West Lake night tour will reach between 300,000 and 400,000.

- *Competitive positioning*. The Slender West Lake Night Tour Project has been carefully designed benchmarked against comparable tourism offerings within the region. Our Directors are of the view that (i) the Slender West Lake Night Tour Project can be clearly differentiated from comparable tourism offerings within the region, in particular our current service offering of the Grand Canal Yangzhou night show in the nearby Ancient Canal Area, and (ii) the service offerings integrated in the Slender West Lake night tour are unique in the region and will not have material adverse impact on our current offering of the Grand Canal Yangzhou night show. The table below sets out the differences between the Slender West Lake night tour and the Grand Canal Yangzhou night show, demonstrating the unique competitive positioning of the Slender West Lake Night Tour Project:

	Grand Canal Yangzhou night show	**Slender West Lake night tour**
Geographic location and water space characteristics	Utilizing the urban section of the Ancient Canal as a linear, mobile stage traversing the eastern side of Yangzhou's main urban area, with an open urban waterway while integrating metropolitan landscapes and bridges along the banks, thereby creating a dynamic waterfront corridor experience	Utilizing the Slender West Lake Scenic Area as a panoramic stage at the northwest section of Yangzhou's main urban area, leveraging a closed water system harmoniously united with classical gardens and resembling a "three-dimensional landscape painting" blending pavilions, corridors, and islands

	Grand Canal Yangzhou night show	Slender West Lake night tour
Show contents	The show focused on Yangzhou's rise as a prosperous salt trading city from the construction of Han Gou by King Wu to the contemporary revival of the Grand Canal, highlighting the commercial, salt administration, and grain transport civilisations that arose from the Grand Canal as well as the symbiotic relationship between "water and city"	The show of the night tour will focus on the story of Emperor Qianlong's Southern Inspection Tour to Yangzhou using specific historical scenes as narratives, showcasing the cultural sophistication, garden artistry, and aesthetic lifestyle of the Jiangnan (江南) region during the Qianlong Imperial era and presenting a dynamic inheritance of cultural heritage and underscoring the poetic integration of "water and garden"
Show settings and experience	The show used the Grand Canal as backdrop and boat-as-theatres for performance	The show of the night tour will use the unique cultural and natural landscape within the Slender West Lake as backdrop and both land-based theatres and boat-as-theatres for the performance
	The experiential attribute of the show is a "journey through a millennium-long corridor of time and space", using bridge projections, water curtain shows, light displays, and ambient lighting along the banks, creating a majestic and grand epic atmosphere	The experiential attribute of the show is a "dreamscape of Jiangnan gardens", using real-life pavilions and towers, mist systems, and aquatic installations, combined with the distinctive landscape features of Yangzhou gardens, cultivating a serene and elegant aesthetic ambience
Product positioning and target	Positioned as a "city cultural landmark experience"	Positioned as a "in-depth Jiangnan cultural and garden immersion experience"
	The show targets general visitors and local residents seeking a broad understanding of Yangzhou's history and cultures	The show targets visitors seeking in-depth cultural and leisure experience, such as academic study groups, who generally have professional interests in Jiangnan's refined culture and garden artistry

- *Potential profitability.* Having considered the expenses associated with the launch and daily maintenance of the Slender West Lake Tour Project, including the upfront investment on sightseeing boats, construction of relevant infrastructure including lighting and other multimedia facilities as well as the fixed costs (i.e. a fixed percentage of the annual revenue generated from the night tour) as fixed return to be charged by the Slender West Lake Scenic Area, and taking into account the proposed boat ticket price of RMB160 and the estimated annual visitor volume, as well as the potential growth in visitor volume, our operation of the night tour is expected to be a new revenue driver, together with the parallel operation of the Grand Canal Yangzhou night show, significantly enhancing our Company's market competitiveness in the immersive tourism experience service offering and the broader cultural tourism industry.

The Slender West Lake Night Tour Project is expected to strengthen the tourism service offerings of the Slender West Lake Scenic Area, thereby attracting more visitor arrivals and extended length of stay. The introduction of advanced technological features, such as immersive lighting and holographic displays, integrated with the unique scenic surroundings of the Slender West Lake, is expected to enhance the overall visitor experience and differentiate the service offering from other comparable service offerings in the region. Furthermore, the night tour emphasizes on the unique scenery and cultural heritage of Yangzhou through the narrative of Emperor Qianlong's Southern Inspection Tour which is expected to foster greater appreciation of local traditions and support the sustainable

development of cultural tourism industry. The Board believes that these factors, together with the adoption of an all-inclusive ticketing model, will generate stable revenue streams and reinforce the long-term commercial viability of the night tour.

We have distinctive advantages for the development and operation of the Slender West Lake Night Tour Project given that (i) as a long-standing operator of water-based tourism services in the scenic area, we have profound understanding of the local historical and cultural context, and fulfill operational management requirements; (ii) we have a well-established operational team, an efficient coordination mechanism, and a robust marketing strategies which allowed us to effectively integrated between daytime and nighttime business; and (iii) the successful launch and operation of the Grand Canal Yangzhou night show in October 2024, providing valuable and directly transferrable experience in creativity, technology, operations, and risk management for the implementation of the proposed night tour project.

Licensing requirements

As advised by our PRC Legal Adviser, the Company shall obtain a commercial performance license (營業性演出許可證) categorized as a performance brokerage agency (演出經紀機構) and the permit from the competent cultural authority(ies) before launching the relevant performance of the Slender West Lake Night Tour Project.

In relation to the enhancement of lighting systems and other related works involving fixed asset investment, we may be subject to the fixed asset investment project filing procedures in accordance with relevant PRC laws and regulations and the opinions of local development and reform authorities.

As of the Latest Practicable Date, we had not commenced the license application process for the above mentioned requisite licenses and permits as it requires proof of secured project fund under the Catalogue of Investment Projects Subject to Government Approval (《政府核准的投資項目目錄》) and the Administrative Measures for the Approval and Filing of Enterprise Investment Projects in Jiangsu Province (《江蘇省企業投資項目核准和備案管理辦法》). Such documents can only be prepared after the source of funding and the detailed project plan have been finalised. We expect to commence the relevant application process after completion of the [REDACTED]. We expect that, based on the relevant statutory approval timeline and our experience in obtaining licences and permits for the Grand Canal Yangzhou night show, the preparation of application materials and the review process of relevant regulatory authority before the grant of the requisite licences and permits for such project generally takes approximately three to four months. Our Directors confirm that there will not be any material impediments that may delay or prevent the grant of the licenses and permits relating to the Slender West Lake Night Tour Project .

Implementation plan

The following table sets forth the implementation plan for the project:

Time Frame	Implementation stages
June to December 2026	• Refining the project operation and implementation details • Creating and developing the script for the night tour themed "Emperor Qianlong's Southern Inspection Tour to Yangzhou" and continuing refining its contents • Designing relevant infrastructure tailored to the night tour themed "Emperor Qianlong's Southern Inspection Tour to Yangzhou"
January to September 2027	• Based on the design of relevant infrastructure, carrying out enhancement works for lighting systems along the night tour route • Initiating public tender process to select qualified suppliers of boats, and completing the procurement of and modification to (if needed) boats • Initiating public tender process to select qualified suppliers of supporting facilities and equipment, and completing the procurement and installation of relevant supporting facilities and equipment, including water system, central control system and audio system • Setting up a designated operational team, and completing the trainings in safety, service and management to the team
October to November 2027	• Launching two-month trial operation
December 2027	• Officially launching operation

- approximately [REDACTED]%, or HK$[REDACTED] million (or RMB[REDACTED] million), will be used to develop new water tour routes and water-based tourism project in Yangzhou.

  — approximately HK$[REDACTED] million (or RMB[REDACTED] million), will be used to develop new water tour route within the Xiaoqinhuai River area. We plan to offer a round way water sightseeing boat tour route and construct ancillary facilities such as C&C retail stores (the "**New Water Tour Route Project**"), which is estimated to be completed by the end of August 2027. Details are below:

(i) approximately HK$[REDACTED] million (or RMB[REDACTED] million) will be used for the construction and assets investment for the New Water Tour Route Project, including RMB[REDACTED] million for the purchase of 24 new electronic boats specifically designed for navigation on narrow canals at an estimated unit price of RMB[REDACTED] each, RMB[REDACTED] million for the installation of lighting system along the water tour routes and enhancements to the surrounding landscape, and RMB[REDACTED] million will be used for the construction of ancillary facilities such as wharves, ticket box offices and lighting charging stations;

in terms of the boat and water tour route design, we have taken into account the location and surrounding landscape of the project and tailored the boat design to highlight its unique scenery with a suitable boat size for the waterway. The rooftop of the boat will feature the "Twelve Canal Scenes (運河十二景)" theme with the hulls equipped with nighttime illumination functions. The tour route will be carefully mapped to organically connect historic sites and public spaces along the route while closely linking surrounding commercial districts and destinations;

in terms of lighting and landscape enhancement, we plan to introduce peach blossoms, redbud, crabapple and dwarf shrubs that bloom throughout the year so as to enhance natural vibrancy, color diversity, and landscape plasticity;

in terms of construction of ancillary facilities, we plan to construct or upgrade two wharves at strategic locations along the route where pathways are relatively broad with high visitor flow and well-developed public facilities. In addition, ticket box offices, waiting areas and charging stations will be established to meet the daily operational service requirements. In anticipation of night tour operations, the wharves will also feature integrated lighting systems;

(ii) approximately HK$[REDACTED] million (or RMB[REDACTED] million) will be used for the leasing and fit-out of a C&C retail store which will be utilized for the sale of our various C&C products, such as uniquely designed refrigerator magnets, tourism souvenirs, local delicacies and snacks. Of this amount, RMB[REDACTED] million will be applied for the payment of the rental fees of the C&C retail store of an anticipated area of approximately 100 sq.m. in the vicinity of the wharves within the old town of Yangzhou, and RMB[REDACTED] million will be used for the design and decoration of the C&C retail store to align with the historical and cultural atmosphere of the area and provides an inviting retail environment for visitors;

we plan to carry out carefully designed renovation works to highlight the distinctive cultural characteristics of the area of the New Water Tour Route Project and Yangzhou's ancient city. Such property will serve as our C&C retail stores for the sale of C&C products, tourism souvenirs, local delicacies and snacks. We will also consider implementing bundled sales or preferential package offerings in conjunction with the boat tour services, thereby further enriching the business formats and operational diversity of the project;

(iii) approximately HK$[REDACTED] million (or RMB[REDACTED] million) will be used for the recruitment and establishment of an operational team comprising ten employees to support the ongoing operation, management and delivery of water sightseeing boat service and other ancillary services within the area of the New Water Tour Route Project. This designated team will include one experienced project operation manager responsible for overseeing the day-to-day functioning, quality control and strategic development of the new water tour routes, one performer, five boat drivers, three on-site ticket clerks dedicated to handling

ticketing operations and sales, customer inquiries and payment processing to ensure a seamless visitor experience, and one logistic support staff to provide real-time assistance to visitors and maintain safety procedures;

The New Water Tour Route Project at Xiaoqinhuai River

The New Water Tour Route is an integrated cultural and tourism development project designed for Xiaoqinhuai River area under the theme of "experiencing Yangzhou from the water (水上看揚州)." Xiaoqinhuai River is a 2km waterway running from north to south through the heart of Yangzhou's ancient city, connecting the Northern Moat (北城河) in the north and the Grand Canal at Longtouguan (龍頭關) in the south. As the only remaining inner-city river of ancient Yangzhou, it stands as a historic witness to the city's Ming and Qing dynasty legacy. We plan to develop a new water tour route of approximately 718 metres located in the core section of Xiaoqinhuai River between Yanfu West Road (鹽阜西路) in the north and Wenchang Middle Road (文昌中路) in the south. Under our current development plan, having considered the specific operating conditions, surrounding infrastructure, visitor demand, designed tour route as well as to showcase Yangzhou's charm as an ancient city and the vibrancy of local life, we plan to construct two wharves, invest in and operate a total of 24 sightseeing boats, establish one themed C&C store and make enhancement to the 718-metre riverside lighting system and landscaping; and we plan to set up an operational team of 10 personnel for the operation of the New Water Tour Route Project. The map below illustrated the location of Xiaoqinhuai River:



Feasibility and benefits

We have undertaken feasibility studies in connection with the New Water Tour Route Project at Xiaoqinhuai River, in particular, we have conducted evaluations on favourable policies, market demand and potential visitor volume and the potential profitability.

- *Favorable policy*. The project aligns with regional policies, such as the Grand Canal Cultural Heritage Protection, Inheritance and Utilisation Plan (《大運河文化保護傳承利用規劃》) and the Yangzhou Ancient City Protection Regulations (《揚州古城保護條例》) which encourages further exploration of the historical and cultural resources of the Grand Canal section in Yangzhou, aiming to revitalizing of the ancient canal and advancing the urban renewal of the ancient city, Yangzhou. In addition, the Several Measures on Further Cultivating New Growth Drivers and Promoting Prosperity in Cultural and Tourism Consumption (《關於進一步培育新增長點繁榮文化和旅遊消費的若干措施》) issued by the State Council in January 2025 further encourages, among others, the enrichment of the cultural and tourism consumption scenarios, development of night time cultural and tourism economy and diversity of night time consumption offerings. In addition, in December 2023, Xiaoqinhuai River district launched a conservation and renewal project, which significantly improved the water quality of Xiaoqinhuai River; and in January 2025, Xiaoqinhuai River district was officially launched as one of the first urban renewal pilot projects in Jiangsu Province as an integrated development of culture and tourism in Yangzhou. Nowadays, Xiaoqinhuai River district serves as a key culture and tourism area promoted by local government and backed up by provincial and municipal policy support. We believe that the New Water Tour Route Project at Xiaoqinhuai River highly aligns with both national and regional strategic cultural and tourism development objectives.

- *Market demand and visitor volume*. In recent years, consumer demand for tourism products has become increasingly diversified, experiential and in-depth with rapid shifting towards an immersive and in-depth cultural experience. Yangzhou, renowned as a vital hub for cultural tourism as well as a popular tourist destination in China, received more than 130 million visitors in 2025. However, the existing tourism consumption are limited to a few core attractions such as the Slender West Lake, Ge Garden, He Garden and Dongguan Street. As such, there is an urgent market need for new cultural tourism products to meet visitor demand for more diverse and in-depth cultural tourism experience, extending visitor stay duration, and enhancing the vibrancy of the night time economy in Yangzhou. In addition, in recent years, with the enhancement of the environmental landscape around the Xiaoqinhuai River area, the "Yangzhou Ancient City Tour (揚州古城游)" has become increasingly popular among visitors. We believe that the New Water Tour Route Project at Xiaoqinhuai River, by offering an immersive perspective of "experiencing Yangzhou from the water (水上看揚州)," is well positioned to meet the market's demand for culturally rich and differentiated tourism offerings. In addition, Xiaoqinhuai River district is situated at an established tourist attraction with densely distributed commercial activities nearby, presenting substantial commercial potential for creative cultural development, commercial collaborations and night time performances along the New Water Tour Route at Xiaoqinhuai River, thus benefiting us from the district's existing visitor flow and convenient transportation links.

- *Potential profitability*. Having considered the expenses associated with the development and daily maintenance of the New Water Tour Route Project at Xiaoqinhuai River, including the upfront investment on the 24 sightseeing boats, construction of relevant infrastructure including lighting and landscape enhancement, and taking into account the proposed boat ticket price of RMB[REDACTED] per boat and the estimated annual visitor volume, as well as the potential growth in visitor volume as we further penetrate the market through enhancing our brand awareness in the broader tourism industry. Our

operation of the Xiaoqinhuai River tour route is expected to be a new revenue driver, together with the themed C&C retail store, significantly enhancing our Company's market competitiveness in the immersive tourism experience service offering and the broader cultural tourism industry.

The Directors believe that the new water tour route at Xiaoqinhuai River is commercially feasible notwithstanding that it is substantially shorter than our existing water tour routes on the grounds that (i) it is feasible to use the full length of Xiaoqinhuai River for water sightseeing service and product offerings as (a) the proposed route is located in the core area with more mature infrastructure, stronger visitor flow and better linkage with surrounding cultural and commercial activities, and represents only approximately 35% of the full length of Xiaoqinhuai river, and (b) we consider that it is appropriate and commercially sensible to first develop the core section while remaining flexible to extend along the river in the future as the surrounding ancient city renewal progresses, and (ii) the route is located in the core section of Xiaoqinhuai River, which is the only remaining inner-city river of ancient Yangzhou city, Guangling Ancient City* (廣陵古城) and the areas along which are important carriers of Yangzhou's Grand Canal culture, salt merchant culture and ancient city street culture, with a concentration of historical and cultural sites, including former salt merchant residences, ancient bridges from the Ming and Qing dynasties, Qingjing Temple (清靜庵), Dadi Cottage (大滌草堂) and the former No. 2 Lacquerware Factory* (原漆器二廠), which are important historical and cultural resources that have preserved the spatial texture of ancient Yangzhou, evidenced the city's waterway-based commercial history, reflected the continuity of local craftsmanship, religion and residential life, and provided concrete cultural narratives and visual nodes for developing water-based cultural tourism products. In addition, the Xiaoqinhuai River is connected to established historical and commercial tourist areas such as Dongguan Street (東關街) and Caiyi Street (彩衣街), and is also close to Wenchang Pavilion* (文昌閣), a core commercial district of Yangzhou, and Zhenyuan* (珍園), a popular commercial complex. These areas are geographically adjacent and connected with established visitor flow, forming a combined "ancient city waterway + historical commercial streets + city-centre commercial district" tourism and consumption area. Together with the convenient transportation accessibility of the area, these resources support the development of the new water tour route as a shorter, more relaxed and immersive tour format and the future development of value-added "Boat+" services, including catering, cultural interaction and themed experiences. In particular, following the conservation and renewal project of the Xiaoqinhuai River block, the block was officially opened on January 4, 2025 as one of the first batch of urban renewal pilot projects in Jiangsu Province and has developed into a relatively mature cultural tourism and commercial block with surrounding commercial activities and night-time consumption scenarios. In 2025, Guangling ancient city* (廣陵古城) received over 30 million visitors according to Yangzhou Culture and Tourism Bureau.

We consider that the project represents a pivotal step for our Company in implementing its strategy of expanding geographically through new water tour routes. The project will enable our Company to replicate our core competitive advantages by deploying our expertise in water sightseeing boat service operation and management, a deep understanding of the water cultural interpretation, and an experienced team of operation and management team in Yangzhou, where we originate from. This will allow us to create another iconic water-based tourism product in addition to our existing water sightseeing boat service business in the Shugang-Slender West Lake Scenic Area and the Ancient Canal Area, and develop a synergistic tourism service matrix across all our service areas in Yangzhou. Further, the Xiaoqinhuai River district has established commercial district and densely distributed commercial activities along the new route, presenting a great potential for revenue generation from ticket sales and great opportunities for our Company to develop ancillary business in the district, such as C&C products, commercial collaborations and night time performances. Lastly, by providing in-depth interpretation and showcasing of the salt merchant residences, ancient bridges, and local street stories along the Xiaoqinhuai River, our Company will

elevate our role from being merely an operator of sightseeing boats to an interpreter and promoter of Yangzhou's ancient city culture, further enhancing our market influence in the water-based cultural tourism industry and the value of our brand "Slender West Lake Cultural & Tourism (瘦西湖文旅)." Our Directors are of the view that, having considered the feasibility studies conducted by our Company, the New Water Tour Route Project at Xiaoqinhuai River has great potential to attract visitors.

Licensing requirements

According to information published on the website of the Yangzhou Urban Waterway Management Office (揚州市城市河道管理處) and upon consulting the Yangzhou Transportation Bureau, the Xiaoqinhuai River is classified as non-navigable waters. Therefore, prior to the launch of the project, we shall complete the filing procedures for waterway sightseeing operations in non-navigable waters in accordance with applicable PRC laws and regulations. Further, as the Xiaoqinhuai River area does not fall within any scenic area or historical site, there is no requirement for us to obtain operation right in relation to our operation of the New Water Tour Route Project at Xiaoqinhuai River.

In relation to any enhancement and upgrades proposed to be made to the wharves and related facilities and equipment involving fixed asset investment, we may be subject to the fixed asset investment project filing procedures in accordance with relevant PRC laws and regulations and the opinions of local development and reform authorities.

Implementation plan

The following table sets forth the implementation plan for the project:

Time Frame	Implementation stages
October to December 2026	• Refining the project operation and implementation details, including the design of relevant infrastructure
January to March 2027	• Based on the design of relevant infrastructure, carrying out landscaping enhancement on the banks of Xiaoqinhuai River, including: — selection of local plants, seasonable flowers and greenery — setting up and advancing the layered lighting system • Finalizing the themed performance contents tailored to Yangzhou's cultural heritage and the riverside surroundings • Leasing and renovating the themed C&C retail store that integrates elements of Yangzhou's gardens and canal culture
March to May 2027	• Initiating the public tender process to select qualified suppliers of boats, and completing the procurement of 24 sightseeing boats • Initiating the public tender process to select qualified suppliers of supporting facilities and equipment, and completing the procurement and installation of relevant safety, audio, visual and other relevant on board systems • Enhancing and upgrading the wharves and related facilities and equipment, including waiting area shelters • Setting up a designated operational team, and completing the trainings in safety, service and management to the team
June to July 2027	• Launching trial operation
August 2027	• Officially launching operation

— approximately HK$[REDACTED] million (or RMB[REDACTED] million), will be used to develop two new water-based projects within established tourist attractions and visitor flow ("**New Water-based Tourism Projects**"), which are estimated to be completed by the end of June 2027. Details are below:

(i) approximately HK$[REDACTED] million (or RMB[REDACTED] million) will be used for the construction of two integrated terminals, including fixed wharves and floating docks, ticket box offices, commercial spaces and dedicated boat charging facilities for the New Water-based Tourism Projects;

We plan to develop one terminal for each of the two tourist attractions and upgrade existing floating dock facilities with additional floating dock platforms to meet visitors' boarding needs and offer additional boat berthing space. We also plan to set up ticket box offices, charging facilities and relevant leisure and retail spaces for visitors at those terminals, wharves and floating docks, to support our daily business operation needs to enhance visitor experiences from ticketing, boat onboarding and other consumption scenarios;

(ii) approximately HK$[REDACTED] million (or RMB[REDACTED] million) will be used for the purchase of 15 high-quality dual-seat recreational leisure boats together with 20 replaceable power batteries to cater to the consumption and experiential demands of family and younger visitors for each of the New Water-based Projects. Additional replaceable power batteries will be supplied to support extended operational hours. The 15 high-quality boats will be manufactured with high-strength, high-density and environmentally friendly antibacterial materials to ensure enhanced anti-collision protection for visitors;

(iii) approximately HK$[REDACTED] million (or RMB[REDACTED] million) will be used for the construction and establishment of ancillary facilities, including firefighting equipment, emergency and safety devices, signage, ancillary operating tools and patrol boats; and

(iv) approximately HK$[REDACTED] million (or RMB[REDACTED] million) will be used for the recruitment and remuneration of operating staff expenses, covering a total of ten personnel engaged in ticketing and operations, boat services, logistics and safety.

We have identified two new landmarks at a prime locations at the Slender West Lake Scenic Area and the Sanwan Park which embody the canal culture of Yangzhou, expansive water areas, established tourism facilities with visitor flow of 5.0 million visits or more per year and picturesque ecological environment for these two new projects. We plan to introduce water-based recreational services to complement existing facilities such as museum within the area, delivering an integrated tourism services combining cultural sightseeing, ecological immersion and dynamic recreation, which is anticipated to be highly appealing to visitors. Further details are set out below:

The New Water-based Tourism Projects

We plan to develop two new cultural and tourism projects, which combine water-based entertainment, cultural experiences and recreational consumption at two locations at the Slender West Lake Scenic Area and the Sanwan Park which is within the Ancient Canal Area, both of which are within our current service areas. Together with the existing cultural and tourism infrastructure, we aim to develop a comprehensive water-based leisure complex focusing on recreational and experience-oriented water-based leisure service offerings within the scenic area, such as water go-kart boats with sport and competitive elements, and fun self-driving boats equipped with leisure devices and game-based features and ancillary facilities (including two integrated terminals comprising fixed wharves and floating docks, ticket box offices, commercial spaces and dedicated boat charging facilities), and address the market demand for diversified water-based recreational service offerings. Under the New Water-based Tourism Projects, we plan to offer customized water sightseeing boat service tailored to the target customers and surroundings and a variety of water-based leisure activities to meet the diverse and personalized needs of different visitors to deliver a whole new leisure experience.

We plan to offer water go-kart boat and dual-seat recreational leisure boats (which can be self-operated at the option of the visitors with game-based facilities and other recreational water-based activities) for the New Water-based Tourism Projects. We believe that such uniquely designed boats to be utilized for the New Water-based Tourism Projects will offers significantly enhanced experiential, recreational and entertainment features as well as enhanced safety standards, making them an ideal activity for family and younger generation.

Our Directors consider that New Water-based Tourism Projects are expected to complement, rather than compete with, our existing water-based leisure activities. Our existing water-based leisure activities mainly focus on sightseeing, cultural and/or performance-based experience and chartered reception, while the proposed New Water-based Tourism Projects are designed

to combine water-based entertainment, cultural experiences and recreational consumption, including water go-kart boats, self-driving leisure boats with game-based facilities and other recreational water-based activities.

We intend to operate the proposed projects in different areas within the Slender West Lake Scenic Area and in the Sanwan Park, separately from our current service offerings, taking into account their differentiated product positioning, with the proposed projects focusing on immersive and recreational, sports-oriented and consumption-oriented experiences, as opposed to the existing sightseeing and performance-based nature of our existing services. Accordingly, we do not expect them to have any material adverse impact on our existing operations in the relevant area.

Feasibility and benefits

We have undertaken feasibility studies in connection with the New Water-based Tourism Projects at the Slender West Lake Scenic Area and the Sanwan Park, in particular, we have conducted evaluations on unique location and resource conditions of the two locations, market demand and potential visitor volume and the potential profitability and we believe that the New Water-based Tourism Projects have great potential to attract visitors and further diversify our water sightseeing service offerings:

- *Unique location and resource conditions.* The Slender West Lake serves as the "ecological heart" and "cultural soul" of Yangzhou and is intrinsically linked to the Grand Canal. The Sanwan Park is located at the Sanwan section of the Ancient Canal and stands as the "heart" of the Grand Canal cultural and the city's ecosystem. These sites are seamlessly integrated with major transport networks, facilitating convenient access to all principal hubs within 30 minutes. Further, the water quality in the Slender West Lake and the Sanwan Park meets the required Class III standards set out in the Environmental Quality Standards for Surface Water (《地表水環境質量標準》) issued by the Ministry of Ecology and Environment of the PRC, together with the expansive surfaces, are suitable for sightseeing boat tours and water-based leisure activities. Lastly, culturally, the Slender West Lake represents a living chronicle of Chinese garden artistry while the Sanwan Park is a vibrant showcase of Yangzhou's canal civilization and historical legacy with various cultural landmarks and modern museums.

- *Market demand and visitor flow.* Leveraging the unique location and natural resources of the Slender West Lake and the Sanwan Park as well as their existing stable annual visitor flow, we project that the demand for our sightseeing boat and other recreational service offerings will be sufficient, and will be higher during weekends and holidays.

- *Potential profitability.* We had carefully considered the expenses and costs associated with the development and daily maintenance of the New Water-based Tourism Projects, including the upfront investment on the total of 15 boats and 20 replaceable power batters as well as the construction of ancillary facilities, taking into account our proposed boat ticket price of RMB60 per dual-seat boat per three minutes and the estimated annual visitor volume, as well as the potential growth in visitor volume as we further penetrate the market through enhancing our brand awareness in the broader tourism industry, our operation of the New Water-based Tourism Projects is expected to be a new revenue driver, further enhancing our Company's market competitiveness in the cultural and tourism service offering in the broader cultural tourism industry.

Licensing requirements

The Slender West Lake is situated within the Slender West Lake Scenic Area, while Sanwan Park is located within the Ancient Canal Area, both of which are classified as non-navigable waters and have already been included in the Company's completed filing for tourism and sightseeing business operations in non-navigable waters* (非通航水域遊覽經營活動備案). As we have obtained operation right for water sightseeing boat service within the

Slender West Lake Scenic Area and the Ancient Canal Area, there is no requirement for us to obtain operation right in relation to our operation of the New Water-based Tourism Projects at the Slender West Lake and the Sanwan Park.

In relation to proposed construction of an integrated wharf, including a fixed dock and floating pier, ticketing office and commercial space, as well as dedicated charging facilities, that involves fixed asset investment, we may be subject to the fixed asset investment project filing procedures in accordance with relevant PRC laws and regulations and the opinions of local development and reform authorities.

Implementation plan

The following table sets forth the implementation plan for the projects:

Time Frame	Implementation stages
October to December 2026	• Refining and finalizing the project operation plan and implementation details, and the design of relevant infrastructure • Initiating the public tender process to select suppliers of boats, floating wharves and charging facilities etc. and completing the procurement process
January to March 2027	• Based on the design of infrastructure, carrying out the construction or setting of relevant infrastructure, including floating wharves and floating platforms for embarkation and disembarkation, and conducting enhancement works of service facilities such as charging facilities • Completing the procurement of required boats
April to May 2027	• Setting up a designated operational team, and completing the trainings in safety, service and management to the team • Launching a half-month trial operation
June 2027	• Officially launching operation

See "Business — Our Strategies — Expand geographically through new water tour routes and water-based tourism projects."

- approximately [REDACTED]%, or HK$[REDACTED] million (or RMB[REDACTED] million), will be used to expand project portfolio under our management service segment with two targeted new tourist attractions or water-based tourism projects (the "**New Management Service Projects**") to further extend our regional footprint and strengthen our high-net-worth customer base. More specifically,

  — approximately HK$[REDACTED] million (or RMB[REDACTED] million) will be used to the recruitment and remuneration of a dedicated team of 17 personnel for the each of the New Management Services Projects, including one project manager overseeing the operation and management for each project, one project principal for each project responsible for operation, finance and employment matters, one operational manager for each project for daily operation and coordination across different teams relating to marketing activities and safety matters, four boat drivers for each project, two ticket clerks for each project, one manager for each project responsible for the development of various "Boat + Education" services, and seven operation personnel for each project for the day-to-day operation within the tourist attraction;

  — approximately HK$[REDACTED] million (or RMB[REDACTED] million) will be used for facility upgrades and the development of a unique theme for the relevant tourist attraction, covering the construction of docking facilities, supporting service infrastructure, landscaping and lighting enhancements, and the installation of interactive features as well as the renovation of commercial spaces;

— approximately HK$[REDACTED] million (or RMB[REDACTED] million) will be used for the implementation of smart tourism systems, including the deployment and enhancement of intelligent ticketing, online distribution, tourist attraction management, and big data analytics platforms; and

— approximately HK$[REDACTED] million (or RMB[REDACTED] million) will be used for the establishment of a brand new on-boat VR system, production of marketing videos, and other marketing activities to promote the service offering of the new projects.

We plan to identify tourist attractions located in city centres or core entertainment districts with established tourism resources, commercial activity and visitor flow, and where the water quality shall be suitable for tourism development, and the owners have strong willingness to enhance water tourism service quality. We plan to offer a comprehensive set of business operation and management solutions to such tourist destinations, including asset solutions, marketing solutions and human resources solutions.

Selection of potential management output projects

We target to, through market searches and on-site research, select (i) urban leisure waterfronts which shall be moderately sized water area with natural surroundings, sound ecological conditions and good transport accessibility, (ii) high-quality natural water area with high resource scarcity, distinct product differentiation, potential for premium pricing and alignment with growing eco-tourism trends, or (iii) 3A-class or above scenic areas where underperformed water-based tourism service offering, which presents great potential for enhancement, development of unique cultural IP or ecological resources. We also require such places to have clear ownership or operational rights and must have aligned vision with us to ensure smooth cooperation.

We have initially screened tourist attractions or water area located at cities along the Grand Canal and that fulfill our selection criteria within Jiangsu Province and Zhejiang Province and we believe that management service projects of such nature are readily available driven by fast-changing tourism trends and consumption scenarios as well as heightened visitor expectations on service quality, demonstrating the market demand for experienced third party service providers to operate and manage relevant tourism projects. As of the Latest Practicable Date, we were finalising the terms of the cooperation agreement with Nanmen Subdistrict, Haishu District, Ningbo regarding the Ningbo "Fanluocheng Water Tour" (Nanmen Sanshi Section)* ("泛羅城水上遊"(南門三市段)) project ("**Ningbo Project**"). For another potential tourist attraction identified by us, we had conducted on-site inspection and the relevant matters remain under preliminary discussions.

The feasibility of these New Management Service Projects is underpinned by our established management services model. We plan to deploy a dedicated on-site operational team, invest in facility upgrades, smart tourism systems and themed product development, and provide comprehensive operational and management solutions, including asset optimisation, marketing and human-resources solutions. Such approach is consistent with our successful experience in providing management services to Gaoyou City Lake Tourism Resort and our proven capability in enhancing visitor flow and revenue through professional operation and systemised management. In particular, we have considered the estimated revenue, cost and profit of relevant projects as part of our feasibility assessment. With respect to the Ningbo Project, we expect that (i) the service will operate from 2:00 p.m. to 9:00 p.m., which might be extended during public holidays and peak seasons, and (ii) the service will be on a chartered service basis and priced at RMB400 per boat for a 40-minute tour for day tour and RMB680 per boat for a 30-minute tour for night tour. Based on (i) an estimated 240 effective operating days per year, (ii) an assumed average utilization rate of approximately 40% of the maximum daily operating capacity, and (iii) the proposed pricing set out above, we expect to generate annual revenue of approximately RMB4.12 million from the Ningbo Project, and

annual operating costs of approximately RMB3.01 million, primarily comprising staff costs for a fixed operating team of 13 personnel and other operating costs such as repair and maintenance, promotion and marketing expenses and materials. On this basis, the Ningbo Project is expected to generate annual profit of approximately RMB1.11 million.

Our Directors are of the view that the owners of the relevant tourist attractions or water area are likely to engage our Company to provide management services for their water-based tourism projects instead of continuing with their historical self-management practices, having considered that (i) the prevailing operational challenges faced by our targeting tourist attractions such as unsatisfactory performance results, and (ii) our Company's experience in providing management services to Gaoyou City Lake Tourism Resort, especially our Company's experience in deploying modern operational protocols, implementing rigorous staff training and utilising smart ticketing solutions which further enhanced the visitor volume and revenue of Gaoyou City Lake Tourism Resort. Further, having considered that robust market demand for tourism consumption and intensification of competition among regional tourist attractions, our Directors believe that our provision of management solutions will be favoured by owners of those tourist attractions as a strategic development plan to ensure its sustainable growth, optimize its resource utilization and further reinforce their market positioning within the region.

See "Business — Our Strategies — Continue to expand project portfolio in asset-light management service business segment."

Implementation plan

The following table sets forth the implementation plan for the project located in Ningbo, Zhejiang Province:

Time frame	Implementation stages
October 2025 to March 2026	• Refining and finalizing the management service plan, completing internal decision-making procedures and obtaining necessary approvals from relevant competent authorities
April to June 2026	• Completing procurement of necessary facilities, equipment and service systems, finalizing outsourcing arrangements where applicable, and preparing the relevant operational and service procedures
July to September 2026	• Launching trial operation
From September 2026 onwards	• Officially launching operation

The following table sets forth the implementation plan for the other project which we had identified as a potential management service project as of the Latest Practicable Date:

Time frame	Implementation stages
October to December 2026	• Continuing negotiation of the terms of the relevant management service agreement, refining the proposed cooperation model and implementation plan
January to March 2027	• Completing procurement of necessary facilities and equipment, and carrying out enhancement works for relevant service facilities where applicable
January to June 2027	• Recruiting and forming the on-site operational team Completing training on ticketing systems, service standards, safety management and operational procedures
April to June 2027	• Launching trial operation
From July 2027 onwards	• Officially launching operation

- approximately [REDACTED]%, or HK$[REDACTED] million (or RMB[REDACTED] million), will be used for the continuous upgrading of our water sightseeing boats and related facilities, with a focus on elevating the overall service quality and visitor experience. We plan to purchase six fully electric lithium battery-powered sightseeing boats to replace the existing ageing diesel-powered boats and construct relevant supporting infrastructure for such boats for use in the Ancient Canal Area. Each boat should have an overall length of approximately 25 to 28 metres and a moulded beam of approximately 5.3 to 6.5 metres, providing a spatial foundation that balances maneuverability with enhanced comfort and passenger capacity of the boats. Details are below:

  — approximately HK$[REDACTED] million (or RMB[REDACTED] million) will be used for the boat construction, including hull structures, decks, outfitting materials, and all essential fabrication costs. This boat construction requires advanced boat building techniques and durable materials to ensure the structural integrity and longevity of each boat;

  — approximately HK$[REDACTED] million (or RMB[REDACTED] million) will be used for core electrical and propulsion system enhancement, covering the acquisition of high-performance lithium iron phosphate battery packs, integrated vessel control systems, battery management systems (BMS), and propulsion motors, as well as the complete transmission assemblies. These systems are designed to deliver strong, stable power output, low noise operation, and high safety standards, aligning with the latest industry specifications and regulatory requirements; electrical system enhancements to further strengthen each vessel's core energy and propulsion capabilities. This includes supplementary battery packs, advanced energy management solutions, and redundancy features to ensure operational reliability and extended cruising range.

  — approximately HK$[REDACTED] million (or RMB[REDACTED] million) will be used for the outfitting and interior finishing of the boats, including the installation of high-quality passenger amenities such as premium seating, flooring, interior panels, ceilings, bar counters, restrooms, audio systems, and air conditioning systems. This aims to provide a comfortable, modern and relaxed environment for visitors, thereby enhancing the attractiveness and competitiveness of our water sightseeing boat service offerings.

  — approximately HK$[REDACTED] million (or RMB[REDACTED] million) will be used for the design and installation of exterior lighting displays on the boats. This will involve the use of specialized outdoor lighting fixtures, electronic display panels, control systems and programming, as well as installation works, so as to create a distinctive moving light and shadow art experience for night-time water tours, positioning the boats as iconic highlights of the night tourism experience; and

  — approximately HK$[REDACTED] million (or RMB[REDACTED] million) will be used for ancillary equipment and associated costs, including the installation of shore-based charging stations, life-saving and firefighting equipment, navigation systems, supervision and monitoring expenses, as well as China Classification Society (CCS) inspection and certification fees. These investments are intended to ensure the safety, regulatory compliance, and operational efficiency of the new boats.

  Feasibility and benefits

  Having considered the prevailing regulatory environment, the reasonableness of the estimated financial impacts, and the anticipated enhancement of our operational capabilities and overall service quality, our Directors consider that the new boats and construction of supporting infrastructure is feasible and strategically aligned with our long-term objectives.

- *Prevailing regulatory environment.* Since the commencement of our operation in the Ancient Canal Area up to date, there are no explicit regulatory restriction on the number of operating boats within the Ancient Canal Area and based on our estimation, the maximum number of boats that could operate in current service area within the Ancient Canal Area at a time is 62 and the maximum number of boats that currently operated by our Company within such area is 21 (taking into account allocation of themed boats from other tour routes in case of high demand), demonstrating the potential capacity for more operating boats in the Ancient Canal Area. See "Business — Our Business Model — Water Sightseeing Boat Service Business — Water Sightseeing Boat Services by Service Areas." In addition, adoption of new energy boats also aligns with various governmental policies which encourages and supports the development and adoption of new-energy and clean-energy powered boats for both commercial and non-commercial operation.

- *Cost reduction and profitability improvement.* The new boats are fully electric lithium battery-powered boats with high construction costs; however, such new energy boats will also bring long-term returns compared to boats powered by traditional energy such as diesel. According to our estimates, new energy boats could reduce energy costs by approximately of 40% compared to energy costs for traditional boats and significantly lower the associated maintenance costs by up to 75%. Such long-term cost advantage significantly outweighs the upfront high construction costs, thereby enhancing the overall profitability of our service offerings.

- *Adaptability to diverse consumption scenarios.* The new boats are all featured with lighting displays and high-end interiors and can be used for both night tours and day tours, including standard water sightseeing boat service, bespoke chartered boat service and various "Boat+" services, ensuring flexible adaptability to our diverse offering of consumption scenarios and a high utilization rate of the boats.

- *Social and environmental benefits.* We are committed to environmental protection as a responsible corporate. The new energy boats with zero emissions and low-noise operation, eliminating the risk of diesel exhaust and air pollution therefrom, directly contributing to the protection of the Grand Canal heritage and preserving the natural environment of the Grand Canal, and at the same time, greatly enhancing our Company's reputation as a socially responsible corporate.

We expect that our boats will have a life ranging from five years to 20 years, depending on the model. To ensure high quality service offering, we are committed to upgrade our boat portfolio to deliver an evaluated service for our visitors. We believe that this continuous asset upgrading, leveraging advanced technology and premium outfitting, will significantly improve operational efficiency, reduce energy and maintenance costs, and create a superior, differentiated visitor experience. In addition, the introduction of these new boats will enable us to diversify our revenue streams through the development of night tours and day tours, including standard water sightseeing boat service, bespoke chartered boat service and various "Boat+" services, further strengthening our market position and supporting the sustainable growth of our water-based tourism business. Accordingly, our Directors believe that the expansion plan is in the best interests of the Company and its shareholders as a whole, and will contribute positively to our Group's future development.

Implementation plan

The following table sets forth the implementation plan for purchasing the six new energy boats:

Time Frame	Implementation stages
January to June 2026	• Initiating and refining technical solutions for asset upgrading project • Initiating public tender process to select qualified suppliers of boats, and completing the procurement of and modification to (if needed) boats
July to December 2026	• Maintaining on-going discussion with the manufactures of boats, and continuing the construction of boats, including outfitting and interior works, and construction of infrastructure and other related facilities
January to June 2027	• Examining and accepting the delivery of boats • Running preliminary operation testing of the new boats and put such new boats into trial operation
By June 2027	• Officially putting the new boats and related facilities into operation

See "Business — Our Strategies — Continue to empower our business through continuous asset upgrading."

- approximately [REDACTED]%, or HK$[REDACTED] million (or RMB[REDACTED] million), will be used to provide funding for our working capital and other general corporate purposes.

In case of any shortfall to cover the total expenditure of the expansion plans above, the Company will fund such expansion plans with its own funds and cash from its business operations.

The above allocation of the [REDACTED] will be adjusted on a pro rata basis in the event that the [REDACTED] is fixed at a higher or lower level compared to the [REDACTED] of the estimated [REDACTED] range or the [REDACTED] is exercised. If the [REDACTED] is fixed at HK$[REDACTED] per [REDACTED] (being the [REDACTED] of the [REDACTED] stated in this document) and assuming the [REDACTED] is not exercised, we will receive [REDACTED] of approximately HK$[REDACTED] million, after deduction of [REDACTED] fees and [REDACTED] and estimated expenses payable by us in connection with the [REDACTED]. If the [REDACTED] is fixed at HK$[REDACTED] per [REDACTED] (being the [REDACTED] of the [REDACTED] stated in this document) and assuming the [REDACTED] is not exercised, the [REDACTED] we receive will be approximately HK$[REDACTED] million, after deduction of [REDACTED] fees and [REDACTED] and estimated expenses payable by us in connection with the [REDACTED].

In the event that the [REDACTED] is exercised in full, we will receive additional [REDACTED] ranging from approximately HK$[REDACTED] million (assuming an [REDACTED] of HK$[REDACTED] per Share, being the [REDACTED] of the indicative [REDACTED]) to HK$[REDACTED] million (assuming an [REDACTED] of HK$[REDACTED] per [REDACTED], being the [REDACTED] of the proposed [REDACTED]), after deduction of [REDACTED] fees and [REDACTED] and estimated expenses payable by us in connection with the [REDACTED].

To the extent that the [REDACTED] are not immediately applied to the above purposes and to the extent permitted by applicable law and regulations, we intend to deposit the [REDACTED] into short-term interest-bearing deposits at licensed commercial banks and/or other authorized financial institutions (as defined under the SFO or applicable laws and regulations in other jurisdictions). In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

We will issue an appropriate announcement if there is any material change to the above proposed [REDACTED].

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

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STRUCTURE OF THE [REDACTED]

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STRUCTURE OF THE [REDACTED]

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STRUCTURE OF THE [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

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[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

The following is the text of a report, prepared for the purpose of incorporation in this document, received from the Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong.

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF JIANGSU SLENDER WEST LAKE CULTURE AND TOURISM CO., LTD. AND CHINA EVERBRIGHT CAPITAL LIMITED

Introduction

We report on the historical financial information of Jiangsu Slender West Lake Culture and Tourism Co., Ltd. (the "**Company**") and its subsidiary (together, the "**Group**") set out on pages I-[●] to I-[●],which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2026 (the "**Relevant Periods**"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2023, 2024 and 2025 and 30 June 2026 and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages I-[●] to I-[●] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] (the "**Document**") in connection with the [REDACTED] of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2023, 2024 and 2025 and 30 June 2026 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six months ended 30 June 2025 and other explanatory information (the "**Interim Comparative Financial Information**"). The directors of the Company are responsible for the preparation and presentation of the Interim Comparative Financial Information in accordance with the basis of preparation set out in notes 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* as issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in notes 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-[●] have been made.

Dividends

We refer to note 11 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Relevant Periods.

[●]
Certified Public Accountants
Hong Kong
[date]

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing as issued by the HKICPA (the "**Underlying Financial Statements**").

The Historical Financial Information is presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			Six months ended 30 June	
		2023	2024	2025	2025	2026
	Notes	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
REVENUE	*5*	109,096	111,428	141,196	84,542	83,227
Cost of sales		(44,679)	(50,814)	(59,006)	(30,962)	(30,083)
Gross profit		64,417	60,614	82,190	53,580	53,144
Other income and gains	*5*	4,573	4,966	3,501	2,160	2,469
Selling and distribution expenses		(1,652)	(1,421)	(2,816)	(759)	(1,814)
Administrative expenses		(4,462)	(4,661)	(9,185)	(2,450)	(3,870)
Impairment reversal/(losses) on financial assets, net		11	3	9	(96)	(107)
Other expenses		(530)	(800)	(3,546)	(307)	(379)
Finance costs	*7*	(949)	(881)	(839)	(415)	(392)
PROFIT BEFORE TAX	*6*	61,408	57,820	69,314	51,713	49,051
Income tax expense	*10*	(14,978)	(14,936)	(17,324)	(12,890)	(12,282)
PROFIT FOR THE YEAR/PERIOD		46,430	42,884	51,990	38,823	36,769
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD		46,430	42,884	51,990	38,823	36,769
Profit and total comprehensive income attributable to:						
Owners of the parent		46,430	42,874	48,294	35,304	34,726
Non-controlling interests		—	10	3,696	3,519	2,043
PROFIT PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*12*					
Basic and diluted (RMB)		0.35	0.32	0.36	0.26	0.26

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December 2023 RMB'000	As at 31 December 2024 RMB'000	As at 31 December 2025 RMB'000	As at 30 June 2026 RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	*13*	11,975	72,349	82,405	79,829
Right-of-use assets	*14*	265	177	88	44
Intangible assets	*15*	17,184	24,071	21,081	19,572
Deferred tax assets		177	470	1,486	1,389
Other non-current assets	*17*	3,327	2,916	3,655	12,866
Total non-current assets		32,928	99,983	108,715	113,700
CURRENT ASSETS					
Inventories		198	—	165	97
Trade receivables	*18*	415	258	611	2,272
Prepayments, other receivables and other assets	*19*	514	4,811	19,309	19,253
Income-tax recoverable		—	—	2,489	—
Financial assets at fair value through profit or loss	*20*	131,137	160,913	189,995	180,700
Cash and cash equivalents	*21*	29,873	41,389	28,875	67,104
Total current assets		162,137	207,371	241,444	269,426
CURRENT LIABILITIES					
Trade and other payables	*22*	7,263	54,154	27,668	19,380
Lease liabilities	*14*	82	95	91	93
Income tax payable		2,508	1,227	3,981	8,437
Contract liabilities		431	375	592	918
Total current liabilities		10,284	55,851	32,332	28,828
NET CURRENT ASSETS		151,853	151,520	209,112	240,598
TOTAL ASSETS LESS CURRENT LIABILITIES		184,781	251,503	317,827	354,298
NON-CURRENT LIABILITIES					
Lease liabilities	*14*	195	96	—	—
Deferred income		—	—	560	490
Deferred tax liabilities		—	7	—	—
Long-term payables	*23*	18,267	42,197	63,738	63,510
Total non-current liabilities		18,462	42,300	64,298	64,000
Net assets		166,319	209,203	253,529	290,298
EQUITY					
Equity attributable to owners of the parent					
Share capital	*24*	27,972	27,972	134,266	134,266
Reserves	*25*	138,347	136,221	70,557	105,283
		166,319	164,193	204,823	239,549
Non-controlling interests		—	45,010	48,706	50,749
Total equity		166,319	209,203	253,529	290,298

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2023

	Attributable to owners of the parent				
	Share capital	Capital reserve	Statutory surplus reserve	Retained profits	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note 24	*Note 25*	*Note 25*		
As at 1 January 2023	25,175	1,792	5,398	59,106	91,471
Profit for the year	—	—	—	46,430	46,430
Total comprehensive income for the year	—	—	—	46,430	46,430
Issuance of ordinary shares	2,797	25,621	—	—	28,418
Appropriation to statutory reserves	—	—	4,643	(4,643)	—
As at 31 December 2023	27,972	27,413*	10,041*	100,893*	166,319

Year ended 31 December 2024

	Attributable to owners of the parent						
	Share capital	Capital reserve	Statutory surplus reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000 *Note 24*	RMB'000 *Note 25*	RMB'000 *Note 25*	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2024	27,972	27,413	10,041	100,893	166,319	—	166,319
Profit for the year	—	—	—	42,874	42,874	10	42,884
Total comprehensive income for the year	—	—	—	42,874	42,874	10	42,884
Contribution from non-controlling shareholders of a subsidiary	—	—	—	—	—	45,000	45,000
Recognition of a redemption liability	—	(27,413)	(14,327)	(3,260)	(45,000)	—	(45,000)
Appropriation to statutory reserves	—	—	4,286	(4,286)	—	—	—
As at 31 December 2024	27,972	—*	—*	136,221*	164,193	45,010	209,203

Year ended 31 December 2025

	Attributable to owners of the parent						
	Share capital	Capital reserve	Statutory surplus reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000 *Note 24*	RMB'000 *Note 25*	RMB'000 *Note 25*	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2025	27,972	—	—	136,221	164,193	45,010	209,203
Profit for the year	—	—	—	48,294	48,294	3,696	51,990
Total comprehensive income for the year	—	—	—	48,294	48,294	3,696	51,990
Final 2024 dividend declared *(Note 11)*	—	—	—	(7,664)	(7,664)	—	(7,664)
Capital reserve converted to share capital	106,294	—	—	(106,294)	—	—	—
Appropriation to statutory reserves	—	—	4,615	(4,615)	—	—	—
As at 31 December 2025	134,266	—*	4,615*	65,942*	204,823	48,706	253,529

The six months ended 30 June 2025 (unaudited)

	Attributable to owners of the parent						
	Share capital	Capital reserve	Statutory surplus reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000 *Note 24*	RMB'000 *Note 25*	RMB'000 *Note 25*	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2025	27,972	—	—	136,221	164,193	45,010	209,203
Profit for the period	—	—	—	35,304	35,304	3,519	38,823
Total comprehensive income for the period	—	—	—	35,304	35,304	3,519	38,823
Final 2024 dividend declared *(Note 11)*	—	—	—	(7,664)	(7,664)	—	(7,664)
As at 30 June 2025	27,972	—	—	163,861	191,833	48,529	240,362

The six months ended 30 June 2026

	Attributable to owners of the parent						
	Share capital	Capital reserve	Statutory surplus reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000 *Note 24*	RMB'000 *Note 25*	RMB'000 *Note 25*	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2026	134,266	—	4,615	65,942	204,823	48,706	253,529
Profit for the period	—	—	—	34,726	34,726	2,043	36,769
Total comprehensive income for the period	—	—	—	34,726	34,726	2,043	36,769
As at 30 June 2026	134,266	—*	4,615*	100,668*	239,549	50,749	290,298

* These reserve accounts represent the total consolidated reserves of RMB138,347,000, RMB136,221,000, RMB70,557,000 and RMB105,283,000 in the consolidated statements of financial position as at 31 December 2023, 2024 and 2025 and 30 June 2026, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December			Six months ended 30 June	
		2023	2024	2025	2025	2026
	Notes	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax		61,408	57,820	69,314	51,713	49,051
Adjustments for:						
Depreciation of property, plant and equipment	*13*	2,628	3,395	8,929	4,179	4,861
Depreciation of right-of-use assets	*14*	89	88	89	44	44
Amortisation of intangible assets	*15*	1,364	1,364	3,015	1,507	1,509
Amortisation of deferred income		—	—	(140)	—	(70)
(Reversal)/Provision of impairment of trade receivables and other current financial assets	*6*	(11)	(3)	(9)	96	107
(Reversal)/Provision of impairment of inventories		(21)	194	—	—	—
Finance costs	*7*	949	881	839	415	392
Fair value (gains)/losses on structured deposits, net	*6*	(1,137)	(913)	5	(254)	(700)
Changes in carrying amount of redemption liability	*6*	—	—	2,620	—	120
Investment income from structured deposits	*6*	(2,038)	(2,970)	(2,464)	(766)	(1,252)
Loss on disposal of items of property, plant and equipment	*6*	115	104	223	—	—
Subtotal		63,346	59,960	82,421	56,934	54,062
Decrease/(increase) in inventories		21	4	(165)	(170)	68
Decrease/(increase) in trade receivables		303	161	(346)	(1,842)	(1,768)
(Increase)/decrease in prepayment, other receivables and other assets		(174)	1,561	1,579	1,252	(2,708)
(Decrease)/increase in contract liabilities		(276)	(56)	217	398	326
Increase in trade and other payables		2,410	3,056	500	2,039	4,219
Increase in deferred income related to income		—	—	700	—	—
Increase/(decrease) in long-term payables		48	(48)	—	—	—
Cash generated from operations		65,678	64,638	84,906	58,611	54,199
Income tax paid		(13,553)	(16,502)	(18,082)	(4,783)	(5,241)
Net cash flows generated from operating activities		52,125	48,136	66,824	53,828	48,958

		Year ended 31 December			Six months ended 30 June	
		2023	2024	2025	2025	2026
	Notes	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of items of property, plant, equipment		(5,496)	(49,554)	(26,604)	(15,802)	(17,285)
Purchase of financial assets at fair value through profit or loss		(385,000)	(723,000)	(770,000)	(220,000)	(380,000)
Proceeds from disposal of financial assets at fair value through profit or loss		327,577	697,107	743,377	331,679	391,247
Purchases of items of intangible assets		—	(4,373)	(2,735)	(2,187)	(2,187)
Net cash flows (used in)/generated from investing activities		(62,919)	(79,820)	(55,962)	93,690	(8,225)
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from issue of ordinary shares		28,558	—	—	—	—
Contribution from non-controlling shareholders of a subsidiary		—	45,000	—	—	—
Share issue expenses		(140)	—	—	—	—
Payment of [REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Dividends paid		—	—	(7,664)	(7,664)	—
Principal portion of exclusive operation rights payments		(2,383)	(1,705)	(1,795)	—	(1,817)
Principal portion of lease payments		(95)	(95)	(106)	—	—
Net cash flows generated from/(used in) financing activities		25,940	43,200	(23,376)	(7,664)	(2,504)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		15,146	11,516	(12,514)	139,854	38,229
Cash and cash equivalents at beginning of year/period		14,727	29,873	41,389	41,389	28,875
Cash and cash equivalents at end of year/ period		29,873	41,389	28,875	181,243	67,104

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December			As at 30 June
		2023	2024	2025	2026
	Notes	RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	*13*	11,975	21,990	22,789	23,060
Right-of-use assets	*14*	265	177	88	44
Intangible assets	*15*	17,184	15,820	14,479	13,795
Investments in subsidiary	*16*	—	50,000	50,000	50,000
Deferred tax assets		177	470	823	702
Other non-current assets	*17*	3,327	—	88	2,296
Total non-current assets		32,928	88,457	88,267	89,897
CURRENT ASSETS					
Inventories		198	—	—	—
Trade receivables	*18*	415	258	2,992	4,122
Prepayments, other receivables and other assets	*19*	514	805	13,209	16,629
Financial assets at fair value through profit or loss	*20*	131,137	120,697	160,024	180,700
Cash and cash equivalents	*21*	29,873	30,968	15,185	26,683
Total current assets		162,137	152,728	191,410	228,134
CURRENT LIABILITIES					
Trade and other payables	*22*	7,263	13,014	10,893	12,977
Lease liabilities	*14*	82	95	91	93
Income tax payable		2,508	1,227	3,981	7,807
Contract liabilities		431	374	363	677
Total current liabilities		10,284	14,710	15,328	21,554
NET CURRENT ASSETS		151,853	138,018	176,082	206,580
TOTAL ASSETS LESS CURRENT LIABILITIES		184,781	226,475	264,349	296,477
NON-CURRENT LIABILITIES					
Lease liabilities	*14*	195	96	—	—
Deferred income		—	—	560	490
Long-term payables	*23*	18,267	17,197	16,118	15,770
Total non-current liabilities		18,462	17,293	16,678	16,260
Net assets		166,319	209,182	247,671	280,217
EQUITY					
Share capital	*24*	27,972	27,972	134,266	134,266
Reserves	*25*	138,347	181,210	113,405	145,951
Total equity		166,319	209,182	247,671	280,217

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE AND GROUP INFORMATION

The Company was established on 31 August 2006 as a limited liability company in the People's Republic of China ("**PRC**"). The registered office of the Company is located at 20 Gaoqiao South Street, Yangzhou City, Jiangsu Province, China. The Company was converted into a joint stock company with limited liability on 30 March 2016 and the Company's shares were quoted on the National Equities Exchange and Quotations ("**NEEQ**") on 9 May 2017.

During the Relevant Periods, the Company and its subsidiary (together, the "**Group**") are principally engaged in providing water-based tourism services.

As at the end of the Relevant Periods, the Company had one subsidiary which is a private limited liability company, the particulars of which are set out below:

Name	Place of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
		RMB'000			
Yangzhou Yuntong Culture and Performance Development Co., Ltd.* ("**Yangzhou Yuntong**") (揚州市運通文化演藝發展有限責任公司) *(note (a))*	PRC/ Chinese mainland 3 June 2024	95,000	52.63%	—	Water-based tourism service

(a) No audited financial statements have been prepared for the entity for the year ended 31 December 2024 as the entity was not subject to any statutory audit requirements under the relevant rules and regulations in its jurisdiction of establishment. The statutory financial statements of the entity for the year ended 31 December 2025 prepared in accordance with Chinese Accounting Standards for Business Enterprises ("**CASBE**") were audited by Zhongxinghua Certified Public Accountants LLP (中興華會計師事務所(特殊普通合夥)), a certified public accounting firm registered in the PRC.

* The English name of this company represents the best efforts made by the directors of the Company to translate its Chinese name as this company has not been registered with any official English name.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) as issued by the HKICPA.

All HKFRS Accounting Standards effective for the accounting period commencing from 1 January 2026, together with the relevant transitional provisions, have been consistently adopted by the Group in the preparation of the Historical Financial Information and the Interim Comparative Financial Information.

The Historical Financial Information has been prepared under the historical cost convention except for financial assets at fair value through profit or loss.

The Historical Financial Information is presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary for the Relevant Periods. A subsidiary is an entity (including a structured entity) directly controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiary are prepared for the same reporting periods as the Company, using consistent accounting policies. The results of the subsidiary are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

2.2 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

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

HKFRS 18	*Presentation and Disclosure in Financial Statements*[1]
HKFRS 19 and its amendments	*Subsidiaries without Public Accountability: Disclosures*[1]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]
Amendments to HKAS 21	*Translation to a Hyperinflationary Presentation Currency*[1]

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

[2] No mandatory effective date yet determined but available for adoption

The Group is in the process of making an assessment of the impact of these new and amended HKFRS Accounting Standards upon initial application. HKFRS 18 replaces HKAS 1 Presentation of Financial Statements. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss and other comprehensive income, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss and other comprehensive income into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, which is renamed as HKAS 8 Basis of Preparation of Financial Statements. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 Statement of Cash Flows, HKAS 33 Earnings per Share and HKAS 34 Interim Financial Reporting. In addition, there are minor consequential amendments to other HKFRS Accounting Standards. HKFRS 18 and the consequential amendments to other HKFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements. The application of HKFRS 18 is not expected to have a material impact on the financial position of the Group but is expected to affect the presentation of the statement of profit or loss and other comprehensive income and statement of cash flows, and disclosures in the future financial statements.

The Group has already commenced an assessment of the impact of other new and amended HKFRS Accounting Standards, which are relevant to the Group's operations. According to the preliminary assessment made by the directors, no significant impact on the financial performance and financial position of the Group is expected when these new and amended HKFRS Accounting Standards become effective.

2.3 MATERIAL ACCOUNTING POLICIES

Fair value measurement

The Group measures its structured deposits at fair value at the end of each of the Relevant Periods. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each of the Relevant Periods.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

  (i) has control or joint control over the Group;

  (ii) has significant influence over the Group; or

  (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

  (i) the entity and the Group are members of the same group;

  (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

  (iii) the entity and the Group are joint ventures of the same third party;

  (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; and the sponsoring employers of the post-employment benefit plan;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Office equipment and electronic devices	19% to 31.7%
Vehicles	4.8% to 31.7%
Leasehold improvements	5% to 20%
Machinery	9.5% to 19%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Exclusive operation rights

Exclusive operation right for operating water sightseeing boat services and exclusive operation right for operating sightseeing tour buses within the Shugang-Slender West Lake Scenic Area are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 20 years in accordance with the contractually agreed terms.

Intellectual property

Intellectual property represents the copyrights and other rights related to Grand Canal Yangzhou night professional show, which is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 5 years.

Software

Software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful lives of 3 to 5 years.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) *Right-of-use assets*

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful life of the asset as follows:

Building	4.5 years

(b) *Lease liabilities*

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes structured deposits.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, lease liabilities and long-term payables.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the profit or loss.

Redemption liability

The financial liability is recognised initially at the present value of the redemption amount and is reclassified from equity. Subsequently, if the Group revises its estimates of future payments, the Group will adjust the carrying amount of the redemption liability to reflect the actual and revised estimated cash outflows. Further details are included in note 23 to the Historical Financial Information.

The adjustments will be recognised as "Other expense" or "Other income and gains" in the statement of profit or loss and other comprehensive income.

If the put option expires without delivery, the carrying amount of the liability is reclassified to equity.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each of the Relevant Periods between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in a subsidiary, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in a subsidiary, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each of the Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each of the Relevant Periods and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

(a) *Revenue from sightseeing boat services and sightseeing tour bus services*

Revenue from sightseeing boat services and sightseeing tour bus services is recognised over time as services are rendered — that is, when passengers board the vessel and simultaneously receives and consumes the benefits provided by the Group.

(b) *Provision of management services*

In line with industry practice and the terms stipulated under the management agreement, revenue derived from management services is recognised based on the progress of performance obligations, taking into account key project milestones or the continuous provision of services over the contractual period. Specially: (i) the fixed pre-agreed annual management service fee is recognised on a straight-line basis over the contract period according to the progress of performance; and (ii) the revenue derived from the revenue-sharing mechanism in the management services contract is recognised over time as services are rendered.

(c) *Revenue from advertising services*

The Group derives revenue from advertising services related to certain cruise vessels and associated facilities. As the customer simultaneously receives and consumes the benefits of the Group's performance during the fulfilment period, the related performance obligation is satisfied over time. Revenue is therefore recognised progressively as the performance obligation is fulfilled.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Pension scheme

The employees of the Group are required to participate in a central pension scheme operated by the local municipal government. The Group is required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Identifying performance obligations and determining the main customer

The Group has entered into contracts with Gaoyou City Lake Tourism Investment Development Co., Ltd. to provide comprehensive entrusted management services for the Gaoyou City Lake Tourism Resort. These services include ticket sales and management, boat ticket operations and management, visitor reception and services, as well as scenic area marketing and promotion. The Group has determined that these performance obligations are not separately distinguishable and, as a whole, constitute a single performance obligation.

In addition, the Group identifies the customer as the party that has entered into the contract with the Group, receives the related services, and is obligated to pay consideration. Accordingly, Gaoyou City Lake Tourism Investment Development Co., Ltd. is regarded as the customer.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Redemption liability

The Group has a redemption liability arising from a put option arrangement with non-controlling shareholders of Yangzhou Yuntong. The redemption liability is initially recognised under "Long-term payables" in the consolidated financial statements at the present value of the estimated future cash outflows on exercise under the put option. The carrying amount of the financial liability is adjusted subsequently to reflect actual and revised estimated cash outflows, which will be recognised as "Other expenses" or "Other income and gains" in the statement of profit or loss and other comprehensive income. The information about the redemption liability is disclosed in note 23 to the Historical Financial Information.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into one single business unit that renders water sightseeing boat services and sightseeing tour bus services, management services and advertising services. Management reviews the overall results and financial position of the Group as a whole based on the same accounting policies set out in note 2.3. Accordingly, the Group has only a single operating segment and no further analysis of the single segment is presented.

Geographical information

As the Group generated all of its revenue in the PRC and its non-current assets were located in the PRC during the Relevant Periods, no geographical information is presented.

Information about major customers

There are no external customers from which the revenue accounted for 10% or more of the Group's revenue during the Relevant Periods.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue from contracts with customers .	109,096	111,428	141,196	84,542	83,227

Revenue from contracts with customers

(a) ***Disaggregated revenue information***

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Types of goods or services					
Revenue from sightseeing boat services and sightseeing tour bus services	102,669	105,276	135,874	82,126	80,471
Revenue from advertising services	1,084	434	154	—	179
Provision of management services	5,343	5,718	5,168	2,416	2,577
Total	109,096	111,428	141,196	84,542	83,227
Timing of revenue recognition					
Services transferred over time	109,096	111,428	141,196	84,542	83,227
Total	109,096	111,428	141,196	84,542	83,227

The following table shows the amounts of revenue recognised in each of the Relevant Periods and the six months ended 30 June 2025 that were included in the contract liabilities at the beginning of each of the Relevant Periods and recognised from performance obligations satisfied in previous years:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue from advertising services	707	—	—	—	—
Revenue from sightseeing boat services and sightseeing tour bus services	—	431	375	375	592
Total	707	431	375	375	592

(b) ***Performance obligations***

Information about the Group's performance obligations is summarised below:

Revenue from sightseeing boat services and sightseeing tour bus services

The performance obligation is satisfied over time as services are rendered and payment in advance is normally required, except for tickets sold through travel agencies, where payment is generally due within 30 days from the date of delivery of tickets.

Revenue from advertising services

The performance obligation is satisfied over time as services are rendered and payment is generally due within 30 days from the date of delivery of services.

Provision of management services

The performance obligation is satisfied over time as services are rendered and short-term advances are normally required before rendering the services. Management service contracts are for a period of three years and are billed semi-annually.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2023, 2024, 2025 and 30 June 2025 and 2026 are as follows:

	Year ended 31 December			Six months ended 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Amounts expected to be recognised as revenue:				
Within one year	3,000	1,500	3,500	3,500
After one year	1,500	—	5,250	3,500
Total	4,500	1,500	8,750	7,000

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognized as revenue after one year related to management services, of which the performance obligations are to be satisfied within two and a half years. The amounts disclosed above do not include variable consideration which is constrained.

Other income and gains

An analysis of other income and gains is as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Other income					
Rental Income	777	888	752	419	419
Others	621	195	285	721	98
Total other income	1,398	1,083	1,037	1,140	517
Gains					
Investment income from structured deposits	2,038	2,970	2,464	766	1,252
Fair value gains on structured deposits	1,137	913	—	254	700
Total gains	3,175	3,883	2,464	1,020	1,952
Total other income and gains	4,573	4,966	3,501	2,160	2,469

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

		Year ended 31 December			Six months ended 30 June	
		2023	2024	2025	2025	2026
	Notes	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Depreciation of property, plant and equipment	*13*	2,628	3,395	8,929	4,179	4,861
Depreciation of right-of-use assets	*14*	89	88	89	44	44
Amortisation of intangible assets	*15*	1,364	1,364	3,015	1,507	1,509
[REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Auditor's remuneration		175	175	175	175	175
Employee benefit expense (including directors' and supervisors' remuneration *(note 8)*):						
Wages and salaries		23,640	28,585	27,352	15,277	16,120
Pension scheme contributions and social welfare		5,026	6,240	7,882	2,037	4,177
Dispatched employee fees		7,483	7,275	6,705	3,546	1,477
Total		36,149	42,100	41,939	20,860	21,774
(Reversal)/Provision of impairment of trade receivables and other current financial assets		(11)	(3)	(9)	96	107
Loss on disposal of items of property, plant and equipment		115	104	223	—	—
Investment income from structured deposits	*5*	(2,038)	(2,970)	(2,464)	(766)	(1,252)
Fair value (gains)/losses on structured deposits	*5*	(1,137)	(913)	5	(254)	(700)
Changes in carrying amount of a redemption liability		—	—	2,620	—	120

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Interest on long term payable	934	872	833	412	390
Interest on lease liabilities	15	9	6	3	2
Total	949	881	839	415	392

8. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S REMUNERATION

The remuneration of directors, supervisors and the chief executive of the Company recorded in each of the Relevant Periods is set out below:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Fees	—	—	39	—	75
Other emoluments:					
Salaries, allowances and benefits in kind	1,190	1,219	1,275	354	604
Performance related bonuses*	131	62	90	—	—
Pension scheme contributions	102	106	139	120	91
Subtotal	1,423	1,387	1,504	474	695
Total	1,423	1,387	1,543	474	770

(a) Independent non-executive directors

	Year ended 31 December	Six months ended 30 June
	2025	2026
	RMB'000	RMB'000
Ms. Shen Ling	13	25
Mr. Huang Jie	13	25
Ms. Huang Chunfang	13	25
Total	39	75

Ms. Shen Ling, Mr. Huang Jie and Ms. Huang Chunfang were appointed as independent non-executive directors on 20 September 2025.

(b) Directors, supervisors and the chief executive

The remuneration of each of the directors, supervisors and the chief executive of the Company during the Relevant Periods is set out below:

	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2023				
Directors				
Ms. Xu Shunmei (i)	—	—	—	—
Mr. Lian Gang (ii)	458	—	102	560
Ms. Chen Li (iii)	367	—	50	417
Ms. Qi Jing (iv)	—	—	—	—
Ms. Gao Xinmiao (v)	118	66	47	231
Ms. Xu Min (vi)	—	—	—	—
Subtotal	943	66	199	1,208
Supervisors				
Ms. Wang Juan (i)	—	—	—	—
Ms. Zhang Beini (vii)	—	—	—	—
Mr. Zhou Xuan (viii)	117	65	33	215
Subtotal	117	65	33	215
Total	1,060	131	232	1,423

	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2024				
Directors				
Ms. Xu Shunmei (i)	—	—	—	—
Mr. Lian Gang (ii)	445	—	102	547
Ms. Chen Li (iii)	356	—	55	411
Ms. Qi Jing (iv)	—	—	—	—
Ms. Gao Xinmiao (v)	175	—	47	222
Ms. Xu Min (vi)	—	—	—	—
Subtotal	976	—	204	1,180
Supervisors				
Ms. Wang Juan (i)	—	—	—	—
Ms. Zhang Beini (vii)	—	—	—	—
Mr. Zhou Xuan (viii)	112	62	33	207
Subtotal	112	62	33	207
Total	1,088	62	237	1,387

	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2025				
Executive directors				
Ms. Xu Shunmei (i)	—	—	—	—
Ms. Wang Juan (i)	—	—	—	—
Mr. Lian Gang (ii)	578	30	48	656
Mr. Zhao Long (ix)	143	20	16	179
Ms. Chen Xin (x)	143	20	16	179
Ms. Jin Jing (xi)	73	20	10	103
Subtotal	937	90	90	1,117
Non-executive directors				
Ms. Chen Li (iii)	171	—	21	192
Ms. Qi Jing (iv)	—	—	—	—
Ms. Gao Xinmiao(v)	95	—	14	109
Ms. Xu Min (vi)	—	—	—	—
Subtotal	266	—	35	301
Supervisors				
Ms. Zhang Beini (vii)	—	—	—	—
Mr. Zhou Xuan (viii)	72	—	14	86
Subtotal	72	—	14	86
Total	1,275	90	139	1,504

	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000
Six months ended 30 June 2025 (unaudited)				
Directors				
Ms. Xu Shunmei (i)	—	—	—	—
Mr. Lian Gang (ii)	136	—	55	191
Ms. Chen Li (iii)	112	—	32	144
Ms. Qi Jing (iv)	—	—	—	—
Ms. Gao Xinmiao(v)	58	—	23	81
Ms. Xu Min (vi)	—	—	—	—
Subtotal	306	—	110	416
Supervisors				
Ms. Wang Juan (i)	—	—	—	—
Ms. Zhang Beini (vii)	—	—	—	—
Mr. Zhou Xuan (viii)	48	—	10	58
Subtotal	48	—	10	58
Total	354	—	120	474

	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000
Six months ended 30 June 2026				
Executive directors				
Ms. Xu Shunmei (i)	—	—	—	—
Ms. Wang Juan (i)	—	—	—	—
Mr. Lian Gang (ii)	171	—	24	195
Mr. Zhao Long (ix)	148	—	24	172
Ms. Chen Xin (x)	148	—	24	172
Ms. Jin Jing (xi)	137	—	19	156
Total	604	—	91	695

(i) Ms. Xu Shunmei was appointed as director of the Company on 20 August 2006 and as chairman of the board on 5 September 2019. Effective from 1 February 2022, her employment relationship was transferred to Yangzhou Quanyu Tourism Co., Ltd. as chairman of the board. From then, Ms. Xu Shunmei receives her remuneration from Yangzhou Quanyu Tourism Co., Ltd., while continuing to serve in her role within the Company. Ms. Xu Shunmei was appointed as chairman of the board on 20 September 2025.

Ms. Wang Juan was appointed as a supervisor on 23 September 2022. Effective from 1 February 2022, her employment relationship was transferred to Yangzhou Quanyu Tourism Co., Ltd. as director. From then, Ms. Wang Juan receives her remuneration from Yangzhou Quanyu Tourism Co., Ltd., while continuing to serve as supervisor in the Company. Ms. Wang Juan resigned from the position of supervisor on 5 September 2025 due to the decision of the directors discontinue the supervisory board. Ms. Wang Juan was appointed as an executive director on 20 September 2025.

(ii) Mr. Lian Gang was appointed as a director on 23 September 2022, and appointed as an executive director on 20 September 2025.

(iii) Ms. Chen Li was appointed as a director on 23 September 2022, resigned from the position of director on 20 September 2025 due to the change of term election.

(iv) Ms. Qi Jing was appointed as a director on 23 September 2022, resigned from the position of director on 20 September 2025 due to the change of term election.

(v) Ms. Gao Xinmiao was appointed as a director 23 September 2022, resigned from the position of director on 20 September 2025 due to the change of term election.

(vi) Ms. Xu Min was appointed as a director on 4 August 2023, resigned from the position of director on 20 September 2025 due to the change of term election.

(vii) Ms. Zhang Beini was appointed as a supervisor on 23 September 2022, resigned from the position of supervisor on 5 September 2025 due to the decision of the directors discontinue the supervisory board.

(viii) Mr. Zhou Xuan was appointed as a supervisor on 23 August 2022, resigned from the position of supervisor on 5 September 2025 due to the decision of the directors discontinue the supervisory board.

(ix) Mr. Zhao Long was appointed as an executive director on 20 September 2025.

(x) Ms. Chen Xin was appointed as an executive director on 20 September 2025.

(xi) Ms. Jin Jing was appointed as an executive director on 20 September 2025.

There was no arrangement under which a director or a supervisor waived or agreed to waive any remuneration during the Relevant Periods.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the years ended 31 December 2023, 2024, 2025 and the six months ended 30 June 2025 and 2026 included two, two, three, two and four directors, respectively, details of whose remuneration are set out in note 8 above. Details of the remuneration for the remaining highest paid employees who are neither a director nor a supervisor of the Company during the Relevant Periods are as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Salaries, allowances and benefits in kind	918	884	452	366	124
Performance related bonuses	—	—	—	—	—
Pension scheme contributions	145	120	160	136	47
Total	1,063	1,003	612	502	171

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees				
	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
				(unaudited)	
Nil to HK$500,000	3	3	2	3	1

10. INCOME TAX

All the entities within the Group are incorporated and operate in PRC.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and the Implementation Regulation of the EIT Law, the EIT rate of the PRC subsidiary is 25%.

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Current income tax	15,047	15,222	18,347	13,091	12,186
Deferred income tax	(69)	(286)	(1,023)	(201)	96
Total	14,978	14,936	17,324	12,890	12,282

A reconciliation of the tax expense applicable to profit before tax at the statutory tax rate for the jurisdiction in which the Company and its subsidiary are domiciled and/or operate to the tax expense at the effective tax rate is as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Profit before tax	61,408	57,820	69,314	51,713	49,051
Tax at the tax rate of 25%	15,352	14,455	17,329	12,928	12,263
Income not subject to tax	(568)	—	(45)	(39)	—
Adjustments in respect of current tax of previous periods	—	—	—	—	18
Expenses not deductible for tax	194	481	40	1	1
Tax charge at the Group's effective rate	14,978	14,936	17,324	12,890	12,282

11. DIVIDENDS

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Dividends declared to owners of the parent	—	—	7,664	7,664	—

On 8 May 2025, the Company's shareholders approved the 2024 profit distribution plan at an annual general meeting, pursuant to which a dividend of RMB2.74 per 10 shares of the Company's 27,972,045 shares, in an aggregate amount of RMB7,664,000. The dividend was paid in June 2025.

In September 2025, the Company's shareholders also approved a share dividend by way of a capitalisation issue, pursuant to which 38 new Shares were allotted for every 10 existing Shares. Please refer to note 24(a) for details.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares during each of the Relevant Periods.

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Earnings:					
Profit attributable to ordinary equity holders of the Company	46,430	42,874	48,294	35,304	34,726

On 30 September, 2025, the Company issued 106,294,000 shares that were allotted from the capital reserve to shareholders at a ratio of 38 new shares for every 10 existing shares. The conversion of reserve into share capital with a par value of RMB1.00 per share is applied retrospectively for the Relevant Periods. The calculations of basic and diluted earnings per share are based on:

	Number of shares				
	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	'000	'000	'000	'000 (unaudited)	'000
Shares					
Weighted average number of ordinary shares in issue during the year/period	132,833	134,266	134,266	134,266	134,266

13. PROPERTY, PLANT AND EQUIPMENT

The Group

	Office equipment and electronic devices	Vehicles	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2023				
At 1 January 2023:				
Cost	1,476	34,637	4,437	40,550
Accumulated depreciation and impairment	(1,349)	(26,399)	(1,705)	(29,453)
Net carrying amount	127	8,238	2,732	11,097
At 1 January 2023, net of accumulated depreciation and impairment	127	8,238	2,732	11,097
Additions	78	3,563	—	3,641
Disposals	(2)	(133)	—	(135)
Depreciation provided during the year	(46)	(2,295)	(287)	(2,628)
At 31 December 2023, net of accumulated depreciation and impairment	157	9,373	2,445	11,975
At 31 December 2023:				
Cost	1,516	35,541	4,437	41,494
Accumulated depreciation and impairment	(1,359)	(26,168)	(1,992)	(29,519)
Net carrying amount	157	9,373	2,445	11,975

	Machinery	Office equipment and electronic devices	Vehicles	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2024					
At 1 January 2024:					
Cost	—	1,516	35,541	4,437	41,494
Accumulated depreciation and impairment	—	(1,359)	(26,168)	(1,992)	(29,519)
Net carrying amount	—	157	9,373	2,445	11,975
At 1 January 2024, net of accumulated depreciation and impairment	—	157	9,373	2,445	11,975
Additions	37,183	55	23,795	2,840	63,873
Disposals	—	—	(104)	—	(104)
Depreciation provided during the year	—	(45)	(2,910)	(440)	(3,395)
At 31 December 2024, net of accumulated depreciation and impairment	37,183	167	30,154	4,845	72,349
At 31 December 2024:					
Cost	37,183	1,571	57,255	7,277	103,286
Accumulated depreciation and impairment	—	(1,404)	(27,101)	(2,432)	(30,937)
Net carrying amount	37,183	167	30,154	4,845	72,349

	Machinery	Office equipment and electronic devices	Vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2025						
At 1 January 2025:						
Cost	37,183	1,571	57,255	7,277	—	103,286
Accumulated depreciation and impairment	—	(1,404)	(27,101)	(2,432)	—	(30,937)
Net carrying amount	37,183	167	30,154	4,845	—	72,349
At 1 January 2025, net of accumulated depreciation and impairment	37,183	167	30,154	4,845	—	72,349
Additions	—	95	10,295	3,358	5,460	19,208
Disposals	—	(5)	(218)	—	—	(223)
Depreciation provided during the year	(3,532)	(57)	(3,911)	(1,429)	—	(8,929)
At 31 December 2025, net of accumulated depreciation and impairment	33,651	200	36,320	6,774	5,460	82,405
At 31 December 2025:						
Cost	37,183	1,577	63,195	10,635	5,460	118,050
Accumulated depreciation and impairment	(3,532)	(1,377)	(26,875)	(3,861)	—	(35,645)
Net carrying amount	33,651	200	36,320	6,774	5,460	82,405

	Machinery	Office equipment and electronic devices	Vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
30 June 2026						
At 1 January 2026:						
Cost	37,183	1,577	63,195	10,635	5,460	118,050
Accumulated depreciation and impairment	(3,532)	(1,377)	(26,875)	(3,861)	—	(35,645)
Net carrying amount	33,651	200	36,320	6,774	5,460	82,405
At 1 January 2026, net of accumulated depreciation and impairment	33,651	200	36,320	6,774	5,460	82,405
Additions	—	127	319	862	1,631	2,939
Cost adjustment	(654)	—	—	—	—	(654)
Transfers	2,642	—	4,449	—	(7,091)	—
Depreciation provided during the period	(1,868)	(34)	(2,113)	(846)	—	(4,861)
At 30 June 2026, net of accumulated depreciation and impairment	33,771	293	38,975	6,790	—	79,829
At 30 June 2026:						
Cost	39,171	1,704	67,963	11,497	—	120,335
Accumulated depreciation and impairment	(5,400)	(1,411)	(28,988)	(4,707)	—	(40,506)
Net carrying amount	33,771	293	38,975	6,790	—	79,829

The Company

	Office equipment and electronic devices	Vehicles	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2023				
At 1 January 2023:				
Cost	1,476	34,637	4,437	40,550
Accumulated depreciation	(1,349)	(26,399)	(1,705)	(29,453)
Net carrying amount	127	8,238	2,732	11,097
At 1 January 2023, net of accumulated depreciation	127	8,238	2,732	11,097
Additions	78	3,563	—	3,641
Disposals	(2)	(133)	—	(135)
Depreciation provided during the year	(46)	(2,295)	(287)	(2,628)
At 31 December 2023, net of accumulated depreciation	157	9,373	2,445	11,975
At 31 December 2023:				
Cost	1,516	35,541	4,437	41,494
Accumulated depreciation	(1,359)	(26,168)	(1,992)	(29,519)
Net carrying amount	157	9,373	2,445	11,975

	Office equipment and electronic devices	Vehicles	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2024				
At 1 January 2024:				
Cost	1,516	35,541	4,437	41,494
Accumulated depreciation	(1,359)	(26,168)	(1,992)	(29,519)
Net carrying amount	157	9,373	2,445	11,975
At 1 January 2024, net of accumulated depreciation	157	9,373	2,445	11,975
Additions	55	11,680	1,743	13,478
Disposals	—	(104)	—	(104)
Depreciation provided during the year	(45)	(2,910)	(404)	(3,359)
At 31 December 2024, net of accumulated depreciation	167	18,039	3,784	21,990
At 31 December 2024:				
Cost	1,571	45,140	6,180	52,891
Accumulated depreciation	(1,404)	(27,101)	(2,396)	(30,901)
Net carrying amount	167	18,039	3,784	21,990

	Office equipment and electronic devices	Vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2025					
At 1 January 2025:					
Cost	1,571	45,140	6,180	—	52,891
Accumulated depreciation	(1,404)	(27,101)	(2,396)	—	(30,901)
Net carrying amount	167	18,039	3,784	—	21,990
At 1 January 2025, net of accumulated depreciation	167	18,039	3,784	—	21,990
Additions	63	573	255	3,437	4,328
Disposals	(5)	(218)	—	—	(223)
Depreciation provided during the year	(48)	(2,571)	(687)	—	(3,306)
At 31 December 2025, net of accumulated depreciation	177	15,823	3,352	3,437	22,789
At 31 December 2025:					
Cost	1,548	41,358	6,435	3,437	52,778
Accumulated depreciation	(1,371)	(25,535)	(3,083)	—	(29,989)
Net carrying amount	177	15,823	3,352	3,437	22,789

	Office equipment and electronic devices	Vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
30 June 2026					
At 1 January 2026:					
Cost	1,548	41,358	6,435	3,437	52,778
Accumulated depreciation	(1,371)	(25,535)	(3,083)	—	(29,989)
Net carrying amount	177	15,823	3,352	3,437	22,789
At 1 January 2026, net of accumulated depreciation	177	15,823	3,352	3,437	22,789
Additions	92	319	720	1,012	2,143
Transfers	—	4,449	—	(4,449)	—
Depreciation provided during the period	(31)	(1,424)	(417)	—	(1,872)
At 30 June 2026, net of accumulated depreciation	238	19,167	3,655	—	23,060
At 30 June 2026:					
Cost	1,640	46,126	7,155	—	54,921
Accumulated depreciation	(1,402)	(26,959)	(3,500)	—	(31,861)
Net carrying amount	238	19,167	3,655	—	23,060

14. LEASES

The Group as a lessee

The Group has one lease contract for the item of leasehold building which has a lease term of 4.5 years.

(a) ***Right-of-use assets***

The carrying amounts of right-of-use assets and the movements during the Relevant Periods are as follows:

The Group and the Company

	Building
	RMB'000
As at 1 January 2023	354
Depreciation charge	(89)
As at 31 December 2023 and 1 January 2024	265
Depreciation charge	(88)
As at 31 December 2024 and 1 January 2025	177
Depreciation charge	(89)
As at 31 December 2025 and 1 January 2026	88
Depreciation charge	(44)
As at 30 June 2026	44

(b) ***Lease liabilities***

The carrying amounts of lease liabilities and the movements during the Relevant Periods are as follows:

The Group and the Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at the beginning of the year/ period	357	277	191	91
Accretion of interest recognised during the year/ period	15	9	6	2
Payments	(95)	(95)	(106)	—
Carrying amount at the end of the year/period	277	191	91	93
Analysed into:				
Current portion	82	95	91	93
Non-current portion	195	96	—	—

The maturity analysis of lease liabilities is disclosed in note 32 to the financial statements.

(c) ***The amounts recognised in profit or loss in relation to leases are as follows:***

The Group

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Interest on lease liabilities	15	9	6	3	2
Depreciation charge of right-of-use assets	89	88	89	44	44
Total amount recognised in profit or loss	104	97	95	47	46

(d) The total cash outflow for leases and future cash outflows relating to leases that have yet commenced are disclosed in note 27(c) to the financial statements.

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	95	95	95	95
After one year but within two years	95	95	—	—
After two years but within three years	95	—	—	—
Total	285	190	95	95

The Group as a lessor

The Group leases its ancillary facilities at its wharves under operating lease arrangements. Rental income recognised by the Group during the years ended 31 December 2023, 2024, 2025 and six months ended 30 June 2026 was RMB777,000, RMB888,000, RMB752,000 and RMB419,000, details of which are included in note 5 to the Historical Financial Information.

At the end of each of Relevant Periods, the undiscounted lease payments receivable by the Group in future periods under operating leases with its tenants are as follows:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	869	600	880	880
After one year but within two years	600	600	880	880
After two years but within three years	600	600	730	430
After three years but within four years	600	450	280	280
After four years but within five years	450	—	280	140
After five years	—	—	—	—
Total	3,119	2,250	3,050	2,610

15. INTANGIBLE ASSETS

The Group

	Exclusive operation rights	Software	Total
	RMB'000	RMB'000	RMB'000
31 December 2023			
At 1 January 2023:			
Cost	21,009	168	21,177
Accumulated amortisation and impairment	(2,461)	(168)	(2,629)
Net carrying amount	18,548	—	18,548
Cost at 1 January 2023, net of accumulated amortisation and impairment	18,548	—	18,548
Additions	—	—	—
Amortisation provided during the year	(1,364)	—	(1,364)
At 31 December 2023	17,184	—	17,184
At 31 December 2023 and at 1 January 2024:			
Cost	21,009	168	21,177
Accumulated amortisation and impairment	(3,825)	(168)	(3,993)
Net carrying amount	17,184	—	17,184

	Exclusive operation rights	Intellectual property	Software	Total
	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2024				
Cost at 1 January 2024, net of accumulated amortisation and impairment	17,184	—	—	17,184
Additions	—	8,251	—	8,251
Disposals	—	—	—	—
Amortisation provided during the year	(1,364)	—	—	(1,364)
At 31 December 2024	15,820	8,251	—	24,071
At 31 December 2024 and at 1 January 2025:				
Cost	21,009	8,251	168	29,428
Accumulated amortisation and impairment	(5,189)	—	(168)	(5,357)
Net carrying amount	15,820	8,251	—	24,071
31 December 2025				
Cost at 1 January 2025, net of accumulated amortisation and impairment	15,820	8,251	—	24,071
Additions	—	—	25	25
Amortisation provided during the year	(1,364)	(1,650)	(1)	(3,015)
At 31 December 2025	14,456	6,601	24	21,081
At 31 December 2025:				
Cost	21,009	8,251	193	29,453
Accumulated amortisation and impairment	(6,553)	(1,650)	(169)	(8,372)
Net carrying amount	14,456	6,601	24	21,081
30 June 2026				
Cost at 1 January 2026, net of accumulated amortisation and impairment	14,456	6,601	24	21,081
Additions	—	—	—	—
Amortisation provided during the period	(682)	(825)	(2)	(1,509)
At 30 June 2026	13,774	5,776	22	19,572
At 30 June 2026:				
Cost	21,009	8,251	193	29,453
Accumulated amortisation and impairment	(7,235)	(2,475)	(171)	(9,881)
Net carrying amount	13,774	5,776	22	19,572

The Company

	Exclusive operation rights	Software	Total
	RMB'000	RMB'000	RMB'000
31 December 2023			
At 1 January 2023:			
Cost	21,009	168	21,177
Accumulated amortisation	(2,461)	(168)	(2,629)
Net carrying amount	18,548	—	18,548
Cost at 1 January 2023, net of accumulated amortisation	18,548	—	18,548
Additions	—	—	—
Amortisation provided during the year	(1,364)	—	(1,364)
At 31 December 2023	17,184	—	17,184
At 31 December 2023 and at 1 January 2024:			
Cost	21,009	168	21,177
Accumulated amortisation and impairment	(3,825)	(168)	(3,993)
Net carrying amount	17,184	—	17,184

	Exclusive operation rights	Software	Total
	RMB'000	RMB'000	RMB'000
31 December 2024			
Cost at 1 January 2024, net of accumulated amortisation and impairment	17,184	—	17,184
Additions	—	—	—
Disposals	—	—	—
Amortisation provided during the year	(1,364)	—	(1,364)
At 31 December 2024	15,820	—	15,820
At 31 December 2024 and at 1 January 2025:			
Cost	21,009	168	21,177
Accumulated amortisation and impairment	(5,189)	(168)	(5,357)
Net carrying amount	15,820	—	15,820
31 December 2025			
Cost at 1 January 2025, net of accumulated amortisation and impairment	15,820	—	15,820
Additions	—	25	25
Amortisation provided during the year	(1,365)	(1)	(1,366)
At 31 December 2025	14,455	24	14,479
At 31 December 2025:			
Cost	21,009	193	21,202
Accumulated amortisation and impairment	(6,554)	(169)	(6,723)
Net carrying amount	14,455	24	14,479
30 June 2026			
Cost at 30 June 2026, net of accumulated amortisation and impairment	14,455	24	14,479
Additions	—	—	—
Amortisation provided during the period	(682)	(2)	(684)
At 30 June 2026	13,773	22	13,795
At 30 June 2026:			
Cost	21,009	193	21,202
Accumulated amortisation and impairment	(7,236)	(171)	(7,407)
Net carrying amount	13,773	22	13,795

16. INVESTMENTS IN A SUBSIDIARY

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Investments in a subsidiary	—	50,000	50,000	50,000

The Company entered into a strategic collaboration with several key partners, including Yangzhou Garden Co., Ltd., Yao Youguang Technology Group Co., Ltd., Yangzhou Radio and Television News Network Media Co., Ltd., and Jiangsu YlMl Technology Industry Co., Ltd., to jointly establish Yangzhou Yuntong on 3 June 2024 (refer to note 1) with an initial registered capital of RMB5,000,000.

In September 2024, the shareholders of Yangzhou Yuntong resolved to increase the registered capital from RMB5,000,000 to RMB95,000,000. The additional capital contribution of RMB90,000,000 was made by the existing shareholders in proportion to their respective shareholding percentages.

Pursuant to the capital increase agreement, the Company is obligated to buy back the equity interests held by non-controlling shareholders of Yangzhou Yuntong at the valuation price as of the buyback date. Specifically, the Group is required to acquire the shares held by Yangzhou Garden Co., Ltd. no later than 31 December 2025, and the shares held by other non-controlling shareholders of Yangzhou Yuntong no later than 31 January 2030. As the Group does not have an unconditional right to avoid the future delivery of cash or other financial assets under the put options granted to the non-controlling shareholders of Yangzhou Yuntong, it has recognised a financial liability measured at amortised cost in respect of the redemption obligation.

In September 2025, the Company entered into a buyback extension agreement with Yangzhou Garden Co., Ltd., pursuant to which the original redemption date was extended from 31 December 2025 to 31 January 2030.

Each of the non-controlling shareholders of Yangzhou Yuntong has agreed that the buyback of their respective equity interests will be initiated and managed by the Company. As of 30 June 2026, the board of directors of the Company assessed that the redemption obligation maturing on 31 January 2030 would not be settled within the next twelve months. Accordingly, the redemption liability due before 31 January 2030 has been classified as a non-current liability in the consolidated financial statements.

17. OTHER NON-CURRENT ASSETS

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Prepayment for property, plant and equipment	3,327	2,916	3,655	8,430
Value-added-tax recoverable	—	—	—	4,436
Total	3,327	2,916	3,655	12,866

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Prepayment for property, plant and equipment	3,327	—	88	2,296

18. TRADE RECEIVABLES

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	439	278	624	2,392
Impairment	(24)	(20)	(13)	(120)
Net carrying amount	415	258	611	2,272

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	439	278	598	2,213
Amount due from a subsidiary	—	—	2,407	2,020
Impairment	(24)	(20)	(13)	(111)
Net carrying amount	415	258	2,992	4,122

Advance payment is normally required for sales of cruise tickets, except for certain long-standing customers with bulk purchases and good credit standing such as travel agencies, where payment is due within 30 days from the date of delivery. Trade receivables are non-interest bearing.

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

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	388	180	611	2,272
1 to 2 years	27	64	—	—
2 to 3 years	—	14	—	—
Total	415	258	611	2,272

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	388	180	2,992	4,122
1 to 2 years	27	64	—	—
2 to 3 years	—	14	—	—
Total	415	258	2,992	4,122

The movements in the loss allowance for impairment of trade receivables are as follows:

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of year/period	37	24	20	13
Impairment losses, net	(13)	(4)	(7)	107
At end of year/period	24	20	13	120

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of year/period	37	24	20	13
Impairment losses, net	(13)	(4)	(7)	98
At end of year/period	24	20	13	111

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns by customer type. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

The Group

	Expected credit loss rate %	Gross carrying amount	Expected credit losses	Net carrying amount
		RMB'000	RMB'000	RMB'000
As at 31 December 2023				
For credit loss allowance measured on collective basis				
Up to 1 year	4.90%	408	(20)	388
1 year to 2 years	12.90%	31	(4)	27
Total		439	(24)	415

	Expected credit loss rate %	Gross carrying amount	Expected credit losses	Net carrying amount
		RMB'000	RMB'000	RMB'000
As at 31 December 2024				
For credit loss allowance measured on collective basis				
Up to 1 year	5.26%	190	(10)	180
1 year to 2 years	9.86%	71	(7)	64
2 years to 3 years	17.65%	17	(3)	14
Total		278	(20)	258

	Expected credit loss rate %	Gross carrying amount	Expected credit losses	Net carrying amount
		RMB'000	RMB'000	RMB'000
As at 31 December 2025				
For credit loss allowance measured on individual basis				
Due from related parties	0.00%	357	—	357
For credit loss allowance measured on collective basis				
Up to 1 year	4.87%	267	(13)	254

	Expected credit loss rate %	Gross carrying amount	Expected credit losses	Net carrying amount
		RMB'000	RMB'000	RMB'000
As at 30 June 2026				
For credit loss allowance measured on collective basis				
Up to 1 year	5.02%	2,392	(120)	2,272

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix: (continued)

The Company

	Expected credit loss rate %	Gross carrying amount	Expected credit losses	Net carrying amount
		RMB'000	RMB'000	RMB'000
As at 31 December 2023				
For credit loss allowance measured on a collective basis				
Up to 1 year	4.90%	408	(20)	388
1 year to 2 years	12.90%	31	(4)	27
Total		439	(24)	415

	Expected credit loss rate %	Gross carrying amount	Expected credit losses	Net carrying amount
		RMB'000	RMB'000	RMB'000
As at 31 December 2024				
For credit loss allowance measured on a collective basis				
Up to 1 year	5.26%	190	(10)	180
1 year to 2 years	9.86%	71	(7)	64
2 years to 3 years	17.65%	17	(3)	14
Total		278	(20)	258

	Expected credit loss rate %	Gross carrying amount	Expected credit losses	Net carrying amount
		RMB'000	RMB'000	RMB'000
As at 31 December 2025				
For credit loss allowance measured on a individual basis				
Due from related parties	0.00%	2,764	—	2,764
For credit loss allowance measured on a collective basis				
Up to 1 year	5.39%	241	(13)	228

	Expected credit loss rate %	Gross carrying amount	Expected credit losses	Net carrying amount
		RMB'000	RMB'000	RMB'000
As at 30 June 2026				
For credit loss allowance measured on a individual basis				
Due from related parties	0.00%	2,020	—	2,020
For credit loss allowance measured on a collective basis				
Up to 1 year	5.02%	2,213	(111)	2,102

19. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Prepayments	84	166	445	329
Deposits and other receivables	48	62	120	23
Value-added-tax recoverable	382	4,583	5,666	2,321
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	514	4,811	19,309	19,253

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Prepayments	84	166	114	26
Deposits and other receivables	48	62	17	23
Value-added-tax recoverable	382	577	—	—
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	514	805	13,209	16,629

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. At the end of each of the Relevant Periods, the loss allowance was assessed to be minimal.

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Structured deposits, at fair value	131,137	160,913	189,995	180,700

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Structured deposits, at fair value	131,137	120,697	160,024	180,700

The structured deposits were issued by banks in the Chinese mainland. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest. All the structured deposits are principal-guaranteed.

21. CASH AND CASH EQUIVALENTS

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and cash equivalents	29,873	41,389	28,875	67,104

At the years ended 31 December 2023, 2024, 2025 and six months ended 30 June 2026, the cash and bank balances of the Group denominated in Renminbi ("**RMB**") amounted to RMB29,873,000, RMB41,389,000, RMB28,875,000 and RMB67,104,000, respectively. The RMB is not freely convertible into other currencies, however, under Chinese mainland's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and cash equivalents	29,873	30,968	15,185	26,683

22. TRADE AND OTHER PAYABLES

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Payables for property, plant and equipment and intangible assets	86	8,972	5,615	5,196
Payroll payables	5,457	7,945	7,095	5,312
Other tax payables	21	51	598	1,413
Redemption liability, current portion *(note 29)**	—	20,000	—	—
Amount due to related party *(note 29)*	—	14,754	12,044	2,383
Long term payable of exclusive operation rights due within one year *(note 29)*	769	962	1,079	—
[REDACTED] payable	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Others**	930	1,470	1,237	1,664
Total	7,263	54,154	27,668	19,380

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Payables for property, plant and equipment and intangible assets	86	2,785	1,201	1,110
Payroll payables	5,457	7,945	7,095	5,312
Other tax payables	21	51	598	1,413
Amount due to related parties	—	—	—	602
Long term payable of exclusive operation rights due within one year *(note 29)*	769	962	1,079	—
[REDACTED] payable	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Others**	930	1,271	920	1,129
Total	7,263	13,014	10,893	12,978

* The redemption liability arises from a put option arrangement with non-controlling shareholders of a subsidiary. For detail, please refer to note 16 to the Historical Financial Information.

** Others includes deposits from travel agencies and miscellaneous payables.

An ageing analysis of the trade and other payables due to related parties as at the end of each of the Relevant Periods, based on the transaction date, is as follows:

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	769	35,716	1,079	602
1 to 2 years	—	—	12,044	1,781
2 to 3 years	—	—	—	—
Total	769	35,716	13,123	2,383

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	769	962	1,079	602
1 to 2 years	—	—	—	—
2 to 3 years	—	—	—	—
Total	769	962	1,079	602

23. LONG-TERM PAYABLES

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Long term payable of exclusive operation rights *(note 29)*	18,219	17,197	16,118	15,770
Redemption liability, non-current portion *(note 29)*	—	25,000	47,620	47,740
Others	48	—	—	—
Total	18,267	42,197	63,738	63,510

* The redemption liability arises from a put option arrangement with non-controlling shareholders of a subsidiary. For detail, please refer to note 16 to the Historical Financial Information.

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Long term payable of exclusive operation rights *(note 29)*	18,219	17,197	16,118	15,770
Others	48	—	—	—
Total	18,267	17,197	16,118	15,770

24. SHARE CAPITAL

Shares

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Issued and fully paid:				
Ordinary shares	27,972	27,972	134,266	134,266

A summary of movements in the Company's share capital is as follows:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	25,175	27,972	27,972	134,266
Capital reserve converted to share capital *(Note (a))*	—	—	106,294	—
New ordinary shares issued *(Note (b))*	2,797	—	—	—
At the end of the year/period	27,972	27,972	134,266	134,266

Notes:

(a) Pursuant to the resolution of the Company's 2025 Second Extraordinary General Meeting, the Company implemented a capitalisation issue on 30 September 2025. Based on the issued share capital representing 27,972,000 shares prior to the issuance, 106,294,000 shares were allotted from the capital reserve to shareholders at a ratio of 38 new shares for every 10 existing shares. Upon completion of the capitalisation, the Company's share capital was increased to RMB134,266,000.

(b) On 6 April 2023, the Company's 2023 First Extraordinary General Meeting resolved to conduct a private placement of 2,797,045 ordinary shares to Jiangsu Grand Canal (Yangzhou) Cultural Tourism Development Fund (Limited Partnership) ("**Grand Canal Fund**") at an issue price of RMB10.21 per share. The newly issued shares were listed and commenced public trading on the National Equities Exchange and Quotations System for Small and Medium sized Enterprises on 7 July 2023, with the full subscription of 2,797,045 shares for an aggregate consideration of RMB28,558,000 (including share issue expenses amounting to RMB140,000) contributed by the Grand Canal Fund.

25. RESERVES

The Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 7 to 8 of the financial statements.

Capital reserve

The capital reserve represents the share premium, which is the amount paid by shareholders in excess of the par value of the shares issued.

Statutory surplus reserve

In accordance with the PRC Company Law and the articles of association of the subsidiary established in the PRC, the Group is required to allocate 10% of its net profit after tax, as determined under the Chinese Accounting Standards, to the statutory surplus funds until the reserve balance reaches 50% of its registered capital. Subject to certain restrictions set out in the relevant PRC regulations and in the articles of association of the subsidiary, the statutory surplus funds may be used either to offset losses, or to be converted to increase the share capital of the subsidiary provided that the balance after such conversion is not less than 25% of the registered capital of the subsidiary. The reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends.

The Company

The amounts of the Company's reserves and the movements therein are presented below:

	Capital reserve	Statutory surplus reserve	Retained profits	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2023	1,792	5,398	59,106	66,296
Profit for the year	—	—	46,430	46,430
Issuance of shares	25,621	—	—	25,621
Appropriation to statutory reserves	—	4,643	(4,643)	—
As at 31 December 2023	27,413	10,041	100,893	138,347

	Capital reserve	Statutory surplus reserve	Retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2024	27,413	10,041	100,893	138,347
Profit for the year	—	—	42,863	42,863
Appropriation to statutory reserves	—	4,286	(4,286)	—
As at 31 December 2024	27,413	14,327	139,470	181,210

	Capital reserve	Statutory surplus reserve	Retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2025	27,413	14,327	139,470	181,210
Profit for the year	—	—	46,153	46,153
Capital reserve converted to share capital	—	—	(106,294)	(106,294)
Appropriation to statutory reserves	—	4,615	(4,615)	—
Final 2024 dividend declared	—	—	(7,664)	(7,664)
As at 31 December 2025	27,413	18,942	67,050	113,405

	Capital reserve	Statutory surplus reserve	Retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2026	27,413	18,942	67,050	113,405
Profit for the period	—	—	32,546	32,546
As at 30 June 2026	27,413	18,942	99,596	145,951

26. PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiary that has material non-controlling interests are set out below:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
				(unaudited)	
Percentage of equity interest held by non-controlling interests:					
Yangzhou Yuntong	—	47.37%	47.37%	47.37%	47.37%

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Profit for the year/period allocated to non-controlling interests:					
Yangzhou Yuntong	—	10	3,696	3,519	2,043
Accumulated balances of non-controlling interests at the reporting date:					
Yangzhou Yuntong	—	45,010	48,706	48,529	50,749

The following tables illustrate the summarised financial information of the above subsidiary. The amounts disclosed are before any inter-company eliminations:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Current assets	—	54,643	52,305	43,312
Non-current assets	—	61,526	69,792	73,003
Current liabilities	—	21,141	19,275	9,180
Non-current liabilities	—	7	—	—

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Yangzhou Yuntong					
Revenue	—	—	36,077	21,076	19,841
Other income and gains	—	—	474	—	338
Total expenses	—	(21)	(28,704)	(13,646)	(15,867)
(Loss)/Profit for the year/period	—	(21)	7,802	7,430	4,312
Total comprehensive (loss)/income for the year/period	—	(21)	7,802	7,430	4,312
Net cash flows (used in)/from operating activities	—	(156)	15,065	16,058	10,978
Net cash flows (used in)/from investing activities	—	(84,423)	(11,797)	(5,388)	15,753
Net cash flows from financing activities	—	95,000	—	—	—
Net increase in cash and cash equivalents	—	10,421	3,268	10,670	26,731

27. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the Relevant Periods, the Group had no major non-cash transactions.

(b) Changes in liabilities arising from financing activities

	Lease liabilities	Long term payable of exclusive operation rights	Dividend declared	Accrued [REDACTED] included in trade and other payable	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	357	20,431	—	[REDACTED]	20,788
Changes from financing cash flows	(95)	(2,378)	—	[REDACTED]	(2,473)
Interest expense	15	934	—	[REDACTED]	949
At 31 December 2023	277	18,987	—	[REDACTED]	19,264
Changes from financing cash flows	(95)	(1,700)	—	[REDACTED]	(1,795)
Interest expense	9	872	—	[REDACTED]	881
At 31 December 2024	191	18,159	—	[REDACTED]	18,350
Additions	—	—	7,664	[REDACTED]	21,475
Changes from financing cash flows	(106)	(1,796)	(7,664)	[REDACTED]	(23,377)
Interest expense	6	833	—	[REDACTED]	839
At 31 December 2025	91	17,196	—	[REDACTED]	17,287
Additions	—	—	—	[REDACTED]	4,099
Changes from financing cash flows	—	(1,817)	—	[REDACTED]	(2,504)
Interest expense	2	390	—	[REDACTED]	392
At 30 June 2026	93	15,769	—	[REDACTED]	19,274
At 31 December 2024	191	18,159	—	[REDACTED]	18,350
Interest expense	3	412	—	[REDACTED]	415
At 30 June 2025	194	18,571	—	[REDACTED]	18,765

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statement of cash flows is as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Within financing activities	95	95	106	—	—

28. COMMITMENTS

The Group had the following contractual commitments at the end of the Relevant Periods:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Contracted, but not provided for:				
Property, plant and equipment	8,680	7,687	3,911	9,928

29. RELATED PARTY TRANSACTIONS

(a) Names and relationships of the related parties:

Company Name	Relationship with the Group
Yangzhou OCT Industrial Development Co., Ltd.	A affiliate of the controlling shareholder
Yangzhou Wuhe Real Estate Co., Ltd.	A company whose supervisor serving as the Company's director
Yangzhou Quanyu Tourism Co., Ltd.	One of the controlling shareholders
Yao Youguang Technology Group Co., Ltd.	Minority shareholders of a significant subsidiary
Yangzhou Radio and Television News Network Media Co., Ltd.	Minority shareholders of a significant subsidiary
Yangzhou Garden Co., Ltd.	Minority shareholders of a significant subsidiary
Jiangsu YlMl Technology Industry Co., Ltd.	Minority shareholders of a significant subsidiary
Yangzhou Guesthouse Operation and Management Co., Ltd.	Controlled by the Shugang-Slender West Lake Administrative Committee
Yangzhou Hongqiao Fang Hotel Management Co., Ltd.	Controlled by the Shugang-Slender West Lake Administrative Committee
Yangzhou Sanwan Hotel Management Co., Ltd.	Controlled by the Shugang-Slender West Lake Administrative Committee
Slender West Lake Administration Office	Controlled by the Shugang-Slender West Lake Administrative Committee
Shugang-Slender West Lake Administrative Committee	Administrative Committee of the Shugang-Slender West Lake Scenic Area of Yangzhou*

* Prior to 7 July 2023, the responsibilities as a shareholder of Yangzhou Slender West Lake Tourism Development Group Co., Ltd. (揚州瘦西湖旅遊發展集團有限公司), the controlling shareholder of the Company, was fulfilled by the Shugang-Slender West Lake Administrative Committee.

With the approval of the Yangzhou Municipal People's Government on 27 June 2023, the 100% equity interest in Yangzhou Slender West Lake Tourism Development Group Co., Ltd was transferred to Yangzhou Industrial Investment State-owned Holding (Group) Co., Ltd. (揚州市產業投資國有控股(集團)有限責任公司). Yangzhou Industrial Investment State-owned Holding (Group) Co., Ltd. is funded by the People's Government of Yangzhou City, with the responsibilities as shareholder of Yangzhou Slender West Lake Tourism Development Group Co., Ltd. entrusted to the Yangzhou Economic and Technological Development Zone Administrative Committee.

Yangzhou Slender West Lake Tourism Development Group Co., Ltd. completed the relevant registration procedures on 7 July 2023. From that date onward, the Shugang-Slender West Lake Administrative Committee no longer fulfilled the responsibilities as a shareholder of Yangzhou Slender West Lake Tourism Development Group Co., Ltd.

(b) The Group had the following transactions with related parties during the year and period:

	Notes	Year ended 31 December			Six months ended 30 June	
		2023	2024	2025	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Purchase of long-term assets						
Yao Youguang Technology Group Co., Ltd.		—	45,434	—	—	—
Purchase of services						
Yangzhou Radio and Television News Network Media Co., Ltd.	(i)	—	1,137	1,140	500	485
Slender West Lake Administration Office		—	—	2	—	—
Sightseeing boat services and sightseeing tour bus services						
Slender West Lake Administration Office		—	—	340	—	—
Yangzhou Guesthouse Operation and Management Co., Ltd.		22	518	334	144	170
Yangzhou Sanwan Hotel Management Co., Ltd.		—	—	249	—	47
Yangzhou Hongqiao Fang Hotel Management Co., Ltd.		—	91	62	32	17
Shugang-Slender West Lake Administrative Committee		—	—	—	—	4
Revenue from advertising services						
Yangzhou Wuhe Real Estate Co., Ltd.		275	—	—	—	—
Rental expenses to a related party						
Yangzhou Quanyu Tourism Co., Ltd.	(ii)	89	88	95	44	48
Exclusive operation rights						
Shugang-Slender West Lake Administrative Committee	(iii)	1,364	1,364	1,806	682	909

Notes:

The above transactions were conducted in accordance with the terms and conditions mutually agreed by the parties involved.

(i) The services received from Yangzhou Radio and Television News Network Media Co., Ltd. consisted of services for promotion and operation.

(ii) The Group has entered into lease agreements in respect of a building with Yangzhou Quanyu Tourism Co., Ltd. The rental fees under the lease were RMB95,000, RMB95,000, RMB95,000, RMB48,000 and RMB48,000 for the years ended 31 December 2023, 2024, 2025 and six months ended 30 June 2025 and 2026, respectively. The Group recognised right-of-use assets of RMB265,000, RMB177,000, RMB88,000 and RMB44,000, and lease liabilities of RMB277,000, RMB191,000, RMB91,000, and RMB93,000 as at 31 December 2023, 2024, 2025 and 30 June 2026, respectively.

(iii) The Group had long term payable of exclusive operation rights for operating water sightseeing boat services and sightseeing tour buses within the Shugang-Slender West Lake Scenic Area to Shugang-Slender West Lake Administrative Committee.

(c) Outstanding balances with related parties:

The Group

	Notes	As at 31 December			As at 30 June
		2023	2024	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables:					
Slender West Lake Administration Office	*(i)*	—	—	357	—
Lease liabilities, current:					
Yangzhou Quanyu Tourism Co., Ltd.		82	95	91	93
Lease liabilities, non-current:					
Yangzhou Quanyu Tourism Co., Ltd.		195	96	—	—
Trade and other payables:					
Yao Youguang Technology Group Co., Ltd.		—	14,754	12,044	1,781
Shugang-Slender West Lake Administrative Committee	*(ii)*	769	962	1,079	—
Slender West Lake Administration Office		—	—	40	88
Yangzhou Garden Co., Ltd.	*(iii)*	—	20,000	—	—
Yangzhou Radio and Television News Network Media Co., Ltd.		—	—	—	514
Long-term payables:					
Shugang-Slender West Lake Administrative Committee	*(ii)*	18,219	17,197	16,118	15,770
Yangzhou Garden Co., Ltd.	*(iii)*	—	—	21,164	21,218
Yao Youguang Technology Group Co., Ltd.	*(iii)*	—	10,000	10,582	10,609
Yangzhou Radio and Television News Network Media Co., Ltd.	*(iii)*	—	10,000	10,582	10,609
Jiangsu Yimi Technology Industry Co., Ltd.	*(iii)*	—	5,000	5,292	5,304

Notes:

(i) The amounts due from related parties are unsecured, interest-free and repayable on demand. The management of the Company considers there is no significant credit risk for amounts due from a related party.

(ii) The Group had long term payable of exclusive operation rights for operating water sightseeing boat services and sightseeing tour buses within the Shugang-Slender West Lake Scenic Area to Shugang-Slender West Lake Administrative Committee, Yangzhou.

(iii) The Group has the redemption obligation to buy back the shares of non-controlling shareholders of Yangzhou Yuntong, the redemption liability measured at amortised cost (note 16).

Other than the redemption obligation payables, all the related parties' balances listed above are trade related. As of 30 June 2026, the board of directors of the Company assessed that the redemption obligation maturing on 31 January 2030 would not be settled within the next twelve months.

(d) Compensation of key management personnel of the Group:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Short term employee benefits	1,256	1,243	1,626	430	604
Post-employment benefits	130	130	163	67	91
Total compensation paid to key management personnel	1,386	1,373	1,789	497	695

Further details of directors' and the chief executive's emoluments are included in note 8 to the Historical Financial Information.

(e) Transactions with Other Government-related entities in the PRC

The registered shareholders of the Company are Tourism Development Group, Yangzhou Quanyu Tourism Co., Ltd., Grand Canal Fund, and Mr. Lehua Yu.

Tourism Development Group is a wholly-owned subsidiary of Yangzhou Industrial, which is a state-owned enterprise (75% owned by the Yangzhou Government and 25% owned by Yangzhou Economic and Technological Development Zone State Owned Holdings (Group) Co., Ltd.) and ultimately controlled by the Yangzhou Government. Yangzhou Quanyu Tourism Co., Ltd. is owned as to (i) 76.6% by Yangzhou Business Tourism Group and (ii) 23.4% by Slender West Lake Administration Office. Yangzhou Business Tourism Group is a wholly-owned subsidiary of Yangzhou Industrial, which in turn, is ultimately controlled by the Yangzhou Government.

Accordingly, (i) Tourism Development Group, (ii) Yangzhou Industrial, (iii) Yangzhou Quanyu Tourism Co., Ltd., and (iv) Yangzhou Business Tourism Group are controlled by Yangzhou Industrial, which is 25% owned by Yangzhou Economic and Technological Development Zone State Owned Holdings (Group) Co., Ltd., and all of the foregoing, including Yangzhou Economic and Technological Development Zone State Owned Holdings (Group) Co., Ltd. will constitute a group of controlling shareholders of the Company under the Listing Rules.

The Group operates in an economic environment currently predominated by entities controlled, jointly controlled or under significant influence by the PRC government ("**Government-related Entities**"). In addition, the Group is itself part of companies under the Yangzhou Government which is controlled by the PRC government.

In the normal course of business, the Group has entered into various deposits with banks and financial institutions which are Government-related entities. In view of the nature of those transactions, the directors of the Company are of the opinion that quantitative information on the extent of transactions between the Group and the Government-related Entities would not be meaningful.

Other than those disclosed in section (b) above and deposits with banks and financial institutions which are Government-related Entities, the directors of the Company consider that the other transactions with those Government-related Entities are not material to the Group.

(f) Redemption right of the [REDACTED]

As more fully explained in the paragraph headed "Special Rights" in the section headed "OUR HISTORY AND DEVELOPMENT" in the Document, on 17 March 2023, Tourism Development Group as one of the controlling shareholders and the Grand Canal Fund as the [REDACTED] entered into a first supplemental agreement to the Subscription Agreement, pursuant to which Tourism Development Group granted the Grand Canal Fund certain special rights such as right of first refusal, right of first offer, redemption right, nomination right and right to financial compensation in case of acquisition by or merger with third party company(ies). During the Relevant Period, there were no side agreements or arrangements between the Company and Tourism Development Group regarding the redemption right of the [REDACTED], nor had the Company provided any form of guarantee in connection with any potential default or failure by Tourism Development Group to fulfil its obligation relating to such redemption right. The Company was not a signing party to the agreement entered into between the [REDACTED] and Tourism Development Group, the Company had no connection or involvement in the arrangements concerning redemption right between the [REDACTED] and Tourism Development Group, nor did it bear any obligation to repurchase any shares under such terms. As the Company has no obligations to repurchase the Shares, no liabilities were recognised for the investment from the [REDACTED] during the Relevant Period.

30. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

The Group

As at 31 December 2023

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
	RMB'000	RMB'000	RMB'000
Trade receivables	—	415	415
Financial assets at fair value through profit or loss	131,137	—	131,137
Financial assets included in prepayments, other receivables and other assets	—	48	48
Cash and cash equivalents	—	29,873	29,873
Total	131,137	30,336	161,473

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Lease liabilities	277
Financial liabilities included in trade and other payables	1,785
Long-term payables	18,267
Total	20,329

As at 31 December 2024

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
	RMB'000	RMB'000	RMB'000
Trade receivables	—	258	258
Financial assets at fair value through profit or loss	160,913	—	160,913
Financial assets included in prepayments, other receivables and other assets	—	62	62
Cash and cash equivalents	—	41,389	41,389
Total	160,913	41,709	202,622

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Lease liabilities	191
Financial liabilities included in trade and other payables	46,158
Long-term payables	42,197
Total	88,546

As at 31 December 2025

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	—	—	611	611
Financial assets at fair value through profit or loss	189,995	—	—	189,995
Financial assets included in prepayments, other receivables and other assets	—	—	120	120
Cash and cash equivalents	—	—	28,875	28,875
Total	189,995	—	29,606	219,601

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Lease liabilities	91
Financial liabilities included in trade and other payables	19,888
Long-term payables	63,738
Total	83,717

As at 30 June 2026

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
	RMB'000	RMB'000	RMB'000
Trade receivables	—	2,272	2,272
Financial assets at fair value through profit or loss	180,700	—	180,700
Financial assets included in prepayments, other receivables and other assets	—	23	23
Cash and cash equivalents	—	67,104	67,104
Total	180,700	69,399	250,099

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Lease liabilities	93
Financial liabilities included in trade and other payables	12,600
Long-term payables	63,510
Total	76,203

31. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, financial assets included in prepayments, other receivables and other assets, trade receivables, lease liabilities, financial liabilities included in trade and other payables approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The Group invests in financial assets at fair value through profit or loss, which represent structured deposits issued by banks in the Chinese mainland. The Group has estimated the fair values of these structured deposits based on expected cash flows from implied yields.

The fair value of long-term payables has been calculated by discounting the expected future cash flows. Management has assessed that the fair values of long-term payables approximate to their carrying amounts.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss	—	131,137	—	131,137

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss	—	160,913	—	160,913

As at 31 December 2025

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss	—	189,995	—	189,995

As at 30 June 2026

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss	—	180,700	—	180,700

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents. The main purpose of this financial instrument is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at the end of each of the Relevant Periods.

The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	—	—	—	439	439
Financial assets included in prepayments, other receivables and other assets**	48	—	—	—	48
Cash and cash equivalents	29,873	—	—	—	29,873
Total	29,921	—	—	439	30,360

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	—	—	—	278	278
Financial assets included in prepayments, other receivables and other assets**	62	—	—	—	62
Cash and cash equivalents	41,389	—	—	—	41,389
Total	41,451	—	—	278	41,729

As at 31 December 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	—	—	—	624	624
Financial assets included in prepayments, other receivables and other assets**	148	—	—	—	148
Cash and cash equivalents	28,875	—	—	—	28,875
Total	29,023	—	—	624	29,647

As at 30 June 2026

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	—	—	—	2,392	2,392
Financial assets included in prepayments, other receivables and other assets**	23	—	—	—	23
Cash and cash equivalents	67,104	—	—	—	67,104
Total	67,127	—	—	2,392	69,519

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 18 to the Historical Financial Information.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 18 to the Historical Financial Information.

At the end of the each of the Relevant Periods, the Group had certain concentrations of credit risk as 15%, 25%, 57%, 67% and 40%, 73%, 87%, 84% of the Group's trade receivables were due from the Group's largest customer and five largest customers, respectively.

Liquidity risk

The Group regularly analyses its liability structure and maturity dates to ensure the maintenance of ample liquidity.

The maturity profile of the Group's financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

	Within 1 year or on demand	1 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2023				
Lease liabilities	95	186	—	281
Financial liabilities included in trade and other payables	2,668	—	—	2,668
Long-term payables	1,700	7,462	17,055	26,217
Total	4,463	7,648	17,055	29,166

	Within 1 year or on demand	1 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2024				
Lease liabilities	95	91	—	186
Financial liabilities included in trade and other payables	20,000	—	—	20,000
Long-term payables	1,797	7,663	40,057	49,517
Total	21,892	7,754	40,057	69,703

	Within 1 year or on demand	1 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2025				
Lease liabilities	91	—	—	91
Financial liabilities included in trade and other payables	18,858	—	—	18,858
Long-term payables	1,817	55,524	12,999	70,340
Total	20,766	55,524	12,999	89,289

	Within 1 year or on demand	1 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000
30 June 2026				
Lease liabilities	91	—	—	91
Financial liabilities included in trade and other payables	12,600	—	—	12,600
Long-term payables	—	55,644	12,999	68,643
Total	12,691	55,644	12,999	81,334

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The Group monitors capital using a debt-to-asset ratio, which is total liabilities divided by total assets. The ratios as at the end of each of the Relevant Periods were as follows:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Total assets	195,065	307,354	350,159	383,126
Total liabilities	28,746	98,151	96,630	92,828
Debt-to-asset ratio	15%	32%	28%	24%

33. EVENTS AFTER THE REPORTING PERIODS

There were no material events after the reporting period that may have a material impact on the Company's reported financial position as at 30 June 2026.

34. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 30 June 2026.

The following information does not form part of the Accountants' Report from Ernst & Young, Certified Public Accountants, Hong Kong, the Company's reporting accountants, as set out in Appendix I to this document, and is included herein for illustrative purpose only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this document and the Accountants' Report set out in Appendix I to this document.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants for illustration purposes only, and is set out here to illustrate the effect of the [REDACTED] on the consolidated net tangible assets of the Group attributable to owners of the Company as at June 30, 2026 as if [REDACTED] had taken place on June 30, 2026.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not provide a true picture of the consolidated net tangible assets attributable to owners of the Company had the [REDACTED] been completed as at June 30, 2026 or at any future date.

	Consolidated net tangible assets of the Group attributable to owners of the Company as at June 30, 2026	**Estimated [REDACTED] from the [REDACTED]**	**Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at June 30, 2026**	**Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share as at June 30, 2026**	
	(RMB'000) *(Note 1)*	*(RMB'000)* *(Note 2)*	*(RMB'000)*	*(RMB)* *(Note 3)*	*(HK$)* *(Note 4)*
Based on an [REDACTED] of HK$[REDACTED] per Share	222,714	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Based on an [REDACTED] of HK$[REDACTED] per Share	222,714	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Based on an [REDACTED] of HK$[REDACTED] per Share	222,714	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

(1) The consolidated net tangible assets of the Group attributable to owners of the Company as of June 30, 2026 is extracted from "Appendix I — Accountants' Report", which is based on the audited consolidated net assets of the Group attributable to owners of the Company as of June 30, 2026 of approximately RMB239,549,000 less intangible assets attributable to the owners of the Company as of June 30, 2026 of approximately RMB16,835,000.

(2) The estimated [REDACTED] from the [REDACTED] are based on the [REDACTED] of HK$[REDACTED], HK$[REDACTED] and HK$[REDACTED] per Share, after deduction of the [REDACTED] fees and other [REDACTED] related expenses payable by the Group (excluding [REDACTED] of RMB[REDACTED] that have been charged to profit or loss during the Relevant Periods) and does not take into account of any Shares which may be issued upon the exercise of the [REDACTED]. The estimated [REDACTED] from the [REDACTED] are converted into Hong Kong dollars at an exchange rate of RMB0.86560 to HK$1.00.

(3) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share is arrived at by dividing the unaudited pro forma adjusted net tangible assets by 179,025,816 shares, being the number of shares in issue assuming that the [REDACTED] had been completed on June 30, 2026, without taking account of the exercise of the [REDACTED].

(4) The unaudited pro forma adjusted consolidated net tangible assets per Share are converted into Hong Kong dollars at an exchange rate of 0.86560 to HK$1.00.

(5) No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to June 30, 2026.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION[1]

To the Directors of Jiangsu Slender West Lake Culture and Tourism Co., Ltd.

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Jiangsu Slender West Lake Culture and Tourism Co., Ltd. (the "**Company**") and its subsidiary (hereinafter collectively referred to as the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated net tangible assets as at June 30, 2026, and related notes as set out on pages II-1 to II-2 of the document dated [date] (the "**Document**") issued by the Company (the "**Unaudited Pro Forma Financial Information**"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in Appendix II to the Document.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the [REDACTED] of shares of the Company on the Group's financial position as at June 30, 2026 as if the transaction had taken place at June 30, 2026. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the period ended June 30, 2026, on which an accountants' report has been published.

Directors' responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline ("**AG**") 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Our independence and quality management

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Document* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in the Document is solely to illustrate the impact of the [REDACTED] of shares of the Company on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

[●]
Certified Public Accountants
Hong Kong
[date]

TAXATION OF SECURITY HOLDERS

The income tax and capital gains tax of H-share holders shall be governed by the laws and practices of China and the jurisdictions where the H-share holders reside, or other tax regulations. The following summary of certain relevant tax regulations is based on the current laws and practices, without taking into account the expected changes or amendments to the relevant laws and policies and does not constitute any opinion or advice. The following discussion does not cover all possible tax consequences of [REDACTED], nor does it take into account the specific circumstances of any individual investor, some of which may be subject to special rules. Therefore, you should consult your own tax advisors on the tax consequences of [REDACTED]. The relevant discussion is made based on the laws and relevant interpretations effective as of the Latest Practicable Date, and all laws and relevant interpretations may change and may have retrospective effect.

Any tax issues in Mainland China or Hong Kong, China, other than income tax, capital appreciation and profits tax, business tax/value-added tax, stamp duty and estate duty, have not been referred in the discussion. Potential investors are strongly advised to consult their financial advisors regarding the tax consequences in China, Hong Kong and other jurisdictions relating to the ownership and disposal of H Shares.

The PRC Taxation

Taxation on Dividends

Individual Investor

Pursuant to the *Individual Income Tax Law of the PRC* (《中華人民共和國個人所得税法》), which was most recently amended on August 31, 2018 and the *Implementation Provisions of the Individual Income Tax Law of the PRC* (《中華人民共和國個人所得税法實施條例》), which was most recently amended on December 18, 2018 (hereinafter collectively referred to as the "**PRC IIT Law**"), dividends distributed by PRC enterprises are subject to individual income tax levied at a flat rate of 20%. For a foreign individual who is not a resident of the PRC, the receipt of dividends from an enterprise in the PRC is normally subject to individual income tax of 20% unless specifically exempted by the tax authority of the State Council or reduced by relevant tax treaty.

Pursuant to *Notice on Matters Concerning the Levy and Administration of Individual Income Tax after the Repeal of Guo Shui Fa [1993] No.045* (《國家税務總局關於國税發[1993]045號文件廢止後有關個人所得税徵管問題的通知》) issued and implemented by the SAT on June 28, 2011, domestic non-foreign-invested enterprises issuing shares in Hong Kong may, when distributing dividends to overseas resident individuals in the jurisdiction of the tax treaty, withhold individual income tax at the rate of 10%. When a tax rate of 10% is not applicable, the withholding company shall: (a) return the excessive tax amount pursuant to due procedures if the applicable tax rate is lower than 10%; (b) withhold such foreign individual income tax at the effective tax rate agreed on if the applicable tax rate is between 10% and 20%; or (c) withhold such foreign individual income tax at a rate of 20% if no taxation treaty is applicable.

Meanwhile, pursuant to the *Notice on Issues Concerning the Differentiated Individual Income Tax Policies on Dividends and Bonuses of Listed Companies* (《關於上市公司股息紅利差別化個人所得税政策有關問題的通知》) promulgated by the MOFCOM, the SAT and the CSRC on September 7, 2015 and came into effect on September 8, 2015, where an individual acquires the stocks of [REDACTED] companies from the market of [REDACTED] and transfer of stock, to the extent that the holding period is over one year, the income from the dividends and bonuses thereof are temporarily exempted from individual income tax. Where an individual acquires the stocks of [REDACTED] companies from the market of [REDACTED] and transfer of stock, to the extent that the holding period is one month or less (one month inclusive), the income from dividends thereof shall be included in the taxable income in full amount; and to the extent that the holding period is more than one month and up to one year (one year inclusive), the incomes from the dividends thereof shall be included in the taxable income at a tax rate of 50%. The aforesaid income is subject to an individual income tax at a flat rate of 20%.

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 Income* (《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》) issued on August 21, 2006, effective on December 8, 2006, if the beneficial owner directly holds at least 25% of the equity capital in a PRC company, a withholding tax at the rate of 5% shall be paid in connection with the dividend paid by the PRC company to such Hong Kong tax resident; while if the beneficial owner directly holds less than 25% of the equity capital in a PRC company, a withholding tax at the rate of 10% shall be paid in connection with the dividend paid by the PRC company to such Hong Kong tax resident.

Enterprise Investor

In accordance with *Enterprise Income Tax Law of the PRC* (《中華人民共和國企業所得税法》), or the PRC EIT Law, and the *Implementation Regulations on the Enterprise Income Tax Law of the PRC* (《中華人民共和國企業所得税法實施條例》), the rate of enterprise income tax shall be 25%. A non-resident enterprise is generally subject to a 10% enterprise income tax on PRC-sourced income (including dividends received from a PRC resident enterprise that issues shares in Hong Kong), if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. The aforesaid income tax payable for non-resident enterprises are deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise.

The *Circular of the State Administration of Tax on Issues Relating to the Withholding and Remitting of Enterprise Income Tax by PRC Resident Enterprises on Dividends Distributed to Overseas Non-Resident Enterprise Shareholders of H Shares* (《國家税務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得税有關問題的通知》), which was issued and implemented by the SAT on November 6, 2008, further clarified that a PRC-resident enterprise must withhold enterprise income tax at a rate of 10% on the dividends of 2008 and onwards that it distributes to overseas non-resident enterprise shareholders of H Shares.

Pursuant to the *Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income* (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) issued on August 21, 2006, effective on December 8, 2006, the Chinese Government may levy taxes on the dividends paid by a Chinese company to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of the total dividends payable by the Chinese company unless a Hong Kong resident directly holds 25% or more of the equity interest in a Chinese company, then such tax shall not exceed 5% of the total dividends payable by the Chinese company. *The Fifth Protocol of the Arrangement between the Mainland of PRC and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion* (《第五議定書》), which came into effect on December 6, 2019, adds a criteria for the qualification of entitlement to enjoy treaty benefits. Although there may be other provisions under the Arrangement, the treaty benefits under the criteria shall not be granted in the circumstance where relevant gains, after taking into account all relevant facts and conditions, are reasonably deemed to be one of the main purposes for the arrangement or transactions which will bring any direct or indirect benefits under this Arrangement, except when the grant of benefits under such circumstance is consistent with relevant objective and goal under the Arrangement. The application of the dividend clause of tax agreements is subject to the requirements of PRC tax law and regulation, such as the *Notice on Several Issues Concerning the Implementation of Dividend Clauses in Tax Treaties* (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》).

Tax Treaties

Non-resident investors residing in jurisdictions which have entered into treaties or adjustments for the avoidance of double taxation with the PRC might be entitled to a reduction of the Chinese corporate income tax imposed on the dividends received from PRC companies. The PRC currently has entered into Avoidance of Double Taxation Treaties or Arrangements with a number of countries and regions including Hong Kong Special Administrative Region, Macau Special Administrative Region, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom and the United States. Non-PRC resident enterprises entitled to preferential tax rates in accordance with the relevant taxation treaties or arrangements are required to apply to the Chinese tax authorities for a refund of the corporate income tax in excess of the agreed tax rate, and the refund application is subject to approval by the Chinese tax authorities.

Pursuant to the *Administrative Measures on Entitlement of Non-resident Taxpayers to Preferential Treatment under Tax Treaties* (《非居民納稅人享受協定待遇管理辦法》), which was promulgated by the SAT on October 14, 2019 and became effective on January 1, 2020, non-resident taxpayers are entitled to preferential treatment under the tax treaties through self-determination, self-declaration and keeping and documenting relevant information for inspection. Where a non-resident taxpayer self-assesses and concludes that it satisfies the criteria for claiming treaty benefits, it may enjoy treaty benefits at the time of tax declaration or at the time of withholding declaration through a withholding agent, simultaneously gather and retain the relevant materials pursuant to the regulations for future inspection and be subject to subsequent administration by tax authorities.

Taxation on Share Transfer

VAT and Local Additional Tax

Pursuant to the *Notice on Fully Implementing the Pilot Reform for the Transition from Business Tax to VAT* (《關於全面推開營業税改徵增值税試點的通知》), or the Circular 36, which was implemented on May 1, 2016, entities and individuals engaged in the services sale in the PRC are subject to VAT and "engaged in the services sale in the PRC" means that the seller or buyer of the taxable services is located in the PRC. Circular 36 also provides that transfer of financial products, including transfer of the ownership of marketable securities, shall be subject to VAT at 6% on the taxable revenue (which is the balance of sales price upon deduction of purchase price), for a general or a foreign VAT taxpayer. However, individuals who transfer financial products are exempt from VAT, which is also provided in the *Notice of Ministry of Finance and State Administration of Taxation on Several Tax Exemption Policies for Business Tax on Sale and Purchase of Financial Commodities by Individuals* (《財政部、國家税務總局關於個人金融商品買賣等營業税若干免税政策的通知》) effective on January 1, 2009. According to these regulations, if the holder is a non-resident individual, the PRC VAT is exempted from the sale or disposal of H shares; if the holder is a non-resident enterprise and the H-share buyer is an individual or entity located outside China, the holder is not necessarily required to pay the PRC VAT, but if the H-share buyer is an individual or entity located in China, the holder may be required to pay the PRC VAT. However, it is still uncertain whether the non-Chinese resident enterprises are required to pay the PRC VAT for the disposal of H shares in practice.

At the same time, VAT payers are also required to pay urban maintenance and construction tax, education surtax and local education surcharge (hereinafter collectively referred to as "**Local Additional Tax**"), which shall be usually subject to 12% of the VAT payable (if any).

Income tax

Individual Investors

According to the PRC IIT Law, gains on the transfer of equity interests in the PRC resident enterprises are subject to individual income tax at a rate of 20%. Pursuant to the Circular on Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from the Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得税的通知》) issued by the Ministry of Finance (the "**MOF**") and the SAT on March 30, 1998, from January 1, 1997, income of individuals from transfer of the shares of [REDACTED] enterprises continues to be exempted from individual income tax.

According to the *Announcement of the Ministry of Finance and the State Taxation Administration about the Catalog of Preferential Individual Income Tax Policies with Continued Effect* (《財政部、國家税務總局關於繼續有效的個人所得税優惠政策目録的公告》) which was promulgated by the MOF and the SAT and became effective on December 29, 2018, the *Circular Declaring that Individual Income Tax Continues to Be Exempted over Individual Income from Transfer of Shares* (《關於個人轉讓股票所得繼續暫免徵收個人所得税的通知》) will remain effective.

Enterprise Investors

In accordance with the PRC EIT Law, a non-resident enterprise is generally subject to enterprise income tax at the rate of a 10% on PRC-sourced income, including gains derived from the disposal of equity interests in a PRC resident enterprise, if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. Such income tax payable for non-resident enterprises are deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise. Such tax may be reduced or exempted pursuant to relevant tax treaties or agreements on avoidance of double taxation.

Stamp Duty

Pursuant to the *Stamp Duty Law of the PRC* (《中華人民共和國印花税法》), which was issued on June 10, 2021 and came into effect on July 1, 2022, PRC stamp duty only applies to specific taxable document executed or received within the PRC, having legally binding force in the PRC and protected under the PRC laws, thus the requirements of the stamp duty imposed on the transfer of shares of PRC [REDACTED] companies shall not apply to the acquisition and disposal of H Shares by non-PRC investors outside of the PRC.

Estate Duty

As of the date of this document, no estate duty has been levied in the PRC under the PRC laws.

MAJOR TAXATION OF OUR COMPANY IN THE PRC

Enterprise Income Tax

According to the *Enterprise Income Tax Law of the PRC* (《中華人民共和國企業所得税法》), within the territory of the PRC, the enterprises and other organizations that have incomes are taxpayers of enterprise income tax and shall pay enterprise income tax in accordance with this law.

Enterprises are classified into resident and non-resident enterprises. An enterprise established in the PRC or established outside of the PRC but having its actual management body in the PRC is a resident enterprise for PRC enterprise income tax purpose and shall pay enterprise income tax at the rate of 25% on its income derived from within and outside the PRC. A non-resident enterprise that does not have an establishment or place of business in the PRC, or has an establishment or place of business in the PRC but the income has no actual connection to such establishment or place of business, shall pay enterprise income tax at the rate of 20% on its income derived from within the PRC, which shall be withheld at source by the payer. Meanwhile, any gains realized on the transfer of shares by non-resident enterprises are subject to enterprise income tax by way of withholding if such gains are regarded as income derived from the transfer of property within the PRC.

Value-Added Tax

Pursuant to the *Provisional Regulations of the PRC on Value-Added Tax* (《中華人民共和國增值税暫行條例》), amended by the State Council and effective on 19 November 2017, and the *Detailed Rules for the Implementation of the Provisional Regulations of the PRC on Value-Added Tax* (《中華人民共和國增值税暫行條例實施細則》), amended by the MOF on 28 October 2011 and effective on 1 November 2011, entities and individuals that sell goods or provide processing, repair and maintenance services, or import goods within the territory of the PRC are taxpayers of value-added tax, and shall pay VAT in accordance with these regulations and rules. For taxpayers selling or importing goods, the VAT rate is generally 17% unless otherwise specified in the aforesaid regulations.

According to the *Notice of the MOF and the State Administration of Taxation on Adjusting to VAT Rates* (《財政部、税務總局關於調整增值税税率的通知》), promulgated on 4 April 2018, and effective as of 1 May 2018, the VAT rates of 17% and 11% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 16% and 10%, respectively.

According to the *Announcement of the MOF, the State Administration of Taxation and General Administration of Customs on Relevant Policies for Deepening Value-Added Tax Reform* (《財政部 税務總局 海關總署關於深化增值税改革有關政策的公告》), promulgated on 20 March 2019 and effective on 1 April 2019, the VAT rates of 16% and 10% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 13% and 9%, respectively.

On December 25,2024, the SCNPC promulgated the *Value Added Tax Law of the PRC* (《中華人民共和國增值税法》), which came into effective on January 1, 2026, replacing the *Provisional Regulations on Value-Added Tax*.

FOREIGN EXCHANGE

The lawful currency of the PRC is Renminbi, which cannot be freely converted into foreign currency. The State Administration of Foreign Exchange (the "**SAFE**"), with the authorization of the People's Bank of China (the "**PBOC**"), is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

The *Foreign Exchange Administration Regulations of the PRC* (《中華人民共和國外匯管理條例》), which was issued by the State Council on January 29, 1996, implemented on April 1, 1996 and latest amended on August 5, 2008, classifies all international payments and transfers into current account items and capital account items. Current account items are subject to the reasonable examination of the veracity of transaction documents and the consistency of the transaction documents and the foreign exchange receipts and payments by financial institutions engaging in settlement and sale of foreign currencies and supervision and inspection by the foreign exchange administrative authorities. For capital account items, overseas organizations and overseas individuals making direct investments in China shall, upon approval by the relevant authorities in charge, process registration formalities with the foreign exchange administrative authorities. Foreign exchange income received overseas can be repatriated or deposited overseas, and foreign exchange and foreign exchange settlement funds under the capital account are required to be used only for purposes as approved by the competent authorities and foreign exchange administrative authorities.

In the event that international revenues and expenditure occur or may occur a material misbalance, or the national economy encounters or may encounter a severe crisis, the State may adopt necessary safeguard and control measures on international revenues and expenditure.

The *Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange* (《結匯、售匯及付匯管理規定》), which was promulgated by the PBOC on June 20, 1996 and implemented on July 1, 1996, removes other restrictions on convertibility of foreign exchange under current account items, while imposing existing restrictions on foreign exchange transactions under capital account items.

According to *the Announcement on Improving the Reform of the Renminbi Exchange Rate Formation Mechanism* (《關於完善人民幣匯率形成機制改革的公告》), which was issued by the PBOC and implemented on July 21, 2005, the PRC has started to implement a managed floating exchange rate system in which the exchange rate would be determined based on market supply and demand and adjusted with reference to a basket of currencies since July 21, 2005. Therefore, the Renminbi exchange rate was no longer pegged to the U.S. dollar. PBOC would publish the closing price of the exchange rate of the Renminbi against trading currencies such as the U.S. dollar in the interbank foreign exchange market after the closing of the market on each working day, as the central parity of the currency against Renminbi transactions on the following working day.

According to the relevant laws and regulations in the PRC, PRC enterprises (including foreign investment enterprises) which need foreign exchange for current account item transactions may, without the approval of the foreign exchange administrative authorities, effect payment through foreign exchange accounts opened at the designated foreign exchange bank, on the strength of valid transaction receipts and proof. Foreign investment enterprises which need foreign exchange for the distribution of profits to their shareholders and PRC enterprises which, in accordance with regulations, are required to pay dividends to their shareholders in foreign exchange (such as our Company) may, on the strength of resolutions of the board of directors or the shareholders' meeting on the distribution of profits, effect payment from foreign exchange accounts at the designated foreign exchange bank, or effect exchange and payment at the designated foreign exchange bank.

According to the *Notice on Relevant Issue Concerning the Administration of Foreign Exchange for Overseas Listing* (《關於境外上市外匯管理有關問題的通知》) issued by the SAFE and implemented on December 26, 2014, a domestic company shall, within 15 business days from the date of the end of its overseas listing issuance, register the overseas listing with the local branch office of state administration of foreign exchange at the place of its establishment; the [REDACTED] from an overseas listing of a domestic company may be remitted to the domestic account or deposited in an overseas account, but the use of the [REDACTED] shall be consistent with the content of the public disclosure documents.

According to the *Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving Foreign Exchange Administration Policy on Direct Investment* (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》), which was issued by the SAFE on February 13, 2015, came into effect on June 1, 2015 and partially repealed on December 30, 2019, the confirmation of foreign exchange registration under domestic direct investment and the

confirmation of foreign exchange registration under overseas direct investment shall be directly examined and handled by banks. SAFE and its branch offices shall indirectly regulate the foreign exchange registration of direct investment through banks.

According to the *Circular on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts* (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) which was promulgated by the SAFE and implemented on June 9, 2016, foreign currency earnings in capital account that relevant policies of willingness exchange settlement have been clearly implemented on (including the recalling of raised capital by overseas listing) may undertake foreign exchange settlement in the banks according to actual business needs of the domestic institutions. The tentative percentage of foreign exchange settlement for foreign currency earnings in capital account of domestic institutions is 100%, subject to adjustment of the SAFE in due time in accordance with international revenue and expenditure situations.

On October 23, 2019, the SAFE issued the *Circular of the State Administration of Foreign Exchange on Further Promoting Cross-border Trade and Investment Facilitation* (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》), which stipulated that on the basis that investing foreign-funded enterprises may make domestic equity investments with their capital funds in accordance with laws and regulations, non-investing foreign-funded enterprises are permitted to legally make domestic equity investments with their capital funds under the premise that the *existing Special Administrative Measures (Negative List) for the Access of Foreign Investment* (《外商投資准入特別管理措施(負面清單)》) are not violated and domestic invested projects are true and compliant.

This Appendix summarizes certain aspects of PRC laws and regulations which are relevant to our Company's operations and business. Laws and regulations relating to taxation in the PRC are discussed separately in "Appendix III — TAXATION AND FOREIGN EXCHANGE" to this document. This Appendix also contains a summary of laws and regulatory provisions of the *Company Law of the PRC* (《中華人民共和國公司法》). The principal objective of this summary is to provide potential investors with an overview of the principal laws and regulatory provisions applicable to our Company. This summary is not intended to include all the information which is important to potential investors. For a discussion of laws and regulations which are relevant to our Company's business, see "Regulatory Overview" in this document.

THE PRC LEGAL SYSTEM

The PRC legal system is based on the *PRC Constitution* (《中華人民共和國憲法》), or the Constitution, and is made up of written laws, administrative regulations, local regulations, separate regulations, rules and regulations of departments of the State Council, rules and regulations of local governments, autonomous regulations, separate regulations of autonomous regions, special administrative region law and international treaties and other regulatory documents signed by the PRC government. Court decisions do not constitute binding precedents, although they are used for the purposes of judicial reference and guidance.

According to the Constitution and *the Legislation Law of the PRC* (《中華人民共和國立法法》), or the Legislation Law, which was amended by the NPC on 13 March 2023 and became effective on 15 March 2023, the NPC and the SCNPC are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws governing criminal and civil matters, state organs and other matters. The SCNPC is empowered to formulate and amend laws other than those required to be enacted by the NPC and to make partial amendments and supplements to laws enacted by the NPC during the adjournment of the NPC, provided such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of state administration and has the power to formulate administrative regulations based on the Constitution and laws. The people's congresses of provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual needs of their respective administrative areas, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations. The people's congresses of cities divided into districts and their standing committees may formulate local regulations on matters such as urban and rural construction and management, environmental protection and historical and cultural protection based on the specific circumstances and actual needs of such cities, provided that such local regulations do not contravene any provision of the Constitution, laws, administrative regulations and local regulations of such provinces or autonomous regions. Where laws have other stipulations on matters of local regulations formulated by cities divided into districts, such stipulations shall prevail. The local regulations of the autonomous regions shall be submitted for approval before they come into force.

The standing committees of the people's congresses of provinces or autonomous regions shall examine the legality of local regulations submitted for approval, and such approval should be granted within four months if they are not in conflict with the Constitution, laws, administrative regulations and local regulations of their respective provinces or autonomous regions. People's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in the light of the political, economic and cultural characteristics of the nationality (nationalities) in the areas concerned. The ministries, commissions, PBOC, National Audit Office of the State Council and institutions with administrative functions directly under the State Council may formulate rules and regulations within the jurisdiction of their respective departments based on the laws and the administrative regulations, decisions and rulings of the State Council.

The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations or rules may contravene the Constitution. The authority of laws is greater than that of administrative regulations, local regulations and rules. The authority of administrative regulations is greater than that of local regulations and rules. The authority of the rules enacted by the people's governments of the provinces and autonomous regions is greater than that of the rules enacted by the people's governments of the cities divided into districts within their respective administrative regions.

The NPC has the power to alter or annul any inappropriate laws enacted by the SCNPC, and to annul any autonomous regulations and separate regulations which have been approved by the SCNPC but contravene the Constitution and the Legislation Law; the SCNPC has the power to annul administrative regulations that contravene the Constitution and laws, to annul local regulations that contravene the Constitution, laws and administrative regulations, and to annul autonomous regulations and separate regulations which have been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities directly under the Central Government but contravene the Constitution and the Legislation Law; the State Council has the power to alter or annul any inappropriate ministerial rules and rules of local governments; the people's congresses of provinces, autonomous regions and municipalities directly under the Central Government have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees; the standing committees of the local people's congresses have the power to annul inappropriate rules enacted by the people's governments at the corresponding level; the people's governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people's governments at a lower level.

According to the Constitution and the Legislation Law, the power to interpret laws is vested in the SCNPC. According to the *Decision of the SCNPC Regarding the Strengthening of Interpretation of Laws* (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed by the SCNPC and effective on 10 June 1981, the Supreme People's Court shall give interpretation on questions involving the specific application of laws and decrees in court trials. The Supreme People's Procuratorate shall interpret all issues involving the specific application of laws and

decrees in the procuratorial work. Interpretation of questions involving the specific application of laws and decrees in areas unrelated to judicial and procuratorial work shall be provided by the State Council and competent authorities.

Where the scope of local regulations needs to be further defined or additional stipulations need to be made, the standing committees of the people's congresses of provinces, autonomous regions and municipalities directly under the Central Government which have enacted these regulations shall provide the interpretations or make the stipulations. Interpretation of questions involving the specific application of local regulations shall be provided by the competent departments of the people's governments of provinces, autonomous regions and municipalities.

THE PRC JUDICIAL SYSTEM

According to the Constitution and *the Law of the PRC of Organization of the People's Courts* (《中華人民共和國人民法院組織法》) amended by the SCNPC on 26 October 2018 and becoming effective on 1 January 2019, the PRC People's Court is made up of the Supreme People's Court, the local people's courts, and other special people's courts. The local people's courts are divided into three levels, namely the basic people's courts, the intermediate people's courts and the higher people's courts. The basic people's courts may set up certain people's tribunals based on the status of the region, population and cases. The Supreme People's Court shall be the highest judicial organ of the state. The Supreme People's Court shall supervise the administration of justice by the local people's courts at all levels and by the special people's courts. The people's courts at a higher level shall supervise the judicial work of the people's courts at lower levels.

According to the Constitution and *the Law of Organization of the People's Procuratorate of the PRC* (《中華人民共和國人民檢察院組織法》) revised by SCNPC on 26 October 2018 and taking effect on 1 January 2019, the People's Procuratorate is the law supervision organ of the state. The Supreme People's Procuratorate shall be the highest procuratorial organ. The Supreme People's Procuratorate shall direct the work of the local people's procuratorates at all levels and of the special people's procuratorates; the people's procuratorates at higher levels shall direct the work of those at lower levels.

The people's courts employ a two-tier appellate system, and judgments or rulings of the second instance at the people's courts are final. A party may appeal against the judgment or ruling of the first instance of a local people's courts. The people's procuratorate may present a protest to the people's courts at the next higher level in accordance with the procedures stipulated by the laws. In the absence of any appeal by the parties and any protest by the people's procuratorate within the stipulated period, the judgments or rulings of the people's courts are final. Judgments or rulings of the second instance of the intermediate people's courts, the higher people's courts and the Supreme People's Court and those of the first instance of the Supreme People's Court are final. However, if the Supreme People's Court or the people's courts at the next higher level finds any definite errors in a legally effective final judgment or ruling of the people's court at a lower level,

or if the chief judge of a people's court at any level finds any definite errors in a legally effective final judgment or ruling of such court, the case can be retried according to judicial supervision procedures.

The *PRC Civil Procedure Law (2023 Revision)* (《中華人民共和國民事訴訟法(2023年修訂)》), or the PRC Civil Procedure Law, adopted by the SCNPC on 1 September 2023 and effective on 1 January 2024, sets forth the requirements for instituting a civil action, the jurisdiction of the people's courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the PRC Civil Procedure Law. Civil cases are generally heard by the courts where the defendants are located. The court of jurisdiction in a civil action may be chosen by express agreement between the parties, provided that the court is located at a place that has direct connection with the dispute, such as the plaintiff's or the defendant's place of domicile, the place where the contract is performed or signed or the object of the action is located. However, the choice of the court cannot be in conflict with the regulations of court-level jurisdictions and exclusive jurisdictions in any case.

A foreign individual, an individual without nationality, a foreign-invested enterprise or a foreign organization must have the same litigation rights and obligations as a PRC citizen, legal person or other organizations when initiating or defending any proceedings at a people's court. If a foreign court limits the litigation rights of PRC citizens and enterprises, the PRC court may apply the same limitations to the citizens and enterprises of such foreign country. A foreign individual, an individual without nationality, a foreign-invested enterprise or a foreign organization must engage a PRC lawyer if such person needs to engage a lawyer in initiating or defending any proceedings at a people's court. Under an international treaty or the principle of reciprocity signed or acceded to by the PRC, the people's court and foreign courts may require each other to act on their behalf to serve documents, conduct investigations, collect evidence and take other actions on behalf of each other. If the request by a foreign court would result in the violation of the PRC's sovereignty, security or public interest, the people's court shall decline the request.

All parties must comply with legally effective civil judgments and rulings. If any party to a civil action refuses to comply with a judgment or order made by a people's court or an award made by an arbitration tribunal in the PRC, the other party may apply to the people's court for enforcement within two years. Suspension or disruption of the time limit for applying for such enforcement shall comply with the provisions of the applicable law concerning the suspension or disruption of the time-barring of actions.

When a party applies to a people's court for enforcing an effective judgment or ruling by a people's court against a party who is not located within the territory of the PRC or whose property is not within the PRC, the party may apply to a foreign court with proper jurisdiction for recognition and enforcement of the judgment or ruling. A foreign judgment or ruling may also be recognized and enforced by the people's court according to the PRC enforcement procedures if the PRC has entered into, or acceded to, an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgment or ruling satisfies the court's

examination according to the principle of reciprocity, unless among other exceptions, the people's court finds that the recognition or enforcement of such judgment or ruling will result in a violation of the basic legal principles of the PRC, its sovereignty or security, or for reasons of social and public interests.

THE PRC COMPANY LAW, OVERSEAS LISTING TRIAL MEASURES AND GUIDELINES FOR ARTICLES OF ASSOCIATION

A joint stock limited company established in the PRC seeking a [REDACTED] on The Stock Exchange of Hong Kong Limited is mainly subject to the following laws and regulations of the PRC.

The *PRC Company Law* (《中華人民共和國公司法》), or the Company Law, was adopted by the SCNPC on 29 December 1993 and came into effect on 1 July 1994, and was amended on 25 December 1999, 28 August 2004, 27 October 2005, 28 December 2013, 26 October 2018 and 29 December 2023. The latest revised Company Law came into effect on 1 July 2024.

The Overseas Listing Trial Measures and its five interpretative guidelines promulgated by the CSRC on 17 February 2023 came into effect on 31 March 2023 and were applicable to the direct and indirect overseas share issuance and listing of domestic companies.

According to the Overseas Listing Trial Measures and its interpretative guidelines, where a domestic company directly offering and listing overseas, it shall formulate its articles of association in line with the *Guidelines for Articles of Association of Listed Companies* (《上市公司章程指引》), or the Guidelines for Articles of Association, in place of the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas which ceased to apply from 31 March 2023. The Guidelines for Articles of Association were promulgated by the CSRC on 16 December 1997 and last amended on 28 March 2025.

Set out below is a summary of the major provisions of the Company Law, the Overseas Listing Trial Measures and the Guidelines for Articles of Association which are applicable to our Company.

General Provisions

"A joint stock limited company" means is a corporate legal person incorporated under the Company Law, whose registered capital is divided into shares of equal par value. The liability of its shareholders is limited to the extent of the shares held by them and the liability of a company is limited to the full value of all the property owned by it.

A company must conduct its business in accordance with laws as well as public and commercial ethics. A company may invest in other limited liability companies. The liabilities of the company to such invested companies are limited to the amount invested. Unless otherwise provided by laws, a company cannot be the capital contributor who has the joint liabilities associated with the debts of the invested enterprises.

Incorporation

A joint stock limited company may be incorporated by promotion or subscription. A joint stock limited company shall be incorporated by one to two hundred promoters, and a majority of the promoters shall be domiciled within the territory of the PRC.

Promoters for the establishment of a joint stock limited company by stock flotation shall convene a company inaugural meeting within thirty days from the date when the shares required to be issued at the time of establishment are paid for in full. The promoters shall notify each subscriber of the meeting date or announce it publicly at least fifteen days before the establishment meeting. The inaugural meeting shall only be held with the presence of subscribers representing more than 50% of the voting rights.

Within thirty days after the conclusion of the inaugural meeting, the board of directors shall apply to the registration authority for registration of the incorporation of the joint stock limited company. A company is formally established and has the status of a legal person after the business license has been issued by the relevant registration authority. A joint stock limited company established by the subscription method shall obtain the approval for public offering from the securities regulatory authority of the State Council and submit the approval to the company registration authority.

Promoters shall pay in full for their subscribed shares before the establishment of the company. If a promoter fails to pay for their subscribed shares, or if the actual value of non-monetary assets contributed falls significantly below the subscribed shares, the other promoters, shall bear joint and several liability, along with the promoter, within the shortfall in contributions.

Share Capital

The promoters of a company may make a capital contribution in currencies, or on-monetary assets such as in kind, intellectual property rights, land use rights, equity, debt claims, or other non-monetary assets which can be appraised with monetary value and transferred lawfully, except for assets not eligible for capital contribution under any other law or administrative regulations. If a capital contribution is made in non-monetary assets, a valuation and verification of the fair value of the assets contributed must be carried out.

Shares shall be issued in accordance with the principles of fairness and impartiality. The same class of shares shall be entitled to the same rights. For shares issued at the same time and within the same class, the conditions and price per share must be the same. The issue price of par value stock may be based on the face value or exceed the face value but shall not be lower than the face value.

A PRC domestic company must file with the CSRC to offer its shares to the overseas public. According to the Overseas Listing Trial Measures, target investors of overseas offering and listing by domestic companies shall be overseas investors, unless prescribed in the Overseas Listing Trial Measures or otherwise stipulated by the state.

Increase in Share Capital

Under the Company Law, in the case of a joint stock limited company issuing new shares, resolutions shall be passed at the shareholders' meeting in respect of the class and number of new shares to be issued, the issue price, the offering period, and the class and number of the new shares proposed to be issued to existing shareholders. A company conducting a public offering of shares shall register the offering with the securities regulatory authority under the State Council and publish a document. After payment in full for the new shares issued, the company must change its registration with a company registration authority and make an announcement accordingly.

Decrease in Share Capital

A company may decrease its registered capital and shall comply with the procedures stipulated in the Company Law and the articles of association of the company.

Repurchase of Shares

Under the Company Law, a company shall not purchase its own shares, except under any of the following circumstances:

(1) reducing the company's registered capital;

(2) merging with other companies which hold the company's shares;

(3) using the shares for an employee stock ownership plan or equity incentive;

(4) purchasing by the company of its shares at the request of the shareholders voting against the resolutions on the merger or division of the company at a shareholders' meeting;

(5) using of shares for conversion of convertible corporate bonds issued by the company;

(6) necessary for the company to maintain its value and protect the interests of the shareholders.

A resolution shall be passed at the shareholders' meeting for the company to repurchase its own shares under the circumstances specified in items (1) and (2) above. In case of a purchase under the circumstances specified in items (3), (5) and (6) above, it may be subject to a resolution of the company's board passed in a board meeting attended by more than two-thirds of the directors, as stipulated in the articles of association or authorized by the shareholders' meeting.

After the company has purchased its own shares in accordance with the above provisions, the shares so purchased shall be canceled within ten days from the date of purchase (under the circumstance specified in item (1) above), or shall be transferred or canceled within six months (under the circumstances specified in item (2) and (4) above). If the company purchases its shares under the circumstances specified in items (3), (5) and (6) above, the total number of shares held by the company shall not exceed 10% of the total number of shares issued by the company, and such shares shall be transferred or canceled within three years.

When a listed company purchases its own shares, it shall fulfill the information disclosure obligations in accordance with the provisions of the PRC Securities Law. Share repurchases made under the circumstances specified in items (3), (5) or (6) above shall be made through public centralized trading.

Transfer of Shares

Shares held by a shareholder may be transferred in accordance with law.

The directors, supervisors and senior managers of a company shall report to the company the number of the company's shares they hold and the changes thereof. The company's shares transferable by them each year during their terms of office confirmed at the time of taking office shall not exceed 25% of the number of shares held by them. The company's shares held by them shall not be transferred within one year from the date of listing and trading of the company's shares are listed for trading. They shall not transfer the company's shares held by them within half a year after leaving the company.

Any gains obtained by any shareholder, director, supervisor or senior manager of the company holding more than 5% of company's shares from the sale of company's shares or other equity securities within six months of purchase of them, or from the purchase of them again within six months of sale, shall belong to the company, and the board of directors of the company shall be responsible for recovering such gains. However, this provision is not applicable where a securities company which holds more than 5% of the company's shares as a result of its undertaking of the untaken shares in a share offer or under other circumstances prescribed by the CSRC.

Shares or other equity securities held by directors, supervisors, senior managers and individual shareholders as mentioned in the preceding paragraph include shares or other equity securities held by their spouses, parents or children, or held by using other people's accounts.

If the board of directors of the company fails to implement the provisions above, the shareholders are entitled to request the board of directors to so implement it within thirty days. If the board of directors of the company fails to comply within the aforesaid period, the shareholders are entitled to initiate litigation directly in the People's Court in their own names for the interest of the company. And if the board of directors fails to implement the provisions above, the responsible directors shall bear joint and several liability in accordance with law.

Shareholders

A company shall establish a register of shareholders based on evidentiary documents provided by the securities registration agency. The register of shareholders is sufficient evidence to prove that the shareholders hold the company's shares. The original register of shareholders of H shares is kept in Hong Kong and is available for inspection by shareholders, but the company may suspend the shareholder registration procedure in accordance with applicable laws and regulations.

Shareholders shall enjoy rights and assume obligations according to the class of shares they hold. Shareholders holding shares of the same class shall enjoy the same rights and assume the same obligations.

Under the Company Law and Guidelines for Articles of Association, the rights of shareholders are as follows:

(1) to receive distributions of dividends and other forms of benefits according to the number of shares held;

(2) to request, convene, preside over, participate in or appoint proxies to attend the shareholders' meeting in accordance with law and exercise corresponding voting rights;

(3) to supervise operational activities of the company, provide suggestions or make queries;

(4) to transfer, donate and pledge the company's shares held according to the provisions of the laws and administrative regulations;

(5) to review and copy the company's articles of association, the register of the shareholders, minutes of the shareholders' meeting, resolutions of meetings of the board of directors, resolutions of meetings of the board of supervisors and financial and accounting reports;

(6) to participate in the distribution of remaining assets of the company in proportion to the shares they hold upon termination or liquidation of the company;

(7) to request the company to purchase the shares held by the shareholders voting against any resolutions adopted at the shareholders' meeting concerning the merger and division of the company;

(8) other rights conferred by laws, administrative regulations and the articles of association.

The obligations of a shareholder of ordinary shares of a company include:

(1) to abide by laws, administrative regulations and the articles of association;

(2) to pay share capital according to the shares subscribed for and the method of payment;

(3) not to return shares unless otherwise prescribed in laws and administrative regulations;

(4) not to abuse shareholder rights to infringe upon the interests of the company or other shareholders; shareholders shall be liable for compensation for any losses caused to the company or to other shareholders due to their abuse of shareholder rights;

(5) to perform other duties prescribed in laws and administrative regulations.

The Shareholder's Meeting

Under the Company Law and the Guidelines for Articles of Association, the shareholders' meeting is the organ of authority of a company, which exercises the following functions and powers:

(1) to elect and remove directors and supervisors who are not employees representatives and to decide on matters relating to the remuneration of directors and supervisors;

(2) to examine and approve reports of the board of directors;

(3) to examine and approve reports of the board of supervisors;

(4) to examine and approve the company's profit distribution plans and loss recovery plans;

(5) to decide on any increase or decrease of the company's registered capital;

(6) to decide on the issue of corporate bonds;

(7) to decide on the merger, division, dissolution, liquidation or change of corporate form of the company;

(8) to amend the articles of association;

(9) to examine other matters which shall be decided by the shareholders' meeting as required by the laws, administrative regulations, departmental rules, or the articles of association.

Under the Company Law and the Guidelines for Articles of Association of [REDACTED] Companies, annual shareholders' meeting shall be held once a year within six months of the end of the previous accounting year.

A company shall convene an extraordinary general meeting within two months from the date of the occurrence of any of the following circumstances:

(1) where the number of directors in office is less than the number provided for in the Company Law or less than two-thirds of the number prescribed in the articles of association;

(2) where the uncovered losses of the company reach one-third of the total paid-in share capital;

(3) where shareholders who individually or jointly hold no less than 10% of the shares of the company request holding of such a meeting;

(4) where the board of directors deems it necessary;

(5) where the board of supervisors proposes such a meeting; and

(6) any other circumstances prescribed by the laws, administrative regulations departmental rules, or the articles of association.

Independent directors may propose to the board of directors to hold an extraordinary general meeting. For the aforesaid proposal, the board of directors shall, in accordance with laws, administrative regulations and the articles of association, give written feedback on whether or not it agrees to hold an extraordinary general meeting within ten days of receipt of the proposal. If the board of directors agrees to hold an extraordinary general meeting, it will issue the notice of meeting within five days after the relevant resolution of the board of directors is made. If the board of directors does not agree to hold an extraordinary general meeting, it shall state reasons and make an announcement.

The board of supervisors may propose to the board of directors to hold an extraordinary general meeting in writing. The board of directors shall, in accordance with laws, administrative regulations and the articles of association, give written feedback on whether or not it agrees to hold an extraordinary general meeting within ten days of receipt of the proposal. If the board of directors agrees to hold an extraordinary general meeting, it shall issue the notice of meeting within five days after the relevant resolution of the board of directors is made, and any change to the original proposal in the notice is subject to the consent of the board of supervisors. If the board of directors does not agree to hold an extraordinary general meeting or fails to give written feedback within 10 days of receipt of the proposal, it shall be deemed that the board of directors is unable or fails to perform its duty to convene a shareholders' meeting, and the board of supervisors may convene and preside over an extraordinary general meeting itself.

The shareholders individually or collectively holding 10% or more of the shares of the company may make a written request to the board of directors for an extraordinary general meeting. The board of directors shall, in accordance with laws, administrative regulations and the articles of association, give written feedback on whether or not it agrees to hold an extraordinary general meeting within 10 days after receipt of the request.

If the board of directors agrees to hold an extraordinary general meeting, it shall issue the notice of meeting within five days after the relevant resolution of the board of directors is made, and any change to the original request in the notice shall be subject to the consent of the relevant shareholders. If the board of directors does not agree to hold an extraordinary general meeting or fails to give feedback in writing within ten days after it receives the request, the shareholders individually or collectively holding 10% or more of the shares of the company may propose to the board of supervisors to hold an extraordinary general meeting in writing.

The board of supervisors shall, in accordance with the laws and administrative regulations, give a written reply on whether or not it agrees to convene an extraordinary general meeting within ten days upon receipt of the proposal. If the board of supervisors agrees to convene an extraordinary general meeting, it shall issue the notice of meeting within five days upon receipt of the request, and any change to the original request in the notice shall be subject to the consent of the relevant shareholders.

If the board of supervisors does not agree to hold an extraordinary general meeting or fails to give feedback in writing within ten days after it receives the request, the shareholders individually or collectively holding 10% or more of the shares of the company for consecutive ninety days or more may convene or preside over the meeting on their own.

The expenses necessary for the shareholders' meeting convened by the Board of Supervisors or Shareholders shall be borne by the company.

Directors

Under the Company Law and the Guidelines for Articles of Association of [REDACTED] Companies, a joint stock limited company shall have a board of directors, which shall consist of three or more members. The term of office of a director shall be stipulated in the Articles of Association, but each term of office shall not exceed three years. Directors may be re-elected upon the expiration of their term. However, independent directors may not serve for more than six consecutive years. Director may be the president or other senior management personnel, provided that the total number of directors who concurrently serve as president or other senior management personnel and directors who are employee's representatives shall not exceed half (1/2) of the total number of directors of the company.

Meetings of the board of directors shall be convened at least twice a year. All directors and supervisors shall be noticed at least 10 days before the meeting for every meeting. The board of directors shall exercise the following authorities:

(1) to convene shareholders' meetings and report to them;

(2) to carry out resolutions adopted by the shareholders' meetings;

(3) to determine the company's business plans and investment programs;

(4) to formulate the company's profit distribution plans and loss recovery plans;

(5) to formulate the company's plans for increasing or reducing the registered capital of the company, issuing bonds or other securities and going public;

(6) to formulate the company's plans with respect to significant takeovers, purchase of the company's shares, mergers, divisions, dissolution, or change of the form of the company;

(7) to decide on, within the scope authorized by the shareholders' meetings, such matters as the company's external investments, the purchase and sale of assets, asset mortgages, external guarantees, entrusted financial management, related-party transactions and external donations;

(8) to determine the establishment of the company's internal management bodies;

(9) to decide on such matters as appointment or removal of the company's manager, secretary to the board of directors and other senior executives, as well as their remuneration and reward/punishment; and to decide on appointment or removal of the company's deputy managers, finance manager and other senior officers as nominated by the manager and on their remuneration and reward/punishment;

(10) to formulate the company's basic management system;

(11) to exercise other authority conferred by any law, administrative regulation, departmental rules and the articles of association.

Within the scope authorized by the shareholders' meeting, the board of directors shall determine the authority of external investment, purchase and sale of assets, asset mortgage, external guarantee matters, entrusted financial management, connected transactions and external donations, and establish strict review and decision-making procedures.

If a director has connection with the enterprise or individual involved in the resolution made at a board meeting, the said director shall promptly report the situation in writing to the board of directors. The said director shall not vote on the said resolution for himself/herself or on behalf of another director. The board meeting may be held when more than half of the non-connected directors attend the meeting. The resolution of the board meeting shall be passed by more than half of the non-connected directors. If the number of non-connected directors attending the meetings is less than three, the issue shall be submitted to the shareholders' meetings for consideration.

According to the Company Law and the Guidelines for Articles of Association of Listed Companies, none of the following individuals shall be eligible for appointment as a director, supervisor, or senior officer of a company:

(1) any individual without civil capacity or with limited civil capacity;

(2) any individual who has been subjected to criminal punishment for corruption, bribery, embezzlement or misappropriation of property, or disruption of the economic order of the socialist market, or who has ever been deprived of political rights due to a criminal conviction, and five years have not elapsed since the term of punishment is completed, or in the case of a suspended sentence, two years have not elapsed since the probation period is complete;

(3) any former director, factory director, or company manager of a company or enterprise which has been declared bankrupt and liquidated who is personally responsible for the bankruptcy of the company or enterprise, and three years have not elapsed since the bankruptcy and liquidation are completed;

(4) any former legal representative of a company or enterprise which has had its business license revoked or been ordered to shut down due to violation of law who is personally responsible for the situation, and three years have not elapsed since the date of revocation of business license or shutdown order;

(5) any individual identified as a subject of enforcement for breach of trust by the people's court for failure to repay a significant amount of overdue debts;

(6) any individual who has been banned from the securities market by the CSRC and the ban has not expired; or

(7) any individual who is banned from doing so in accordance with other laws, administrative regulations and departmental rules.

The board of directors shall appoint a chairman. The chairman and vice chairman shall be elected by more than one half of all directors.

Supervisors

Under the Company Law, a joint stock limited company shall have a board of supervisor, which shall consist of three supervisors. The board of supervisors shall have one chairman, who shall be elected by more than half of all supervisors. The member of the board of supervisors shall include shareholders' representatives and an appropriate proportion of employees' representatives.

Directors or senior management may not act concurrently as supervisors.

The board of supervisor shall exercise the following authorities:

(1) To examine and give written examination opinions on the periodical reports of the Company prepared by the board of directors;

(2) To review the company's financial affairs;

(3) To monitor the acts of directors and senior executives in the performance of their duties, and to propose to remove any director or senior executive who violates any law, administrative regulation, securities regulatory rules of the place where the company's shares are [REDACTED], the articles of association or any resolution of the shareholders' meetings;

(4) To require any director or senior executive whose behavior damages the Company's interests to make corrections;

(5) To propose an extraordinary general meeting and to convene and preside over the shareholders' meeting when the board of directors fails to perform its duty to convene and preside over a general meeting prescribed in the Company Law;

(6) To submit proposals to the shareholders' meetings;

(7) To bring a lawsuit against any director or senior executive in accordance with the Company Law;

(8) If any abnormality in the operation of the company is found, the board of supervisors may conduct an investigation, and if necessary, engage an accounting firm, law firm or any other professional institution to assist in its work at the expense of the Company.

Senior Management

Under the Company Law, a company shall have a manager who shall be appointed or removed by the board of directors. The manager shall exercise functions and powers as specified in the articles of association or as authorized by the board of directors.

According to the Company Law, senior management shall refer to the manager, deputy manager(s), finance manager, secretary to the board of directors and other personnel as stipulated in the articles of association of the company.

Duties of Directors, Supervisors and Senior Management

According to the Company Law and the Guidelines for Articles of Association of [REDACTED] Companies, directors, supervisors and senior management shall abide by laws, administrative regulations and the articles of association, and bear a duty of loyalty towards the company as follows:

(1) they shall not abuse their authority by receiving any bribe or other illegal income, and shall not embezzle any of the company property;

(2) they shall not misappropriate the company's funds;

(3) they shall not deposit company assets into accounts held in their own names or in the name of any other individual;

(4) they shall not, in violation of the articles of association, lend company funds to other people or provide guarantee for other people with company assets without the consent of the shareholders' meeting or the board of directors;

(5) they shall not enter into contracts or conduct transactions with the company either in violation of the articles of association or without the consent of the shareholders' meeting;

(6) they shall not, without the consent of the shareholders' meeting, take advantage of their position to seek business opportunities that should belong to the company for themselves or for any other person, or operate the same type of business as the company for themselves or for any other person;

(7) they shall not take commissions from transactions with the company as their own;

(8) they shall not disclose company secrets without authorization;

(9) they shall not make use of their related-party relationship to damage the company's interests; and

(10) other duty of loyalty prescribed by laws, administrative regulations, departmental rules and the articles of association.

The directors, supervisors and senior management also bear a duty of diligence to the company as follows:

(1) they shall be prudent, serious and diligent in exercising the authority conferred by the company to ensure that the business activities of the company comply with the country's laws, administrative regulations and various economic policy requirements, and that the business activities do not go beyond the scope of business activities specified in the company's business license;

(2) they shall treat all shareholders equally;

(3) they shall keep abreast of the company's business operations and management status;

(4) they shall sign written statements confirming periodic reports of the company, and ensure that the information disclosed by the company is true, accurate, and complete;

(5) they shall provide accurate information and materials to the board of supervisors, and shall not interfere with the performance of duties by the board of supervisors or individual supervisors; and

(6) other duty of diligence prescribed by laws, administrative regulations, departmental rules, and the articles of association.

Financial and Accounting System

Under the Company Law, a company shall establish its financial and accounting systems according to laws, administrative regulations and the provisions stipulated by the relevant authorities of the PRC. The company shall adopt the Gregorian calendar year for its fiscal year, i.e. the fiscal year shall be from January 1 to December 31.

The financial accounting report of a joint stock limited company shall be prepared at least twenty days before the annual shareholders' meeting and placed within its premises for inspection by shareholders; a joint stock limited company that has publicly offered shares shall publish its financial accounting report.

The company is required to allocate 10% of its profits into its statutory reserve fund when distributing each year's after-tax profits. When the cumulated amount of the statutory reserve fund of the company has reached 50% or more of its registered capital, no further allocation is required.

Where the statutory reserve fund of the company is insufficient to make up the losses of the company for the preceding year, profits of the current year shall be applied to make up the losses before any allocation to the statutory reserve fund in accordance with the provisions in the preceding paragraph.

Subject to a resolution of the shareholders' meetings, after allocation has been made to the company's statutory reserve fund from its after-tax profits, the company may set aside funds for the discretionary reserve fund.

After making up of losses and appropriation to reserve funds, balance of the profit after tax shall be distributed to shareholders in proportion to their shareholdings, unless otherwise stipulated in the articles of association.

In cases where the company distributes profits to any shareholder in violation of the provision above, the shareholder shall return the distributed profits involved in the violation to the company; if losses are caused thereby to the company, the shareholders, as well as any directors, supervisors, and senior managers responsible for the violation, shall be liable for compensation.

Reserve funds of the company are used for recovering losses of the company and expanding scale of operation of the company or conversion into its capital.

Where the reserve of the company is used for making up losses, the discretionary reserve and statutory reserve shall be firstly used. If losses still cannot be made up, the capital reserve can be used according to the relevant provisions.

When the statutory reserve funds are converted into capital, the remaining balance of such reserve fund must not be less than 25% of its registered capital before such conversion.

Appointment and Dismissal of Accounting Firms

Pursuant to the Company Law, the appointment or removal of an accounting firm by a company as its auditor shall be subject to a resolution of the shareholders' meeting, the board of directors, or the board of supervisors as stipulated in the company's articles of association. When the shareholders' meeting, the board of directors, or the board of supervisors vote on removing an accounting firm as its auditor, the accounting firm shall be allowed to state its opinions.

The Company Law and the Guidelines for Articles of Association provide that the company guarantees to provide true and complete accounting vouchers, accounting books, financial accounting reports and other accounting materials to the employed accounting firm, and shall not refuse, conceal or falsely report. And the audit fee of the accounting firm shall be decided by the general meeting of shareholders.

Amendments to the Articles of Association

Pursuant to Company Law, a company shall amend its articles of association under any of the following circumstances:

(1) Where, after any amendment to the Company Law or any other applicable law or administrative regulation, the provisions of the articles of association conflict with the amended law and/or administrative regulation;

(2) Where the company's circumstances change to such an extent that they are inconsistent with the items recorded in the articles of association; and

(3) Where the shareholders' meeting decides to amend the articles of association.

Any resolution at the shareholders' meeting to amend the articles of association shall be adopted by shareholders representing two-thirds or more of the voting rights present at the meeting.

Dissolution and Liquidation

According to the Company Law, a company shall be dissolved for the following reasons:

(1) the expiration of the business period stipulated in the articles of association or the occurrence of other causes of dissolution stipulated in the articles of association;

(2) dissolution by a resolution of the shareholders' meeting;

(3) dissolution due to merger or division of the company;

(4) suspension of the business license, being ordered to close down or being revoked in accordance with the law; or

(5) request submitted by the shareholders holding 10% or more of the voting rights of the company to the people's court to dissolve the company if the company's operation or management encounters serious difficulties, the company's continuous existence will cause significant losses to the interests of its shareholders, and the situation cannot be solved by any other means.

If any of the situations mentioned in the preceding paragraph arises, the company shall publicize the situations through the National Enterprise Credit Information Publicity System within ten days.

Where the company falls under the circumstance of items (1) or (2) above and has not yet distributed the assets to the shareholders, it may continue to exist by modifying the articles of association or upon a resolution of the shareholders' meeting.

Where the company is dissolved according to item (1), (2), (4) or (5) above, it shall be liquidated. The directors, who are the liquidation obligors of the company, shall form a liquidation group to carry out liquidation within fifteen days from the date of occurrence of the cause of dissolution.

The liquidation group shall be composed of the directors, unless it is otherwise elected by the shareholders' meeting.

The liquidation group shall notify the company's creditors within ten days of its formation, and make a public announcement through a newspaper or the National Enterprise Credit Information Publicity System within sixty days of its formation. The creditors shall file their proof of claim with the liquidation group within thirty days from the receipt of the notice or within forty-five days from the issuance of the public announcement in the case of failing to receive such notice.

During the period of liquidation, the company continues to exist, but shall not carry out any business operation unrelated to the liquidation. The assets of the company shall not be distributed to the shareholders until it has been liquidated in accordance with the preceding paragraph.

If, after liquidating the assets of the company and formulating a balance sheet and a schedule of assets, the liquidation group discovers that the company's assets are insufficient to fully cover its debts, it shall file a bankruptcy application with the people's court.

Any company declared bankrupt according to law shall carry out a bankruptcy liquidation in accordance with the provisions concerning bankruptcy liquidation.

Overseas Listing

According to the Overseas Listing Trial Measures, where an issuer makes an overseas initial public offering or listing, or issues and lists shares in a different overseas market after overseas issuance and listing, it shall file with the CSRC within three working days after submitting the application documents for overseas issuance and listing. If an issuer issues securities in the same overseas market after overseas issuance and listing, it shall file with the CSRC within three working days after the completion of the issuance. If the filing materials are complete and meet the requirements, the CSRC shall complete the filing within twenty working days from the date of receiving the filing materials, and publicize the filing information through the website. If the filing materials are incomplete or do not meet the requirements, the CSRC shall inform the issuer of the materials to be supplemented within five working days after receiving the filing materials. The issuer shall supplement the materials within thirty working days.

Loss of Share Certificates

If the share certificates in registered form held by a shareholder are stolen, lost or destroyed, the shareholder may, in accordance with the public notice procedures set out in the PRC Civil Procedure Law, apply to a people's court for a declaration that such share certificates are no longer valid.

After the people's court declared such share certificates invalid, the shareholder may apply to the company for the issue of replacement share certificates.

Suspension and Termination of Listing

The Company Law has deleted provisions governing suspension and termination of listing. The *PRC Securities Law (2019 revision)* (《中華人民共和國證券法(2019年修訂)》) has also deleted provisions regarding suspension of listing. Where listed securities fall under the delisting circumstances stipulated by the stock exchange, the stock exchange shall terminate its listing and trading in accordance with its listing rules.

According to the Overseas Listing Trial Measures, in case of voluntary or compulsory termination of listing, the issuer shall report it to the CSRC within three working days from the date of occurrence and announcement of the termination of listing.

ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

The *Arbitration Law of the PRC* (《中華人民共和國仲裁法》), or the Arbitration Law, was enacted by the SCNPC on August 31, 1994, last amended on September 1, 2017 and became effective on January 1, 2018. It is applicable to, among other matters, economic disputes involving foreign parties where all parties have entered into a written agreement to resolve disputes by arbitration before an arbitration committee constituted in accordance with the Arbitration Law. The Arbitration Law provides that an arbitration committee may, before the promulgation of arbitration regulations by the PRC Arbitration Association, formulate interim arbitration rules in accordance with the Arbitration Law and the PRC Civil Procedure Law. Where the parties have agreed to settle disputes by means of arbitration, a people's court will refuse to handle a legal proceeding initiated by one of the parties at such people's court, unless the arbitration agreement is invalid.

Under the Arbitration Law and PRC Civil Procedure Law, an arbitral award shall be final and binding on the parties involved in the arbitration. If any party fails to comply with the arbitral award, the other party to the award may apply to a peoples' court for its enforcement. The people's court can issue a ruling prohibiting the enforcement of an arbitral award made by an arbitration committee after verification by collegial bench formed by the people's court if there is any procedural irregularity, including but not limited to irregularity in the composition of the arbitration tribunal or arbitration proceedings, the jurisdiction of the arbitration commission, or the making of an award on matters beyond the scope of the arbitration agreement.

Any party seeking to enforce an award of a foreign affairs arbitral body of the PRC against a party who or whose property is not located within the PRC shall apply to a foreign court with jurisdiction over the case for recognition and enforcement of the award. Likewise, an arbitral award made by a foreign arbitral body may be recognized and enforced by a PRC court in accordance with the principle of reciprocity or any international treaties concluded or acceded to by the PRC.

JUDICIAL JUDGMENT AND ITS ENFORCEMENT

According to the *Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region* (《最高人民法院關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》), or the Arrangement, promulgated by the Supreme People's Court on January 25, 2024 and implemented as of January 29, 2024, the Arrangement applies to the reciprocal recognition and enforcement of legally effective judgments in civil and commercial matters between the courts of Hong Kong and the PRC. In respect of judgments for the award of property, reciprocal recognition and enforcement of judgments includes both monetary and non-monetary rulings. In respect of judgments for the award of property, the scope of recognition and enforcement by the courts of the Mainland and of the Hong Kong shall include the property awarded, the corresponding interest, costs, payment for late compliance, or interest for late compliance awarded in the judgment, but shall not include taxes and penalties.

This Appendix contains a summary of our Articles of Association for the primary purpose of providing potential investors with an overview of the Articles of Association. As the information contained below is in summary form, it does not contain any and all information that may be important to potential investors.

The Articles of Association and amendments thereto shall be adopted or approved by Shareholders at a general meeting in accordance with applicable laws and regulations (including the PRC Company Law, the PRC Securities Law, the Guidelines for Articles of Association of Listed Companies and the Hong Kong Listing Rules) and shall take effect on the [REDACTED].

SHARES

Issuance of Shares

The shares of the Company shall take the form of registered shares, which are certificates issued by the Company to certify the shares held by shareholders.

The shares of the Company shall be issued in accordance with the principles of openness, fairness, and impartiality. Shares of the same class shall have the same rights.

For shares of the same class issued at the same time, the conditions of issuance and price of each share shall be the same. The price of each share subscribed for by any organization or individual shall be the same.

The par value of the shares issued by the Company is denominated in Renminbi.

The Renminbi referred to in the preceding paragraph is the lawful currency of the PRC.

The Company's shares [REDACTED] on NEEQ are centrally deposited at China Securities Depository and Clearing Corporation Limited. The H shares issued by the Company may be mainly deposited at entrusted finance company under Hong Kong Securities Clearing Company Limited, in accordance with the laws and the customary practice of register and depository of securities of the jurisdiction where they are [REDACTED].

The share issued by the Company shall have a par value of Renminbi one (1) for each share.

Increase, Decrease and Repurchase of Shares

Based on its operating and development needs, the Company may, pursuant to the laws, regulations and regulatory rules for securities of the place where the Company' shares are [REDACTED] and with the approval by resolution at the shareholders' meeting, increase its registered capital in the following ways:

(1) Public issuance of shares;

(2) Non-public issuance of shares;

(3) Distribute bonus shares to existing shareholders;

(4) Convert capital reserves into share capital;

(5) Any other means approved by the laws, administrative regulations and competent authorities of securities of the State Council of the PRC.

The existing shareholders of the Company shall have no pre-emptive right to subscribe for shares issued by the Company, unless otherwise stipulated by the shareholders' meeting.

The Company may reduce its registered capital. The reduction in the registered capital shall be made in accordance with the procedures set out in the Company Law, other applicable regulations and the Articles.

The Company shall not purchase its shares unless under the following circumstances:

(1) Reducing its registered capital;

(2) Merger with another company which holds the shares of the Company;

(3) Use of the shares for employee stock ownership plan or equity incentive;

(4) Request to the Company to acquire the shares from shareholders who vote against any resolution adopted at the shareholders' meeting on the merger or demerger of the Company;

(5) Conversion of shares into the convertible corporate bonds issued by the Company;

(6) Being necessary for the Company to maintain its value and the equity of shareholders;

(7) Any other circumstances permitted by the laws, administrative regulations, and regulatory rules of the place where the Company's shares are [REDACTED].

The purchase of the Company's shares may be carried out through public centralized trading or other methods recognized by laws, administrative regulations, the Listing Rules, the CSRC and the stock exchange or securities regulatory authority at the place where the company's shares are [REDACTED].

If the Company purchases its shares under any of the circumstances specified in item (3), (5) or (6) mentioned above, such purchase shall be carried out through public centralized trading.

Transfer of Shares

The shares of the Company shall be freely transferable in accordance with laws.

All H shares of the Company shall be transferred by way of written transfer instrument, either generally or in a standard form, or any other form acceptable to the Board of Directors (including the standard transfer format or form of transfer as prescribed from time to time by the Hong Kong Stock Exchange). Such transfer document may be signed by hand, or if the transferor or transferee is a corporation, by the company's seal. In the event that the transferor or transferee is a recognized clearing house ("**Recognized Clearing House**") as defined in relevant regulations under the laws

of Hong Kong or its agent, a transfer document may be signed by hand or in an electronic signature form. All instruments of transfer shall be kept at the legal address of the Company or at such address as the Board may from time to time designate.

SHAREHOLDERS AND SHAREHOLDER' GENERAL MEETING

Shareholders

The shareholders of the Company shall be entitled to the following rights:

(1) to receive dividends and other benefit distributions in proportion to the number of shares they held;

(2) to require, convene, chair, attend or appoint a proxy to attend a shareholders' meeting and exercise the corresponding voting rights in accordance with the laws;

(3) to supervise and manage the operations of the Company, and to put forward suggestions or raise enquiries;

(4) to transfer, bestow or pledge shares held by them in accordance with the laws, administrative regulations, departmental rules, regulatory documents, the securities regulatory rules of the place where the Company's shares are [REDACTED] and the provisions of Articles of Association;

(5) to inspect and duplicate the Articles of Association, registers of shareholders, the minutes of the Shareholders' Meeting, resolutions of the Board meetings and the financial accounting reports. Eligible shareholders are entitled to inspect the company's accounting books and records;

(6) In the event of the termination or liquidation of the Company, the right to participate in the distribution of the remaining assets of the Company in proportion to the number of shares held;

(7) With respect to shareholders who voted against any resolution adopted at the shareholders' meeting on the merger or demerger of the Company, the right to demand the Company to acquire the shares held by them;

(8) Any other rights stipulated in the laws, administrative regulations, departmental rules, normative documents, securities regulatory rules of the place where the Company's shares are [REDACTED] or the Articles of Association.

If any resolution of the Shareholders' Meeting or the Board violates the laws and administrative regulations, the shareholders have the right to request the people's court to invalidate the resolution.

If the convening procedure and voting method of the Shareholders' Meeting or the Board meetings violate laws, administrative regulations or the Articles of Association, or the contents of a resolution run counter to the Articles of Association, the shareholders have the right to request the

people's court to revoke the resolution within sixty days from the date of the resolution, unless the procedure or the voting method contains a minor defect without a substantial impact on the resolution.

Directors and senior executives other than the members of the Audit Committee who violate laws, administrative regulations, or the provisions of these Articles of Association while performing their duties for the Company, thereby causing losses to the Company, may have a written request made by shareholders who have continuously held, either individually or in combination, more than one percent of the Company's shares for a period of one hundred eighty days or more, for the Audit Committee to initiate legal proceedings against them before a People's Court. If members of the Audit Committee violate laws, administrative regulations, or the provisions of these Articles of Association while performing their duties for the Company, thereby causing losses to the Company, the aforementioned shareholders may make a written request to the Board of Directors to initiate legal proceedings against them before a People's Court.

If the Audit Committee or the Board of Directors refuses to initiate legal proceedings after receiving a written request from the shareholders as specified in the preceding paragraph, or fails to initiate legal proceedings within thirty days of receiving the request, or if the situation is urgent and immediate legal action is necessary to prevent irreparable harm to the Company's interests, the shareholders as specified in the preceding paragraph have the right to directly initiate legal proceedings on their own behalf for the benefit of the Company before a People's Court.

If others infringe upon the Company's lawful rights and interests, causing losses to the Company, the shareholders as specified in the first paragraph of this section may bring legal proceedings before a People's Court in accordance with the provisions of the preceding two paragraphs.

If the directors, supervisors, or senior executives of the Company's wholly-owned subsidiaries violate laws, administrative regulations, or the provisions of these Articles of Association while performing their duties, thereby causing losses to the Company, or if others infringe upon the lawful rights and interests of the Company's wholly-owned subsidiaries and cause losses, shareholders who have continuously held, either individually or in combination, more than one percent of the Company's shares for a period of one hundred eighty days or more may, in accordance with the first three paragraphs of Article 189 of the Company Law, make a written request to the Supervisory Committee or the Board of Directors of the wholly-owned subsidiary to initiate legal proceedings before a People's Court, or initiate legal proceedings on their own behalf directly before a People's Court.

The shareholders of the Company shall undertake the following obligations:

(1) To abide by laws, administrative regulations, regulatory rules of the place where the Company's shares are [REDACTED] and the Articles of Association;

(2) To pay subscription funds according to the number of shares subscribed and the method of subscription;

(3) Not to withdraw their fund contribution, except as provided in laws and regulations;

(4) Not to abuse shareholders' rights to harm the interests of the Company or other shareholders; and not to abuse the Company's position as an independent legal person and the limited liability of shareholders to harm the interests of any creditor of the Company;

(5) To undertake other obligations stipulated in the laws, administrative regulations, departmental rules, normative documents, securities regulatory rules of the place where the Company's shares are [REDACTED] and the Articles of Association.

Shareholders of the Company who abuse their shareholder's rights and thereby cause loss on the Company or other shareholders shall be liable for indemnity according to the law; where shareholders of the Company abuse the Company's position as an independent legal person and the limited liability of shareholders for the purposes of evading repayment of debts, thereby materially impairing the interests of the creditors of the Company, such shareholders shall be jointly liable for the debts owed by the Company.

General Provisions of The Shareholders' Meeting

The shareholders' meeting is the body exercising authority of the Company and the shareholders' meeting shall exercise the following functions and powers in accordance with the law:

(1) To elect and replace directors, and decide on matters concerning the remuneration of directors;

(2) To consider and approve the report of the Board of Directors;

(3) To consider and approve the profit distribution plan and loss recovery plan of the Company;

(4) To resolve on the increase or decrease in registered capital of the Company;

(5) To resolve on the issuance of corporate bonds;

(6) To resolve on merger, division, dissolution and liquidation of the Company or alteration on the form of the Company;

(7) To amend the Articles of Association;

(8) To resolve on the Company's engagement or dismissal of the accounting firm that undertakes the Company's auditing services;

(9) Review and approve the guarantee matters stipulated in these Articles of Association that require approval by the General Meeting of Shareholders;

(10) Review and approve the major transaction matters specified in Article 47;

(11) To consider and approve the change of [REDACTED];

(12) To consider the equity incentive plan and employee stock ownership plan;

(13) To authorize the Board to make resolutions on the issuance of corporate bonds subject to the relevant laws, regulations, and the securities regulatory rules of the place where the Company's shares are [REDACTED];

(14) To consider other matters which, in accordance with the laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are [REDACTED] or the Articles of Association, shall be approved by the Shareholders' Meeting.

The provision of financial assistance by the Company to external parties falls under any of the following circumstances and shall be subject to approval by the shareholders' meeting:

(1) The latest asset-liability ratio of the funded object exceeds 70%;

(2) The amount of financial assistance provided for a single time or the accumulated amount of financial assistance provided within 12 consecutive months exceeds 10% of the Company's latest audited net assets;

(3) Other circumstances prescribed by the CSRC, NEEQ, the securities regulatory rules of the place where the company's shares are [REDACTED] or the Articles of Association.

The following external guarantee activities of the Company must be approved by the Shareholders' Meeting:

(1) Any guarantee provided by the Company and its controlled subsidiaries after the total amount of external guarantees exceeds 50% of the Company's most recently audited net assets;

(2) Any guarantee provided after the Company's total external guarantees exceed 30% of the Company's most recently audited total assets;

(3) Any guarantee provided to others within one year that exceeds 30% of the Company's most recently audited total assets;

(4) Guarantees provided to guarantee subjects with a debt-to-asset ratio exceeding 70%;

(5) Guarantees where the amount of a single guarantee exceeds 10% of the Company's most recently audited net assets;

(6) Guarantees provided to shareholders, actual controllers, and their related parties;

(7) Other circumstances prescribed by laws, administrative regulations, rules, normative documents, securities regulatory rules applicable to the Company's stock [REDACTED], or the provisions of these Articles of Association.

When the Company provides guarantees to its wholly-owned subsidiaries, or provides guarantees to its controlled subsidiaries where the other shareholders of the controlled subsidiaries provide guarantees in the same proportion according to their equity interests and such guarantees do not harm the Company's interests, the provisions of the above clauses (1), (4), and (5) may be exempted.

When the Shareholders' Meeting reviews a proposal to provide guarantees to shareholders, actual controllers, and their related parties, such shareholders or shareholders under the control of the actual controller shall not participate in the voting on such proposal, and the proposal shall be passed by a majority of the votes cast by the other shareholders present at the meeting.

When the Company provides guarantees to related parties, it shall have a reasonable commercial rationale and submit the proposal to the Shareholders' Meeting for approval after it has been passed by the Board of Directors. When the Company provides guarantees to the controlling shareholder, actual controller, and their related parties, the controlling shareholder, actual controller, and their related parties shall provide counter-guarantees.

Any transaction of the Company (other than the provision of guarantees) that meets one of the following criteria shall be submitted for approval at the Shareholders' Meeting:

(1) The total value of the assets involved in the transaction (based on the higher of the book value and the appraised value, where both exist) or the transaction amount constitutes 50% or more of the Company's total assets as audited in the most recent financial year;

(2) The net asset value involved in the transaction or the transaction amount constitutes 50% or more of the absolute value of the Company's net assets as audited in the most recent financial year and exceeds RMB 15 million;

(3) The approval of matters relating to the purchase or sale of material assets by the Company within one year, where the total value exceeds 30% of the Company's total assets as audited in the most recent period.

The following related party transactions of the Company shall be approved at the Shareholders' Meeting:

(1) Transactions with related parties (excluding the provision of guarantees) where the transaction amount constitutes 5% or more of the Company's total assets as audited in the most recent period and exceeds RMB 30 million; or

(2) Transactions where the transaction amount constitutes 30% or more of the Company's total assets as audited in the most recent period.

The Shareholders' Meetings are divided into annual general meeting and extraordinary general meeting. The annual general meeting shall be held once a year within six months of the end of the previous accounting year.

The Company shall convene an extraordinary general meeting within two months from the date of the occurrence of any of the following circumstances:

(1) Where the number of directors in office is less than the number provided for in the Company Law or less than two-thirds of the number prescribed in the Articles of Association;

(2) Where the uncovered losses of the Company reach one-third of the total paid-in share capital;

(3) Where Shareholders who individually or jointly hold no less than 10% of the shares of the Company request holding of such a meeting;

(4) Where the Board of Directors deems it necessary;

(5) Where the Audit Committee proposes such a meeting; and

(6) Any other circumstances prescribed by the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are [REDACTED] or the Articles of Association.

Convening of the Shareholders' Meeting

A majority of independent directors have the right to propose to the Board of Directors to convene an extraordinary shareholders' meeting. In response to a proposal from independent directors that request to convene an extraordinary shareholders' meeting, the Board of Directors shall, in accordance with the provisions of laws, administrative regulations and the Articles of Association, give written feedback on whether it agrees or disagrees with the convening of the extraordinary shareholders' meeting within 10 days upon receipt of the proposal.

If the Board of Directors agrees to convene an extraordinary shareholders' meeting, the Board of Directors will issue a notice of convening the extraordinary shareholders' meeting within 5 days after the Board of Directors' resolution is made; if the Board of Directors disagrees to convene an extraordinary shareholders' meeting, it will state the reasons and make an announcement.

The Audit Committee has the right to propose to the Board of Directors to convene an extraordinary shareholders' meeting and shall submit such proposal to the Board of Directors in writing. The Board of Directors shall, in accordance with the provisions of laws, administrative regulations and the Articles of Association, give written feedback on whether it agrees or disagrees with the convening of the extraordinary shareholders' meeting within 10 days upon receipt of the proposal.

If the Board of Directors agrees to convene an extraordinary shareholders' meeting, the Board of Directors will issue a notice of convening the extraordinary shareholders' meeting within 5 days after the Board of Directors' resolution is made, and any changes to the original proposal contained in the notice shall be approved by the Audit Committee.

If the Board of Directors disagrees to convene an extraordinary shareholders' meeting or fails to provide feedback within 10 days upon receipt of the proposal, it shall be deemed that the Board of Directors is unable to perform or fails to perform its duty to convene the shareholders' meeting, and the Audit Committee shall convene and preside over the extraordinary shareholders' meeting of its own accord.

Shareholders individually or jointly holding 10% or more of the Company's shares have the right to request the Board of Directors to convene an extraordinary shareholders' meeting, and shall submit such request to the Board of Directors in writing. The Board of Directors shall, in accordance with the provisions of laws, administrative regulations and the Articles of Association, give written feedback on whether it agrees or disagrees with the convening of the extraordinary shareholders' meeting within 10 days upon receipt of the request.

If the Board of Directors agrees to convene an extraordinary shareholders' meeting, the Board of Directors will issue a notice of convening the extraordinary shareholders' meeting within five days after the Board of Directors' resolution is made, and any changes to the original request contained in the notice shall be approved by the shareholders concerned.

If the Board of Directors disagrees to convene an extraordinary shareholders' meeting or fails to provide feedback within 10 days upon receipt of the request, shareholders individually or jointly holding 10% or more of the Company's shares shall have the right to propose to the Audit Committee to convene an extraordinary shareholders' meeting and shall submit such request to the Audit Committee in writing.

If the Audit Committee agrees to convene an extraordinary shareholders' meeting, the Audit Committee will issue a notice of convening the extraordinary shareholders' meeting within five days upon receipt of the request, and any changes to the original request contained in the notice shall be approved by the shareholders concerned.

If the Audit Committee fails to issue the notice of convening the extraordinary shareholders' meeting within the prescribed period, it shall be deemed that the Audit Committee does not convene and preside over the shareholders' meeting, in which case shareholders individually or jointly holding 10% or more of the Company's shares for more than 90 consecutive days can convene and preside over the shareholders' meeting of its own accord.

If the Audit Committee or Shareholders decide to convene a shareholders' meeting on their own, they shall give a written notice to the Board of Directors and file the same for record with the stock exchange. Before the resolution of the shareholders' meeting is announced, the Shareholders convening the meeting shall hold no less than 10% of the Company's shares. The Audit Committee or Shareholders convening the meeting shall submit the relevant supporting materials to stock exchange when issuing the notice of the shareholders' meeting and announcing the resolution of the general meeting.

The expenses necessary for the shareholders' meetings convened by the Audit Committee or Shareholders shall be borne by the Company.

Proposals and Notices of the Shareholders' Meeting

Contents in proposals shall fall within the scope of functions and powers of the shareholders' meeting with clear topics and specific resolutions and shall be in compliance with the relevant provisions of laws, administrative regulations, the Hong Kong Listing Rules, other securities regulatory rules of the place where the Company's shares are [REDACTED] and the Articles of Association.

When the Company convenes a shareholders' meeting, the Board of Directors, the Audit Committee and shareholders individually or jointly holding 1% or more of the Company's shares are entitled to submit proposals to the Company.

Shareholders individually or jointly holding 1% or more of the Company's shares may make a provisional proposal and submit in writing to the convener 10 days prior to the convening of the shareholders' meeting. The convener of the shareholders' meeting shall issue a supplemental notice of shareholders' meeting within two days upon receipt of such proposal, setting out the contents of the provisional proposal and submitting such provisional proposal to the shareholders' meeting for consideration; provided, however, that the provisional proposal shall be in compliance with the provisions of the laws, administrative regulations or the Articles of Association or shall fall within the scope of functions and powers of the shareholders' meeting.

The convener shall notify all shareholders 21 days prior to the convening of an annual shareholders' meeting and 15 days prior to the convening of an extraordinary shareholders' meeting. When calculating the aforementioned notice period, the Company excludes the date on which the meeting is held.

Holding of Shareholders' Meetings

The Board of Directors and other conveners of the Company shall take the necessary measures to ensure the normal order of the shareholders' meeting will be taken to stop interference with the shareholders' meeting, provocations and detriment to the legitimate rights and interests of shareholders.

All shareholders or their proxies registered on the equity registration date shall have the right to attend the shareholders' meeting and exercise their voting rights in accordance with relevant laws, regulations, and the Articles of Association.

The shareholders' meeting shall be convened by the Board in accordance with the law and presided over by the chairman of the Board. If the chairman is unable or fails to perform his duties, a director who has been jointly elected by more than half of the directors shall convene and preside over the meeting.

The shareholders may attend shareholders' meetings in person and appoint their proxies to attend and vote on their behalf.

The shareholders' meeting shall have minutes, which shall be recorded by the secretary to the Board of Directors. The minutes of the shareholders' meeting shall contain the following information:

(1) the date, venue and agenda of the meeting, and the name of the convener;

(2) the name of the presider of the meeting, and the names of the attending directors and senior management personnel;

(3) the number of shareholders and their proxies attending the meeting, the total number of voting shares held by them and the proportion of these shares to the total number of shares of the Company;

(4) the consideration process of each proposal, summaries of the speeches and the voting results;

(5) details of the inquiries or recommendations of the shareholders, and the corresponding responses or explanations;

(6) the names of the legal counsel (if any), counter and the scrutineer;

(7) Other contents that shall be recorded in the meeting minutes in accordance with the Articles of Association and laws, regulations, normative legal documents, the Hong Kong Listing Rules and other securities regulatory rules of the places where the Company's shares are [REDACTED].

Voting and Resolutions of Shareholders' Meetings

Resolutions of shareholders' meeting are classified as ordinary resolutions and special resolutions.

Ordinary resolutions of the shareholders' meeting shall be passed by a majority of the voting rights represented by the shareholders (including proxies) present at the meeting.

Special resolutions of the shareholders' meeting shall be passed by more than two-thirds of the voting rights represented by the shareholders (including proxies) present at the meeting.

The following matters shall be resolved by way of ordinary resolutions at a shareholders' meeting:

(1) Work reports of the Board of Directors;

(2) Plans for profit distribution and recovery of losses drafted by the Board of Directors;

(3) Appointment or removal of members of the Board of Directors, and their remuneration and method of payment thereof;

(4) The Company's annual report; and

(5) Any matters other than those required by the laws, administrative regulations the Hong Kong Listing Rules, other securities regulatory rules of the places where the Company's shares are [REDACTED] or the Articles of Association to be approved by special resolution.

The following matters shall be resolved by way of special resolutions at a shareholders' meeting:

(1) Increase or reduction of the registered capital of the Company;

(2) Demerger, merger, dissolution and liquidation of the Company or change of corporate form of the Company;

(3) Amendment to the Articles of Association;

(4) Purchase or disposal of material assets or provision of guarantee by the Company within a year of a value exceeding 30% of the Company's latest audited total assets;

(5) Share incentive plans; and

(6) Any other matters prescribed by the laws, administrative regulations, the Hong Kong Listing Rules or the Articles of Association, and those matters approved by ordinary resolution at a shareholders' meeting as having a material impact on the Company and are required to be approved by a special resolution.

Shareholders (including proxies) shall exercise their voting rights in accordance with the number of shares with voting rights represented by them, and each share entitles the shareholder to one voting right at the shareholders' meeting.

Shares held by the Company that carry no voting rights shall not be counted toward the total number of shares with voting rights held by shareholders attending the shareholders' meeting.

BOARD OF DIRECTORS

Directors

A director of the Company shall be a natural person. Directors shall have the qualifications as required by laws, administrative regulations and rules. Any person involved in any of the following circumstances shall not serve as director of the Company:

(1) a person without or with limited capacity for civil conduct;

(2) a person who has been sentenced to any criminal penalty for corruption, bribery, infringement of property, misappropriation of property or disrupting the economic order of the socialist market, where less than five years have elapsed since the completion of the enforcement of the penalty, or who has been deprived of his/her political rights due to criminal offense, where less than five years have elapsed since the completion of the enforcement of the penalty, or who has been declared to be under suspension of sentence, where less than two years have elapsed since the end of the period of suspension of sentence;

(3) a person who is a former director, factory manager or manager of a bankrupt and liquidated company or enterprise whereby such person is personally liable for the bankruptcy of such company or enterprise, and where less than three years have elapsed since the date of completion of the bankruptcy and liquidation of such company or enterprise;

(4) a person who is a former legal representative of a company or enterprise, whose business license was revoked or which was ordered to close down due to violation of law and who is personally liable for such violation, where less than three years have elapsed since the date of the revocation of business license or the closing down of such company or enterprise;

(5) a person who has been listed as a dishonest person by the people's court due to having a relatively large amount of debts which have become overdue;

(6) recognized by the National Equities Exchange and Quotations Co., Ltd. or stock exchanges as unsuitable for serving as a director, supervisor or senior officer of a company, with the disciplinary action period not yet expired; or

(7) any other circumstances as provided by the laws, administrative regulations, department rules, the CSRC, the National Equities Exchange and Quotations Co., Ltd., the securities regulatory authorities of the place where the Company's shares are [REDACTED] and the stock exchange.

Where the election, appointment of directors violates the provisions of this Article, the election, appointment or engagement shall be invalid. Where directors fall under the circumstances referred to in this Article during his/her tenure, the Company shall terminate his/her appointment.

Directors shall be elected or replaced at the shareholders' meetings for a term of three years. Upon maturity of the term of office, a director shall be eligible for re-election and re-appointment. Directors shall not be removed from their positions without reason by the shareholders' meeting before the term of office expires, unless otherwise provided by relevant laws, regulations, the Articles of Association and the securities regulatory rules of the place where the Company's shares are [REDACTED].

Directors shall not commit any of the following acts:

(1) encroach upon the Company's assets, or misappropriate the funds of the Company;

(2) deposit the funds of the Company into an account opened in their own names or the name of another individual;

(3) use of function and power for bribery or receipt of other illegal income;

(4) take commissions from transactions with the Company;

(5) disclose the secrets of the Company without authorization;

(6) any other breach of fiduciary obligations stipulated in the laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are [REDACTED] and the Articles of Association.

Board of Directors

The Company shall have a Board of Directors, which is responsible to the shareholders' meeting.

The Board of Directors shall consist of nine directors, including three independent directors.

The Board of Directors shall exercise the following functions and powers:

(1) To convene the shareholders' meeting and report on its work to the shareholders' meeting;

(2) To implement the resolutions adopted at shareholders' meetings;

(3) To decide on the Company's business plans and investment plans;

(4) To formulate the Company's profit distribution plan and loss makeup plan;

(5) To formulate proposals for increases or reductions of the Company's registered capital, the issuance of bonds or other securities;

(6) To formulate plans for major acquisitions of the Company, the buy-back of shares of the Company, or merger, division, dissolution and change of the form of the Company, as well as the [REDACTED] of the Company, subject to compliance with the securities regulatory rules of the place where the Company's shares are [REDACTED];

(7) To determine such matters as the Company's external investment, purchase or sale of assets, asset pledge, external guarantee, entrusting wealth management, connected transaction and external financing within the scope authorized by the shareholders' meeting;

(8) To decide on the establishment of the Company's internal management structure and special board committees;

(9) To decide on the appointment or dismissal of the Company's general manager, board secretary and other senior officers and decide on their remuneration and reward and punishment; according to the nomination by the general manager, to decide on the appointment or dismissal of the deputy general manager(s), the finance director (CFO) and other senior officers and decide on their remuneration and reward and punishment;

(10) To appoint or dismiss the general manager of the Company, the members of executive committee, deputy general manager, chief risk officer, finance controller and the secretary to the Board of Directors, and determine their remunerations and rewards and punishments;

(11) To formulate the Company's basic management system;

(12) To formulate proposals for amendment to the Articles of Association;

(13) To propose to the shareholders' meeting of shareholders to hire or replace the accounting firm conducting audit of the Company;

(14) To manage the Company's information disclosure matters;

(15) To discuss and evaluate whether the corporate governance mechanism provides all shareholders with appropriate protection and equal rights, and whether the corporate governance structure is reasonable and effective;

(16) To perform other functions and powers conferred by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, other securities regulatory rules of the places where the shares of the Company are [REDACTED] or the Articles of Association.

Any matters in respect of which the powers exercised by the Board of Directors are beyond the scope authorized by the general meeting shall be submitted to the general meeting for consideration.

The Board of Directors of the Company shall establish the Audit Committee, the Nomination Committee and the Remuneration Committee. These special committees shall be accountable to the Board of Directors and perform their duties in accordance with the Articles of Association and the authorization of the Board of Directors. Proposals shall be submitted to the Board of Directors for consideration and decision. The Board of Directors is responsible for formulating the working procedures of the special committees and standardizing the operation of the special committees.

The chairman of the board of directors shall be elected and removed by more than half of all the directors.

The chairman of the board of directors shall exercise the following functions and powers:

(1) to preside over the shareholders' meetings and convene and preside over meetings of the board of directors;

(2) to supervise and inspect the implementation of resolutions of the board of directors;

(3) to exercise any other powers conferred by the Board, the laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, other securities regulatory rules of the places where the Company's shares are [REDACTED].

A director who is related to the enterprise or individual to which the resolution of the board meeting relates shall promptly report to the Board in writing. Such director shall abstain from voting and shall not exercise voting rights in respect of such resolution, nor shall he or she exercise voting rights on behalf of other directors. Such board meeting may be held in the presence of a majority of unrelated directors, and resolutions made at the board meeting shall be passed by a

majority of unrelated directors. If the number of unrelated directors present at the board meeting is less than three, the matter shall be submitted to the shareholders' meeting of shareholders for consideration.

GENERAL MANAGER AND OTHER SENIOR MANAGEMENT OFFICERS

General Manager and Other Senior Management Officers

The Company shall have one general manager who shall be appointed or dismissed by the board of directors.

The company may appoint several Deputy General Managers as needed for its operations, who shall be hired or dismissed by the Board of Directors.

The General Manager, Deputy General Managers, the finance director (CFO), and Secretary of the Board of Directors are considered senior executives of the company.

Persons in executive positions other than directors and supervisors in entities acting as the Company's controlling shareholders or de facto controllers shall not serve as the Company's senior management officers.

The Company's senior management officers are remunerated solely by the Company and shall not be paid by the controlling shareholders on behalf of the Company.

The tenure of office for the general manager shall be three years and is renewable upon reappointment.

The general manager shall be accountable to the board of directors and exercise the following functions and powers:

(1) to be in charge of the production and operation management of the Company, organize the implementation of resolutions of the Board of Directors, and report his/her work to the Board of Directors;

(2) to organize the implementation of the annual business plans and investment schemes of the Company;

(3) to formulate the scheme on the setup of the internal management organization of the Company;

(4) to formulate the fundamental management systems of the Company;

(5) to formulate the specific rules of the Company;

(6) to propose the appointment or dismissal of the Deputy General Managers and finance director (CFO) of the Company by the Board of Directors;

(7) to appoint or dismiss the management personnel other than those who shall be appointed or dismissed by the board of directors;

(8) to exercise other functions and powers conferred by the Articles of Association and the Board of Directors.

The general manager shall be present at the meetings of the board of directors. The general manager who is not a director shall have no voting rights at Board meetings.

The Company shall have a secretary to the Board of Directors, who shall be responsible for the information disclosure, preparation for shareholders' meeting and meeting of the board of directors, management of relationship with investors, management of shareholder materials and other matters.

FINANCIAL AND ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDIT

Financial and Accounting System and Profit Distribution

The Company shall establish its financial and accounting system in accordance with the law, administrative regulations and the provisions stipulated by the relevant authorities of the PRC. If the financial and accounting system is otherwise provided in the relevant regulatory rules of the places where the Company's shares are [REDACTED], such regulatory rules shall prevail.

The Company shall not maintain books of accounts other than those provided for by law. No assets of the Company shall be deposited into any account opened in the name of any individual.

In distributing the after-tax profits in the current year, the Company shall allocate 10% of such profits into its statutory reserve fund. When the aggregate amount of the statutory reserve fund of the Company is 50% or more of its registered capital, further allocations are not required.

Where the statutory reserve fund of the Company is insufficient to make up for the losses of the previous year, the profits of the current year shall be used to make up for such losses before making allocation to its statutory reserve fund in accordance with the preceding paragraph.

After allocation of its after-tax profits to its statutory reserve fund, the Company may, subject to the approval by resolutions of the shareholders' meeting, allocate its after-tax profits to its discretionary reserve fund.

After making up for the losses and making allocations to the reserve fund, any remaining after-tax profits shall be distributed by the Company to its shareholders in proportion to their respective shareholdings unless it is stipulated that such distribution shall not be made in proportion to the shareholdings pursuant to the Articles of Association.

If the shareholders' meeting has, in violation of the provision of the preceding paragraph, distributed profits to shareholders before the Company has made up for its losses and made allocations to its statutory reserve fund, the shareholders shall return to the Company the profit distributed in violation of the provision. If the Company incurs losses due to such distribution, the shareholders and the directors and senior management officers who are held accountable shall be liable for compensation.

The Company's shares held by the Company are not entitled to any profit distribution.

The reserve funds of the Company may be applied for making up for losses of the Company, expansion of the Company's production and operation or increase the capital of the Company. When applying the reserve funds to make up for the Company's losses, the discretionary reserve fund and the statutory reserve fund shall be used first; if such funds are still insufficient to make up for losses, the capital reserve fund may be applied in accordance with relevant provisions.

Where the statutory reserve fund is converted into capital, the balance of the reserve fund shall not fall below 25% of the Company's registered capital prior to such conversion.

Internal audit

The company establishes an internal audit system to define the leadership structure, responsibilities, authority, staffing, funding, utilization of audit results, and accountability measures for internal audit activities.

The internal audit department oversees and inspects the company's business operations, risk management, internal controls, financial information, and other related matters.

The internal audit department reports to the Board of Directors.

During the process of overseeing and inspecting the company's business operations, risk management, internal controls, and financial information, the internal audit department shall be subject to the supervision and guidance of the Audit Committee. If the internal audit department discovers any significant issues or leads related to these matters, it shall immediately report directly to the Audit Committee.

Appointment of Accountant Firm

The Company shall appoint an accounting firm that complies with the provisions of the Securities Law to conduct audits of accounting statements, verification of net assets, and other related consulting services, etc., with a term of one year, which is renewable.

The appointment of an accounting firm by the Company shall be decided by the shareholders' meeting, hence the Board of Directors shall not appoint an accounting firm prior to the decision made by the shareholders' meeting.

The Company shall ensure the provision of true and complete accounting vouchers, accounting books, financial and accounting reports and other accounting information to the appointed accounting firm without any refusal, concealment or misrepresentation.

The audit fees of the accounting firm shall be determined by the shareholders' meeting.

When the Company removes or does not renew the appointment of the accounting firm, it shall notify the accounting firm 30 days in advance, and the accounting firm shall be allowed to state its opinions when the Company's shareholders' meeting votes on the removal of the accounting firm.

If the accounting firm resigns, it shall make clear to the shareholders' meeting whether there is any impropriety on the part of the Company.

NOTICE

Notices of the Company may be delivered through one or more of the following means:

(1) By hand;

(2) By post, email or fax;

(3) By announcement;

(4) By way of publishing information on websites designated by the Company and the Stock Exchange, subject to the laws, administrative regulations and listing rules of the stock exchange of the place where the Company's shares are [REDACTED];

(5) By any other means as approved by the relevant regulatory authorities of the place where the Company's shares are [REDACTED] or as specified in the Articles of Association.

MERGER, DIVISION, CAPITAL INCREASE, CAPITAL REDUCTION, DISSOLUTION AND LIQUIDATION

Merger, Division, Capital Increase and Capital Reduction

The merger of the Company may take the form of either merger by absorption or merger by establishment of a new entity.

Merger by absorption means the absorption by one company of other company or companies in which case the absorbed company or companies shall be dissolved. Merger by new establishment means the merger of two or more companies to form a new company, in which case all parties to the merger shall be dissolved.

Dissolution and Liquidation

In any of the following circumstances, the Company shall be dissolved:

(1) where the business term specified in the Articles of Association expires or other cause for dissolution specified in the Articles of Association occurs;

(2) where the shareholders' meeting has adopted a resolution for dissolution;

(3) where dissolution is required due to merger or division of the Company;

(4) where the business license of the Company is revoked, or the Company is ordered to close down or cancelled in accordance with the laws; and

(5) where the Company runs deep into difficulties in operation and management, its continuous existence may cause material losses to shareholders' interests, and such difficulties cannot be solved in other ways, the shareholders holding 10% or more of total voting rights of the Company may request the people's court to dissolve the Company.

INVESTOR RELATIONS MANAGEMENT

The Corporate Secretary serves as the head of investor relations management. In this role, they are responsible for planning, arranging, and organizing various investor relations activities, based on a comprehensive understanding of the company's operations, management, financial performance, and strategic direction. The Audit Committee monitors the implementation of investor relations management systems and procedures to ensure their effectiveness and compliance.

The key stakeholders in investor relations management include: the Company shareholders, potential investors, securities analysts, financial and industry media, securities regulatory authorities and other relevant institutions and individuals.

The communication between the Company and investors in investor relations work mainly includes:

(1) The Company's development strategy and the development of industry, including the Company's development direction, development planning, competition strategy and business policy, etc.;

(2) Statutory information disclosures and their descriptions, including periodic reports and temporary announcements, etc.;

(3) Information about the business management which may be disclosed by the Company according to the law, including the status of production and operation, financial status, research and development of new products or technologies, results of operations, dividend distribution, etc.;

(4) Significant matters that can be disclosed by the Company according to law, including information on significant investments of the Company and changes thereof, asset restructuring, acquisitions and mergers, external cooperation, external guarantees, significant contracts, connected (related) transactions, significant litigation or arbitration, changes in management, and changes in major shareholders;

(5) Corporate culture and non-economic matters that are important to the Company's development;

(6) Other relevant information of the Company of concern to the investors.

Channels of communication between the Company and investors include but are not limited to: announcement, shareholders' meeting, Company's website, communication by telephone and email, site visit, etc.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Company shall amend its articles of association in one of the following circumstances:

(1) Subsequent to the amendment of the Company Law or relevant laws and administrative regulations, the Hong Kong Listing Rules and other securities regulatory rules of the places where the Company's shares are [REDACTED], the matters stipulated in the Articles of Association are in conflict with the provisions of the amended laws and administrative regulations;

(2) The Company has experienced changes, resulting in matters inconsistent with those recorded in the Articles of Association; and

(3) The shareholders' meeting decides to amend the Articles of Association.

SUPPLEMENTARY PROVISIONS

The Articles of Association shall be executed in Chinese. Where the articles of association in any other language or version disagree with the Articles of Association, the Chinese version of Articles of Association latest approved and registered by the company registration authority shall prevail.

Any matters not covered herein shall be handled in light of the actual situation of the Company according to the laws, administrative regulations, departmental rules, normative documents, the Hong Kong Listing Rules and securities regulatory rules of the place where the Company's shares are [REDACTED]. In the event of any conflict between the Articles of Association and the provisions of laws, administrative regulations, departmental rules, normative documents, the Hong Kong Listing Rules and securities regulatory rules of the place where the Company's shares are [REDACTED] (promulgated from time to time), the provisions of the laws, administrative regulations, departmental rules, normative documents, the Hong Kong Listing Rules and securities regulatory rules of the place where the Company's shares are [REDACTED] shall prevail.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Establishment of Our Company

Our Company was established as limited company in the PRC on August 31, 2006 and was converted into a joint stock company with limited liability under the PRC Company Law on April 20, 2016 ("**Conversion**"). Our registered address is at 20 Gaoqiao South Street, Yangzhou City, Jiangsu Province, PRC. We have established a principal place of business in Hong Kong in 31st Floor, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong. We have been registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on August 24, 2026. Ms. Tsui Ka Yan has been appointed as the authorized representative of our Company for the acceptance of service of process and notices in Hong Kong. Immediately before the [REDACTED], the total registered share capital of our Company is [REDACTED].

As our Company was established in the PRC, its corporate structure and the Articles of Association are subject to the relevant laws and regulations of the PRC. A summary of certain aspects of the relevant laws and regulations of the PRC, and a summary of our Articles of Association in the sections headed "Summary of Principal Legal and Regulatory Provisions" in Appendix IV and "Summary of the Articles of Association" in Appendix V, respectively.

2. Changes in the Registered Capital of Our Company and Subsidiary

Please see the section headed "Our History and Development."

3. The Shareholders' Resolutions of Our Company

At the second extraordinary general meeting of our Company held on September 18, 2025, among other things, the following resolutions were passed by our Shareholders:

(a) the issue by our Company of [REDACTED] of nominal value of RMB[REDACTED] each and such [REDACTED] to be [REDACTED] on the Stock Exchange;

(b) the number of [REDACTED] pursuant to the [REDACTED], and the grant to the [REDACTED] (or their representatives) of the [REDACTED] of not more than [REDACTED]% of the number of [REDACTED] issued pursuant to the [REDACTED];

(c) the Board has been authorized handle all relevant matters relating to, among other things, the implementation of issuance of [REDACTED] and the [REDACTED].

4. Restrictions on Share Repurchases

For details of the restrictions on share repurchases by our Company, see "Summary of the Articles of Association — Shares" in Appendix V.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by our Company or its subsidiary within the two years preceding the date of this document and are or may be material:

(a) the Deed of Non-Competition; and

(b) the [REDACTED].

2. Intellectual Property Rights of the Group

As of the Latest Practicable Date, we have registered for the registration of the following intellectual property rights which are material in relation to our business.

(a) *Trademarks*

As of the Latest Practicable Date, we have registered the following trademarks which are material to our business:

No.	Trademark	Type and class	Registered owner	Place of registration	Registration number	Registration date	Expiry date
1.		16	Company	PRC	23097549	March 7, 2018	March 6, 2028
2.		25	Company	PRC	23098583	March 7, 2018	March 6, 2028
3.		28	Company	PRC	23098779	March 7, 2018	March 6, 2028

(b) *Copyrights*

As of the Latest Practicable Date, we have registered the following copyrights which are material to our business:

No.	Copyright	Type	Copyright owner	Registration number	Date of Creation Completion
1.	Jiangsu West Lake Culture and Tourism Advertisement Logo	Art (美術作品)	Company	國作登字-2017-F-00279783	November 1, 2010

(c) *Domain Name*

As of the Latest Practicable Date, we have registered the following internet domain name which we consider to be or may be material to our business:

No.	Domain Name	Owner	Registration Date	Expiration Date
1.	sxhboat.com	The Company	February 20, 2012	February 20, 2027

Save as the above, as of the Latest Practicable Date, there were no other intellectual property rights which were material to our business.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

(a) *Interests of the Directors and the Chief Executive of our Company*

Immediately following the completion of the [REDACTED] and without taking into account any [REDACTED] which may be issued pursuant to the exercise of the [REDACTED], so far as our Directors are aware, none of our Directors or chief executive of our Company has any interests or short positions in the Shares, underlying Shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, under section 352 of the SFO, to be entered in the register referred to in that section, or which will be required, under the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules, to be notified to our Company and the Stock Exchange (for this purpose, the relevant provisions of the SFO will be interpreted as if they applied to the chief executive) once the H Shares are [REDACTED].

(b) ***Interests of the Substantial Shareholders***

Save as disclosed in the section headed "Substantial Shareholders", immediately following the completion of the [REDACTED] and without taking into account any H Shares which may be [REDACTED] pursuant to the exercise of the [REDACTED], our Directors or chief executive are not aware of any other person (other than a Director or chief executive of our Company) who will have an interest or short position in the Shares or the underlying Shares which, once the H Shares are [REDACTED], would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any Member of the Group.

(c) ***Interests in other members of the Group***

So far as our Directors are aware, as at the Latest Practicable Date, no other persons (excluding us) are directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

2. Directors' Service Contracts and Letters of Appointment

Each of our Directors has entered into a service contract or letter of appointment with our Company. Pursuant to our Articles of Association, the term of office of the Directors shall be three years. The principal particulars of these service contracts or letter of appointment are (a) for a term of three years commencing from their respective effective date of appointment until the day on which the next general meeting of the shareholders for re-election of Directors is held, and (b) are subject to termination in accordance with their respective terms. The service contracts or letter of appointment may be renewed in accordance with our Articles of Association and the applicable Listing Rules.

Save as disclosed above, none of our Directors has entered, or has proposed to enter, a service contract or a letter of appointment with any Member of the Group (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

3. Directors' Remuneration

The aggregate remuneration (including fees, salaries, contributions to pension schemes, housing allowances and other allowances and benefits in kind and discretionary bonuses) paid to our Directors for the three years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026 were approximately RMB1.2 million, RMB1.2 million, RMB1.4 million and RMB0.8 million, respectively, which included the aggregate contributions we paid

to pension schemes for our Directors in respect of the three years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026 were approximately RMB0.2 million, RMB0.2 million, RMB0.1 million and RMB0.1 million, respectively. Save as disclosed in the section headed "Directors and Senior Management — *Compensation of Directors and Senior Management*" and the above, no other amounts have been paid or are payable by us to our Directors for the three years December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026.

Our independent non-executive Directors have been appointed for a term of three years. The Company intends to pay a director's fee of RMB600,000 per annum to each of the independent non-executive Directors, respectively. Save for the director's fees, none of our independent non-executive Directors is expected to receive any other remuneration for holding his or her office as an independent non-executive Director.

Under the arrangements currently in force as of the date of this document, the aggregate amount of remuneration payable by our Group to our Directors for the year ending December 31, 2026 will be approximately RMB1.5 million. There was no arrangement under which a Director has waived or agreed to waive any emoluments for each of the three financial years immediately preceding the issue of this document.

4. Directors' Competing Interests

None of our Directors are interested in any business apart from the Group's business which competes or is likely to compete, directly or indirectly, with the business of the Group.

5. Personal guarantees

The Directors have not provided personal guarantees in favor of lenders in connection with banking facilities granted to us.

6. Agency fees or commissions received

Save in connection with the [REDACTED], none of our Directors, Promoters nor any of the parties listed in the paragraph headed "D. Other Information — 5. Qualification of Experts" in this Appendix had received any commissions, discounts, agency fees, brokerages or other special terms in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiary within the two years preceding the date of this document.

7. Related party transactions

During the two years preceding the date of this document, we have engaged in the material related party transaction as described in the Accountants' Report and the Unaudited Pro Forma Financial Information set out in Appendix I and Appendix II to this document.

8. Disclaimers

Save as disclosed in this document:

(a) none of the Directors or chief executive of our Company has any interests or short positions in our Shares, underlying Shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he is taken or deemed to have taken under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to in that section, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to us and the Stock Exchange, in each case once our H Shares are [REDACTED];

(b) so far as is known to any Director or chief executive of our Company, no person has an interest or short position in our Shares and underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group, once our H Shares are [REDACTED];

(c) none of the Directors nor any of the persons listed in the paragraph headed "D. Other Information — 5. Qualification of Experts" below is interested in the promotion of, or in any assets which have been, within the two years immediately preceding the issue of this document, acquired or disposed of by or leased to any Member of the Group, or are proposed to be acquired or disposed of by or leased to any Member of the Group;

(d) none of the Directors nor any of the persons listed in "— D. Other Information — 5. Qualification of Experts" below is materially interested in any contract or arrangement with the Group subsisting at the date of this document which is unusual in its nature or conditions or which is significant in relation to the business of the Group as a whole;

(e) save in connection with [REDACTED], none of our Directors nor any of the persons listed in "— D. Other Information — 5. Qualification of Experts" below (i) is interested legally or beneficially in any of our Shares or any share in any of our subsidiary; or (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any Member of our Group; and

(f) none of our Directors, their respective close associates (as defined under the Listing Rules), or Shareholders who are interested in more than 5% of the issued share capital of our Company has any interest in our Company's five largest customers and five largest suppliers for each year/period during the Track Record Period.

D. OTHER INFORMATION

1. Estate duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiary.

2. Litigation

During the Track Record Period and up to the Latest Practicable Date, save as disclosed in "Business — Non-compliance", "Business — Historical employee dispatch arrangement" and "Business — Water Sightseeing Boat Service Business — Grand Canal Yangzhou (大運揚州) — Licensing Requirements", no Member of the Group was engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance was known to our Directors to be pending or threatened by or against the Group, that would have a material adverse effect on its business, financial condition or results of operations.

3. Sole Sponsor

The Sole Sponsor has made an application on behalf of our Company to the [REDACTED] for the [REDACTED] of, and permission to [REDACTED], our H Shares, including any [REDACTED] which may be [REDACTED] pursuant to the exercise of the [REDACTED]). All necessary arrangements have been made to enable the [REDACTED] into [REDACTED].

Pursuant to the engagement letter entered into between our Company and the Sole Sponsor, the total sponsor's fee paid and payable to the Sole Sponsor by the Company in connected with [REDACTED] is RMB[REDACTED] million.

The Sole Sponsor satisfies the independence criteria pursuant to Rule 3A.07 of the Listing Rules.

4. No Material Adverse Change

Our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of the Group since June 30, 2026 (being the date to which the latest audited consolidated financial statements of the Group were prepared).

5. Qualification of Experts

The following are the qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given opinions or advice which are contained in this document:

Name	Qualification
China Everbright Capital Limited	A licensed corporation to conduct type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities as defined under the SFO
Ernst & Young	Certified Public Accountants and Public Interest Entity Auditor
Merits & Tree Law Offices	Legal adviser to the Company as to PRC law
Frost & Sullivan (Beijing) Inc.	Industry Consultant

6. Consents of Experts

Each of the experts as referred to in the paragraph headed "— 5. Qualifications of Experts" in this Appendix has given and has not withdrawn their consent to the issue of this document with the inclusion of their reports and/or letters and/or legal opinions (as the case may be) and references to their names included in the form and context in which they are respectively included.

As at the Latest Practicable Date, none of the experts named above has any shareholding interests in our Company or any of our subsidiary or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiary.

7. Promoters

Our Promoters are (i) Tourism Development Group, (ii) Quanyu Tourism Company; and (iii) Mr. Ge Changyun (葛長雲). Save as disclosed in this document, within the two years immediately preceding the date of this document, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the [REDACTED] and the related transactions described in this document.

8. Preliminary Expenses

We have not incurred any material preliminary expense.

9. Taxation of Holders of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty if such sale, purchase and transfer are affected on the H Share register of members of our Company, including in circumstances where such transactions are effected on the Stock Exchange. The current rate of Hong Kong stamp duty for such sale, purchase and transfer on each of the purchaser and the seller is 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred.

10. Binding Effect

This document shall have the effect, if an application is made in pursuance of this document, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance insofar as applicable.

11. Bilingual Document

The English language and Chinese language versions of this document are being published separately, in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

12. Miscellaneous

(a) Save as disclosed in this document, within the two years immediately preceding the date of this document:

(i) neither we nor our subsidiary has issued or agreed to issue any share or loan capital fully or partly paid up either for cash or for a consideration other than cash;

(ii) no share or loan capital of our Company or our subsidiary is under option or is agreed conditionally or unconditionally to be put under option;

(iii) no commissions, discounts, brokerage or other special terms have been granted in connection with the issue or sale of any shares or loan capital of any Member of the Group;

(iv) no commission has been paid or payable (except commission to [REDACTED]) to any persons for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any shares of our Company or our subsidiary;

(v) no founder, management or deferred shares of our Company or our subsidiary have been issued or agreed to be issued; and

(vi) there is no arrangement under which future dividends are waived or agreed to be waived.

(b) Save as disclosed in this documents, none of the persons named in the paragraph headed "— D. Other Information — 6. Consent of Experts" in this Appendix is interested beneficially or otherwise in any shares of any Member of the Group or has any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any securities in any Member of the Group;

(c) Our Directors confirm that:

(i) there has not been any interruption in the business of our Company which may have or have had a material adverse effect on the financial position of our Company in the 12 months immediately preceding the date of this document; and

(ii) our Company has no outstanding convertible debt securities or debentures.

(d) No company within our Group is presently [REDACTED] on any stock exchange or traded on any trading system.

(e) All necessary arrangements have been made to enable the H Shares to be admitted into [REDACTED] for clearing and settlement.

(f) We currently do not intend to apply for the status of a foreign invested joint stock limited company and do not expect to be subject to the PRC Sino-foreign Joint Venture Law.

(g) Our Company is a joint stock limited company and is subject to the PRC Company Law.

(h) Our Company has adopted a code of conduct regarding Directors' securities transactions on terms as required under the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Hong Kong Listing Rules.

(i) The English version of this document shall prevail over the Chinese version.

1. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this document and delivered to the Registrar of Companies in Hong Kong for registration were:

(a) a copy of each of the material contracts referred to in the section headed "Statutory and General Information — B. Further Information About Our Business — 1. Summary of Material Contracts" in Appendix VI to this document; and

(b) the written consents referred to in the section headed "Statutory and General Information — D. Other Information — 6. Consents of Experts" in Appendix VI to this document.

2. DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be published on the website of the Stock Exchange at **www.hkexnews.hk** and our website at **www.sxhboat.com** up to and including the date which is 14 days from the date of this document:

(a) the Articles of Association of our Company;

(b) the Accountants' Report from Ernst & Young for the three years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026 the text of which is set out in Appendix I to this document;

(c) the report on the unaudited pro forma financial information prepared by Ernst & Young, the text of which is set out in Appendix II to this document;

(d) the audited consolidated financial statements of the Group for the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026;

(e) the PRC legal opinion issued by Merits & Tree Law Offices, our PRC Legal Adviser, in respect of, among other things, general corporate matters and the property interests of the Group in the PRC;

(f) the Industry Report;

(g) the material contracts referred to in the section headed "Statutory and General Information — B. Further Information About Our Business — 1. Summary of Material Contracts" in Appendix VI to this document;

(h) the written consents referred to in the section headed "Statutory and General Information — D. Other Information — 6. Consents of Experts" in Appendix VI to this document;

(i) service contracts and letters of appointment referred to in the section headed "Statutory and General Information — C. Further Information about Our Directors and Substantial Shareholders — 2. Directors' Service Contracts and Letters of Appointment" in Appendix VI to this document; and

(j) a copy of the PRC Company Law, the PRC Securities Law, the Guidelines for Articles of Association of Listed Companies, and the Trial Measures for the Administration on Overseas Securities Offering and Listing by Domestic Companies (境內企業境外發行證券和上市管理試行辦法), together with unofficial English translations thereof.