

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

OVERVIEW

Our history can be traced back to the establishment of our first operating subsidiary, Readboy Technology in May 1999, with a mission of taking advantage of technologies to empower more children to enjoy high quality digital educational resources. Through 21 years of effort and development, Readboy Technology has gradually become a smart learning device service provider with an established education ecosystem in China. For further details, please refer to the section headed “Business” of this document.

For the purpose of the [REDACTED], our Company was incorporated as an exempted company with limited liability in the Cayman Islands on February 8, 2021, and as a result of the Reorganization, our Company became the offshore holding company of our Group.

OUR KEY MILESTONES

Our Group has experienced significant growth in its scale of operations since 1999 and the following is a summary of our Group’s key business development milestones:

<u>Year</u>	<u>Event</u>
1999	Readboy Technology, our first operating subsidiary, was established in May 1999
2004	First generation Readboy F4 reading machine was successfully launched First generation Readboy P4 student computer was successfully launched
2011	First generation Readboy G3 student tablet was successfully launched
2017	We established our first Readboy Institute of Education Technology and offered our first dual-tutor live streaming class We launched our integrated teaching system and solution – “Smart Classroom” (智慧課堂) Zhuhai Readboy was established in November 2017
2019	The U.S. branch of Readboy Institute of Education Technology was officially founded in Boston, the United States
2020	We were awarded the “2020 Headquarter Enterprise of Zhongshan” (2020年度總部企業) recognized by the Zhongshan Development and Reform Bureau (中山市發展和改革局)
2021	We were awarded the title of “2020 Enterprise with Outstanding Contributions to Anti-epidemic” (2020抗疫傑出貢獻企業) granted by the Organizing Committee of the 10th China Charity Festival (第十屆中國公益節組委會)

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

CORPORATE HISTORY AND DEVELOPMENT

We conduct our business principally through the following principal subsidiary and PRC Operating Entity which made a material contribution to our results of operations during the Track Record Period:

Name	Principal business activities	Date of establishment and commencement of business
Subsidiary		
Readboy Technology	Production and sales of AI learning equipment	May 28, 1999
PRC Operating Entity		
Zhuhai Readboy ^(Note 1)	Production and sales of digital educational resources ^(Note 2)	November 24, 2017

Notes:

1. After the Reorganization, Zhuhai Readboy became our PRC Operating Entity controlled via the Contractual Arrangements.
2. During the Track Record Period, we had provided live streaming classes as part of our service offering. In response to the recent regulatory change after the promulgation of the Opinions on Further Easing the Burden of Excessive Homework and After-school Tutoring for Students Undergoing Compulsory Education (《關於進一步減輕義務教育階段學生作業負擔和校外培訓負擔的意見》) by the General Office of the Central Committee of the Communist Party of China and the General Office of State Council, we had reviewed our business operations and discontinued to offer any live streaming classes since August 2021. For further details, please refer to the paragraphs headed “Business – Our Digital Educational Resource Offerings – Formats of our digital educational resources” in this document.

1. Readboy Technology

Establishment

Readboy Technology was established in the PRC on May 28, 1999 as a limited liability company with an initial registered capital of RMB0.5 million and was owned as to approximately 58.2000%, 33.0600% and 8.7400% by Mr. Chen, (our founder, non-executive Director and one of our Controlling Shareholders), Mr. Xue Huiqin and Mr. Wu Jianhua, respectively. As confirmed by our Directors, Mr. Xue Huiqin is a childhood friend of Mr. Qin, whereas Mr. Wu Jianhua was Mr. Qin’s university classmate. They were acquainted with Mr. Chen through the introduction of Mr. Qin, who was in turn a former colleague of Mr. Chen before the set up of our Group. Each of Mr. Xue Huiqin and Mr. Wu Jianhua is an independent third party.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Increase of registered capital of Readboy Technology in June 2000

On June 19, 2000, the registered capital of Readboy Technology increased from RMB0.5 million to RMB1 million, with the additional registered capital of RMB0.5 million contributed by Mr. Gu Gang, who is an independent third party. Mr. Gu Gang is a friend of Mr. Chen and was invited to invest in Readboy Technology. Following such increase, the equity interests of Readboy Technology was owned as to approximately 29.1000%, 16.5300%, 4.3700% and 50% by Mr. Chen, Mr. Xue Huiqin, Mr. Wu Jianhua and Mr. Gu Gang, respectively.

Equity transfers between (i) Mr. Xue Huiqin and Mr. Qin and (ii) Mr. Gu Gang, Mr. Chen, Mr. Qin and Mr. Wu Jianhua in November 2003

On November 27, 2003, Mr. Xue Huiqin, who then held 16.5300% equity interests in Readboy Technology, entered into an equity transfer agreement, pursuant to which Mr. Xue Huiqin agreed to transfer his entire equity interest in Readboy Technology to Mr. Qin at a consideration of RMB165,300, representing the relevant capital contributed by Mr. Xue Huiqin. On the same day, Mr. Gu Gang, who then held 50% equity interest in Readboy Technology, entered into an equity transfer agreement, pursuant to which Mr. Gu Gang agreed to transfer his 20.9000% equity interest in Readboy Technology to Mr. Chen, 23.4700% equity interest in Readboy Technology to Mr. Qin, our chairman of the Board, chief executive officer, executive Director and once of our Controlling Shareholders, and the remaining 5.6300% equity interest in Readboy Technology to Mr. Wu Jianhua at a consideration of RMB209,000, RMB234,700 and RMB56,300 representing the capital contributed by respective shareholders, respectively. As confirmed by our Directors, each of Mr. Xue Huiqin and Mr. Gu Gang decided to dispose his entire equity interests in Readboy Technology due to the change of his own personal investment plan at the material time. After the completion of the above equity transfers, Readboy Technology was owned as to 50% by Mr. Chen, 40% by Mr. Qin and 10% by Mr. Wu Jianhua, respectively.

Increase of registered capital between 2007 and 2013

Between 2007 and 2013, Readboy Technology underwent several rounds of increase of registered capital. As of September 30, 2013, the registered capital of Readboy Technology was RMB70 million, which was owned as to 50%, 40% and 10% by Mr. Chen, Mr. Qin and Mr. Wu Jianhua, respectively.

Equity transfer between Mr. Wu Jianhua and Hui Tong in December 2015

On December 22, 2015, Mr. Wu Jianhua and Hui Tong entered into a share transfer agreement, pursuant to which Mr. Wu Jianhua agreed to transfer his 5.8730% equity interest in Readboy Technology to Hui Tong, a limited partnership which was wholly-owned by our Directors Mr. Qin and Ms. Liu Zhilan at the time of the said transfer, at the consideration of RMB9,671,416.49 which was arrived at after arm's length negotiation between the parties with

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

reference to the registered capital of the Company. Upon completion of such transfer, Readboy Technology was owned as to approximately 50%, 40%, 4.1270% and 5.8730% by Mr. Chen, Mr. Qin, Mr. Wu Jianhua and Hui Tong, respectively.

Increase of registered capital in March 2019

On March 29, 2019, the registered capital of Readboy Technology increased from RMB70 million to RMB83 million, with additional registered capital of RMB2.03 million, RMB2.43 million, RMB0.36 million, RMB4.08 million, RMB2.05 million and RMB2.05 million contributed by Mr. Chen, Mr. Qin, Mr. Wu Jianhua, Mr. Chen Jiafeng, our executive Director, Ms. Zhong Xiangling, an employee of Readboy Technology, and Ms. Liu Zhilan, our executive Director, respectively. Following such increase, the equity interests of Readboy Technology was owned as to approximately 44.6145%, 36.6626%, 3.9143%, 4.9531%, 4.9157%, 2.4699% and 2.4699% by Mr. Chen, Mr. Qin, Mr. Wu Jianhua, Hui Tong, Mr. Chen Jiafeng, Ms. Zhong Xiangling and Ms. Liu Zhilan respectively.

Increase of registered capital in December 2019

On December 30, 2019, the registered capital of Readboy Technology increased from RMB83 million to RMB86.46 million, with additional registered capital of RMB3.46 million contributed by Mr. Shen Jianfei, our non-executive Director at a consideration of RMB17.31 million after arm’s length negotiations between the parties pursuant to a capital increase agreement dated December 15, 2019. Following such increase, the equity interests of Readboy Technology was owned as to approximately 42.8291%, 35.1955%, 3.7577%, 4.7549%, 4.7189%, 2.3710%, 2.3710% and 4.0019% by Mr. Chen, Mr. Qin, Mr. Wu Jianhua, Hui Tong, Mr. Chen Jiafeng, Ms. Zhong Xiangling, Ms. Liu Zhilan and Mr. Shen Jianfei respectively.

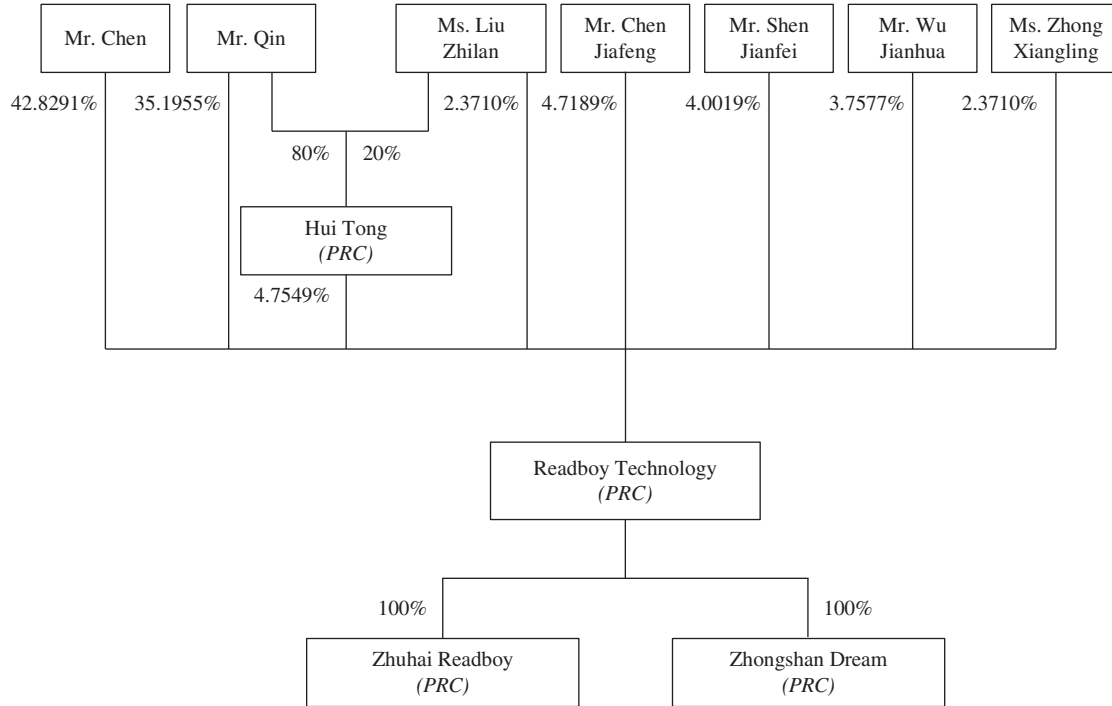
2. Zhuhai Readboy

Zhuhai Readboy was established in the PRC on November 24, 2017 as a limited liability company with an initial registered capital of RMB10 million. It was an indirectly wholly-owned subsidiary of our Company and owned as to 100% by Readboy Technology prior to the Reorganization. After the Reorganization, it became our PRC Operating Entity which we control through the Contractual Arrangements.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

REORGANIZATION

The following chart sets forth our Group’s corporate and shareholding structure immediately prior to the Reorganization:



In preparation for the [REDACTED] and to streamline our corporate structure, we underwent the following Reorganization.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Step 1: Establishment of offshore corporate structure

On February 8, 2021, our Company was incorporated under the laws of Cayman Islands as an exempted company with limited liability and acted as our [REDACTED] vehicle. On the same day, one Share of our Company with a par value of HK\$0.001 was transferred from the incorporator, an independent third party, to Eminent Future and an aggregate of 999,999 Shares were allotted and issued to (i) Chance High, (ii) Driving Force, (iii) Eminent Future, (iv) Excellent Zone, (v) Rapid Gains, (vi) Robbinsville, (vii) Sky Focus, and (viii) Trade Honour. Upon completion, the shareholding structure of our Company was as below:

<u>Name of company</u>	<u>Shareholder</u>	<u>Number of Shares</u>	<u>Percentage of the shareholding</u>
Sky Focus	Mr. Chen	428,291	42.8291
Trade Honour	Mr. Qin	351,955	35.1955
Driving Force	Ms. Liu Zhilan ^(Note)	47,549	4.7549
Excellent Zone	Mr. Chen Jiafeng	47,189	4.7189
Chance High	Mr. Shen Jianfei	40,019	4.0019
Robbinsville	Mr. Wu Jianhua	37,577	3.7577
Eminent Future	Ms. Liu Zhilan	23,710	2.3710
Rapid Gains	Ms. Zhong Xiangling	23,710	2.3710
Total		1,000,000	100

Note: The 47,549 Shares were allotted and issued to Driving Force which is wholly-owned by Ms. Liu Zhilan for holding the Shares reserved for any future grant of RSUs under the [REDACTED] RSU Scheme. Ms. Liu Zhilan is acting in the capacity as the RSU Trustee to administer the [REDACTED] RSU Scheme.

The authorized share capital of our Company was HK\$380,000, which was initially divided into 380,000,000 shares with par value of HK\$0.001 each.

On March 24, 2021, 44,403, 18,308 and 4,577 Shares were allotted and issued to Glorious Achievement, Golden Genius and Mr. Cheng Yangshi (“**Mr. Cheng**”) respectively. An aggregated consideration of US\$15,000,000, US\$6,184,674.38 and US\$1,546,168.59 was paid by Glorious Achievement, Golden Genius and Mr. Cheng respectively. Immediately after the said share purchase, our Company was owned as to approximately 3.7496% by Chance High, 4.4551 % by Driving Force, 2.2215% by Eminent Future, 4.4214% by Excellent Zone, 2.2215% by Rapid Gains, 3.5208% by Robbinsville, 40.1289% by Sky Focus, 32.9766% by Trade Honour, 4.1604% by Glorious Achievement, 1.7154% by Golden Genius and 0.4288% by Mr. Cheng. See “– [REDACTED] Investment – Acquisition of shareholding in the Company by Glorious Achievement, Golden Genius and Mr. Cheng” below.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

For details of changes in the share capital of our Company, please refer to the paragraph headed “A. Further information about our Group – 2. Changes in authorized and issued share capital of our Company” in Appendix V to this document. As a result of the Reorganization, our Company became the holding company of our Group.

Step 2: Incorporation of our offshore entities (other than our Company)

Establishment of Readboy Education Group

On February 23, 2021, Readboy Education Group was incorporated in the BVI with limited liability as a wholly-owned subsidiary of our Company. It is an investment holding company.

Establishment of Readboy Education HK

On March 5, 2021, Readboy Education HK was incorporated in Hong Kong with a limited liability and as a wholly-owned subsidiary of Readboy Education Group. It is an investment holding company.

Establishment of Readboy Technology Zhongshan

On March 22, 2021, Readboy Technology Zhongshan, the WFOE, was established in the PRC with a limited liability and as a wholly-owned subsidiary of Readboy Education HK. It has a registered capital of RMB20 million.

Step 3: Transfer of equity interests of Zhuhai Readboy to the Registered Shareholders

Our smart learning device service business in the PRC is conducted through Zhuhai Readboy. Since our digital educational resources production and sales business is considered as value-added telecommunications services in the PRC, PRC Laws restricted foreign ownership in Zhuhai Readboy. For such reason, Readboy Technology signed an equity transfer agreement with each of Mr. Qin and Mr. Shen Jianfei on March 23, 2021 pursuant to which 49% of equity interest in Zhuhai Readboy was transferred to Mr. Qin at a consideration of RMB4.9 million and 51% of equity interest in Zhuhai Readboy was transferred to Mr. Shen Jianfei at a consideration of RMB5.1 million. Such consideration was based on the registered share capital of Zhuhai Readboy. Upon the completion of such transfers, Zhuhai Readboy was owned as to 51% by Mr. Shen Jianfei and 49% by Mr. Qin, hence Zhuhai Readboy became wholly-owned by PRC nationals.

Step 4: Entering into Contractual Arrangements

PRC laws generally restrict foreign ownership in digital educational resources production and sales business, so we conduct substantially all of our digital educational resources production and sales business in the PRC through a series of Contractual Arrangements.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

On March 23, 2021, the WFOE entered into the Contractual Arrangements with Mr. Shen Jianfei and Mr. Qin. Pursuant to the Contractual Arrangements, substantially all economic benefits arising from the business and operation of Zhuhai Readboy will be transferred to the WFOE by means of services and consultation fees payable by Zhuhai Readboy to the WFOE. For further details of the Contractual Arrangements, please refer to the section headed “Contractual Arrangements” in this document.

Step 5: Injection of registered capital in Readboy Technology by Union Hi-Tech Development Limited

On April 6, 2021, the shareholders of Readboy Technology resolved to increase the registered capital of Readboy Technology from RMB86.46 million to approximately RMB87.33 million, with additional registered capital of approximately RMB0.873 million (representing 1% equity interest thereof) contributed by an independent third party, Union Hi-Tech Development Limited, a company incorporated in Hong Kong. Pursuant to a capital increase agreement dated on the same date entered into between Readboy Technology and Union Hi-Tech Development Limited, such investment made by Union Hi-Tech Development Limited was at a consideration of RMB1,677,229, which was determined with reference to the valuation on Readboy Technology as of February 28, 2021 by an independent valuer. After completion of the capital increase, Readboy Technology was owned as to approximately 42.4008%, 34.8435%, 3.7201%, 4.7074%, 4.6718%, 2.3473%, 2.3473%, 3.9618% and 1.0000%, by Mr. Chen, Mr. Qin, Mr. Wu Jianhua, Hui Tong, Mr. Chen Jiafeng, Ms. Zhong Xiangling, Ms. Liu Zhilan, Mr. Shen Jianfei and Union Hi-Tech Development Limited respectively. Following the completion of the registration procedures of capital increase with Zhongshan Market Supervision Administration (中山市市場監督管理局) on April 7, 2021, Readboy Technology became a sino-foreign joint venture.

Step 6: Acquisition of 99% equity interests in Readboy Technology

On April 15, 2021, each of Mr. Chen, Mr. Qin, Mr. Wu Jianhua, Hui Tong, Mr. Chen Jiafeng, Ms. Zhong Xiangling, Ms. Liu Zhilan and Mr. Shen Jianfei entered into a share transfer agreement with the WFOE, pursuant to which the WFOE acquired an aggregate of 99% equity interests of Readboy Technology, representing approximately 42.4008%, 34.8435%, 3.7201%, 4.7074%, 4.6718%, 2.3473%, 2.3473% and 3.9618% equity interests held by Mr. Chen, Mr. Qin, Mr. Wu Jianhua, Hui Tong, Mr. Chen Jiafeng, Ms. Zhong Xiangling, Ms. Liu Zhilan and Mr. Shen Jianfei, respectively, at an aggregate consideration of RMB990,000, which was arrived at after arm’s length negotiation between the parties with reference to the registered capital of WFOE. Upon the completion of such acquisition which was duly registered on April 16, 2021, Readboy Technology was owned as to 99% by WFOE and 1% by Union Hi-Tech Development Limited.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Step 7: Acquisition of 1% equity interest in Readboy Technology

On April 19, 2021, pursuant to a share transfer agreement entered into by the WFOE and Union Hi-Tech Development Limited dated on the same date the WFOE acquired the remaining 1% equity interest in Readboy Technology held by Union Hi-Tech Development Limited at a consideration of RMB1,679,067. This consideration was arrived at after arm’s length negotiations between Readboy Technology and Union Hi-Tech Development Limited with reference to the annual rate of return on investment of investment in Readboy Technology. Upon completion of such acquisition, Readboy Technology was owned as to 100% by WFOE.

Step 8: Establishment of Zhuhai Technology

On January 8, 2021, Zhuhai Technology, was established in the PRC with a limited liability and as a wholly-owned subsidiary of Readboy Technology. It has a registered capital of RMB10 million. It is principally engaged in software development business.

Step 9: Establishment of Family Trust

On February 10, 2021, Mr. Chen, as the settlor, established the Joywish Family Trust with Maples Trustee Services (Cayman) Limited acting as the trustee and Mr. Chen and Mr. Chen’s family members being the beneficiaries.

On April 20, 2021, Mr. Chen transferred his entire equity interests in Sky Focus to Maples Trustee Services (Cayman) Limited at par value of US\$1.00. On the same day, Maples Trustee Services (Cayman) Limited transferred its entire equity interests to Kimlan Limited at par value of US\$1.00.

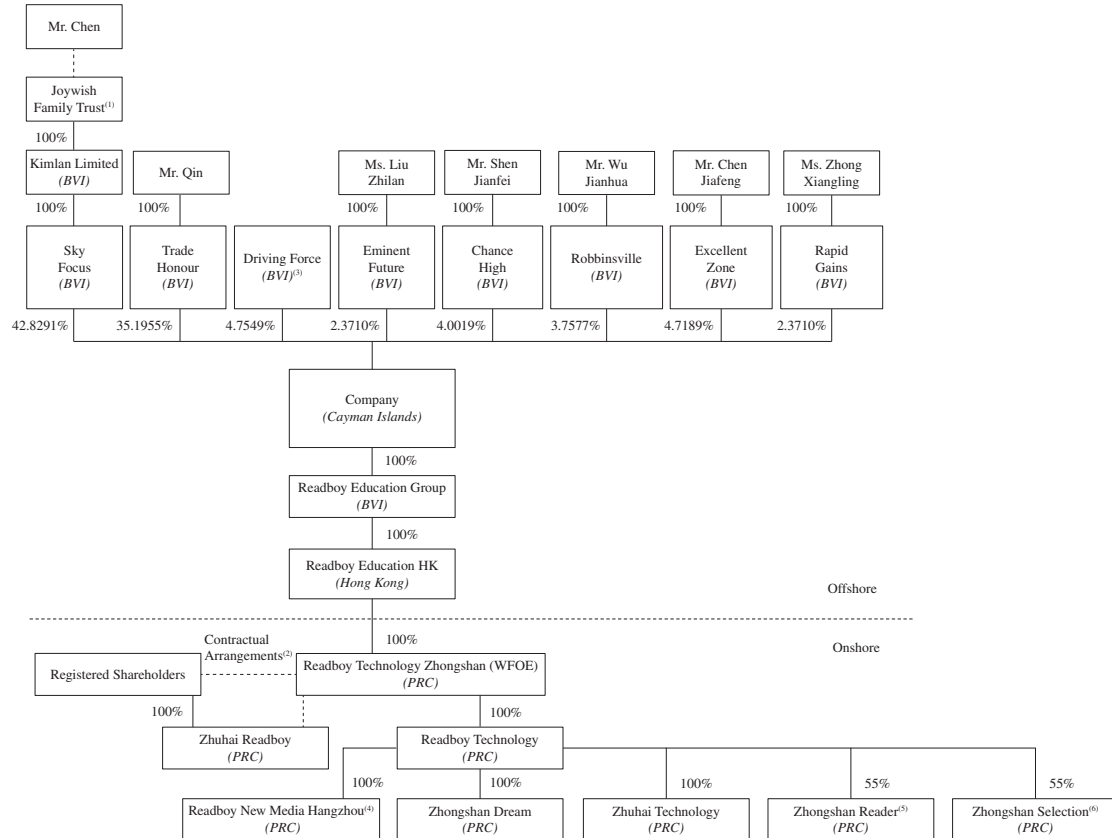
Step 10: Confirmation of trust arrangement for the purpose of the [REDACTED] RSU Scheme

Pursuant to a declaration of trust dated March 21, 2022, the RSU Trustee confirmed that (i) she held the entire shareholding interests of Driving Force for the sole purpose of setting up the [REDACTED] RSU Scheme for the Company; and (ii) she in the capacity as the RSU Trustee will vest the relevant underlying Shares (reserved and held by Driving Force) of the RSUs granted under the [REDACTED] RSU Scheme in accordance with the instruction of the Company for the benefit of the employees of the Company. The Company will comply with Chapter 14A and other applicable Listing Rules regarding any grant of shares by the trusts to connected persons under the Company’s [REDACTED] RSU Scheme. For details, please refer to the paragraph headed “D. Share Incentive Scheme – Summary of the [REDACTED] RSU Scheme” of Appendix V to this document.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Corporate structure after the Reorganization

The following chart sets forth the shareholding and beneficial ownership structure of our Group immediately following the completion of the Reorganization:



Notes:

- (1) Joywish Family Trust is a discretionary trust set up by Mr. Chen as the settlor, with Maples Trustee Services (Cayman) Limited as the trustee and Mr. Chen and Mr. Chen’s family members being the beneficiaries.
- (2) In order to comply with PRC laws and regulations and maintain effective control over all of our operations, we entered into the Contractual Arrangements on March 23, 2021.
- (3) Driving Force is wholly owned by Ms. Liu Zhilan, an executive Director, who acts as the RSU Trustee for the [REDACTED] RSU Scheme. The basis of eligibility of any selected person for the awards which may be granted pursuant to the [REDACTED] RSU Scheme shall be determined by the Board from time to time on the basis of their contribution to the development and growth of our Group or such other factors as the Board may deem appropriate.
- (4) Readboy New Media Hangzhou was established on December 6, 2021, after the commencement of the Reorganisation.
- (5) Zhongshan Reader was established on December 27, 2021, after the commencement of the Reorganization. The remaining 45% of the equity interest in Zhongshan Reader was held by Zhongshan Chengtian Technology Co., Ltd* (中山市誠天科技有限公司), an independent third party save for its shareholding in Zhongshan Reader.
- (6) Zhongshan Selection was established on January 13, 2022, after the commencement of the Reorganization. The remaining 45% of the equity interest in Zhongshan Selection was held by Hainan Zhenpin Selection Technology Co., Ltd.* (海南省臻品甄選科技有限公司), an independent third party save for its shareholding in Zhongshan Selection.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

COMPLIANCE WITH PRC LAWS AND REGULATIONS

Our PRC Legal Advisor confirmed that the establishment of Readboy Technology, Zhuhai Readboy, Readboy Technology Zhongshan, Zhongshan Dream and Zhuhai Technology and their subsequent shareholding changes (if any) have complied with the relevant laws and regulations in all material respects. Our Directors confirmed that all the shareholdings changes of Readboy Technology and Zhuhai Readboy were legally and duly completed.

Our PRC Legal Advisor confirmed that all necessary approvals, permits and licenses required under PRC laws and regulations in connection with the Reorganization have been obtained, and the Reorganization has complied with all applicable PRC laws and regulations in all material respects.

[REDACTED] INVESTMENTS

Acquisition of shareholding in the Company by Glorious Achievement, Golden Genius and Mr. Cheng

On March 22, 2021, Glorious Achievement, Golden Genius and Mr. Cheng entered into a share purchase agreement with Mr. Chen, Sky Focus, Mr. Qin, Trade Honour, Readboy Education Group, Readboy Education HK, Readboy Technology, Zhuhai Readboy and the Company, pursuant to which the Company agreed to allot 44,403, 18,308 and 4,577 Shares to Glorious Achievement, Golden Genius and Mr. Cheng respectively at a consideration of US\$15,000,000, US\$6,184,674.38 and US\$1,546,168.59 respectively.

The consideration of the above share purchase agreement was arrived after arm’s length negotiation between the parties with reference to a number of factors, including the historical financial results of the Group in 2020. Immediately after the said share purchase, our Company is owned as to approximately 3.7496% by Chance High, 4.4551% by Driving Force, 2.2215% by Eminent Future, 4.4214% by Excellent Zone, 2.2215% by Rapid Gains, 3.5208% by Robbinsville, 40.1289% by Sky Focus, 32.9766% by Trade Honour, 4.1604% by Glorious Achievement, 1.7154% by Golden Genius and 0.4288% by Mr. Cheng.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

The following table sets out the summary of the [REDACTED] Investments by Glorious Achievement, Golden Genius and Mr. Cheng:

	<u>Glorious Achievement</u>	<u>Golden Genius</u>	<u>Mr. Cheng</u>
Amount of consideration	US\$15,000,000	US\$6,184,674.38	US\$1,546,168.59
Payment date of consideration in full	March 23, 2021	March 23, 2021	March 23, 2021
Source of fund	Fund sourced from the limited partners of Bull Capital China Growth Fund, II, L.P., the sole shareholders of Glorious Achievement.	Personal fund sourced from the personal savings of Ms. Qian Chen, the beneficial owner of Golden Genius.	Personal fund sourced from the personal savings of Mr. Cheng.
Approximate cost per Share paid under [REDACTED] Investment	US\$[REDACTED] <i>(Note 1)</i>	US\$[REDACTED] <i>(Note 2)</i>	US\$[REDACTED] <i>(Note 3)</i>
[REDACTED] to the [REDACTED] <i>(Note 4)</i>	[REDACTED]%	[REDACTED]%	[REDACTED]%
Use of proceeds from the [REDACTED] Investment	It is our intention that the proceeds will be used for our general working capital. As of the Latest Practicable Date, approximately [10.9]% had been utilized.		
Lock-up period	Glorious Achievement has given a voluntary non-disposal undertaking to our Company and the Joint Sponsors ending on the date which is six months from the [REDACTED]	Golden Genius has given a voluntary non-disposal undertaking to our Company and the Joint Sponsors ending on the date which is six months from the [REDACTED]	Mr. Cheng has given a voluntary non-disposal undertaking to our Company and the Joint Sponsors ending on the date which is six months from the [REDACTED]

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

	<u>Glorious Achievement</u>	<u>Golden Genius</u>	<u>Mr. Cheng</u>
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Strategic benefits the [REDACTED] Investor brought to our Company:

Our Directors believe that the [REDACTED] Investments are a demonstration of confidence of the [REDACTED] Investors in our operation, which serve as an endorsement of our performance and prospects.

In addition, our Directors believe that the [REDACTED] Investors would bring in the following benefits:

- Glorious Achievement is the investment vehicle of Bull Capital China Growth Fund II, L.P, which is a private equity fund. The general partner of the fund is in turn ultimately majority owned by Mr. Wong Kun Kau. For further details of Glorious Achievement, please refer to the paragraph headed “Information about the [REDACTED] Investors” in this section below. Given the broad investment portfolio of the fund and the extensive investment experience and business connection of Mr. Wong Kun Kau, our Directors believe that the [REDACTED] investor can provide valuable investment advice to our Group and may introduce business contacts which require our products and services or investors interested in our Group to us should the opportunity arise. As of the Latest Practicable Date, no benefit to our Group arising from the [REDACTED] Investment has materialized.
- With respect to Golden Genius and Mr. Cheng, our Directors believe that their investments would strength our capital and shareholder base.

Approximate shareholding upon [REDACTED]

[REDACTED]%	[REDACTED]%	[REDACTED]%
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Special right granted to the [REDACTED] Investor:

The [REDACTED] Investor has the right to mandate the Company to repurchase all its shareholding interests in the Company at an annual interest rate of 8% (simple interest) if no qualified [REDACTED] (i.e. our Company’s [REDACTED] of the Shares and [REDACTED] on a renowned securities exchange within or outside PRC) within three years after March 23, 2021, being the completion date of the share purchase agreement.

This right of repurchase would terminate upon the [REDACTED].

Notes:

1. This is derived based on [REDACTED] Shares to be held by Glorious Achievement upon completion of the [REDACTED] and the [REDACTED] (without taking into account any Shares which may be issued upon the exercise of the [REDACTED]). For details, please refer to the sub-section “[REDACTED]” below.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

2. This is derived based on [REDACTED] Shares to be held by Golden Genius upon completion of the [REDACTED] and the [REDACTED] (without taking into account any Shares which may be issued upon the exercise of the [REDACTED]). For details, please refer to the sub-section “[REDACTED]” below.
3. This is derived based on [REDACTED] Shares to be held by Mr. Cheng upon completion of the [REDACTED] and the [REDACTED] (without taking into account any Shares which may be issued upon the exercise of the [REDACTED]). For details, please refer to the sub-section “[REDACTED]” below.
4. The [REDACTED] to the [REDACTED] is calculated based on the assumption that the [REDACTED] is HK\$[REDACTED] per Share, being the mid-point of the indicative [REDACTED] of HK\$[REDACTED] to HK\$[REDACTED].

Information about the [REDACTED] Investors

The background of our [REDACTED] Investors are set out below:

- (i) Glorious Achievement is a company incorporated in the BVI with limited liability. It is wholly owned by Bull Capital China Growth Fund II, L.P, an exempted limited liability partnership registered in the Cayman Islands, whose general partner is Bull Capital GP II Limited. Bull Capital GP II Limited is a company incorporated in the Cayman Islands and it is owned as to approximately 56% by Peace World Investments Limited. Peace World Investments Limited is in turn wholly-owned by Mr. Wong Kun Kau. Mr. Wong Kun Kau has over 29 years of experience in investment banking and corporate finance, and is the founder and has been the chief executive officer of Bull Capital Partners Limited, a fund management company specialising in direct investments in the greater China region, since May 2008. Mr. Wong also held several senior management positions with reputable financial institutions including BNP Paribas Capital (Asia Pacific) Limited from August 1992 to November 2007, where he left as the head of investment banking-Asia. Within the three years prior to the Latest Practicable Date, Mr. Wong was an independent non-executive director of a number of listed companies on the Stock Exchange, including (i) West China Cement Limited (stock code: 2233), a company principally engaged in the manufacturing and sales of cement and cement products, from July 2010 to May 2019; (ii) REF Holdings Limited (stock code: 1631), a company principally engaged in financial printing services, since August 2015; and (iii) Jianzhong Construction Development Limited (stock code: 589), a company principally engaged in the provision of construction services, since February 2020. Mr. Wong had also been an independent director of Huaxin Cement Co., Ltd.* (華新水泥股份有限公司), a company which A shares are listed on the Shanghai Stock Exchange (stock code: 600801) and H shares are listed on the Stock Exchange (stock code: 6655), and is principally engaged in the manufacture and sales of cement and cement products, since April 2021. None of the other shareholders of Bull Capital GP II Limited holds more than 30% of its shares. As confirmed by our Directors, Bull Capital China Growth Fund II, L.P is a private equity fund dedicated to direct investment primarily in high-growth companies base or operating in the Greater China Region, including China, Hong Kong, Macau and Taiwan with a particular emphasis on consumption/retail and services, advance manufacturing or technology and environment-related sectors. The fund had invested in, among others, a number

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

of companies listed in Hong Kong. The fund had also been following the development of the education industry, exploring potential investment opportunities. The fund became acquainted with our Group through the introduction of a mutual business acquaintance of Mr Wong Kun Kau and Mr. Shen, and decided to invest in our Company as it was optimistic about the prospect of the education industry and the growth potential of our Company. To the best knowledge and belief of the Directors and having made all reasonable enquiries, each of Glorious Achievement and its ultimate beneficial owner, Mr. Wong Kun Kau, is an independent third party.

- (ii) Golden Genius is a company incorporated in the BVI with limited liability. It is wholly owned by Ms. Qian Chen. Ms. Qian Chen was introduced to our Group through Mr. Chen who is her friend. Golden Genius is principally engaged in equities investment. To the best knowledge of our Directors, Ms. Qian Chen is an individual private investor who would from time to time participate in investment opportunities in different target companies encompassing various industries, including the internet media industry. Ms. Qian Chen invested in the Company after considering the brand of Readboy and our reputation in the education industry in the PRC and the wide distribution of our products through online and offline channels, and she believed that there is great potential in the development of the Company and that the investment in the Company will be rewarding. To the best knowledge and belief of the Directors and having made all reasonable enquiries, each of Golden Genius and its ultimate beneficial owner, Ms. Qian Chen, is an independent third party.
- (iii) Mr. Cheng is an individual investor who from time to time participates in various investment opportunities in different target companies in the education industry. He became acquainted with the Company through Mr. Chen, who is his friend for more than ten years. To the best knowledge of our Directors, Mr. Cheng is an individual private investor who has invested in a private equity fund in Hong Kong whose investments cover companies in the renewal energy sector. Mr. Cheng invested in the Company as he sees the potential in the education industry and he is optimistic about the business growth and prospects of the Company. To the best knowledge and belief of the Directors and having made all reasonable enquiries, Mr. Cheng is an independent third party.

Basis of consideration

The consideration was determined after arm’s length negotiation between the parties, with reference to a number of factors, including: (i) the historical financial results of the Group in 2020; (ii) the potential profitability, business growth and prospects of the Group; and (iii) the valuation of comparable companies in the market of the Group.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Lock-up and Public Float

The [REDACTED] Investments are subject to a lock-up period of six months following the [REDACTED].

Upon completion of the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised), the Shares held by (i) Driving Force (being wholly owned by Ms. Liu Zhilan, an executive Director, acting in the capacity as the RSU Trustee for the [REDACTED] RSU Scheme) as to approximately [REDACTED], (ii) Eminent Future (being wholly owned by Ms. Liu Zhilan, an executive Director) as to approximately [REDACTED], (iii) Excellent Zone (being wholly owned by Mr. Chen Jiafeng, an executive Director) as to approximately [REDACTED], (iv) Chance High (being wholly owned by Mr. Shen Jianfei, a non-executive Director) as to approximately [REDACTED], (v) Sky Focus (being wholly owned by Kimlan Limited which is in turn entirely held by Maples Trustee Services (Cayman) Limited, the trustee of Joywish Family Trust. Joywish Family Trust is a discretionary trust established by Mr. Chen as the settlor, and the beneficiaries of which include Mr. Chen and his family members. Mr. Chen is a non-executive Director and one of our Controlling Shareholders) as to approximately [REDACTED] and (vi) Trade Honour (being wholly owned by Mr. Qin, an executive Director, chairman of the Board and one of our Controlling Shareholders) as to approximately [REDACTED], would not be counted towards the public float.

Save as disclosed in this document, to the best of our Directors’ knowledge, the [REDACTED] Investors and remaining Shareholders are not core connected persons of our Company. As a result, an aggregate of approximately [REDACTED]% of the total issued Shares (upon completion of the [REDACTED] and assuming the [REDACTED] is not exercised) with a market capitalization of approximately HK\$[REDACTED] (based on the [REDACTED] of HK\$[REDACTED] per [REDACTED], being the mid-point of the indicative [REDACTED]) will count towards the public float.

Compliance with Guidance Letters

Based on the review of the relevant agreements, the Joint Sponsors are not aware of any special circumstances or incidents that would lead to a belief that the terms of the [REDACTED] Investments as described above are not in compliance with the Guidance Letter HKEX-GL29-12 issued by the Stock Exchange in January 2012 and as updated in March 2017 and the Guidance Letter HKEX-GL43-12 issued by the Stock Exchange in October 2012 and as updated in July 2013 and March 2017.

ACTING IN CONCERT ARRANGEMENT

On March 28, 2016, Mr. Chen and Mr. Qin entered into a concert party agreement, pursuant to which they acknowledged and confirmed that they had been acting in concert in excising their rights as shareholders of Readboy Technology before entering into the agreement, and agreed to continue the same going forward. On April 1, 2021, Mr. Chen and Mr. Qin further entered into the Concert Parties Confirmatory Deed, pursuant to which they

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

reaffirmed that they had been acting in concert in respect of each of the members of our Group before the date of the Concert Parties Confirmatory Deed, and shall continue the same thereafter. They have undertaken to continue to act in concert directly or indirectly through the companies controlled by them. They have also agreed to, among others, vote unanimously at all meetings of the shareholders of each member of our Group, discuss and reach consensus with each other before proposing to such meetings, and act in concert in respect of the business operations, governance and other key matters of our Group which shall be decided by the shareholders of each of the members of the Group.

[REDACTED]

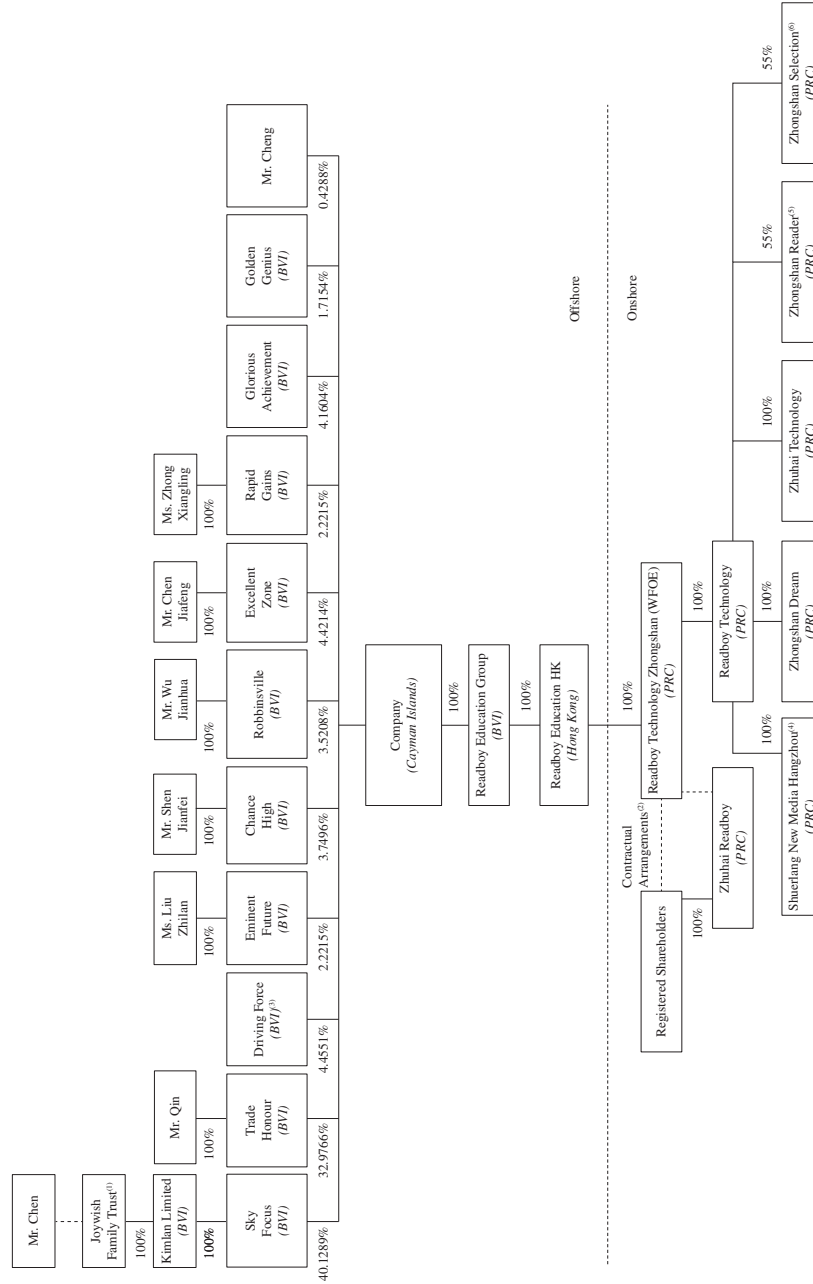
Subject to the share premium account of our Company having sufficient balance, or otherwise being credited as a result of the [REDACTED] pursuant to the [REDACTED], our Directors shall be authorized to allot and issue a total of [REDACTED] Shares credited as fully paid at par value to the Shareholders on the register of members of our Company at the close of business on the date immediately preceding the date on which the [REDACTED] becomes unconditional (or as they may direct) in proportion to their respective shareholdings in the Company (as nearly as possible without fractions) by way of the sum of approximately HK\$[REDACTED] standing to the credit of the share premium account of our Company. The Shares to be allotted and issued pursuant to this resolution shall rank *pari passu* in all respects with the then existing issued Shares.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

CORPORATE STRUCTURES

Corporate structure after the Reorganization and [REDACTED] Investment and before the [REDACTED]

The following chart sets forth the shareholding and beneficial ownership structure of our Group immediately following the completion of the Reorganization and [REDACTED] Investment and prior to the completion of the [REDACTED]:



HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

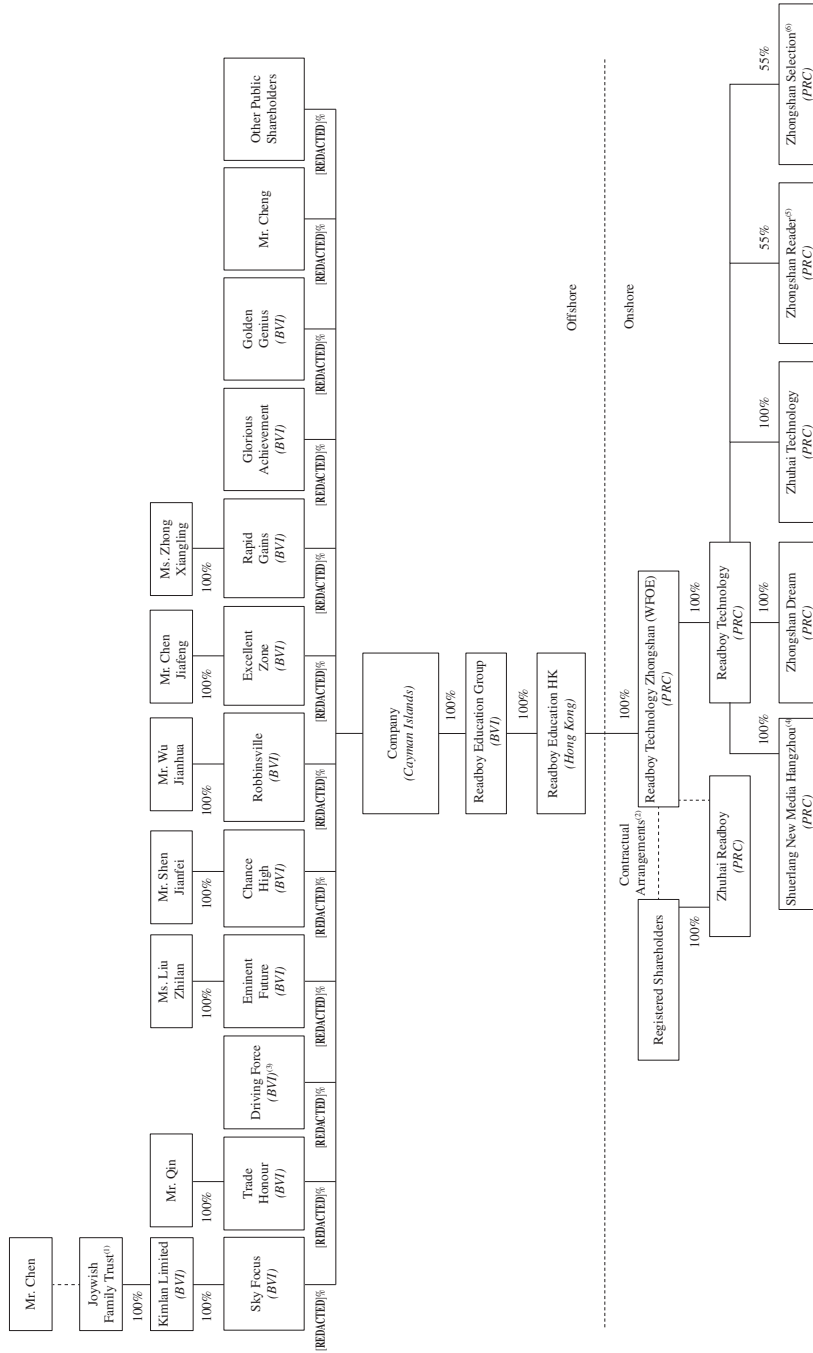
Notes:

- (1) Joywish Family Trust is a discretionary trust set up by Mr. Chen as the settlor, with Maples Trustee Services (Cayman) Limited as the trustee and Mr. Chen and Mr. Chen’s family members being the beneficiaries.
- (2) In order to comply with PRC laws and regulations and maintain effective control over all of our operations, we entered into the Contractual Arrangements on March 23, 2021. For further details on our Contractual Arrangements, please refer to the section headed “Contractual Arrangements” in this document.
- (3) Driving Force is wholly owned by Ms. Liu Zhilan, an executive Director, who acts as the [REDACTED] RSU Trustee for the [REDACTED] RSU Scheme. The basis of eligibility of any selected person for the awards which may be granted pursuant to the [REDACTED] RSU Scheme shall be determined by the Board from time to time on the basis of their contribution to the development and growth of our Group or such other factors as the Board may deem appropriate.
- (4) Shuerlang New Media Hangzhou was established on December 6, 2021, after the commencement of the Reorganisation.
- (5) Zhongshan Reader was established on December 27, 2021, after the commencement of the Reorganization. The remaining 45% of the equity interest in Zhongshan Reader was held by Zhongshan Chengtian Technology Co., Ltd* (中山市誠天科技有限公司), an independent third party save for its shareholding in Zhongshan Reader.
- (6) Zhongshan Selection was established on January 13, 2022, after the commencement of the Reorganization. The remaining 45% of the equity interest in Zhongshan Selection was held by Hainan Zhenpin Selection Technology Co., Ltd.* (海南省臻品甄選科技有限公司), an independent third party save for its shareholding in Zhongshang Selection.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Corporate structure immediately after the [REDACTED]

The following chart sets forth the shareholding and beneficial ownership structure of our Group immediately following the completion of the [REDACTED], assuming that the [REDACTED] and without taking into account any Shares which may be issued pursuant to the [REDACTED] RSU Scheme and [REDACTED] Share Option Scheme is not exercised:



HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Notes:

- (1) Joywish Family Trust is a discretionary trust set up by Mr. Chen as the settlor, with Maples Trustee Services (Cayman) Limited as the trustee and Mr. Chen and Mr. Chen’s family members being the beneficiaries.
- (2) In order to comply with PRC laws and regulations and maintain effective control over all of our operations, we entered into the Contractual Arrangements on March 23, 2021. For further details on our Contractual Arrangements, please refer to the section headed “Contractual Arrangements” in this document.
- (3) Driving Force is wholly owned by Ms. Liu Zhilan, an executive Director, who acts as the [REDACTED] RSU Trustee for the [REDACTED] RSU Scheme. The basis of eligibility of any selected person for the awards which may be granted pursuant to the [REDACTED] RSU Scheme shall be determined by the Board from time to time on the basis of their contribution to the development and growth of our Group or such other factors as the Board may deem appropriate.
- (4) Shuerlang New Media Hangzhou was established on December 6, 2021, after the commencement of the Reorganisation.
- (5) Zhongshan Reader was established on December 27, 2021, after the commencement of the Reorganization. The remaining 45% of the equity interest in Zhongshan Reader was held by Zhongshan Chengtian Technology Co., Ltd* (中山市誠天科技有限公司), an independent third party save for its shareholding in Zhongshan Reader.
- (6) Zhongshan Selection was established on January 13, 2022, after the commencement of the Reorganization. The remaining 45% of the equity interest in Zhongshan Selection was held by Hainan Zhenpin Selection Technology Co., Ltd.* (海南省臻品甄選科技有限公司), an independent third party save for its shareholding in Zhongshang Selection.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

SAFE CIRCULAR 37

According to SAFE Circular 37 promulgated by SAFE, PRC residents are required to register with competent local SAFE branches regarding establishing or controlling offshore companies. Pursuant to the Circular on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (《關於進一步簡化和改進直接投資外匯管理政策的通知》), or Circular 13, which was promulgated by the SAFE on February 13, 2015 and effective from June 1, 2015, the aforesaid registration shall be directly reviewed and handled by qualified banks instead of the local branch of the SAFE.

As confirmed by our PRC Legal Advisor, our Shareholders who are PRC residents, namely Mr. Qin, Ms. Liu Zhilan, Mr. Shen Jianfei, Mr. Wu Jianhua, Mr. Chen Jiafeng and Ms. Zhong Xiangling under SAFE Circular 37 had duly completed the process of relevant registration as required under SAFE Circular 37 and Circular 13 on February 5, 2021.

M&A RULES

According to the provision on the M&A Rules, where a domestic company, enterprise or natural person intends to acquire its or his/her related domestic company in the name of an offshore company which it or he/she lawfully established or controls, the acquisition shall be subject to the examination and approval of the MOFCOM.

As advised by our PRC Legal Advisor, WFOE was established as a foreign-owned enterprise by means of direct investment rather than the merger or acquisition by our Company under the M&A Rules. As such, unless new laws and regulations are enacted or MOFCOM and CSRC publish new provisions or interpretations on the M&A Rules to the contrary in the future, the establishment of WFOE is not subject to the M&A Rules and approval from MOFCOM or CSRC for the [REDACTED] is not required under the M&A Rules.