

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

FORM 20-F

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

OR

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

For the fiscal year ended September 30, 2023

OR

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

OR

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

Date of event requiring this shell company report

For the transition period from to

Commission file number: 001-41425

**Golden Sun Health Technology Group Ltd**  
金太阳健康科技集团有限公司  
(Exact name of Registrant as specified in its charter)

N/A

(Translation of Registrant's name into English)

**Cayman Islands**

(Jurisdiction of incorporation or organization)

**8th Floor, Administration Building,  
390 East Tiyuhui road, Hongkou District, China  
+86-0577-56765303**  
(Address of principal executive offices)

**Xueyuan Wen, Chief Executive Officer**

**Telephone: 86-13968836059**

**Email: wxy@cngsun.com**

**At the address of the Company set forth above**

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A ordinary shares, \$0.0005 par value per share	GSUN	The Nasdaq Stock Market LLC

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

None

(Title of Class)

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

None

(Title of Class)

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

An aggregate of 15,055,491 Class A ordinary shares and 4,030,000 Class B ordinary shares, par value \$0.0005 per share, as of September 30, 2023.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes  No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes  No

Note – Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes  No

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Emerging growth company	<input checked="" type="checkbox"/>

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

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

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

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

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

U.S. GAAP <input checked="" type="checkbox"/>	International Financial Reporting Standards as issued by the International Accounting Standards Board <input type="checkbox"/>	Other <input type="checkbox"/>
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\* If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17  Item 18

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

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## INTRODUCTION

We are a holding company incorporated in the Cayman Islands with no material operations of our own. We are not a Chinese company. Investors of our Class A ordinary shares own shares of a Cayman Islands holding company. Unless otherwise stated, as used in this annual report and in the context of describing our operations and consolidated financial information, “we,” “us,” the “Company,” or “our company” refers to Golden Sun Health Technology Group Limited, formerly known as Golden Sun Education Group Limited, a Cayman Islands holding company. For a description of our corporate structure, see “Item 3. KEY INFORMATION—Corporate Structure.”

Our Chinese subsidiaries primarily operate in the Chinese education section, which has been going through a series of reforms, and new laws and guidelines have been recently promulgated and released to regulate this industry. On September 1, 2021, the revised Implementation Rules for the Law for Promoting Private Education of the PRC (the “Implementing Regulation”), which regulates the establishment, organization and operation of private schools, teachers and educators, assets and financial management of schools, became effective. The revised Implementing Regulation prohibits private schools that provide compulsory education to be controlled by means of agreements (such as VIE Agreements, as defined below), or to enter into any transactions with any related parties. In September 2021, the Company completed a reorganization to divest its operations of two private schools, or the two former variable interest entities (VIEs), that provided compulsory education through a series of contractual arrangements (the “VIE Agreements”), which provided contractual exposure to foreign investment in Chinese-based companies where Chinese law prohibits direct foreign investment in the Chinese operating companies, which practice is prohibited by the revised Implementation Regulation. See “Item 3. KEY INFORMATION—The Reorganization” for more information on the above-referenced reorganization. As of the date of this annual report, the Company does not provide any compulsory education in China, and all discussions relating to the Company’s operation of its former VIEs are provided for historical context only.

In this annual report on Form 20-F, unless the context otherwise requires, references to:

- “CF (HK)” are to the wholly owned subsidiary of Golden Sun Hong Kong, CF (HK) Health Technology Limited, a Hong Kong limited company;
- “China” or the “PRC” are to the People’s Republic of China;
- “Chongwen Middle School” are to Wenzhou City Longwan District Chongwen Middle School, which we controlled prior to the Reorganization via an entrustment agreement among Chongwen Middle School, Golden Sun Shanghai and Mr. Xueyuan Weng, as well as a Concerted Action Agreement among two of Chongwen Middle School’s sponsors and the representative of its employees;
- “Class A ordinary shares” are to our Class A ordinary shares, par value \$0.0005 per share;
- “Class B ordinary shares” are to our Class B ordinary shares, par value \$0.0005 per share. Holders of Class A ordinary shares and Class B ordinary shares have the same rights except for voting and conversion rights: each Class A ordinary Share is entitled to one vote, and each Class B ordinary share is entitled to five votes and is convertible into one Class A ordinary share at any time by the holder thereof, while Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances;
- “compulsory education” are to the nine years of education mandated by the PRC, consisting of six years of primary education and three years of secondary education;
- “Double First Class University Plan” are to “The World First Class University” and “First Class Academic Discipline Construction” combined, a tertiary education development initiative designed by the PRC government in 2015 aiming to comprehensively develop elite Chinese universities and their individual faculty departments into world-class institutions by the end of 2050;

- “Gaokao” are to China’s standardized college entrance examination;
- “Golden Sun Cayman” are to Golden Sun Health Technology Group Limited, formerly known as Golden Sun Education Group Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands;
- “Golden Sun Hong Kong” are to the wholly owned subsidiary of Golden Sun Cayman, Hongkong Jintaiyang International Education Holding Group, a Hong Kong private limited company;
- “Golden Sun Selection” are to Zhejiang Golden Sun Selection Technology Co., Ltd, the wholly owned subsidiary of Golden Sun Wenzhou;
- “Golden Sun Shanghai” are to Shanghai Golden Sun Education Group Co., Limited, a Hong Kong private limited company, which was Golden Sun Cayman’s wholly owned subsidiary prior to the Reorganization;
- “Golden Sun Wenzhou” are to the wholly owned subsidiary of Golden Sun Hong Kong, Zhejiang Golden Sun Education Co., Ltd., formerly known as Wenzhou Golden Sun Education Development Co., Ltd., a PRC limited liability company;
- “Gongyu Education” are to the wholly owned subsidiary of Golden Sun Wenzhou, Shanghai Golden Sun Gongyu Education Technology Co., Ltd., a PRC limited liability company;
- “Group” are to our Company and its subsidiaries as a whole;
- “Hongkou Tutorial” are to a tutorial center operated by Xianjin Technology; previously, “Hongkou Tutorial” were to Shanghai Hongkou Practical Foreign Language Tutorial School, which ceased operation and transferred its existing business to Xianjin Technology in December 2021;
- “Hangzhou Jicai” are to Hangzhou Jicai Tutorial School Co., Ltd.;
- “Jicai Tutorial” are to Hangzhou Jicai;
- “Kaiye (Wenzhou)” are to Kaiye (Wenzhou) Water Project Development Co., Ltd., a PRC limited liability company, of which Lilong Logistic acquired an approximately 3.4% equity share in 2023;
- “Key Universities” are to universities in China that are included in Project 211, Project 985 and Double First Class University Plan and that receive a high level of support from the Chinese government;

- “Lilong Logistics” are to the wholly owned subsidiary of Golden Sun Wenzhou, Wenzhou Lilong Logistics Services Co., Ltd., a PRC limited liability company;
- “MOE” are to the Ministry of Education of the PRC;
- “partner-schools” are to high schools that Qingshang Education partners with to provide students on-site non-English foreign languages tutorial services;
- “Project 211” are to a project initiated in 1995 by the MOE with the intent of raising the research standards of high-level universities and cultivating strategies for socio-economic development;
- “Project 985” are to a project first announced in 1998 to promote the development and reputation of the Chinese higher education system by founding world-class universities in the 21st century, involving both national and local PRC governments allocating large amounts of funding to certain universities;
- “Ouhai Art School” are to Wenzhou City Ouhai District Art School, which we controlled prior to the Reorganization via a series of contractual arrangements between Ouhai’s shareholders and Golden Sun Wenzhou;
- “Qinshang Education” are to the wholly owned subsidiary of Golden Sun Wenzhou, Zhouzhi Culture, Shanghai Qinshang Education Technology Co., Ltd., a PRC limited liability company;
- “RMB” or “Renminbi” are to the legal currency of China;
- “SEC” are to the U.S. Securities and Exchange Commission;
- “Securities Act” are to the Securities Act of 1933, as amended;
- “secondary schools” are to middle and high schools;
- “Selection Hangzhou Branch” are to a branch office of Golden Sun Selection, Zhejiang Golden Sun Selection Technology Co., Ltd. (Hangzhou Branch), a PRC limited liability company;
- “Shanghai Daizong” are to Shanghai Daizong Business Consulting Co., Ltd., a PRC limited liability company, of which Lilong Logistic acquired a 19% equity share in 2023;

- “Shanghai Fuyouyuan” are to the fifty-one-percent owned subsidiary of Golden Sun Wenzhou, Shanghai Fuyouyuan Health Technology Co., Ltd, a PRC limited liability company (the Company also indirectly controls an additional 1% of the equity share of Shanghai Fuyouyuan through a 10% equity share held by Zhejiang Fuyouyuan, of which Lilong Logistic has a 10% equity share);
- “Shanghai Jicai” are to Shanghai Yangpu District Jicai Tutorial School, which transferred its existing business to Zhouzhi Culture in fiscal year 2022;
- “Shanghai Jinheyu” are to the fifty-one-percent owned subsidiary of Gongyu Education, Shanghai Jinheyu Biotechnology Co., Ltd., a PRC limited liability company;
- “shares,” “Shares,” or “ordinary shares” are to the ordinary shares of Golden Sun Cayman, par value \$0.0005 per share, collectively, our Class A ordinary shares and Class B ordinary shares;
- “U.S. dollars,” “\$,” and “dollars” are to the legal currency of the United States;
- “VIE” are to variable interest entity;
- “VIEs” are to the former variable interest entities, Ouhai Art School and Chongwen Middle School;
- “we,” “us,” “our Company,” or the “Company” are to Golden Sun Cayman;
- “WFOE” are to wholly foreign-owned enterprise;
- “Xianjin Technology” are to Shanghai Xianjin Technology Development Co., Ltd., a PRC limited liability company;
- “Yangfushan Tutorial” are to Wenzhou City Ouhai District Yangfushan Culture Tutorial Center;
- “Yangtze River Delta” is a triangle-shaped megalopolis comprising areas of Shanghai, southern Jiangsu province and northern Zhejiang province;
- “Zhejiang Fuyouyuan” are to Zhejiang Fuyouyuan Health Technology Co., Ltd, a PRC limited liability company, of which Lilong Logistic acquired a 10% equity share in 2023;
- “Zhejiang Kangyuan” are to Zhejiang Kangyuan Medical Technology Co., Ltd., a PRC limited liability company, of which Lilong Logistic acquired an 18% equity share in 2023;
- “Zhongkao” are to China’s standardized high school entrance examination;
- “Zhouzhi Culture” are to the wholly owned subsidiary of Gongyu Education, Shanghai Zhouzhi Culture Development Co., Ltd., a PRC limited liability company; and
- “Zhouzhi Tutorial” are to the tutorial center operated by Zhouzhi Culture.

This annual report on Form 20-F includes our audited consolidated balance sheet data as of September 30, 2023 and 2022, and the consolidated statements of operations and comprehensive (loss) income, changes in shareholders’ equity (deficit), and cash flows for the fiscal years ended September 30, 2023, 2022 and 2021. In this annual report, we refer to assets, obligations, commitments, and liabilities in our consolidated financial statements in United States dollars. These dollar references are based on the exchange rate of RMB to United States dollars, determined as of a specific date or for a specific period. Changes in the exchange rate will affect the amount of our obligations and the value of our assets in terms of United States dollars which may result in an increase or decrease in the amount of our obligations and the value of our assets.

This annual report contains translations of certain RMB amounts into U.S. dollars at specified rates. Unless otherwise stated, the following exchange rates are used in this annual report:

	<b>September 30, 2023</b>	<b>September 30, 2022</b>	<b>September 30, 2021</b>
Balance sheet items, except for equity accounts	US\$1=RMB 7.2960	US\$1=RMB 7.1135	US\$1=RMB 6.4580
Items in the statements of income and cash flows	US\$1=RMB 7.0533	US\$1=RMB 6.5332	US\$1=RMB 6.5095

## DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This annual report contains forward-looking statements that reflect our current expectations and views of future events, all of which are subject to risks and uncertainties. Forward-looking statements give our current expectations or forecasts of future events. You can identify these statements by the fact that they do not relate strictly to historical or current facts. You can find many (but not all) of these statements by the use of words such as “approximates,” “assesses,” “believes,” “hopes,” “expects,” “anticipates,” “estimates,” “projects,” “intends,” “plans,” “will,” “would,” “should,” “could,” “may” or other similar expressions in this annual report. These statements are likely to address our growth strategy, financial results and product and development programs. You must carefully consider any such statements and should understand that many factors could cause actual results to differ from our forward-looking statements. These factors may include inaccurate assumptions and a broad variety of other risks and uncertainties, including some that are known and some that are not. No forward-looking statement can be guaranteed and actual future results may vary materially. Factors that could cause actual results to differ from those discussed in the forward-looking statements include, but are not limited to:

- assumptions about our future financial and operating results, including revenue, income, expenditures, cash balances, and other financial items;
- our ability to execute our growth, and expansion, including our ability to meet our goals;
- current and future economic and political conditions;
- our capital requirements and our ability to raise any additional financing which we may require;
- our ability to attract clients and further enhance our brand recognition;
- our ability to hire and retain qualified management personnel and key employees in order to enable us to develop our business;
- trends and competition in the education industry;
- the impact of the coronavirus pandemic (“COVID-19”) and other pandemic or natural disaster; and
- other assumptions described in this annual report underlying or relating to any forward-looking statements.

We describe certain material risks, uncertainties and assumptions that could affect our business, including our financial condition and results of operations, under “Risk Factors.” We base our forward-looking statements on our management’s beliefs and assumptions based on information available to our management at the time the statements are made. We caution you that actual outcomes and results may, and are likely to, differ materially from what is expressed, implied or forecast by our forward-looking statements. Accordingly, you should be careful about relying on any forward-looking statements. Except as required under the federal securities laws, we do not have any intention or obligation to update publicly any forward-looking statements after the distribution of this annual report, whether as a result of new information, future events, changes in assumptions, or otherwise.

### Industry Data and Forecasts

This annual report contains data related to the education industry in China. This industry data includes projections that are based on a number of assumptions which have been derived from industry and government sources which we believe to be reasonable. The education industry may not grow at the rate projected by industry data, or at all. The failure of the industry to grow as anticipated is likely to have a material adverse effect on our business and the market price of our Class A ordinary shares. In addition, the rapidly changing nature of the education industry subjects any projections or estimates relating to the growth prospects or future condition of our industry to significant uncertainties. Furthermore, if any one or more of the assumptions underlying the industry data turns out to be incorrect, actual results may, and are likely to, differ from the projections based on these assumptions.



## Part I

### Item 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

### Item 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

### Item 3. KEY INFORMATION

We are not a Chinese company, but rather a holding company incorporated in the Cayman Islands. As a holding company with no material operations of our own, we conduct operations through our operating entities in the PRC.

We are a provider of tutorial services in China. Established in 1997 and headquartered in Shanghai, China, we have over twenty years of experience providing educational services that focus on the development of each of our student's strengths and potential, and the promotion of life-long skills and interests in learning. Our operating entities operate tutorial centers for children and adults, one educational company that partners with high schools to offer language classes to their students, and one logistics company that provides logistic and consulting services. Prior to the Reorganization (as defined below) in 2021, we also operated one premium primary private school and one premium secondary private school through two VIEs. Since the Reorganization, we no longer operate primary or secondary private schools and no longer use a VIE structure. In 2023, we started implementing a strategic transition to expand into the wellness industry in China. Through our new wellness business initiatives, we are endeavoring to establish our own wellness brands and an e-commerce platform that will be used to promote and sell wellness products.

#### The Reorganization

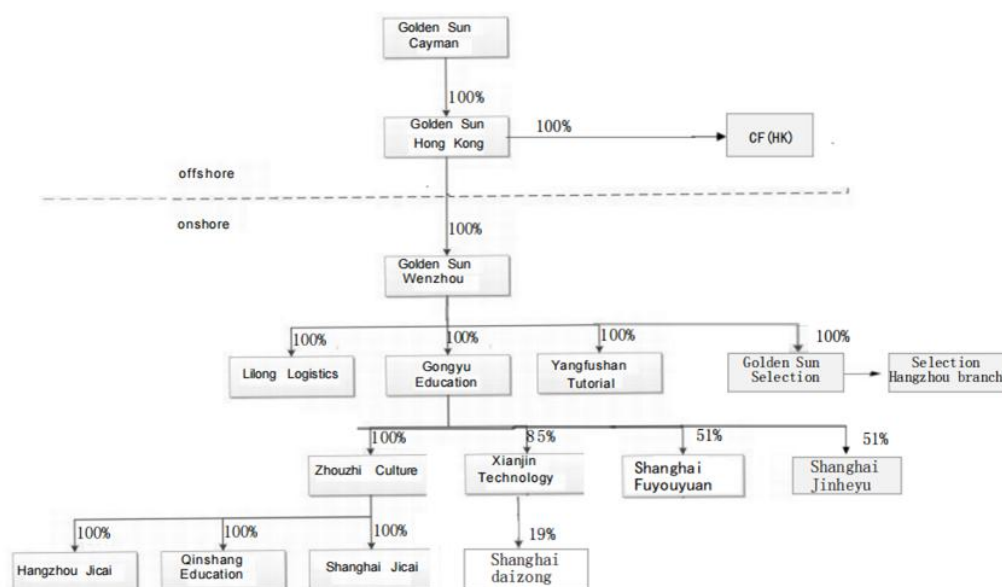
On September 1, 2021, the revised Implementing Regulation became effective. The revised Implementing Regulation prohibits private schools that provide compulsory education to be controlled by means of agreements or to enter into any transactions with any related parties. Until September 2021, the Company had controlled and received economic benefits from the VIEs, Ouhai Art School and Chongwen Middle School, two private schools that provide compulsory education, through a series of contractual arrangements (the "VIE Agreements") to provide contractual exposure to foreign investment in Chinese-based companies, where Chinese law prohibits direct foreign investment in Chinese operating companies. In order to become compliant with the revised Implementing Regulation, in September 2021, the Company completed a reorganization to divest its operations of Ouhai Art School and Chongwen Middle School. Through the Reorganization, (1) the Company sold all of its shares in Golden Sun Shanghai (the entity that controls Chongwen Middle School through contractual arrangements); and (2) Golden Sun Wenzhou, one of the Company's subsidiaries, terminated its VIE Agreements with Ouhai Art School. As a result of the foregoing, neither the Company nor any of its subsidiaries controls or receives economic benefits from any private schools that provide compulsory education, and, as of the date of this annual report, we believe the Company and its subsidiaries are compliant with the revised Implementing Regulation. All discussions in this annual report relating to the Company's operation of Ouhai Art School or Chongwen Middle School are provided for historical context only.

For the fiscal years ended September 30, 2021 and 2020, the revenues generated by the VIEs accounted for approximately 32% and 45% of our total revenue, respectively. The divestitures of the VIEs, which represented a strategic shift that had a major effect on the Company's operations and financial results, triggered discontinued operations accounting in accordance with ASC 205-20-45, and resulted in the VIEs being considered as discontinued operations. The assets and liabilities related to the discontinued operations were retroactively classified as assets/liabilities of discontinued operation in the consolidated financial statements for the periods presented, while results of operations related to the discontinued operations were retroactively reported as income (loss) from discontinued operations in the consolidated financial statements for the periods presented. Please refer to the financial statements included in this registration statement for more details.

## Corporate Structure

We are a Cayman Islands exempted company incorporated on September 20, 2018. Exempted companies are Cayman Island companies conducting business mainly outside the Cayman Islands and, as such, are exempted from complying with certain provisions of the Companies Act (Revised).

The following diagram illustrates our corporate structure as of the date of this annual report.



## No VIE Agreements

Prior to our Reorganization in September 2021, we operated Ou Hai Art School and Chongwen Middle School through VIE structures. Neither we nor our subsidiaries owned any shares in Ou Hai Art School or Chongwen Middle School. Instead, we controlled and received the economic benefits of the business operations of Ou Hai Art School and Chongwen Middle School through the VIE Agreements. As a result of our indirect ownership of Golden Sun Wenzhou and Golden Sun Shanghai, as well as the VIE Agreements which were designed so that the operations of the VIEs were solely for the benefit of the Company, the Company was deemed to have a controlling financial interest in, and be the primary beneficiary of, the VIEs, for accounting purposes under U.S. GAAP. Accordingly, we had consolidated the financial results of the VIEs in our consolidated financial statements in accordance with U.S. GAAP for the fiscal years ended September 30, 2021 and 2020. However, as a result of the Reorganization, we no longer operate any VIEs.

### ***Ouhai Art School***

On March 1, 2019, Golden Sun Wenzhou, Ouhai Art School, and Xiulan Ye and Xueyuan Weng, the shareholders of Ouhai (“Ouhai Shareholders”) entered into contractual arrangements (the “Ouhai Agreements”) for a term of 10 years with preferred renewal rights. The Ouhai Agreements were designed to provide Golden Sun Wenzhou with the power, rights, and obligations equivalent in all material respects to those it would possess as the person with exclusive rights to control the operations of Ouhai Art School, including the power to control Ouhai Art School and the rights to the assets, property, and revenue of Ouhai Art School. In September 2021, the Quhai Agreements were terminated as a result of the Reorganization and the Company no longer operates Quhai Art School through the VIE structure.

### ***Chongwen Middle School***

On August 19, 2015, the Company, through its wholly-owned subsidiary, Golden Sun Shanghai, entered into an entrustment agreement (“Entrustment Agreement”) with Chongwen Middle School and Xueyuan Weng for the period from September 1, 2015 to August 31, 2023, which Entrustment Agreement was renewable for an additional seven years if elected. The Entrustment Agreement was subsequently amended on March 1, 2021, and, pursuant to such amendment, Golden Sun Shanghai had the exclusive right to control the operations of Chongwen Middle School, including making operational and financial decisions. In return, the Company was entitled to receive the residual return from Chongwen Middle School’s operation and at the same time to bear the risk of loss from the operation.

As part of the Reorganization, the Company sold all of its shares of Golden Sun Shanghai for a consideration of Hong Kong Dollar 100,000 (approximately \$12,845) and no longer operates Chongwen Middle School through the VIE structure.

### **Risks Associated with Our Corporate Structure**

Our holding company structure involves certain risks in terms of dividend distribution, direct investment in PRC entities, and obtaining benefits under relevant tax treaty. See “Item 3. KEY INFORMATION—D. Risk Factors—Risks Related to Doing Business in the PRC—We may rely on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirement we may have, and any limitation on the ability of our subsidiaries to make payments to us and any tax we are required to pay could have a materially adverse effect on our ability to conduct our business,” “Item 3. KEY INFORMATION—D. Risk Factors—Risks Related to Doing Business in the PRC—PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental control of currency conversion may delay or prevent us from using proceeds from our future financing activities to make loans or additional capital contributions to our PRC subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business,” “Item 3. KEY INFORMATION—D. Risk Factors—Risks Related to Doing Business in the PRC—PRC regulations relating to offshore investment activities by PRC residents may limit our PRC subsidiaries’ ability to increase their registered capital or distribute profits to us, or otherwise expose us or our PRC resident shareholders to liabilities or penalties,” and “Item 3. KEY INFORMATION—D. Risk Factors—Risks Related to Doing Business in the PRC—Under the EIT Law, we may be classified as a ‘resident enterprise’ of China, which could result in unfavorable tax consequences to us and our non-PRC shareholders.” See also “Item 4. INFORMATION ON THE COMPANY—B. Business Overview—Regulations—Regulations Related to Foreign Exchange.”

## **Risks Associated with Doing Business in the PRC**

We are subject to certain legal and operational risks associated with having the majority of our operations in China, which could significantly limit or completely hinder our ability to offer securities to investors and cause the value of our securities to significantly decline or be worthless. See “Item 3. KEY INFORMATION—D. Risk Factors—Risks Relating to Doing Business in the PRC—Any actions by the Chinese government, including any decision to intervene or influence the operating entities’ operations or to exert control over any offering of securities conducted overseas and/or foreign investment in China-based issuers, may cause them to make material changes to their operations, may limit or completely hinder their ability to offer or continue to offer securities to investors, and may cause the value of such securities to significantly decline or be worthless.” Recently, the PRC government adopted a series of regulatory actions and issued statements to regulate business operations in China, including cracking down on illegal activities in the securities market, enhancing supervision over China-based companies listed overseas using variable interest entity structures, adopting new measures to extend the scope of cybersecurity reviews, and expanding the efforts in anti-monopoly enforcement. As of the date of this annual report, we and our subsidiaries have not been involved in any investigations on cybersecurity review initiated by any PRC regulatory authority, nor has any of them received any inquiry, notice or sanction. As of the date of this annual report, we are not subject to cybersecurity review by the Cyberspace Administration of China (the “CAC”), since we currently do not have over one million users’ personal information and do not anticipate that we will be collecting over one million users’ personal information in the foreseeable future, which we understand might otherwise subject us to the Cybersecurity Review Measures. We are not subject to network data security review by the CAC if the Draft Regulations on the Network Data Security Administration (Draft for Comments) (the “Security Administration Draft”) are enacted as proposed, because we currently do not have over one million users’ personal information, we do not collect data that affect or may affect national security and we do not anticipate that we will be collecting over one million users’ personal information or data that affect or may affect national security in the foreseeable future, which we understand might otherwise subject us to the Security Administration Draft. See “Item 3. KEY INFORMATION—D. Risk Factors—Risks Relating to Doing Business in the PRC—Recent greater oversight by the CAC over data security, particularly for companies seeking to list on a foreign exchange, could adversely impact the operating entities’ business and our offerings.” On February 17, 2023, the China Securities Regulatory Commission (the “CSRC”), announced the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (the “Trial Measures”), and five supporting guidelines which came into effect on March 31, 2023. The Trial Measures refined the regulatory system by subjecting both direct and indirect overseas offering and listing activities to the CSRC filing-based administration. On the same day, the CSRC also issued the Notice on Administration for the Filing of Overseas Offering and Listing by Domestic Companies (the “CSRC Notice”), which, among others, clarified that PRC domestic companies that had already been listed overseas before the effective date of the Trial Measures, which was March 31, 2023, shall be deemed to be “Existing Issuers”, and Existing Issuers are not required to complete the filing procedures with the CSRC immediately, but will be required to file with the CSRC for any subsequent offerings. According to our PRC counsel, Pacgate Law Firm (“Pacgate”), the Company is an Existing Issuer, based on the foregoing, therefore, is not required to complete the filing procedures with the CSRC immediately, but will be required, however, to file with the CSRC for any subsequent offerings. See “Item 3. Key Information — D. Risk Factors —Risks Relating to Doing Business in China — The Trial Measures and the revised Provisions recently issued by the PRC authorities may subject us to additional compliance requirements in the future.” Further, given the current PRC regulatory environment, it is uncertain whether we or our PRC subsidiaries will be required to obtain approvals from the PRC government to offer securities to foreign investors in the future, and whether we would be able to obtain such approvals. If we are unable to obtain such approvals if required in the future, or inadvertently conclude that such approvals are not required, then the value of our ordinary shares may depreciate significantly or become worthless. As of the date of this annual report, neither we nor any of our subsidiaries has received any inquiry, notice, warning, or sanction regarding our overseas listing from the CSRC or any other PRC governmental authorities. However, since these statements and regulatory actions are newly published, it is highly uncertain what the potential impact such modified or new laws and regulations will have on the daily business operations of our subsidiaries, our ability to accept foreign investments, and our listing on an U.S. exchange. The Standing Committee of the National People’s Congress (the “SCNPC”) or PRC regulatory authorities may in the future promulgate laws, regulations, or implementing rules that require us or our subsidiaries to obtain regulatory approval from Chinese authorities for listing in the U.S. See “Item 3. Key Information — D. Risk Factors —Risks Relating to Doing Business in China.”

In addition, pursuant to the Holding Foreign Companies Accountable Act (“HFCAA”) and related legislations, our securities may be prohibited from trading on a national exchange or over-the-counter if the Public Company Accounting Oversight Board of the United States, or the “PCAOB,” is unable to inspect our auditor for two consecutive years. Our current auditor, Assenture PAC (“Assenture”), is a registered public accounting firm, and as an auditor of companies that are traded publicly in the United States and a firm registered with the PCAOB, is subject to laws in the U.S., pursuant to which the conducts regular inspections to assess its compliance with the applicable professional standards. As of the date of this annual report, the PCAOB has access to inspect the working papers of our auditor. If trading in our Class A ordinary shares is prohibited in the future because the PCAOB determines that it cannot inspect or fully investigate our auditor at such future time, Nasdaq may determine to delist our Class A ordinary shares and trading in our Class A ordinary shares could be prohibited. See “Item 3. KEY INFORMATION—D. Risk Factors—Risks Relating to Doing Business in the PRC—Recent joint statement by the SEC and the PCAOB, rule changes by Nasdaq, and the Holding Foreign Companies Accountable Act all call for additional and more stringent criteria to be applied to emerging market companies upon assessing the qualification of their auditors, especially the non-U.S. auditors who are not inspected by the PCAOB. These developments could add uncertainties to our offerings.”

### ***Approvals from the PRC Authorities to Conduct Our Operations***

As of the date of this annual report, our Company and our PRC subsidiaries have received from the PRC authorities all requisite licenses, permissions, or approvals that are required for conducting our operations in China, such as business licenses, private school operation permits, certificates of registration for a privately operated non-enterprise entity for not-for-profit private schools, certificates of registration for-profit private schools, and permits for sales of pre-packaged food. However, it is uncertain whether we or our PRC subsidiaries will be required to obtain additional approvals, licenses, or permits in connection with our business operations pursuant to evolving PRC laws and regulations, and whether we would be able to obtain and renew such approvals on a timely basis or at all. Failing to do so could result in a material change in our operations, and the value of our Class A ordinary shares could depreciate significantly or become worthless. See “Item 3. KEY INFORMATION—D. Risk Factors—Risks Related to Our Business—We are subject to various approvals, licenses, permits, registrations and filings for our education and other services in the PRC.”

As advised by our PRC counsel, Pacgate Law Firm, other than those requisite for a domestic company in China to engage in the businesses similar to those of the operating entities, the operating entities are not required to obtain any permission from Chinese authorities, including the CSRC, the CAC, or any other governmental agency that is required to approve the operating entities' operations. However, if the operating entities do not receive or maintain the approvals, or we inadvertently conclude that such approvals are not required, or applicable laws, regulations, or interpretations change such that the operating entities are required to obtain approval in the future, the operating entities may be subject to investigations by competent regulators, fines or penalties, ordered to suspend the operating entities' relevant operations and rectify any non-compliance, prohibited from engaging in relevant business or conducting any offering, and these risks could result in a material adverse change in the operating entities' operations, significantly limit or completely hinder our ability to offer or continue to offer securities to investors, or cause such securities to significantly decline in value or become worthless. As of the date of this annual report, we and the operating entities have received from PRC authorities all requisite licenses, permissions, or approvals needed to engage in the businesses currently conducted in China, and no permission or approval has been denied.

Given the current regulatory environment in the PRC, we are still subject to the uncertainty of different interpretation and enforcement of the rules and regulations in the PRC adverse to us, which may take place quickly with little advance notice. See "Item 3. KEY INFORMATION—D. Risk Factors—Risks Relating to Doing Business in the PRC— Any actions by the Chinese government, including any decision to intervene or influence the operating entities' operations or to exert control over any offering of securities conducted overseas and/or foreign investment in China-based issuers, may cause them to make material changes to their operations, may limit or completely hinder our ability to offer or continue to offer securities to investors, and may cause the value of such securities to significantly decline or be worthless." .."

### **Transfer of Funds and Other Assets Between Our Company and Our Subsidiaries**

For the fiscal year ended September 30, 2023, Golden Sun Hong Kong transferred approximately \$6.4 million to Golden Sun Cayman and approximately \$0.7 million to WFOE. Golden Sun Cayman further transferred approximately \$0.2 million to WFOE and approximately \$0.9 million to Qinshang Education. For the fiscal year ended September 30, 2022, Golden Sun Cayman transferred to Golden Sun Hong Kong \$18.3 million of the proceeds from an initial public offering ("IPO") completed in June 24, 2022. For the fiscal year ended September 30, 2021, there were no transfers of funds or other assets among the Company and its subsidiaries.

Our finance department supervises cash management, following the instructions of our management. Our finance department is responsible for establishing our cash operation plan and coordinating cash management matters among our subsidiaries and departments. Each subsidiary and department initiates a cash request by putting forward a cash demand plan, which explains the specific amount and timing of cash requested, and submits it to our finance department. The finance department reviews the cash demand plan and prepares a summary for the management of our Company. Management examines and approves the allocation of cash based on the sources of cash and the priorities of the needs. Other than the above, we currently do not have other cash management policies or procedures that dictate how funds are transferred.

### **Dividends or Distributions and Tax Consequences**

Under Cayman Islands law, a Cayman Islands exempted company may pay a dividend on its shares out of either profits or share premium amounts, provided that in no circumstances may a dividend be paid if this would result in the company being unable to pay its debts due in the ordinary course of business. As of the date of this annual report, no dividends or distributions have been made by a subsidiary or the former VIEs, and the Company has not made any dividends or distributions to investors. We intend to keep any future earnings to finance the expansion of our business, and we do not anticipate that any cash dividends will be paid in the foreseeable future, or any funds will be transferred from one entity to another. As such, we have not installed any cash management policies that dictate how funds are transferred among Golden Sun Cayman, its subsidiaries, or investors.

Our PRC operating entities receive substantially all of our revenue in RMB. Under our current corporate structure, to fund any cash and financing requirements we may have, Golden Sun Cayman may rely on dividend payments from its PRC operating subsidiaries, Golden Sun Wenzhou and its subsidiaries, which may make distribution of such payments to Golden Sun Hong Kong and then to Golden Sun Cayman as dividends.

Under existing PRC foreign exchange regulations, payment of current account items, such as profit distributions and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the State Administration of Foreign Exchange (the “SAFE”) by complying with certain procedural requirements. Therefore, our PRC subsidiaries are able to pay dividends in foreign currencies to us without prior approval from the SAFE, subject to the condition that the remittance of such dividends outside of the PRC complies with certain procedures under PRC foreign exchange regulations, such as the overseas investment registrations by our shareholders or the ultimate shareholders of our corporate shareholders who are PRC residents. Approval from or registration with appropriate government authorities is, however, required where the RMB is to be converted into foreign currency and remitted out of China to pay capital expenses, such as the repayment of loans denominated in foreign currencies. The PRC government may also at its discretion restrict access in the future to foreign currencies for current account transactions.

Current PRC regulations permit our PRC subsidiaries to pay dividends to the Company only out of their accumulated profits, if any, determined in accordance with Chinese accounting standards and regulations. In addition, each of our subsidiaries in China is required to set aside at least 10% of its after-tax profits each year, if any, to fund a statutory reserve until such reserve reaches 50% of its registered capital. Each such entity in China is also required to further set aside a portion of its after-tax profits to fund the employee welfare fund, although the amount to be set aside, if any, is determined at the discretion of its board of directors. Although the statutory reserves can be used, among other ways, to increase the registered capital and eliminate future losses in excess of retained earnings of the respective companies, the reserve funds are not distributable as cash dividends except in the event of liquidation.

Cash dividends, if any, on our Class A ordinary shares will be paid in U.S. dollars. If we are considered a PRC tax resident enterprise for tax purposes, any dividends we pay to our overseas shareholders may be regarded as China-sourced income and as a result may be subject to PRC withholding tax at a rate of up to 10.0%. Pursuant to the Arrangement between Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Tax Evasion on Income, or the Double Tax Avoidance Arrangement, the 10% withholding tax rate may be lowered to 5% if a Hong Kong resident enterprise owns no less than 25% of a PRC project. The 5% withholding tax rate, however, does not automatically apply and certain requirements must be satisfied, including without limitation that (a) the Hong Kong project must be the beneficial owner of the relevant dividends; and (b) the Hong Kong project must directly hold no less than 25% share ownership in the PRC project during the 12 consecutive months preceding its receipt of the dividends. In current practice, a Hong Kong project must obtain a tax resident certificate from the Hong Kong tax authority to apply for the 5% lower PRC withholding tax rate. As the Hong Kong tax authority will issue such a tax resident certificate on a case-by-case basis, we cannot assure you that we will be able to obtain the tax resident certificate from the relevant Hong Kong tax authority and enjoy the preferential withholding tax rate of 5% under the Double Taxation Arrangement with respect to any dividends paid by Golden Sun Wenzhou to its immediate holding company, Golden Sun Hong Kong. As of the date of this annual report, we have not applied for the tax resident certificate from the relevant Hong Kong tax authority. Golden Sun Hong Kong intends to apply for the tax resident certificate if and when Golden Sun Wenzhou plans to declare and pay dividends to Golden Sun Hong Kong.

A. [Reserved]

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

An investment in our Class A ordinary shares involves a high degree of risk. You should carefully consider the risks described below, together with all of the other information included in this annual report, before making an investment decision. If any of the following risks actually occurs, our business, prospects, financial condition or results of operations could suffer. In that case, the trading price of our capital stock could decline, and you may lose all or part of your investment. Below please find a summary of the principal risks we face, organized under relevant headings.

**Summary Risk Factors**

The following summarizes some, but not all, of the risks provided below. Please carefully consider all of the information discussed in this Item 3.D. “Risk Factors” in this annual report for a more thorough description of these and other risks.

### ***Risks Related to Our Business***

- We have incurred losses in the past and may incur losses in the future. There is substantial doubt about our ability to continue as a going concern.
- We may not be successful in expanding our operations into the wellness industry in China, and the ongoing changes in our business strategies make it difficult to evaluate our future prospects.
- We face intense competition in the PRC education sector, which could lead to adverse pricing pressure, reduced operating margins, loss of market share, departure of qualified teachers and increasing capital expenditure.
- Our business and results of operations mainly depend on the level of tuition fees we are able to charge and our ability to maintain and raise tuition fees.
- We face risks related to health epidemics, natural disasters, or terrorist attacks in China.
- If we are not able to continue to secure agreements with some or all of our existing partner-schools, or secure new agreements with additional partner-schools for our non-English foreign language program, our results of operations and financial condition may be materially and adversely affected.
- We are subject to various approvals, licenses, permits, registrations and filings for our education and other services in the PRC.
- New legislation or changes in the PRC regulatory requirements regarding private education have affected, and may further affect, our business operations and prospects materially and adversely.
- We have limited sources of working capital, which have been primarily funded from operations, bank loans, and advances from shareholders, and we cannot assure you that our needs for additional financing will be met in the future.

### ***Risks Related to Doing Business in the PRC***

- A severe or prolonged slowdown in the Chinese economy could materially and adversely affect the operating entities' business and financial condition.
- Changes in the policies, regulations, rules, and the enforcement of laws of the PRC government may be quick with little advance notice and could have a significant impact upon the operating entities' ability to operate profitably in the PRC.
- Given the Chinese government's significant oversight and discretion over the conduct of the operating entities' business, the Chinese government may intervene or influence the operating entities' operations at any time, which could result in a material change in their operations and/or the value of our ordinary shares.
- Any actions by the Chinese government, including any decision to intervene or influence the operating entities' operations or to exert control over any offering of securities conducted overseas and/or foreign investment in China-based issuers, may cause them to make material changes to their operations, may limit or completely hinder our ability to offer or continue to offer securities to investors, and may cause the value of such securities to significantly decline or be worthless.
- Recent greater oversight by the CAC over data security, particularly for companies seeking to list on a foreign exchange, could adversely impact the operating entities' business and our offerings.

The Trial Measures and the revised Provisions recently issued by the PRC authorities may subject us to additional compliance requirements in the future.

- Increases in labor costs in the PRC may adversely affect the operating entities' business and profitability.

- Because we are a Cayman Islands exempted company and all of our business is conducted in the PRC, you may be unable to bring an action against us or our officers and directors or to enforce any judgment you may obtain. It may also be difficult for you or overseas regulators to conduct investigations or collect evidence within China.
- Recent joint statement by the SEC and the PCAOB, rule changes by Nasdaq, and the Holding Foreign Companies Accountable Act all call for additional and more stringent criteria to be applied to emerging market companies upon assessing the qualification of their auditors, especially the non-U.S. auditors who are not inspected by the PCAOB. These developments could add uncertainties to our offerings.
- PRC regulations relating to offshore investment activities by PRC residents may limit our PRC subsidiaries' ability to increase their registered capital or distribute profits to us, or otherwise expose us or our PRC resident shareholders to liabilities or penalties.
- We may rely on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirement we may have, and any limitation on the ability of our subsidiaries to make payments to us and any tax we are required to pay could have a materially adverse effect on our ability to conduct our business.
- PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental control of currency conversion may delay or prevent us from using proceeds from our future financing activities to make loans or additional capital contributions to our PRC subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business.
- Because the operating entities' business is conducted in RMB and the price of our ordinary shares is quoted in U.S. dollars, changes in currency conversion rates may affect the value of your investments.
- Under the EIT Law, we may be classified as a "resident enterprise" of China, which could result in unfavorable tax consequences to us and our non-PRC shareholders.
- There are significant uncertainties under the EIT Law relating to the withholding tax liabilities of our PRC subsidiaries, and dividends payable by our PRC subsidiaries to our Hong Kong subsidiaries may not qualify to enjoy certain treaty benefits.
- We face uncertainty with respect to indirect transfers of equity interests in PRC resident enterprises by their non-PRC holding companies.
- Our PRC subsidiaries are subject to restrictions on paying dividends or making other payments to us, which may have a material adverse effect on our ability to conduct our business.
- If we become directly subject to the scrutiny, criticism, and negative publicity involving U.S.-listed Chinese companies, we may have to expend significant resources to investigate and resolve the matter which could harm our business operations, stock price, and reputation.
- The disclosures in our reports and other filings with the SEC and our other public pronouncements are not subject to the scrutiny of any regulatory bodies in the PRC.
- The M&A Rules and certain other PRC regulations establish complex procedures for certain acquisitions of Chinese companies by foreign investors, which could make it more difficult for us to pursue growth through acquisitions in China.



### ***Risks Related to Our Ordinary Shares and the Trading Market***

- Substantial future sales of our Class A ordinary shares or the anticipation of future sales of our ordinary shares, whether by us or our shareholders, could cause the price of our Class A ordinary shares to decline.
- Because we do not expect to pay dividends in the foreseeable future, you must rely on the price appreciation of our Class A ordinary shares for return on your investment.
- The trading price of our Class A ordinary shares is likely to be volatile, which could result in substantial losses to our investors.
- If we cease to qualify as a foreign private issuer, we would be required to comply fully with the reporting requirements of the Exchange Act applicable to U.S. domestic issuers, and we would incur significant additional legal, accounting, and other expenses that we would not incur as a foreign private issuer.
- Because we are a foreign private issuer and have taken advantage of exemptions from certain Nasdaq corporate governance standards applicable to U.S. issuers, you will have less protection than you would have if we were a domestic issuer.
- Anti-takeover provisions in our amended and restated memorandum and articles of association may discourage, delay, or prevent a change in control.
- During the course of the audit of our consolidated financial statements, we identified material weaknesses in our internal control over financial reporting. If we fail to establish and maintain an effective system of internal control over financial reporting, our ability to accurately and timely report our financial results or prevent fraud may be adversely affected, and investor confidence and the market price of our ordinary shares may be adversely impacted.
- Because we are an “emerging growth company,” we may not be subject to requirements that other public companies are subject to, which could affect investor confidence in us and our Class A ordinary shares.
- The dual-class structure of our ordinary shares may adversely affect the trading market for our Class A ordinary shares.
- Since we are a “controlled company” within the meaning of the Nasdaq listing rules, we are allowed to follow certain exemptions from certain corporate governance requirements that could adversely affect our public shareholders.

### **Risks Related to Our Business**

***We have incurred losses in the past and may incur losses in the future. There is substantial doubt about our ability to continue as a going concern.***

As discussed in Note 3 to the consolidated financial statements to this annual report, we have suffered significant losses from operations resulting in a significant decrease in working capital that raises substantial doubt about our ability to continue as a going concern. For the fiscal year ended September 30, 2023, the Company’s revenue decreased by \$4,659,063 to \$6,155,593 from \$10,814,656 for the fiscal year ended September 30, 2022, which was mainly due to the decrease in revenue from tutorial services. As a result, the Company incurred a net loss of \$5,780,054 and net cash used in operating activities of \$7,942,004 for the fiscal year ended September 30, 2023. As of September 30, 2023, the Company had an accumulated deficit of \$14,835,585. Our auditor, Assenture, has indicated in its report on our financial statements for the fiscal year ended September 30, 2023 that there is substantial doubt as to our ability to continue as a going concern for the next 12 months from the date of issuance of the consolidated financial statements. Such a “going concern” opinion could impair our ability to finance our operations through the sale of equity, incurring debt, or other financing alternatives.

Management’s plan to alleviate the substantial doubt about our ability to continue as a going concern include: (1) working to improve our liquidity and working capital sources, mainly through cash flow from its operations, renewal of bank borrowings, equity or debt offering and borrowing from related parties, and (2) implementing a strategic transition to expand into the wellness industry in China. In order to fully implement our business plan and recover from continuing losses, we may also seek equity financing from outside investors. As of the date of this annual report, however, we do not have commitments of funds from any potential investors. There can be no assurance that additional financing, if required, would be available on favorable terms or at all and/or that the foregoing plans and arrangements will be sufficient to fund our ongoing capital expenditures, working capital, and other requirements.

***We may not be successful in expanding our operations into the wellness industry in China, and the ongoing changes in our business strategies make it difficult to evaluate our future prospects.***

In recent years, the evolving PRC education regulatory environment has negatively impacted our operations in the education industry and we have been seeking business opportunities to diversify our business. In 2023, we started implementing a strategic transition to expand our operations into the wellness industry in China. Through our new wellness business initiatives, we are endeavoring to establish our own wellness brands and an e-commerce platform that will be used to promote and sell wellness products. For fiscal year 2023, we did not generate revenue from these businesses. In 2023, we also made equity investments in two companies operating in the wellness industry. To manage and support changes in our existing business and our future growth strategy, we must continue to improve our existing operational, administrative and technological systems and our financial and management controls, and recruit, train and retain additional qualified employees, management personnel and other administrative and sales and marketing personnel, particularly as we enter into new areas. We cannot assure you that we will be able to effectively and efficiently manage our operations, recruit and retain qualified staff and management personnel and integrate new businesses into our operations. Any failure to effectively and efficiently manage changes of our business may materially and adversely affect our ability to capitalize on new business opportunities, which in turn may have a material adverse impact on our financial condition and results of operations.

The changes in our business strategies may have some or all of the following unintended effects:

- Our new products and services may not be accepted by our users as we expect;
- Our new products and services may not attract users and customers or generate the revenue required to succeed;
- The underlying assumptions and estimates about our new business and the new markets that we attempt to enter into may prove incorrect, which may cause our actual results of operations to fall short of our expectations;
- We do not have experience or any track record in the wellness business;
- To the extent we enter into new businesses, our previous operating history may be of limited use for investors to evaluate our future performance and prospects;
- The development of new products and services could be costly and time-consuming and requires us to make significant investments in research and product development, develop new technologies, and increase sales and marketing efforts, all of which may not be successful;
- Expenses will be incurred in the implementation of the new business strategies and the implementation process may distract us from achieving other fundamental business objectives; and
- The changes in organizational structure that will be required to support the changes in our business strategies and offerings may lead to dissatisfaction among employees, which could make it more difficult for us to retain key employees.

***We face intense competition in the PRC education sector, which could lead to adverse pricing pressure, reduced operating margins, loss of market share, departure of qualified teachers and increasing capital expenditure.***

The education sector in China is fast evolving, highly fragmented and competitive, and we expect competition in this sector to continue and intensify. Furthermore, education institutions' performance is highly sensitive to demographic changes in China. Student enrollment in primary and secondary education in China can be substantially affected by PRC government policies on family planning. In Zhejiang province and Shanghai, where most of our operations are located, we face intense competition and pricing pressure. Our competitors may adopt similar or better curricula, student support services and marketing strategies, with more appealing pricing and service packages than what we are able to offer. In addition, some of our competitors may have more resources than we do and may be able to dedicate greater resources than we can to school development and promotion and respond more quickly than we can to changes in student demand, market needs and/or new technologies. As such, we may need to lower our tuition fees, or increase our spending in order to be competitive by retaining or attracting students and qualified teachers or identifying and pursuing new market opportunities. If we are unable to successfully compete for new students or partners, maintain or increase our fee levels, attract and retain qualified teachers or other key personnel, enhance the quality of our educational services or control the costs of our operations, our business, results of operations and financial condition may be materially and adversely affected.

***Our business and results of operations mainly depend on the level of tuition fees we are able to charge and our ability to maintain and raise tuition fees.***

The amount of tuition fees we are able to charge represents one of the most significant factors affecting our profitability. The majority of our revenues are derived from fees from our tutorial centers. Our fees have been determined based on demand for our educational programs and training courses, the cost of our operations, the geographic markets in which we operate our business, the fees charged by our competitors, our pricing strategy to gain market share and the general economic conditions in China and in the areas in which our tutorial centers are located, subject to applicable approvals by local government according to the nature of the private schools, e.g., for-profit or not-for-profit. Pursuant to the Law of the People's Republic of China on the Promotion of Privately-run Schools amended in 2016 and further amended in 2018, the measures for the collection of fees by not-for-profit schools shall be formulated by local government of various provinces, autonomous regions and centrally-administrated municipalities. The Company's business, operations and revenue have not been affected by such law, because local government regulations of Zhejiang and Shanghai, where our not-for-profit schools are located, have generally allowed school sponsors autonomy in running schools, including autonomy in pricing of tuition fees, and as a result we are able to charge tuition fees based on market conditions; the charging criteria of for-profit private schools are subject to market and shall be determined by the schools themselves. For the purposes of this law, among our operating entities that are established as schools, Yangfushan Tutorial is a not-for-profit school. There can be no assurance that we will be able to maintain or raise the fee levels we charge in the future, due to various reasons, many beyond our control, such as failure to obtain necessary approvals for fee increases, and even if we are able to maintain or raise fees, we are unsure how our fee rates will impact the number of student applications and enrollment. Our business, financial position and results of operations may be materially and adversely affected, if we fail to maintain or raise our fees while attracting sufficient students.

***We face risks related to health epidemics, natural disasters, or terrorist attacks in China.***

China and elsewhere worldwide have experienced and, in some parts of the world, including the U.S., are still experiencing the impacts of the COVID-19 pandemic, a disease caused by a novel and highly contagious form of coronavirus. The pandemic resulted in travel restrictions, massive closure of businesses and schools, and quarantine measures imposed by governments across the world. Substantially all of our operations are conducted in China and our students had to remain home from January to early April, 2020. Although we implemented measures to proactively respond to the situation by training our teachers to adapt to remote teaching, the COVID-19 pandemic has caused a disruption to our tutorial business. A new COVID-19 subvariant (Omicron) outbreak hit China in March 2022, spreading more quickly and easily than previous strains. As a result, a new round of lockdowns, quarantines, and travel restrictions were imposed upon different provinces or cities in China by the relevant local government authorities. As such, during the fiscal year ended September 30, 2022, the COVID-19 pandemic had a material negative impact on the Company's financial positions and operating results. On December 7, 2022, China announced ten new rules that constituted a relaxation of almost all of its stringent COVID-19 pandemic control measures. While such action effectively reopened business within China, the COVID-19 infection rate reached its peak in December 2022 and had a material negative impact on the Company's tutorial business for the fiscal year ended September 30, 2023. The Company experienced a significant decrease in market demand for its services as the Chinese economy gradually recovered from the negative impact of the COVID-19 pandemic. The extent of the impact of COVID-19 on our future financial results will be dependent on future developments, such as the length and severity of the pandemic, the potential resurgence of the pandemic, future government actions in response to the pandemic and the overall impact of the COVID-19 pandemic on the global economy and capital markets, among many other factors, all of which remain highly uncertain and unpredictable. Given this uncertainty, we are currently unable to quantify the expected impact of the COVID-19 pandemic on our future operations, financial condition, liquidity and results of operations.

Additionally, our business could be materially and adversely affected by natural disasters, such as earthquakes, floods, landslides, tornados and tsunamis, and other outbreaks of health epidemics such as avian influenza and severe acute respiratory syndrome, or SARS, and Influenza A virus, such as H5N1 subtype and H5N2 subtype flu viruses, as well as terrorist attacks, other acts of violence or war or social instability in the region in which we operate or those generally affecting China. If any of these occur, our schools and facilities may be required to temporarily or permanently close and our business operations may be suspended or terminated. Our students, teachers and staff may also be negatively affected by such event. Our physical facilities may also be affected. In addition, any of these could adversely affect the Chinese economy and demographics of the affected region, which could cause significant declines in the number of our students in that region and could have a material adverse effect on our business, financial condition and results of operations.

***Our business is heavily dependent on the reputation of our tutorial services.***

Our ability to maintain our reputation depends on a number of factors, some of which are beyond our control. As we continue to grow and adapt our programs and services to the demand of our students, it may become difficult to maintain the quality and consistency of the services we offer, which may lead to diminishing confidence in our brand names.

Numerous factors can potentially impact the reputation of our tutorial services, including but not limited to, the degree of students' and their parents' satisfaction with our curriculum, our teachers and teaching quality, teacher or student scandals, negative press, interruptions to our services, failure to pass inspections by government educational authorities, loss of certifications and approvals that enable us to operate our tutorial centers and other businesses in the manner they are currently operated, and unaffiliated parties using our brands without adhering to our standards. Any negative impact on the reputation of one or more of our tutorial centers or businesses may lead to a decrease in students' or their parents' interest in our tutorial services or lead to termination of our cooperation with our partner-schools, which would materially and adversely affect our business.

We have established and developed our student base primarily through a variety of marketing methods. However, we cannot assure you that these marketing efforts will be successful or sufficient in further promoting our brands or in helping us to maintain our competitiveness. If we are unable to further enhance our reputation and increase market awareness of our programs or services, or if we need to incur excessive marketing and promotional expenses in order to remain competitive, our business, financial condition and results of operations may be materially and adversely affected. If we are unable to maintain or strengthen our reputation and brand recognition, we may not be able to maintain or increase student enrollment, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

***We may fail to attract and retain students in our tutorial centers.***

The success of our business largely depends on the number of students enrolled in our tutorial centers, as well as on the amount of fees our students and/or parents are willing to pay. Therefore, our ability to continue to attract students to enroll in our tutorial centers is critical to the continued success and growth of our business. The success of our efforts to enroll students will depend on several factors, including without limitation our ability to:

- enhance existing programs to respond to market changes and student demands;
- develop new programs that appeal to our students;
- expand our geographic reach;
- manage our growth while maintaining the consistency of our teaching quality;
- effectively market our tutorial centers and programs to a broader base of prospective students; and
- respond to the increasing competition in the market.

In addition, local and provincial government authorities may restrict our ability to provide tutorial services, and our business, financial condition and results of operations could be materially and adversely affected if we cannot maintain or increase our enrollment.

***If we are not able to secure agreements with some or all of our existing partner-schools, or secure new agreements with additional partner-schools for our non-English foreign language program, our results of operations and financial condition may be materially and adversely affected.***

In December 2019, we started offering our non-English foreign language program by partnering with high schools nationwide in China. We intend to continue to grow this segment of our business by actively seeking and partnering with more high schools and by expanding to various parts of China. Typically, our agreements with these partner-schools are for three years, and these schools are not obligated to renew their existing agreements with us. If any of our current partner-schools discontinue our services, we cannot assure you that we will be able to timely secure service agreements with other schools to replace the lost revenue, if at all, and therefore, our results of operations and financial condition may be affected.

***Our tutorial centers offer refunds to students who withdraw from enrollment within a certain predetermined period, and we cannot assure you that our estimates of refund will be accurate, or that such refunds will remain insignificant to our results of operations and our financial condition.***

For our tutorial centers, we generally offer refunds for any remaining classes to students who decide to withdraw from a course within the predetermined period in the education contract the student enters into with the relevant school or center. The refund is limited to the amount of fees that would be charged for any undelivered classes. Refund liability estimates are based on a historical refund ratio on a portfolio basis using the expected value method. As of September 30, 2023, 2022 and 2021, refund liability amounted to \$333,030, \$237,691 and \$348,472, respectively. The refund amount is currently insignificant to our results of operations and our financial condition. However, we cannot assure you that our estimates of refund will be accurate. Additionally, we cannot assure you that such refunds will remain insignificant to our results of operations and our financial condition.

***We may fail to attract and retain teachers and we may not be able to maintain consistent teaching quality throughout our schools and tutorial centers.***

Our teachers are critical to maintaining and improving the quality of our tutorial services, and to supporting the expansion of our services. We must continue to attract qualified teachers who have strong command of their subject areas and who meet our qualifications. Currently, there is a limited number of teachers in China with the necessary experience, expertise and qualifications that meet our requirements. We also have to provide competitive compensation packages to attract and retain qualified teachers.

The annual retention rate of our teachers as of September 30, 2023, 2022 and 2021, was 69.3%, 25.2% and 73.8%, respectively. The retention rate declined significantly due to the COVID-19 and reorganization in fiscal year 2022. "Retention rate" is calculated as 100% minus the quotient of the number of teachers who cease being employed during the period by the number of teachers at the beginning of that period (not including teachers hired during that period). Shortages of qualified teachers, or significant decreases in the quality of our tutorial services, whether actual or perceived in one or more of our partner-schools or tutorial centers, may have a material and adverse effect on our business and our reputation. In addition, we may not be able to hire or retain enough qualified teachers to maintain consistent teaching quality. Further, any significantly increase in teacher salaries may have a material adverse effect on our business, financial condition and results of operations.

***Our historical results may not be indicative of our future performance.***

Our financial condition and results of operations may fluctuate due to a number of other factors, such as expansion and related costs in a given period, our ability to maintain and increase our profitability and to enhance our operational efficiency, increased competition and market perception and acceptance of any newly introduced educational programs in any given year. In addition, while we plan to diversify our business and expand into the wellness industry, there is no guarantee that we will be able to do so successfully.

***We are subject to taxation in multiple jurisdictions, which is complex and often requires making subjective determinations subject to scrutiny by, and disagreements with, tax regulators.***

We are subject to many different forms of taxation in each of the countries and regions we form and/or conduct our business, of operation including, but not limited to, income tax, withholding tax, property tax, VAT and social security and other payroll-related taxes. Tax law and administration is complex, subject to change and varying interpretations and often requires us to make subjective determinations. In addition, we take positions in the course of our business with respect to various tax matters, including in connection with our operations. Tax authorities worldwide are increasingly rigorous in their scrutiny of corporate tax structures and may not agree with the determinations that are made, or the positions taken, by us with respect to the application of tax law. Such disagreements could result in lengthy legal disputes, an increased overall tax rate applicable to us and, ultimately, in the payment of substantial amounts of tax, interest and penalties, which could have a material adverse effect on our business, results of operations and financial condition.

An uncertain tax position is recognized as a benefit only if it is “more likely than not” that the tax position would be sustained in a tax examination. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the “more likely than not” test, no tax benefit is recorded. As of September 30, 2023, 2022 and 2021, there were \$2,639,258, \$2,573,830 and \$2,475,474, respectively, of unrecognized tax benefits included in income tax payable that if recognized would impact the effective tax rate. Penalties and interest incurred related to underpayment of income tax are classified as income tax expense in the period incurred. No significant penalties or interest relating to income taxes have been incurred for the years ended September 30, 2023, 2022, and 2021.

According to PRC taxation regulation, if tax has not been fully paid, tax authorities may impose tax and late payment penalties within three years. In practice, since all of the taxes owed are local taxes, the local tax authority is typically more flexible and willing to provide incentives or settlements with local small and medium-size businesses to relieve their burden and to stimulate the local economy. There were no interest and penalty charges accrued as of September 30, 2023 and 2022, as the Company has not received any penalty or interest charge notices from local tax authorities. As of the date of this annual report, the tax years ended December 31, 2018 through December 31, 2023 for the Company’s PRC subsidiaries and VIEs remain open for statutory examination by PRC tax authorities.

***We are subject to various approvals, licenses, permits, registrations and filings for our education and other services in the PRC.***

In order to conduct and operate our education business, we are required to obtain and maintain various approvals, licenses and permits and to fulfill registration and filing requirements pursuant to applicable laws and regulations. For instance, to establish and operate a school, we are required to obtain a private school operation permit from the local education bureau and to register with the local civil affairs bureau to obtain a certificate of registration for a privately operated non-enterprise entity for not-for-profit private schools, or register with the local administration for industry and commerce for for-profit private schools.

Given the significant amount of discretion the local PRC authorities may have in interpreting, implementing and enforcing relevant rules and regulations, as well as other factors beyond our control, while we intend to use our best efforts to obtain all requisite permits and complete all necessary filings, renewals and registrations on a timely basis, we cannot assure you that we will be able to obtain all required permits. If we fail to receive any required permit in a timely manner or obtain or renew any permits and certificates, we may be subject to fines, confiscation of the gains derived from our noncompliant operations, suspension of our non-compliant operations, compensation payments for any economic loss suffered by our students or other relevant parties, which may materially and adversely affect our business, financial condition and results of operations.

***New legislation or changes in the PRC regulatory requirements regarding private education have affected, and may further affect, our business operations and prospects materially and adversely.***

The private education sector in China is subject to regulations in various aspects. Relevant rules and regulations could be amended or updated from time to time.

On April 7, 2021, the revised Implementation Rules for the Law for Promoting Private Education of the PRC, which regulates the establishment, organization and operation of private schools, teachers and educators, assets and financial management of schools, among other things, was promulgated and became effective on September 1, 2021. The revised Implementing Regulation prohibits private schools that provide compulsory education to be controlled by means of agreements or to enter into any transactions with any related parties. Until September 2021, the Company had controlled and received the economic benefits from two private schools that provided compulsory education through VIE Agreements, to provide contractual exposure to foreign investment in Chinese-based companies where Chinese law prohibited direct foreign investment in the Chinese operating companies. Under U.S. GAAP, the Company was deemed to have a controlling financial interest in, and be the primary beneficiary of, the VIEs for accounting purposes, because pursuant to the VIE Agreements, the operations of the VIEs were solely for the benefit of the Company, and the Company was deemed to be the primary beneficiary of the VIEs for accounting purposes and must consolidate the VIE. In order to become compliant with the Implementing Regulation, in September 2021, the Company completed a reorganization to divest its operations of these two private schools and no longer uses a VIE structure. The Reorganization had materially and adversely impacted our operations and future prospects, as these two private schools had represented a significant portion of our business and operations.

On July 24, 2021, the general offices of the Communist Party of China Central Committee and the State Council jointly issued the Guideline, which contains various requirements and restrictions related to after school tutoring services, including registration as a non-for-profit school, a prohibition on foreign ownership, a prohibition for listed companies on raising capital to invest in businesses that teach academic subjects in compulsory education, limitations as to when tutoring services on academic subjects may be provided and new fee standards. On July 28, 2021, to further clarify the scope of academic subjects in China's compulsory education system, the PRC Ministry of Education issued a notice (the "Notice"). The Notice specified that academic subjects include the following courses provided in accordance with the learning content of the national curriculum standards: Morality and Law, Chinese Language, History, Geography, Mathematics, foreign languages (English, Japanese, and Russian), Physics, Chemistry and Biology. In accordance with the Guideline and the Notice, the Company currently assesses that its tutorial centers do not provide academic subjects in China's compulsory education system and, therefore, are not subject to the above requirements and restrictions. (See "Item 4. INFORMATION ON THE COMPANY—B. Business Overview—Regulations—Regulations Related to Private Education—9. Guideline to Significantly Reduce the Excessive Burden of Homework and After-school Tutoring for Students in Primary and Middle Schools (the "Guideline)"). Nevertheless, the Guideline may be expanded in the future to cover any aspect of our business or operations. As of the date of this annual report, there remain uncertainties in the interpretation and enforcement of the revised Implementing Regulations and Guideline, which could materially and adversely impact our business and financial outlook.

The Law on the Promotion of Private Schools of the PRC was amended in November 2016, which became effective on September 1, 2017, and the Decision on Amending the Law for Promoting Private Education of the PRC (the "Decision") was further amended in December 2018. According to the Decision, private schools can be established as for-profit or not-for-profit schools, with the exception of schools that provide compulsory education, which can only be established as not-for-profit private schools. In addition, pursuant to the Decision, (i) school sponsors of for-profit private schools are allowed to receive the operating profits of the schools while the school sponsors of not-for-profit private schools are not permitted to do so; (ii) not-for-profit private schools shall enjoy the same preferential tax and supply of land treatment as public schools while for-profit private schools shall enjoy the preferential tax and supply of land treatment as stipulated by the government; and (iii) for-profit private schools have the discretion to determine the fees to be charged by taking into consideration various factors such as the school operating costs and market demand, and no prior approval from government authorities is required, while not-for-profit private schools shall collect fees pursuant to the measures stipulated by the local PRC government authorities. For details on the distinction between for-profit private schools and not-for-profit private schools under the amended Law on the Promotion of Private Schools of the PRC, please see "Item 4. INFORMATION ON THE COMPANY—B. Business Overview—Regulations—Regulations Related to Private Education—2. Law for Promoting Private Education of PRC." The amount of tuition fees we are able to charge represents one of the most significant factors affecting our profitability. As of the date of this annual report, among all of our operating entities that are established as schools, Yangfushan Tutorial is a not-for-profit school. As of the date of this annual report, local government regulations of Zhejiang and Shanghai, where our not-for-profit schools are located, have generally allowed school sponsors autonomy in school operations, including autonomy in pricing of tuition fees. Accordingly, local governments in Shanghai and Zhejiang have not directly interfered with the determination of pricing of tuition fees of our not-for-profit schools, and we are able to charge fees based on market conditions. As such, as of the date of this annual report, the company's business, operations and revenue have not been affected by the designation of "for-profit" or "not-for-profit" for private schools. However, if local governments start to impose restrictions on the charging criteria for the collection of tuition fees by not-for-profit schools, then the revenue of our not-for profit schools could be negatively affected. See "Item 3. KEY INFORMATION—D. Risk Factors—Risks Related to Our Business—Our business and results of operations mainly depend on the level of tuition fees we are able to charge and our ability to maintain and raise tuition fees."

On December 30, 2016, the Implementation Regulations for Classification Registration of Private Schools (the “Classification Registration Rules”) were promulgated by five PRC government authorities, and became effective on the same date. According to the Classification Registration Rules, existing private schools are required to choose to register either as not-for-profit or for-profit private schools with competent government authorities. If a school elects to register as a for-profit school, it is required to (i) undertake financial settlement, (ii) clarify the ownership of land, school premises and properties it accumulated during its operations, (iii) pay relevant taxes and fees, and (iv) obtain a new private school operation permit and re-register with relevant authorities. We are unable to predict or estimate the potential costs and expenses in choosing and adjusting our structure. We may incur significant administration and financial costs when we choose to or we are required to complete the re-registration process, which may materially and adversely affect our business, financial condition and results of operations. However, we cannot assure you that the implementation of the relevant rules and regulations by the competent authorities will not deviate from our understanding.

Uncertainties exist with respect to the interpretation and enforcement of new and existing laws and regulations, including their interpretations and applications by the government authorities may impact any of our business operations. We cannot assure you that we will be in compliance with the new rules and regulations, or that we will be able to timely and efficiently change our business practices in line with the new regulatory environment. Any such failure could materially and adversely affect our business, financial condition, results of operations and prospects.

***As we currently provide meal services through Lilong Logistics, we may be exposed to potential liabilities if we cannot maintain food quality standards, which could adversely and materially affect our business.***

As we provide meal services, we may be exposed to potential liabilities if we are not able to maintain food quality standards. Although we strive to maintain the quality of food we provide, we cannot assure you that we will always meet the food quality standards required by applicable laws and regulations or maintain proper operations. Therefore, we cannot assure you that incidents and other issues caused by poor food quality will not occur in the future. Any of the foregoing could seriously damage our reputation and affect our student enrollment, which would have an adverse effect on our business, financial condition and results of operations.

***Accidents or injuries suffered by our students, our employees or other personnel at our premises may adversely affect our reputation and subject us to liabilities.***

We could be held liable for accidents or injuries or other harm to students or other people at our premises, including those caused by or otherwise arising in connection with our facilities or employees. We could also face claims alleging that we were negligent, did not adequately maintain our facilities or provided insufficient supervision to our students and therefore may be held liable for accidents or injuries suffered by our students or other people at our school premises. In addition, if any of our students or teachers commits any acts of violence, we could face allegations that we failed to provide adequate security or were otherwise responsible for his or her actions. Furthermore, in such events, our tutorial centers may be perceived to be unsafe, which may discourage prospective students from applying for or attending our tutorial centers. Although we maintain certain liability insurance, this insurance coverage may not be adequate to fully protect us from these kinds of claims and liabilities. Further, we may not be able to renew our insurance policies in the future at reasonable prices or at all. A liability claim against us or any of our employees could adversely affect our reputation and student enrollment and retention. Also, such claim may create unfavorable publicity, cause us to pay compensation, incur costs in defending such claim, and divert the time and attention of our management, all of which may have a material adverse effect on our business, prospects, financial condition and results of operations.

***We maintain limited insurance coverage.***

We maintain various insurance policies, such as liability insurance, for all of our teachers and students to safeguard against risks and unexpected events. However, our insurance coverage is still limited in terms of amount, scope and benefit and we do not maintain property insurance for our buildings or premises, nor do we maintain business insurance for our operations. Consequently, we are exposed to various risks associated with our business and operations. We are nevertheless exposed to risks, including, but not limited to, accidents or injuries in our tutorial centers that are beyond the scope of our insurance coverage, fires, explosions or other accidents for which we do not currently maintain insurance, loss of key management and personnel, business interruption, natural disasters, strikes, terrorist attacks and social instability or any other events beyond our control. The insurance industry in China is still at an early stage of development. Insurance companies in China offer limited business-related insurance products. We do not have any business disruption insurance or key-man life insurance. Any business disruption, litigation or legal proceedings or natural disaster, such as epidemics, pandemics or earthquakes, or other events beyond our control could result in substantial costs and the diversion of our resources. Our business, financial condition and results of operations may be materially and adversely affected as a result.

***If we fail to protect our intellectual property rights or prevent the misappropriation of our intellectual property rights, we may lose our competitive edge and our brand, reputation and operations may be materially and adversely affected.***

Unauthorized use of any of our intellectual property may adversely affect our business and reputation. We rely on a combination of trademark and trade secret laws to protect our intellectual property rights. Nevertheless, third parties may obtain and use our intellectual property without due authorization. The practice of intellectual property rights enforcement action by the PRC regulatory authorities is in its early stage of development and is subject to significant uncertainty. We may also need to resort to litigation and other legal proceedings to enforce our intellectual property rights. Any such action, litigation or other legal proceedings could result in substantial costs diversion of our management's attention and resources and could disrupt our business. In addition, there is no assurance that we will be able to enforce our intellectual property rights effectively or otherwise prevent others from using our intellectual property without authorization. Failure to adequately protect our intellectual property could materially and adversely affect our brand name and reputation, and our business, financial condition and results of operations. We may face disputes from time to time relating to the intellectual property rights of third parties. We cannot assure you that materials and other educational content used in our educational programs do not or will not infringe the intellectual property rights of third parties. As of the date of this annual report, we did not encounter any material claim for intellectual property infringement. However, we cannot assure you that in the future third parties will not claim that we have infringed their proprietary rights. Although we plan to defend ourselves vigorously in any such litigation or legal proceedings, there is no assurance that we will prevail in these matters. Participation in such litigation and legal proceedings may also cause us to incur substantial expenses and divert the time and attention of our management. We may be required to pay damages or incur settlement expenses. In addition, in case we are required to pay any royalties or enter into any licensing agreements with the owners of intellectual property rights, we may find that the terms are not commercially acceptable and we may lose the ability to use the related content or materials, which in turn could materially and adversely affect our educational programs and our operations. Any similar claim against us, even without any merit, could also hurt our reputation and brand image. Any such event could have a material and adverse effect on our business, financial condition and results of operations.

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

Pursuant to PRC laws and regulations, we are required to participate in various employee social insurance plans, including pension insurance, unemployment insurance, medical insurance, work-related injury insurance, maternity insurance, and the housing provident fund, and contribute to these plans and fund at the levels specified by the relevant local government authorities from time to time at locations where we operate our business. For the fiscal years ended September 30, 2022, 2021 and 2020, we did not make full contributions to the social insurance plans as required under the relevant laws and regulations. As of September 30, 2023, 2022 and 2021, we had outstanding social insurance payments payable in the aggregate amount of approximately \$128,599, \$98,190 and \$54,784, respectively. Although we have not received any notice from the relevant local government authorities regarding the outstanding contributions, we cannot assure you that the relevant local government authorities will not require us to pay the outstanding amount within a prescribed time or impose late fees or fines on us. A late fee of 0.05% per day and a fine of one to three times the outstanding amount may be imposed by the authority, which may materially and adversely affect our business, financial condition and results of operations.

***We have a limited history of operating some of our language programs and logistic services.***

We have been offering non-English foreign language programs via our tutorial centers but have only been offering non-English foreign language programs by partnering with high schools since December 2019. Additionally, we have only been offering logistics services since December 2019 via our newly established logistics company. Our limited history of operating part of our business may not serve as an adequate basis for evaluating our future prospects and operating results, including net revenue, cash flows and profitability.



***Unauthorized disclosure or manipulation of student, teacher and other sensitive personal data, whether through breach of our network security or otherwise, could expose us to litigation or otherwise could adversely affect our reputation.***

Maintaining our network security and internal controls over access rights is of critical importance because proprietary and confidential student and teacher information, such as names, addresses, and other personal information, is primarily stored in our computer database located at each of our tutorial centers. If our security measures are breached as a result of actions by third-parties, employee error, malfeasance or otherwise, third parties may receive or be able to access student or teacher records, which could subject us to liabilities, interrupt our business and adversely impact our reputation. Additionally, we run the risk that our employees or third parties could misappropriate or illegally disclose confidential educational information in our possession. As a result, we may be required to expend significant resources to provide additional protection from the threat of these security breaches or to alleviate problems caused by these breaches.

***We have limited sources of working capital, which have been primarily funded from operations, bank loans, and advances from shareholders, and we cannot assure you that our needs for additional financing will be met in the future.***

As of September 30, 2023 and 2022, we had cash of approximately \$6.6 million and \$20.3 million, total current assets of approximately \$12.1 million and \$22.1 million, and total current liabilities of approximately \$10.8 million and \$12.6 million, respectively. The Company has limited source of working capital and historically has funded its working capital needs primarily from operations, bank loans, and advances from shareholders, and intends to continue doing so in the near future. No assurance can be given that we will have revenues sufficient to sustain our operations or that we would be able to obtain equity/debt financing in the current economic environment, or we will be able to obtain any additional capital through operations, bank loans, and advances from shareholders, or any combination thereof, on satisfactory terms or at all. Additionally, no assurance can be given that any such financing, if obtained, will be adequate to meet our capital needs and to support our operations. If we do not obtain adequate capital on a timely basis and on satisfactory terms, our revenues and operations would be materially negatively impacted.

### **Risks Relating to Doing Business in the PRC**

***A severe or prolonged slowdown in the Chinese economy could materially and adversely affect our business and financial condition.***

The rapid growth of the Chinese economy has slowed down since 2012 and such slowdown may continue. There is considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies adopted by the central banks and financial authorities of some of the world's leading economies, including the United States and China; the withdrawal of these expansionary monetary and fiscal policies could lead to a contraction. There are also concerns about the relationship among China and other Asian countries, which may result in or intensify potential conflicts in relation to territorial disputes. Economic conditions in China are sensitive to global economic conditions, as well as changes in domestic economic and political policies and the expected or perceived overall economic growth rate in China. Any severe or prolonged slowdown in the Chinese economy would likely materially and adversely affect our business, results of operations, and financial condition. In addition, continued turbulence in the international markets may adversely affect our ability to access capital markets to meet liquidity needs.

***Changes in the policies, regulations, rules, and the enforcement of laws of the PRC government may be quick with little advance notice and could have a significant impact upon the operating entities' ability to operate profitably in the PRC.***

The operating entities currently conduct all of their operations and all of their revenue is generated in the PRC. Accordingly, economic, political, and legal developments in the PRC will significantly affect the operating entities' business, financial condition, results of operations, and prospects. Policies, regulations, rules, and the enforcement of laws of the PRC government can have significant effects on economic conditions in the PRC and the ability of businesses to operate profitably. The operating entities' ability to operate profitably in the PRC may be adversely affected by changes in policies, regulations, rules, and the enforcement of laws by the PRC government, which changes may be quick with little advance notice.

***Given the Chinese government’s significant oversight and discretion over the conduct of the operating entities’ business, the Chinese government may intervene or influence the operating entities’ operations at any time, which could result in a material change in their operations and/or the value of our ordinary shares.***

The Chinese government has significant oversight and discretion over the conduct of the operating entities’ business and may intervene or influence their operations at any time as the government deems appropriate to further regulatory, political, and societal goals, which could result in a material change in their operations and/or the value of our ordinary shares.

The Chinese government has recently published new policies that significantly affected certain industries, such as the education and Internet industries, and the operating entities cannot rule out the possibility that it will in the future release regulations or policies regarding the operating entities’ industry that could adversely affect their business, financial condition, and results of operations. Furthermore, if China adopts more stringent standards with respect to certain areas, such as environmental protection or corporate social responsibilities, the operating entities may incur increased compliance costs or become subject to additional restrictions in their operations. Certain areas of the law in China, including intellectual property rights and confidentiality protections, may also not be as effective as in the United States or other countries. In addition, we cannot predict the effects of future developments in the PRC legal system on the operating entities’ business operations, including the promulgation of new laws, or changes to existing laws or the interpretation or enforcement thereof. These uncertainties could limit the legal protections available to our Company and subsidiaries as a whole and our investors.

***Any actions by the Chinese government, including any decision to intervene or influence the operating entities’ operations or to exert control over any offering of securities conducted overseas and/or foreign investment in China-based issuers, may cause them to make material changes to their operations, may limit or completely hinder our ability to offer or continue to offer securities to investors, and may cause the value of such securities to significantly decline or be worthless.***

The Chinese government has exercised and continues to exercise substantial control over virtually every sector of the Chinese economy through regulation and state ownership. The operating entities’ ability to operate in China may be impaired by changes in its laws and regulations, including those relating to taxation, environmental regulations, land use rights, foreign investment limitations, and other matters. The central or local governments of these jurisdictions may impose new, stricter regulations or interpretations of existing regulations that would require additional expenditures and efforts on our part to ensure our compliance with such regulations or interpretations. As such, the operating entities may be subject to various government and regulatory interference in the provinces in which they operate. The operating entities could be subject to regulation by various political and regulatory entities, including various local and municipal agencies and government sub-divisions. The operating entities may incur increased costs necessary to comply with existing and newly adopted laws and regulations or penalties for any failure to comply.

Furthermore, it is uncertain when and whether we will be required to obtain permission from the PRC government to list on U.S. exchanges in the future, and even when such permission is obtained, whether it will be denied or rescinded. Although we believe our Company and our PRC subsidiaries are currently not required to obtain permission from any Chinese authorities and neither we nor any of our PRC subsidiaries have received any notice of denial of permission to list on the U.S. exchange, our operations could be adversely affected, directly or indirectly, by existing or future laws and regulations relating to our business or industry, particularly in the event permission to list on U.S. exchanges may be later required, or withheld or rescinded once given.

Accordingly, government actions in the future, including any decision to intervene or influence the operating entities’ operations at any time or to exert control over an offering of securities conducted overseas and/or foreign investment in China-based issuers, may cause the operating entities to make material changes to their operation, may limit or completely hinder our ability to offer or continue to offer securities to investors, and/or may cause the value of such securities to significantly decline or be worthless.

***Recent greater oversight by the CAC over data security, particularly for companies seeking to list on a foreign exchange, could adversely impact the operating entities’ business and our offerings.***

On December 28, 2021, the CAC, together with 12 other governmental departments of the PRC, jointly promulgated the Cybersecurity Review Measures, which became effective on February 15, 2022. The Cybersecurity Review Measures provides that, in addition to critical information infrastructure operators (“CIIOs”) that intend to purchase Internet products and services, data processing operators engaging in data processing activities that affect or may affect national security must be subject to cybersecurity review by the Cybersecurity Review Office of the PRC. According to the Cybersecurity Review Measures, a cybersecurity review assesses potential national security risks that may be brought about by any procurement, data processing, or overseas listing. The Cybersecurity Review Measures further requires that CIIOs and data processing operators that possess personal data of at least one million users must apply for a review by the Cybersecurity Review Office of the PRC before conducting listings in foreign countries.

On November 14, 2021, the CAC published the Security Administration Draft, which provides that data processing operators engaging in data processing activities that affect or may affect national security must be subject to network data security review by the relevant Cyberspace Administration of the PRC. According to the Security Administration Draft, data processing operators who possess personal data of at least one million users or collect data that affects or may affect national security must be subject to network data security review by the relevant Cyberspace Administration of the PRC. The deadline for public comments on the Security Administration Draft was December 13, 2021.

As of the date of this annual report, we have not received any notice from any authorities identifying any of the operating entities as a CIO or requiring any of the operating entities to go through cybersecurity review or network data security review by the CAC. As the Cybersecurity Review Measures became effective and if the Security Administration Draft is enacted as proposed, we believe that the operating entities' operations and our listing will not be affected and that the operating entities are not subject to cybersecurity review or network data security review by the CAC, given that: (i) as a company that mainly operates tutorial centers, our operating entities are unlikely to be classified as CIOs by the PRC regulatory agencies; (ii) PRC operating entities possess personal data of fewer than one million individual clients in their business operations as of the date of this annual report and do not anticipate that they will be collecting over one million users' personal information in the near future, which the operating entities understand might otherwise subject the operating entities to the Cybersecurity Review Measures; and (iii) since the operating entities are in the tutorial and logistics industries, data processed in their business is unlikely to have a bearing on national security and therefore is unlikely to be classified as core or important data by the authorities. There remains uncertainty, however, as to how the Cybersecurity Review Measures and the Security Administration Draft will be interpreted or implemented and whether the PRC regulatory agencies, including the CAC, may adopt new laws, regulations, rules, or detailed implementation and interpretation related to the Cybersecurity Review Measures and the Security Administration Draft. If any such new laws, regulations, rules, or implementation and interpretation come into effect, the operating entities will take all reasonable measures and actions to comply and to minimize the adverse effect of such laws on them. We cannot guarantee, however, that the operating entities will not be subject to cybersecurity review and network data security review in the future. During such reviews, the operating entities may be required to suspend their operations or experience other disruptions to their operations. Cybersecurity review and network data security review could also result in negative publicity with respect to our Company and diversion of the operating entities' managerial and financial resources, which could materially and adversely affect the operating entities' business, financial conditions, and results of operations and our offerings.

***The Trial Measures and the revised Provisions recently issued by the PRC authorities may subject us to additional compliance requirements in the future.***

On February 17, 2023, the CSRC promulgated the Trial Measures and five supporting guidelines, which took effect on March 31, 2023. Pursuant to the Trial Measures, PRC domestic companies that seek to offer or list securities overseas, both directly and indirectly, shall complete filing procedures with the CSRC pursuant to the requirements of the Trial Measures within three working days following their submission of relevant applications or upon completion of subsequent offerings. If a domestic company fails to complete required filing procedures or conceals any material fact or falsifies any major content in its filing documents, such domestic company may be subject to administrative penalties, such as an order to rectify, warnings, fines, and its controlling shareholders, actual controllers, the person directly in charge and other directly liable persons may also be subject to administrative penalties, such as warnings and fines. On the same day, the CSRC also held a press conference for the release of the Trial Measures and issued the *Notice on Administration for the Filing of Overseas Offering and Listing by Domestic Companies*, or the CSRC Notice, which, among others, clarifies that PRC domestic companies that have already been listed overseas before the effective date of the Trial Measures, which is March 31, 2023, shall be deemed to be "Existing Issuers", and Existing Issuers are not required to complete the filing procedures with the CSRC immediately, and they shall be required to file with the CSRC for any subsequent offerings. We are an Existing Issuer, based on the foregoing, and we are not, therefore, required to complete the filing procedures with the CSRC immediately, and shall be required, however, to file with the CSRC for any subsequent offerings.

On February 24, 2023, the CSRC, together with the MOF, the National Administration of State Secrets Protection and National Archives Administration of China, revised the *Provisions on Strengthening Confidentiality and Archives Administration for Overseas Securities Offering and Listing*, which were issued by the CSRC and National Administration of State Secrets Protection and National Archives Administration of China in 2009, or the Provisions. The revised Provisions were issued under the title the “*Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies*,” and came into effect on March 31, 2023, together with the Trial Measures. One of the major revisions to the revised Provisions is expanding their application to cover indirect overseas offering and listing, as is consistent with the Trial Measures. The revised Provisions require that, among other things, (i) a domestic company that plans to, either directly or indirectly through its overseas listed entity, publicly disclose or provide to relevant individuals or entities, including securities companies, securities service providers, and overseas regulators, any documents and materials that contain state secrets or working secrets of government agencies, shall first obtain approval from competent authorities according to law, and file with the secrecy administrative department at the same level; and (ii) a domestic company that plans to, either directly or indirectly through its overseas listed entity, publicly disclose or provide to relevant individuals and entities, including securities companies, securities service providers, and overseas regulators, any other documents and materials that, if leaked, will be detrimental to national security or public interest, shall strictly fulfill relevant procedures stipulated by applicable national regulations. Any failure or perceived failure by our Company or our subsidiaries to comply with the above confidentiality and archives administration requirements under the revised Provisions and other PRC laws and regulations may result in the relevant entities being held legally liable by competent authorities, and referred to the judicial organ to be investigated for criminal liability if suspected of committing a crime. See “*Regulations—Regulations Related to Mergers and Acquisitions and Overseas Listings*.”

The Trial Measures and the revised Provisions that recently issued by the PRC authorities may subject us to additional compliance requirements in the future, as there are still uncertainties regarding the interpretation and implementation of such regulatory guidance, and we cannot assure you that we will be able to comply with all the new regulatory requirements of the Trial Measures, the revised Provisions, or any future implementing rules on a timely basis, or at all. Any failure by us to fully comply with the new regulatory requirements, including but not limited to the failure to complete the filing procedures with the CSRC if required, may significantly limit or completely hinder our ability to offer or continue to offer our Class A ordinary shares, cause significant disruption to our business operations, and severely damage our reputation, which would materially and adversely affect our financial condition and results of operations and cause our Class A ordinary shares to significantly decline in value or become worthless.

***Increases in labor costs in the PRC may adversely affect the operating entities’ business and profitability.***

China’s economy has experienced increases in labor costs in recent years. China’s overall economy and the average wage in China are expected to continue to grow. The average wage level for the operating entities’ employees has also increased in recent years. We expect that the operating entities’ labor costs, including wages and employee benefits, will continue to increase. Unless the operating entities are able to pass on these increased labor costs to their customers by increasing prices for their products, the operating entities’ profitability and results of operations may be materially and adversely affected.

In addition, pursuant to the PRC Labor Contract Law, or the “Labor Contract Law,” that became effective in January 2008 and its implementing rules that became effective in September 2008 and its amendments that became effective in July 2013, employers are subject to stricter requirements in terms of signing labor contracts, minimum wages, paying remuneration, determining the term of employees’ probation, and unilaterally terminating labor contracts. In the event that the operating entities decide to terminate some of their employees or otherwise change their employment or labor practices, the Labor Contract Law and its implementation rules may limit the operating entities’ ability to effect those changes in a desirable or cost-effective manner, which could adversely affect the operating entities’ business and results of operations. Besides, pursuant to the Labor Contract Law and its amendments, dispatched employees are intended to be a supplementary form of employment and the fundamental form should be direct employment by enterprises and organizations that require employees.

As the interpretation and implementation of labor-related laws and regulations are still evolving, we cannot assure you that the operating entities' employment practice does not and will not violate labor-related laws and regulations in China, which may subject them to labor disputes or government investigations. If the operating entities are deemed to have violated relevant labor laws and regulations, the operating entities could be required to provide additional compensation to their employees and the operating entities' business, financial condition and results of operations could be materially and adversely affected.

***Because we are a Cayman Islands exempted company and all of our business is conducted in the PRC, you may be unable to bring an action against us or our officers and directors or to enforce any judgment you may obtain. It may also be difficult for you or overseas regulators to conduct investigations or collect evidence within China.***

We are incorporated in the Cayman Islands and conduct our operations primarily in China. A majority of our assets are located in China. In addition, all of our senior executive officers reside within China for a significant portion of the time and are PRC nationals. As a result, it may be difficult or impossible for you to bring an action against us in the event that you believe we have violated your rights, either under United States federal or state securities laws or otherwise, or if you have a claim against us. Even if you are successful in bringing an action of this kind, the laws of the Cayman Islands and of China may not permit you to enforce a judgment against our assets or the assets of our directors and officers.

It may also be difficult for you or overseas regulators to conduct investigations or collect evidence within China. For example, in China, there are significant legal and other obstacles to obtaining information needed for shareholder investigations or litigation outside China or otherwise with respect to foreign entities. Although the authorities in China may establish a regulatory cooperation mechanism with its counterparts of another country or region to monitor and oversee cross-border securities activities, such regulatory cooperation with the securities regulatory authorities in the United States may not be efficient in the absence of a practical cooperation mechanism. Furthermore, according to Article 177 of the PRC Securities Law, or "Article 177," which became effective in March 2020, no overseas securities regulator is allowed to directly conduct investigations or evidence collection activities within the territory of the PRC. Article 177 further provides that Chinese entities and individuals are not allowed to provide documents or materials related to securities business activities to foreign agencies without prior consent from the securities regulatory authority of the State Council and the competent departments of the State Council. While detailed interpretation of or implementing rules under Article 177 have yet to be promulgated, the inability for an overseas securities regulator to directly conduct investigation or evidence collection activities within China may further increase difficulties faced by you in protecting your interests.

***Recent joint statement by the SEC and the PCAOB, rule changes by Nasdaq, and the Holding Foreign Companies Accountable Act all call for additional and more stringent criteria to be applied to emerging market companies upon assessing the qualification of their auditors, especially the non-U.S. auditors who are not inspected by the PCAOB. These developments could add uncertainties to our continued listing.***

On April 21, 2020, SEC Chairman Jay Clayton and PCAOB Chairman William D. Duhnke III, along with other senior SEC staff, released a joint statement highlighting the risks associated with investing in companies based in or have substantial operations in emerging markets including China. The joint statement emphasized the risks associated with lack of access for the PCAOB to inspect auditors and audit work papers in China and higher risks of fraud in emerging markets.

On May 18, 2020, Nasdaq filed three proposals with the SEC to (i) apply a minimum offering size requirement for companies primarily operating in a "Restrictive Market," (ii) adopt a new requirement relating to the qualification of management or the board of directors for Restrictive Market companies, and (iii) apply additional and more stringent criteria to an applicant or listed company based on the qualifications of the company's auditor. On October 4, 2021, the SEC approved Nasdaq's revised proposal for the rule changes.

On May 20, 2020, the U.S. Senate passed the Holding Foreign Companies Accountable Act requiring a foreign company to certify it is not owned or controlled by a foreign government if the PCAOB is unable to audit specified reports because the company uses a foreign auditor not subject to PCAOB inspection. If the PCAOB is unable to inspect the company's auditors for three consecutive years, the issuer's securities are prohibited to trade on a national exchange. On December 2, 2020, the U.S. House of Representatives approved the Holding Foreign Companies Accountable Act. On December 18, 2020, the Holding Foreign Companies Accountable Act was signed into law.

On March 24, 2021, the SEC adopted interim final rules relating to the implementation of certain disclosure and documentation requirements of the Holding Foreign Companies Accountable Act.

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

On September 22, 2021, the PCAOB adopted a final rule implementing the Holding Foreign Companies Accountable Act, which provides a framework for the PCAOB to use when determining, as contemplated under the Holding Foreign Companies Accountable Act, whether the board of directors of a company is unable to inspect or investigate completely registered public accounting firms located in a foreign jurisdiction because of a position taken by one or more authorities in that jurisdiction.

On December 2, 2021, the SEC adopted amendments to finalize rules implementing the submission and disclosure requirements in the Holding Foreign Companies Accountable Act.

On December 16, 2021, the PCAOB issued a report on its determinations that it is unable to inspect or investigate completely PCAOB-registered public accounting firms headquartered in mainland China and in Hong Kong because of positions taken by PRC and Hong Kong authorities in those jurisdictions.

On August 26, 2022, the CSRC, MOF, and the PCAOB signed the Protocol, governing inspections and investigations of audit firms based in China and Hong Kong, taking the first step toward opening access for the PCAOB to inspect and investigate registered public accounting firms headquartered in mainland China and Hong Kong. Pursuant to the fact sheet with respect to the Protocol disclosed by the SEC, the PCAOB shall have independent discretion to select any issuer audits for inspection or investigation and has the unfettered ability to transfer information to the SEC.

On December 15, 2022, the PCAOB determined that it was able to secure complete access to inspect and investigate registered public accounting firms headquartered in mainland China and Hong Kong and vacated its previous determinations to the contrary. However, should PRC authorities obstruct or otherwise fail to facilitate the PCAOB's access in the future, the PCAOB may consider the need to issue a new determination.

On December 23, 2022 the Accelerating Holding Foreign Companies Accountable Act was enacted, which amended the Holding Foreign Companies Accountable Act by requiring the SEC to prohibit an issuer's securities from trading on any U.S. stock exchanges if its auditor is not subject to PCAOB inspections for two consecutive years instead of three.

On December 29, 2022, a legislation entitled "Consolidated Appropriations Act, 2023", was signed into law by President Biden. The Consolidated Appropriations Act contained, among other things, an identical provision to Accelerating Holding Foreign Companies Accountable Act, which also reduced the number of consecutive non-inspection years required for triggering the prohibitions under the Holding Foreign Companies Accountable Act from three years to two.

Our current auditor is an independent registered public accounting firm with the PCAOB, and as an auditor of publicly traded companies in the U.S., is subject to laws in the U.S., pursuant to which the PCAOB conducts regular inspections to assess its compliance with the applicable professional standards. As of the date of this annual report, the PCAOB has access to inspect the working papers of our auditor. However, the recent developments would add uncertainties to our continued listing and we cannot assure you whether Nasdaq or regulatory authorities would apply additional and more stringent criteria to us since we are an emerging growth company and the majority of our operations are conducted in China. The Accelerating Holding Foreign Companies Accountable Act and the Consolidated Appropriations Act, 2023 reduced the period of time for foreign companies to comply with PCAOB audits to two consecutive years, thus reducing the time period for triggering the delisting of our Company and the prohibition of trading in our securities if the PCAOB is unable to inspect our accounting firm at such future time. Delisting may cause a significant decrease in or a total loss of the value of our securities. Although a shareholder's ownership of our Company does not decrease directly from delisting, the ownership may become worth much less, or, in some cases, lose its entire value.

***PRC regulations relating to offshore investment activities by PRC residents may limit our PRC subsidiaries' ability to increase their registered capital or distribute profits to us, or otherwise expose us or our PRC resident shareholders to liabilities or penalties.***

In July 2014, the SAFE promulgated the Circular on Issues Concerning Foreign Exchange Administration over the Overseas Investment and Financing and Roundtrip Investment by Domestic Residents via Special Purpose Vehicles, or the "SAFE Circular 37," which replaced the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Corporate Financing and Roundtrip Investment through Offshore Special Purpose Vehicles. According to the SAFE Circular 37, PRC residents or entities are required to register with SAFE or its local branch in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing. PRC residents or entities must update their SAFE registrations when the offshore special purpose vehicle, known as "SPV," undergoes material events relating to any changes of basic information (such as change of such PRC residents or entities, name and operation term), increase or decrease of investment amount, transfer or exchanges of shares, and mergers or divisions.

As of the date of this annual report, all of the shareholders who are subject to the SAFE Circular 37 and Individual Foreign Exchange Rules have completed the registrations required by the SAFE Circular 37. We have urged all PRC residents or entities who directly or indirectly hold shares in our Company and who are currently known to us as being PRC residents to make the necessary applications, filings, and amendments as required under the SAFE Circular 37 and other related rules. We attempt to comply, and attempt to ensure that our shareholders and beneficial owners who are subject to these rules comply with the relevant requirements. We cannot, however, provide any assurances that all of our shareholders or beneficial owners who are PRC residents will comply with our request to comply with the SAFE Circular 37 requirements, nor can we assure that we will be informed of the identities of all the current and future PRC residents or entities holding direct or indirect interest in our Company. Failure by any of such shareholders or beneficial owners to comply with relevant requirements under these regulations could subject us to fines or sanctions, restrict our overseas or cross-border investment activities, limit our PRC subsidiaries' ability to pay dividends or make distributions to us and limit our ability to increase our investment in our PRC subsidiaries, which could adversely affect our business and prospects.

Furthermore, as these foreign exchange regulations are still relatively new and their interpretation and implementation has been constantly evolving, it is unclear how these regulations, and any future regulation concerning offshore or cross-border transactions, will be interpreted, amended and implemented by the relevant government authorities. For example, if we decide to acquire a PRC domestic company, we cannot assure you that we or the owner of such company, as the case may be, will be able to obtain the necessary approvals or complete the necessary filings and registrations required by the foreign exchange regulations. This may restrict our ability to implement our acquisition strategy and could adversely affect our business and prospects.

***We may rely on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirement we may have, and any limitation on the ability of our subsidiaries to make payments to us and any tax we are required to pay could have a materially adverse effect on our ability to conduct our business.***

We are a Cayman Islands holding company and we rely principally on dividends and other distributions on equity from our PRC subsidiaries for our cash requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders and service any debt we may incur. If our PRC subsidiaries incur debt on their own behalf in the future, the instruments governing the debt may restrict their ability to pay dividends or make other distributions to us. Any limitation on the ability of our PRC subsidiaries to distribute dividends or other distributions to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our businesses, pay dividends or otherwise fund and conduct our business.

Under PRC laws and regulations, our PRC subsidiary, Golden Sun Wenzhou, as wholly foreign-owned enterprises in the PRC, may pay dividends only out of its accumulated profits as determined in accordance with PRC accounting standards and regulations. In addition, a wholly foreign-owned enterprise is required to set aside at least 10% of its accumulated after-tax profits each year, if any, to fund certain statutory reserve funds, until the aggregate amount of such fund reaches 50% of its registered capital. At its discretion, a wholly foreign-owned enterprise may allocate a portion of its after-tax profits based on PRC accounting standards to staff welfare and bonus funds. These reserve funds and staff welfare and bonus funds are not distributable as cash dividends.

In response to the persistent capital outflow and the RMB's depreciation against U.S. dollar in the fourth quarter of 2016, the People's Bank of China ("PBOC") and SAFE have implemented a series of capital control measures, including stricter vetting procedures for China-based companies to remit foreign currency for overseas acquisitions, dividend payments and shareholder loan repayments. For instance, PBOC issued the Circular on Further Clarification of Relevant Matters Relating to Offshore RMB Loans Provided by Domestic Enterprises, or "PBOC Circular 306," on November 26, 2016, which provides that offshore RMB loans provided by a domestic enterprise to offshore enterprises with which it has an equity relationship shall not exceed 30% of the domestic enterprise's most recent audited owner's equity. PBOC Circular 306 may constrain our PRC subsidiaries' ability to provide offshore loans to us. The PRC government may continue to strengthen its capital controls, and our PRC subsidiaries' dividends and other distributions may be subjected to tighter scrutiny in the future. Any limitation on the ability of our PRC subsidiaries to pay dividends or make other distributions to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business. See also "Item 3. KEY INFORMATION—D. Risk Factors—Risks Relating to Doing Business in the PRC—Under the EIT Law, we may be classified as a 'resident enterprise' of China, which could result in unfavorable tax consequences to us and our non-PRC shareholders."

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

Any funds we transfer to our PRC subsidiaries, either as a shareholder loan or as an increase in registered capital, are subject to approval by or registration with relevant governmental authorities in China. According to the relevant PRC regulations on foreign-invested enterprises, or "FIEs," in China, capital contributions to our PRC subsidiary, Golden Sun Wenzhou, which are FIEs, are subject to the approval of or filing with the Ministry of Commerce of the PRC ("MOFCOM") or its local counterparts and registration with a local bank authorized by SAFE. There is, in effect, no statutory limit on the amount of capital contribution that we can make to our PRC subsidiaries. The reason is that there is no statutory limit on the amount of registered capital for our PRC subsidiaries, and we are allowed to make capital contributions to our PRC subsidiaries by subscribing for their initial registered capital and increased registered capital, provided that the PRC subsidiaries complete the relevant filing and registration procedures.

On the other hand, any foreign loan provided by us to our PRC subsidiaries is required to be registered with SAFE or its local branches or filed with SAFE in its information system, and our PRC subsidiaries may not procure foreign loans which exceed the difference between its total investment amount and registered capital (the "Current Foreign Debt Mechanism") or, as an alternative, only procure loans subject to the calculation approach and limitations as provided in the PBOC's Circular on Matters concerning the Macro-Prudential Management of Full-Covered Cross-Border Financing, or "PBOC Notice No. 9" (the "PBOC Notice No. 9 Mechanism"), which shall not exceed 200% of the net asset of the relevant PRC subsidiary. According to PBOC Notice No. 9, after a transition period of one year since its promulgation, PBOC and SAFE will determine the cross-border financing administration mechanism for the FIEs after evaluating the overall implementation of PBOC Notice No. 9. As of the date hereof, neither PBOC nor SAFE has promulgated and made public any further rules, regulations, notices, or circulars in this regard. It is uncertain which mechanism will be adopted by PBOC and SAFE in the future and what statutory limits will be imposed on us when providing loans to our PRC subsidiaries. Currently, our PRC subsidiaries have the flexibility to choose between the Current Foreign Debt Mechanism and the PBOC Notice No. 9 Mechanism. However, if a more stringent foreign debt mechanism becomes mandatory, our ability to provide loans to our PRC subsidiaries may be significantly limited, which may adversely affect our business, financial condition, and results of operations.

If we seek to make capital contributions into our PRC subsidiaries or provide any loans to our PRC subsidiaries in the future, we may not be able to obtain the required government approvals or complete the required registrations on a timely basis, if at all. If we fail to receive such approvals or complete such registrations, our ability to capitalize our PRC operations may be negatively affected, which could adversely affect our liquidity and our ability to fund and expand our business.

***Because the operating entities' business is conducted in RMB and the price of our ordinary shares is quoted in U.S. dollars, changes in currency conversion rates may affect the value of your investments.***

The operating entities' business is conducted in the PRC, our books and records are maintained in RMB, which is the currency of the PRC, and the financial statements that we file with the SEC and provide to our shareholders are presented in U.S. dollars. Changes in the exchange rate between RMB and U.S. dollar affect the value of our assets and the results of our operations, when presented in U.S. dollars. The value of RMB against the U.S. dollars and other currencies may fluctuate and is affected by, among other things, changes in the PRC's political and economic conditions and perceived changes in the economy of the PRC and the United States. Any significant revaluation of RMB may materially and adversely affect our cash flows, revenue, and financial condition.



***Under the EIT Law, we may be classified as a “resident enterprise” of China, which could result in unfavorable tax consequences to us and our non-PRC shareholders.***

The PRC Enterprise Income Tax Law (the “EIT Law”) and its implementing rules provide that enterprises established outside of China whose “de facto management bodies” are located in China are considered “resident enterprises” under PRC tax laws. The implementing rules promulgated under the EIT Law define the term “de facto management bodies” as a management body which substantially manages, or has control over the business, personnel, finance and assets of an enterprise. In April 2009, the State Administration of Taxation, or the “SAT,” issued a circular known as “SAT Circular 82” (partially abolished on December 29, 2017), which provides certain specific criteria for determining whether the “de facto management bodies” of a PRC-controlled enterprise that is incorporated offshore are located in China. There are, however, no further detailed rules or precedents governing the procedures and specific criteria for determining “de facto management body.” Although our board of directors and management are located in the PRC, it is unclear if the PRC tax authorities would determine that we should be classified as a PRC “resident enterprise.”

If we are deemed as a PRC “resident enterprise,” we will be subject to PRC enterprise income tax on our worldwide income at a uniform tax rate of 25%, although dividends distributed to us from our existing PRC subsidiaries and any other PRC subsidiaries which we may establish from time to time could be exempt from the PRC dividend withholding tax due to our PRC “resident recipient” status. This could have a material and adverse effect on our overall effective tax rate, our income tax expenses and our net income. Furthermore, dividends, if any, paid to our shareholders may be decreased as a result of the decrease in distributable profits. In addition, if we were considered a PRC “resident enterprise,” any dividends we pay to our non-PRC investors, and the gains realized from the transfer of our ordinary shares may be considered income derived from sources within the PRC and be subject to PRC tax, at a rate of 10% in the case of non-PRC enterprises or 20% in the case of non-PRC individuals (in each case, subject to the provisions of any applicable tax treaty). It is unclear whether holders of our ordinary shares would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. This could have a material and adverse effect on the value of your investment in us and the price of our ordinary shares.

***There are significant uncertainties under the EIT Law relating to the withholding tax liabilities of our PRC subsidiaries, and dividends payable by our PRC subsidiaries to our Hong Kong subsidiaries may not qualify to enjoy certain treaty benefits.***

Under the EIT Law and its implementation rules, the profits of a foreign invested enterprise generated through operations, which are distributed to its immediate holding company outside the PRC, will be subject to a withholding tax rate of 10%. Pursuant to a special arrangement between Hong Kong and the PRC and the Notice of the SAT on Issues Regarding the Implementation of Dividend Provisions in Tax Treaties, or the “SAT Circular 81,” issued by the SAT, such rate may be reduced to 5% if the PRC enterprise is at least 25% held by a Hong Kong enterprise for at least 12 consecutive months prior to the distribution of the dividends and is determined by the relevant PRC tax authority to have satisfied other conditions and requirements under the China-Hong Kong special arrangement and other applicable PRC laws. Furthermore, under the SAT’s Administrative Measures for Non-Resident Taxpayers to Enjoy Treatments under Tax Treaties effective in August 2015, non-resident taxpayers shall determine whether they are qualified to enjoy the preferential tax treatment under the tax treaties and file relevant report and materials with the tax authorities. See “Item 10. ADDITIONAL INFORMATION—E. Taxation—People’s Republic of China Taxation.” We have determined that we are qualified to enjoy the preferential tax treatment. We cannot assure you, however, that our determination will not be challenged by the relevant PRC tax authority or we will be able to complete the necessary filings with the relevant PRC tax authority and enjoy the preferential withholding tax rate of 5% under the China-Hong Kong special arrangement with respect to dividends to be paid by our PRC subsidiaries to our Hong Kong subsidiaries.

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

In February 2015, the SAT issued the Bulletin on Issues of Enterprise Income Tax on Indirect Transfers of Assets by Non-PRC Resident Enterprises, or “SAT Bulletin 7,” which was partially abolished in 2017. Pursuant to this bulletin, an “indirect transfer” of assets, including equity interests in a PRC resident enterprise, by non-PRC resident enterprises may be re-characterized and treated as a direct transfer of PRC taxable assets, if such arrangement does not have a reasonable commercial purpose and was established for the purpose of avoiding payment of PRC enterprise income tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax. In respect of an indirect offshore transfer of assets of a PRC establishment, the resulting gain is to be included with the enterprise income tax filing of the PRC establishment or place of business being transferred, and would consequently be subject to PRC enterprise income tax at a rate of 25%. Where the underlying transfer relates to the immovable properties located in China or to equity investments in a PRC resident enterprise, which is not related to a PRC establishment or place of business of a non-resident enterprise, a PRC enterprise income tax of 10% would apply, subject to available preferential tax treatment under applicable tax treaties or similar arrangements, and the party who is obligated to make the transfer payments has the withholding obligation. SAT Bulletin 7 does not apply to transactions of sale of shares by investors through a public stock exchange where such shares were acquired from a transaction through a public stock exchange.

There is uncertainty as to the application of SAT Bulletin 7. We face uncertainties as to the reporting and other implications of certain future transactions where PRC taxable assets are involved, such as offshore restructuring, sale of the shares in our offshore subsidiaries or investments. We may be subject to filing obligations or taxed if we are transferor in such transactions, and may be subject to withholding obligations if we are transferee in such transactions under SAT Bulletin 7. For transfer of shares in our Company by investors that are non-PRC resident enterprises, our PRC subsidiaries may be requested to assist in the filing under SAT Bulletin 7. As a result, we may be required to expend valuable resources to comply with SAT Bulletin 7 or to request the relevant transferors from whom we purchase taxable assets to comply with these circulars, or to establish that our Company should not be taxed under these circulars, which may have a material adverse effect on our financial condition and results of operations.

***Our PRC subsidiaries are subject to restrictions on paying dividends or making other payments to us, which may have a material adverse effect on our ability to conduct our business.***

We are a holding company incorporated in the Cayman Islands. We may need dividends and other distributions on equity from our PRC subsidiaries to satisfy our liquidity requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders and service any debt we may incur. If our PRC subsidiaries incur debt on their own behalf in the future, the instruments governing the debt may restrict its ability to pay dividends or make other distributions to us.

Current PRC regulations permit our PRC subsidiaries to pay dividends to us only out of their accumulated profits, if any, determined in accordance with PRC accounting standards and regulations. In addition, a PRC company is required to set aside at least 10% of its after-tax profits as statutory reserve funds, until the cumulative amount of such reserve funds reaches 50% of its registered capital, unless laws regarding foreign investment provide otherwise. Our PRC subsidiaries may also allocate a portion of their respective after-tax profits based on PRC accounting standards to employee welfare and bonus funds at their discretion. These reserves are not distributable as cash dividends. These limitation on the ability of our PRC subsidiaries to pay dividends or make other distributions to us could materially and adversely limit our ability to grow, make investments, or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business.

To address the persistent capital outflow and the RMB's depreciation against the U.S. dollar in the fourth quarter of 2016, the People's Bank of China and the State Administration of Foreign Exchange, or SAFE, have implemented a series of capital control measures in the subsequent months, including stricter vetting procedures for China-based companies to remit foreign currency for overseas acquisitions, dividend payments and shareholder loan repayments. For instance, the Circular on Promoting the Reform of Foreign Exchange Management and Improving Authenticity and Compliance Review, or the SAFE Circular 3, issued on January 26, 2017, provides that the banks shall, when dealing with dividend remittance transactions from domestic enterprise to its offshore shareholders of more than US\$50,000, review the relevant board resolutions, original tax filing form and audited financial statements of such domestic enterprise based on the principle of genuine transaction. The PRC government may continue to strengthen its capital controls and our PRC subsidiaries' dividends and other distributions may be subject to tightened scrutiny in the future. Any limitation on the ability of our PRC subsidiaries to pay dividends or make other distributions to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business.

In addition, the EIT Law and its implementation rules provide that a withholding tax at a rate of 10% will be applicable to dividends payable by Chinese companies to non-PRC-resident enterprises unless reduced under treaties or arrangements between the PRC central government and governments of other countries or regions where the non-PRC resident enterprises are tax resident. See "Item 3. KEY INFORMATION—D. Risk Factors—Risks Relating to Doing Business in the PRC—Under the EIT Law, we may be classified as a 'resident enterprise' of China, which could result in unfavorable tax consequences to us and our non-PRC shareholders."

***If we become directly subject to the scrutiny, criticism, and negative publicity involving U.S.-listed Chinese companies, we may have to expend significant resources to investigate and resolve the matter which could harm our business operations, stock price, and reputation.***

U.S. public companies that have substantially all of their operations in China have been the subject of intense scrutiny, criticism, and negative publicity by investors, financial commentators, and regulatory agencies, such as the SEC. Much of the scrutiny, criticism, and negative publicity has centered on financial and accounting irregularities and mistakes, a lack of effective internal controls over financial accounting, inadequate corporate governance policies or a lack of adherence thereto and, in many cases, allegations of fraud. As a result of the scrutiny, criticism, and negative publicity, the publicly traded stock of many U.S. listed Chinese companies sharply decreased in value and, in some cases, has become virtually worthless. Many of these companies are now subject to shareholder lawsuits and SEC enforcement actions and are conducting internal and external investigations into the allegations. It is not clear what effect this sector-wide scrutiny, criticism, and negative publicity will have on us, our business, and our share price. If we become the subject of any unfavorable allegations, whether such allegations are proven to be true or untrue, we will have to expend significant resources to investigate such allegations and/or defend our Company. This situation will be costly and time consuming and distract our management from developing our business. If such allegations are not proven to be groundless, we and our business operations will be severely affected and you could sustain a significant decline in the value of our stock.

***The disclosures in our reports and other filings with the SEC and our other public pronouncements are not subject to the scrutiny of any regulatory bodies in the PRC.***

We are regulated by the SEC and our reports and other filings with the SEC are subject to SEC review in accordance with the rules and regulations promulgated by the SEC under the Securities Act and the Exchange Act. Our SEC reports and other disclosures and public pronouncements are not subject to the review or scrutiny of any PRC regulatory authority. For example, the disclosure in our SEC reports and other filings are not subject to the review by the CSRC, a PRC regulator that is responsible for oversight of the capital markets in China. However, on February 17, 2023, with the approval of the State Council, the CSRC released the Trial Measures and five supporting guidelines, which took effect on March 31, 2023. According to the Trial Measures, PRC domestic companies that seek to offer or list securities overseas, both directly and indirectly, should fulfill the filing procedures and submit relevant documents, including the prospectus and other listing documents submitted to overseas regulatory authorities, to the CSRC. However, as the laws and regulations are relatively new, substantial uncertainties exist with respect to its interpretation and implementation regarding such laws and regulations. It is not clear how the CSRC may review and scrutinize these listing documents and we cannot assure you whether and how such scrutiny may affect our listing on an U.S. exchange.

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

The Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors, or the “M&A Rules,” and recently adopted PRC regulations and rules concerning mergers and acquisitions established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time consuming and complex. For example, the M&A Rules require that MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise, if (i) any important industry is concerned, (ii) such transaction involves factors that have or may have impact on the national economic security, or (iii) such transaction will lead to a change in control of a domestic enterprise which holds a famous trademark or PRC time-honored brand. Mergers or acquisitions that allow one market player to take control of or to exert decisive impact on another market player must also be notified in advance to MOFCOM when the threshold under the Provisions on Thresholds for Prior Notification of Concentrations of Undertakings, or the “Prior Notification Rules,” issued by the State Council in August 2008 is triggered. In addition, the security review rules issued by MOFCOM that became effective in September 2011 specify that mergers and acquisitions by foreign investors that raise “national defense and security” concerns and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises that raise “national security” concerns are subject to strict review by MOFCOM, and the rules prohibit any activities attempting to bypass a security review, including by structuring the transaction through a proxy or contractual control arrangement. In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the above-mentioned regulations and other relevant rules to complete such transactions could be time consuming, and any required approval processes, including obtaining approval from MOFCOM or its local counterparts may delay or inhibit our ability to complete such transactions. It is clear that our business would not be deemed to be in an industry that raises “national defense and security” or “national security” concerns. MOFCOM or other government agencies, however, may publish explanations in the future determining that our business is in an industry subject to the security review, in which case our future acquisitions in the PRC, including those by way of entering into contractual control arrangements with target entities, may be closely scrutinized or prohibited. Our ability to expand our business or maintain or expand our market share through future acquisitions would as such be materially and adversely affected.

## **Risks Relating to Our Ordinary Shares and the Trading Market**

***Substantial future sales of our Class A ordinary shares or the anticipation of future sales of our ordinary shares, whether by us or our shareholders, could cause the price of our Class A ordinary shares to decline.***

An aggregate of 15,055,491 Class A ordinary shares are outstanding as of the date of this annual report. If our existing shareholders sell, or indicate an intent to sell, substantial amounts of our ordinary shares in the public market, the trading price of our Class A ordinary shares could decline significantly. Similarly, the perception in the public market that our shareholders might sell our ordinary shares could also depress the market price of our shares. A decline in the price of our Class A ordinary shares might impede our ability to raise capital through the issuance of additional Class A ordinary shares or other equity securities. In addition, the issuance and sale by us of additional ordinary shares, or securities convertible into or exercisable for our ordinary shares, or the perception that we will issue such securities, could reduce the trading price for our Class A ordinary shares as well as make future sales of equity securities by us less attractive or not feasible.

***Because we do not expect to pay dividends in the foreseeable future, you must rely on the price appreciation of our Class A ordinary shares for return on your investment.***

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

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

***Securities analysts may not cover our Class A ordinary shares and this may have a negative impact on the market price of our Class A ordinary shares.***

The trading market for our Class A ordinary shares will depend, in part, on the research and reports that securities or industry analysts publish about us or our business. We do not have any control over independent analysts (provided that we have engaged various non-independent analysts). We do not currently have and may never obtain research coverage by independent securities and industry analysts. If no independent securities or industry analysts commence coverage of us, the trading price for our Class A ordinary shares would be negatively impacted. If we obtain independent securities or industry analyst coverage and if one or more of the analysts who covers us downgrades our Class A ordinary shares, changes their opinion of our shares, or publishes inaccurate or unfavorable research about our business, the price of our Class A ordinary shares would likely decline. If one or more of these analysts ceases coverage of us or fails to publish reports on us regularly, demand for our Class A ordinary shares could decrease and we could lose visibility in the financial markets, which could cause the price and trading volume of our Class A ordinary shares to decline.

***The trading price of our Class A ordinary shares is likely to be volatile, which could result in substantial losses to our investors.***

The trading price of our Class A ordinary shares is likely to continue to be volatile and could fluctuate widely due to factors beyond our control. This may happen because of broad market and industry factors, including the performance and fluctuation of the market prices of other companies with business operations located mainly in China that have listed their securities in the United States. The securities of some of these companies have experienced significant volatility since their initial public offerings, including, in some cases, substantial price declines in their trading prices. The trading performances of other Chinese companies' securities after their offerings may affect the attitudes of investors toward Chinese companies listed in the United States in general and consequently may impact the trading performance of our Class A ordinary shares, regardless of our actual operating performance.

In addition, the market price of our Class A ordinary shares may be volatile, both because of actual and perceived changes in our financial results and reports, and because of general volatility in the stock market. The factors that could cause fluctuations in our share price may include, among other factors discussed in this section, the following:

- actual or anticipated variations in the financial results and prospects of our Company or other companies in the activated carbon business;
- changes in financial estimates by research analysts;
- mergers or other business combinations involving us;
- additions and departures of key personnel and senior management;
- changes in accounting principles;
- the passage of legislation or other developments affecting us or our industry;
- the trading volume of our Class A ordinary shares in the public market;
- the release of lockup, escrow, or other transfer restrictions on our outstanding equity securities or sales of additional equity securities;
- changes in economic conditions, including fluctuations in global and Chinese economies;
- financial market conditions;
- the COVID-19 pandemic;
- natural disasters, terrorist acts, acts of war, or periods of civil unrest; and
- the realization of some or all of the risks described in this section.

In addition, the stock markets have experienced significant price and trading volume fluctuations from time to time, and the stock prices of many companies have fluctuated in a manner unrelated or disproportionate to the operating performance of those companies. These broad market fluctuations may materially and adversely affect the market price of our Class A ordinary shares.

***Techniques employed by short sellers may drive down the market price of our Class A ordinary shares.***

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

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

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

***The requirements of being a public company may strain our resources and divert management's attention.***

As a public company, we are subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act of 2002, or the "Sarbanes-Oxley Act," the Dodd-Frank Wall Street Reform and Consumer Protection Act, the listing requirements of Nasdaq, and other applicable securities rules and regulations. Despite recent reforms made possible by the Jumpstart Our Business Startups Act of 2012, or the "JOBS Act," compliance with these rules and regulations will nonetheless increase our legal, accounting, and financial compliance costs and investor relations and public relations costs, make some activities more difficult, time-consuming, or costly, and increase demand on our systems and resources, particularly after we are no longer an "emerging growth company." The Exchange Act requires, among other things, that we file annual and current reports with respect to our business and operating results as well as proxy statements.

As a result of disclosure of information in the Form 20-F and in filings required of a public company, our business and financial condition are more visible, which we believe may result in threatened or actual litigation, including by competitors and other third parties. If such claims are successful, our business and operating results could be harmed, and even if the claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert the resources of our management and adversely affect our business, brand and reputation and results of operations.

Being a public company and these new rules and regulations make it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for us to attract and retain qualified members of our board of directors, particularly to serve on our audit committee and compensation committee, and qualified executive officers.

***If we cease to qualify as a foreign private issuer, we would be required to comply fully with the reporting requirements of the Exchange Act applicable to U.S. domestic issuers, and we would incur significant additional legal, accounting, and other expenses that we would not incur as a foreign private issuer.***

As a foreign private issuer, we are exempt from the rules under the Exchange Act prescribing the furnishing and content of proxy statements, and our officers, directors, and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we are not required under the Exchange Act to file periodic reports and financial statements with the SEC as frequently or as promptly as United States domestic issuers, and we are not required to disclose in our periodic reports all of the information that United States domestic issuers are required to disclose. While we currently are qualified as a foreign private issuer, we may cease to qualify as a foreign private issuer in the future, in which case we would incur significant additional expenses that could have a material adverse effect on our results of operations.

***Because we are a foreign private issuer and have taken advantage of exemptions from certain Nasdaq corporate governance standards applicable to U.S. issuers, you will have less protection than you would have if we were a domestic issuer.***

As an exempted company incorporated in the Cayman Islands with limited liability that is listed on the Nasdaq, we are subject to the Nasdaq corporate governance listing standards. However, Nasdaq rules permit a foreign private issuer like us to follow the corporate governance practices of its home country. Certain corporate governance practices in the Cayman Islands, which is our home country, may differ significantly from the Nasdaq corporate governance listing standards. We have relied on and plan to rely on certain home country practice with respect to our corporate governance. Specifically, we have elected to be exempt from the requirements under (a) Nasdaq Listing Rule 5635 to obtain shareholder approval for (i) the issuance 20% or more of our outstanding ordinary shares or voting power in a private offering, (ii) the issuance of securities pursuant to a stock option or purchase plan to be established or materially amended or other equity compensation arrangement made or materially amended, (iii) the issuance of securities when the issuance or potential issuance will result in a change of control of our Company, and (iv) certain acquisitions in connection with the acquisition of the stock or assets of another company, and (b) Nasdaq Listing Rule 5640, which requires that the voting rights of a listed company cannot be disparately reduced or restricted through any corporate action or issuance. As a result, our shareholders may be afforded less protection than they otherwise would enjoy under the Nasdaq corporate governance listing standards applicable to U.S. domestic issuers.

***If we cannot satisfy, or continue to satisfy, the continued listing requirements and other rules of the Nasdaq Capital Market, our securities may be delisted, which could negatively impact the price of our securities and your ability to sell them.***

Our securities are listed on the Nasdaq Capital Market. We cannot assure you that our securities will continue to be listed on the Nasdaq Capital Market. In order to maintain our listing on the Nasdaq Capital Market, we are required to comply with certain rules, including those regarding minimum stockholders' equity, minimum share price, minimum market value of publicly held shares, and various additional requirements. Even if we initially meet the listing requirements and other applicable rules of the Nasdaq Capital Market, we may not be able to continue to satisfy these requirements and applicable rules. If we are unable to satisfy the criteria for maintaining our listing, our securities could be subject to delisting.

If our securities are subsequently delisted from trading, we could face significant consequences, including:

- a limited availability for market quotations for our securities;
- reduced liquidity with respect to our securities;
- a determination that our Class A ordinary shares is a "penny stock," which will require brokers trading in our Class A ordinary shares to adhere to more stringent rules and possibly result in a reduced level of trading activity in the secondary trading market for our Class A ordinary shares;
- limited amount of news and analyst coverage; and
- a decreased ability to issue additional securities or obtain additional financing in the future.

***We do not know whether a market for the Class A ordinary shares will be sustained or what the trading price of the Class A ordinary shares will be and as a result it may be difficult for you to sell your Class A ordinary shares.***

Although our Class A ordinary shares trade on Nasdaq, an active trading market for the Class A ordinary shares may not be sustained. It may be difficult for you to sell your Class A ordinary shares without depressing the market price for the Class A ordinary shares. As a result of these and other factors, you may not be able to sell your Class A ordinary shares. Further, an inactive market may also impair our ability to raise capital by selling Class A ordinary shares, or may impair our ability to enter into strategic partnerships or acquire companies or products by using our Class A ordinary shares as consideration.

***Anti-takeover provisions in our amended and restated memorandum and articles of association may discourage, delay, or prevent a change in control.***

Some provisions of our amended and restated memorandum and articles of association may discourage, delay, or prevent a change in control of our Company or management that shareholders may consider favorable, including, among other things, the following:

- provisions that authorize our board of directors to issue shares with preferred, deferred, or other special rights or restrictions without any further vote or action by our shareholders; and
- provisions that restrict the ability of our shareholders to call meetings and to propose special matters for consideration at shareholder meetings.

***Our board of directors may refuse or delay the registration of the transfer of ordinary shares in certain circumstances.***

Except in connection with the settlement of trades or transactions entered into through the facilities of a stock exchange or automated quotation system on which our ordinary shares are listed or traded from time to time, our board of directors may resolve to refuse the registration of the transfer of our ordinary shares. Where our directors do so, they shall, within three months after the date on which the instrument of transfer was lodged, send to each of the transferor and the transferee notice of such refusal. The registration of transfers may, on 14 days' notice being given by advertisement in such one or more newspapers or by electronic means, be suspended and the register closed at such times and for such periods as our board of directors may from time to time determine, provided, however, that the registration of transfers shall not be suspended nor the register closed for more than 30 days in any year. Our directors may also refuse or delay the registration of any transfer of ordinary shares if the transferor has failed to pay an amount due in respect to those ordinary shares. If our directors refuse to register a transfer, they shall, as soon as reasonably practicable, send the transferor and the transferee a notice of the refusal or delay in the approved form.

This, however, will not affect market transactions of the ordinary shares purchased by investors in a public offering. Where the ordinary shares are listed on a stock exchange, the ordinary shares may be transferred without the need for a written instrument of transfer, if the transfer is carried out in accordance with the rules of the stock exchange and other requirements applicable to the ordinary shares listed on the stock exchange.

***During the course of the audit of our consolidated financial statements, we identified material weaknesses in our internal control over financial reporting. If we fail to establish and maintain an effective system of internal control over financial reporting, our ability to accurately and timely report our financial results or prevent fraud may be adversely affected, and investor confidence and the market price of our ordinary shares may be adversely impacted.***

We are subject to reporting obligations under U.S. securities laws. The SEC adopted rules pursuant to Section 404 of the Sarbanes-Oxley Act of 2002 requiring every public company to include a management report on such company's internal control over financial reporting in its annual report, which contains management's assessment of the effectiveness of its internal control over financial reporting.

We, in connection with the preparation of our consolidated financial statements for the fiscal year ended September 30, 2023, identified the following material weaknesses: (1) we lack sufficient financial reporting and accounting personnel with appropriate knowledge of U.S. GAAP and SEC reporting requirements to properly address certain accounting issues, and prepare and review financial statements and related disclosures in accordance with U.S. GAAP and SEC reporting requirements, (2) we lack formal accounting policies and procedures manual to ensure proper financial reporting in accordance with U.S. GAAP and SEC reporting requirements, and (3) for certain related party related party transactions, we do not have an audit committee process for review, approval, or related documentation in place. See "Item 15. CONTROLS AND PROCEDURES—Disclosure Controls and Procedures." Our management is currently in the process of evaluating the steps necessary to remediate the ineffectiveness, such as (i) hiring more qualified accounting personnel with relevant U.S. GAAP and SEC reporting experience and qualifications to strengthen the financial reporting function and to set up a financial and system control framework, (ii) implementing regular and continuous U.S. GAAP accounting and financial reporting training programs for our accounting and financial reporting personnel, and (iii) setting up formal protocols to review, approve, and document related party transactions. However, measures that we implement may not fully address the material weaknesses in our internal control over financial reporting and we may not be able to conclude that the material weaknesses have been fully remedied.



Failure to correct the material weaknesses and other control deficiencies or failure to discover and address any other control deficiencies could result in inaccuracies in our consolidated financial statements and could also impair our ability to comply with applicable financial reporting requirements and make related regulatory filings on a timely basis. As a result, our business, financial condition, results of operations, and prospects, as well as the trading price of our ordinary shares, may be materially and adversely affected. Due to the material weaknesses in our internal control over financial reporting as described above, our management concluded that our internal control over financial reporting was not effective as of September 30, 2023. This could adversely affect the market price of our Class A ordinary shares due to a loss of investor confidence in the reliability of our reporting processes.

***We are an “emerging growth company” within the meaning of the Securities Act, and if we take advantage of certain exemptions from disclosure requirements available to emerging growth companies, this will make it more difficult to compare our performance with other public companies.***

We are an “emerging growth company” within the meaning of the Securities Act, as modified by the JOBS Act. Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such an election to opt out is irrevocable. We have elected not to opt out of such extended transition period, which means that when a standard is issued or revised and it has different application dates for public or private companies, we, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This will make comparison of our financial statements with another public company which is neither an emerging growth company nor an emerging growth company which has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

***Because we are an “emerging growth company,” we may not be subject to requirements that other public companies are subject to, which could affect investor confidence in us and our Class A ordinary shares.***

We are classified as an “emerging growth company” under the JOBS Act. For as long as we remain an “emerging growth company,” as defined in the JOBS Act, we will elect to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not “emerging growth companies,” including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a non-binding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. Because of these lessened regulatory requirements, our shareholders would be left without information or rights available to shareholders of more mature companies. If some investors find our Class A ordinary shares less attractive as a result, there may be a less active trading market for our Class A ordinary shares and our share price may be more volatile.

***The laws of the Cayman Islands may not provide our shareholders with benefits comparable to those provided to shareholders of corporations incorporated in the United States.***

Our corporate affairs are governed by our amended and restated memorandum and articles of association, by the Companies Act (Revised) of the Cayman Islands and the common law of the Cayman Islands. The rights of shareholders to take action against our directors, actions by minority shareholders and the fiduciary responsibilities of our directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law in the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands and from English common law. Decisions of the Privy Council (which is the final Court of Appeal for British overseas territories such as the Cayman Islands) are binding on a court in the Cayman Islands. Decisions of the English courts, and particularly the Supreme Court and the Court of Appeal are generally of persuasive authority but are not binding in the courts of the Cayman Islands. Decisions of courts in other Commonwealth jurisdictions are similarly of persuasive but not binding authority. The rights of our shareholders and the fiduciary responsibilities of our directors under Cayman Islands law are not as clearly established as they would be under statutes or judicial precedents in the United States. In particular, the Cayman Islands has a less developed body of securities laws relative to the United States. Therefore, our public shareholders may have more difficulty protecting their interests in the face of actions by our management, directors or controlling shareholders than would shareholders of a corporation incorporated in a jurisdiction in the United States.

***Recently introduced economic substance legislation of the Cayman Islands may adversely impact us or our operations.***

The Cayman Islands, together with several other non-European Union jurisdictions, introduced legislation aimed at addressing concerns raised by the Council of the European Union as to offshore structures engaged in certain activities which attract profits without real economic activity. With effect from January 1, 2019, the International Tax Co-operation (Economic Substance) Act, 2018, or the Substance Act, and issued Regulations and Guidance Notes came into force in the Cayman Islands introducing certain economic substance requirements for “relevant entities” which are engaged in certain “relevant activities,” which in the case of exempted companies incorporated before January 1, 2019, applies in respect of financial years commencing July 1, 2019 and onwards. A “relevant entity” includes an exempted company incorporated in the Cayman Islands; however, it does not include an entity that is tax resident outside the Cayman Islands. Accordingly, for so long as we are a tax resident outside the Cayman Islands, we are not required to satisfy the economic substance test. Although it is presently anticipated that the Substance Act will have little material impact on us and our operations, as the legislation is relatively new and remains subject to further clarification and interpretation it is not currently possible to ascertain the precise impact of these legislative changes on us and our operations.

***If we are classified as a PFIC, United States taxpayers who own our Class A ordinary shares may have adverse United States federal income tax consequences.***

A non-U.S. corporation such as ourselves will be classified as a PFIC, for any taxable year if, for such year, either:

- At least 75% of our gross income for the year is passive income; or
- The average percentage of our assets (determined at the end of each quarter) during the taxable year which produce passive income or which are held for the production of passive income is at least 50%.

Passive income generally includes dividends, interest, rents and royalties (other than rents or royalties derived from the active conduct of a trade or business), and gains from the disposition of passive assets.

If we are determined to be a PFIC for any taxable year (or portion thereof) that is included in the holding period of a U.S. taxpayer who holds our Class A ordinary shares, the U.S. taxpayer may be subject to increased U.S. federal income tax liability and may be subject to additional reporting requirements.

Depending on the amount of cash we have and any other assets held for the production of passive income, it is possible that, for our current taxable year or for any subsequent year, more than 50% of our assets may be assets which produce passive income, in which case we would be deemed a PFIC, which could have adverse U.S. federal income tax consequences for U.S. taxpayers who are shareholders. We will make this determination following the end of any particular tax year.

Although the law in this regard is unclear, we treat PRC subsidiaries as being owned by us for United States federal income tax purposes, not only because we exercise effective control over the operations of such entities but also because we are entitled to substantially all of their economic benefits, and, as a result, we consolidate their operating results in our consolidated financial statements. For purposes of the PFIC analysis, in general, a non-U.S. corporation is deemed to own its pro rata share of the gross income and assets of any entity in which it is considered to own at least 25% of the equity by value.

For a more detailed discussion of the application of the PFIC rules to us and the consequences to U.S. taxpayers if we were or are determined to be a PFIC, see “Item 10. Additional Information—E. Taxation—United States Federal Income Taxation—Passive Foreign Investment Company (“PFIC”).”

***The dual class structure of our ordinary shares has the effect of concentrating voting control with our Chairman and Chief Executive Officer, Mr. Xueyuan Weng, who is the only owner of our Class B ordinary shares, and his interests may not be aligned with the interests of our other shareholders.***

Our Class B ordinary shares have five votes per share, and our Class A ordinary shares have one vote per share, on all matters subject to vote at general meetings of the Company. Mr. Xueyuan Weng, our Chairman and CEO, currently beneficially holds approximately 58% of the total votes for our issued and outstanding share capital. Because of the five-to-one voting ratio between our Class B ordinary shares and Class A ordinary shares, the holder of our Class B ordinary shares could collectively control a majority of the aggregate voting power of our issued ordinary shares and therefore be able to control all matters submitted to our shareholders for approval. This concentrated control may limit or preclude your ability to influence corporate matters for the foreseeable future, including the election of directors, amendments of our organizational documents, and any merger, consolidation, sale of all or substantially all of our assets, or other major corporate actions requiring shareholder approval. In addition, this may prevent or discourage unsolicited acquisition proposals or offers for our share capital that you may feel are in your best interest as one of our shareholders. Such concentration of voting power could also have the effect of delaying, deterring, or preventing a change of control or other business combination, which could, in turn, have an adverse effect on the market price of our Class A ordinary shares or prevent our shareholders from realizing a premium over the then-prevailing market price for their Class A ordinary shares.

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

Several shareholder advisory firms have announced their opposition to the use of multiple class structures. As a result, the dual class structure of our ordinary shares may cause shareholder advisory firms to publish negative commentary about our corporate governance practices or otherwise seek to cause us to change our capital structure. Any actions or publications by shareholder advisory firms critical of our corporate governance practices or capital structure could also adversely affect the value of our Class A ordinary shares.

***Since we are a “controlled company” within the meaning of the Nasdaq listing rules, we are allowed to follow certain exemptions from certain corporate governance requirements that could adversely affect our public shareholders.***

Our largest shareholder, Mr. Xueyuan Weng, owns more than a majority of the voting power of our outstanding ordinary shares. Under the Nasdaq listing rules, a company of which more than 50% of the voting power is held by an individual, group, or another company is a “controlled company” and is permitted to phase in its compliance with the independent committee requirements. Although we do not intend to rely on the “controlled company” exemptions under the Nasdaq listing rules even if we are deemed a “controlled company,” we could elect to rely on these exemptions in the future. If we were to elect to rely on the “controlled company” exemptions, a majority of the members of our board of directors might not be independent directors and our nominating and corporate governance and compensation committees might not consist entirely of independent directors. Accordingly, if we rely on the exemptions, during the period we remain a controlled company and during any transition period following a time when we are no longer a controlled company, you would not have the same protections afforded to shareholders of companies that are subject to all of the corporate governance requirements of Nasdaq.

#### **Item 4. INFORMATION ON THE COMPANY**

##### **A. History and Development of the Company**

##### **Strategic Transition into the Wellness Industry**

In 2023, we started implementing a strategic transition to expand our operation into the wellness industry in China. The following are related corporate developments:

- On the Company’s annual general meeting held on September 26, 2023, the board of directors proposed, and the shareholders of the Company adopted a special resolution to change the Company’s name to “Golden Sun Health Technology Group Limited”.
- On March 7, 2023, we incorporated Shanghai Fuyouyuan, a PRC limited liability company and a fifty-one-percent owned subsidiary of Lilong Logistic. The Company also indirectly controls an additional 1% of the equity share of Shanghai Fuyouyuan through a 10% equity share held by Zhejiang Fuyouyuan, of which Lilong Logistic has a 10% equity share. Shanghai Fuyouyuan does not have active businesses as of the date of this annual report.
- On April 3, 2023, we incorporated CF (HK), a Hong Kong limited company and a wholly owned subsidiary of Golden Sun Hong Kong. CF (HK) does not have active businesses as of the date of this annual report.
- On August 15, 2023, we incorporated Shanghai Jinheyu, a PRC limited liability company and a 51% owned subsidiary of Gongyu Education. See “Item 4. INFORMATION ON THE COMPANY—b. Business Overview—Strategic Transition into the Wellness Industry” for Shanghai Jinheyu’s business.
- On November 17, 2023 we incorporated Golden Sun Selection, a PRC limited liability company and a wholly owned subsidiary of Golden Sun Wenzhou. On December 21, 2023, we established Selection Hangzhou Branch as a branch office of Golden Sun Selection in Hang Zhou, Zhejiang Province. See “Item 4. INFORMATION ON THE COMPANY—b. Business Overview—Strategic Transition into the Wellness Industry” for Golden Sun Selection and Selection Hangzhou Branch’s business.

## **The Reorganization**

On September 1, 2021, the revised Implementing Regulation became effective. The revised Implementing Regulation prohibits private schools that provide compulsory education to be controlled by means of agreements or to enter into any transactions with any related parties. Until September 2021, the Company had controlled and received economic benefits from the VIEs, Ouhai Art School and Chongwen Middle School, two private schools that provide compulsory education, through a series of contractual arrangements (the “VIE Agreements”) to provide contractual exposure to foreign investment in Chinese-based companies, where Chinese law prohibits direct foreign investment in Chinese operating companies. In order to become compliant with the revised Implementing Regulation, in September 2021, the Company completed a reorganization to divest its operations of Ouhai Art School and Chongwen Middle School. Through the Reorganization, (1) the Company sold all of its shares in Golden Sun Shanghai (the entity that controls Chongwen Middle School through contractual arrangements); and (2) Golden Sun Wenzhou, one of the Company’s subsidiaries, terminated its VIE Agreements with Ouhai Art School. As a result of the foregoing, neither the Company nor any of its subsidiaries controls or receives economic benefits from any private schools that provide compulsory education, and, as of the date of this annual report, we believe the Company and its subsidiaries are compliant with the revised Implementing Regulation. All discussions in this annual report relating to the Company’s operation of Ouhai Art School or Chongwen Middle School are provided for historical context only.

For the fiscal years ended September 30, 2021 and 2020, the revenues generated by the VIEs accounted for approximately 32% and 45% of our total revenue, respectively. The divestitures of the VIEs, which represented a strategic shift that had a major effect on the Company’s operations and financial results, triggered discontinued operations accounting in accordance with ASC 205-20-45, and resulted in the VIEs being considered as discontinued operations. The assets and liabilities related to the discontinued operations were retroactively classified as assets/liabilities of discontinued operation in the consolidated financial statements for the periods presented, while results of operations related to the discontinued operations were retroactively reported as income (loss) from discontinued operations in the consolidated financial statements for the periods presented. Please refer to the financial statements included in this annual report for more details.

See “Item 3. KEY INFORMATION—Corporate Structure” for our latest corporate structure.

## **Corporate Information**

Golden Sun Health Technology Group Limited, formerly known as Golden Sun Education Group Limited, or Golden Sun Cayman, was incorporated in the Cayman Islands on September 20, 2018. On September 26, 2023, the shareholders of the Company adopted a resolution to change the Company’s name to “Golden Sun Health Technology Group Limited”.

Our principal executive office is located at: 8th Floor, Administration Building, 390 East Tiyuhui road, Hongkou District, Shanghai, PRC. Our telephone at this address is +86-021-65649858. Our registered office in the Cayman Islands is located at the offices of Vistra (Cayman) Limited, P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1 – 1205 Cayman Islands, and the phone number of our registered office is +1-345-769 9372. We maintain a corporate website at <http://www.jtyjyjt.com>. The information contained in, or accessible from, our website or any other website does not constitute a part of this annual report.

The SEC maintains a website at [www.sec.gov](http://www.sec.gov) that contains reports, proxy, and information statements, and other information regarding issuers that file electronically with the SEC using its EDGAR system.

## B. Business Overview

### Overview

We are not a Chinese operating company, but rather a holding company incorporated in the Cayman Islands. Our Class A ordinary shares are shares of our Cayman Islands holding company. As a holding company with no material operations of our own, we conduct our operations through our operating entities established in the PRC.

We are a provider of tutorial services in China. Established in 1997 and headquartered in Shanghai, China, we have over twenty years of experience providing educational services that focus on the development of each of our student's strengths and potential, and the promotion of life-long skills and interests in learning. Our tutorial centers span over five locations across Wenzhou city in Zhejiang province, and Shanghai city, China. Our operation includes four tutorial centers for children and adults, one educational company that partners with high schools to offer language classes to their students, and one logistics company that provides logistic and consulting services. In 2023, we started implementing a strategic transition to expand into the wellness industry in China. Through our new wellness business initiatives, we are endeavoring to establish our own wellness brands and an e-commerce platform that be used to promote and sell wellness products.

Our centers offer the following tutorial programs:

- Yangfushan Tutorial offers a Gaokao repeater tutorial program to high school students who retake Gaokao. Yangfushan Tutorial is also entrusted to offer high school program education to students of the Central Radio & Television Secondary Specialized School located in Wenzhou City, China.
- Hongkou Tutorial offers various English and other foreign language tutorial programs and Gaokao and Zhongkao repeater tutorial programs to individual students as well as companies and other organizations.
- Jicai Tutorial offers non-English foreign language tutorial programs to individual students, companies and other organizations.
- Zhouzhi Tutorial offers non-English foreign language tutorial programs to individual students, companies and other organizations.

Our repeater tutorial program programs are specifically targeting the upcoming Gaokao or Zhongkao. As for foreign language tutoring, we offer English, Spanish, German, French and Japanese courses to students who intend to study abroad, individuals seeking jobs that require certain proficiency in these languages, and companies or organizations whose workers need to have certain proficiency in these languages.

In addition to tutorial programs offered by our tutorial centers, Qinshang Education, our China-based subsidiary established in December 2019, partners with selective high schools to provide non-English foreign language (Spanish and French as secondary language) tutoring services to high school students.

Since December 2019, we started generating a small percentage of our revenue from providing logistics, consulting, and catering services through Lilong Logistics. As of the date of this annual report, we have entered into four agreements with four customers, who are mostly Kindergartens.

For the fiscal years ended September 30, 2023, 2022, and 2021, the total revenue was approximately \$6.2 million, \$10.8 million, and \$15.0 million, and the net income (loss) was approximately \$(5.8) million, \$(2.1) million, and \$2.2 million, respectively. For the same aforementioned periods, the revenue derived from tutorial services accounted for 88%, 86%, and 90% of the total revenue, respectively; and the revenue derived from logistics and consulting services and others accounted for 12%, 14%, and 10% of the total revenue, respectively. The decrease in our revenue for the fiscal year 2023 was mainly due to the decreased market demand for our services as a result of the negative impact of the COVID-19 pandemic on the Chinese economy, which was gradually recovering after China announced a relaxation from its initially stringent COVID-19 pandemic control measures in December 2022.

### Our Tutorial Services

We operate tutorial centers through our China based subsidiaries. All of our tutorial centers are located in either Wenzhou city, Hangzhou city, Zhejiang province or Shanghai City in China. In December, 2019, we established Qinshang Education to offer non-English foreign language tutorial programs to students enrolled in the high schools we select and partner with throughout the PRC, or partner schools, with a focus on Spanish language.

The following table sets forth the basic information of our tutorial services as of December 31, 2023.

Name	Year Opened / Acquired	Type	Programs / Services Offered	Number of Students	Number of Classes	Number of Teachers and Educational Staff
Yangfushan Tutorial	2008/2018 <sup>(1)</sup>	Tutorial center; operates as a Not-for-profit school	Gaokao Repeater Tutorial Program	393	11	25
			<b>Sub-total</b>	<b>393</b>	<b>11</b>	<b>25</b>
Hongkou Tutorial	2000/2015 <sup>(2)</sup>	Tutorial center; operates as a company	Gaokao Repeater Tutorial Program	208	8	31
			English Program	331	39	26
			Non-English foreign Language Program	118	21	12
			<b>Sub-total</b>	<b>657</b>	<b>68</b>	<b>69</b>
Jicai (Hangzhou) Tutorial	2017/2019 <sup>(3)</sup>	Tutorial center; operates as a For-profit school;	Non-English foreign Language Program	0	0	0
Zhouzhi Tutorial	2012/2019 <sup>(4)</sup>	Tutorial center; operated as company	Non-English foreign Language Program	1,838	533	91
			<b>Sub-total</b>	<b>1,838</b>	<b>533</b>	<b>91</b>
Qinshang	2019	Operated as a company	Non-English foreign Language Program	754	26	26
			<b>Sub-total</b>	<b>754</b>	<b>26</b>	<b>26</b>
<b>Total</b>				<b>3,642</b>	<b>638</b>	<b>211</b>

- (1) Yangfushan Tutorial commenced operation in 2008. Mr. Weng acquired the school in 2008 and the school was later acquired by the Company in 2018.
- (2) Hongkou Tutorial commenced operation in 2000 and was acquired by the Company in 2015. Prior to 2022, it was operated as a not-for-profit school by Shanghai Hongkou Practical Foreign Language Tutorial School, which ceased operation and transferred all of its existing business to Xianjin Technology on December 31, 2021.
- (3) Hangzhou Jicai commenced operation in 2017, and were acquired by the Company in 2019.
- (4) Zhouzhi Tutorial is operated by Zhouzhi Culture, which commenced operation in 2012 and was acquired by the Company in 2019. The Company's former tutorial center, Shanghai Jicai, transferred its business to Zhouzhi Culture in 2022.

### ***Our Tutorial Centers***

We operate tutorial centers through our PRC subsidiary, Golden Sun Wenzhou and its subsidiaries. Each center offers different programs and serves different groups of students.

Yangfushan Tutorial is the only full-time school for Gaokao repeaters in Wenzhou city, China. Students of Yangfushan Tutorial are Gaokao repeaters who are not satisfied with their previous Gaokao result and desire to retake the annual Gaokao, in order to achieve a better result and to potentially get into a better university or college. Students of Yangfushan Tutorial are enrolled for one year to retake the curriculum of the senior year of high school. For the 2023/2022, 2022/2021 and 2021/2020 school years, 100% of our students were successfully admitted to a 4-year university or 3-year associate college programs, with approximately 90% admitted to 4-year universities and approximately 40% admitted to Key Universities in China.

Hongkou Tutorial and Jicai Tutorial are tutorial centers that offer various language courses and part-time Gaokao and Zhongkao repeater courses to individual students and corporate customers. Individual students and corporate customers typically sign up to take a specific course for a period of time. The repeater courses offered at Hongkou Tutorial saw a 94.3% and 94.2% admittance rate into high schools in the 2023/2022 and 2022/2021 school years, respectively.

Jicai Tutorial and Zhouzhi Tutorial tutor students who sign up individually, and as a group by their employers or organizations. Jicai Tutorial and Zhouzhi Tutorial focus on non-English foreign language tutoring, as well as cultivating students' interests in foreign languages.

### ***Secondary Language Tutorial Services Provided to Partner-schools by Qinshang Education***

With the acceleration of the globalization of Chinese companies, the needs for talents speaking a non-English foreign language has increased in recent years. In December 2019, we established Qinshang Education to offer secondary language tutorial services to students enrolled high schools we selectively partner with. Currently, we offer Spanish and French programs. This model allows us to utilize the partner-schools' resources without having to own or lease land or space as teaching facilities or campus.

We are selective in identifying partner-schools. Typically, we look at a school's track records and whether electing Spanish or another non-English secondary language as their second language in Gaokao would be beneficial to their students. Additionally, we prioritize those with over 1,500 students in each grade, to ensure sufficient enrollment.

As of December 31, 2023, Qinshang Education worked with 16 partner-schools serving approximately 754 students in 8 provinces in China.

### ***Not-for-Profit/For-profit status***

According to PRC laws and regulations, entities and individuals who establish private schools are commonly referred to as "sponsors" instead of "owners" or "shareholders." The sponsors of private schools may establish non-profit or for-profit schools at their own discretion. However, they are not allowed to establish for-profit schools providing compulsory education. Please refer to "*Regulations—Regulations Related to Private Education—2. Law for Promoting Private Education of PRC*" for details of private school categories.

The main difference between a for-profit school and a not-for-profit school is whether the sponsor can obtain proceeds from school operations. The sponsor of a not-for-profit school shall not receive proceeds from school operations, and the cash surplus of the school shall be reinvested in the school for its operations. The sponsor of a for-profit school may receive proceeds from school operations, and the cash surplus of the school shall be disposed in accordance with the Company Law and other relevant laws and administrative regulations.

According to the Decision on Amending the Law for Promoting Private Education of the PRC (the “Decision”), amended in December 2018, for-profit private schools have the discretion to determine the fees to be charged by taking into consideration of various factors such as the school operating costs and market demand, and no prior approval from government authorities is required, while not-for-profit private schools shall collect fees, pursuant to the measures stipulated by the local PRC government authorities.

Yangfushan Tutorial and Hangzhou Jicai were established as private schools and are subject to the provisions of the 2016 Private Education Law, which became effective on September 1, 2017, requiring them to register their status as not-for-profit or for-profit. Yangfushan Tutorial was established as not-for-profit schools, while Hangzhou Jicai was established as a for-profit school.

According to government regulations, in order to change a not-for-profit school to a for-profit school, the school’s property first needs to be liquidated, which would cause large scale disruptions to our schools. In March 2021, the Company made the decision not to reregister its existing not-for-profit schools as for-profit schools.

As of the date of this annual report, Zhouzhi Tutorial, Qinshang Education and Hongkou Tutorial operate as companies rather than private schools, and therefore do not need to be registered as for-profit or not-for-profit schools.

## **Our Tutorial Programs**

### ***Basic educational program***

The only basic education program we offer is the high school program at Yangfushan Tutorial.

### ***Full-time Gaokao repeater tutorial program***

Yangfushan Tutorial students are enrolled to retake the senior year of the high school program, in preparation of their retaking of Gaokao, which is a standardized annual admission test administered by local authorities at a provincial level, the result of which is critical in determining admission into undergraduate programs in universities in China. Students at Yangfushan Tutorial are offered courses for subjects that are required for Gaokao, i.e., three mandatory subjects (Chinese, math and foreign language), as well as three subjects of a student’s choosing from seven subjects (politics, geography, history, physics, chemistry, biology and technology).

### ***Other Tutorial Programs***

We offer other various tutorial programs, including a part-time Gaokao and Zhongkao repeater program, English as second language programs, such as the national English as a foreign language test courses, intermediate and advanced English interpretation courses, and business English courses, as well as non-English foreign language programs.

## **Our Students**

We have operated in Wenzhou city and Shanghai for over twenty years. We believe that prospective students are attracted to our tutorial centers due to our brand name and the quality of our programs. The target students for our tutorial centers are Gaokao and Zhongkao repeaters, companies or organizations with training needs, as well as high schools with students who can benefit from our non-English foreign languages programs when participating in Gaokao.

We typically reach out to prospective students and their parents through WeChat, our website and physical flyers. We also rely on the referrals of our previous and existing students and their parents.

As of December 31, 2023, we had approximately 3,642 students across China in our tutorial programs and partner-schools.



## **Our Teachers**

We seek to hire teachers and educational staff who hold the necessary academic credentials, are dedicated and active professionals in their fields, and are committed to improving their students' performance. Typically, our teachers have 10-20 years of educational experience. As of December 31, 2023, approximately 36.18% of our teachers and educational staff held a master's degrees or above, 62.04% held bachelor's degrees.

Our teachers are hired based on classroom experience, educational background, expertise in their specific subject areas, communication skills and commitment to students and teaching. We expect teachers to have or develop excellent teaching skills, including the ability to mentor other teachers and develop innovative curriculums. They are also required to meet PRC regulatory requirements. We post descriptions of vacant positions on our website and social media to recruit teachers. We also recruit qualified graduates from reputable teaching universities and foreign language schools. We review official transcripts and resumes to evaluate a candidate's academic achievement and work experience. Qualified candidates are interviewed, required to pass a written test and teach a mock class in front of a school's hiring team. Once hired, a teacher is also expected to pass a probation period during which he or she can be evaluated regularly.

Newly hired teachers undergo a training program on teaching skills and techniques as well as the Company's culture. We also provide continuing training to our teachers in areas such as ethics, lesson preparation, teaching skills, production efficiency, and teaching without a script. We typically provide our teachers with 1-10 days of ongoing training each year. We also arrange or encourage experienced teachers to mentor, assist, and provide guidance to newly hired teachers and regularly hold teaching research meetings and activities among teachers of the same subjects. Our teachers are regularly evaluated, both qualitatively, on their teaching skills, and quantitatively, on their students' test scores, typically once every semester.

Our teachers' compensation is based on their experience, education background, and the results of evaluations of their performance. We provide outstanding teachers with bonuses and other benefits and perks to incentivize them to stay, and those who do not meet our teaching standards are terminated. The annual retention rates of our teachers for September 30, 2023, 2022, and 2021 were 69.3%, 25.2%, and 73.8%, respectively. The "retention rate" is calculated as 100% minus the quotient of the number of teachers who cease being employed during the period by the number of teachers at the beginning of that period (not including teachers hired during that period).

## **Tuition Fees**

For our tutorial centers, tuition fees vary depending on the type of programs or courses we offer. For the years ended September 30, 2023, 2022, and 2021, the average fee charged per students in tutorial programs amounted to \$733, \$1,175, and \$1,391, respectively. The large decrease in fees in fiscal year 2023 was mainly due decreased market demand for our tutorial services.

## **Logistic and consulting services and others**

In December 2019, the Company established Lilong Logistics to provide logistic, consulting, and catering services to our affiliated schools. As of September 30, 2023, Lilong Logistics entered into four agreements with customers. Revenue generated from logistic and consulting services and others amounted to \$709,424, \$1,535,446, and \$1,508,930 for the years ended 2023, 2022 and 2021, respectively. The decrease in the revenue in fiscal 2023 was mainly due to the decreased demand for our consulting and catering services.

## **Marketing and Sales**

We employ various methods in marketing our tutorial centers and our services. We take measures to increase word-of-mouth referrals, which have been key to bringing in new students and building our brands. In addition, we also advertise via our social media accounts (primarily WeChat) and our websites, and post advertisement posters on school campuses and other areas with high traffic of our target students, especially during student recruiting seasons.

*Referrals.* Word-of-mouth referrals by former and current students and their families have historically been a significant source of student enrollment. We actively work with our alumni and current students to encourage them to recommend our programs to potential students. We believe that our student enrollment will continue to benefit from referrals by our extensive network of alumni and families, many of whom have enjoyed satisfactory learning experiences and achieved their study goals at our schools and tutorial centers.

*Social media and traditional media advertising.* We maintain several official accounts with the most used social media in China, WeChat, China's largest social media mobile application and regularly post updates and news about our schools and tutorial centers on our official WeChat accounts. Currently, our 10 WeChat accounts have an aggregate of 72,849 followers. We also selectively post advertisement on university school campuses in their cafeteria and dormitory areas, as well as other areas with high traffic of our target students, such as newsstands.

*Promotional events.* From time to time, we organize in-person promotional and recruiting events so that prospective students and their parents can learn more about our tutorial centers, programs, teachers and services. Prospective students and their parents would be able to meet and interact with our teachers and staff, and ask questions about our tutorial centers.

### **Investment in Shanghai Daizong**

To diversify our business and leverage our market position in the education industry, on May 10, 2023, Xianjin Technology entered into an equity transfer agreement to acquire nineteen percent (19%) of Shanghai Daizong for RMB 5,730,000 in cash. Shanghai Daizong is a PRC limited company that specializes in consultation services on study abroad and overseas cultural exchange events.

### **Strategic Transition into the Wellness Industry in 2023**

In 2023, we started implementing a strategic transition to expand our operations into the wellness industry in China. Through our new wellness business initiatives, we are endeavoring to establish our own wellness brands and an e-commerce platform that will be used to promote and sell wellness products. We did not generate any revenue from our wellness business in fiscal year 2023.

### ***White Tea Oral Health Products***

Shanghai Jinheyu, our subsidiary established in 2023, has developed Fuding White Tea (福鼎白茶) brand white tea oral health products, which currently include toothpaste, mouth freshening spray, and mouthwash. These products contain Fuding white tea (a specialty white tea produced in Fuding City, a village in Fujian province, China) and other Chinese traditional medicines that are believed may have the ability to alleviate certain oral health problems, such as tooth decay and bad smelling breath. We have commissioned Suzhou Qingxin Health Technology Co., Ltd., a Chinese manufacturer of oral products, to produce our oral health products. In December 2023, we launched the Fuding White Tea oral health products on various e-commerce platforms in China, including JD.com, Taobao, Red, and Yundinghuo. In September 2023, we applied for trademarks for “Fuding White Tea (福鼎白茶)” and “Jinheyu (金合宇)”. In January 2024, we submitted patent applications to the China National Intellectual Property Administration for the three white tea oral health products.

### ***E-commerce Livestreaming***

In January 2024, our subsidiary, Golden Sun Selection, and its branch office, Selection Hangzhou Branch, launched a livestreaming channel on www.douyin.com. We currently market and sell selected healthy agricultural products, such as red beans, coix seeds, barley, brown sugar with ginger, on our livestreaming channel. Our service connects producers and consumers of healthy products, as well as promotes a healthy lifestyle to a targeted audience.

### ***Investments in Wellness Businesses***

In 2023, we made equity investments in three companies that operate in the Chinese wellness industry, including Zhejiang Kangyuan, Kaiye (Wenzhou), and Zhejiang Fuyouyuan.

On January 18, 2023, Wenzhou Lilong entered into an equity transfer agreement to acquire eighteen percent (18%) of Zhejiang Kangyuan’s equity shares for RMB 32.4 million in cash. Zhejiang Kangyuan is a PRC limited liability company, and its primary business is the production and sales of medical equipment, as well as the production and sales of non-medical masks.

On April 10, 2023, the Company entered into a share purchase agreement to purchase an approximate 3.4% equity interest of Kaiye (Wenzhou) for a total consideration of US\$5 million in cash, to be paid in three installments. Kaiye (Wenzhou) is a provider of a waterfront tourism project development. On September 20, 2023, the parties entered into a supplemental agreement to clarify certain terms under the share purchase agreement.

On February 23, 2023, Wenzhou Lilong entered into an equity transfer agreement to acquire ten percent (10%) of Zhejiang Fuyouyuan’s equity shares for RMB 2 million in cash. Zhejiang Fuyouyuan’s primary business includes health consultation services, health management services, and medical care services.

## Facilities

We do not own any real estate properties, and currently lease properties with a total combined gross floor area and site area of approximately 107,955 square feet in Wenzhou City Zhejiang province, and Shanghai City, from various non-related entities or grants of use from the local government.

The below table sets forth a summary of our facilities as of the date of this annual report:

No.	Entity	Lease (L)/ Own (O)	Lease Amount	Area	Location	Lease Term
1	Yangfushan Tutorial	L	\$199,375/year Increase every 3 years	GFA: 69,965 sq ft	Ouhai District, Wenzhou City	May 1, 2019- Apr 30, 2031
2	Hongkou Tutorial	L	\$4,511/month	GFA: 2,121 sq ft	Hongkou District, Shanghai	Jan 1, 2023- Dec 31, 2024
3	Hongkou Tutorial	L	\$3,014 /month	GFA:1,109 sq ft	Hongkou District, Shanghai	Sep 1, 2023- Aug 31, 2024
4	Hongkou Tutorial	L	\$139,289 /year	GFA: 5,085sq ft	Pudong New District, Shanghai	Sep 1, 2023- Aug 31, 2024
5	Hongkou Tutorial	L	\$7,618/month	GFA: 6,566sq ft	Baoshan District, Shanghai	Jul 1, 2023- Aug 31, 2024
6	Hongkou Tutorial	L	\$1,405/month	GFA: 517sq ft	Hongkou District, Shanghai	Oct 1, 2023- Sep 30, 2024
7	Hongkou Tutorial	L	\$35,139 /year	4 classrooms	Hongkou District, Shanghai	Sep 1, 2023- Aug 31, 2024
8	Hongkou Tutorial	L	\$11,713 /year	1 employee dormitory	Hongkou District, Shanghai	Sep 1, 2023- Aug 31, 2024
9	Zhouzhi Tutorial	L	\$158,162 /year Increase every year	GFA: 5,461sq ft	Xuhui District, Shanghai	Feb 1, 2023- Mar 31, 2025
10	Qinshang Education;	L	\$ 1,482 /month	GFA: 1,041sq ft	Pudong New District, Shanghai	Jan 1, 2023- Dec 31, 2024
11	Golden Sun Wenzhou	L	\$16,732 /year	GFA: 4,521 sq ft	Lucheng District, Wenzhou City	Oct 1, 2023- Oct 31, 2024
12	Lilong Logistics	L	Free	GFA: 269 sq ft	Longwan District, Wenzhou City	Dec 2, 2022- Dec 1, 2025
13	Gongyu Education	L	\$7,609/year	GFA: 3,218 sq ft	Hongkou District, Shanghai	Jan 1, 2023- Dec 31, 2024
14	Shanghai Jinheyu	L	\$1,349/month	GFA: 2,282 sq ft	Fengxian District, Shanghai	Oct 11, 2023- Oct 10, 2024
15	Shanghai Jinheyu	L	\$573/month	GFA: 969 sq ft	Fengxian District, Shanghai	Oct 11, 2023- Oct 10, 2024
16	Shanghai Jinheyu	L	\$697/month	GFA: 969 sq ft	Fengxian District, Shanghai	Sep 1, 2023- Aug 31, 2024
17	Golden Sun Selection	L	\$365965.8/year Increase every year	GFA:3,862sq ft	Binjiang District, Hangzhou City	Dec 27, 2023- Dec11, 2025

Our Golden Sun Wenzhou and Lilong Logistics locations are leased from the local government free of rent because of local government's incentives programs for locations we lease. Except for one location that we pay rent based on frequency of use, all of our current leases contain priority renewal provisions which provide that we have the right of first refusal to renew the lease upon the expiration of the lease term. There is no renewal provision for two locations (Golden Sun Wenzhou and Lilong Logistics) that we are granted rights to use for free by the government. Upon the expiration of these grants, depending on the then operating situation of these locations, both for office use only, we may negotiate with the government for renewal or to move offices. We do not expect any material disruption to our operations for either option.

## Intellectual Property

As of the date of this annual report, we own 6 trademarks and we are currently applying for 2 trademarks with the Trademark Office of SAIC in China.

As of the date of this annual report, we are currently applying for 3 patents with the State Intellectual Property Office in China.

We own 7 copyrights to various textbooks that have been developed internally and provide a basis for improving the quality of our educational services. Our strategic plan calls for continued and extensive investment in maintaining and expanding these assets.

We have also registered 4 domain names with the China Internet Network Information Center.

To protect our intellectual properties, we rely on a combination of trademark, copyright and trade secret laws. From time to time, we are required to obtain licenses with respect to course materials owned by third parties for our educational services, in particular for our international program which requires foreign-language educational materials.

## Competition

We believe that the competition in the non-English foreign language services market and the Gaokao repeater market is generally based on brands, student academic performance, parent satisfaction, quality of teachers, campus size, locations, cost of rent, and tuition fees. We expect competition to persist and intensify. We believe that we are able to compete effectively because of our strong brand recognition and track record. However, some of our existing and potential competitors, especially public schools, may have access to resources that we do not have, such as governmental support in forms of government subsidies and other payments or fee reductions. These competitors may devote greater resources, financial or otherwise, than we can to student recruitment, campus development and brand promotion and respond more quickly than we can to changes in student demands and market needs. See “Item 3. KEY INFORMATION—D. Risk Factors—Risks Related to Our Business—We face intense competition in the PRC education sector, which could lead to adverse pricing pressure, reduced operating margins, loss of market share, departure of qualified teachers and increasing capital expenditure.”

## Employees

We and our PRC operating entities had 336, 377, and 454 employees as of **September 30**, 2023, 2022, and 2021, respectively. As of December 31, 2023, we had 316 employees. The following table sets forth the numbers of our employees, categorized by function as of December 31, 2023.

	<b>As of December 31, 2023</b>
Teachers	211
Cafeteria and dining hall staff	12
Student living staff	13
Security and safety staff	5
Technology staff	3
Management and Administrative staff	72
<b>Total</b>	<b>316</b>

As required by PRC laws and regulations, we participate in various employee social security plans for part of our employees that are administered by local governments, including housing, pension, medical insurance and unemployment insurance. We compensate our employees with basic salaries as well as performance-based bonuses. However, we did not make adequate social insurance and housing fund contributions for all employees as required by PRC regulations. None of our employees are represented by any collective bargaining arrangements, and we consider our relations with our employees to be good.

### **Seasonality**

We do not experience seasonality in our overall operations.

### **Legal Proceedings**

From time to time, we are subject to legal proceedings, investigations and claims incidental to the conduct of our business. We are not currently a party to any legal proceeding or investigation which, in the opinion of our management, is likely to have a material adverse effect on our business, financial condition or results of operations.

### **Regulations**

This section sets forth a summary of the principal PRC laws, regulations, and rules relevant to our business and operations in China.

#### **Regulations Related to Private Education**

##### **1. Education Law of PRC**

On March 18, 1995, the National People's Congress of the PRC, enacted the Education Law of PRC, or the Education Law, which was amended on August 27, 2009 and further amended on December 27, 2015. The Education Law sets forth provisions relating to the fundamental education systems of the PRC, including a school education system comprising infant school education, primary education, secondary education and higher education, a system of nine-year compulsory education, a national education examination system, and a system of education certificates. The Education Law stipulates that the state shall encourage enterprises, institutions, mass associations, other social organizations and private citizens to establish schools and other educational institutions in accordance with the law.

##### **2. Law for Promoting Private Education of PRC**

On December 28, 2002, the Standing Committee of the National People's Congress, promulgated the Law for Promoting Private Education of PRC, or the Law for Promoting Private Education and was later amended on December 29, 2018. Pursuant to the Law for Promoting Private Education, with regard to private schools, the State applies the principles of enthusiastic encouragement, vigorous support, correct guidance, and administration according to law. The sponsors of private schools may establish non-profit or for-profit private schools at their own discretion. However, they shall not establish for-profit private schools providing mandatory education. The sponsor of a non-profit private school shall not gain proceeds from school running, and the cash surplus of the school shall be used for school running. The sponsor of a for-profit private school may gain proceeds from school running, and the cash surplus of the school shall be disposed of in accordance with the Company Law and other relevant laws and administrative regulations. As of the date of this annual report, among all of tutorial centers registered as schools, Yangfushan Tutorial is a not-for-profit school.

Furthermore, according to Article 38 of the Law for Promoting Private Education, the items and rates of fees to be charged by private schools shall be determined according to the cost of running a school, market demand and other factors and made available to the public. They are subject to the supervision by the relevant authority. The measures for the collection of fees by non-profit private schools shall be formulated by the governments of respective provinces, autonomous regions and centrally-administered municipalities; the charging criteria of for-profit private schools are subject to market conditions and shall be determined by the schools themselves.

### 3. Implementation Rules for the Law for Promoting Private Education of the PRC

On March 5, 2004, the PRC State Council promulgated the Implementation Rules for the Law for Promoting Private Education of the PRC (the “Implementing Regulation”). According to the Implementing Regulation, any social organizations or individuals, except the state governments, may run non-state schools of different types and levels, other than any specialized non-state schools engaging in military, police or political education, with non-state financial funds.

On April 7, 2021, the revised Implementing Regulation was promulgated, and became effective on September 1, 2021. The revised Implementing Regulation regulates the establishment, organization and operation of private schools, teachers and educators, assets and financial management of schools, etc. The Implementing Regulation prohibits foreign investment in private schools. In addition, Article 13 of the Implementing Regulation states that “No social organization or individual may, by means of merger, acquisition, agreement-based control, etc., control any private school that provides compulsory education or any non-profit private school that provides pre-school education”. Furthermore, the Implementing Regulation prohibits a private school that provides compulsory education to conduct any transactions with any interested related party. Regarding the organization and operation of private schools, the Implementing Regulation further stipulates that members of the board or other forms of decision-making bodies of private schools that provide compulsory education, shall have the nationality of the People’s Republic of China and shall be appointed by the supervision and approval authority. In order to be compliant with the revised Implementing Regulation, the Company completed a Reorganization in September 2021 and divested the operations of two private schools through contractual arrangements. It is the opinion of our PRC counsel that the Company is currently compliant with the revised Implementing Regulation.

### 4. Several Opinions of the State Council on Encouraging the Operation of Education by Social Forces and Promoting the Healthy Development of Private Education

On December 29, 2016, the State Council issued the Several Rules of the State Council on Encouraging the Operation of Education by Social Forces and Promoting the Healthy Development of Private Education (Guofa [2016] No. 81), which aims to ease the access to the operation of private schools and encourages social forces to enter the education industry. The rules also provide that each level of the PRC government shall increase their support for the private schools in terms of financial investment, financial support, funding policy, preferential tax treatments, land policies, fee policies, autonomy operation, protection of the rights of teachers and students, etc.

### 5. Implementation Regulations on Classification Registration of Private Schools

On December 30, 2016, the Ministry of Education (MOE), the Ministry of Civil Affairs (MCA), the State Administration for Industry and Commerce (currently known as the State Administration for Market Regulation) (SAIC), the Ministry of Human Resources and Social Security (MOHRSS), and the State Commission Office of Public Sectors Reform (SCOPSR) jointly issued the Implementation Rules on the Classification Registration of Private Schools (Jiaofa [2016] No. 19). If a private school established before promulgation of the Amendment chooses to register as a not-for-profit school, it shall amend its articles of association, continue its operation and complete the new registration process. If such private school chooses to register as a for-profit school, it shall conduct financial liquidation process, acquire the property rights of its assets such as lands, school buildings, and have its net balance examined by relevant government authorities. It shall also pay up relevant taxes, apply for a new Permit for Operating a Private School, re-register the for-profit school as a corporation and continue its operation. As of the date of this annual report, the Company has determined to register and keep the status of not-for-profit for all of our existing not-for-profit schools.

## 6. Teachers Law of the People's Republic of China

On October 31, 1993, the standing Committee of the National People's Congress promulgated the Teachers Law of the People's Republic of China ("Teachers Law"), which became effective on January 1, 1994, and was amended on August 27, 2009. According to the Teachers Law, China institute a system of qualifications for teachers, the qualifications for teachers in primary and middle schools shall be evaluated and approved by the administrative departments of education under the local people's governments at or above the county level. Besides, Schools and other institutions of education shall gradually institute a system of appointment for teachers. Appointment of teachers shall be based on the principle of equality between both parties. The school and the teacher shall sign an appointment contract defining each other's rights, obligations and responsibilities.

## 7. Local Regulations related to Private Education in Shanghai

On December 26, 2007, local government of Shanghai issued Implementation Opinions on Promoting the Healthy Development of Private Education. This Implementation Opinions provide guidance for the development of local private education. For example, this Implementation Opinions (1) details the implementation of classified management for profit/non-profit institutions and designates multiple government departments to jointly promote this work; (2) details the tuition reform arrangements, and clarifies that the charging standards of for-profit private schools are determined by the schools themselves; (3) emphasizes that private schools should pay social insurance premiums and housing provident funds for teachers and staff in full in accordance with the law. Besides, this Implementation Opinions also arranged specific work in other areas and designated corresponding responsible government agencies.

On December 18, 2017, The Shanghai Municipal Education Commission and other three institutions jointly issued the Standards for the Establishment of Private Training Institutions in Shanghai, the Measures for the Administration of For-profit private Training Institutions in Shanghai and the Measures for the Administration of Non-profit Private Training Institutions in Shanghai, which took effect on January 1, 2018.

According to the Standards for the Establishment of Private Training Institutions in Shanghai, the establishment of a private training institution in Shanghai shall meet the following basic conditions: (1) having organizers who meet the requirements of relevant laws, regulations and normative documents; (2) having a lawful name, a standardized article of association and a necessary organizational structure; (3) having an internal management system that meets the requirements of relevant laws, regulations and rules; (4) having the legal representative, the president (the person in charge of administration) and the main managerial personnel who meet the prescribed qualifications for the post; (5) having a contingent of teachers suitable for the type, level and scale of training; (6) having funds matching the training programs offered; (7) having premises, facilities and equipment suitable for the training program and the scale provided; (8) having a curriculum (training) plan and teaching materials corresponding to the training program offered; and (9) other conditions prescribed by laws, regulations and rules.

In addition, in view of the for-profit private training institutions and non-profit private training institutions, The Measures for the Administration of For-profit private Training Institutions in Shanghai and the Measures for the Administration of Non-profit Private Training Institutions in Shanghai make specific provisions respectively from aspects of recruiting students, collect fees, teaching activities, teachers' personnel, assets and financial management, security management. Among them, the Measures for the Administration of Non-profit Private Training Institutions in Shanghai has made special provisions on the requirements of related training activities in the stage of compulsory education.

## 8. Local Regulations related to Private Education in Zhejiang

In 2018, Zhejiang province completed the construction of a new policy system for private education, including an overall guideline issued by the Zhejiang provincial government and seven supporting specific regulations. On December 26, 2017, Zhejiang Provincial government issued the Implementation Opinions on Encouraging Social Forces to Set up Education and Promoting the Healthy Development of Private Education, which stipulated in principle the development of private education from 21 aspects, including the classified management of for-profit private schools and non-profit private schools. Corresponding to this, government agencies under the provincial government have specifically formulated seven supporting local rules, including “Implementation Measures for the Change of Registration Types of Existing Private Schools”, “Measures for the Financial Settlement of Private Schools”, “Implementation Measures for Public Finance to Support the Development of Private Education”, “Implementation Measures for the Implementation of the Autonomy of Private Schools”, “Implementation Measures for the Construction of the System of Faculty Development in Private Schools”, “Measures for Financial Management of Private Schools” and “Measures for Information Disclosure and Information Management of Private Schools.”

## 9. Guideline to Significantly Reduce the Excessive Burden of Homework and After-school Tutoring for Students in Primary and Middle Schools (the “Guideline”)

The Guideline, jointly issued by the general offices of the Communist Party of China Central Committee and the State Council, was released on July 24, 2021. The Guideline mainly includes the following:

- (1) Primary and middle schools shall reduce the amount and the difficulty of homework and offer after-school service with activities such as homework tutoring, sports, arts, reading, hobbies, and other extra-curricular activities.
- (2) Educational departments should use national and local education teaching resource platforms and school network platforms to provide students with high-quality educational resources and learning resources covering all grades and subjects for free.
- (3) Regulations for the development of tutoring institutions, including: (a) tutoring institutions providing after-school tutoring services on academic subjects in China’s compulsory education system, or Academic AST Institutions, need to be registered as non-profit, no approval will be granted to new Academic AST Institutions, and an approval mechanism will be adopted for online Academic AST Institutions; (b) local government shall clarify the corresponding competent authorities for the management of different types of tutoring institutions for non-academic course; (c) Academic AST Institutions are strictly prohibited from conducting capitalized operations, including IPOs, accepting investment from listed companies whose investment funds are from stock market financings, or sales of assets to listed companies; (d) foreign capital is not allowed to control or participate in Academic AST Institutions through mergers and acquisitions, entrusted operations, franchise chains, and the use of variable interest entities; (e) tutoring institutions are not allowed to teach foreign education courses or content too advanced for the school curriculum; (f) tutoring institutions cannot conduct academic course training on weekends, national holidays or winter and summer vacations; (g) personnel providing academic subject training services must have corresponding teacher qualifications, and the teacher qualification information must be displayed in the tutoring institutions’ premises or on their websites; (h) strictly control the excessive influx of capital into tutoring institutions, the financing and fees of tutoring institutions should be mainly used for training business operations; (i) unfair competition in the form of fictitious original prices, false discounts, and false propaganda for the promotion of business are strictly prohibited, and industry monopolies shall be resolutely investigated and dealt with in accordance with laws and regulations; (j) online training should pay attention to protecting the eyesight of students - each online session should be no more than 30 minutes, the interval between courses should be no less than 10 minutes, and the training end time should be no later than 9pm; (k) online tutoring institutions shall not provide and disseminate unhealthy learning methods such as “photographic search for questions”; and (l) it is strictly forbidden to hire foreign personnel who are not in China to carry out training activities.
- (4) Improve the overall quality of education and accelerate the reduction of the education quality gap between urban and rural areas, regions, and schools.
- (5) Strengthen the management of tutoring institutions advertisements. Mainstream media, new media, public places, various billboards and online platforms in residential areas, etc. shall not publish or broadcast tutoring institutions advertisements. Commercial advertising activities shall not be carried out in primary and middle schools and kindergartens, and advertisements shall not be published or disguised in disguised form using textbooks, auxiliary materials, exercise books, stationery, teaching aids, school uniforms, school buses, etc.

On July 28, 2021, to further clarify the scope of academic subjects provided by Academic AST Institutions in China’s compulsory education system, the PRC Ministry of Education issued the Notice. The Notice specifies that academic subjects include the following courses provided in accordance with the learning content of the national curriculum standards: Morality and Law, Chinese Language, History, Geography, Mathematics, foreign languages (English, Japanese, and Russian), Physics, Chemistry and Biology.

In accordance with the Guideline and the Notice, the Company currently assesses that its tutorial centers are not Academic AST Institutions that provide academic subjects in China’s compulsory education system. Yangfushan Tutorial offers Gaokao repeater tutorial program to high school students who retake Gaokao; Hongkou Tutorial offers various English and other foreign language tutorial programs and Gaokao and Zhongkao repeater tutorial programs; Jicai Tutorial offers non-English foreign language tutorial programs. Neither the Gaokao repeater tutorial program nor the Zhongkao repeater tutorial programs offer academic subjects included on the Notice, and the foreign language programs provided by Hongkou Tutorial and Jicai Tutorial are not provided in accordance with “learning content of the national curriculum standards”. To confirm its assessment, after the issuance of the Guideline, the Company contacted local government authorities and received verbal confirmation that its three tutorial institutions are not Academic AST Institutions and shall not be implicated by the restrictions in Paragraph 3 targeting Academic AST Institutions.



### **Regulations Relating to Toothpaste Production**

On June 16, 2020, the State Council issued the Cosmetics Supervision and Administration Regulation (the “Cosmetics Regulation”). According to the Cosmetics Regulation, Cosmetics are classified into two categories: special cosmetics and ordinary cosmetics. The State Council exercises the registration administration on special cosmetics and record-filing administration on ordinary cosmetics. According to Art. 77 of the Cosmetics Regulation, toothpaste shall be administered by reference to the relevant provisions thereof on ordinary cosmetics.

On March 16, 2023, the State Administration for Market Regulation issued the Measures for the Supervision and Administration of Toothpaste (the “Toothpaste Measures”). According to the Toothpaste Measures, toothpaste is subject to the record-filing administration. The applicant for the record-filing of toothpaste is responsible for the quality safety and efficacy claims of toothpaste. The domestic toothpaste shall be filed for record with the drug regulator of the province, autonomous region or centrally administered municipality where the applicant is located prior to being marketed. Manufacturers of toothpaste shall, in accordance with the law, file an application with the drug regulator of the province, autonomous region or centrally administered municipality where it is located for a production permit. The record-filing parties and the entrusted manufacturers of toothpaste shall establish a production quality management system and organize the production in accordance with good manufacturing practices for cosmetics.

On September 22, 2023, the State Medical Products Administration issued the Announcement on Toothpaste Supervision and Filing. According to this announcement, toothpaste products already present in the market prior to the official implementation of the Cosmetics Regulation and the Toothpaste Measures are subject to simplified filing requirements if they have a proven safe usage history without any quality or safety incidents. From October 1, 2023 to November 30, 2023, toothpaste manufacturers can submit simplified information through the filing platform for these existing products. However, complete product filing information must be provided before December 1, 2025 for toothpaste with a first marketing date after January 1, 2021. The labeling requirements for simplified filings should comply with regulations related to cosmetics supervision and administration as well as toothpaste management. Only adjustments in label format are necessary for sales packaging labels that have already been listed; any updates to product labels should follow specified guidelines.

### **Regulations Relating to Pre-packaged Food**

On February 28, 2009, the Food Safety Law of the People’s Republic of China (the “Food Safety Law”) was passed by the Standing Committee of the National People’s Congress. An updated version of this law came into effect on April 29, 2021. According to the provisions outlined in the Food Safety Law, China adopted a licensing system for food manufacturing, food sellers or catering services shall obtain a permit in accordance with the law. However, the sale of edible agricultural products and the sale of pre-packaged food only are not subject to a permit. Where only pre-packaged food is sold, it shall be filed with the local food safety regulatory department of the local people’s government at or above the county level for the record. Edible agricultural products refer to primary products derived from agriculture intended for consumption, whereas pre-packaged food refers to items that are packaged or made using specific materials or containers.

The quality and safety management of edible agricultural products must adhere to regulations stated in the Law of the People’s Republic of China on Quality and Safety of Agricultural Products. On matters related to marketing of edible agricultural products, formulation of relevant quality and safety standards, publication of pertinent safety information, as well as provisions concerning agricultural inputs specified in the Food Safety Law shall prevail. Sellers engaged in trading in edible agricultural products are required to establish an inspection record system for purchasing such goods and retain relevant certificates for a minimum period not less than six months.

## **Regulations Relating to Online Live Broadcast Sales**

On August 31, 2018, the Standing Committee of the National People's Congress issued the E-commerce Law of the People's Republic of China (the "E-commerce Law"), which came into force on January 1, 2019. The E-commerce Law shall apply to e-commerce activities in the People's Republic of China. E-commerce business operators engaging in business activities shall adhere to the principles of "voluntary participation, equality, fairness and integrity", comply with laws and business ethics, participate in market competition fairly, perform the obligations of consumer rights protection, environmental protection, intellectual property protection, cyber security and protection of personal information, etc., undertake product and service quality responsibilities, and accept government and public supervision.

On March 15, 2021, the State Administration for Market Regulation issued Measures for the Supervision and Administration of Online Transactions, which took effect in May 1, 2021. According to the Measures, goods sold or services provided by online transaction operators shall meet the requirements for the protection of personal and property safety and the requirements for environmental protection, and online transaction operators shall not sell goods or provide services that are prohibited by law or administrative regulations, damage the national interest and public interest, or violate public order and good morals.

On April 23, 2021, the State Internet Information Office and seven other departments jointly issued the Network Broadcast Marketing Management Measures (Trial), which was implemented in May 25, 2021. According to such measures, operators of live studios and live-streaming marketing personnel engaging in online live-streaming marketing activities shall comply with laws, regulations and the relevant provisions of the State, follow public order and good customs, and truthfully, accurately and comprehensively release information on goods or services, and shall not commit any of the following acts: (1) violating Articles 6 and 7 of the Provisions on the Ecological Governance of Network Information Contents; (2) publicizing false or misleading information to cheat or mislead users; (3) marketing counterfeit or shoddy goods or goods that infringe upon intellectual property rights, or goods that fail to meet the requirements for personal and property safety; (4) fabricating or tampering with data relating to traffic, such as transactions, attention, number of views, number of comments, etc.; (5) making promotion or diversion for a person after any illegal or irregular act or act with high risks committed by the person is known or should have been known; (6) harassing, slandering, vilifying or intimidating others, or infringing upon the legitimate rights and interests of others; (7) pyramid marketing, fraud, gambling, or selling prohibited or controlled goods, etc.; and (8) other acts in violation of the laws, regulations and relevant provisions of the State.

## **Regulations Relating to Foreign Investment**

### **1. Foreign Investment Law of PRC**

On March 15, 2019, the National People's Congress approved the Foreign Investment Law of PRC, or the Foreign Investment Law, which replaces the Sino-foreign Joint Ventures Law of PRC, the Sino-foreign Cooperative Enterprises Law of PRC and the Foreign Investment Enterprise Law of PRC.

The Foreign Investment Law aims to further open up and expand the Chinese market, promote foreign investment and protect the legitimate rights and interests of foreign investors. The Foreign Investment Law defines the foreign investment as direct or indirect investment by foreign investors in China. It includes the following categories: (i) foreign investors alone or jointly with other investors establish a foreign investment enterprise in China; (ii) foreign investors acquire shares, equity, property shares or other similar rights and interests in Chinese domestic enterprises; (iii) foreign investors alone or jointly with other investors invest in new projects in China; and (iv) legal and administrative investment in other ways specified by regulations or the State Council.

The Foreign Investment Law stipulates the pre-access national treatment and negative list management system for foreign investment. Under the Pre-entry National Treatment, foreign investors enjoy at least the same level of market access to investment with domestic investors. The Negative List refers to the special administrative measures required by the government to implement foreign investment in certain industries. The Negative List stipulates that foreign investors are not allowed to invest in industries where investment is prohibited. The Negative List also stipulates industries where investment is restricted, and foreign investors should meet the relevant stipulated conditions. China grants national treatment to foreign investment outside of the negative list. The Negative List shall be approved by the State Council and published after approval.

The Foreign Investment Law stipulates that the PRC government shall not expropriate or requisition the investment of foreign investors, except under special circumstances in accordance with the existing law and regulations. In case of expropriation or requisition, statutory procedures shall be followed, and fair and reasonable compensation shall be made in a timely manner. Foreign investors may, according to the present law and regulations, freely remit into or out of China, in RMB or any other foreign currency, their capital contributions, profits, capital gains, income from asset disposal, intellectual property royalties, lawfully acquired compensation, indemnity or liquidation income, etc., within the territory of China. The PRC government shall protect the intellectual property of foreign investors and foreign-funded enterprises, as well as the legitimate rights and interests of intellectual property obligees and relevant obligations.

## 2. Implementation Regulations for the Foreign Investment Law of PRC

On December 26, 2019, the State Council promulgated the Implementation Regulations for the Foreign Investment Law of the People's Republic of China, which stipulate implementation measures and detailed rules to ensure the effective implementation of the Foreign Investment Law.

## 3. Special Administrative Measures (Negative List) for Foreign Investment Access (Edition 2021)

On June 23, 2020, the Ministry of Commerce and the National Development and Reform Commission jointly promulgated the Special Administrative Measures (Negative List) for Foreign Investment Access (Edition 2020) which is further amended on December 27, 2021. Negative List (Edition 2021) stimulates that pre-school education, ordinary high school and higher education institutions are subject to Sino-foreign cooperative education, and must be led by the Chinese Party (the president or the chief executive shall have Chinese nationality, and the Chinese Party shall comprise not less than half of the council, board or joint administrative committee).

It is prohibited to invest in mandatory education institutions or religious education institutions. Furthermore, training business is not on the Negative List (Edition 2021).

## **Regulations Related to Mergers and Acquisitions and Overseas Listings**

On August 8, 2006, six PRC governmental and regulatory agencies, including MOFCOM and the China Securities Regulatory Commission, or the CSRC, promulgated the Rules on Acquisition of Domestic Enterprises by Foreign Investors, or the M&A Rules, governing the mergers and acquisitions of domestic enterprises by foreign investors that became effective on September 8, 2006, and was amended on June 22, 2009. The M&A Rules, among other things, requires that offshore SPVs that are controlled by PRC companies or individuals and that have been formed for overseas listing purposes through acquisitions of PRC domestic interest held by such PRC companies or individuals, to obtain the approval of the CSRC prior to publicly listing their securities on an overseas stock exchange.

On February 17, 2023, the CSRC released the Trial Measures and five supporting guidelines, which took effect on March 31, 2023. Pursuant to the Trial Measures, PRC domestic companies that seek to offer or list securities overseas, both directly and indirectly, shall complete filing procedures with the CSRC pursuant to the requirements of the Trial Measures within three working days following its submission of relevant applications or its completion of subsequent offerings. If a domestic company fails to complete required filing procedures or conceals any material fact or falsifies any major content in its filing documents, such domestic company may be subject to administrative penalties, such as an order to rectify, warnings, fines, and its controlling shareholders, actual controllers, the person directly in charge and other directly liable persons may also be subject to administrative penalties, such as warnings and fines.

The Trial Measures outline the circumstances where domestic companies are prohibited from offering and listing securities overseas, if such overseas offering and listing made by domestic companies (i) are explicitly prohibited by laws; (ii) may endanger national security as determined by relevant competent departments under the State Council; (iii) involve criminal offenses that disrupting PRC economy such as corruption, bribery, embezzlement, or misappropriation of property by such domestic company, the controlling shareholder, and/or actual controller in the recent three years; (iv) involve such domestic company in investigations for suspicion of criminal offenses or major violations of laws and regulations; or (v) involve material ownership disputes over the shares held by the controlling shareholder or by other shareholders that are controlled by the controlling shareholder and/or actual controller. We believe that our listing on Nasdaq does not fall under the circumstance that such overseas listing is prohibited by the Trial Measures.

On the same day, the CSRC also held a press conference for the release of the Trial Measures and issued the CSRC Notice, which, among others, clarifies that PRC domestic companies that have already been listed overseas before the effective date of the Trial Measures, which is March 31, 2023, shall be deemed to be “Existing Issuers”, and Existing Issuers are not required to complete the filing procedures with the CSRC immediately, and they shall be required to file with the CSRC for any subsequent offerings. We are an Existing Issuer, based on the foregoing, and we are not required to complete the filing procedures with the CSRC immediately, however, we shall be required to file with the CSRC for any subsequent offerings.

On February 24, 2023, the CSRC, together with the MOF, the National Administration of State Secrets Protection and National Archives Administration of China, revised the Provisions, which were issued by the CSRC and National Administration of State Secrets Protection and National Archives Administration of China in 2009. The revised Provisions were issued under the title the “Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies,” and came into effect on March 31, 2023, together with the Trial Measures. One of the major revisions to the revised Provisions is expanding their application to cover indirect overseas offering and listing, as is consistent with the Trial Measures. The revised Provisions require that, among other things, (i) a domestic company that plans to, either directly or indirectly through its overseas listed entity, publicly disclose or provide to relevant individuals or entities, including securities companies, securities service providers, and overseas regulators, any documents and materials that contain state secrets or working secrets of government agencies, shall first obtain approval from competent authorities according to law, and file with the secrecy administrative department at the same level; and (ii) a domestic company that plans to, either directly or indirectly through its overseas listed entity, publicly disclose or provide to relevant individuals and entities, including securities companies, securities service providers, and overseas regulators, any other documents and materials that, if leaked, will be detrimental to national security or public interest, shall strictly fulfill relevant procedures stipulated by applicable national regulations. Any failure or perceived failure by our Company or our subsidiaries to comply with the above confidentiality and archives administration requirements under the revised Provisions and other PRC laws and regulations may result in the relevant entities being held legally liable by competent authorities, and referred to the judicial organ to be investigated for criminal liability if suspected of committing a crime.

The Trial Measures and the revised Provisions that recently issued by the PRC authorities may subject us to additional compliance requirements in the future. See “Risk Factors — Risks Related to Doing Business in China — The Trial Measures and the revised Provisions recently issued by the PRC authorities may subject us to additional compliance requirements in the future.”

## Regulations Related to Intellectual Property Rights

### 1. Trademarks

The SCNPC adopted The Trademark Law of PRC in 1982 and revised it in 1993, 2001, 2013 and 2019 respectively, with its implementation rules adopted in 2002 and revised in 2014 by the State Council. The PRC Trademark Office of the State Administration for Industry and Commerce, currently known as PRC State Intellectual Property Office of the State Administration for Market Regulation, or the Trademark Office, handles trademark registrations and grants a protection term of ten years to registered trademarks which may be renewed for consecutive ten-year periods upon request by the trademark owner. The PRC Trademark Law has adopted a 'first-to-file' principle with respect to trademark registration. Where a trademark for which a registration has been made is identical or similar to another trademark which has already been registered or been subject to a preliminary examination and approval for use on the same kind of or similar commodities or services, the application for registration of such trademark may be rejected. Any person applying for the registration of a trademark may not prejudice the existing right first obtained by others, nor may any person register in advance a trademark that has already been used by another party and has already gained a 'sufficient degree of reputation' through such party's use.

### 2. Patents

The SCNPC adopted the Patent Law of PRC in 1984 and amended it in 1992, 2000 and 2008, respectively. A patentable invention, utility model or design must meet three conditions, namely novelty, inventiveness and practical applicability. Patents cannot be granted for scientific discoveries, rules and methods for intellectual activities, methods used to diagnose or treat diseases, animal and plant breeds or substances obtained by means of nuclear transformation. The Patent Office under the State Intellectual Property Office is responsible for receiving, examining and approving patent applications. A patent is valid for a twenty-year term for an invention and a ten-year term for a utility model or design, both starting from the application date. Except under certain specific circumstances provided by law, any third-party user must obtain consent or a proper license from the patent owner to use the patent, otherwise the use will constitute an infringement of the rights of the patent holder.

### 3. Copyrights

The SCNPC adopted The Copyright Law of PRC in 1982 and revised it in 2010. Work of Chinese citizens, legal persons or other organizations shall enjoy copyright pursuant to this Law regardless of whether they are published. Work shall include literature, art and natural science, social science, engineering and technical work created in the following forms: (1) Written works; (2) Oral works; (3) Musical, dramatic, opera, dance, acrobatic artistic works; (4) Art, architectural works; (5) Photographic works; (6) Film work and work created using methods similar to film making; (7) Graphic works and model works such as engineering design plan, product design plan, map, schematic diagram, etc.; (8) Computer software; and (9) Any other work stipulated by laws and administrative regulations. Persons who have committed the infringement acts shall bear civil liability to stop the infringement, eliminate the impact, make apologies, compensate losses, etc., in accordance with the circumstances.

### 4. Domain Names

The Ministry of Industry and Information Technology promulgated the Administrative Measures on Internet Domain Names in 2017. Pursuant to such measures, the Ministry of Industry and Information Technology is in charge of the overall administration of domain names in China. Domain name registration services shall in principle implement "first apply first register". A domain name applicant will become the domain name holder upon the completion of the application procedure.

## **Regulations Related to Employment**

On June 29, 2007, the SCNPC, adopted the Labor Contract Law of PRC, or the Labor Contract Law, which became effective as of January 1, 2008 and was revised in 2012. The Labor Contract Law requires employers to enter into written contracts with their employees, restricts the use of temporary workers. Pursuant to the Labor Contract Law, employment contracts lawfully executed prior to the implementation of the Labor Contract Law and continuing as of the date of its implementation will continue to be performed. Where an employment relationship was established prior to the implementation of the Labor Contract Law but no written employment contract was concluded, a contract must be concluded within one month after the Labor Contract Law's implementation. All PRC enterprises are generally required to implement a standard working time system of eight hours a day and forty hours a week, and if the implementation of such standard working time system is not appropriate due to the nature of the job or the characteristics of business operation, the enterprise may implement a flexible working time system or comprehensive working time system after obtaining approvals from the relevant authorities. According to the Social Insurance Law promulgated by SCNPC effective from July 1, 2011, Regulation of Insurance for Work-Related Injury, Provisional Measures on Insurance for Maternity of Employees, Regulation of Unemployment Insurance, Decision of the State Council on Setting Up Basic Medical Insurance System for Staff Members and Workers in Cities and Towns, Interim Regulation on the Collection and Payment of Social Insurance Premiums and Interim Provisions on Registration of Social Insurance, an employer is required to contribute the social insurance for its employees in China, including the basic pension insurance, basic medical insurance, unemployment insurance, maternity insurance and injury insurance. Under the Regulations on the Administration of Housing Funds, promulgated by the State Council on April 3, 1999 and as amended on March 24, 2002, an employer is required to make contributions to a housing fund for its employees. Our PRC operating entities participate in various employee social security plans for part of our employees that are administered by local governments, including housing, pension, medical insurance and unemployment insurance. Our PRC operating entities compensate our employees with basic salaries as well as performance-based bonuses. However, our PRC operating entities did not make adequate social insurance and housing fund contributions for all employees as required by PRC regulations. See "Item 3. KEY INFORMATION—D. Risk Factors—Risks Related to Our Business—Failure to make adequate contributions to various employee benefit plans as required by PRC regulations may subject us to penalties."

## **Regulations Related to Foreign Exchange**

From 2012, SAFE has promulgated several circulars to substantially amend and simplify the current foreign exchange procedure. Pursuant to these circulars, the opening of various special purpose foreign exchange accounts, the reinvestment of RMB proceeds by foreign investors in the PRC and remittance of foreign exchange profits and dividends by a foreign-invested enterprise to its foreign shareholders no longer require the approval or verification of SAFE. In addition, domestic companies are no longer limited to extend cross-border loans to their offshore subsidiaries but are also allowed to provide loans to their offshore parents and affiliates and multiple capital accounts for the same entity may be opened in different provinces. SAFE also promulgated the Circular on Printing and Distributing the Provisions on Foreign Exchange Administration over Domestic Direct Investment by Foreign Investors and the Supporting Documents in May 2013, which specifies that the administration by SAFE or its local branches over direct investment by foreign investors in the PRC shall be conducted by way of registration and banks shall process foreign exchange business relating to the direct investment in the PRC based on the registration information provided by SAFE and its branches. In February 2015, SAFE promulgated SAFE Circular 13, which took effect on June 1, 2015. SAFE Circular 13 delegates the power to enforce the foreign exchange registration in connection with inbound and outbound direct investments under relevant SAFE rules from local branches of SAFE to banks, thereby further simplifying the foreign exchange registration procedures for inbound and outbound direct investments.

SAFE promulgated the Notice of the State Administration of Foreign Exchange on Reforming the Administration of Foreign Exchange Settlement of Capital of Foreign-invested Enterprises (the “Circular 19”), effective on June 1, 2015, in replacement of SAFE Circular 142 (the Circular on the Relevant Operating Issues Concerning the Improvement of the Administration of the Payment and Settlement of Foreign Currency Capital of Foreign-Invested Enterprises). According to Circular 19, the flow and use of the RMB capital converted from foreign currency-denominated registered capital of a foreign-invested company is regulated such that RMB capital may not be used for the issuance of RMB entrusted loans or the repayment of inter-enterprise loans or the repayment of banks loans that have been transferred to a third party. Although Circular 19 allows RMB capital converted from foreign currency-denominated registered capital of a foreign-invested enterprise to be used for equity investments within the PRC, it also reiterates the principle that RMB converted from the foreign currency-denominated capital of a foreign-invested company may not be directly or indirectly used for purposes beyond its business scope. Thus, it is unclear whether SAFE will permit such capital to be used for equity investments in the PRC in actual practice. SAFE promulgated the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account (the “Circular 16”), effective on June 9, 2016, which reiterates some of the rules set forth in Circular 19, but changes the prohibition against using RMB capital converted from foreign currency-denominated registered capital of a foreign-invested company to issue RMB entrusted loans to a prohibition against using such capital to issue loans to non-associated enterprises. Violations of SAFE Circular 19 or Circular 16 could result in administrative penalties.

On January 26, 2017, SAFE issued the Notice of State Administration of Foreign Exchange on Improving the Check of Authenticity and Compliance to Further Promote Foreign Exchange Control (the “SAFE Circular 3”), which stipulates several capital control measures with respect to the outbound remittance of profit from domestic entities to offshore entities, including (i) under the principle of genuine transaction, banks shall check board resolutions regarding profit distribution, the original version of tax filing records and audited financial statements; and (ii) domestic entities shall hold income to account for previous years’ losses before remitting the profits. Moreover, pursuant to SAFE Circular 3, domestic entities shall make detailed explanations of the sources of capital and utilization arrangements, and provide board resolutions, contracts and other proof when completing the registration procedures in connection with an outbound investment.

Under our current structure, our income will primarily derive from dividend payments from our subsidiaries in China. Even though we may remit the income outside of China, the fluctuation of exchange rate may be a disadvantage to us if RMB depreciates.

## Regulations Related to Taxation

### 1. Enterprise Income Tax

On March 16, 2007, the National People's Congress enacted the Enterprise Income Tax Law of PRC, or the Enterprise Income Tax Law, while the State Council promulgated the Implementing Rules of the Enterprise Income Tax Law of PRC, or the Implementing Rules on December 6, 2007, both of which became effective on January 1, 2008. The Enterprise Income Tax Law was further amended by SCNPC on February 24, 2017, which stipulates that corporate income tax shall be payable by a resident enterprise for income derived from or accruing in or outside China. Corporate income tax shall be payable by a non-resident enterprise, for income derived from or accruing in China by its office or premises established in China, and for income derived from or accruing outside China for which the established office or premises has a de facto relationship. The corporate income tax shall be at the rate of 25%. The applicable tax rate for income of a non-resident enterprise under the provisions of the third paragraph of Article 3 shall be 20%. Corporate income tax for qualified small profit enterprises shall be at a reduced tax rate of 20%. Corporate income tax for key advanced and new technology enterprises supported by the State shall be at a reduced tax rate of 15%. On the other hand, the State Administration of Taxation provides certain specific criteria for determining whether the "de facto management body" of a PRC-controlled offshore enterprise is located in China. Simply speaking, the criteria is more focused on substantive rather than form. Pursuant to its Circular 82 of 2009, the criteria to determine "de facto management body" include: (a) the senior management and core management departments in charge of its daily operations function have their presence mainly in the PRC; (b) its financial and human resources decisions are subject to determination or approval by persons or bodies in the PRC; (c) its major assets, accounting books, company seals, and minutes and files of its board and shareholders' meetings are located or kept in the PRC; and (d) more than half of the enterprise's directors or senior management with voting rights habitually reside in the PRC. Furthermore, the SAT published Bulletin 45 in September 2011, which provides more guidance on the implementation of the definition and provides for procedures and administration details on determining resident status and administration on post-determination matters. However, the SAT Circular 82 and Bulletin 45 only apply to offshore enterprises controlled by PRC enterprises or PRC enterprise groups rather than those controlled by PRC individuals or foreign individuals. So far there is no further criteria passed yet and no applicable legal precedents either, therefore it remains unclear how the PRC tax authorities will determine the PRC tax resident treatment of a foreign company controlled by individuals. Under these existing criteria, it is possible that we will be classified as a PRC "resident enterprise" for PRC enterprise income tax purposes. If so, it would likely result in unfavorable tax consequences to our non-PRC shareholders and have a material adverse effect on our results of operations and the value of your investment. Please see "Item 3. KEY INFORMATION—D. Risk Factors—Risks Relating to Doing Business in the PRC—Under the EIT Law, we may be classified as a 'resident enterprise' of China, which could result in unfavorable tax consequences to us and our non-PRC shareholders." for more details.

On August 21, 2006, China and Hong Kong SAR signed the Arrangement between Mainland China and Hong Kong SAR concerning Avoiding Double Taxation and Preventing Tax Evasion on Income. When a Chinese company distributes dividends to Hong Kong residents (beneficiary owners of dividends), if the recipient directly owns at least 25% of the equity interest in the above-mentioned Chinese company, the Chinese withholding tax rate is 5%, otherwise it is 10%.

On October 14, 2019, the State Administration of Taxation promulgated the Announcement of State Taxation Administration on Promulgation of the Administrative Measures on Non-resident Taxpayers Enjoying Treaty Benefits, which stipulate that non-resident taxpayers claiming treaty benefits shall be handled in accordance with the principles of "self-assessment, claiming benefits, retention of the relevant materials for future 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 through the withholding agent, simultaneously gather and retain the relevant materials pursuant to the provisions of these Measures for future inspection, and accept follow-up administration by the tax authorities.



## 2. Value-Added Tax

On December 13, 1993, the State Council promulgated the Provisional Regulations on Value-added Tax (VAT) of PRC and revised on November 10, 2008, February 6, 2016, and November 19, 2017. On December 25, 1993, the Ministry of Finance promulgated the Implementation Rules for the Provisional Regulations on Value-added Tax of PRC, which were revised on December 15, 2008 and October 28, 2011. The organizations and individuals engaging in sale of goods or processing, repair and assembly services, sale of services, intangible assets, immovables and importation of goods in the People's Republic of China shall be taxpayers of VAT, and shall pay VAT pursuant to these Regulations.

On November 16, 2011, the Ministry of Finance and the State Administration of Taxation promulgated the Pilot Plan for Imposition of Value-Added Tax to Replace Business Tax. On March 23, 2016, the Ministry of Finance and the State Administration of Taxation further promulgated the Notice on Fully Promoting the Pilot Plan for Replacing Business Tax by Value-Added Tax, which stimulate that the income from the provision of educational services that is exempt from VAT refers to the income from the provision of academic education services for students participating in the government-designated enrollment plan, including tuition, accommodation, teaching materials, and textbook fees that have been inspected and approved by relevant government agencies and collected in accordance with prescribed standards. And examination registration fees, as well as income from catering expenses provided by the school cafeteria. In addition to the above income, the sponsorship fees and school selection fees collected by the school in any name are subject to VAT.

### **Regulations Related to PRC Company**

The Company Law of PRC, or the Company Law was promulgated on December 29, 1993 and revised on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013, and October 26, 2018. According to the Company Law, companies are generally divided into two categories: limited liability companies and joint stock limited companies. The Company Law also applies to foreign-invested limited liability companies, but if other relevant laws on foreign investment provide otherwise, those provisions shall be adopted. The Company Law revised in 2013 abolished the general time limit for shareholders to make full capital contributions to the company, unless other relevant laws, administrative regulations and decisions of the State Council may provide otherwise for companies in specific industries. Generally speaking, shareholders can set the time limit for capital contribution by themselves in the company's articles of association. In addition, the first payment of the company's registered capital is no longer restricted by the minimum amount, and the company's business license will no longer record its paid-up capital. In addition, the shareholders' contribution to the registered capital does not need to be verified by a capital verification agency.

### **Regulations Related to Property**

On March 16, 2007, the National People's Congress promulgated the Property Law of PRC, or the Property Law, which forbids schools, kindergartens, hospitals and other public institutions and social organizations to mortgage educational facilities, medical and health facilities and other public welfare facilities.

On May 28, 2020, the National People's Congress promulgated the Civil Code of PRC, or the Civil Code, which will become effective on January 1, 2021. The Civil Code merged and replaced a series of special laws in the field of civil law, including the Property Law. The Civil Code stipulates that non-profit legal persons established for public welfare purposes, such as schools, kindergartens, and medical institutions, shall not mortgage their educational facilities, medical and health facilities and other public welfare facilities. In practice, the Civil Code limits the ban on property mortgages to non-profit private schools. However, since the Civil Code is newly promulgated, its interpretation and implementation may be open to change.

### **Regulations Related to Dividend Distribution**

The principal regulations governing the distribution of dividends paid by WFOEs include the PRC Company Law. Under the PRC Company Law, WFOEs in China may pay dividends only out of their accumulated profits, if any, as determined in accordance with the PRC accounting standards and regulations. In addition, a WFOE in China is required to set aside at least 10% of its after-tax profits based on PRC accounting standards each year to its general reserves until its cumulative total reserve funds reaches 50% of its registered capital. These reserve funds, however, may not be distributed as cash dividends.

### **Regulations Related to Foreign Exchange Registration of Offshore Investment by PRC Residents**

In July 2014, SAFE issued SAFE Circular 37, which regulates foreign exchange matters in relation to the use of SPVs by PRC residents or entities to seek offshore investment and financing or conduct round trip investment in China. Under SAFE Circular 37, an SPV refers to an offshore entity established or controlled, directly or indirectly, by PRC residents or entities for the purpose of seeking offshore financing or making offshore investment, using legitimate domestic or offshore assets or interests, while “round trip investment” refers to the direct investment in China by PRC residents or entities through SPVs, namely, establishing foreign-invested enterprises (namely, Golden Sun Shanghai and Golden Sun Wenzhou) to obtain the ownership, control rights, and management rights of Ouhai Art School. Circular 37 requires that, before making contributions to an SPV, PRC residents or entities are required to complete foreign exchange registration with SAFE or its local branch.

In February 2015, SAFE promulgated SAFE Notice 13. SAFE Notice 13 has amended SAFE Circular 37 by requiring PRC residents or entities to register with qualified banks instead of SAFE or its local branch in connection with their establishment of an SPV.

In addition, pursuant to SAFE Circular 37, an amendment to registration or subsequent filing with qualified banks by such PRC resident is also required if there is a material change with respect to the capital of the offshore company, such as any change of basic information (including change of such PRC residents, change of name, and operation term of the SPV), increases or decreases in investment amount, transfers or exchanges of shares, or mergers or divisions. Failure to comply with these registration requirements as set forth in SAFE Circular 37 and SAFE Notice 13, and misrepresentation on or failure to disclose controllers of foreign-invested enterprises that are established by round-trip investment may result in bans on the foreign exchange activities of the relevant onshore company, including the payment of dividends and other distributions to its offshore parent or affiliates, and may also subject relevant PRC residents to penalties under the Foreign Exchange Administration Regulations of the PRC.

All of our shareholders who are subject to the SAFE Circular 37 have completed the initial registrations with the qualified banks as required by SAFE Circular 37.

## Regulations Related to Foreign Debt

As an offshore holding company, we may make additional capital contributions to Golden Sun Shanghai or Golden Sun Wenzhou subject to approval from the local department of commerce and SAFE, with no limitation on the amount of capital contributions. We may also make loans to Golden Sun Shanghai or Golden Sun Wenzhou subject to the approval from SAFE or its local office and the limitation on the amount of loans.

By means of making loans, Golden Sun Wenzhou is subject to the relevant PRC laws and regulation relating to foreign debts. On January 8, 2003, the NDRC, SAFE, and Ministry of Finance, or “MOF,” jointly promulgated the *Circular on the Interim Provisions on the Management of Foreign Debts*, or the “Foreign Debts Provisions,” which became effective on March 1, 2003, and was partially abolished on May 10, 2015. Pursuant to the Foreign Debts Provisions, the total amount of foreign loans received by a foreign-invested enterprise shall not exceed the difference between the total investment in projects as approved by the MOFCOM or its local counterpart and the amount of registered capital of such foreign-invested enterprise. In addition, on January 12, 2017, the People’s Bank of China, or the “PBOC”, issued the PBOC Circular 9, which sets out the statutory upper limit on the foreign debts for PRC non-financial entities, including both foreign-invested enterprises and domestic-invested enterprises. Pursuant to the PBOC Circular 9, the foreign debt upper limit for both foreign-invested enterprises and domestic-invested enterprises is calculated as twice the net assets of such enterprises. As to net assets, the enterprises shall take the net assets value stated in their latest audited financial statements.

The PBOC Circular 9 does not supersede the Foreign Debts Provisions, but rather serve as a supplement to it. It provides a one-year transitional period from January 11, 2017 for foreign-invested enterprises, during which foreign-invested enterprises, such as Golden Sun Shanghai and Golden Sun Wenzhou, could adopt their calculation method of foreign debt upper limit based on either the Foreign Debts Provisions or the PBOC Circular 9. The transitional period ended on January 11, 2018. Upon its expiry, pursuant to the PBOC Circular 9, the PBOC and SAFE shall re-evaluate the calculation method for foreign-invested enterprises and determine what the applicable calculation method should be. As of the date of this annual report, neither the PBOC nor SAFE has promulgated and made public any further rules, regulations, notices, or circulars in this regard.

See “Item 3. KEY INFORMATION—D. Risk Factors—Risks Relating to Doing Business in the PRC—PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental control of currency conversion may delay or prevent us from using proceeds from our future financing activities to make loans or additional capital contributions to our PRC subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business.”

## Regulations Related to Social Welfare

Under the *Social Insurance Law of the PRC* that was promulgated by the SCNPC on October 28, 2010 and came into force as of July 1, 2011, and most recently amended on December 29, 2018, together with other laws and regulations, employers are required to pay basic pension insurance, unemployment insurance, basic medical insurance, employment injury insurance, maternity insurance, and other social insurance for its employees at specified percentages of the salaries of the employees, up to a maximum amount specified by the local government regulations from time to time. On July 20, 2018, the General Office of the State Council issued the *Plan for Reforming the State and Local Tax Collection and Administration Systems*, which stipulated that the SAT will become solely responsible for collecting social insurance premiums. When an employer fails to fully pay social insurance premiums, relevant social insurance collection agency shall order it to make up for any shortfall within a prescribed time limit, and may impose a late payment fee at the rate of 0.05% per day of the outstanding amount from the due date. If such employer still fails to make up for the shortfalls within the prescribed time limit, the relevant administrative authorities shall impose a fine of one to three times the outstanding amount upon such employer.

In accordance with the *Regulations on the Management of Housing Fund* which was promulgated by the State Council in 1999 and recently amended in 2019, employers must register at the designated administrative centers and open bank accounts for depositing employees' housing funds. Employer and employee are also required to pay and deposit housing funds, with an amount no less than 5% of the monthly average salary of the employee in the preceding year in full and on time.

As of the date of this annual report, our PRC subsidiaries have not paid the social insurance and housing funds for our employees in full and could be required to pay outstanding contributions and penalties. See "Item 3. KEY INFORMATION—D. Risk Factors—Risks Related to Our Business—Failure to make adequate contributions to various employee benefit plans as required by PRC regulations may subject us to penalties."

#### C. Organizational Structure

See "Item 3. KEY INFORMATION—Corporate Structure."

#### D. Property, Plants and Equipment

See "Item 4. INFORMATION ON THE COMPANY—B. Business Overview—Facilities."

### **Item 4A. UNRESOLVED STAFF COMMENTS**

Not applicable.

### **Item 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS**

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

#### **Overview**

We are a provider of non-English foreign language (primarily in Spanish) tutorial services in China. Established in 1997 and headquartered in Shanghai, China, we have over twenty years of experience providing educational services that focus on the development of each of our student's strengths and potential, and the promotion of life-long skills and interests in learning. In 2023, we started implementing a strategic transition to expand into the wellness industry in China. Through our new wellness business initiatives, we are endeavoring to establish our own wellness brands and an e-commerce platform that will be used to promote and sell wellness products.

During the fiscal year ended September 30, 2023 (“fiscal year 2023”), our revenue decreased by approximately 43%, to approximately \$6.2 million from approximately \$10.8 million for the fiscal year ended September 30, 2022 (“fiscal year 2022”). In fiscal year 2023, our net loss amounted to approximately \$5.8 million, compared to approximately \$2.1 million in fiscal year 2022. On December 7, 2022, China announced a relaxation from its initially stringent COVID-19 pandemic control measures. While such relaxed measures effectively reopened businesses within China, the COVID-19 infection rate peaked in December 2022. The wide-spread pandemic had a material negative impact on the Company’s recruitment of students and the class hours taken by the existing students, resulted in a material decrease in our revenue for the fiscal year ended September 30, 2023.

### **Factors Affecting Our Results of Operations**

We believe the most significant factors that affect our business and results of operations include the following:

- The COVID-19 pandemic and the restrictive government measures materially impacted our operations.
- The number of students enrolled is largely driven by the demand for the tutorial programs we offer, our reputation and brand recognition and our ability to improve the variety and quality of the programs we offer.
- Pricing of our tuition fees are affected by the tuition policy set by governments. Article 38 of the Law for Promoting Private Education stipulates that the items and rates of fees to be charged by private schools shall be determined according to the cost of running a school, market demands and other relevant factors, and made available to the public. Tuition and fee rates for private schools are subject to the supervision by the relevant authority. Provincial governments, autonomous regions governments and centrally-administered municipalities set the guidelines on fees for not-for-profit schools; while the tuition criteria of for-profit private schools are subject to market conditions and shall be determined by the schools themselves. Currently, fees for our not-for-profit schools are determined by the school and filed with the relevant authorities for its supervision, while fees for our for-profit schools are primarily based on demand for our courses, the targeted market for our courses and fees charged by our competitors for the same or similar courses.
- Our ability to manage our cost of revenues directly affects our profitability. Our cost of revenues mainly consists of labor costs, which are compensation for our teachers and educational staff, student-related costs, depreciation expenses and lease payment for our schools and tutorial centers.
- In 2023, we started implementing a strategic transition to expand into the wellness industry in China. Our ability to execute the new growth strategy will affect our future results.

## Results of Operations

### For the fiscal years ended September 30, 2023 and 2022

#### Impact of COVID-19

On December 7, 2022, China announced ten new rules that constituted a relaxation of almost all of its initially stringent COVID-19 pandemic control measures. While such action effectively reopened businesses within China, the COVID-19 infection rate peaked in December 2022 and had a material negative impact on the Company's tutorial business. In fiscal year 2023, we experienced decreased market demand for our services, as the Chinese economy gradually recovered from the negative impact of the COVID-19 pandemic. Our revenue from our continuing operations decreased by approximately \$4.7 million, or 43%, to approximately \$6.2 million in fiscal year 2023, from approximately \$10.8 million in fiscal year 2022. Our net loss from our continuing operations increased by approximately \$3.7 million, or 173%, in fiscal year 2023, from approximately \$2.1 million in fiscal year 2022.

The extent of the impact on the Company's future financial results will be dependent on future developments, such as the length and severity of the COVID-19 pandemic, the potential of resurgence, future government actions in response to the crisis and the overall impact of the COVID-19 pandemic on the global economy and capital markets, among many other factors, all of which remain uncertain and unpredictable. Given this uncertainty, the Company is currently unable to quantify the expected impact of the COVID-19 pandemic on its future operations, financial condition, liquidity and results of operations if the current situation continues.

#### Revenue

We, through our China based subsidiaries, generate revenues from our continuing operations through the following main sources: (i) tutorial services and (ii) logistic, consulting services and others. The following table sets forth the breakdown of our revenue for the periods presented:

Revenue by type	For the fiscal years ended September 30,					
	2023		2022		Change	% Change
	Amount	% of total revenue	Amount	% of total revenue		
Tutorial services	\$ 5,446,169	88%	\$ 9,279,210	86%	\$ (3,833,041)	(41)%
Logistic, consulting services and others	709,424	12%	1,535,446	14%	(826,022)	(54)%
Total revenue	<u>\$ 6,155,593</u>	100%	<u>\$ 10,814,656</u>	100%	<u>\$ (4,659,063)</u>	(43)%

Revenue decreased by approximately \$4.7 million, or 43%, to approximately \$6.2 million in fiscal year 2023 from approximately \$10.8 million in fiscal year 2022. The decrease in revenue was mainly due to a decrease of approximately \$3.8 million in tutorial service revenue in fiscal year 2023.

## **Tutorial services**

Our tutorial services revenue decreased by approximately \$3.8 million, or 41%, to approximately \$5.4 million in fiscal year 2023, from approximately \$9.3 million in fiscal year 2022. The total number of student enrollment in our tutorial programs decreased by 470 from an aggregate of 7,900 students in fiscal year 2022 to an aggregate of 7,430 students in fiscal year 2023. Our average revenue recognized per student decreased by \$442 from \$1,175 per student in fiscal year 2022 to \$733 per student in fiscal year 2023. The revenue decrease was due to sluggish market demand for our services as the Chinese economy gradually recovered from the negative impact of the COVID-19 pandemic after the Chinese government relaxed its “Zero-COVID Policy” in December 2022.

Qinshang Education, a subsidiary of the Company established in December 2019, generates revenue by partnering with high schools to provide non-English foreign languages tutoring services, primarily in Spanish. The tutorial services revenue generated by Qingshang Education decreased by approximately \$2.1 million, or 66%, from approximately \$3.1 million in fiscal year 2022 to approximately \$1.0 million in fiscal year 2023. The number of our partner-schools decreased from 58 in fiscal year 2022 to 45 in fiscal year 2023. For Qingshang Education, the number of students enrolled in its non-English foreign languages tutorial programs decreased from 3,041 in fiscal year 2022 to 2,154, and as the new recruits took fewer course hours, the average revenue per student decreased from \$1,023 in fiscal year 2022 to \$485 in fiscal year 2023. Furthermore, other tutorial centers (Zhouzhi Culture, Hangzhou Jicai, and Yangfushan) also incurred decreases in their revenues by an aggregated amount of approximately \$1.8 million, or 29%, from approximately \$6.2 million in fiscal year 2022 to approximately \$4.4 million in fiscal year 2023. The foregoing factors all contributed to the decrease in our tutorial services revenue.

## **Logistic and consulting services and others**

Logistic and consulting services and others revenue decreased by approximately \$0.8 million, or 54%, to approximately \$0.7 million in fiscal year 2023 from approximately \$1.5 million in fiscal year 2022. The decrease was mainly due to a decrease in our consulting and catering services offered to our affiliated schools, mainly as a result of the decreased demand for such services.

## **Cost of Revenues**

Cost of revenues decreased by approximately \$1.6 million, or 27%, to approximately \$4.4 million in fiscal year 2023, from approximately \$6.0 million in fiscal year 2022. The cost decrease in fiscal year 2023 was mainly due to the fact that the labor cost decreased by approximately \$1.6 million, or 35%, to approximately \$3.0 million in fiscal year 2023, from approximately \$4.6 million in fiscal year 2022, as a result of fewer course hours taught in the current period. Other costs, primarily consisting of leasing expenses, teaching material costs and related cafeteria costs did not decrease proportionately with our revenue because the Company continued to maintain the regular teaching team and facilities in anticipation of the recovery of the tutorial market in 2024.

## **Gross profit**

Gross profit decreased by approximately \$3.0 million, or 63%, to approximately \$1.8 million in fiscal year 2023, from approximately \$4.8 million in fiscal year 2022. The decrease in gross profit was mainly due to a decrease of approximately \$3.8 million in tutorial services revenue and approximately \$0.8 million in the logistic, consulting services and other revenue, partially offset by a decrease of approximately \$1.6 million in cost.

Overall gross profit margin decreased to 29% in fiscal year 2023 from 44% in fiscal year 2022. The decrease in the gross profit margin was because certain fixed costs did not decrease proportionately with the decrease in revenue.

## Operating Expenses

	For the fiscal years ended September 30,					
	2023		2022		Change	% Change
	Amount	% of revenue	Amount	% of revenue		
Selling expenses	\$ 1,102,019	18%	\$ 1,634,155	15%	\$ (532,136)	(33)%
General and administrative expenses	6,828,120	111%	4,717,664	44%	2,110,456	45%
<b>Total</b>	<b>\$ 7,930,139</b>	<b>129%</b>	<b>\$ 6,351,819</b>	<b>59%</b>	<b>\$ 1,578,320</b>	<b>25%</b>

Total operating expenses increased by approximately \$1.6 million, or 25%, from approximately \$6.4 million in fiscal year 2022, to approximately \$7.9 million in fiscal year 2023. The increase in operating expenses was mainly due to an increase of approximately \$2.1 million in general and administrative expenses in fiscal year 2023.

### Selling expenses

Selling expenses decreased by approximately \$0.5 million to approximately \$1.1 million in fiscal year 2023, as compared to approximately \$1.6 million in fiscal year 2022. The decrease in selling expenses was mainly due to the decrease of commissions for partner schools of approximately \$0.5 million in fiscal year 2023, as compared to fiscal year 2022.

### General and administrative expenses

General and administrative expenses increased by approximately \$2.1 million to approximately \$6.8 million in fiscal year 2023, as compared to approximately \$4.7 million in fiscal year 2022. The increase in general and administrative expenses was mainly driven by an increase of approximately \$1.8 million in stock-based compensation rewards of a total 730,000 Class A ordinary shares to the Company's CFO and a third-party consultant for their efforts in the Company's IPO process, as well as an increase of approximately \$0.5 million in professional consulting fee. As a percentage of revenues, general and administrative expenses represented approximately 111% and 44% of our total revenues in fiscal year 2023 and 2022, respectively.

### Interest expense, net

Our net interest expense increased by approximately \$0.1 million to approximately \$0.3 million in fiscal year 2023, as compared to approximately \$0.2 million in fiscal years 2022. The increase was mainly due to the increase of the average loan balance in fiscal year 2023.

### Loss before income taxes

Loss before income tax increased by approximately \$3.9 million to approximately \$5.6 million in fiscal year 2023, as compared to approximately \$1.8 million in fiscal year 2022. The increase was primarily attributable to lower gross profit and higher general and administrative expenses in fiscal year 2023, as stated above.

### Provision for income taxes

Income tax provision was approximately \$0.1 million and \$0.4 million in fiscal year 2023 and 2022, respectively. The income tax expenses were generated by our several profitable subsidiaries, including Lilong Logistics, Xianjin Technology, Hangzhou Jicai and Yangfushan Tutorial. We incurred sizable loss in Qinshang Education and Zhouzhi Culture, due to setbacks caused by restrictive measures associated with COVID-19; we also incurred loss in Golden Sun Wenzhou and Golden Sun Hong Kong, due to general and administrative expenses associated with the IPO, however, these losses can't be used to offset the profits of other subsidiaries. As a result, although we were in a loss situation on a consolidated level, we still incurred income tax expenses.

Under the Enterprise Income Tax ("EIT") Law of the PRC, domestic enterprises and Foreign Investment Enterprises (the "FIE") are usually subject to a unified 25% enterprise income tax rate while preferential tax rates, tax holidays and even tax exemption may be granted on a case-by-case basis. Our subsidiaries are subject to statutory 25% income tax rate.



## Net loss

Our net loss from continuing operations was approximately \$5.8 million in fiscal year 2023, compared to approximately \$2.1 million in fiscal year 2022.

### For the fiscal years ended September 30, 2022 and 2021

#### Impact of COVID-19

Beginning in late 2019, an outbreak of a novel strain of coronavirus (COVID-19) first emerged in China and has spread globally. In March 2020, the World Health Organization (“WHO”) declared the COVID-19 as a pandemic. Governments in affected countries are imposing travel bans, quarantines and other emergency public health measures, which have caused material disruption to businesses globally resulting in an economic slowdown.

A new COVID-19 subvariant (Omicron) outbreak hit China in March 2022, spreading more quickly and easily than previous strains. As a result, a new round of lockdowns, quarantines, or travel restrictions has been imposed to date upon different provinces or cities in China by the relevant local government authorities. The Company temporarily closed its Shanghai office and suspended offline marketing activities starting from April 1, 2022, as required by the local authorities in Shanghai, and had employees located in Shanghai work remotely. Starting from June 1, 2022, the Company reopened the Shanghai office and resumed offline marketing activities. During the fiscal year 2022, the COVID-19 pandemic had a material negative impact on the Company’s financial positions and operating results.

The COVID-19 outbreak had a significant negative impact on our tutorial services in fiscal year 2022. Our tutorial services revenue decreased by approximately \$4.2 million, or 31%, to approximately \$9.3 million in fiscal year 2022, from approximately \$13.5 million in fiscal year 2021.

The extent of the impact on the Company’s future financial results will be dependent on future developments such as the length and severity of the crisis, the potential resurgence of the crisis, the virus variation, future government actions in response to the crisis and the overall impact of the COVID-19 pandemic on the global economy and capital markets, among many other factors, all of which remain highly uncertain and unpredictable. Given this uncertainty, the Company is currently unable to quantify the expected impact of the COVID-19 pandemic on its future operations, financial condition, liquidity and results of operations if the current situation continues.

## Revenue

We, through our China based subsidiaries, generate revenues from our continuing operations through the following main sources: (i) tutorial services and (ii) logistic and consulting services. The following table sets forth the breakdown of our revenue for the periods presented:

Revenue by type	For the fiscal years ended September 30,					
	2022		2021		Change	% Change
	Amount	% of total revenue	Amount	% of total revenue		
Tutorial services	\$ 9,279,210	86%	\$ 13,518,061	90%	\$ (4,238,851)	(31)%
Logistic and consulting services and others	1,535,446	14%	1,508,930	10%	26,516	2%
Total revenue	\$ 10,814,656	100%	\$ 15,026,991	100%	\$ (4,212,335)	(28)%

Revenue decreased by approximately \$4.2 million, or 28%, to approximately \$10.8 million in fiscal year 2022 from approximately \$15.0 million in fiscal year 2021. The decrease in revenue was mainly due to a decrease of approximately \$4.2 million in tutorial service revenue in fiscal year 2022.

#### Tutorial services

Our tutorial services revenue decreased by approximately \$4.2 million, or 31%, to approximately \$9.3 million in fiscal year 2022, from approximately \$13.5 million in fiscal year 2021. The total number of student enrollment in our tutorial programs decreased by 1,819 from an aggregate of 9,719 students in fiscal year 2021 to an aggregate of 7,900 students in fiscal year 2022. Our average revenue recognized per student decreased by \$216 from \$1,391 per student in fiscal year 2021 to \$1,175 per student in fiscal year 2022, primary due to less course time taken per student in Qingshang Education. The revenue decrease was due to new COVID-19 subvariant (Omicron) outbreak in several cities in fiscal 2022.

Qingshang Education, a subsidiary of the Company established in December 2019, started generating revenue by partnering with high schools to provide non-English foreign languages tutoring services, primarily in Spanish, in fiscal year 2020. The revenue generated by Qingshang Education decreased by approximately \$1.4 million, or 30%, from approximately \$4.8 million in fiscal year 2021 to approximately \$3.3 million in fiscal year 2022. The number of our partner-schools decreased from 64 in fiscal year 2021 to 58 in fiscal year 2022. Despite the number of students enrolled in Qingshang Education’s non-English foreign languages tutorial programs increased from 2,682 in fiscal year 2021 to 3,041 in fiscal year 2022, the new recruits have taken fewer course hours in fiscal 2022, which led to the average revenue per student decreasing from \$1,778 in fiscal year 2021 to \$1,023 in fiscal year 2022. Our other training centers, such as Hongkou Tutorial and Zhouzhi Culture were also adversely impacted from the Omicron outbreak. Revenue generated by other training centers, except Qingshang Education, decreased by approximately \$2.8 million, or 27%, from approximately \$10.3 million in fiscal year 2021 to approximately \$7.5 million in fiscal year 2022. The foregoing factors all contributed to the decrease in tutorial services revenue.

## Logistic and consulting services and others

Revenues from logistic and consulting services and others kept steady at approximately \$1.5 million in fiscal year 2022 and 2021.

### Cost of Revenues

Cost of revenues from our continuing operations decreased by approximately \$0.2 million, or 3%, to approximately \$6.0 million in fiscal year 2022, from approximately \$6.2 million in fiscal year 2021. The cost decrease in fiscal year 2022 was contributed by an approximately \$1.2 million decrease in other training centers in line with the decreased revenue, partially offset by an approximately \$1.0 million of increased cost in Qinshang Education, due to the expansion strategy of our non-English foreign languages tutorial program with more teachers recruited and reserved since April 2021. The average monthly headcounts of Qinshang Education increased from 77 in fiscal 2021 to 117 in fiscal 2022, which resulted in to the higher cost incurred by Qinshang Education in fiscal year 2022 with the teachers' compensation increased by approximately \$1.1 million. The expansion of our non-English foreign languages tutorial program was adversely affected by the new COVID-19 subvariant (Omicron) outbreak in fiscal year 2022. We started to shrink the teacher's headcount since July 2022 to keep at a reasonable level for cost control purpose. We expect the non-English foreign languages tutoring programs to recover and expand in the future under the lifted COVID-19 restriction policy.

### Gross profit

Gross profit decreased by approximately \$4.0 million, or 45%, to approximately \$4.8 million in fiscal year 2022, from approximately \$8.8 million in fiscal year 2021. The decrease in gross profit was mainly due to a decrease in tutorial services revenue and cost increases in Qinshang Education, as mentioned above.

Overall gross profit margin decreased to 44% in fiscal year 2022 from 59% in fiscal year 2021. Specifically, gross profit margin for Qingshang Education decreased from 64% in fiscal 2021 to 18% in fiscal 2022, due to the foregoing reasons. The overall decrease in gross profit margin was due to the impact of the new COVID-19 subvariant (Omicron). Despite students taking fewer course hours, which led to decrease in revenue, we still needed to retain the teachers and staff to prepare for the loosening of COVID-19 restrictions and anticipated economic recovery.

### Operating Expenses

	For the fiscal years ended September 30,					
	2022		2021		Change	% Change
	Amount	% of revenue	Amount	% of revenue		
Selling expenses	\$ 1,634,155	15%	\$ 2,208,296	15%	\$ (574,141)	(26)%
General and administrative expenses	4,717,664	44%	4,656,256	31%	61,408	1%
<b>Total</b>	<b>\$ 6,351,819</b>	<b>59%</b>	<b>\$ 6,864,552</b>	<b>46%</b>	<b>\$ (512,733)</b>	<b>(7)%</b>

Operating expenses from our continuing operations decreased by approximately \$0.5 million, or 7%, from approximately \$6.9 million in fiscal year 2021, to approximately \$6.4 million in fiscal year 2022. The decrease in operating expenses was mainly due to approximately \$0.6 million in selling expenses in fiscal year 2022.

### ***Selling expenses***

Selling expenses from our continuing operations decreased by approximately \$0.6 million to approximately \$1.6 million in fiscal year 2022, as compared to approximately \$2.2 million in fiscal year 2021. The decrease in selling expenses was mainly due to the decrease of marketing and promotional activities of approximately \$0.5 million in fiscal year 2022, as compared to fiscal year 2021.

### ***General and administrative expenses***

General and administrative expenses of our continuing operations kept steady at approximately \$4.7 million in fiscal year 2022 and 2021. As a percentage of revenues, general and administrative expenses represented approximately 44% and 31% of our total revenues in fiscal year 2022 and 2021, respectively.

### ***Interest expense***

Our net interest expense from our continuing operations both were approximately \$0.2 million in fiscal years 2022 and 2021. As of September 30, 2022 and 2021, we had an aggregate of approximately \$3.0 million and \$2.1 million in bank loan balances outstanding, respectively. The average interest rate was approximately 7.9% and 6.9% in fiscal year 2022 and 2021 for the bank loans, respectively.

### ***(Loss) income before income taxes***

Loss from our continuing operations before income tax was approximately \$1.8 million in fiscal year 2022 and income from our continuing operation before income tax was approximately \$2.0 million in fiscal year 2021. The decrease of approximately \$3.7 million was primarily attributable to less gross profit in fiscal year 2022, as stated above.

### ***Provision for income taxes***

Income tax provision from our continuing operations was \$0.4 million and \$0.7 million in fiscal year 2022 and 2021, respectively. The income tax expenses were generated by our several profitable subsidiaries, including Zhouzhi Culture, Lilong Logistics, Xianjin Technology, Hangzhou Jicai and Yangfushan Tutorial. We incurred sizable loss in Qinshang Education, due to setbacks caused by restrictive measures associated with COVID-19; we also incurred loss in WFOE, due to general and administrative expenses associated with the IPO; however, these losses can't be used to offset the profits of other subsidiaries. As a result, although we incurred loss on a consolidated level, we still incurred income tax expenses.

Under the Enterprise Income Tax ("EIT") Law of PRC, domestic enterprises and Foreign Investment Enterprises (the "FIE") are usually subject to a unified 25% enterprise income tax rate while preferential tax rates, tax holidays and even tax exemption may be granted on a case-by-case basis. According to the Law on the Promotion of Private Education ("2016 Private Education Law") effective as of September 1, 2017, private schools may enjoy preferential tax treatment, and non-for-profit private schools will be entitled to similar tax benefits as public schools. Our subsidiaries are subject to statutory 25% income tax rate.

### ***Net (loss) income***

Our net loss from continuing operations was approximately \$2.1 million in fiscal year 2022, compared to a net income of approximately \$1.3 million in fiscal year 2021.

Our net income from discontinued operations was \$nil in fiscal year 2022, compared to approximately \$0.9 million in fiscal year 2021.

Our total net loss was approximately \$2.1 million in fiscal year 2022 as compared with an approximately \$2.2 million net income in fiscal year 2021.

## Liquidity and Capital Resources

In assessing its liquidity, management monitors and analyzes the Company's cash on-hand, its ability to generate sufficient revenue sources in the future, and its operating and capital expenditure commitments. In fiscal year 2023, the Company's revenue decreased by approximately \$4.7 million to approximately \$6.2 million from \$10.8 million in fiscal year 2022, which was mainly due to the decreased in revenue from tutorial services. As a result, the Company incurred a net loss of approximately \$5.8 million in fiscal year 2023. The Company has previously funded its working capital needs primarily from the IPO proceeds, operations, bank loans, and advances from shareholders, and it intends to continue doing so in the near future.

The Company currently plans to fund its operations mainly through cash flow from its operations, renewal of bank borrowings, and support from controlling shareholders, if necessary, to ensure sufficient working capital. As of September 30, 2023 and 2022, the Company had positive working capital. On June 24, 2022, the Company completed its IPO with net proceeds of approximately \$17.6 million. Deferred revenue included in current liabilities amounted to approximately \$4.0 million, mainly presenting the deferred tuition payments that will be recognized as revenue in the next fiscal year when the services are provided. As of September 30, 2023, the Company had short-term loan and long-term loans in aggregate of approximately \$3.2 million. The Company expects that it will be able to obtain new bank loans or renew its existing bank loans upon maturity based on past experience and the Company's good credit history. As of December 31, 2023, the Company had cash on hand of approximately \$2.6 million. Management is evaluating different strategies to obtain the required additional funding for future operations. These strategies may include, but are not limited to, additional funding from current or new investors, officers and directors and debt financing. The principal shareholder of the Company has made pledges to provide financial support to the Company whenever necessary. The Company cannot provide assurances that it will be able to secure additional funding when needed or at all, or, if secured, that such funding would be on favorable terms. There can be no assurance that any of these future-funding efforts will be successful. If the Company is unable to obtain additional financing, it may be required to reduce the scope of its operations, including its planned product development and marketing efforts, which could materially and adversely harm its financial condition and operating results. Our ability to continue as a going concern is dependent upon our ability to obtain additional capital, for which there can be no assurance we will be able to accomplish on a timely basis, on favorable terms or at all.

### Cash flows

*For the years ended September 30, 2023, 2022 and 2021*

The following table sets forth a summary of our cash flows for the periods indicated:

	For the fiscal years ended		
	September 30, 2023	September 30, 2022	September 30, 2021
Net cash (used in) provided by continuing operations	\$ (7,942,004)	\$ 910,251	\$ (801,054)
Net cash provided by discontinued operations	-	-	832,947
<b>Net cash (used in) provided by operating activities</b>	<b>(7,942,004)</b>	<b>910,251</b>	<b>31,893</b>
Net cash used in continuing investing activities	(5,724,628)	(174,074)	(91,145)
Net cash used in discontinued investing activities	-	-	(121,471)
<b>Net cash used in investing activities</b>	<b>(5,724,628)</b>	<b>(174,074)</b>	<b>(212,616)</b>
Net cash provided by continuing financing activities	246,801	18,634,264	5,682,665
Net cash (used in) discontinued financing activities	-	-	(7,686,234)
<b>Net cash provided by (used in) financing activities</b>	<b>246,801</b>	<b>18,634,264</b>	<b>(2,003,569)</b>
Effect of exchange rate changes on cash	(374,962)	(215,720)	167,061
<b>Net (decrease) increase in cash</b>	<b>\$ (13,794,793)</b>	<b>\$ 19,154,721</b>	<b>\$ (2,017,231)</b>

### Operating Activities

Net cash used in operating activities was approximately \$7.9 million in fiscal year 2023. Net cash used in operating activities in fiscal year 2023 mainly consisted of a net loss \$5.8 million, adjustments of approximately \$2.4 million non-cash items, an increase of approximately \$3.5 million in prepayments and other assets, and a decrease of approximately \$1.1 million in accrued expenses and other liabilities.

Net cash provided by operating activities was approximately \$0.9 million in fiscal year 2022. Net cash provided by operating activities in fiscal year 2022 mainly consisted of a net loss \$2.1 million from continuing operations, adjustments of \$0.3 million non-cash items, an increase of approximately \$1.8 million in accrued expenses and other liabilities, a decrease of approximately \$0.9 million in prepayments and other assets, an increase of approximately \$0.5 million in accounts payable and a decrease of approximately \$0.3 million in accounts receivable, offset by a decrease of approximately \$1.4 million in deferred revenue.

Net cash provided by operating activities was approximately \$32,000 in fiscal year 2021. Net cash provided by operating activities in fiscal year 2021 mainly consisted of a net income \$1.3 million from continuing operations, adjustments of \$0.3 million non-cash items, an increase of approximately \$0.9 million in tax payables, operating cash flows of \$0.8 million from discontinued operations, offset by an increase of approximately \$1.5 million in prepayments and other assets, an decrease of approximately \$1.1 million in deferred revenue and an increase of approximately \$0.7 million in accounts receivable.

### ***Investing Activities***

Net cash used in investing activities was approximately \$5.7 million in fiscal year 2023, which mainly consisted of approximately \$5.4 million paid for long-term investments and approximately \$0.2 million for purchase of property and equipment used in school operation.

Net cash used in investing activities was approximately \$0.2 million in fiscal year 2022, which mainly consisted of approximately \$0.2 million to purchase of property and equipment used in school operation.

Net cash used in investing activities was approximately \$0.2 million in fiscal year 2021, mainly consisted of approximately \$91,000 to purchase of property and equipment used in school operation and approximately \$0.1 million used in discontinued operation.

### ***Financing Activities***

Net cash provided by financing activities was approximately \$0.2 million in fiscal year 2023, including net proceeds from bank loans of approximately \$0.3 million and net proceeds from a related party of approximately \$0.2 million, offset by net payment to third parties of approximately \$0.2 million.

Net cash provided by financing activities was approximately \$18.6 million in fiscal year 2022, including proceeds from initial public offering of approximately \$18.3 million and net proceeds from bank loans of approximately \$1.2 million, offset by net payment to related parties of approximately \$0.8 million.

Net cash used in financing activities was approximately \$2.0 million in fiscal year 2021, including net proceeds from related parties of approximately \$5.2 million, net proceeds from bank loans of approximately \$0.4 million, and net proceeds from third parties loans of approximately \$0.3 million, offset by approximately \$7.7 million used in discontinued operation.

### **Capital Expenditures**

Our capital expenditures attributable to our continuing operations consist primarily of additions to property and equipment and intangible assets as a result of our business growth. Our capital expenditures amounted to approximately \$0.3 million, \$0.1 million and \$0.09 million in fiscal years 2023, 2022 and 2021, respectively.

## Contractual Obligations

We had various outstanding bank loans of approximately \$3.2 million and \$3.0 million as of September 30, 2023 and 2022, respectively. We have also entered into non-cancellable operating lease agreements for several offices and operating facilities. The lease terms extend through 2029.

The following table sets forth our contractual obligations and commercial commitments as of September 30, 2023:

	Payment Due by Period				
	Total	Less than 1 Year	1 – 3 Years	3 – 5 Years	More than 5 Years
Operating lease arrangements	\$ 1,668,356	\$ 639,308	\$ 560,527	\$ 449,561	\$ 18,960
Bank loans	3,240,954	33,717	2,316,337	890,900	-
Total	\$ 4,909,310	\$ 673,025	\$ 2,876,864	\$ 1,340,461	\$ 18,960

## Impact of Inflation

We do not believe the impact of inflation on our Company is material. Our operations are in China and China's inflation rates have been relatively stable in the last three years: being approximately 0.9% in 2021, 2.0% in 2022 and 0.2% in 2023.

## Critical Accounting Policies

We prepare our consolidated financial statements in conformity with U.S. GAAP, which requires us to make judgments, estimates and assumptions that affect our reported amount of assets, liabilities, revenue, costs and expenses, and any related disclosures. Although there were no material changes made to the accounting estimates and assumptions in the past two years, we continually evaluate these estimates and assumptions based on the most recently available information, our own historical experience and various other assumptions that we believe to be reasonable under the circumstances. Since the use of estimates is an integral component of the financial reporting process, actual results could differ from our expectations as a result of changes in our estimates.

We believe that the following accounting policies involve a higher degree of judgment and complexity in their application and require us to make significant accounting estimates. Accordingly, these are the policies we believe are the most critical to understanding and evaluating our consolidated financial condition and results of operations.

### *Uses of estimates*

In preparing the consolidated financial statements in conformity with U.S. GAAP, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are based on information as of the date of the consolidated financial statements. Significant estimates required to be made by management include, but are not limited to, determinations of the useful lives and valuation of long-lived assets, valuation of inventories, estimates of allowances for doubtful accounts, contract assets, commission payables, refund liabilities, revenue recognition, and valuation allowance for deferred tax assets.

### *Accounts receivable, net*

Accounts receivable are recognized and carried at original invoiced amount less an estimated allowance for uncollectible accounts. The Company determines the adequacy of reserves for doubtful accounts based on individual account analysis and historical collection trends. In June 2016, the FASB issued ASU No. 2016-13, "Financial Instruments — Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments," which requires the Company to measure and recognize expected credit losses for financial assets held and not accounted for at fair value through net income. The Company adopted this guidance effective October 1, 2022. The Company establishes a provision for doubtful receivables based on management's best estimates of specific losses on individual exposures, as well as a provision on historical trends of collections. The provision is recorded against account receivable balances, with a corresponding charge recorded in the consolidated statements of income and comprehensive income. Delinquent account balances are written-off against the allowance for doubtful accounts after management has determined that the likelihood of collection is not probable. For the year ended September 30, 2023 and 2022, \$7,263 and \$23,384 was written off against accounts receivable, respectively. Allowance for uncollectible balances amounted to \$13,465 and \$92,086 as of September 30, 2023 and 2022, respectively.

## ***Revenue recognition***

The Company generates revenues primarily from tuition fees and other fees collected from services provided. Revenue is recognized when the price is fixed or determinable, persuasive evidence of the arrangement exists, the service is performed or the product is delivered and collectability of the resulting receivable is reasonably assured.

The Company has adopted ASC 606, "Revenue from Contracts with Customers" and all subsequent ASUs that modified ASC 606, using the modified retrospective approach for the year ended September 30, 2019 and has elected to apply it retrospectively for the year ended September 30, 2018. ASC 606 establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts to provide goods or services to customers. The core principle requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration that it expects to be entitled to receive in exchange for those goods or services recognized as performance obligations are satisfied. This new guidance provides a five-step analysis in determining when and how revenue is recognized. Under the new guidance, revenue is recognized when a customer obtains control of promised goods or services and is recognized in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services. In addition, the new guidance requires disclosure of the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The Company's continuing operations currently generated its revenue from the following main sources:

### *Tutorial service*

The Company offers various off-campus small-group foreign language tutoring programs. Each contract of tutorial service programs represents a series of distinct services, which is delivery of various courses. The services have substantially the same pattern of transfer to the students, as such, they are considered as a single performance obligation, which is satisfied proportionately based on a straight-line basis over the program term as students simultaneously receive and consume the benefits of these services throughout the program term. The Company is the principal in providing tutorial services as it controls such services before the services are transferred to the customer. The program fees are generally collected in advance and are initially recorded as deferred revenue. Generally, the Company approves refunds for any remaining classes to students who decide to withdraw from a course within the predetermined period in the contract. The refund is equal to and limited to the amount related to the undelivered classes. The Company estimates and records refund liability for the portion the Company does not expect to be entitled based on historical refund ratio on a portfolio basis using the expected value method.

### *Logistic, consulting services and others*

The Company provides logistic services to schools, including, but not limited to catering, and boarding revenue, etc. Boarding revenue is recognized on a straight-line basis over the period, as customers simultaneously receive and consume the benefits of the services. Catering revenue is recognized at point of sale.

The Company also provides consulting services to related-party kindergartens. According to the contracts signed with each of the three kindergartens, the Company will provide a range of educational management and consulting services, including branding, safety management, teacher training, supervision and evaluation on teachers, rating guidance services to the kindergartens during the contract period. The intended contractual benefit to the kindergartens of the management and consulting services is to enable the kindergartens' smooth and effective operations. The promised services in the consulting service contract are combined and accounted as a single performance obligation, as the promised services are considered as a significant integrated service. The consulting services were continuously provided and the kindergartens simultaneously receive and consume the benefits of these services throughout the service period each month. The revenue is recognized over time during the service period.

### *Practical expedient*

The Company has applied the new revenue standard requirements to a portfolio of contracts (or performance obligations) with similar characteristics for transactions where it is expected that the effects on the financial statements of applying the revenue recognition guidance to the portfolio would not differ materially from applying this guidance to the individual contracts (or performance obligations) within that portfolio. Therefore, the Company elects the portfolio approach in applying the new revenue guidance.

### *Contract assets*

In accordance with ASC340-40-25-1, an entity shall recognize as an asset the incremental costs of obtaining a contract with a customer if the entity expects to recover those costs. Entities sometimes incur costs to obtain a contract that otherwise would not have been incurred. Entities also may incur costs to fulfill a contract before a good or service is provided to a customer. The revenue standard provides guidance on costs to obtain and fulfill a contract that should be recognized as assets. Costs that are recognized as assets are amortized over the period that the related goods or services transfer to the customer, and are periodically reviewed for impairment. Only incremental costs should be recognized as assets. Incremental costs of obtaining a contract are those costs that the entity would not have incurred if the contract had not been obtained.

As of September 30, 2023, in order to develop non-English foreign language tutorial service for middle school students, the Company incurred a total of approximately \$2.4 million (RMB17.5 million) in commission type fees and administration costs paid to agents to facilitate the related contracts with students for the tutorial service period, generally from 4 to 30 months tutorial service periods. The Company will not incur such costs if the Company does not enter into the tutorial service contracts with the students, as a result, the cost of approximately \$2.4 million (RMB17.5 million) is considered as the incremental costs of obtaining contracts and shall be capitalized and amortized over the tutorial service period. For the years ended September 30, 2023, 2022 and 2021, the Company amortized the related amount of approximately \$0.6 million, \$1.1 million and \$1.1 million into selling expense, respectively. As of September 30, 2023 and 2022, the contract assets amounted to approximately \$0.4 million and \$0.3 million, respectively.

### *Contract liability*

Contract liabilities are presented as deferred revenue in the consolidated balance sheets, which represents service fee payment received from students in advance of completion of performance obligations under a contract. The balance of deferred revenue is recognized as revenue upon the completion of performance obligations. As of September 30, 2023 and 2022, the balance of deferred revenue amounted to approximately \$4.0 million and \$4.4 million, respectively. Substantially all of which will be recognized as revenue during the Company's following fiscal year.

### *Refund liability*

Refund liability mainly relates to the estimated refunds that are expected to be provided to students if they decide they no longer want to take the course. Refund liability estimates are based on historical refund ratio on a portfolio basis using the expected value method. As of September 30, 2023 and 2022, refund liability amounted to approximately \$0.3 million and \$0.2 million, respectively.

### *Income taxes*

The Company accounts for current income taxes in accordance with the laws of the relevant tax authorities. Deferred income taxes are recognized when temporary differences exist between the tax bases of assets and liabilities and their reported amounts in the consolidated financial statements. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period including the enactment date. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.



An uncertain tax position is recognized as a benefit only if it is “more likely than not” that the tax position would be sustained in a tax examination. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the “more likely than not” test, no tax benefit is recorded. As of September 30, 2023 and 2022, there are approximately \$2.6 million and \$2.6 million respectively of unrecognized tax benefits included in income tax payable that if recognized would impact the effective tax rate. Penalties and interest incurred related to underpayment of income tax are classified as income tax expense in the period incurred. No significant penalties or interest relating to income taxes have been incurred for the years ended September 30, 2023, 2022 and 2021. All of the tax returns of the Company’s subsidiaries in the PRC remain subject to examination by the tax authorities for five years from the date of filing.

### **Share-Based compensation**

The Company follows the provisions of ASC 718, “Compensation - Stock Compensation,” which establishes the accounting for employee share-based awards. For employee share-based awards, share-based compensation cost is measured at the grant date based on the fair value of the award and is recognized as an expense with graded vesting on a straight-line basis over the requisite service period for the entire award.

### **Recent Accounting Pronouncements**

The Company considers the applicability and impact of all accounting standards updates (“ASUs”). Management periodically reviews new accounting standards that are issued.

In October 2021, the FASB issued ASU No. 2021-08, “Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers” (“ASU 2021-08”). This ASU requires entities to apply Topic 606 to recognize and measure contract assets and contract liabilities in a business combination. The amendments improve comparability after the business combination by providing consistent recognition and measurement guidance for revenue contracts with customers acquired in a business combination and revenue contracts with customers not acquired in a business combination. The amendments are effective for the Company beginning after December 15, 2023, and are applied prospectively to business combinations that occur after the effective date. The Company is in the process of evaluating the effect of the adoption of this ASU.

Except for the above-mentioned pronouncements, there are no new recent issued accounting standards that will have a material impact on the unaudited condensed consolidated financial position, statements of operations and cash flows.

## Item 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

### A. Directors and Senior Management

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

Name	Age	Position(s)
Xueyuan Weng	59	Chairman, Director, Chief Executive Officer
Yunan Huang	46	Chief Financial Officer
Xiaoyi Wang	38	Chief Operating Officer
Liming Xu	62	Director
Peilin Ji	66	Director
Yidong Hao	52	Independent Director
Robert Travers	38	Independent Director
Zhenghua Yu	49	Independent Director

The following is a brief biography of each of our executive officers and directors:

**Mr. Xueyuan Weng** has served as a director of Golden Sun Cayman since its inception in September 2018, the executive director of Golden Sun Wenzhou since October 2018, the chief executive officer of Chongwen Middle School since August 2018, the executive director of Yinuo Education Technology Co., Ltd., a technology company servicing the education sector since November 2017, the executive director of Gongyu Education since September 2017, the chairman of Golden Sun Hong Kong since June 2017, the executive director of Shanghai Golden Sun Education Technology Co., Ltd., a technology company that focuses on the development of education software and computer software, since December 2015, the chief executive officer of Ouhai Art School since March 2015, the chairman of Golden Sun Shanghai since November 2013, the supervisor of Wenzhou Kunlong Industrial Co., Ltd., a company that intends to engage in the research and development of educational device and computer software, since April 2010 and the chairman of the board of supervisors of Yangfushan Tutorial since April 2008. Prior to joining the Company, Mr. Weng served as the chairmen of Wenzhou New Thought Education Group from September 2000 to August 2008. He served as the chairman of Wenzhou New Century School from September 1997 to August 2000. Prior to that, he worked at various local middle schools and the local government in Whenzhou from 1986 to 1997. Mr. Weng received and EMBA degree from Macau University of Science and Technology in 2009 and graduated from Wenzhou Teachers College with a major in Political Science in 1986.

**Ms. Yunan Huang** has served the chief financial officer of Golden Sun Cayman since September 2020. From July 2010 to December 2019, she served as the deputy general manager and board secretary of Guangdong Guixin Electronics Technology Co., Ltd., a Guangzhou-based semiconductors company. From July 2009 to July 2010, she served as the assistant to the chairman of Qiaojiangnan Co., Ltd., a Beijing-based restaurant services and management company. Ms. Huang received an MBA from the National University of Singapore in 2008, an MBA from Beijing University in 2009, and a bachelor's degree in international business English from Guangdong University of Foreign Studies. She holds a Certified Management Accountant Certification by the American Institute of Certified Public Accountants and a Chartered Global Management Accountant Certification by the Chartered Institute of Management Accountants, and a CPA certification by the CPA Australia.

**Ms. Xiaoyi Wang** has served as the chief operating officer of Golden Sun Cayman since September 2020. From May 2014 to July 2020, she served as the executive deputy principal of Hongkou Tutorial. From April 2014 to July 2010, she served as the assistant to the principal of Shanghai Huangpu Youth Continuing Education School. Ms. Wang has 10 years of school management experience and is familiar with all aspects of operating a school. She received an MBA from Shanghai International Studies University ("SISU") in 2018, spending time studying at Halmstad University in Sweden and ESIC Business & Marketing School in Spain and a bachelor's degree from the SISU in Advertisement (English) in 2010.

**Mr. Liming Xu** has served as the Company's director since November 10, 2020. He has also served as the chairman of the board of directors of Hongkou Tutorial since May 2014. From May 2002 to April 2014, Mr. Xu served as the principal of Shanghai Huangpu Youth Continuing Education School. He has over 35 years of experience as an educator and in managing schools. He received a bachelor's degree in physics from Jiangxi Normal University in 1984.

**Ms. Peilin Ji** has served as the Company's director since November 10, 2020. Since January 2013, she has invested in various companies in the restaurant and education industries. She has been engaging in various investment activities since 2007. Previously, she was the business operator for Shanghai Sports Lottery from January 2004 to September 2006, and Yangpu district night market from February 1987 to December 2003. She graduated from Tongji High School in 1975.

**Mr. Robert Travers** has served as the Company's director since September 28, 2020. Mr. Travers is a serial entrepreneur. He is a part-owner and consultant for various companies and clients across the US, specializing in sales, business development, product management and partnerships. Since January 2014, he served as the managing director and consultant of Lost Lighter LLC, a U.S.-based software developer. Mr. Travers received a bachelor's degree in entrepreneurship & small business management from Quinnipiac University in 2009.

**Mr. Yidong Hao** has served as the Company's director since September 2023. He has served as the financial director of Haomu (Shanghai) Energy Conservation Technology Co., Ltd., since June 2017, and served as the financial director of Shanghai Huayuan Magnetic Industry Co., Ltd. from February 2015 to June 2017. Mr. Hao graduated from Nankai University in China in 1997, majoring in accounting, and received his master's degree in Software Engineering from Fudan University in China in 2015.

**Mr. Zhenghua Yu** has served as the Company's director since August 2023. He has served as a senior audit manager at Shanghai Huajun Certified Public Accountants Co. Ltd. since October 2015. He served as a financial manager at Shanghai Hanbang Marketing and Planning Co., Ltd from November 2008 to September 2015, and at Jiangxi Chemical Fiber Co., Ltd. from July 1997 to October 2008. Mr. Yu graduated from Jiangxi University of Finance and Economics in 1997, majoring in Corporate Accounting.

Our officers are appointed by and serve at the discretion of our board of directors and the shareholders voting by ordinary resolution. Our directors are not subject to a set term of office and hold office until the next general meeting called for the election of directors and until their successor is duly appointed or such time as they die, resign or are removed from office by a shareholders' ordinary resolution. The office of a director will be vacated automatically if, among other things, the directors resigns in writing, becomes bankrupt or makes any arrangement or composition with his/her creditors generally or is found to be or becomes of unsound mind.

### **Family Relationships**

None of our directors or executive officers has a family relationship as defined in Item 401 of Regulation S-K.

### **Board of Directors**

As of the date of this annual report, our board of directors consists of six directors, three of whom are "independent" within the meaning of the corporate governance standards of the Nasdaq listing rules and meet the criteria for independence set forth in Rule 10A-3 of the Exchange Act. The Company is in the process of appointing an independent director to fill the vacancy created by the departure of one independent director who resigned on January 8, 2024.

### **Duties of Directors**

Under Cayman Islands law, all of our directors owe three types of duties: (i) statutory duties, (ii) fiduciary duties, and (iii) common law duties. The Companies Act (Revised) of the Cayman Islands imposes a number of statutory duties on a director. A Cayman Islands director's fiduciary duties are not codified, however, the courts of the Cayman Islands have held that a director owes the following fiduciary duties: (a) a duty to act in what the director *bona fide* considers to be in the best interests of the company, (b) a duty to exercise their powers for the purposes they were conferred, (c) a duty to avoid fettering his or her discretion in the future and (d) a duty to avoid conflicts of interest and of duty. The common law duties owed by a director are those to act with skill, care and diligence that may reasonably be expected of a person carrying out the same functions as are carried out by that director in relation to the company and, also, to act with the skill, care and diligence in keeping with a standard of care commensurate with any particular skill they have which enables them to meet a higher standard than a director without those skills. In fulfilling their duty of care to us, our directors must ensure compliance with our articles of association. We have the right to seek damages if a duty owed by any of our directors is breached.

The functions and powers of our board of directors include, among others:

- appointing officers and determining the term of office of the officers;
- exercising the borrowing powers of the company and mortgaging the property of the company; and
- maintaining or registering a register of mortgages, charges, or other encumbrances of the company.

## Terms of Directors and Executive Officers

Our officers are appointed by and serve at the discretion of our board of directors and the shareholders voting by ordinary resolution. Our directors are not subject to a set term of office and hold office until the next general meeting called for the election of directors and until their successor is duly appointed or such time as they die, resign or are removed from office by a shareholders' ordinary resolution. The office of a director will be vacated automatically if, among other things, the directors resigns in writing, becomes bankrupt or makes any arrangement or composition with his/her creditors generally or is found to be or becomes of unsound mind.

## Qualification

There is currently no shareholding qualification for directors, although a shareholding qualification for directors may be fixed by our shareholders by ordinary resolution.

## Employment Agreements and Indemnification Agreements

We have entered into employment agreements with each of our executive officers. Pursuant to such employment agreements, we have agreed to employ each of our executive officers for a specified time period, which agreements may be renewed upon both parties' agreement 60 days before the end of the current employment term, and payment of cash compensation and benefits shall become payable when the Company becomes a public reporting company in the US. We may terminate the employment for cause, at any time, without notice or remuneration, for certain acts of the executive officer, including but not limited to the commitments of any serious or persistent breach or non-observance of the terms and conditions of the employment, conviction of a criminal offense, willful disobedience of a lawful and reasonable order, fraud or dishonesty, receipt of bribery, or severe neglect of his or her duties. An executive officer may terminate his or her employment at any time with a one-month prior written notice. Each executive officer agrees to hold, both during and after the employment agreement expires, in strict confidence and not to use or disclose to any person, corporation or other entity without written consent, any confidential information.

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

## B. Compensation of Directors and Executive Officers

The following table sets forth certain information with respect to compensation for the year ended September 30, 2023, earned by or paid to our chief executive officer and principal executive officer, our principal financial officer, and our other most highly compensated executive officers whose total compensation exceeded US\$100,000 (the "named executive officers").

### Summary Compensation Table

Name and Principal Position	Year	Salary (US\$)	Bonus (US\$)	Stock Awards (US\$)	Option Awards (US\$)	Non-Equity Incentive Plan Compensation	Deferred Compensation Earnings	Other	Total (US\$)
Xueyuan Weng (CEO and Executive Director)	2023	52,638	-	-	-	-	-	-	52,638
Yunan Huang (CFO)	2023	125,456	-	975,000	-	-	-	-	1,100,456
Xiaoyi Wang (COO)	2023	22,838	-	-	-	-	-	-	22,838
Liming Xu (Executive Director)	2023	26,880	-	-	-	-	-	-	26,880

## Compensation of Independent Directors

For the fiscal year 2023, we compensated our independent directors an aggregate of \$142,560 in cash for their services.

## Insider Participation Concerning Executive Compensation

Our Compensation Committee makes all determination regarding executive officer compensation.

## Committees of the Board of Directors

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

*Audit Committee.* Our audit committee consists of Yidong Hao and Zhenghua Yu. Yidong Hao is the chairperson of our audit committee. The Company is in the process of appointing another independent director to fill one vacancy on the committee created by the departure of an independent director who resigned on January 8, 2024. We have determined that Yidong Hao, Yidong Hao and Zhenghua Yu satisfy the "independence" requirements of the Nasdaq listing rules under and Rule 10A-3 under the Securities Exchange Act. Our board also has determined that Yidong Hao qualifies as an audit committee financial expert within the meaning of the SEC rules or possesses financial sophistication within the meaning of the Nasdaq listing rules. The audit committee oversees our accounting and financial reporting processes and the audits of the financial statements of our company. The audit committee is responsible for, among other things:

- appointing the independent auditors and pre-approving all auditing and non-auditing services permitted to be performed by the independent auditors;
- reviewing with the independent auditors any audit problems or difficulties and management's response;
- discussing the annual audited financial statements with management and the independent auditors;
- reviewing the adequacy and effectiveness of our accounting and internal control policies and procedures and any steps taken to monitor and control major financial risk exposures;
- reviewing and approving all proposed related party transactions;
- meeting separately and periodically with management and the independent auditors; and
- monitoring compliance with our code of business conduct and ethics, including reviewing the adequacy and effectiveness of our procedures to ensure proper compliance.

*Compensation Committee.* Our compensation committee consists of Yidong Hao and Zhenghua Yu. The Company is in the process of appointing another independent director to fill one vacancy on the committee created by the departure of an independent director who resigned on January 8, 2024. The compensation committee assists the board in reviewing and approving the compensation structure, including all forms of compensation, relating to our directors and executive officers. Our chief executive officer may not be present at any committee meeting during which his compensation is deliberated. The compensation committee is responsible for, among other things:

- reviewing and approving the total compensation package for our most senior executive officers;
- approving and overseeing the total compensation package for our executives other than the most senior executive officers;
- reviewing and recommending to the board with respect to the compensation of our directors;
- reviewing periodically and approving any long-term incentive compensation or equity plans;
- selecting compensation consultants, legal counsel or other advisors after taking into consideration all factors relevant to that person's independence from management; and
- reviewing programs or similar arrangements, annual bonuses, employee pension and welfare benefit plans.

*Nominating and Corporate Governance Committee.* Our nominating and corporate governance committee consists of Zhenghua Yu, Yidong Hao, and Robert Travers. Zhenghua Yu is the chairperson of our nominating and corporate governance committee. The nominating and corporate governance committee assists the board of directors in selecting individuals qualified to become our directors and in determining the composition of the board and its committees. The nominating and corporate governance committee is responsible for, among other things:

- identifying and recommending nominees for election or re-election to our board of directors or for appointment to fill any vacancy;
- reviewing annually with our board of directors its current composition in light of the characteristics of independence, age, skills, experience and availability of service to us;
- identifying and recommending to our board the directors to serve as members of committees;
- advising the board periodically with respect to significant developments in the law and practice of corporate governance as well as our compliance with applicable laws and regulations, and making recommendations to our board of directors on all matters of corporate governance and on any corrective action to be taken; and
- monitoring compliance with our code of business conduct and ethics, including reviewing the adequacy and effectiveness of our procedures to ensure proper compliance.

#### **Code of Business Conduct and Ethics**

Our board of directors has adopted a code of business conduct and ethics, which is applicable to all of our directors, officers and employees. We have made our code of business conduct and ethics publicly available on our website at <http://ir.jtyjyt.com>.

#### **D. Employees**

See “Item 4. INFORMATION ON THE COMPANY—B. Business Overview—Employees.”

#### **E. Share Ownership**

The following table sets forth information with respect to the beneficial ownership, within the meaning of Rule 13d-3 under the Exchange Act, of our ordinary shares as of the date of this annual report for:

- each of our directors and executive officers; and
- each person known to us to own beneficially more than 5% of our ordinary shares.

Beneficial ownership includes voting or investment power with respect to the securities. Except as indicated below, and subject to applicable community property laws, the persons named in the table have sole voting and investment power with respect to all ordinary shares shown as beneficially owned by them. Percentage of beneficial ownership of each listed person is based on 15,055,491 Class A ordinary shares and 4,030,000 Class B ordinary shares outstanding as of the date of this annual report.

Information with respect to beneficial ownership has been furnished by each director, officer, or beneficial owner of 5% or more of our ordinary shares. Beneficial ownership is determined in accordance with the rules of the SEC and generally requires that such person have voting or investment power with respect to securities. In computing the number of ordinary shares beneficially owned by a person listed below and the percentage ownership of such person, ordinary shares underlying options, warrants, or convertible securities held by each such person that are exercisable or convertible within 60 days of the date of this annual report are deemed outstanding, but are not deemed outstanding for computing the percentage ownership of any other person.

	<b>Class A Ordinary Shares</b>	<b>Class B Ordinary Shares</b>	<b>Percentage of Beneficial Ownership*</b>	<b>Percentage of Aggregate Voting Power**</b>
	<b>Number</b>	<b>Number</b>	<b>%</b>	<b>%</b>
<b>Directors and Executive Officers<sup>(1)</sup>:</b>				
Xueyuan Weng, CEO	0	4,030,000	21.16%	57.24%
Yunan Huang, CFO	390,000	0	2.04%	1.11%
Xiaoyi Wang	20,000	0	0.10%	0.06%
Liming Xu <sup>(3)</sup>	650,000	0	3.41%	1.85%
Peilin Ji <sup>(2)</sup>	2,080,000	0	10.90%	5.91%
Yidong Hao	0	0	0	0
Robert Travers	0	0	0	0
Zhenghua Yu	0	0	0	0
<b>All directors and executive officers as a group (nine individuals):</b>	<b>3,140,000</b>	<b>4,030,000</b>	<b>37.61%</b>	<b>66.17%</b>

**5% Shareholders:**

Xueyuan Weng, CEO No.8, Gaotian Road, Hongdian Street, Lucheng District, Wenzhou City, Zhejiang Province, China	0	4,030,000	21.16%	57.24%
Well Joy International Investment Limited <sup>(2)</sup> Room 101, No. 41, Shiguangsan Village, Yangpu District, Shanghai, China	2,080,000	0	10.90%	5.91%

\* For each person and group included in this column, percentage of voting power is calculated by dividing the voting power beneficially owned by such person or group by the voting power of all of our outstanding Class A ordinary shares and Class B ordinary shares as a single class.

\*\* Each holder of our Class A ordinary shares is entitled to one vote per share. Each holder of Class B ordinary shares is entitled to five votes per share, and while on all matters submitted to them for a vote. Our Class A ordinary shares and Class B ordinary shares vote together as a single class on all matters submitted to a vote of our shareholders.

(1) Unless otherwise indicated, the business address of each of the individuals is 8th Floor, Administration Building, 390 East Tiyuhui road, Hongkou District, China

(2) Peilin Ji is the 100% owner of Well Joy International Investment Limited that holds 2,080,000 Class A ordinary shares.

(3) Liming Xu is the 100% owner of Ever Loyal Industrial Limited that holds 650,000 Class A ordinary shares.

We are not aware of any arrangement that may, at a subsequent date, result in a change of control of our Company.



## Item 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

### A. Major Shareholders

See “Item 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES—E. Share Ownership.”

### B. Related Party Transactions

#### Employment Agreements

See “Item 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES—Employment Agreements and Indemnification Agreements.”

#### Material Transactions with Related Parties

Mr. Xueyuan Weng is the Company’s CEO, director and principal shareholder. Our transactions with him are summarized as follow:

	For the years ended September 30,		
	2023	2022	2021
<b>Accounts receivable-related parties<sup>(1)</sup>:</b>			
Kindergartens owned by Mr. Weng	\$ 15,077	\$ 54,825	\$ -
<b>Amounts due from related party<sup>(2)</sup>:</b>			
Due from Mr. Xueyuan Weng (the Company’s CEO, director and principal shareholder)	\$ -	\$ 100,122	\$ -
<b>Amounts due to related party<sup>(3)</sup>:</b>			
Due to Mr. Xueyuan Weng (the Company’s CEO, director and principal shareholder)	\$ 63,689	\$ -	\$ 672,560
<b>Revenue earned from related party<sup>(4)</sup></b>			
Logistic, consulting services and others revenue	\$ 310,465	\$ 710,620	\$ 365,042

- (1) Accounts receivable from related parties amounted to \$15,077 as of September 30, 2023, which have been fully collected subsequently.
- (2) As of September 30, 2022, the balance of the amounts represented the funds advanced to the CEO of the Company for his immediate business and travel advance purpose. The amount was fully collected subsequently.
- (3) As of September 30, 2023, the balance of the amounts due to related party represent non-interesting bearing and unsecured borrowing from related party for working capital purpose. The balance is not required to be repaid within twelve months.
- (4) For the years ended September 30, 2023, 2022 and 2021, the Company provided certain logistic and consulting services to certain kindergartens owned by Mr. Weng and earned revenue of \$\$310,465, \$710,620 and \$365,042, respectively. From September 30, 2023 to the date of the annual report, the Company earned revenue of \$39,305 from the above service. As the date of this annual report, the Company has accounts receivable of \$15,077 from the above service.

#### Sale of Golden Sun Shanghai

As part of the Reorganization, on September 30, 2021, the Company sold all shares in Golden Sun Shanghai to Mr. Xueyuan Weng and his wife for a consideration of Hong Kong Dollar 100,000 (approximately \$12,845) as a nominal proceed.

### ***Guarantee provided to a related party***

On September 26, 2019, the Company's subsidiary Xianjin signed an agreement with Shanghai Pudong Development Bank to provide guarantee for a related party's borrowing of \$1,207,804 for a period from September 26, 2019 to September 26, 2022. The related party, Wenzhou Kunlong Industrial Co., Ltd., is owned by Mr. Weng, who further personally indemnifies the Company against any losses caused by the above guaranty. As of September 30, 2022, the guarantee was expired and no liability was incurred.

### ***Guarantee provided by related parties***

Several related parties of the Company guaranteed the repayment of the Company's short-term and long-term loans as of September 30, 2023.

### **C. Interests of Experts and Counsel**

Not applicable.

## **Item 8. FINANCIAL INFORMATION**

### **A. Consolidated Statements and Other Financial Information**

We have appended consolidated financial statements filed as part of this annual report. See "Item 18. FINANCIAL STATEMENTS."

### **Legal Proceedings**

We are currently not a party to any material legal proceeding. From time to time, however, we may be subject to various claims and legal actions arising in the ordinary course of business.

### **Dividend Policy**

See "Item 3. KEY INFORMATION—Transfer of Funds and Other Assets Between Our Company and Our Subsidiaries" and "Item 3. KEY INFORMATION—Dividends or Distributions and Tax Consequences."

### **B. Significant Changes**

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

**Item 9. THE OFFER AND LISTING**

A. Offer and Listing Details

Our Class A ordinary shares have been listed on the Nasdaq Capital Market since June 21, 2022 under the symbol “GSUN.”

B. Plan of Distribution

Not applicable.

C. Markets

Our Class A ordinary shares have been listed on the Nasdaq Capital Market since June 21, 2022 under the symbol “GSUN.”

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

**Item 10. ADDITIONAL INFORMATION**

A. Share Capital

Not applicable.

B. Memorandum and Articles of Association

Our third amended and restated memorandum and articles of association, which was adopted by special resolution on September 26, 2023, are filed as Exhibit 1.1 to this annual report.

C. Material Contracts

We have not entered into any material contracts other than in the ordinary course of business and other than those described in “Item 4. Information on the Company” or elsewhere in this annual report.

D. Exchange Controls

See “Item 4. INFORMATION ON THE COMPANY—B. Business Overview—Regulations—Regulations Related to Foreign Exchange” and “Item 4. INFORMATION ON THE COMPANY—B. Business Overview—Regulations—Regulations Related to Foreign Exchange Registration of Offshore Investment by PRC Residents.”

## E. Taxation

### **People's Republic of China Taxation**

The following brief description of Chinese enterprise income taxation is designed to highlight the enterprise-level taxation on our earnings, which will affect the amount of dividends, if any, we are ultimately able to pay to our shareholders. See “Item 3. KEY INFORMATION—Transfer of Funds and Other Assets Between Our Company and Our Subsidiaries” and “Item 3. KEY INFORMATION—Dividends or Distributions and Tax Consequences.”

According to the EIT Law, which was promulgated by the SCNPC on March 16, 2007, became effective on January 1, 2008, and was then amended on February 24, 2017, and the *Implementation Rules of the EIT Law*, which were promulgated by the State Council on December 6, 2007, and became effective on January 1, 2008, enterprises are divided into resident enterprises and non-resident enterprises. Resident enterprises pay enterprise income tax on their incomes obtained in and outside the PRC at the rate of 25%. Non-resident enterprises setting up institutions in the PRC pay enterprise income tax on the incomes obtained by such institutions in and outside the PRC at the rate of 25%. Non-resident enterprises with no institutions in the PRC, and non-resident enterprises with income having no substantial connection with their institutions in the PRC, pay enterprise income tax on their income obtained in the PRC at a reduced rate of 10%.

We are a holding company incorporated in the Cayman Islands and we gain substantial income by way of dividends paid to us from our PRC subsidiaries. The EIT Law and its implementation rules provide that China-sourced income of foreign enterprises, such as dividends paid by a PRC subsidiary to its equity holders that are non-resident enterprises, will normally be subject to PRC withholding tax at a rate of 10%, unless any such foreign investor's jurisdiction of incorporation has a tax treaty with China that provides for a preferential tax rate or a tax exemption.

Under the EIT Law, an enterprise established outside of China with a “de facto management body” within China is considered a “resident enterprise,” which means that it is treated in a manner similar to a Chinese enterprise for enterprise income tax purposes. Although the implementation rules of the EIT Law define “de facto management body” as a managing body that actually, comprehensively manage and control the production and operation, staff, accounting, property, and other aspects of an enterprise, the only official guidance for this definition currently available is set forth in SAT Notice 82, which provides guidance on the determination of the tax residence status of a Chinese-controlled offshore incorporated enterprise, defined as an enterprise that is incorporated under the laws of a foreign country or territory and that has a PRC enterprise or enterprise group as its primary controlling shareholder. Although Golden Sun Cayman does not have a PRC enterprise or enterprise group as our primary controlling shareholder and is therefore not a Chinese-controlled offshore incorporated enterprise within the meaning of SAT Notice 82, in the absence of guidance specifically applicable to us, we have applied the guidance set forth in SAT Notice 82 to evaluate the tax residence status of Golden Sun Cayman and its subsidiaries organized outside the PRC.

According to SAT Notice 82, a Chinese-controlled offshore incorporated enterprise will be regarded as a PRC tax resident by virtue of having a “de facto management body” in China and will be subject to PRC enterprise income tax on its worldwide income only if all of the following criteria are met: (i) the places where senior management and senior management departments that are responsible for daily production, operation and management of the enterprise perform their duties are mainly located within the territory of China; (ii) financial decisions (such as money borrowing, lending, financing and financial risk management) and personnel decisions (such as appointment, dismissal and salary and wages) are decided or need to be decided by organizations or persons located within the territory of China; (iii) main property, accounting books, corporate seal, the board of directors and files of the minutes of shareholders' meetings of the enterprise are located or preserved within the territory of China; and (iv) one half (or more) of the directors or senior management staff having the right to vote habitually reside within the territory of China.

We believe that we do not meet some of the conditions outlined in the immediately preceding paragraph. For example, as a holding company, the key assets and records of Golden Sun Cayman, including the resolutions and meeting minutes of our board of directors and the resolutions and meeting minutes of our shareholders, are located and maintained outside the PRC. In addition, we are not aware of any offshore holding companies with a corporate structure similar to ours that has been deemed a PRC “resident enterprise” by the PRC tax authorities. Accordingly, we believe that Golden Sun Cayman and its offshore subsidiaries should not be treated as a “resident enterprise” for PRC tax purposes if the criteria for “de facto management body” as set forth in SAT Notice 82 were deemed applicable to us. However, as the tax residency status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term “de facto management body” as applicable to our offshore entities, we will continue to monitor our tax status.

The implementation rules of the EIT Law provide that, (i) if the enterprise that distributes dividends is domiciled in the PRC or (ii) if gains are realized from transferring equity interests of enterprises domiciled in the PRC, then such dividends or gains are treated as China-sourced income. It is not clear how “domicile” may be interpreted under the EIT Law, and it may be interpreted as the jurisdiction where the enterprise is a tax resident. Therefore, if we are considered as a PRC tax resident enterprise for PRC tax purposes, any dividends we pay to our overseas shareholders which are non-resident enterprises as well as gains realized by such shareholders from the transfer of our shares may be regarded as China-sourced income and as a result become subject to PRC withholding tax at a rate of up to 10%. Pacgate, our PRC counsel, is unable to provide a “will” opinion because it believes that it is more likely than not that we and our offshore subsidiaries would be treated as non-resident enterprises for PRC tax purposes because we do not meet some of the conditions outlined in SAT Notice 82. In addition, Pacgate is not aware of any offshore holding companies with a corporate structure similar to ours that has been deemed a PRC “resident enterprise” by the PRC tax authorities as of the date of the annual report. Therefore, Pacgate believes that it is possible but highly unlikely that the income received by our overseas shareholders will be regarded as China-sourced income.

See “Item 3. KEY INFORMATION—D. Risk Factors—Risks Relating to Doing Business in the PRC—Under the EIT Law, we may be classified as a ‘resident enterprise’ of China, which could result in unfavorable tax consequences to us and our non-PRC shareholders.”

Currently, as resident enterprises in the PRC, Golden Sun Shanghai, as well as Golden Sun Wenzhou and its subsidiaries in PRC are subject to the enterprise income tax at the rate of 25%, except that once an enterprise meets certain requirements and is identified as a small-scale minimal profit enterprise, the part of its taxable income not more than RMB1 million is subject to a reduced rate of 5% and the part between RMB1 million and 3 million is subject to a reduced rate of 10%. The EIT is calculated based on the entity’s global income as determined under PRC tax laws and accounting standards. If the PRC tax authorities determine that Golden Sun Cayman is a PRC resident enterprise for enterprise income tax purposes, we may be required to withhold a 10% withholding tax from dividends we pay to our shareholders that are non-resident enterprises. In addition, non-resident enterprise shareholders may be subject to a 10% PRC withholding tax on gains realized on the sale or other disposition of our Class A ordinary shares, if such income is treated as sourced from within the PRC. It is unclear whether our non-PRC individual shareholders would be subject to any PRC tax on dividends or gains obtained by such non-PRC individual shareholders in the event we are determined to be a PRC resident enterprise. If any PRC tax were to apply to dividends or gains realized by non-PRC individuals, it would generally apply at a rate of 20% unless a reduced rate is available under an applicable tax treaty. However, it is also unclear whether our non-PRC shareholders would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. There is no guidance from the PRC government to indicate whether or not any tax treaties between the PRC and other countries would apply in circumstances where a non-PRC company was deemed to be a PRC tax resident, and thus there is no basis for expecting how tax treaty between the PRC and other countries may impact non-resident enterprises.

## **Hong Kong Taxation**

Entities incorporated in Hong Kong are subject to profits tax in Hong Kong at the rate of 16.5% for each of the fiscal years ended September 30, 2023, 2022, and 2021.

## **Cayman Islands Taxation**

The following is a discussion on certain Cayman Islands income tax consequences of an investment in the Shares. The discussion is a general summary of the present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances, and does not consider tax consequences other than those arising under Cayman Islands law.

The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains, or appreciation and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to us levied by the Government of the Cayman Islands except for stamp duties which may be applicable on instruments executed in, or, after execution, brought within the jurisdiction of the Cayman Islands. No stamp duty is payable in the Cayman Islands on the issue of shares by, or any transfers of shares of, Cayman Islands companies (except those which hold interests in land in the Cayman Islands). There are no exchange control regulations or currency restrictions in the Cayman Islands.

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

## **United States Federal Income Taxation**

The following does not address the tax consequences to any particular investor or to persons in special tax situations such as:

- banks;
- financial institutions;
- insurance companies;
- regulated investment companies;
- real estate investment trusts;
- broker-dealers;
- persons that elect to mark their securities to market;
- U.S. expatriates or former long-term residents of the U.S.;
- governments or agencies or instrumentalities thereof;
- tax-exempt entities;
- persons liable for alternative minimum tax;
- persons holding our ordinary shares as part of a straddle, hedging, conversion or integrated transaction;
- persons that actually or constructively own 10% or more of our voting power or value (including by reason of owning our ordinary shares);
- persons who acquired our ordinary shares pursuant to the exercise of any employee share option or otherwise as compensation;
- persons holding our ordinary shares through partnerships or other pass-through entities;
- beneficiaries of a Trust holding our ordinary shares; or
- persons holding our ordinary shares through a trust.

The discussion set forth below is addressed only to U.S. Holders that purchase Class A ordinary shares. Prospective purchasers are urged to consult their own tax advisors about the application of the U.S. federal income tax rules to their particular circumstances as well as the state, local, foreign and other tax consequences to them of the purchase, ownership and disposition of our Class A ordinary shares.

### ***Material Tax Consequences Applicable to U.S. Holders of Our Ordinary Shares***

The following sets forth the material U.S. federal income tax consequences related to the ownership and disposition of our ordinary shares. It is directed to U.S. Holders (as defined below) of our ordinary shares and is based upon laws and relevant interpretations thereof in effect as of the date of this annual report, all of which are subject to change. This description does not deal with all possible tax consequences relating to ownership and disposition of our ordinary shares or U.S. tax laws, other than the U.S. federal income tax laws, such as the tax consequences under non-U.S. tax laws, state, local and other tax laws.

The following brief description applies only to U.S. Holders (defined below) that hold ordinary shares as capital assets and that have the U.S. dollar as their functional currency. This brief description is based on the federal income tax laws of the United States in effect as of the date of this annual report and on U.S. Treasury regulations in effect or, in some cases, proposed, as of the date of this annual report, as well as judicial and administrative interpretations thereof available on or before such date. All of the foregoing authorities are subject to change, which change could apply retroactively and could affect the tax consequences described below.

The brief description below of the U.S. federal income tax consequences to “U.S. Holders” will apply to you if you are a beneficial owner of ordinary shares and you are, for U.S. federal income tax purposes,

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) organized under the laws of the United States, any state thereof or the District of Columbia;
- an estate whose income is subject to U.S. federal income taxation regardless of its source; or
- a trust that (1) is subject to the primary supervision of a court within the United States and the control of one or more U.S. persons for all substantial decisions or (2) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

If a partnership (or other entities treated as a partnership for United States federal income tax purposes) is a beneficial owner of our ordinary shares, the tax treatment of a partner in the partnership will depend upon the status of the partner and the activities of the partnership. Partnerships and partners of a partnership holding our ordinary shares are urged to consult their tax advisors regarding an investment in our ordinary shares.

An individual is considered a resident of the U.S. for Federal Income Tax purposes if they meet either the “Green Card Test” or the “Substantial Presence Test” described as follows:

The Green Card Test: You are a lawful permanent resident of the United States, at any time, if you have been given the privilege, according to the immigration laws of the United States, of residing permanently in the United States as an immigrant. You generally have this status if the U.S. Citizenship and Immigration Services (USCIS) issued you an alien registration card, Form I-551, also known as a “green card.”

The Substantial Presence Test:

If an alien is present in the United States on at least 31 days of the current calendar year, he/she will (absent an applicable exception) be classified as a resident alien if the sum of the following equals 183 days or more (*See* §7701(b)(3)(A) of the Internal Revenue Code and related Treasury Regulations):

1. The actual days in the United States in the current year; plus
2. One-third of his/her days in the United States in the immediately preceding year; plus
3. One-sixth of his/her days in the United States in the second preceding year.

### ***Taxation of Dividends and Other Distributions on our Ordinary Shares***

Subject to the PFIC (defined below) rules discussed below, the gross amount of distributions made by us to you with respect to the ordinary shares (including the amount of any taxes withheld therefrom) will generally be includable in your gross income as dividend income on the date of receipt by you, but only to the extent that the distribution is paid out of our current or accumulated earnings and profits (as determined under U.S. federal income tax principles). With respect to corporate U.S. Holders, the dividends will not be eligible for the dividends-received deduction allowed to corporations in respect of dividends received from other U.S. corporations.

With respect to non-corporate U.S. Holders, including individual U.S. Holders, dividends will be taxed at the lower capital gains rate applicable to qualified dividend income, provided that (1) the ordinary shares are readily tradable on an established securities market in the United States, or we are eligible for the benefits of an approved qualifying income tax treaty with the United States that includes an exchange of information program, (2) we are not a PFIC (defined below) for either our taxable year in which the dividend is paid or the preceding taxable year, and (3) certain holding period requirements are met. Because there is no income tax treaty between the United States and the Cayman Islands, clause (1) above can be satisfied only if the ordinary shares are readily tradable on an established securities market in the United States. Under U.S. Internal Revenue Service authority, ordinary shares are considered for purpose of clause (1) above to be readily tradable on an established securities market in the United States if they are listed on certain exchanges, which presently include the NYSE and the Nasdaq Stock Market. You are urged to consult your tax advisors regarding the availability of the lower rate for dividends paid with respect to our ordinary shares, including the effects of any change in law after the date of this annual report.

Dividends will constitute foreign source income for foreign tax credit limitation purposes. If the dividends are taxed as qualified dividend income (as discussed above), the amount of the dividend taken into account for purposes of calculating the foreign tax credit limitation will be limited to the gross amount of the dividend, multiplied by the reduced rate divided by the highest rate of tax normally applicable to dividends. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, dividends distributed by us with respect to our ordinary shares will constitute “passive category income” but could, in the case of certain U.S. Holders, constitute “general category income.”

To the extent that the amount of the distribution exceeds our current and accumulated earnings and profits (as determined under U.S. federal income tax principles), it will be treated first as a tax-free return of your tax basis in your ordinary shares, and to the extent the amount of the distribution exceeds your tax basis, the excess will be taxed as capital gain. We do not intend to calculate our earnings and profits under U.S. federal income tax principles. Therefore, a U.S. Holder should expect that a distribution will be treated as a dividend income even if that distribution would otherwise be treated as a non-taxable return of capital or as capital gain under the rules described above.

### ***Taxation of Dispositions of Ordinary Shares***

Subject to the passive foreign investment company rules discussed below, you will recognize taxable gain or loss on any sale, exchange or other taxable disposition of a share equal to the difference between the amount realized (in U.S. dollars) for the share and your tax basis (in U.S. dollars) in the ordinary shares. The gain or loss will be capital gain or loss. If you are a non-corporate U.S. Holder, including an individual U.S. Holder, who has held the ordinary shares for more than one year, you will generally be eligible for reduced tax rates as long term capital gain. The deductibility of capital losses is subject to limitations. Any such gain or loss that you recognize will generally be treated as United States source income or loss for foreign tax credit limitation purposes which will generally limit the availability of foreign tax credits.

### ***Passive Foreign Investment Company (“PFIC”)***

A non-U.S. corporation is considered a PFIC, as defined in Section 1297(a) of the US Internal Revenue Code, for any taxable year if either:

- at least 75% of its gross income for such taxable year is passive income; or
- at least 50% of the value of its assets (based on an average of the quarterly values of the assets during a taxable year) is attributable to assets that produce or are held for the production of passive income (the “asset test”).

Passive income generally includes dividends, interest, rents and royalties (other than rents or royalties derived from the active conduct of a trade or business) and gains from the disposition of passive assets. We will be treated as owning our proportionate share of the assets and earning our proportionate share of the income of any other corporation in which we own, directly or indirectly, at least 25% (by value) of the stock. In determining the value and composition of our assets for purposes of the PFIC asset test, the value of our assets must be determined based on the market value of our ordinary shares from time to time, which could cause the value of our non-passive assets to be less than 50% of the value of all of our assets on any particular quarterly testing date for purposes of the asset test.



Based on our operations and the composition of our assets we do not expect to be treated as a PFIC under the current PFIC rules. We must make a separate determination each year as to whether we are a PFIC, however, and there can be no assurance with respect to our status as a PFIC for our current taxable year or any future taxable year. It is possible that, for our current taxable year or for any subsequent taxable year, more than 50% of our assets may be assets held for the production of passive income. We will make this determination following the end of any particular tax year. Because the value of our assets for purposes of the asset test will generally be determined based on the market price of our ordinary shares and because cash is generally considered to be an asset held for the production of passive income, our PFIC status will depend in large part on the market price of our ordinary shares. Accordingly, fluctuations in the market price of the ordinary shares may cause us to become a PFIC. In addition, the application of the PFIC rules are subject to uncertainty in several respects. We are under no obligation to take steps to reduce the risk of our being classified as a PFIC, and as stated above, the determination of the value of our assets will depend upon material facts (including the market price of our ordinary shares from time to time) that may not be within our control. If we are a PFIC for any year during which you hold ordinary shares, we will continue to be treated as a PFIC for all succeeding years during which you hold ordinary shares. If we cease to be a PFIC and you did not previously make a timely “mark-to-market” election as described below, however, you may avoid some of the adverse effects of the PFIC regime by making a “purging election” (as described below) with respect to the ordinary shares.

If we are a PFIC for your taxable year(s) during which you hold ordinary shares, you will be subject to special tax rules with respect to any “excess distribution” that you receive and any gain you realize from a sale or other disposition (including a pledge) of the ordinary shares, unless you make a “mark-to-market” election as discussed below. Distributions you receive in a taxable year that are greater than 125% of the average annual distributions you received during the shorter of the three preceding taxable years or your holding period for the ordinary shares will be treated as an excess distribution. Under these special tax rules:

- the excess distribution or gain will be allocated ratably over your holding period for the ordinary shares;
- the amount allocated to your current taxable year, and any amount allocated to any of your taxable year(s) prior to the first taxable year in which we were a PFIC, will be treated as ordinary income, and
- the amount allocated to each of your other taxable year(s) will be subject to the highest tax rate in effect for that year and the interest charge generally applicable to underpayments of tax will be imposed on the resulting tax attributable to each such year.

The tax liability for amounts allocated to years prior to the year of disposition or “excess distribution” cannot be offset by any net operating losses for such years, and gains (but not losses) realized on the sale of the ordinary shares cannot be treated as capital, even if you hold the ordinary shares as capital assets.

A U.S. Holder of “marketable stock” (as defined below) in a PFIC may make a mark-to-market election under Section 1296 of the US Internal Revenue Code for such stock to elect out of the tax treatment discussed above. If you make a mark-to-market election for first taxable year which you hold (or are deemed to hold) ordinary shares and for which we are determined to be a PFIC, you will include in your income each year an amount equal to the excess, if any, of the fair market value of the ordinary shares as of the close of such taxable year over your adjusted basis in such ordinary shares, which excess will be treated as ordinary income and not capital gain. You are allowed an ordinary loss for the excess, if any, of the adjusted basis of the ordinary shares over their fair market value as of the close of the taxable year. Such ordinary loss, however, is allowable only to the extent of any net mark-to-market gains on the ordinary shares included in your income for prior taxable years. Amounts included in your income under a mark-to-market election, as well as gain on the actual sale or other disposition of the ordinary shares, are treated as ordinary income. Ordinary loss treatment also applies to any loss realized on the actual sale or disposition of the ordinary shares, to the extent that the amount of such loss does not exceed the net mark-to-market gains previously included for such ordinary shares. Your basis in the ordinary shares will be adjusted to reflect any such income or loss amounts. If you make a valid mark-to-market election, the tax rules that apply to distributions by corporations which are not PFICs would apply to distributions by us, except that the lower applicable capital gains rate for qualified dividend income discussed above under “—Taxation of Dividends and Other Distributions on our ordinary shares” generally would not apply.

The mark-to-market election is available only for “marketable stock”, which is stock that is traded in other than de minimis quantities on at least 15 days during each calendar quarter (“regularly traded”) on a qualified exchange or other market (as defined in applicable U.S. Treasury regulations), including the Nasdaq Capital Market. If the ordinary shares are regularly traded on the Nasdaq Capital Market and if you are a holder of ordinary shares, the mark-to-market election would be available to you were we to be or become a PFIC.

Alternatively, a U.S. Holder of stock in a PFIC may make a “qualified electing fund” election under Section 1295(b) of the US Internal Revenue Code with respect to such PFIC to elect out of the tax treatment discussed above. A U.S. Holder who makes a valid qualified electing fund election with respect to a PFIC will generally include in gross income for a taxable year such holder’s pro rata share of the corporation’s earnings and profits for the taxable year. The qualified electing fund election, however, is available only if such PFIC provides such U.S. Holder with certain information regarding its earnings and profits as required under applicable U.S. Treasury regulations. We do not currently intend to prepare or provide the information that would enable you to make a qualified electing fund election. If you hold ordinary shares in any taxable year in which we are a PFIC, you will be required to file U.S. Internal Revenue Service Form 8621 in each such year and provide certain annual information regarding such ordinary shares, including distributions received on the ordinary shares and any gain realized on the disposition of the ordinary shares.

If you do not make a timely “mark-to-market” election (as described above), and if we were a PFIC at any time during the period you hold our ordinary shares, then such ordinary shares will continue to be treated as stock of a PFIC with respect to you even if we cease to be a PFIC in a future year, unless you make a “purging election” for the year we cease to be a PFIC. A “purging election” creates a deemed sale of such ordinary shares at their fair market value on the last day of the last year in which we are treated as a PFIC. The gain recognized by the purging election will be subject to the special tax and interest charge rules treating the gain as an excess distribution, as described above. As a result of the purging election, you will have a new basis (equal to the fair market value of the ordinary shares on the last day of the last year in which we are treated as a PFIC) and holding period (which new holding period will begin the day after such last day) in your ordinary shares for tax purposes.

IRC Section 1014(a) provides for a step-up in basis to the fair market value for our ordinary shares when inherited from a decedent that was previously a holder of our ordinary shares. However, if we are determined to be a PFIC and a decedent that was a U.S. Holder did not make either a timely qualified electing fund election for our first taxable year as a PFIC in which the U.S. Holder held (or was deemed to hold) our ordinary shares, or a mark-to-market election and ownership of those ordinary shares are inherited, a special provision in IRC Section 1291(e) provides that the new U.S. Holder’s basis should be reduced by an amount equal to the Section 1014 basis minus the decedent’s adjusted basis just before death. As such if we are determined to be a PFIC at any time prior to a decedent’s passing, the PFIC rules will cause any new U.S. Holder that inherits our ordinary shares from a U.S. Holder to not get a step-up in basis under Section 1014 and instead will receive a carryover basis in those ordinary shares.

You are urged to consult your tax advisors regarding the application of the PFIC rules to your investment in our ordinary shares and the elections discussed above.

#### ***Information Reporting and Backup Withholding***

Dividend payments with respect to our ordinary shares and proceeds from the sale, exchange or redemption of our ordinary shares may be subject to information reporting to the U.S. Internal Revenue Service and possible U.S. backup withholding under Section 3406 of the US Internal Revenue Code with at a current flat rate of 24%. Backup withholding will not apply, however, to a U.S. Holder who furnishes a correct taxpayer identification number and makes any other required certification on U.S. Internal Revenue Service Form W-9 or who is otherwise exempt from backup withholding. U.S. Holders who are required to establish their exempt status generally must provide such certification on U.S. Internal Revenue Service Form W-9. U.S. Holders are urged to consult their tax advisors regarding the application of the U.S. information reporting and backup withholding rules.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against your U.S. federal income tax liability, and you may obtain a refund of any excess amounts withheld under the backup withholding rules by filing the appropriate claim for refund with the U.S. Internal Revenue Service and furnishing any required information. We do not intend to withhold taxes for individual shareholders. Transactions effected through certain brokers or other intermediaries, however, may be subject to withholding taxes (including backup withholding), and such brokers or intermediaries may be required by law to withhold such taxes.

Under the Hiring Incentives to Restore Employment Act of 2010, certain U.S. Holders are required to report information relating to our ordinary shares, subject to certain exceptions (including an exception for ordinary shares held in accounts maintained by certain financial institutions), by attaching a complete Internal Revenue Service Form 8938, Statement of Specified Foreign Financial Assets, with their tax return for each year in which they hold ordinary shares. Failure to report such information could result in substantial penalties. You should consult your own tax advisor regarding your obligation to file a Form 8938.

#### F. Dividends and Paying Agents

Not applicable.

#### G. Statement by Experts

Not applicable.

#### H. Documents on Display

We are subject to the periodic reporting and other informational requirements of the Exchange Act. Under the Exchange Act, we are required to file reports and other information with the SEC. Specifically, we are required to file annually a Form 20-F within four months after the end of each fiscal year. The SEC maintains a website at <http://www.sec.gov> that contains reports, proxy and information statements, and other information regarding registrants that make electronic filings with the SEC using its EDGAR system. As a foreign private issuer, we are exempt from the rules of the Exchange Act prescribing, among other things, the furnishing and content of proxy statements to shareholders, and our executive officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act.

#### I. Subsidiary Information

For a listing of our subsidiaries, see “Exhibit 8.1—List of subsidiaries of the Registrant.”

### **Item 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

#### ***Foreign Exchange Risk***

Our business is conducted in the PRC by our PRC subsidiaries, whose books and records are maintained in RMB. The financial statements that we file with the SEC and provide to our shareholders are presented in U.S. dollars. Changes in the exchange rates between the RMB and U.S. dollar affect the value of our PRC subsidiaries’ assets and results of operations, when presented in U.S. dollars.

The value of the RMB against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in the PRC’s political and economic conditions and perceived changes in the economy of the PRC and the United States. Any significant revaluation of the RMB may materially and adversely affect our cash flows, revenue, and financial condition. Further, our ordinary shares offered in the U.S. are offered in U.S. dollars, we need to convert the net proceeds we receive into RMB in order to use the funds for our PRC subsidiaries’ business. Changes in the conversion rate among the U.S. dollar and the RMB will affect the amount of proceeds we will have available for our PRC subsidiaries’ business.

Very limited hedging options are available in China to reduce our exposure to exchange rate fluctuations. To date, we have not entered into any hedging transactions in an effort to reduce our exposure to foreign currency exchange risk. While we may decide to enter into more hedging transactions in the future, the availability and effectiveness of these hedges may be limited and we may not be able to adequately hedge our exposure or at all. In addition, our currency exchange losses may be magnified by PRC exchange control regulations that restrict our ability to convert RMB into foreign currency. As a result, fluctuations in exchange rates may have a material adverse effect on your investment.

### ***Credit Risk***

Financial instruments that potentially subject us to significant concentrations of credit risk consist primarily of cash and term deposits. As of September 30, 2023 and 2022, \$3,431,979 and \$2,155,389, respectively, in cash deposits, was held at major financial institutions in mainland PRC, respectively. Per mainland PRC regulations, the maximum insured bank deposit amount RMB500,000 for each financial institution. As of September 30, 2023 and 2022, cash of \$3,112,082 and \$18,181,099, respectively, was held at major financial institutions in Hong Kong, PRC. The bank deposits with financial institutions in the Hong Kong Special Administrative Region are insured by the government authority up to Hong Kong Dollar 500,000. While management believes that these financial institutions are of high credit quality, it also continually monitors their credit worthiness.

Accounts receivable are typically unsecured and derived from revenue earned from customers, thereby exposed to credit risk. The risk is mitigated by our assessment of our customers' creditworthiness and our ongoing monitoring of outstanding balances. Other receivables include working capital support provided to major suppliers, which are also typically unsecured. We also make advances to certain suppliers to ensure the stable supply of key raw materials. We perform ongoing credit evaluations of our key suppliers to help reduce credit risk.

### ***Interest Rate Risk***

We have not used derivative financial instruments to hedge interest risk. Interest-earning instruments carry a degree of interest rate risk. We have not been exposed, nor do we anticipate being exposed to material risks due to changes in market interest rates. Our future interest income, however, may fall short of expectations due to changes in market interest rates.

### ***Inflation Risk***

In recent years, inflation has not had a material impact on our results of operations. According to the National Bureau of Statistics of China, the consumer price index in China increased by 0.2%, 2.0%, and 0.9% in 2023, 2022, and 2021, respectively. Although we have not in the past been materially affected by inflation since our inception, we can provide no assurance that we will not be affected in the future by higher rates of inflation in China. If inflation rises, it may materially and adversely affect our business.

## **Item 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES**

### **A. Debt Securities**

Not applicable.

### **B. Warrants and Rights**

Not applicable.

### **C. Other Securities**

Not applicable.

### **D. American Depositary Shares**

Not applicable.

## Part II

### Item 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

### Item 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

See “Item 10. ADDITIONAL INFORMATION” for a description of the rights of securities holders, which remain unchanged.

#### Use of Proceeds

The following “Use of Proceeds” information relates to the registration statement on Form F-1, as amended (File Number 333-255891) for our initial public offering, which was declared effective by the SEC on June 21, 2022. In June 2022, we completed our initial public offering in which we issued and sold an aggregate of 5,060,000 Class A ordinary shares, at a price of \$4.00 per share for gross proceeds of \$20,240,000.

The proceeds raised from the initial public offering were \$18,275,182 after deducting underwriting discounts and the offering expenses payable by us. As of the date of this annual report, we had used \$nil, \$nil, \$nil, \$nil, and \$16.9 million from the net proceeds for (i) acquisitions of tutorial centers for non-English foreign language for Gaokao, as well as overseas schools and tutorial centers; (ii) research and development of the courses related to non-English foreign language for Gaokao, and the expansion of the operating center for non-English foreign language for Gaokao; (iii) acquisitions of tutorial centers for language training; (iv) the recruitment and retention of teachers and management personnel; and (v) working capital and other general corporate purposes, respectively. The remaining \$1.4 million is deposited in a bank in Hongkong, China, as a term deposit. We intend to use the remaining proceeds from our initial public offering in the manner disclosed in our registration statement on Form F-1, as amended (File Number 333-255891).

### Item 15. CONTROLS AND PROCEDURES

#### Disclosure Controls and Procedures

As of September 30, 2023, under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, we carried out an evaluation of the effectiveness of our disclosure controls and procedures, which is defined in Rules 13a-15(e) of the Exchange Act. There are inherent limitations to the effectiveness of any disclosure controls and procedure systems, including the possibility of human error and circumventing or overriding them. Even if effective, disclosure controls and procedures can provide only reasonable assurance of achieving their control objectives.

Based on such evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective as of September 30, 2023, and as of the date that the evaluation of the effectiveness of our disclosure controls and procedures were completed, failed to provide reasonable assurance that the information we are required to disclose in the reports we file or submit under the Exchange Act (1) recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms and (2) accumulated and communicated to our management to allow timely decisions regarding required disclosures.

#### Management’s Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act. Our management conducted an assessment of the effectiveness of our internal control over financial reporting based on the criteria set forth in “Internal Control - Integrated Framework (2013)” issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, our management concluded that our internal control over financial reporting was not effective as of September 30, 2023.

In the course of preparing our consolidated financial statements for the year ended September 30, 2023, we identified the following material weaknesses: 1) we lack sufficient financial reporting and accounting personnel with appropriate knowledge of U.S. GAAP and SEC reporting requirements to properly address certain accounting issues, and prepare and review financial statements and related disclosures in accordance with U.S. GAAP and SEC reporting requirements, (2) we lack formal accounting policies and procedures manual to ensure proper financial reporting in accordance with U.S. GAAP and SEC reporting requirements, and (3) for certain related party transactions, we do not have an audit committee process for review, approval, or related documentation in place.

Our management is currently in the process of evaluating the steps necessary to remediate the ineffectiveness, such as (i) hiring more qualified accounting personnel with relevant U.S. GAAP and SEC reporting experience and qualifications to strengthen the financial reporting function and to set up a financial and system control framework, (ii) implementing regular and continuous U.S. GAAP accounting and financial reporting training programs for our accounting and financial reporting personnel, and (iii) setting up formal protocols to review, approve, and document related party transactions.

However, we cannot assure you that we will remediate our control deficiencies in a timely manner. The process of designing and implementing an effective financial reporting system is a continuous effort that requires us to anticipate and react to changes in our business and the economic and regulatory environments and to expend significant resources to maintain a financial reporting system that is adequate to satisfy our reporting obligation. See “Item 3. Key Information—D. Risk Factors— During the course of the audit of our consolidated financial statements, we identified material weaknesses in our internal control over financial reporting. If we fail to establish and maintain an effective system of internal control over financial reporting, our ability to accurately and timely report our financial results or prevent fraud may be adversely affected, and investor confidence and the market price of our ordinary shares may be adversely impacted.” Additionally, we cannot assure you that we have identified all, or that we will not in the future have additional, material weaknesses in our internal control over financial reporting.

#### Attestation Report of the Registered Public Accounting Firm

This annual report on Form 20-F does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management’s report was not subject to attestation by our registered public accounting firm pursuant to rules of the SEC where domestic and foreign registrants that are non-accelerated filers, which we are, and “emerging growth companies,” which we also are, are not required to provide the auditor attestation report.

#### Changes in Internal Control over Financial Reporting

There were no changes in our internal controls over financial reporting that occurred during the period covered by this annual report on Form 20-F that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

#### Item 16. [RESERVED]

#### Item 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Mr. Yidong Hao qualifies as an “audit committee financial expert” as defined in Item 16A of Form 20-F. Mr. Pengmun Foo satisfies the “independence” requirements of Section 5605(a)(2) of the NASDAQ Listing Rules as well as the independence requirements of Rule 10A-3 under the Exchange Act.

#### Item 16B. CODE OF ETHICS

Our board of directors has adopted a code of business conduct and ethics, which is applicable to all of our directors, officers, and employees. Our code of business conduct and ethics is publicly available on our website.

#### Item 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table sets forth the aggregate fees by categories specified below in connection with certain professional services rendered and billed by our independent registered public accounting firm, for the periods indicated.

	<b>For the Fiscal Years Ended September 30,</b>		
	<b>2023</b>	<b>2022</b>	<b>2021</b>
Audit fees <sup>(1)</sup>	\$ 285,000	\$ 280,000	\$ 350,000
Audit-Related fees	-	-	-
Tax fees	-	-	-
All other fees <sup>(2)</sup>	-	-	-
<b>Total</b>	<b>\$ 285,000</b>	<b>\$ 280,000</b>	<b>\$ 350,000</b>

(1) Audit fees include the aggregate fees billed for each of the fiscal years for professional services rendered by our independent registered public accounting firm for the audit of our annual financial statements or for the audits of our financial statements and review of the interim financial statements in fiscal year 2023.

(2) All other fees include the aggregate fees billed in each of the fiscal years for products and services provided by our independent registered public accounting firm, other than the services reported under audit fees, audit-related fees, and tax fees.

The Audit Committee has adopted a policy requiring that all audit services to be performed by Assentsure, our independent registered public accounting firm.

**Item 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES**

Not applicable.

**Item 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS**

None.

**Item 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT**

There has been no change in independent accountants for our Company during the two most recent fiscal years or any subsequent interim period except as previously reported in our Form 6-K filed with the SEC on November 27, 2023. There have been no disagreements of the type required to be disclosed by Item 16F(b).

**Item 16G. CORPORATE GOVERNANCE**

As an exempted company incorporated in the Cayman Islands with limited liability that is listed on the Nasdaq Capital Market, we are subject to the Nasdaq corporate governance listing standards. Nasdaq rules, however, permit a foreign private issuer like us to follow the corporate governance practices of its home country. Certain corporate governance practices in the Cayman Islands, which is our home country, may differ significantly from the Nasdaq corporate governance listing standards.

Nasdaq Listing Rule 5635 generally provides that shareholder approval is required of U.S. domestic companies listed on Nasdaq prior to issuance (or potential issuance) of securities (i) equaling 20% or more of the company's common stock or voting power for less than the greater of market or book value; (ii) resulting in a change of control of the company; and (iii) which is being issued pursuant to a stock option or purchase plan to be established or materially amended or other equity compensation arrangement made or materially amended. Notwithstanding this general requirement, Nasdaq Listing Rule 5615(a)(3)(A) permits foreign private issuers to follow their home country practice rather than these shareholder approval requirements. The Cayman Islands do not require shareholder approval prior to any of the foregoing types of issuances. We, therefore, are not required to obtain such shareholder approval prior to entering into a transaction with the potential to issue securities as described above. Specifically, we have elected to be exempt from the requirements under (a) Nasdaq Listing Rule 5635 to obtain shareholder approval for (i) the issuance 20% or more of our outstanding ordinary shares or voting power in a private offering, (ii) the issuance of securities pursuant to a stock option or purchase plan to be established or materially amended or other equity compensation arrangement made or materially amended, (iii) the issuance of securities when the issuance or potential issuance will result in a change of control of our Company, and (iv) certain acquisitions in connection with the acquisition of the stock or assets of another company and (b) Nasdaq Listing Rule 5640, which requires that the voting rights of a listed company cannot be disparately reduced or restricted through any corporate action or issuance.

Nasdaq Listing Rule 5605(b)(1) requires listed companies to have, among other things, a majority of its board members be independent. As a foreign private issuer, however, we are permitted to, and we may follow home country practice in lieu of the above requirements. The corporate governance practice in our home country, the Cayman Islands, does not require a majority of our board to consist of independent directors. Currently, a majority of our board members are independent. However, if we change our board composition such that independent directors do not constitute a majority of our board of directors, our shareholders may be afforded less protection than they would otherwise enjoy under Nasdaq's corporate governance requirements applicable to U.S. domestic issuers. See "Item 3. KEY INFORMATION—D. Risk Factors—Risks Relating to Our ordinary shares and the Trading Market—Because we are a foreign private issuer and have taken advantage of exemptions from certain Nasdaq corporate governance standards applicable to U.S. issuers, you will have less protection than you would have if we were a domestic issuer."

Other than those described above, there are no significant differences between our corporate governance practices and those followed by U.S. domestic companies under Nasdaq corporate governance listing standards.

**Item 16H. MINE SAFETY DISCLOSURE**

Not applicable.

**Item 16I. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS**

Not applicable.

### Part III

#### Item 17. FINANCIAL STATEMENTS

We have elected to provide financial statements pursuant to Item 18.

#### Item 18. FINANCIAL STATEMENTS

The consolidated financial statements of Golden Sun Health Technology Group Limited, and its operating entities are included at the end of this annual report.

#### Item 19. EXHIBITS

#### EXHIBIT INDEX

<b>Exhibit No.</b>	<b>Description</b>
1.1*	<a href="#"><u>Third Amended and Restated Memorandum and Articles of Association</u></a>
2.1	<a href="#"><u>Specimen Certificate for Class A ordinary shares (incorporated herein by reference to Exhibit 4.1 to the registration statement on Form F-1 (File No. 333- 255891), as amended, initially filed with the Securities and Exchange Commission on May 7, 2021)</u></a>
2.2	<a href="#"><u>Form of Underwriter’s Warrants (incorporated herein by reference to Exhibit 4.2 to the registration statement on Form F-1 (File No. 333-255891), as amended, initially filed with the Securities and Exchange Commission on May 7, 2021)</u></a>
2.3*	<a href="#"><u>Description of Securities</u></a>
4.1	<a href="#"><u>Form of Employment Agreement by and between executive officers and the Registrant (incorporated herein by reference to Exhibit 10.1 to the registration statement on Form F-1 (File No. 333- 255891), as amended, initially filed with the Securities and Exchange Commission on May 7, 2021)</u></a>
4.2	<a href="#"><u>Form of Indemnification Agreement with the Registrant’s directors and officers (incorporated herein by reference to Exhibit 10.2 to the registration statement on Form F-1 (File No. 333-255891), as amended, initially filed with the Securities and Exchange Commission on May 7, 2021)</u></a>
4.3	<a href="#"><u>English Translation of Exclusive Education and Consulting Services Agreement between Golden Sun Wenzhou and Ouhai Art School dated March 1, 2019 (incorporated herein by reference to Exhibit 10.3 to the registration statement on Form F-1 (File No. 333-255891), as amended, initially filed with the Securities and Exchange Commission on May 7, 2021)</u></a>
4.4	<a href="#"><u>English Translation of Powers of Attorney granted by shareholders of Ouhai Art School (incorporated herein by reference to Exhibit 10.4 to the registration statement on Form F-1 (File No. 333-255891), as amended, initially filed with the Securities and Exchange Commission on May 7, 2021)</u></a>
4.5	<a href="#"><u>English Translation of the Business Operations Agreement among Golden Sun Wenzhou, Ouhai Art School, and shareholders of Ouhai Art School dated March 1, 2020 (incorporated herein by reference to Exhibit 10.5 to the registration statement on Form F-1 (File No. 333-255891), as amended, initially filed with the Securities and Exchange Commission on May 7, 2021)</u></a>
4.6	<a href="#"><u>English Translation of Pledge Guarantee Agreement for Accounts Receivables between Golden Sun Wenzhou and Ouhai Art School dated March 1, 2020 (incorporated herein by reference to Exhibit 10.6 to the registration statement on Form F-1 (File No. 333-255891), as amended, initially filed with the Securities and Exchange Commission on May 7, 2021)</u></a>
4.7	<a href="#"><u>English Translation of the Exclusive Option Agreement among Golden Sun Wenzhou, Ouhai Art School, and shareholders of Ouhai Art School dated March 1, 2019 (incorporated herein by reference to Exhibit 10.7 to the registration statement on Form F-1 (File No. 333-255891), as amended, initially filed with the Securities and Exchange Commission on May 7, 2021)</u></a>
4.8	<a href="#"><u>English Translation of the Spousal Consent granted by the spouse of each individual shareholder of Ouhai Art School (incorporated herein by reference to Exhibit 10.8 to the registration statement on Form F-1 (File No. 333-255891), as amended, initially filed with the Securities and Exchange Commission on May 7, 2021)</u></a>
4.9	<a href="#"><u>English translation of Entrustment Agreement and Amendment to the Entrustment Agreement between Chongwen Middle School and Golden Sun Shanghai (incorporated herein by reference to Exhibit 10.9 to the registration statement on Form F-1 (File No. 333-255891), as amended, initially filed with the Securities and Exchange Commission on May 7, 2021)</u></a>



4.10	<a href="#">English translation of Agreement on Concerted Action (incorporated herein by reference to Exhibit 10.10 to the registration statement on Form F-1 (File No. 333-255891), as amended, initially filed with the Securities and Exchange Commission on May 7, 2021)</a>
4.11	<a href="#">English translation of Cooperative Education Agreement between Central Radio &amp; Television Secondary Specialized School and Yangfushan Tutorial (incorporated herein by reference to Exhibit 10.11 to the registration statement on Form F-1 (File No. 333-255891), as amended, initially filed with the Securities and Exchange Commission on May 7, 2021)</a>
4.12	<a href="#">English translation of Purchase Agreement of Yangfushan Tutorial between Xueyuan Weng and the Company (incorporated herein by reference to Exhibit 10.12 to the registration statement on Form F-1 (File No. 333-255891), as amended, initially filed with the Securities and Exchange Commission on May 7, 2021)</a>
4.13	<a href="#">English translation of Letter of Commitment signed by Mr. Xueyuan Weng dated January 28, 2021 (incorporated herein by reference to Exhibit 10.13 to the registration statement on Form F-1 (File No. 333-255891), as amended, initially filed with the Securities and Exchange Commission on May 7, 2021)</a>
4.14	<a href="#">English translation of Agreement of Sale of Shares of Golden Sun Shanghai dated September 30, 2021 (incorporated herein by reference to Exhibit 10.14 to the registration statement on Form F-1 (File No. 333-255891), as amended, initially filed with the Securities and Exchange Commission on May 7, 2021)</a>
4.15	<a href="#">English translation of Agreement to Terminate the VIE Agreements dated September 30, 2021 (incorporated herein by reference to Exhibit 10.15 to the registration statement on Form F-1 (File No. 333-255891), as amended, initially filed with the Securities and Exchange Commission on May 7, 2021)</a>
4.16*	<a href="#">English translation of Equity Transfer Agreement between Sun Linmin and Wenzhou Lilong Logistics Service Co., Ltd, dated January 18, 2023, regarding the acquisition of an 18% of equity interest in Zhejiang Kangyuan Medical Technology Co., Ltd.</a>
4.17*	<a href="#">English translation of Equity Transfer Agreement between Ye Linhui and Wenzhou Lilong Logistics Service Co., Ltd, dated February 24, 2023, regarding the acquisition of a 10% equity interest in Zhejiang Fuyouyuan Health Technology Co., Ltd.</a>
4.18*	<a href="#">English translation of Equity Transfer Agreement between Shanghai Xianjin Technology Development Co., Ltd. and Shanghai Daizong Business Consulting Co., Ltd., dated May 10, 2023, regarding the acquisition of a 19% equity interest in Shanghai Daizong Business Consulting Co., Ltd.</a>
4.19*	<a href="#">English translation of Share Purchase Agreement regarding the between Wenzhou Lilong Logistics Service Co., Ltd and two individual shareholders, dated April 10, 2023, and a supplemental agreement, dated September 20, 2023, regarding the acquisition of an approximate 3.4% equity interest of Kaiye (Wenzhou) Water Project Development Co., Ltd</a>
4.20*	<a href="#">English translation of a loan agreement, dated January 16, 2023, with Zhejiang Wenzhou Longwan Rural Commercial Bank, to obtain a loan of RMB4,900,000 for a term from January 17, 2023 to January 16, 2026 at a fixed rate of 4.56% per annum</a>
4.21*	<a href="#">English translation of a loan agreement, dated February 15, 2023, with Wenzhou Minshang Bank to obtain a loan of RMB8,500,000 for a term from February 15, 2023 to February 15, 2028 at a fixed annual interest rate of 7.5%</a>
8.1*	<a href="#">List of subsidiaries of the Registrant</a>
11.1	<a href="#">Code of Business Conduct and Ethics of the Registrant (incorporated herein by reference to Exhibit 99.1 to the registration statement on Form F-1 (File No. 333-255891), as amended, initially filed with the Securities and Exchange Commission on May 7, 2021)</a>
12.1*	<a href="#">Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
12.2*	<a href="#">Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
13.1**	<a href="#">Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
13.2**	<a href="#">Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
15.1*	<a href="#">Consent of PwCgate Law Firm</a>
97.1*	<a href="#">Policy Relating to Recovery of Erroneously Awarded Compensation</a>
101*	The following financial statements from the Company's Annual Report on Form 20-F for the fiscal year ended September 30, 2023, formatted in Inline XBRL: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations and Comprehensive Income, (iii) Consolidated Statements of Changes in Equity, (iv) Consolidated Statements of Cash Flows, and (v) Notes to Consolidated Financial Statements, tagged as blocks of text and including detailed tags
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

\* Filed with this annual report on Form 20-F

\*\* Furnished with this annual report on Form 20-F

**SIGNATURES**

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

Golden Sun Health Technology Group Limited

By: /s/ Xueyuan Weng

Xueyuan Weng

Chief Executive Officer, Director, and

Chairman of the Board of Directors

Date: February 7, 2024

**GOLDEN SUN HEALTH TECHNOLOGY GROUP LIMITED AND SUBSIDIARIES**  
**INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**

**Consolidated Financial Statements**

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## **REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Shareholders of  
Golden Sun Health Technology Group Ltd

### **Opinion on the Consolidated Financial Statements**

We have audited the accompanying consolidated balance sheet of Golden Sun Health Technology Group Ltd and its subsidiaries (formerly known as Golden Sun Education Group Limited, collectively, the “Company”) as of September 30, 2023, and the related consolidated statement of operations and comprehensive (loss) income, changes in shareholders’ equity (deficit), and cash flows for the one year in the period ended September 30, 2023, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of September 30, 2023, and the results of its operations and its cash flows for the year ended September 30, 2023, in conformity with accounting principles generally accepted in the United States of America.

### **Explanatory Paragraph**

#### **Going Concern**

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 3 to the financial statements, the Company has suffered recurring losses from operations, has a significant accumulated deficits and continues to experience negative cash flows from operations. These factors raise substantial doubts about the Company’s ability to continue as a going concern. Management’s plans in regard to these matters are described in Note 3. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

#### **Change in Accounting Principle**

As discussed in Note 2 to the consolidated financial statements, the Company changed the manner in which it accounts for leases and the manner in which it accounts for credit losses on financial instruments in fiscal year 2023.

#### **Basis for Opinion**

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ Assentsure PAC

We have served as the Company’s auditor since 2023.

Singapore  
February 07, 2024  
PCAOB ID No. 6783

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of  
Golden Sun Health Technology Group Limited (formerly known as Golden Sun Education Group Limited)

### Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheet of Golden Sun Health Technology Group Limited and its subsidiaries (collectively, the “Company”) as of September 30, 2022, and the related consolidated statements of operations and comprehensive (loss) income, changes in shareholders’ equity (deficit), and cash flows for the year ended September 30, 2022, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of September 30, 2022, and the results of its operations and its cash flows for the year ended September 30, 2022, in conformity with accounting principles generally accepted in the United States of America.

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/s/ Marcum Asia CPAs LLP

New York, New York

We have served as the Company’s auditor since 2022 through 2023.  
February 14, 2023

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Shareholders of  
Golden Sun Health Technology Group Limited (formerly known as Golden Sun Education Group Limited)

**Opinion on the Consolidated Financial Statements**

We have audited the accompanying consolidated statements of operations and comprehensive (loss) income of Golden Sun Health Technology Group Limited and its subsidiaries (collectively, the “Company”), changes in shareholders’ equity (deficit), and cash flows for the year ended September 30, 2021, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the results of its operations and its cash flows for the year ended September 30, 2021, in conformity with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statement. We believe that our audit provides a reasonable basis for our opinion.

/s/ Friedman LLP

New York, New York

We have served as the Company’s auditor since 2019 through 2022.  
February 11, 2022

**GOLDEN SUN HEALTH TECHNOLOGY GROUP LIMITED AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**

	<b>As of September 30,</b>	
	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash	\$ 6,552,708	\$ 20,347,501
Accounts receivable, net	39,331	257,617
Accounts receivable - related parties	15,077	54,825
Contract assets	423,532	333,314
Inventories	153,851	-
Prepayments and other current assets	4,869,347	1,022,309
Due from a related party	-	100,122
<b>TOTAL CURRENT ASSETS</b>	<b>12,053,846</b>	<b>22,115,688</b>
<b>NON-CURRENT ASSETS:</b>		
Property and equipment, net	314,652	344,028
Long-term investments	5,247,866	-
Operating lease right-of-use assets, net	1,358,342	-
Prepayments and other non-current assets	473,387	978,870
<b>TOTAL NON-CURRENT ASSETS</b>	<b>\$ 7,394,247</b>	<b>\$ 1,322,898</b>
<b>TOTAL ASSETS</b>	<b>\$ 19,448,093</b>	<b>\$ 23,438,586</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Short-term bank loans	\$ 33,717	\$ -
Long-term bank loans - current portion	-	933,436
Accounts payable	974,314	665,397
Deferred revenue	3,988,699	4,435,393
Accrued expenses and other liabilities	1,041,832	2,156,251
Refund liabilities	333,030	237,691
Loan from third parties	15,064	295,213
Operating lease liabilities-current	551,384	-
Taxes payable	3,877,710	3,845,303
<b>TOTAL CURRENT LIABILITIES</b>	<b>10,815,750</b>	<b>12,568,684</b>
<b>NON-CURRENT LIABILITIES:</b>		
Operating lease liabilities-non-current	882,617	-
Long-term bank loans - non-current portion	3,207,237	2,094,610
Due to a related party	63,689	-
Long-term loan from third party	102,535	42,173
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>4,256,078</b>	<b>2,136,783</b>
<b>TOTAL LIABILITIES</b>	<b>15,071,828</b>	<b>14,705,467</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>EQUITY:</b>		
Ordinary shares, 100,000,000 shares authorized, consisting of 90,000,000 Class A ordinary shares of \$0.0005 par value per share and 10,000,000 Class B ordinary shares of \$0.0005 par value per share, 15,055,491 and 14,325,491 Class A ordinary shares issued and outstanding at September 30, 2023 and 2022, respectively; 4,030,000 Class B ordinary shares issued and outstanding at both September 30, 2023 and 2022.		
Class A ordinary shares	7,528	7,163
Class B ordinary shares	2,015	2,015
Additional paid in capital	19,468,026	17,643,391
Statutory reserves	1,007,027	964,363
Accumulated deficit	(14,835,585)	(9,006,610)
Accumulated other comprehensive loss	(1,221,021)	(817,948)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>4,427,990</b>	<b>8,792,374</b>
Non-controlling interests	(51,725)	(59,255)
<b>TOTAL EQUITY</b>	<b>4,376,265</b>	<b>8,733,119</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 19,448,093</b>	<b>\$ 23,438,586</b>





**GOLDEN SUN HEALTH TECHNOLOGY GROUP LIMITED AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF OPERATIONS AND COMPREHENSIVE (LOSS) INCOME**

	For the Years Ended September 30,		
	2023	2022	2021
Revenues - third parties	\$ 5,845,128	\$ 10,104,036	\$ 14,661,949
Revenues - related parties	310,465	710,620	365,042
<b>Total revenues</b>	<b>6,155,593</b>	<b>10,814,656</b>	<b>15,026,991</b>
<b>Cost of revenues</b>	<b>4,363,124</b>	<b>6,003,258</b>	<b>6,210,672</b>
<b>Gross profit</b>	<b>1,792,469</b>	<b>4,811,398</b>	<b>8,816,319</b>
<b>Operating expenses:</b>			
Selling expenses	1,102,019	1,634,155	2,208,296
General and administrative expenses	6,828,120	4,717,664	4,656,256
<b>Total operating expenses</b>	<b>7,930,139</b>	<b>6,351,819</b>	<b>6,864,552</b>
<b>(Loss) income from operations</b>	<b>(6,137,670)</b>	<b>(1,540,421)</b>	<b>1,951,767</b>
<b>Other income (expense):</b>			
Interest expense, net	(331,692)	(213,894)	(212,023)
Loss from long-term investment	(18,866)	-	-
Other income (expense), net	845,012	(9,505)	226,474
Total other income (expense), net	494,454	(223,399)	14,451
<b>(Loss) income before income taxes</b>	<b>(5,643,216)</b>	<b>(1,763,820)</b>	<b>1,966,218</b>
Income taxes provision	136,838	354,529	659,858
<b>Net (loss) income from continuing operating</b>	<b>(5,780,054)</b>	<b>(2,118,349)</b>	<b>1,306,360</b>
<b>Net income from discontinued operations</b>	<b>-</b>	<b>-</b>	<b>855,040</b>
<b>Net (loss) income</b>	<b>(5,780,054)</b>	<b>(2,118,349)</b>	<b>2,161,400</b>
Less: net income attributable to non-controlling interests	6,257	20,971	182,847
<b>Net (loss) income attributable to the company</b>	<b>(5,786,311)</b>	<b>(2,139,320)</b>	<b>1,978,553</b>
<b>Other comprehensive (loss) income</b>			
Foreign currency translation adjustments	(401,800)	865,026	(408,825)
<b>Comprehensive (loss) income</b>	<b>(6,181,854)</b>	<b>(1,253,323)</b>	<b>1,752,575</b>
Less: comprehensive income attributable to non-controlling interests	7,530	27,294	170,558
<b>Comprehensive (loss) income attributable to the company</b>	<b>\$ (6,189,384)</b>	<b>\$ (1,280,617)</b>	<b>\$ 1,582,017</b>
<b>(Loss) earnings per share - Basic and diluted</b>			
Continuing operations	\$ (0.31)	\$ (0.15)	\$ 0.09
Discontinued operations	\$ -	\$ -	\$ 0.07
<b>Weighted average number of shares outstanding</b>			
Basic and diluted	18,801,491	14,433,156	13,000,000

The accompanying notes are an integral part of these consolidated financial statements.

**GOLDEN SUN HEALTH TECHNOLOGY GROUP LIMITED AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2023, 2022 AND 2021**

	Class A Ordinary shares		Class B Ordinary shares		Additional paid in capital	Statutory Reserves	Accumulated deficit	Accumulated other comprehensive loss	Non-controlling interests	Total shareholders' equity (deficit)
	Shares	Amount	Shares	Amount						
<b>Balance as of September 30, 2020</b>	<b>8,970,000</b>	<b>\$ 4,485</b>	<b>4,030,000</b>	<b>\$ 2,015</b>	<b>\$ 1,649,867</b>	<b>\$ 1,031,167</b>	<b>\$ (8,522,575)</b>	<b>\$ (1,280,115)</b>	<b>\$ (257,107)</b>	<b>\$ (7,372,263)</b>
Deemed distribution to shareholders	-	-	-	-	(1,630,722)	(390,072)	-	-	-	(2,020,794)
Net income	-	-	-	-	-	-	1,978,553	-	182,847	2,161,400
Statutory reserve	-	-	-	-	-	216,275	(216,275)	-	-	-
Foreign currency translation adjustments	-	-	-	-	-	-	-	(396,536)	(12,289)	(408,825)
<b>Balance as of September 30, 2021</b>	<b>8,970,000</b>	<b>\$ 4,485</b>	<b>4,030,000</b>	<b>\$ 2,015</b>	<b>\$ 19,145</b>	<b>\$ 857,370</b>	<b>\$ (6,760,297)</b>	<b>\$ (1,676,651)</b>	<b>\$ (86,549)</b>	<b>\$ (7,640,482)</b>
Shares issued in initial public offering	5,060,000	2,530	-	-	17,624,394	-	-	-	-	17,626,924
Shares issued for exercise of underwriter's warrants	295,491	148	-	-	(148)	-	-	-	-	-
Net loss	-	-	-	-	-	-	(2,139,320)	-	20,971	(2,118,349)
Statutory reserve	-	-	-	-	-	106,993	(106,993)	-	-	-
Foreign currency translation adjustments	-	-	-	-	-	-	-	858,703	6,323	865,026
<b>Balance as of September 30, 2022</b>	<b>14,325,491</b>	<b>\$ 7,163</b>	<b>4,030,000</b>	<b>\$ 2,015</b>	<b>\$17,643,391</b>	<b>\$ 964,363</b>	<b>\$ (9,006,610)</b>	<b>\$ (817,948)</b>	<b>\$ (59,255)</b>	<b>\$ 8,733,119</b>
Share base compensation	730,000	365	-	-	1,824,635	-	-	-	-	1,825,000
Net income (loss)	-	-	-	-	-	-	(5,786,311)	-	6,257	(5,780,054)
Statutory reserve	-	-	-	-	-	42,664	(42,664)	-	-	-
Foreign currency translation adjustments	-	-	-	-	-	-	-	(403,073)	1,273	(401,800)
<b>Balance as of September 30, 2023</b>	<b>15,055,491</b>	<b>\$ 7,528</b>	<b>4,030,000</b>	<b>\$ 2,015</b>	<b>\$19,468,026</b>	<b>\$ 1,007,027</b>	<b>\$ (14,835,585)</b>	<b>\$ (1,221,021)</b>	<b>\$ (51,725)</b>	<b>\$ 4,376,265</b>

The accompanying notes are an integral part of these consolidated financial statements.

**GOLDEN SUN HEALTH TECHNOLOGY GROUP LIMITED AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>For the Years Ended September 30,</b>		
	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities:</b>			
Net (loss) income	\$ (5,780,054)	\$ (2,118,349)	\$ 2,161,400
Less: net income from discontinued operations	-	-	(855,040)
Net (loss) income from continuing operations	(5,780,054)	(2,118,349)	1,306,360
<i>Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:</i>			
Depreciation and amortization	153,405	169,808	143,562
Loss on disposition of property and equipment	117,043	-	-
Loss from long-term investment	18,866	-	-
Share based compensations	1,825,000	-	-
Bad debt provisions	(61,303)	171,716	87,499
Amortization of operating lease right-of-use assets	322,842	-	-
Deferred tax provision	-	-	21,630
<i>Changes in operating assets and liabilities:</i>			
Accounts receivable	288,661	295,847	(721,355)
Accounts receivable-related parties	39,698	(59,513)	-
Prepayments and other assets	(3,490,191)	885,417	(1,525,710)
Contract assets	(101,946)	300,923	(498,358)
Accounts payable	336,763	514,569	158,112
Accrued expenses and other liabilities	(1,096,865)	1,759,627	351,024
Deferred revenue	(347,986)	(1,425,561)	(1,100,273)
Refund liabilities	104,770	(85,397)	87,635
Inventories	(159,145)	-	-
Operating lease liabilities	(244,579)	-	-
Taxes payable	133,017	501,164	888,820
<b>Net cash (used in) provided by operating activities from continuing operations</b>	<b>(7,942,004)</b>	<b>910,251</b>	<b>(801,054)</b>
<b>Net cash provided by operating activities from discontinued operations</b>	<b>-</b>	<b>-</b>	<b>832,947</b>
<b>Net cash (used in) provided by operating activities</b>	<b>(7,942,004)</b>	<b>910,251</b>	<b>31,893</b>
<b>Cash flows from investing activities:</b>			
Long-term investments	(5,447,308)	-	-
Purchase of property and equipment	(248,964)	(174,074)	(91,145)
Prepayment for intangible assets	(28,356)	-	-
<b>Net cash used in investing activities from continuing operations</b>	<b>(5,724,628)</b>	<b>(174,074)</b>	<b>(91,145)</b>
<b>Net cash used in investing activities from discontinued operations</b>	<b>-</b>	<b>-</b>	<b>(121,471)</b>
<b>Net cash used in investing activities</b>	<b>(5,724,628)</b>	<b>(174,074)</b>	<b>(212,616)</b>
<b>Cash flows from financing activities:</b>			
Proceeds from initial public offering	-	18,275,182	-
Proceeds from short-term bank loans	247,544	228,896	2,596,206
Repayment of short-term bank loans	(212,666)	(976,622)	(2,073,892)
Proceeds from long-term bank loans	7,570,924	2,343,893	-
Repayment of long-term bank loans	(7,307,218)	(375,389)	(76,811)
Proceeds (repayment to) from related parties	166,838	(771,089)	5,170,734
Proceeds (repayment to) from third party loans	(218,621)	61,039	307,243
Payment of issuance costs	-	(151,646)	(240,815)
<b>Net cash provided by financing activities from continuing operations</b>	<b>246,801</b>	<b>18,634,264</b>	<b>5,682,665</b>
<b>Net cash used in financing activities from discontinued operations</b>	<b>-</b>	<b>-</b>	<b>(7,686,234)</b>
<b>Net cash provided by (used in) financing activities</b>	<b>246,801</b>	<b>18,634,264</b>	<b>(2,003,569)</b>
<b>Effect of exchange rates changes on cash</b>	<b>(374,962)</b>	<b>(215,720)</b>	<b>167,061</b>
<b>Net (decrease) increase in cash</b>	<b>(13,794,793)</b>	<b>19,154,721</b>	<b>(2,017,231)</b>
<b>Cash, beginning of year</b>	<b>20,347,501</b>	<b>1,192,780</b>	<b>3,210,011</b>
<b>Cash, end of year</b>	<b>\$ 6,552,708</b>	<b>\$ 20,347,501</b>	<b>\$ 1,192,780</b>
<b>Supplemental cash flow disclosures:</b>			
Cash paid for income tax	\$ 2,563	\$ 147	\$ 10,441
Cash paid for interest	\$ 352,842	\$ 215,617	\$ 139,279
<b>Non-cash operating, investing and financing activities</b>			
Reclassification of deferred issuance costs	\$ -	\$ 496,612	\$ -
Operating lease right of use assets obtained in exchange for operating lease obligations	\$ 1,727,924	\$ -	\$ -

The accompanying notes are an integral part of these consolidated financial statements.



**GOLDEN SUN HEALTH TECHNOLOGY GROUP LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 1 — ORGANIZATION AND BUSINESS DESCRIPTION**

Golden Sun Health Technology Group Limited (“Golden Sun”), formerly known as Golden Sun Education Group Limited, is a holding company that was incorporated under the laws of Cayman Islands on September 20, 2018. Golden Sun, through its PRC subsidiaries (collectively, “the Company”), is primarily engaged in the provision of education and management services in People’s Republic of China (“China” or “PRC”). The Company offers foreign language tutorial services and other education training management services. Beginning in 2023, the Company planned to expand into the wellness industry and established the following subsidiaries: (a) Shanghai Fuyouyuan Health Technology Co., Ltd., which was incorporated on March 7, 2023, and the Company effectively controls 52% of its equity interest, with the remaining equity interest controlled by Mr. Liming Xu, who is a director of the Company and a relative of Mr. Xueyuan Weng, the CEO and controlling shareholder of the Company, (b) CF (HK) HEALTH TECHNOLOGY LIMITED, which was incorporated on April 3, 2023 and is 100% owned by the Company, and (c) Shanghai Jinheyu Biotechnology Co., Ltd, which was incorporated on August 15, 2023, and the Company owns 51% of its equity interest, with the remaining 49% equity interest owned by two independent shareholders. For the year ended September 30, 2023, these new subsidiaries did not generate any revenue.

On September 26, 2023, the shareholders of the Company adopted the resolution to change the Company’s name to “Golden Sun Health Technology Group Limited”.

As of September 30, 2023, the Company’s subsidiaries are as follows:

Subsidiaries	Date of Incorporation	Jurisdiction of Formation	Percentage of direct/indirect Economic Ownership	Principal Activities
Hong Kong Jintaiyang International Education Holding Group Limited (“Golden Sun Hong Kong”)	June 23, 2017	Hong Kong, PRC	100%	Investment Holding
CF (HK) HEALTH TECHNOLOGY LIMITED (“CF (HK)”)	April 3, 2023	Hong Kong, PRC	100%	Investment Holding
Zhejiang Golden Sun Education Technology Group Co., Ltd. (“Golden Sun Wenzhou” or “WFOE”)	October 24, 2018	PRC	100%	Education and management service
Wenzhou City Ouhai District Yangfushan Culture Tutorial School (“Yangfushan Tutorial”)	May 5, 2008	PRC	100%	Tutorial service
Shanghai Golden Sun Gongyu Education Technology Co., Ltd. (“Gongyu Education”)	September 15, 2017	PRC	100%	Education and management service
Xianjin Technology Development Co., Ltd. (“Xianjin Technology”)	February 20, 2012	PRC	85%	Education service
Shanghai Zhouzhi Culture Development Co., Ltd (“Zhouzhi Culture”)	December 11, 2012	PRC	100%	Tutorial service
Hangzhou Jicai Tutorial School Co., Ltd (“Hangzhou Jicai”)	April 10, 2017	PRC	100%	Tutorial service
Shanghai Yangpu District Jicai Tutorial School (“Shanghai Jicai”)*	March 13, 2001	PRC	100%	Tutorial service
Shanghai Hongkou Practical Foreign Language School (“Hongkou Tutorial”)	February 6, 2004	PRC	80%	Tutorial service
Wenzhou Lilong Logistics Services Co., Ltd. (“Lilong Logistics”)	December 17, 2019	PRC	100%	Education logistics and accommodation service
Shanghai Qinshang Education Technology Co., Ltd (“Qinshang Education”)	December 12, 2019	PRC	100%	Educational training service
Shanghai Fuyouyuan Health Technology Co., Ltd, (“Fuyouyuan”)	March 7, 2023	PRC	52%	Health business
Shanghai Jinheyu Biotechnology Co., Ltd. (“Shanghai Jinheyu”)	August 15, 2023	PRC	51%	Health business

\* Due to the fact that Shanghai Jicai had no business activities, the Board of Directors approved to close Shanghai Jicai on September 7, 2023. This closure did not represent a strategic shift and had no significant effect on the Company’s operations and financial results; therefore, no discontinued operations were presented.

**GOLDEN SUN HEALTH TECHNOLOGY GROUP LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 1 — ORGANIZATION AND BUSINESS DESCRIPTION (continued)**

As described below, the Company, through a series of transactions which were accounted for as a reorganization of entities under a common control (the “Reorganization”), became the ultimate parent of its subsidiaries. The Company’s CEO, Mr. Xueyuan Wen, who is also the Chairman of the Board of Directors of the Company, is the ultimate controlling shareholder of the Company.

***Reorganization***

A Reorganization of the legal structure was completed in June 2019. The Reorganization involved: (i) the formation of Hong Kong Golden Sun and a wholly owned foreign entity (“WFOE”), Golden Sun Wenzhou; (ii) the transfer of CEO’s equity interest in Gongyu Education to WFOE; (iii) the transfer of CEO’s equity interest in Xianjin Technology to Gongyu Education; and (iv) the signing of contractual arrangements between Golden Sun Wenzhou and Wenzhou City Ouhai District Art School (“Ouhai Art School”) and its respective shareholders. Before and after the Reorganization, the Company, together with its subsidiaries, is effectively controlled by the same shareholders, and therefore the Reorganization is considered as a recapitalization of entities under common control. The consolidation of the Company and its subsidiaries have been accounted for at historical cost and prepared on the basis as if the aforementioned transactions had become effective as of the beginning of the first period presented in the accompanying consolidated financial statements.

On April 27, 2015, the Company, through its wholly-owned subsidiary, Golden Sun Shanghai, entered into an entrustment agreement (“Entrustment Agreement”) with Wenzhou City Longwan District Chongwen Middle School (“Chongwen Middle School”) and CEO for the period from September 1, 2015 to August 31, 2023, which may be renewed for an additional seven years. Pursuant to the Entrustment Agreement, Golden Sun Shanghai has the exclusive right to control the operations of Chongwen Middle School, including making operational and financial decisions. In return, the Company is entitled to receive the residual return from Chongwen Middle School’s operation and at the same time to bear the risk of loss from the operation. The sponsors of Chongwen Middle School had the right to receive a fixed amount of return on annual basis. Pursuant to the amendment to the Entrustment Agreement on March 1, 2021, sponsors of Chongwen Middle School will no longer receive a fixed amount of return on annual basis from fiscal year 2021 and Golden Sun Shanghai is entitled to receive all the residual return from Chongwen Middle School’s operation.

On March 1, 2019, the Company, through its WFOE, entered into a series contractual arrangements with the owners of Ouhai Art School with a term of 10 years with preferred renewal rights. These agreements include a Shareholders’ Voting Rights Proxy Agreement, an Executive Call Option Agreement, Equity Pledge Agreements and an Exclusive Business Cooperation Agreement. Pursuant to the contractual arrangements, WFOE has the exclusive right to control the operations of Ouhai Art School.

On September 1, 2021, the revised Implementing Regulation became effective. The revised Implementing Regulation prohibits private schools that provide compulsory education to be controlled by means of agreements or to enter into any transactions with any related parties. In order to become compliant with the revised Implementing Regulation, in September 2021, the Company divested its operations of the private schools controlled through contractual arrangements. As of September 30, 2021, neither the Company nor any of its subsidiaries controlled or received economic benefits from any private schools that provided compulsory education.

***Basis of consolidation***

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) pursuant to the rules and regulations of the Securities Exchange Commission (“SEC”).

***Principles of consolidation***

The consolidated financial statements include the financial statements of the Company and its subsidiaries. All intercompany transactions and balances are eliminated upon consolidation.

**GOLDEN SUN HEALTH TECHNOLOGY GROUP LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Emerging Growth Company Status***

The Company is an “emerging growth company,” as defined in Section 2(a) of the Securities Act, as modified by the Jumpstart Our Business Startups Act of 2012, (the “JOBS Act”), and it may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in its periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

Further, Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. The Company has elected not to opt out of such extended transition period which means that when a standard is issued or revised and it has different application dates for public or private companies, the Company, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of the Company’s financial statement with another public company which is neither an emerging growth company nor an emerging growth company which has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

***Non-controlling interests***

Non-controlling interest represents the portion of the net assets of subsidiaries attributable to interests that are not owned or controlled by the Company. The non-controlling interest is presented in the consolidated balance sheets, separately from equity attributable to the shareholders of the Company. Non-controlling interest’s operating results are presented on the face of the consolidated statements of income and comprehensive income as an allocation of the total income for the year between non-controlling shareholders and the shareholders of the Company. As of September 30, 2023 and 2022, non-controlling interests represented non-controlling shareholders’ proportionate share of the equity interests in Hongkou School, Xianjin Technology, Fuyouyuan and Shanghai Jinheyu.

***Uses of estimates***

In preparing the consolidated financial statements in conformity with U.S. GAAP, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are based on information as of the date of the consolidated financial statements. Although these estimates are based on our knowledge of current events and actions we may undertake in the future, actual results may ultimately differ from these estimates and assumptions. Furthermore, when testing assets for impairment in future periods, if management uses different assumptions or if different conditions occur, impairment charges may result. Significant estimates required to be made by management include, but are not limited to, determinations of the useful lives and valuation of long-lived assets, valuation of inventories, estimates of allowances for doubtful accounts, contract assets, commission payables, refund liabilities, revenue recognition, and valuation allowance for deferred tax assets.

***Cash***

Cash comprises cash at banks and on hand, which is unrestricted as to withdrawal and use.

***Fair value of financial instruments***

ASC 825-10 requires certain disclosures regarding the fair value of financial instruments. Fair value is defined as 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. A three-level fair value hierarchy prioritizes the inputs used to measure fair value. The hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- Level 1 — inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 — inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, quoted market prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable and inputs derived from or corroborated by observable market data.
- Level 3 — inputs to the valuation methodology are unobservable.

Unless otherwise disclosed, the fair value of the Company’s financial instruments, including cash, Accounts receivable, prepayments and other current assets, accounts payable, deferred revenue, accrued liabilities, due to related parties, short term bank loans and taxes payable, approximates their recorded values due to their short-term maturities. The Company determined that the carrying value of the long-term liabilities approximated their present value as the interest rates applied reflect the current quoted market yield for comparable financial instruments.

**GOLDEN SUN HEALTH TECHNOLOGY GROUP LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Accounts receivable, net***

Accounts receivables are recognized and carried at original invoiced amount less an estimated allowance for uncollectible accounts. The Company determines the adequacy of reserves for doubtful accounts based on individual account analysis and historical collection trends. In June 2016, the FASB issued ASU No. 2016-13, “Financial Instruments — Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments,” which requires the Company to measure and recognize expected credit losses for financial assets held and not accounted for at fair value through net income. The Company adopted this guidance effective October 1, 2022. The Company establishes a provision for doubtful receivables based on management’s best estimates of specific losses on individual exposures, as well as a provision on historical trends of collections. The provision is recorded against accounts receivables balances, with a corresponding charge recorded in the consolidated statements of income and comprehensive income. Delinquent account balances are written-off against the allowance for doubtful accounts after management has determined that the likelihood of collection is not probable. As of September 30, 2023, accounts receivable aging within 3 months amounted to \$14,145, aging between 4 months to 6 months amounted to \$11,239, aging between 7 months to 12 months amounted to \$nil, aging over one year amounted to \$27,412. For the year ended September 30, 2023 and 2022, \$7,263 and \$23,384 was written off against accounts receivables, respectively. Allowance for uncollectible balances amounted to \$13,465 and \$92,086 as of September 30, 2023 and 2022, respectively.

***Inventories***

The Company values its inventories at the lower of cost, determined on a first-in first out basis, or net realizable value. The Company reviews its inventories periodically to determine if any markdown is necessary for potential obsolescence or if a write-down is necessary if the carrying value exceeds net realizable value. As of September 30, 2023 and 2022, inventories consisted of the following:

	<b>September 30, 2023</b>	<b>September 30, 2022</b>
Raw materials	\$ 153,851	\$ -
Inventories	\$ 153,851	\$ -

***Prepayment and other assets***

Prepayment and other assets primarily consist of prepaid rents, prepaid service fee, advances to vendors for purchasing goods or services that have not been received or provided, loans to third-parties, security deposits made to customers, advances to employees, and prepayment for acquisition. Prepayment and other assets are classified as either current or non-current based on the terms of the respective agreements. These advances are unsecured and are reviewed periodically to determine whether their carrying value has become impaired. The Company considers the assets to be impaired if the collectability of the advance becomes doubtful. The Company uses the aging method to estimate the allowance for uncollectible balances. The allowance is also based on management’s best estimate of specific losses on individual exposures, as well as a provision on historical trends of collections and utilizations. Actual amounts received or utilized may differ from management’s estimate of credit worthiness and the economic environment. Other receivables are written off against the allowances only after exhaustive collection efforts. For the year ended September 30, 2023 and 2022, \$10,378 and \$48,373 was written off against other receivables, respectively. No allowance for doubtful accounts was recorded as of September 30, 2023 and 2022, respectively.



**GOLDEN SUN HEALTH TECHNOLOGY GROUP LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Property and equipment, net***

Property and equipment are recorded at cost less accumulated depreciation. Depreciation is provided in the amounts sufficient to depreciate the cost of the related assets over their useful lives using the straight-line method, as follows:

	<b>Useful life</b>
Office Equipment	3-5 years
Leasehold Improvement	3-5 years

Expenditures for maintenance and repairs, which do not materially extend the useful lives of the assets, are charged to expense as incurred. Expenditures for major renewals and betterments which substantially extend the useful life of assets are capitalized. The cost and related accumulated depreciation of assets retired or sold are removed from the respective accounts, and any gain or loss is recognized in the consolidated statements of income and other comprehensive income in other income or expenses.

***Impairment of long-lived assets***

Long-lived assets are evaluated for impairment whenever events or changes in circumstances (such as a significant adverse change to market conditions that will impact the future use of the assets) indicate that the carrying amount may not be fully recoverable or that the useful life is shorter than the Company had originally estimated. When these events occur, the Company evaluates the impairment by comparing the carrying value of the assets to an estimate of future undiscounted cash flows expected to be generated from the use of the assets and their eventual disposition. If the sum of the expected future undiscounted cash flows is less than the carrying value of the assets, the Company recognizes an impairment loss based on the excess of the carrying value of the assets over the fair value of the assets. No impairment charge was recognized for the years ended September 30, 2023, 2022 and 2021, respectively.

***Long-term investments***

Long-term investments are primarily consisted of equity investments in privately held entities accounted for using the measurement alternative and equity investments accounted for using the equity method. On October 1, 2022, the Company adopted ASU 2016-01 Financial Instruments-Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities. According to the guidance, the Company started to record equity investments at fair value, with gains and losses recorded through net earnings. And the Company elected to measure certain equity investments without readily determinable fair value at cost, less impairments, plus or minus observable price changes and assess for impairment quarterly.

***Equity investments without readily determinable fair values***

After the adoption of this new accounting standard, the Company elected to record equity investments without readily determinable fair values and not accounted for under the equity method at cost, less impairment, adjusted for subsequent observable price changes on a nonrecurring basis, and report changes in the carrying value of the equity investment in current earnings. Changes in the carrying value of the equity investment are required to be made whenever there are observable price changes in orderly transactions for the identical or similar investment of the same issuer. Reasonable efforts shall be made to identify price changes that are known or that can reasonably be known.

***Equity investments with readily determinable fair values***

Equity investments with readily determinable fair values are measured and recorded at fair value using the market approach based on the quoted prices in active markets at the reporting date.

***Equity investments accounted for using the equity method***

The Company accounts for its equity investment over which it has significant influence but does not own a majority equity interest or otherwise control, using the equity method. The Company adjusts the carrying amount of the investment and recognizes investment income or loss for its share of the earnings or loss of the investee after the date of investment. The Company assesses its equity investment for other-than-temporary impairment by considering factors including, but not limited to, current economic and market conditions, operating performance of the entity, including current earnings trends and undiscounted cash flows, and other entity-specific information. The fair value determination, particularly for investments in a privately held entity, requires judgment to determine appropriate estimates and assumptions. Changes in these estimates and assumptions could affect the calculation of the fair value of the investment and determination of whether any identified impairment is other-than-temporary.

**GOLDEN SUN HEALTH TECHNOLOGY GROUP LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Revenue recognition***

The Company generates revenues primarily from tuitions fees and other fees collected from services provided. Revenue is recognized when the price is fixed or determinable, persuasive evidence of the arrangement exists, the service is performed or the product is delivered and collectability of the resulting receivable is reasonably assured.

The Company has adopted ASC 606, “Revenue from Contracts with Customers” and all subsequent ASUs that modified ASC 606, using the modified retrospective approach for the year ended September 30, 2019 and has elected to apply it retrospectively for the year ended September 30, 2018. ASC 606 establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity’s contracts to provide goods or services to customers. The core principle requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration that it expects to be entitled to receive in exchange for those goods or services recognized as performance obligations are satisfied. This new guidance provides a five-step analysis in determining when and how revenue is recognized. Under the new guidance, revenue is recognized when a customer obtains control of promised goods or services and is recognized in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services. In addition, the new guidance requires disclosure of the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The Company’s continuing operations currently generated its revenue from the following main sources:

*Tutorial services*

The Company offers various off-campus small-group foreign language tutoring programs. Each contract of tutorial service programs represents a series of distinct services, which is delivery of various courses. The services have substantially the same pattern of transfer to the students, as such, they are considered as a single performance obligation, which is satisfied proportionately based on a straight-line basis over the program term as students simultaneously receive and consume the benefits of these services throughout the program term. The Company is the principal in providing tutorial services as it controls such services before the services are transferred to the customer. The program fees are generally collected in advance and are initially recorded as deferred revenue. Generally, the Company approves refunds for any remaining classes to students who decide to withdraw from a course within the predetermined period in the contract. The refund is equal to and limited to the amount related to the undelivered classes. The Company estimates and records refund liability for the portion the Company does not expect to be entitled based on historical refund ratio on a portfolio basis using the expected value method.

*Logistic, consulting services and others*

The Company provides services to schools, including but not limited to catering and logistic service. Logistic revenue is recognized on a straight-line basis over the period, as customers simultaneously receive and consume the benefits of the services. Catering revenue is recognized at point of sale.

The Company also provides consulting services to related-party kindergartens. According to the contracts signed with each of the three kindergartens, the Company provides a range of educational management and consulting services, including branding, safety management, teacher training, supervision and evaluation on teachers, rating guidance services, to the kindergartens during the contract periods. The intended contractual benefit to the kindergartens of the management and consulting services is to enable the kindergartens’ smooth and effective operations. The promised services in each of the consulting service contracts are combined and accounted as a single performance obligation, as the promised services are considered as a significant integrated service. The consulting services are continuously provided and the kindergartens simultaneously receive and consume the benefits of these services throughout the service period each month. The revenue is recognized over time during the service period.

**GOLDEN SUN HEALTH TECHNOLOGY GROUP LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Revenue recognition (continued)**

*Practical expedient*

The Company has applied the new revenue standard requirements to a portfolio of contracts (or performance obligations) with similar characteristics for transactions where it is expected that the effects on the financial statements of applying the revenue recognition guidance to the portfolio would not differ materially from applying this guidance to the individual contracts (or performance obligations) within that portfolio. Therefore, the Company elects the portfolio approach in applying the new revenue guidance.

*Disaggregation of revenue*

Revenues from tutorial service and logistic and consulting services are recognized over time, based on a straight-line basis as the Company's customers including students and schools as well as kindergartens simultaneously receive the Company's services throughout the service periods. Revenues attributable to canteen foods and most educational materials are recognized at point in time when control of the promised goods are transferred to the customers. As the Company's long-lived assets are all located in Yangtze River Delta, which is a triangle-shaped megalopolis comprising areas of Shanghai, southern Jiangsu province and northern Zhejiang province and substantially all of the Company's revenues are derived from this area, no geographical disaggregation is presented. For the years ended September 30, 2023, 2022 and 2021, the disaggregation of revenue by major revenue stream and time of the revenue recognition is as follows:

	For the years ended September 30,		
	2023	2022	2021
<b>Category of Revenue:</b>			
Tutorial service revenue	\$ 5,446,169	\$ 9,279,210	\$ 13,518,061
Logistic and consulting services and others	709,424	1,535,446	1,508,930
<b>Total</b>	<b>\$ 6,155,593</b>	<b>\$ 10,814,656</b>	<b>\$ 15,026,991</b>
<b>Timing of Revenue Recognition:</b>			
Services transferred over time	\$ 5,802,614	\$ 10,156,547	\$ 13,883,717
Goods transferred at a point in time	352,979	658,109	1,143,274
	<b>\$ 6,155,593</b>	<b>\$ 10,814,656</b>	<b>\$ 15,026,991</b>

*Contract assets*

In accordance with ASC340-40-25-1, an entity shall recognize as an asset the incremental costs of obtaining a contract with a customer if the entity expects to recover those costs. Entities sometimes incur costs to obtain a contract that otherwise would not have been incurred. Entities also may incur costs to fulfill a contract before a good or service is provided to a customer. The revenue standard provides guidance on costs to obtain and fulfill a contract that should be recognized as assets. Costs that are recognized as assets are amortized over the period that the related goods or services transfer to the customer, and are periodically reviewed for impairment. Only incremental costs should be recognized as assets. Incremental costs of obtaining a contract are those costs that the entity would not have incurred if the contract had not been obtained.

**GOLDEN SUN HEALTH TECHNOLOGY GROUP LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Revenue recognition (continued)***

As of September 30, 2023, in order to develop non-English foreign language tutorial service for middle school students, the Company incurred total of approximately \$2.4 million (RMB17.5 million) commission type fee and administration costs paid to agents to facilitate the related contracts with students for the tutorial service period, generally from 4 to 30 months tutorial service periods. The Company will not incur such costs if the Company does not enter into the tutorial service contracts with the students, as a result, the cost of approximately \$2.4 million (RMB17.5 million) is considered as the incremental costs of obtaining contracts and shall be capitalized and amortize over tutorial service period. For the years ended September 30, 2023, 2022 and 2021, the Company amortized related amount of \$639,680, \$1,141,544 and \$1,097,346 into selling expense, respectively. As of September 30, 2023 and 2022, the contract assets amounted to \$423,532 and \$333,314, respectively.

***Contract liability***

Contract liabilities are presented as deferred revenue in the consolidated balance sheets, which represents service fee payment received from students in advance of completion of performance obligations under a contract. The balance of deferred revenue is recognized as revenue upon the completion of performance obligations. As of September 30, 2023 and 2022, the balance of deferred revenue amounted to \$3,988,699 and \$4,435,393, respectively. Substantially all of which will be recognized as revenue during the Company's following fiscal year.

***Refund liability***

Refund liability mainly relates to the estimated refunds that are expected to be provided to students if they decide they no longer want to take the courses. Refund liability estimates are based on historical refund ratio on a portfolio basis using the expected value method. As of September 30, 2023 and 2022, refund liability amounted to \$333,030 and \$237,691, respectively.

***Cost of revenues***

Cost of revenues mainly consists of remuneration to instructors and tutors, rental expenses for office space and learning centers, canteen foods and teaching materials used in the provision of educational services.

***Government subsidies***

Government subsidies are recognized when there is reasonable assurance that the Company will comply with the conditions attach thereto and the grant will be received. Government grant for the purpose of giving immediate financial support to the Company with no future related costs or obligation is recognized in the Company's consolidated statements of comprehensive income when the grant becomes receivable. For the years ended September 30, 2023, 2022 and 2021, government subsidies income amounted to \$853,444, \$nil and \$nil, respectively, and was included in other income of the consolidated statements of (loss) income and comprehensive (loss) income.

***Advertising expenditures***

Advertising expenditures are expensed as incurred for the periods presented. Advertising expenditures have been included as part of selling and marketing expenses. For the years ended September 30, 2023, 2022 and 2021, the advertising expenses amounted to \$211,769, \$276,767 and \$247,952, respectively.

**GOLDEN SUN HEALTH TECHNOLOGY GROUP LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Operating leases***

The Company adopted Topic 842 on October 1, 2022 using the modified retrospective transition approach. The Company has operating lease contracts for office space. The Company determines whether an arrangement constitutes a lease and records lease liabilities and right-of-use assets on its consolidated balance sheets at lease commencement. The Company measures its lease liabilities based on the present value of the total lease payments not yet paid discounted based on the more readily determinable of the rate implicit in the lease or its incremental borrowing rate, which is the estimated rate the Company would be required to pay for a collateralized borrowing equal to the total lease payments over the term of the lease. The Company estimates its incremental borrowing rate based on an analysis of weighted average interest rate of its own bank loans. The Company measures right-of-use assets based on the corresponding lease liability adjusted for payments made to the lessor at or before the commencement date, and initial direct costs it incurs under the lease. The Company begins recognizing lease expense when the lessor makes the underlying asset available to the Company.

For leases with lease term less than one year (short-term leases), the Company records operating lease expense in its consolidated statements of operations on a straight-line basis over the lease term and record variable lease payments as incurred.

***Value added tax (“VAT”)***

Revenue represents the invoiced value of goods and services, net of VAT. The VAT is based on gross sales price and VAT rates range up to 13%, depending on the type of products sold or service provided. Entities that are VAT general taxpayers are allowed to offset qualified input VAT paid to suppliers against their output VAT liabilities. Net VAT balance between input VAT and output VAT is recorded in taxes payable. All of the VAT returns filed by the Company’s subsidiaries in PRC remain subject to examination by the tax authorities for five years from the date of filing.

***Income taxes***

The Company accounts for current income taxes in accordance with the laws of the relevant tax authorities. Deferred income taxes are recognized when temporary differences exist between the tax bases of assets and liabilities and their reported amounts in the consolidated financial statements. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period including the enactment date. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

An uncertain tax position is recognized as a benefit only if it is “more likely than not” that the tax position would be sustained in a tax examination. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the “more likely than not” test, no tax benefit is recorded. As of September 30, 2023 and 2022, there are \$2,639,258 and \$2,573,830 respectively of unrecognized tax benefits included in income tax payable that if recognized would impact the effective tax rate. Penalties and interest incurred related to underpayment of income tax are classified as income tax expense in the period incurred. No significant penalties or interest relating to income taxes have been incurred for the years ended September 30, 2023, 2022 and 2021. All of the tax returns of the Company’s subsidiaries in the PRC remain subject to examination by the tax authorities for five years from the date of filing.

**GOLDEN SUN HEALTH TECHNOLOGY GROUP LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Employee benefits***

Full-time employees of the Company in the PRC participate in a government-mandated employer contribution social insurance plan pursuant to which certain pension benefits, medical care, unemployment insurance, employee housing fund and other welfare benefits are provided to eligible full-time employees. Chinese labor regulations require that the Company make contributions to the government for these benefits based on government prescribed percentage of the employee's salaries. The contributions to the plan are expensed as incurred. Obligations for contributions to employer contribution social insurance plans are recognized as employee benefit expenses in the period during which services are rendered by employees.

***(Loss) earnings per Share***

The Company computes earnings per share ("EPS") in accordance with ASC 260, "Earnings per Share". ASC 260 requires companies to present basic and diluted EPS. Basic EPS is measured as net income divided by the weighted average common share outstanding for the period. Diluted EPS presents the dilutive effect on a per-share basis of the potential Ordinary Shares (e.g., convertible securities, options and warrants) as if they had been converted at the beginning of the periods presented, or issuance date, if later. Potential Ordinary Shares that have an anti-dilutive effect (i.e., those that increase income per share or decrease loss per share) are excluded from the calculation of diluted EPS.

***Warrants***

The Company accounts for warrants as either equity-classified or liability-classified instruments based on an assessment of the warrant's specific terms and applicable authoritative guidance in Financial Accounting Standards Board ("FASB") ASC 480 "Distinguishing Liabilities from Equity" ("ASC 480") and ASC 815, Derivatives and Hedging ("ASC 815"). The assessment considers whether the warrants are freestanding financial instruments pursuant to ASC 480, whether they meet the definition of a liability pursuant to ASC 480, and whether the warrants meet all of the requirements for equity classification under ASC 815, including whether the warrants are indexed to the Company's own common stock and whether the warrant holders could potentially require "net cash settlement" in a circumstance outside of the Company's control, among other conditions for equity classification. This assessment, which requires the use of professional judgment, is conducted at the time of warrant issuance and as of each subsequent annually period end date while the warrants are outstanding.

For issued or modified warrants that meet all of the criteria for equity classification, the warrants are required to be recorded as a component of equity at the time of issuance. For issued or modified warrants that do not meet all the criteria for equity classification, the warrants are required to be recorded as liabilities at their initial fair value on the date of issuance, and each balance sheet date thereafter. Changes in the estimated fair value of the warrants are recognized as a non-cash gain or loss on the statements of operations.

***Share-based compensation***

The Company follows the provisions of ASC 718, "Compensation - Stock Compensation," which establishes the accounting for employee and non-employee share-based awards. For employee share-based awards, share-based compensation cost is measured at the grant date based on the fair value of the award and is recognized as expense with graded vesting on a straight-line basis over the requisite service period for the entire award.

**GOLDEN SUN HEALTH TECHNOLOGY GROUP LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Foreign currency translation***

The functional currencies of the Company are the local currency of the county in which the subsidiaries operate. The Company's financial statements are reported using U.S. Dollars. The results of operations and the consolidated statements of cash flows denominated in foreign currencies are translated at the average rates of exchange during the reporting period. Assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the applicable rates of exchange in effect on that date. The equity denominated in the functional currencies is translated at the historical rates of exchange at the time of capital contributions. Because cash flows are translated based on the average translation rates, amounts related to assets and liabilities reported on the consolidated statements of cash flows will not necessarily agree with changes in the corresponding balances on the consolidated balance sheets. Translation adjustments arising from the use of different exchange rates from period to period are included as a separate component in accumulated other comprehensive income included in consolidated statements of changes in equity. Gains and losses from foreign currency transactions are included in the consolidated statement of income and comprehensive income.

Since the Company operates primarily in the PRC, the Company's functional currency is the Chinese Yuan ("RMB"). The Company's consolidated financial statements have been translated into the reporting currency of U.S. Dollars ("US\$"). The RMB is not freely convertible into foreign currency and all foreign exchange transactions must take place through authorized institutions. No representation is made that the RMB amounts could have been, or could be, converted into US\$ at the rates used in the translation.

The following table outlines the currency exchange rates that were used in creating the consolidated financial statements in this report:

	<b>September 30, 2023</b>	<b>September 30, 2022</b>	<b>September 30, 2021</b>
Balance sheet items, except for equity accounts	US\$1=RMB7.2960	US\$1=RMB 7.1135	US\$1=RMB 6.4580
Items in the statements of income and cash flows	US\$1=RMB7.0533	US\$1=RMB 6.5332	US\$1=RMB 6.5095

***Comprehensive (loss) income***

Comprehensive (loss) income consists of two components, net (loss) income and other comprehensive (loss) income. Other comprehensive (loss) income refers to revenue, expenses, gains and losses that under U.S. GAAP are recorded as an element of shareholders' equity but are excluded from net (loss) income. Other comprehensive (loss) income consists of foreign currency translation adjustment resulting from the Company not using US\$ as its functional currency.

**GOLDEN SUN HEALTH TECHNOLOGY GROUP LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Risks and uncertainties***

Beginning in late 2019, an outbreak of a novel strain of coronavirus (COVID-19) first emerged in China and has spread globally. In March 2020, the World Health Organization (“WHO”) declared the COVID-19 as a pandemic. Governments in affected countries are imposing travel bans, quarantines and other emergency public health measures, which have caused material disruption to businesses globally resulting in an economic slowdown.

A new COVID-19 subvariant (Omicron) outbreak hit China in March 2022, spreading more quickly and easily than previous strains. As a result, a new round of lockdowns, quarantines, or travel restrictions has been imposed to date upon different provinces or cities in China by the relevant local government authorities. The Company temporarily closed Shanghai office and the related tutorial centers and suspended offline marketing activities starting from April 1, 2022 to June 1, 2022. During the fiscal year ended September 30, 2022, the COVID-19 pandemic had a material negative impact on the Company’s financial positions and operating results. For the year ended September 30, 2022, the Company’s tutorial service revenue decreased by \$4,238,851 as compared to the year ended September 30, 2021 and the Company incurred net loss of \$2,118,349 for the year ended September 30, 2022. On December 7, 2022, China announced 10 new rules that constitute a relaxation of almost all of its stringent COVID-19 pandemic control measures. Shortly after their announcement, additional mobility restrictions issued by local governments were also scrapped. While such measures effectively reopened business within China, COVID-19 infection rate reached peak in December 2022. The COVID-19 had a material negative impact on the Company’s recruitment and class hours, which in turn affected revenue. Revenue decreased by \$4,659,063 in the fiscal year ended September 30, 2023 as compared to the fiscal year ended September 30, 2022 and net loss increased by \$3,661,705 in the fiscal year ended September 30, 2023 as compared to the fiscal year ended September 30, 2022.

The extent to which the COVID-19 pandemic may impact the Company’s future financial results will depend on future developments, such as new information on the effectiveness of the mitigation strategies, the duration, spread, severity, and recurrence of COVID-19 and any COVID-19 variants, the related travel advisories and restrictions, the overall impact of the COVID-19 pandemic on the global economy and capital markets, and the efficacy of COVID-19 vaccines, which may also take extended time to be widely and adequately distributed, all of which remain highly uncertain and unpredictable. Given this uncertainty, the Company is currently unable to quantify the expected impact of the COVID-19 pandemic on future operations, financial condition, liquidity, and results of operations if the current situation continues.

***Concentrations of risks***

(a) Concentration of credit risk

Assets that potentially subject the Company to a significant concentration of credit risk primarily consist of cash, accounts receivable and other current assets. The maximum exposure of such assets to credit risk is their carrying amounts as at the balance sheet dates. As of September 30, 2023 and 2022, the aggregate amount of cash of \$3,431,979 and \$2,155,389, respectively, was held at major financial institutions in mainland PRC, where there is a RMB 500,000 deposit insurance limit for a legal entity’s aggregated balance at each bank. As of September 30, 2023 and 2022, cash of \$3,112,082 and \$18,181,099, respectively, was held at major financial institutions in Hong Kong, PRC. The bank deposits with financial institutions in the Hong Kong Special Administrative Region are insured by the government authority up to HKD500,000. To limit the exposure to credit risk relating to deposits, the Company primarily places cash deposits with large financial institutions. The Company conducts credit evaluations of its customers and suppliers, and generally does not require collateral or other security from them. The Company establishes an accounting policy to provide for allowance for doubtful accounts based on the individual customer’s and supplier’s financial condition, credit history, and the current economic conditions.



**GOLDEN SUN HEALTH TECHNOLOGY GROUP LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Concentrations of risks (continued)***

(b) Foreign currency risk

A majority of the Company's expense transactions are denominated in RMB and a significant portion of the Company and its subsidiaries' assets and liabilities are denominated in RMB. RMB is not freely convertible into foreign currencies. In the PRC, certain foreign exchange transactions are required by law to be transacted only by authorized financial institutions at exchange rates set by the People's Bank of China ("PBOC"). Remittances in currencies other than RMB by the Company in China must be processed through the PBOC or other China foreign exchange regulatory bodies which require certain supporting documentation in order to affect the remittance.

It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between the RMB and the U.S. dollar in the future. The change in the value of the RMB relative to the U.S. dollar may affect the Company's financial results reported in the U.S. dollar terms without giving effect to any underlying changes in the Company's business or results of operations. Currently, the Company's assets, liabilities, revenues and costs are denominated in RMB. To the extent that the Company needs to convert U.S. dollars into RMB for capital expenditures and working capital and other business purposes, appreciation of RMB against U.S. dollar would have an adverse effect on the RMB amount the Company would receive from the conversion. Conversely, if the Company decides to convert RMB into U.S. dollar for the purpose of making payments for dividends, strategic acquisition or investments or other business purposes, appreciation of U.S. dollar against RMB would have a negative effect on the U.S. dollar amount available to the Company.

***Recent accounting pronouncements***

The Company considers the applicability and impact of all accounting standards updates ("ASUs"). Management periodically reviews new accounting standards that are issued.

In October 2021, the FASB issued ASU No. 2021-08, "Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers" ("ASU 2021-08"). This ASU requires entities to apply Topic 606 to recognize and measure contract assets and contract liabilities in a business combination. The amendments improve comparability after the business combination by providing consistent recognition and measurement guidance for revenue contracts with customers acquired in a business combination and revenue contracts with customers not acquired in a business combination. The amendments are effective for the Company beginning after December 15, 2023, and are applied prospectively to business combinations that occur after the effective date. The Company is in the process of evaluating the effect of the adoption of this ASU.

Except for the above-mentioned pronouncements, there are no new recent issued accounting standards that will have a material impact on the consolidated financial position, statements of operations and cash flows.

**GOLDEN SUN HEALTH TECHNOLOGY GROUP LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 3 — LIQUIDITY AND GOING CONCERN CONSIDERATIONS**

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. Accordingly, the financial statements do not include any adjustments relating to the recoverability of assets and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

For the fiscal year ended September 30, 2023, the Company's revenue decreased by \$4,659,063 to \$6,155,593 from \$10,814,656 for the fiscal year ended September 30, 2022, which was mainly due to the decrease in revenue from tutorial services. As a result, the Company incurred a net loss of \$5,780,054 and net cash used in operating activities of \$7,942,004 for the fiscal year ended September 30, 2023. As of September 30, 2023, the Company has an accumulated deficit of \$14,835,585. These factors raise substantial doubt about the Company's ability to continue as a going concern.

Management monitors and analyzes the Company's cash on-hand, its ability to generate sufficient revenue sources in the future, and its operating and capital expenditure commitments. The Company has historically funded its working capital needs primarily from operations, bank loans, and advances from shareholders and intends to continue doing so in the near future to ensure sufficient working capital. As of September 30, 2023, the Company had cash on hand of \$6,552,708 and working capital of \$1,238,096. Deferred revenue included in current liabilities amounted to \$3,988,699, mainly presenting the deferred tuition payments that will be recognized as revenue in the next fiscal year when the services are provided. As of September 30, 2023, the Company had short-term loan and long-term loans of \$33,717 and \$3,207,237, respectively. The Company expects that it would be able to obtain new bank loans or renew its existing bank loans upon maturity based on past experience and the Company's good credit history. As of January 31, 2024, the Company had cash on hand of approximately \$1.9 million. Management's plan to alleviate the substantial doubt about our ability to continue as a going concern include: (1) working to improve our liquidity and capital sources mainly through cash flow from its operations, renewal of bank borrowings, equity or debt offering and borrowing from related parties, and (2) implementing a strategic transition to expand into the wellness industry in China. In order to fully implement our business plan and recover from continuing losses, we may also seek equity financing from outside investors. At the present time, however, we do not have commitments of funds from any potential investors. There can be no assurance that additional financing, if required, would be available on favorable terms or at all and/or that these plans and arrangements will be sufficient to fund our ongoing capital expenditures, working capital, and other requirements. The principal shareholder of the Company has made pledges to provide financial support to the Company whenever necessary. Based on the above analysis, management believes the company can continue as a going concern, the financial statements do not include any adjustments that might result from the outcome of this uncertainty.

**GOLDEN SUN HEALTH TECHNOLOGY GROUP LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 4 — ACCOUNTS RECEIVABLE, NET**

Accounts receivable, net consisted of the following:

	September 30, 2023	September 30, 2022
Accounts receivable	\$ 52,796	\$ 349,703
Less: allowance for credit losses	(13,465)	(92,086)
Accounts receivable, net	<u>\$ 39,331</u>	<u>\$ 257,617</u>

Allowance for credit losses movement:

	September 30, 2023	September 30, 2022
Beginning balance	\$ 92,086	\$ -
(Recovery) provision	(71,681)	123,343
Written off	(7,263)	(23,384)
Foreign exchange translation effect	323	(7,873)
Ending balance	<u>\$ 13,465</u>	<u>\$ 92,086</u>

**Note 5 — PREPAYMENTS AND OTHER ASSETS, NET**

Prepayments and other assets, net consisted of the following:

	September 30, 2023	September 30, 2022
Prepaid rents (a)	\$ 191,339	\$ 75,074
Prepaid service fee (b)	597,410	590,363
Loans to third parties (c)	238,134	780,934
Advances to vendors (d)	378,152	140,578
Advance to employees (e)	5,491	35,471
Security deposits	202,155	323,419
Prepayment for acquisition(f)	3,602,000	-
Prepaid board compensation	16,667	-
Others (g)	111,386	55,340
Prepayment and other assets, net	<u>\$ 5,342,734</u>	<u>\$ 2,001,179</u>
Including:		
Prepayment and other current assets, net	<u>\$ 4,869,347</u>	<u>\$ 1,022,309</u>
Prepayments and other non-current assets, net	<u>\$ 473,387</u>	<u>\$ 978,870</u>

- (a) Prepaid rents represent the prepayment of rent related to leases expiring within 12 months.
- (b) The prepaid expenses of \$473,387 were classified as non-current assets, which mainly represents the prepayment for teaching platform software technical service provided by third party service providers that will be amortized over one to three years.
- (c) Loan to third parties represent the balance lend to various third parties for their working capital needs at rate of 5% per annum.
- (d) Advances to vendors primarily included prepayment for leasehold improvement and abroad-study programs.

**GOLDEN SUN HEALTH TECHNOLOGY GROUP LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 5 — PREPAYMENTS AND OTHER ASSETS, NET (continued)**

- (e) Advance to employees was provided to staff for travelling and business-related use and are expensed as incurred.
- (f) On April 10, 2023, the Company signed a Share Purchase Agreement (“SPA”) to purchase 100% equity interest of Kaiye (Wenzhou) Water Project Development Co., Ltd (“Kaiye”) from a third party and Ms. Zhao Dongfang, a shareholder of the Company who owns approximately 3.4% of the Company’s equity shares. Kaiye is a provider of waterfront tourism projects especially water sports projects development. Pursuant to the SPA, the total consideration is \$5,000,000, which will be paid in three installments. As of September 30, 2023, the Company has paid \$3,602,000, and further paid \$600,000 subsequently.
- (g) Others primarily included funds deposited in payment platforms such as Alipay and WeChat.

Allowance for doubtful accounts movement:

	<u>September 30,</u> <u>2023</u>	<u>September 30,</u> <u>2022</u>
Beginning balance	\$ -	\$ -
Provision for security deposits	10,378	48,373
Write off security deposits	(10,378)	(48,373)
Ending balance	<u>\$ -</u>	<u>\$ -</u>

**Note 6 — PROPERTY AND EQUIPMENT, NET**

Property and equipment, net, consist of the following:

	<u>September 30,</u> <u>2023</u>	<u>September 30,</u> <u>2022</u>
Office equipment	\$ 331,114	\$ 295,185
Leasehold improvements	394,147	450,709
Subtotal	<u>725,261</u>	<u>745,894</u>
Less: accumulated depreciation and amortization	<u>(410,609)</u>	<u>(401,866)</u>
Property and equipment, net	<u>\$ 314,652</u>	<u>\$ 344,028</u>

Depreciation expenses for the years ended September 30, 2023, 2022 and 2021 amounted to \$153,405, \$169,808 and \$143,562, respectively.

**GOLDEN SUN HEALTH TECHNOLOGY GROUP LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 7 — LONG-TERM INVESTMENTS**

	<b>Cost method investments without readily determinable fair value(i)</b>	<b>Equity investments accounted for using the equity method(ii)</b>	<b>Total</b>
<b>Balance as of October 1, 2022</b>	-	-	-
Additions	5,224,986	41,118	5,266,104
Share of loss in equity method investee	-	(18,866)	(18,866)
Foreign exchange translation effect	-	628	628
<b>Balance as of September 30, 2023</b>	<b>5,224,986</b>	<b>22,880</b>	<b>5,247,866</b>

(i) On January 18, 2023, Lilong Logistics, a subsidiary of the Company, entered into an agreement to acquire 18% of equity interest in Zhejiang Kangyuan Medical Technology Co., Ltd. (“Zhejiang Kangyuan”) for a total consideration of \$4,440,789 (RMB32,400,000) from Zhejiang Kangyuan’s controlling shareholder, who is a shareholder of the Company and owns approximately 4.1% of the Company’s equity shares representing 2.2% of the Company’s voting rights. The Director of Zhejiang Kangyuan is also a shareholder of the Company who owns 3.4% the Company’s equity shares representing 1.8% of the Company’s voting rights. The Company determined that the controlling shareholder of Zhejiang Kangyuan and the director of Zhejiang Kangyuan do not meet the definition to be considered related parties of the Company in accordance with ASC 850-10-20. The Company reviewed the significant influence indicators in ASC 323-10-15-6 through ASC 323-10-15-8 and concluded that the Company does not have significant influence over Zhejiang Kangyuan. Since such investment does not have readily determinable fair values, the Company elected to account for the equity investment by using alternative measurement. As of September 30, 2023, the Company had paid \$4,600,000 (equivalent to RMB31,583,140) to the original shareholder, and further paid the remaining investment subsequently.

On May 10, 2023, Xianjin Technology, a subsidiary of the Company, entered into an investment transfer agreement to acquire 19% of equity interest in Shanghai Daizong Business Consulting Co., Ltd for a total consideration of \$785,362 (RMB5,730,000). On June 30, 2023, all parties agreed to the consideration to be paid with cash of \$800,000 (equivalent to RMB5,730,000). As of September 30, 2023, the Company had paid \$800,000 (equivalent to RMB5,721,500). Xianjin Technology does not have significant influence over Shanghai Daizong Business Consulting Co., Ltd. Since such investment does not have readily determinable fair values, the Company elected to account for using alternative measurement.

(ii) On February 24, 2023, Lilong Logistics, a subsidiary of the Company, entered into an equity interest transfer agreement with a shareholder of Zhejiang Fuyouyuan Health Technology Co., Ltd. (“Zhejiang Fuyouyuan”), pursuant to which Lilong Logistics shall acquire 10% equity interest in Zhejiang Fuyouyuan for a consideration of \$nil. As of the equity interest transfer date, the previous shareholder has not contributed the designated register capital of \$274,123 (RMB2,000,000) representing the 10% of the equity interest in Zhejiang Fuyouyuan and Zhejiang Fuyouyuan had no business operation. Lilong Logistics is required to contribute the registered capital of \$274,123 (RMB2,000,000) to Zhejiang Fuyouyuan before December 31, 2042. \$41,118 (RMB300,000) had been paid as of September 30, 2023. After the equity interest transfer date, the controlling shareholder of Zhejiang Fuyouyuan is Ms. Xiuhua Ye, an immediate family member of the CEO. Lilong Logistics has significant influence over Zhejiang Fuyouyuan. The Company accounted for this investment using equity method and recorded share of loss amounted to \$18,866 for the year ended September 30, 2023.

As of September 30, 2023, the Company believes there was no material market environment change or any other factor that indicating the fair value of the above investments was less than its carrying value, hence, the Company concluded there is no impairment of the above investments.

**GOLDEN SUN HEALTH TECHNOLOGY GROUP LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 8 — LEASES**

The Company has several operating leases for offices. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants. Rent expenses for the years ended September 30, 2023, 2022 and 2021 were \$766,930, \$730,718 and \$1,348,586, respectively.

Effective October 1, 2022, the Company adopted the new lease accounting standard using a modified retrospective transition method which allowed the Company not to recast comparative periods presented in its consolidated financial statements. In addition, the Company elected the package of practical expedients, which allowed the Company to not reassess whether any existing contracts contain a lease, to not reassess historical lease classification as operating or finance leases, and to not reassess initial direct costs. The Company has not elected the practical expedient to use hindsight to determine the lease term for its leases at transition. The Company combines the lease and non-lease components in determining the ROU assets and related lease obligation. Adoption of this standard resulted in the recording of operating lease ROU assets and corresponding operating lease liabilities as disclosed below and had no impact on accumulated deficit as of October 1, 2022. ROU assets and related lease obligations are recognized at commencement date based on the present value of remaining lease payments over the lease term.

The table below presents the operating lease related assets and liabilities recorded on the consolidated balance sheets.

	<b>September 30, 2023</b>
Operating lease right-of-use assets, net	<u>\$ 1,358,342</u>
Operating lease liabilities - current	551,384
Operating lease liabilities - non-current	882,617
Total operating lease liabilities	<u>\$ 1,434,001</u>

The weighted average remaining lease terms and discount rates for all of operating leases were as follows as of September 30, 2023:

Remaining lease term and discount rate:	
Weighted average remaining lease term (years)	4.25 years
Weighted average discount rate	7.9%

The following is a schedule of maturities of lease liabilities as of September 30, 2023:

Twelve months ending September 30,	
2024	\$ 639,308
2025	324,781
2026	235,746
2027	223,410
2028	226,151
Thereafter	18,960
Total future minimum lease payments	<u>1,668,356</u>
Less: imputed interest	<u>(234,355)</u>
Present value of lease liabilities	<u>\$ 1,434,001</u>

**GOLDEN SUN HEALTH TECHNOLOGY GROUP LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 9 — ACCRUED EXPENSE AND OTHER LIABILITIES**

Accrued expenses and other liabilities consisted of the following:

	<u>September 30, 2023</u>	<u>September 30, 2022</u>
Payroll payables	\$ 759,026	\$ 1,733,937
Professional fee and others	282,806	422,314
<b>Total</b>	<u>\$ 1,041,832</u>	<u>\$ 2,156,251</u>

**Note 10 — BANK LOANS**

Short-term bank loans

Short-term bank loans represent amounts due to various banks maturing within one year. The principal of the borrowings is due at maturity. Accrued interest is due either monthly or quarterly. Short-term borrowings consisted of the following:

	<u>September 30, 2023</u>	<u>September 30, 2022</u>
China Construction Bank (“CCB”)	\$ 33,717	\$ -
<b>Total</b>	<u>\$ 33,717</u>	<u>\$ -</u>

On October 24, 2022, the Company entered into a loan agreement with Agricultural Bank of China to obtain a loan of \$205,592 (or RMB1,500,000) with a term from October 24, 2022 to September 20, 2023 at a fixed rate of 3.9% per annum. The loan had been fully repaid as of September 30, 2023. The Company’s CEO and his family members provided personal guaranty for the repayment of the loan. Wenzhou Xinbao Financing Guarantee Co., Ltd, a third party, provided counter-guaranty for CEO and his family members.

On July 28, 2023, the Company entered into a loan agreement with China Construction Bank with a term of one year, pursuant to which a facility of up to approximately \$33,717 (RMB246,000) was made available to the Company, at a fixed rate of 3.9% per annum.

Long-term bank loans

Long-term bank loans consisted of the following:

	<u>September 30, 2023</u>	<u>September 30, 2022</u>
Wenzhou Minshang Bank (1)	\$ -	\$ 112,462
Wenzhou Minshang Bank (2)	-	820,974
Zhejiang Wenzhou Longwan Rural Commercial Bank (“Longwan RCB”) (3)	1,370,613	1,405,778
Zhejiang Wenzhou Longwan Rural Commercial Bank (“Longwan RCB”) (4)	-	688,832
Zhejiang Wenzhou Longwan Rural Commercial Bank (“Longwan RCB”) (5)	671,602	-
Wenzhou Minshang Bank (6)	1,165,022	-
<b>Total</b>	<u>\$ 3,207,237</u>	<u>\$ 3,028,046</u>
Less: Long-term bank loans - current portion	-	933,436
<b>Long-term bank loans - non-current portion</b>	<u>\$ 3,207,237</u>	<u>\$ 2,094,610</u>

(1) On December 12, 2018, the Company entered into a loan agreement with Wenzhou Minshang Bank to obtain a loan of \$702,889 (or RMB5,000,000) for a term from December 12, 2018 to December 12, 2021 at a fixed annual interest rate of 8%. The Company’s CEO and his wife provided personal guaranty for the repayment of the loan. After repayment of \$590,427 (or RMB4,200,000) of principal, the balance was \$112,462 (RMB800,000) as of September 30, 2022. The loan was fully repaid on December 12, 2022.

**GOLDEN SUN HEALTH TECHNOLOGY GROUP LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 10 — BANK LOANS (continued)**

- (2) On December 13, 2018, the Company entered into a loan agreement with Wenzhou Minshang Bank to obtain a loan of \$820,974 (or RMB5,840,000) for a term from December 13, 2018 to December 12, 2021 at a fixed annual interest rate of 8%. The Company's CEO and his wife provided personal guaranty for the repayment of the loan. The loan was renewed for another year with the new maturity date of December 12, 2022. The loan was fully repaid on December 12, 2022.
- (3) On April 19, 2022, the Company entered into a loan agreement with Longwan RCB to obtain a loan of \$365,502 (RMB2,600,000) for a term from April 19, 2022 to March 28, 2025 at a fixed annual interest rate of 8.1%. WFOE guaranteed for the repayment of the loan. CEO and his family members also provided personal guaranty for the repayment of the loan. The CEO's wife pledged personal property as collateral to secure the loan. The Company has repaid \$64,666 (RMB460,000) of principal as of September 30, 2022.

On September 14, 2022, the Company entered into two loan agreements with Longwan RCB to obtain in aggregated of \$843,467 (RMB6,000,000) from September 14, 2022 to September 8, 2025 at a fixed annual interest rate of 5.45%. WFOE guaranteed for the repayment of the loans. CEO also provided personal guaranty for the repayment of the loans. The CEO with his wife pledged personal properties as collateral to secure the loans and provided personal guaranty for the repayment of the loans.

On September 15, 2022, the Company entered into two loan agreements with Longwan RCB to obtain in aggregated of \$261,475 (RMB1,860,000) from September 15, 2022 to September 12, 2025 at a fixed annual interest rate of 8.1%. WFOE guaranteed for the repayment of the loans. CEO and his family members also provided personal guaranty for the repayment of the loans. CEO and his wife pledged their personal properties as collateral to secure the loans.

- (4) On January 24, 2022, the Company entered into a loan agreement with Longwan RCB to obtain a loan of \$688,832 (or RMB4,900,000) for a term from January 24, 2022 to January 20, 2023 at a fixed rate of 4.56% per annum. The Company's CEO and his wife provided personal guaranty for the repayment of the loan. The loan was fully repaid.
- (5) On January 16, 2023, the Company entered into a loan agreement with Longwan RCB to obtain a loan of \$671,602 (or RMB4,900,000) for a term from January 17, 2023 to January 16, 2026 at a fixed rate of 4.56% per annum. WFOE and CEO guaranteed for the repayment of the loan. The CEO's wife pledged personal property as collateral to secure the loan.
- (6) On February 15, 2023, the Company entered into a loan agreement with Wenzhou Minshang Bank to obtain a loan of \$1,165,022 (or RMB8,500,000) for a term from February 15, 2023 to February 15, 2028 at a fixed annual interest rate of 7.5%. The Company's CEO and his wife provided personal guaranty for the repayment of the loan. The CEO's wife pledged personal property as collateral to secure the loan.
- (7) On May 12, 2023, the Company entered into a loan agreement with Wenzhou Minshang Bank to obtain a loan of \$5,482,456 (or RMB40,000,000) for a term from May 12, 2023 to May 12, 2025 at a fixed annual interest rate of 7%. The CEO's relative pledged personal property as collateral to secure the loan. The loan was fully repaid on August 22, 2023.

For the years ended September 30, 2023, 2022 and 2021, the weighted average annual interest rate for the bank loans was approximately 6.8%, 7.9% and 6.9%, respectively. Interest expenses for the above-mentioned loans amount to \$317,918, \$158,173 and \$139,279 for the years ended September 30, 2023, 2022 and 2021, respectively.



**GOLDEN SUN HEALTH TECHNOLOGY GROUP LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 10 — BANK LOANS (continued)**

The repayment schedule for the bank loans are as follows:

<b>Twelve months ending September 30,</b>	<b>Repayment</b>
2024	\$ 33,717
2025	1,507,675
2026	808,662
2027	68,531
2028	822,369
Total	<u>\$ 3,240,954</u>

**Note 11 — RELATED PARTIES BALANCES AND TRANSACTIONS**

**Accounts receivable-related parties**

Accounts receivable from related parties amounted to \$15,077 and \$54,825 as of September 30, 2023 and 2022, respectively, which have been fully collected subsequently.

**Due from a related party**

Due from a related party amounted to \$nil and \$100,122 as of September 30, 2023 and 2022, respectively, representing the balance of funds advanced to the CEO of the Company for immediate business and travel advance on behalf of the company.

**Due to a related party**

Due to a related party amounted to \$63,689 and \$nil as of September 30, 2023 and 2022, respectively, representing the funds advanced to the Company by the CEO for working capital purpose.

**Revenue earned from related parties**

For the years ended September 30, 2023, 2022 and 2021, the Company provided educational management consulting service to certain kindergartens owned by the CEO and his wife and earned revenue from related parties of \$310,465, \$710,620 and \$365,042, respectively.

**Guarantee provided to a related party**

On September 26, 2019, the Company's subsidiary Xianjin Technology signed an agreement with Shanghai Pudong Development Bank to provide guarantee for a related party's borrowing of \$1,207,804 for a period from September 26, 2019 to September 26, 2022. The related party is owned by CEO, who, in return, personally indemnifies the Company against any potential losses caused by the above guaranty. As of September 30, 2022, the guarantee is expired and no liability incurred.

**Guarantee provided by related parties**

Several related parties guaranteed the repayment of the Company's short-term and long-term loans. (See Note 10)

**GOLDEN SUN HEALTH TECHNOLOGY GROUP LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 12 — TAXES**

**(a) Corporate Income Taxes (“CIT”)**

Cayman Islands

The Company is incorporated in the Cayman Islands and is not subject to tax on income or capital gains under the laws of Cayman Islands. Additionally, the Cayman Islands does not impose a withholding tax on payments of dividends to shareholders.

Hong Kong

Under Hong Kong tax laws, Shanghai Golden Sun and Hong Kong Golden Sun are subject to a statutory income tax rate at 16.5% if revenue is generated in Hong Kong and they are exempted from income tax on their foreign-derived income. There are no withholding taxes in Hong Kong on remittance of dividends. No Hong Kong profit tax has been provided as there were no assessable profits earned or derived from Hong Kong during the years presented.

PRC

Under the Enterprise Income Tax (“EIT”) Law of PRC, domestic enterprises and Foreign Investment Enterprises (the “FIE”) are usually subject to a unified 25% enterprise income tax rate while preferential tax rates, tax holidays and even tax exemption may be granted on a case-by-case basis. All the Company’s PRC subsidiaries are subject to statutory 25% income tax rate.

The PRC tax system is subject to substantial uncertainties. There can be no assurance that changes in PRC tax laws or their interpretation or their application will not subject the Company’s PRC entities to substantial PRC taxes in the future.

i) *The components of the income tax provision are as follows:*

	<b>For the year ended September 30,</b>		
	<b>2023</b>	<b>2022</b>	<b>2021</b>
Current income tax	\$ 136,838	\$ 354,529	\$ 638,228
Deferred income tax	-	-	21,630
<b>Total provision for income taxes</b>	<b>\$ 136,838</b>	<b>\$ 354,529</b>	<b>\$ 659,858</b>

ii) *The following table reconciles PRC statutory rates to the Company’s effective tax rate:*

	<b>For the year ended September 30,</b>		
	<b>2023</b>	<b>2022</b>	<b>2021</b>
Income (benefit) expense computed based on PRC statutory rate	\$ (1,410,804)	\$ (440,955)	\$ 491,555
Tax effect of different tax rates in other jurisdictions	601,772	8,384	-
Tax effect of unrecognized loss	632,545	352,703	-
Change in valuation allowance	228,862	409,099	100,244
Non-deductible items and others*	84,463	25,298	68,059
<b>Income tax expense</b>	<b>\$ 136,838</b>	<b>\$ 354,529</b>	<b>\$ 659,858</b>

\* Non-deductible items and others represent excess expenses and losses not deductible for PRC tax purpose.

**GOLDEN SUN HEALTH TECHNOLOGY GROUP LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 12 — TAXES (continued)**

**(a) Corporate Income Taxes (“CIT”) (continued)**

iii) *The following table summarizes deferred tax assets and liabilities resulting from differences between financial accounting basis and tax basis of assets and liabilities:*

	<b>September 30, 2023</b>	<b>September 30, 2022</b>
Deferred tax assets:		
Net operating loss carry-forward	\$ 974,439	\$ 752,944
Allowance of doubtful accounts	3,366	23,022
Valuation allowance	(977,805)	(775,966)
Total deferred tax assets	\$ -	\$ -

iv) *The following table summarizes deferred tax assets valuation allowance movement:*

	<b>September 30, 2022</b>	<b>September 30, 2022</b>
Beginning balance	\$ 775,966	\$ 439,597
Change to tax expense in current year	228,862	409,099
Foreign currency translation adjustments	(27,023)	(72,730)
Ending balance	\$ 977,805	\$ 775,966

As of September 30, 2023, the total of net operating losses carried forward was \$4,031,874, which will expire on various dates from May 31, 2024 to May 31, 2028. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Recovery of substantially all of the Company’s deferred tax assets is dependent upon the generation of future income, exclusive of reversing taxable temporary differences. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are recoverable, management believes that it is more likely than not that the results of future operations will not generate sufficient taxable income to realize the deferred tax assets as of September 30, 2023 and 2022.

**GOLDEN SUN HEALTH TECHNOLOGY GROUP LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 12 — TAXES (continued)**

**(b) Taxes payable**

Taxes payable consist of the following:

	<b>September 30, 2023</b>	<b>September 30, 2022</b>
Income tax payable	\$ 2,639,258	\$ 2,573,830
Value-added tax payable	1,098,163	1,135,342
Other taxes payable	140,289	136,131
Total taxes payable	\$ 3,877,710	\$ 3,845,303

A reconciliation of the beginning and ending amount of total unrecognized tax benefits for the years ended December 31, 2023, 2022 and 2021 is as follows:

	<b>For the year ended September 30,</b>		
	<b>2023</b>	<b>2022</b>	<b>2021</b>
Balance at beginning of year	\$ 2,573,830	\$ 2,475,474	\$ 1,679,119
Increase related to current year tax positions	134,275	293,960	700,984
Settlement	-	-	-
Foreign exchange translation effect	(68,847)	(195,604)	95,371
Balance at end of year	\$ 2,639,258	\$ 2,573,830	\$ 2,475,474

The unrecognized tax benefits represent the estimated income tax expenses the Company would be required to pay should its revenue for tax purposes be recognized in accordance with current PRC tax laws and regulations. \$2,639,258 and \$2,573,830 of unrecognized tax benefits as of September 30, 2023 and 2022 were included in income taxes payable. Unrecognized tax benefits if recognized, would affect the effective tax rate. According to PRC taxation regulation, if tax has not been fully paid, tax authorities may impose tax and late payment penalties within three years. In practice, since all of the taxes owed are local taxes, the local tax authority is typically more flexible and willing to provide incentives or settlements with local small and medium-size businesses to relieve their burden and to stimulate the local economy. There was no interest and penalty accrued as of September 30, 2023 and 2022 since it is impossible to estimate the amount of the penalty and interest at this point, and the Company believes that the probability of being charged interest and penalty is remote as the local authority is often willing to settle. The Company is currently unable to provide an estimate of a range of total amount of unrecognized tax benefits that is reasonably possible to change significantly within the next twelve months.

According to the PRC Tax Administration and Collection Law, the statute of limitation is three years if the underpayment of taxes is due to computational errors made by the taxpayer or the withholding agent. The statute of limitation is extended to five years under special circumstances where the underpayment of taxes is more than RMB100. In the case of transfer pricing issues, the statute of limitation is 10 years. There is no statute of limitation in the case of tax evasion. As of September 30, 2023, the tax years ended December 31, 2018 through December 31, 2023 for the Company's PRC subsidiaries remain open for statutory examination by PRC tax authorities.

**GOLDEN SUN HEALTH TECHNOLOGY GROUP LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 13 — SHAREHOLDERS' EQUITY**

**Ordinary shares**

Recapitalization

The Company was established by its CEO and his wife (“two founding shareholders”) under the laws of the Cayman Islands on September 20, 2018 with 2,410 ordinary shares issued and outstanding. From April 2020 to October 19, 2020, the two founding shareholders sold an aggregate of 1,662.9 ordinary shares to several purchasers and thereafter, the CEO held 747.1 ordinary shares and the CEO’s wife did not hold any ordinary shares of the Company anymore. On November 24, 2020, the shareholders of the Company held a meeting (the “Meeting”) and unanimously approved an amendment to the share capital, re-designation of shares and the adoption of the amended and restated memorandum and articles of association, after which, (1) the Company’s share capital was changed to \$50,000 divided into 45,000 Class A ordinary Shares of \$1.00 par value per share and 5,000 Class B ordinary shares of \$1.00 par value per share, and (2) 747.1 Class B ordinary shares were issued to CEO. On December 5, 2020, CEO’s 747.1 Class A ordinary shares were canceled. Class A ordinary shares and Class B ordinary shares have equal economic rights but unequal voting rights, pursuant to which Class A ordinary shares will receive one vote each and Class B ordinary shares will receive five votes each. As a result, the CEO only owns 747.1 Class B ordinary shares of par value of \$1 each and the CEO’s wife does not own any ordinary shares of the Company. On April 24, 2021, the shareholders of the Company held a meeting and unanimously approved an amendment to the share capital and the adoption of the amended and restated memorandum and articles of association, after which, (1) the Company effectuated a forward stock split at a ratio of 2,000-for-1 to increase the Company’s authorized share capital to 90,000,000 Class A ordinary Shares of \$0.0005 par value per share and 10,000,000 Class B ordinary shares of \$0.0005 par value per share; (2) the Company had nominal issuance of 7,024,200 Class A ordinary shares to the existing Class A ordinary shareholders and nominal issuance of 3,155,800 Class B ordinary shares to the existing Class B ordinary shareholder, after which, the Company had an aggregate of 15,000,000 ordinary shares issued and outstanding, consisting of 10,350,000 Class A ordinary shares and 4,650,000 Class B ordinary shares. On September 30, 2021, the Board of Directors approved that the shareholders of the Company voluntarily surrender, on pro rata basis, 2,000,000 ordinary shares of US\$0.0005 par value per share (the Surrender). As a result, the Company has an aggregate of 13,000,000 ordinary shares issued and outstanding, consisting of 8,970,000 Class A ordinary shares and 4,030,000 Class B ordinary shares.

The Company believes that the stock split, the share issuance and the Surrender should be considered as a part of the Recapitalization of the Company and accounted for on a retroactive basis pursuant to ASC 260. All ordinary shares and per share data for all periods have been retroactively restated accordingly.

**Initial Public Offering**

On June 24, 2022, the Company completed its IPO of 5,060,000 Class A ordinary shares at a public offering price of \$4.00 per share. The Company received aggregate net proceeds of \$17,626,924 from the offering, after deducting 7.5% of underwriting discounts and other related expenses of \$648,258.

**GOLDEN SUN HEALTH TECHNOLOGY GROUP LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 13 — SHAREHOLDERS' EQUITY (continued)**

**Underwriter's Warrants**

In connection with closing of the IPO on June 24, 2022, the Company granted to the underwriter or its designated affiliates share purchase warrants ("Underwriter's Warrants") to purchase a number of Class A ordinary shares equal to 7.5% of the total number of Class A ordinary shares sold in the IPO. Such warrants shall have an exercise price equal to 130% of the offering price of the Class A ordinary shares sold in the IPO. The Underwriter Warrants will be exercisable for five years beginning on the date of effective date of the IPO and will terminate on the 5th anniversary of such date. The Underwriter's Warrants may be exercised at any time after issuance of the warrants as to all or a lesser number of the underlying Class A ordinary shares, will provide for cashless exercise and will contain provisions for one demand registration of the sale of the underlying Class A ordinary share at the Company's expense, and an additional demand registration at the Underwriter's Warrants holder's expense, provided such demand registration rights will not be for a period greater than five years from the date of the commencement of sales of this offering. The Company determined the Underwriter's Warrants issued in connection with IPO was classified as equity, because they are indexed to its own shares and meet the requirements for the equity classification.

On June 29, 2022, the underwriter opted to exercise all warrants on a cashless basis. On July 18, 2022, the Company issued 295,491 Class A ordinary shares to the underwriters.

**Shares issued for service**

On February 20, 2023, the Board of Directors of the Company approved to reward Ms. Huang Yunan, the Chief Financial Officer for her past efforts in IPO with a one-time award of 390,000 shares, which were vested immediately upon grant. On February 20, 2023, the Company issued 390,000 Class A ordinary shares to Ms. Huang. These shares were valued at \$975,000, which was based on the value of the Company's Class A ordinary shares at the grant date.

On February 20, 2023, the Board of Directors of the Company approved to reward a third-party consultant for his past efforts in IPO with a one-time award of 340,000 shares, which were vested immediately upon grant. On February 20, 2023, the Company issued 340,000 Class A ordinary shares to such third-party consultant. These shares were valued at \$850,000, which was based on the value of the Company's Class A ordinary shares at the grant date.

As of September 30, 2023, the Company had an aggregate of 19,085,491 Class A ordinary shares outstanding, consisting of 15,055,491 Class A and 4,030,000 Class B ordinary shares, respectively.

As of September 30, 2022, the Company had an aggregate of 18,355,491 Class A ordinary shares outstanding, consisting of 14,325,491 Class A and 4,030,000 Class B ordinary shares, respectively.

**GOLDEN SUN HEALTH TECHNOLOGY GROUP LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 13 — SHAREHOLDERS' EQUITY (continued)**

**Statutory reserve and restricted net assets**

As stipulated by relevant PRC laws and regulations, the Company's subsidiaries in the PRC must take appropriations from tax profit to non-distributive funds. These reserves include general reserve and the development reserve.

The general reserve requires annual appropriation 10% of after-tax profits at each year-end until the balance reaches 50% of a PRC company's registered capital. Other reserve is set aside at the Company's discretion. These reserves can only be used for general enterprise expansion and are not distributable as cash dividends. The general reserve amounted \$133,596 and \$120,196 as of September 30, 2023 and 2022, respectively.

Prior to the effectiveness of Amended Private Education Law, PRC laws and regulations required private schools that require reasonable returns to contribute 25% of after-tax income before payments of dividend to a fund to be used for the construction or maintenance of the school or procurement or upgrading of educational facility. For private schools that do not require reasonable returns, this amount should be equivalent to no less than 25% of the annual increase of its net assets as determined in accordance with generally accepted accounting principles in the PRC. For the Company's private schools, development reserve amounted to \$873,431 and \$844,167 as of September 30, 2023 and 2022, respectively. The statutory reserves cannot be transferred to the Company in the form of loans or advances and are not distributable as cash dividends except in the event of liquidation.

Because the Company's operating subsidiaries in the PRC can only be paid out of distributable profits reported in accordance with PRC accounting standards, the Company's operating subsidiaries in the PRC are restricted from transferring a portion of their net assets to the Company. The restricted amounts include the paid-in capital and statutory reserves of the Company's entities in the PRC. The aggregate amount of paid-in capital and statutory reserves, which represented the amount of net assets of the Company's operating subsidiaries in the PRC not available for distribution, was \$1,032,672 and \$990,008 as of September 30, 2023 and 2022, respectively.

**Note 14 — COMMITMENTS AND CONTINGENCIES**

**Contingencies**

From time to time, the Company is subject to certain legal proceedings, claims and disputes that arise in the ordinary course of business. Although the outcomes of these legal proceedings cannot be predicted, the Company does not believe these actions, in the aggregate, will have a material adverse impact on its financial position, results of operations or liquidity. As of September 30, 2023 and 2022, the Company had no material outstanding litigations.

**Guarantee**

The Company provided guarantee for a related party's borrowing (details refer to Note 11).

**Commitments**

The Company had various outstanding bank loans (details refer to Note 10) and non-cancellable operating lease agreements (details refer to Note 8).

**GOLDEN SUN HEALTH TECHNOLOGY GROUP LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 15 — SEGMENT INFORMATION**

ASC 280, “Segment Reporting”, establishes standards for reporting information about operating segments on a basis consistent with the Company’s internal organizational structure as well as information about geographical areas, business segments and major customers in financial statements for details on the Company’s business segments. The Company uses the “management approach” in determining reportable operating segments. The management approach considers the internal organization and reporting used by the Company’s chief operating decision maker for making operating decisions and assessing performance as the source for determining the Company’s reportable segments. The Company has determined that it has two operating segments as defined by ASC 280, “Segment Reporting”: education and wellness. Education segment offers foreign language tutorial services and other education training management services in China. The wellness segment offers wellness service and related products.

Selected financial information is presented below:

	Education			Wellness			Total		
	2023	2022	2021	2023	2022	2021	2023	2022	2021
Revenues	\$ 6,155,593	\$ 10,814,656	\$ 15,026,991	\$ -	\$ -	\$ -	\$ 6,155,593	\$ 10,814,656	\$ 15,026,991
Cost of revenues	4,363,124	6,003,258	6,210,672	-	-	-	4,363,124	6,003,258	6,210,672
Gross profit	1,792,469	4,811,398	8,816,319	-	-	-	1,792,469	4,811,398	8,816,319
Interest expenses, net	331,698	213,894	212,023	(6)	-	-	331,692	213,894	212,023
Depreciation and amortization	153,405	169,808	143,562	-	-	-	153,405	169,808	143,562
Capital expenditures	274,381	174,074	91,145	2,939	-	-	277,320	174,074	91,145
Segment assets	19,101,467	23,438,586	6,635,880	346,626	-	-	19,448,093	23,438,586	6,635,880
Segment (loss) profit	\$ (5,764,314)	\$ (2,118,349)	\$ 2,161,400	\$ (15,740)	\$ -	\$ -	\$ (5,780,054)	\$ (2,118,349)	\$ 2,161,400

**Note 16 — SUBSEQUENT EVENTS**

The Company established a new subsidiary, Zhejiang Golden Sun Selection Technology Co., Ltd on November 17, 2023. The Company holds 100% equity interest in this subsidiary.



**GOLDEN SUN HEALTH TECHNOLOGY GROUP LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 17 — CONDENSED FINANCIAL INFORMATION OF THE PARENT COMPANY**

The Company's PRC subsidiaries are restricted in their ability to transfer a portion of their net assets to the Company. The payment of dividends by entities organized in the PRC is subject to limitations, procedures and formalities. Regulations in the PRC currently permit payment of dividends only out of accumulated profits as determined in accordance with accounting standards and regulations in the PRC. The Company's subsidiaries are also required to set aside at least 10% of its after-tax profit based on PRC accounting standards each year to its statutory reserves account until the accumulative amount of such reserves reaches 50% of its respective registered capital. The aforementioned reserves can only be used for specific purposes and are not distributable as cash dividends.

In addition, the Company's operations and revenues are conducted and generated in the PRC, all of the Company's revenues being earned and currency received are denominated in RMB. RMB is subject to the foreign exchange control regulation in China, and, as a result, the Company may be unable to distribute any dividends outside of China due to PRC foreign exchange control regulations that restrict the Company's ability to convert RMB into USD.

Regulation S-X requires the condensed financial information of registrant shall be filed when the restricted net assets of consolidated subsidiaries exceed 25 percent of consolidated net assets as of the end of the most recently completed fiscal year. For purposes of the above test, restricted net assets of consolidated subsidiaries shall mean that amount of the registrant's proportionate share of net assets of consolidated subsidiaries (after intercompany eliminations) which as of the end of the most recent fiscal year may not be transferred to the parent company by subsidiaries in the form of loans, advances or cash dividends without the consent of a third party. The condensed parent company financial statements have been prepared in accordance with Rule 12-04, Schedule I of Regulation S-X as the restricted net assets of the Company's PRC subsidiary exceed 25% of the consolidated net assets of the Company.

Certain information and footnote disclosures normally included in financial statements prepared in conformity with generally accepted accounting principles have been condensed or omitted. The Company's investment in subsidiary is stated at cost plus equity in undistributed earnings of subsidiaries.

Due to subsidiaries, net, on the Condensed Balance Sheets, is comprised of the Parent Company's net investment deficit in its subsidiaries under the equity method of accounting.

**GOLDEN SUN HEALTH TECHNOLOGY GROUP LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Note 17 — CONDENSED FINANCIAL INFORMATION OF THE PARENT COMPANY (continued)

**GOLDEN SUN HEALTH TECHNOLOGY GROUP LIMITED**  
**PARENT COMPANY BALANCE SHEETS**

	<u>September 30,</u> <u>2023</u>	<u>September 30,</u> <u>2022</u>
<b>ASSETS</b>		
<b>ASSETS:</b>		
Cash	\$ 254,483	\$ 5,162
Prepayments and other current assets	10,000	-
Due from a related party	-	2,287
<b>TOTAL CURRENT ASSETS</b>	<u><b>264,483</b></u>	<u><b>7,449</b></u>
Investments in subsidiaries	4,163,507	8,784,925
<b>TOTAL ASSETS</b>	<u><u><b>\$ 4,427,990</b></u></u>	<u><u><b>\$ 8,792,374</b></u></u>
<b>EQUITY:</b>		
Ordinary shares, 100,000,000 shares authorized, consisting of 90,000,000 Class A ordinary shares of \$0.0005 par value per share and 10,000,000 Class B ordinary shares of \$0.0005 par value per share, 15,055,491 and 14,325,491 Class A ordinary shares issued and outstanding as of September 30, 2023 and 2022, respectively; 4,030,000 Class B ordinary shares issued and outstanding at both September 30, 2023 and 2022.		
Class A ordinary shares	\$ 7,528	\$ 7,163
Class B ordinary shares	2,015	2,015
Additional paid in capital	19,468,026	17,643,391
Statutory reserves	1,007,027	964,363
Accumulated deficits	(14,835,585)	(9,006,610)
Accumulated other comprehensive loss	(1,221,021)	(817,948)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<u><b>4,427,990</b></u>	<u><b>8,792,374</b></u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<u><u><b>\$ 4,427,990</b></u></u>	<u><u><b>\$ 8,792,374</b></u></u>

**GOLDEN SUN HEALTH TECHNOLOGY GROUP LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Note 17 — CONDENSED FINANCIAL INFORMATION OF THE PARENT COMPANY (continued)

**GOLDEN SUN HEALTH TECHNOLOGY GROUP LIMITED**  
**PARENT COMPANY STATEMENTS OF (LOSS) INCOME AND COMPREHENSIVE(LOSS) INCOME**

	For the Years Ended September 30,		
	2023	2022	2021
Equity in (loss) earnings of subsidiaries	\$ (3,684,384)	\$ (2,134,752)	\$ 1,978,553
General and administration expenses and others	(2,101,927)	(4,568)	-
<b>NET (LOSS) INCOME</b>	<b>(5,786,311)</b>	<b>(2,139,320)</b>	<b>1,978,553</b>
<b>OTHER COMPREHENSIVE (LOSS) INCOME</b>			
Foreign currency translation adjustment	(403,073)	858,703	(396,536)
<b>COMPREHENSIVE (LOSS) INCOME</b>	<b>\$ (6,189,384)</b>	<b>\$ (1,280,617)</b>	<b>\$ 1,582,017</b>

**GOLDEN SUN HEALTH TECHNOLOGY GROUP LIMITED**  
**PARENT COMPANY STATEMENTS OF CASH FLOWS**

	For the Years Ended September 30,		
	2023	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net (loss) income	\$ (5,786,311)	\$ (2,139,320)	\$ 1,978,553
Equity in (loss) earnings of subsidiaries	3,684,384	2,134,752	(1,978,553)
Share based compensations	1,825,000	-	-
Prepayments and other assets	(10,000)	-	-
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(286,927)</b>	<b>(4,568)</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Payment from (loan to) subsidiaries	533,961	(18,124,364)	-
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<b>533,961</b>	<b>(18,124,364)</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Proceeds from initial public offering	-	18,275,182	-
Payment for issuance costs	-	(151,646)	-
Advance from related party	2,287	10,558	-
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>2,287</b>	<b>18,134,094</b>	<b>-</b>
<b>CHANGES IN CASH</b>	<b>249,321</b>	<b>5,162</b>	<b>-</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>5,162</b>	<b>-</b>	<b>-</b>
<b>CASH, END OF YEAR</b>	<b>\$ 254,483</b>	<b>\$ 5,162</b>	<b>\$ -</b>

**Companies Act (Revised)**

**Company Limited by Shares**

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**THIRD AMENDED AND RESTATED  
MEMORANDUM OF ASSOCIATION  
OF  
GOLDEN SUN HEALTH TECHNOLOGY GROUP LIMITED  
金太阳健康科技集团有限公司**

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Adopted by special resolution on September 26, 2023



**Companies Act (Revised)**

**Company Limited by Shares**

**Third Amended and Restated**

**Memorandum of Association**

**of**

**Golden Sun Health Technology Group Limited**

**金太阳健康科技集团有限公司**

Adopted by special resolution on September 26, 2023

- 1 The name of the Company is **Golden Sun Health Technology Group Limited**.
- 2 The Company's registered office will be situated at the office of **Vistra (Cayman) Limited**, P.O. Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman KY1-1205, Cayman Islands or at such other place in the Cayman Islands as the directors may at any time decide.
- 3 The Company's objects are unrestricted. As provided by section 7(4) of the Companies Act (Revised), the Company has full power and authority to carry out any object not prohibited by any law of the Cayman Islands.
- 4 The Company has unrestricted corporate capacity. Without limitation to the foregoing, as provided by section 27(2) of the Companies Act (Revised), the Company has and is capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit.
- 5 Nothing in any of the preceding paragraphs permits the Company to carry on any of the following businesses without being duly licensed, namely:
- (a) the business of a bank or trust company without being licensed in that behalf under the Banks and Trust Companies Act (Revised); or
  - (b) insurance business from within the Cayman Islands or the business of an insurance manager, agent, sub-agent or broker without being licensed in that behalf under the Insurance Act (Revised); or
  - (c) the business of company management without being licensed in that behalf under the Companies Management Act (Revised).
-

- 6 The Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of its business carried on outside the Cayman Islands. Despite this, the Company may effect and conclude contracts in the Cayman Islands and exercise in the Cayman Islands any of its powers necessary for the carrying on of its business outside the Cayman Islands.
- 7 The Company is a company limited by shares and accordingly the liability of each member is limited to the amount (if any) unpaid on that member's shares.
- 8 The share capital of the Company is US\$50,000 divided into 90,000,000 Class A Ordinary Shares of US\$0.0005 each and 10,000,000 Class B Ordinary Shares of US\$0.0005 each. Other than as set out in the preceding sentence, there is no limit on the number of shares of any class which the Company is authorised to issue. However, subject to the Companies Act (Revised) and the Company's articles of association, the Company has power to do any one or more of the following:
- (a) redeem or repurchase any of its shares;
  - (b) increase or reduce its capital;
  - (c) issue any part of its capital (whether original, redeemed, increased or reduced):
    - (i) with or without any preferential, deferred, qualified or special rights, privileges or conditions; or
    - (ii) subject to any limitations or restrictionsand unless the condition of issue expressly declares otherwise, every issue of shares (whether declared to be ordinary, preference or otherwise) is subject to this power; and
  - (d) alter any of those rights, privileges, conditions, limitations or restrictions.
- 9 The Company has power to register by way of continuation as a body corporate limited by shares under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.
-

**Companies Act (Revised)**

**Company Limited By Shares**

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**THIRD AMENDED AND RESTATED  
ARTICLES OF ASSOCIATION  
OF  
GOLDEN SUN HEALTH TECHNOLOGY GROUP LIMITED  
金太阳健康科技集团有限公司**

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(Adopted by special resolution passed on September 26, 2023)



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**Companies Act (Revised)**  
**Company Limited by Shares**  
**Third Amended and Restated**  
**Articles of Association**

of

**Golden Sun Health Technology Group Limited**

**金太阳健康科技集团有限公司**

(Adopted by special resolution passed on September 26, 2023)

**1 Definitions, interpretation and exclusion of Table A**

**Definitions**

1.1 In these Articles, the following definitions apply:

**ADS** means an American depository share representing an Ordinary Share;

**Articles** means, as appropriate:

- (a) these articles of association as amended from time to time; or
- (b) two or more particular articles of these Articles;

and **Article** refers to a particular article of these Articles;

**Auditors** means the auditor or auditors for the time being of the Company;

**Board** means the board of Directors from time to time;

**Business Day** means a day when banks in Grand Cayman, the Cayman Islands are open for the transaction of normal banking business and for the avoidance of doubt, shall not include a Saturday, Sunday or public holiday in the Cayman Islands;

**Cayman Islands** means the British Overseas Territory of the Cayman Islands;

**Class A Ordinary Share** means an Ordinary Share designated by the directors as a Class A Ordinary Share;

**Class B Ordinary Share** means an Ordinary Share designated by the directors as a Class B Ordinary Share;

**Clear Days**, in relation to a period of notice, means that period excluding:

- (a) the day when the notice is given or deemed to be given; and
- (b) the day for which it is given or on which it is to take effect;

**Commission** means Securities and Exchange Commission of the United States of America or other federal agency for the time being administering the U.S. Securities Act;

**Company** means the above-named company;

**Default Rate** means ten per cent per annum;

**Designated Stock Exchanges** means the Nasdaq Stock Market in the United States of America for so long as the Company's Shares or ADSs are there listed and any other stock exchange on which the Company's Shares or ADSs are listed for trading;

**Designated Stock Exchange Rules** means the relevant code, rules and regulations, as amended, from time to time, applicable as a result of the original and continued listing of any Shares or ADSs on the Designated Stock Exchanges;

**Directors** means the directors for the time being of the Company and the expression Director shall be construed accordingly;

**Electronic** has the meaning given to that term in the Electronic Transactions Act (Revised) of the Cayman Islands;

**Electronic Record** has the meaning given to that term in the Electronic Transactions Act (Revised) of the Cayman Islands;

**Electronic Signature** has the meaning given to that term in the Electronic Transactions Act (Revised) of the Cayman Islands;

**Fully Paid Up** means:

- (a) in relation to a Share with par value, means that the par value for that Share and any premium payable in respect of the issue of that Share, has been fully paid or credited as paid in money or money's worth; and
- (b) in relation to a Share without par value, means that the agreed issue price for that Share has been fully paid or credited as paid in money or money's worth;

**General Meeting** means a general meeting of the Company duly constituted in accordance with the Articles;

**Independent Director** means a Director who is an independent director as defined in the Designated Stock Exchange Rules as determined by the Board;

**Law** means the Companies Act (Revised) of the Cayman Islands, including any statutory modification or re-enactment thereof for the time being in force;

**Member** means any person or persons entered on the register of Members from time to time as the holder of a Share;

**Memorandum** means the memorandum of association of the Company as amended from time to time;

**month** means a calendar month;

**Officer** means a person appointed to hold an office in the Company including a Director, alternate Director or liquidator and excluding the Secretary;

**Ordinary Resolution** means a resolution of a General Meeting passed by a simple majority of Members who (being entitled to do so) vote in person or by proxy at that meeting. The expression includes a unanimous written resolution;

**Ordinary Share** means an ordinary share in the capital of the Company having the rights set out in these Articles and issued as either a Class A Ordinary Share or as a Class B Ordinary Share. In these Articles the term Ordinary Share shall embrace all classes of Ordinary Share except where reference is made to a specific class;

**Partly Paid Up** means:

- (a) in relation to a Share with par value, that the par value for that Share and any premium payable in respect of the issue of that Share, has not been fully paid or credited as paid in money or money's worth; and
- (b) in relation to a Share without par value, means that the agreed issue price for that Share has not been fully paid or credited as paid in money or money's worth;

**Register of Members** means the register of Members maintained in accordance with the Law and includes (except where otherwise stated) any branch or duplicate register of the Members;

**Secretary** means a person appointed to perform the duties of the secretary of the Company, including a joint, assistant or deputy secretary;

**Share** means a share in the capital of the Company (including a Class AB Share and an Ordinary Share) and the expression:

- (a) includes stock (except where a distinction between shares and stock is expressed or implied); and
- (b) where the context permits, also includes a fraction of a Share;

**Special Resolution** means a resolution of a General Meeting or a resolution of a meeting of the holders of any class of Shares in a class meeting duly constituted in accordance with the Articles in each case passed by a majority of not less than two-thirds of Members who (being entitled to do so) vote in person or by proxy at that meeting. The expression includes a unanimous written resolution;

**Treasury Shares** means Shares held in treasury pursuant to the Law and Article 2.13; and

**U.S. Securities Act** means the Securities Act of 1933 of the United States of America, as amended, or any similar federal statute and the rules and regulations of the Commission thereunder, all as the same shall be in effect at the time.

## Interpretation

1.2 In the interpretation of these Articles, the following provisions apply unless the context otherwise requires:

- (a) A reference in these Articles to a statute is a reference to a statute of the Cayman Islands as known by its short title, and includes:
  - (i) any statutory modification, amendment or re-enactment; and
  - (ii) any subordinate legislation or regulations issued under that statute.

Without limitation to the preceding sentence, a reference to a revised Law of the Cayman Islands is taken to be a reference to the revision of that Law in force from time to time as amended from time to time.

- (b) Headings are inserted for convenience only and do not affect the interpretation of these Articles, unless there is ambiguity.
- (c) If a day on which any act, matter or thing is to be done under these Articles is not a Business Day, the act, matter or thing must be done on the next Business Day.
- (d) A word which denotes the singular also denotes the plural, a word which denotes the plural also denotes the singular, and a reference to any gender also denotes the other genders.
- (e) A reference to a **person** includes, as appropriate, a company, trust, partnership, joint venture, association, body corporate or government agency.
- (f) Where a word or phrase is given a defined meaning another part of speech or grammatical form in respect to that word or phrase has a corresponding meaning.
- (g) All references to time are to be calculated by reference to time in the place where the Company's registered office is located.

- (h) The words **written** and **in writing** include all modes of representing or reproducing words in a visible form, but do not include an Electronic Record where the distinction between a document in writing and an Electronic Record is expressed or implied.
- (i) The words **including, include** and **in particular** or any similar expression are to be construed without limitation.

1.3 The headings in these Articles are intended for convenience only and shall not affect the interpretation of these Articles.

#### **Exclusion of Table A Articles**

1.4 The regulations contained in Table A in the First Schedule of the Law and any other regulations contained in any statute or subordinate legislation are expressly excluded and do not apply to the Company.

## **2 Shares**

#### **Power to issue Shares and options, with or without special rights**

2.1 Subject to the provisions of the Law and these Articles about the redemption and purchase of the Shares, the Directors have general and unconditional authority to allot (with or without confirming rights of renunciation), grant options over or otherwise deal with any unissued Shares to such persons, at such times and on such terms and conditions as they may decide. No Share may be issued at a discount except in accordance with the provisions of the Law.

2.2 Without limitation to the preceding Article, the Directors may so deal with the unissued Shares:

- (a) either at a premium or at par; or
- (b) with or without preferred, deferred or other special rights or restrictions, whether in regard to dividend, voting, return of capital or otherwise.

2.3 Without limitation to the two preceding Articles, the Directors may refuse to accept any application for Shares, and may accept any application in whole or in part, for any reason or for no reason.

#### **Power to pay commissions and brokerage fees**

2.4 The Company may pay a commission to any person in consideration of that person:

- (a) subscribing or agreeing to subscribe, whether absolutely or conditionally; or
- (b) procuring or agreeing to procure subscriptions, whether absolute or conditional,

for any Shares. That commission may be satisfied by the payment of cash or the allotment of Fully Paid Up or Partly Paid Up Shares or partly in one way and partly in another.



2.5 The Company may employ a broker in the issue of its capital and pay him any proper commission or brokerage.

**Trusts not recognised**

2.6 Except as required by Law:

- (a) no person shall be recognised by the Company as holding any Share on any trust; and
- (b) no person other than the Member shall be recognised by the Company as having any right in a Share.

**Security interests**

2.7 Notwithstanding the preceding Article, the Company may (but shall not be obliged to) recognise a security interest of which it has actual notice over shares. The Company shall not be treated as having recognised any such security interest unless it has so agreed in writing with the secured party.

**Power to vary class rights**

2.8 If the share capital is divided into different classes of Shares then, unless the terms on which a class of Shares was issued state otherwise, the rights attaching to a class of Shares may only be varied if one of the following applies:

- (a) the Members holding not less than two-thirds of the issued Shares of that class consent in writing to the variation; or
- (b) the variation is made with the sanction of a Special Resolution passed at a separate general meeting of the Members holding the issued Shares of that class.

2.9 For the purpose of Article 2.8(b), all the provisions of these Articles relating to general meetings apply, mutatis mutandis, to every such separate meeting except that:

- (a) the necessary quorum shall be one or more persons holding, or representing by proxy, not less than one third of the issued Shares of the class; and
- (b) any Member holding issued Shares of the class, present in person or by proxy or, in the case of a corporate Member, by its duly authorised representative, may demand a poll.

- 2.10 For the purposes of a separate class meeting, the Directors may treat two or more or all the classes of Shares as forming one class of Shares if the Directors consider that such classes of Shares would be affected in the same way by the proposals under consideration, but in any other case shall treat them as separate classes of Shares.

**Effect of new Share issue on existing class rights**

- 2.11 Unless the terms on which a class of Shares was issued state otherwise, the rights conferred on the Member holding Shares of any class shall not be deemed to be varied by the creation or issue of further Shares ranking *pari passu* with the existing Shares of that class.

**No bearer Shares or warrants**

- 2.12 The Company shall not issue Shares or warrants to bearers.

**Treasury Shares**

- 2.13 Shares that the Company purchases, redeems or acquires by way of surrender in accordance with the Law shall be held as Treasury Shares and not treated as cancelled if:

- (a) the Directors so determine prior to the purchase, redemption or surrender of those shares; and
- (b) the relevant provisions of the Memorandum and Articles and the Law are otherwise complied with.

**Rights attaching to Treasury Shares and related matters**

- 2.14 No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to Members on a winding up) may be made to the Company in respect of a Treasury Share.

- 2.15 The Company shall be entered in the register of Members as the holder of the Treasury Shares. However:

- (a) the Company shall not be treated as a Member for any purpose and shall not exercise any right in respect of the Treasury Shares, and any purported exercise of such a right shall be void; and
- (b) a Treasury Share shall not be voted, directly or indirectly, at any meeting of the Company and shall not be counted in determining the total number of issued shares at any given time, whether for the purposes of these Articles or the Law.

- 2.16 Nothing in Article 2.15 prevents an allotment of Shares as Fully Paid Up bonus shares in respect of a Treasury Share and Shares allotted as Fully Paid Up bonus shares in respect of a Treasury Share shall be treated as Treasury Shares.

- 2.17 Treasury Shares may be disposed of by the Company in accordance with the Law and otherwise on such terms and conditions as the Directors determine.

### **Register of Members**

- 2.18 The Directors shall keep or cause to be kept a register of Members as required by the Law and may cause the Company to maintain one or more branch registers as contemplated by the Law, provided that where the Company is maintaining one or more branch registers, the Directors shall ensure that a duplicate of each branch register is kept with the Company's principal register of Members and updated within such number of days of any amendment having been made to such branch register as may be required by the Law.

### **Annual Return**

- 2.19 The Directors in each calendar year shall prepare or cause to be prepared an annual return and declaration setting forth the particulars required by the Law and shall deliver a copy thereof to the registrar of companies for the Cayman Islands.

## **3 Share certificates**

### **Issue of share certificates**

- 3.1 A Member shall only be entitled to a share certificate if the Directors resolve that share certificates shall be issued. Share certificates representing Shares, if any, shall be in such form as the Directors may determine. If the Directors resolve that share certificates shall be issued, upon being entered in the register of Members as the holder of a Share, the Directors may issue to any Member:
- (a) without payment, one certificate for all the Shares of each class held by that Member (and, upon transferring a part of the Member's holding of Shares of any class, to a certificate for the balance of that holding); and
  - (b) upon payment of such reasonable sum as the Directors may determine for every certificate after the first, several certificates each for one or more of that Member's Shares.
- 3.2 Every certificate shall specify the number, class and distinguishing numbers (if any) of the Shares to which it relates and whether they are Fully Paid Up or Partly Paid Up. A certificate may be executed under seal or executed in such other manner as the Directors determine.
- 3.3 Every certificate shall bear legends required under the applicable laws, including the U.S. Securities Act.
- 3.4 The Company shall not be bound to issue more than one certificate for Shares held jointly by several persons and delivery of a certificate for a Share to one joint holder shall be a sufficient delivery to all of them.

### **Renewal of lost or damaged share certificates**

3.5 If a share certificate is defaced, worn-out, lost or destroyed, it may be renewed on such terms (if any) as to:

- (a) evidence;
- (b) indemnity;
- (c) payment of the expenses reasonably incurred by the Company in investigating the evidence; and
- (d) payment of a reasonable fee, if any for issuing a replacement share certificate,

as the Directors may determine, and (in the case of defacement or wearing-out) on delivery to the Company of the old certificate.

## **4 Lien on Shares**

### **Nature and scope of lien**

4.1 The Company has a first and paramount lien on all Shares (whether Fully Paid Up or not) registered in the name of a Member (whether solely or jointly with others). The lien is for all monies payable to the Company by the Member or the Member's estate:

- (a) either alone or jointly with any other person, whether or not that other person is a Member; and
- (b) whether or not those monies are presently payable.

4.2 At any time the Board may declare any Share to be wholly or partly exempt from the provisions of this Article.

### **Company may sell Shares to satisfy lien**

4.3 The Company may sell any Shares over which it has a lien if all of the following conditions are met:

- (a) the sum in respect of which the lien exists is presently payable;
- (b) the Company gives notice to the Member holding the Share (or to the person entitled to it in consequence of the death or bankruptcy of that Member) demanding payment and stating that if the notice is not complied with the Shares may be sold; and
- (c) that sum is not paid within fourteen Clear Days after that notice is deemed to be given under these Articles,

and Shares to which this Article 4.3 applies shall be referred to as Lien Default Shares.

4.4 The Lien Default Shares may be sold in such manner as the Board determines.

4.5 To the maximum extent permitted by law, the Directors shall incur no personal liability to the Member concerned in respect of the sale.

**Authority to execute instrument of transfer**

4.6 To give effect to a sale, the Directors may authorise any person to execute an instrument of transfer of the Lien Default Shares sold to, or in accordance with the directions of, the purchaser.

4.7 The title of the transferee of the Lien Default Shares shall not be affected by any irregularity or invalidity in the proceedings in respect of the sale.

**Consequences of sale of Shares to satisfy lien**

4.8 On a sale pursuant to the preceding Articles:

- (a) the name of the Member concerned shall be removed from the register of Members as the holder of those Lien Default Shares; and
- (b) that person shall deliver to the Company for cancellation the certificate (if any) for those Lien Default Shares.

4.9 Notwithstanding the provisions of Article 4.8, such person shall remain liable to the Company for all monies which, at the date of sale, were presently payable by him to the Company in respect of those Lien Default Shares. That person shall also be liable to pay interest on those monies from the date of sale until payment at the rate at which interest was payable before that sale or, failing that, at the Default Rate. The Board may waive payment wholly or in part or enforce payment without any allowance for the value of the Lien Default Shares at the time of sale or for any consideration received on their disposal.

**Application of proceeds of sale**

4.10 The net proceeds of the sale, after payment of the costs, shall be applied in payment of so much of the sum for which the lien exists as is presently payable. Any residue shall be paid to the person whose Lien Default Shares have been sold:

- (a) if no certificate for the Lien Default Shares was issued, at the date of the sale; or
- (b) if a certificate for the Lien Default Shares was issued, upon surrender to the Company of that certificate for cancellation

but, in either case, subject to the Company retaining a like lien for all sums not presently payable as existed on the Lien Default Shares before the sale.

## **5 Calls on Shares and forfeiture**

### **Power to make calls and effect of calls**

- 5.1 Subject to the terms of allotment, the Board may make calls on the Members in respect of any monies unpaid on their Shares including any premium. The call may provide for payment to be by instalments. Subject to receiving at least 14 Clear Days' notice specifying when and where payment is to be made, each Member shall pay to the Company the amount called on his Shares as required by the notice.
- 5.2 Before receipt by the Company of any sum due under a call, that call may be revoked in whole or in part and payment of a call may be postponed in whole or in part. Where a call is to be paid in instalments, the Company may revoke the call in respect of all or any remaining instalments in whole or in part and may postpone payment of all or any of the remaining instalments in whole or in part.
- 5.3 A Member on whom a call is made shall remain liable for that call notwithstanding the subsequent transfer of the Shares in respect of which the call was made. He shall not be liable for calls made after he is no longer registered as Member in respect of those Shares.

### **Time when call made**

- 5.4 A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed.

### **Liability of joint holders**

- 5.5 Members registered as the joint holders of a Share shall be jointly and severally liable to pay all calls in respect of the Share.

### **Interest on unpaid calls**

- 5.6 If a call remains unpaid after it has become due and payable the person from whom it is due and payable shall pay interest on the amount unpaid from the day it became due and payable until it is paid:
- (a) at the rate fixed by the terms of allotment of the Share or in the notice of the call; or
  - (b) if no rate is fixed, at the Default Rate.

The Directors may waive payment of the interest wholly or in part.

**Deemed calls**

- 5.7 Any amount payable in respect of a Share, whether on allotment or on a fixed date or otherwise, shall be deemed to be payable as a call. If the amount is not paid when due the provisions of these Articles shall apply as if the amount had become due and payable by virtue of a call.

**Power to accept early payment**

- 5.8 The Company may accept from a Member the whole or a part of the amount remaining unpaid on Shares held by him although no part of that amount has been called up.

**Power to make different arrangements at time of issue of Shares**

- 5.9 Subject to the terms of allotment, the Directors may make arrangements on the issue of Shares to distinguish between Members in the amounts and times of payment of calls on their Shares.

**Notice of default**

- 5.10 If a call remains unpaid after it has become due and payable the Directors may give to the person from whom it is due not less than 14 Clear Days' notice requiring payment of:

- (a) the amount unpaid;
- (b) any interest which may have accrued;
- (c) any expenses which have been incurred by the Company due to that person's default.

- 5.11 The notice shall state the following:

- (a) the place where payment is to be made; and
- (b) a warning that if the notice is not complied with the Shares in respect of which the call is made will be liable to be forfeited.

**Forfeiture or surrender of Shares**

- 5.12 If the notice given pursuant to Article 5.10 is not complied with, the Directors may, before the payment required by the notice has been received, resolve that any Share the subject of that notice be forfeited. The forfeiture shall include all dividends or other monies payable in respect of the forfeited Share and not paid before the forfeiture. Despite the foregoing, the Board may determine that any Share the subject of that notice be accepted by the Company as surrendered by the Member holding that Share in lieu of forfeiture.

### **Disposal of forfeited or surrendered Share and power to cancel forfeiture or surrender**

5.13 A forfeited or surrendered Share may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the Board determine either to the former Member who held that Share or to any other person. The forfeiture or surrender may be cancelled on such terms as the Directors think fit at any time before a sale, re-allotment or other disposition. Where, for the purposes of its disposal, a forfeited or surrendered Share is to be transferred to any person, the Directors may authorise some person to execute an instrument of transfer of the Share to the transferee.

### **Effect of forfeiture or surrender on former Member**

5.14 On forfeiture or surrender:

- (a) the name of the Member concerned shall be removed from the register of Members as the holder of those Shares and that person shall cease to be a Member in respect of those Shares; and
- (b) that person shall surrender to the Company for cancellation the certificate (if any) for the forfeited or surrendered Shares.

5.15 Despite the forfeiture or surrender of his Shares, that person shall remain liable to the Company for all monies which at the date of forfeiture or surrender were presently payable by him to the Company in respect of those Shares together with:

- (a) all expenses; and
- (b) interest from the date of forfeiture or surrender until payment:
  - (i) at the rate of which interest was payable on those monies before forfeiture; or
  - (ii) if no interest was so payable, at the Default Rate.

The Directors, however, may waive payment wholly or in part.

### **Evidence of forfeiture or surrender**

5.16 A declaration, whether statutory or under oath, made by a Director or the Secretary shall be conclusive evidence of the following matters stated in it as against all persons claiming to be entitled to forfeited Shares:

- (a) that the person making the declaration is a Director or Secretary of the Company, and
- (b) that the particular Shares have been forfeited or surrendered on a particular date.

Subject to the execution of an instrument of transfer, if necessary, the declaration shall constitute good title to the Shares.



## **Sale of forfeited or surrendered Shares**

- 5.17 Any person to whom the forfeited or surrendered Shares are disposed of shall not be bound to see to the application of the consideration, if any, of those Shares nor shall his title to the Shares be affected by any irregularity in, or invalidity of the proceedings in respect of, the forfeiture, surrender or disposal of those Shares.

## **6 Transfer of Shares**

### **Right to transfer**

- 6.1 The instrument of transfer of any Share shall be in writing and in any usual or common form or such other form as the Directors may, in their absolute discretion, approve and be executed by or on behalf of the transferor and if in respect of a nil or Partly Paid Up Share, or if so required by the Directors, shall also be executed on behalf of the transferee and shall be accompanied by the certificate (if any) of the Shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer. The transferor shall be deemed to remain a Member until the name of the transferee is entered in the register of Members in respect of the relevant Shares.
- 6.2 The Directors may in their absolute discretion decline to register any transfer of Shares which is not Fully Paid Up or on which the Company has a lien.
- 6.3 The Directors may also, but are not required to, decline to register any transfer of any Share unless:
- (a) the instrument of transfer is lodged with the Company, accompanied by the certificate (if any) for the Shares to which it relates and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer;
  - (b) the instrument of transfer is in respect of only one class of Shares;
  - (c) the instrument of transfer is properly stamped, if required;
  - (d) in the case of a transfer to joint holders, the number of joint holders to whom the Share is to be transferred does not exceed four;
  - (e) the Shares transferred are Fully Paid Up and free of any lien in favour of the Company; and
  - (f) any applicable fee of such maximum sum as the Designated Stock Exchanges may determine to be payable, or such lesser sum as the Board may from time to time require, related to the transfer is paid to the Company.

### **Suspension of transfers**

6.4 The registration of transfers may, on 14 days' notice being given by advertisement in such one or more newspapers or by electronic means, be suspended and the register of Members closed at such times and for such periods as the Directors may, in their absolute discretion, from time to time determine, provided always that such registration of transfer shall not be suspended nor the register of Members closed for more than 30 days in any year.

### **Company may retain instrument of transfer**

6.5 All instruments of transfer that are registered shall be retained by the Company.

### **Notice of refusal to register**

6.6 If the Directors refuse to register a transfer of any Shares, they shall within three months after the date on which the instrument of transfer was lodged with the Company send to each of the transferor and the transferee notice of the refusal.

## **7 Transmission of Shares**

### **Persons entitled on death of a Member**

7.1 If a Member dies, the only persons recognised by the Company as having any title to the deceased Members' interest are the following:

- (a) where the deceased Member was a joint holder, the survivor or survivors; and
- (b) where the deceased Member was a sole holder, that Member's personal representative or representatives.

7.2 Nothing in these Articles shall release the deceased Member's estate from any liability in respect of any Share, whether the deceased was a sole holder or a joint holder.

### **Registration of transfer of a Share following death or bankruptcy**

7.3 A person becoming entitled to a Share in consequence of the death or bankruptcy of a Member may elect to do either of the following:

- (a) to become the holder of the Share; or
- (b) to transfer the Share to another person.

7.4 That person must produce such evidence of his entitlement as the Directors may properly require.

- 7.5 If the person elects to become the holder of the Share, he must give notice to the Company to that effect. For the purposes of these Articles, that notice shall be treated as though it were an executed instrument of transfer.
- 7.6 If the person elects to transfer the Share to another person then:
- (a) if the Share is Fully Paid Up, the transferor must execute an instrument of transfer; and
  - (b) if the Share is nil or Partly Paid Up, the transferor and the transferee must execute an instrument of transfer.
- 7.7 All the Articles relating to the transfer of Shares shall apply to the notice or, as appropriate, the instrument of transfer.

#### **Indemnity**

- 7.8 A person registered as a Member by reason of the death or bankruptcy of another Member shall indemnify the Company and the Directors against any loss or damage suffered by the Company or the Directors as a result of that registration.

#### **Rights of person entitled to a Share following death or bankruptcy**

- 7.9 A person becoming entitled to a Share by reason of the death or bankruptcy of a Member shall have the rights to which he would be entitled if he were registered as the holder of the Share. But, until he is registered as Member in respect of the Share, he shall not be entitled to attend or vote at any meeting of the Company or at any separate meeting of the holders of that class of Shares.

### **8 Alteration of capital**

#### **Increasing, consolidating, converting, dividing and cancelling share capital**

- 8.1 To the fullest extent permitted by the Law, the Company may by Ordinary Resolution do any of the following and amend its Memorandum for that purpose:
- (a) increase its share capital by new Shares of the amount fixed by that Ordinary Resolution and with the attached rights, priorities and privileges set out in that Ordinary Resolution;
  - (b) consolidate and divide all or any of its share capital into Shares of larger amount than its existing Shares;
  - (c) convert all or any of its Paid Up Shares into stock, and reconvert that stock into Paid Up Shares of any denomination;

- (d) sub-divide its Shares or any of them into Shares of an amount smaller than that fixed by the Memorandum, so, however, that in the sub-division, the proportion between the amount paid and the amount, if any, unpaid on each reduced Share shall be the same as it was in case of the Share from which the reduced Share is derived; and
- (e) cancel Shares which, at the date of the passing of that Ordinary Resolution, have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the Shares so cancelled or, in the case of Shares without nominal par value, diminish the number of Shares into which its capital is divided.

#### **Dealing with fractions resulting from consolidation of Shares**

8.2 Whenever, as a result of a consolidation of Shares, any Members would become entitled to fractions of a Share the Directors may on behalf of those Members deal with the fractions as it thinks fit, including (without limitation):

- (a) either round up or down the fraction to the nearest whole number, such rounding to be determined by the Directors acting in their sole discretion; or
- (b) sell the Shares representing the fractions for the best price reasonably obtainable to any person (including, subject to the provisions of the Law, the Company); and
- (c) distribute the net proceeds in due proportion among those Members.

8.3 For the purposes of Article 8.2, the Directors may authorise some person to execute an instrument of transfer of the Shares to, in accordance with the directions of, the purchaser. The transferee shall not be bound to see to the application of the purchase money nor shall the transferee's title to the Shares be affected by any irregularity in, or invalidity of, the proceedings in respect of the sale.

#### **Reducing share capital**

8.4 Subject to the Law and to any rights for the time being conferred on the Members holding a particular class of Shares, the Company may, by Special Resolution, reduce its share capital in any way.

### **9 Conversion, redemption and purchase of own Shares**

#### **Power to issue redeemable Shares and to purchase own Shares**

9.1 Subject to the Law and to any rights for the time being conferred on the Members holding a particular class of Shares, the Company may by its Directors:

- (a) issue Shares that are to be redeemed or liable to be redeemed, at the option of the Company or the Member holding those redeemable Shares, on the terms and in the manner its Directors determine before the issue of those Shares;

- (b) with the consent by Special Resolution of the Members holding Shares of a particular class, vary the rights attaching to that class of Shares so as to provide that those Shares are to be redeemed or are liable to be redeemed at the option of the Company on the terms and in the manner which the Directors determine at the time of such variation; and
- (c) purchase all or any of its own Shares of any class including any redeemable Shares on the terms and in the manner which the Directors determine at the time of such purchase.

The Company may make a payment in respect of the redemption or purchase of its own Shares in any manner authorised by the Law, including out of any combination of the following: capital, its profits and the proceeds of a fresh issue of Shares.

**Power to pay for redemption or purchase in cash or in specie**

9.2 When making a payment in respect of the redemption or purchase of Shares, the Directors may make the payment in cash or *in specie* (or partly in one and partly in the other) if so authorised by the terms of the allotment of those Shares or by the terms applying to those Shares in accordance with Article 9.1, or otherwise by agreement with the Member holding those Shares.

**Effect of redemption or purchase of a Share**

9.3 Upon the date of redemption or purchase of a Share:

- (a) the Member holding that Share shall cease to be entitled to any rights in respect of the Share other than the right to receive:
  - (i) the price for the Share; and
  - (ii) any dividend declared in respect of the Share prior to the date of redemption or purchase;
- (b) the Member's name shall be removed from the register of Members with respect to the Share; and
- (c) the Share shall be cancelled or held as a Treasury Share, as the Directors may determine.

9.4 For the purpose of Article 9.3, the date of redemption or purchase is the date when the Member's name is removed from the register of Members with respect to the Shares the subject of the redemption or purchase.

## **Conversion Rights**

- 9.5 Each Class B Ordinary Share shall be convertible, at the option of the holder thereof, at any time after the date of issuance of such Share, at the office of the Company or any transfer agent for such Shares, into one fully paid and non-assessable Class A Ordinary Share.
- 9.6 The Directors shall at all times reserve and keep available out of the Company's authorised but unissued Class A Ordinary Shares, solely for the purpose of effecting the conversion of the Class B Ordinary Shares, such number of its Class A Ordinary Shares as shall from time to time be sufficient to effect the conversion of all outstanding Class B Ordinary Shares; and if at any time the number of authorised but unissued Class A Ordinary Shares shall not be sufficient to effect the conversion of all then outstanding Class B Ordinary Shares, in addition to such other remedies as shall be available to the holders of such Class B Ordinary Shares, the Directors will take such action as may be necessary to increase its authorised but unissued Class A Ordinary Shares to such number of Shares as shall be sufficient for such purposes.

## **Share Conversions**

- 9.7 All conversions of Class B Ordinary Shares to Class A Ordinary Shares shall be effected by way of redemption or repurchase by the Company of the relevant Class B Ordinary Shares and the simultaneous issue of Class A Ordinary Shares in consideration for such redemption or repurchase. The Members and the Company will procure that any and all necessary corporate actions are taken to effect such conversion.

## **10 Meetings of Members**

### **Annual and extraordinary general meetings**

- 10.1 The Company may, but shall not (unless required by the Designated Stock Exchange Rules) be obligated to, in each year hold a general meeting as an annual general meeting, which, if held, shall be convened by the Board, in accordance with these Articles.
- 10.2 All general meetings other than annual general meetings shall be called extraordinary general meetings.

### **Power to call meetings**

- 10.3 The Directors may call a general meeting at any time.
- 10.4 If there are insufficient Directors to constitute a quorum and the remaining Directors are unable to agree on the appointment of additional Directors, the Directors must call a general meeting for the purpose of appointing additional Directors.
- 10.5 The Directors must also call a general meeting if requisitioned in the manner set out in the next two Articles.

- 10.6 The requisition must be in writing and given by one or more Members who together hold at least ten per cent of the rights to vote at such general meeting.
- 10.7 The requisition must also:
- (a) specify the purpose of the meeting.
  - (b) be signed by or on behalf of each requisitioner (and for this purpose each joint holder shall be obliged to sign). The requisition may consist of several documents in like form signed by one or more of the requisitioners; and
  - (c) be delivered in accordance with the notice provisions.
- 10.8 Should the Directors fail to call a general meeting within 21 Clear Days' from the date of receipt of a requisition, the requisitioners or any of them may call a general meeting within three months after the end of that period.
- 10.9 Without limitation to the foregoing, if there are insufficient Directors to constitute a quorum and the remaining Directors are unable to agree on the appointment of additional Directors, any one or more Members who together hold at least five per cent of the rights to vote at a general meeting may call a general meeting for the purpose of considering the business specified in the notice of meeting which shall include as an item of business the appointment of additional Directors.
- 10.10 If the Members call a meeting under the above provisions, the Company shall reimburse their reasonable expenses.

**Content of notice**

- 10.11 Notice of a general meeting shall specify each of the following:
- (a) the place, the date and the hour of the meeting;
  - (b) if the meeting is to be held in two or more places, the technology that will be used to facilitate the meeting;
  - (c) subject to paragraph (d) and the requirements of (to the extent applicable) the Designated Stock Exchange Rules, the general nature of the business to be transacted; and
  - (d) if a resolution is proposed as a Special Resolution, the text of that resolution.
- 10.12 In each notice there shall appear with reasonable prominence the following statements:
- (a) that a Member who is entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of that Member; and
  - (b) that a proxyholder need not be a Member.

**Period of notice**

- 10.13 At least twenty-one Clear Days' notice of an annual general meeting must be given to Members. For any other general meeting, at least fourteen Clear Days' notice must be given to Members.
- 10.14 Subject to the Law, a meeting may be convened on shorter notice, subject to the Law with the consent of the Member or Members who, individually or collectively, hold at least ninety per cent of the voting rights of all those who have a right to vote at that meeting.

**Persons entitled to receive notice**

- 10.15 Subject to the provisions of these Articles and to any restrictions imposed on any Shares, the notice shall be given to the following people:
- (a) the Members
  - (b) persons entitled to a Share in consequence of the death or bankruptcy of a Member;
  - (c) the Directors; and
  - (d) the Auditors.
- 10.16 The Board may determine that the Members entitled to receive notice of a meeting are those persons entered on the register of Members at the close of business on a day determined by the Board.

**Accidental omission to give notice or non-receipt of notice**

- 10.17 Proceedings at a meeting shall not be invalidated by the following:
- (a) an accidental failure to give notice of the meeting to any person entitled to notice; or
  - (b) non-receipt of notice of the meeting by any person entitled to notice.
- 10.18 In addition, where a notice of meeting is published on a website proceedings at the meeting shall not be invalidated merely because it is accidentally published:
- (a) in a different place on the website; or
  - (b) for part only of the period from the date of the notification until the conclusion of the meeting to which the notice relates.



## **11 Proceedings at meetings of Members**

### **Quorum**

- 11.1 Save as provided in the following Article, no business shall be transacted at any meeting unless a quorum is present in person or by proxy. A quorum is as follows:
- (a) if the Company has only one Member: that Member;
  - (b) if the Company has more than one Member: one or more Members holding Shares that represent not less than one-third of the outstanding Shares carrying the right to vote at such general meeting.

### **Lack of quorum**

- 11.2 If a quorum is not present within fifteen minutes of the time appointed for the meeting, or if at any time during the meeting it becomes inquorate, then the following provisions apply:
- (a) If the meeting was requisitioned by Members, it shall be cancelled.
  - (b) In any other case, the meeting shall stand adjourned to the same time and place seven days hence, or to such other time or place as is determined by the Directors. If a quorum is not present within fifteen minutes of the time appointed for the adjourned meeting, then the Members present in person or by proxy shall constitute a quorum.

### **Chairman**

- 11.3 The chairman of a general meeting shall be the chairman of the Board or such other Director as the Directors have nominated to chair Board meetings in the absence of the chairman of the Board. Absent any such person being present within fifteen minutes of the time appointed for the meeting, the Directors present shall elect one of their number to chair the meeting.
- 11.4 If no Director is present within fifteen minutes of the time appointed for the meeting, or if no Director is willing to act as chairman, the Members present in person or by proxy and entitled to vote shall choose one of their number to chair the meeting.

### **Right of a Director to attend and speak**

- 11.5 Even if a Director is not a Member, he shall be entitled to attend and speak at any general meeting and at any separate meeting of Members holding a particular class of Shares.

### **Accommodation of Members at meeting**

- 11.6 If it appears to the chairman of the meeting that the meeting place specified in the notice convening the meeting is inadequate to accommodate all Members entitled and wishing to attend, the meeting will be duly constituted and its proceedings valid if the chairman is satisfied that adequate facilities are available to ensure that a Member who is unable to be accommodated is able (whether at the meeting place or elsewhere):
- (a) to participate in the business for which the meeting has been convened;

- (b) to hear and see all persons present who speak (whether by the use of microphones, loud-speakers, audio-visual communications equipment or otherwise); and
- (c) to be heard and seen by all other persons present in the same way.

### **Security**

- 11.7 In addition to any measures which the Board may be required to take due to the location or venue of the meeting, the Board may make any arrangement and impose any restriction it considers appropriate and reasonable in the circumstances to ensure the security of a meeting including, without limitation, the searching of any person attending the meeting and the imposing of restrictions on the items of personal property that may be taken into the meeting place. The Board may refuse entry to, or eject from, a meeting a person who refuses to comply with any such arrangements or restrictions.

### **Adjournment**

- 11.8 The chairman may at any time adjourn a meeting with the consent of the Members constituting a quorum. The chairman must adjourn the meeting if so directed by the meeting. No business, however, can be transacted at an adjourned meeting other than business which might properly have been transacted at the original meeting.
- 11.9 Should a meeting be adjourned for more than 7 Clear Days, whether because of a lack of quorum or otherwise, Members shall be given at least seven Clear Days' notice of the date, time and place of the adjourned meeting and the general nature of the business to be transacted. Otherwise it shall not be necessary to give any notice of the adjournment.

### **Method of voting**

- 11.10 A resolution put to the vote of the meeting shall be decided on a show of hands unless before, or on, the declaration of the result of the show of hands, a poll is duly demanded. Subject to the Law, a poll may be demanded:
- (a) by the chairman of the meeting;
  - (b) by at least two Members having the right to vote on the resolutions;
  - (c) by any Member or Members present who, individually or collectively, hold at least ten per cent of the voting rights of all those who have a right to vote on the resolution.

### **Outcome of vote by show of hands**

- 11.11 Unless a poll is duly demanded, a declaration by the chairman as to the result of a resolution and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the outcome of a show of hands without proof of the number or proportion of the votes recorded in favour of or against the resolution.

### **Withdrawal of demand for a poll**

- 11.12 The demand for a poll may be withdrawn before the poll is taken, but only with the consent of the chairman. The chairman shall announce any such withdrawal to the meeting and, unless another person forthwith demands a poll, any earlier show of hands on that resolution shall be treated as the vote on that resolution; if there has been no earlier show of hands, then the resolution shall be put to the vote of the meeting.

### **Taking of a poll**

- 11.13 A poll demanded on the question of adjournment shall be taken immediately.
- 11.14 A poll demanded on any other question shall be taken either immediately or at an adjourned meeting at such time and place as the chairman directs, not being more than thirty Clear Days after the poll was demanded.
- 11.15 The demand for a poll shall not prevent the meeting continuing to transact any business other than the question on which the poll was demanded.
- 11.16 A poll shall be taken in such manner as the chairman directs. He may appoint scrutineers (who need not be Members) and fix a place and time for declaring the result of the poll. If, through the aid of technology, the meeting is held in more than place, the chairman may appoint scrutineers in more than place; but if he considers that the poll cannot be effectively monitored at that meeting, the chairman shall adjourn the holding of the poll to a date, place and time when that can occur.

### **Chairman's casting vote**

- 11.17 In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote.

### **Written resolutions**

- 11.18 Members may pass a resolution in writing without holding a meeting if the following conditions are met:
- (a) all Members entitled to vote are given notice of the resolution as if the same were being proposed at a meeting of Members;

- (b) all Members entitled so to vote;
  - (i) sign a document; or
  - (ii) sign several documents in the like form each signed by one or more of those Members; and
- (c) the signed document or documents is or are delivered to the Company, including, if the Company so nominates, by delivery of an Electronic Record by Electronic means to the address specified for that purpose.
- (d) Such written resolution shall be as effective as if it had been passed at a meeting of the Members entitled to vote duly convened and held.

11.19 If a written resolution is described as a Special Resolution or as an Ordinary Resolution, it has effect accordingly.

11.20 The Directors may determine the manner in which written resolutions shall be put to Members. In particular, they may provide, in the form of any written resolution, for each Member to indicate, out of the number of votes the Member would have been entitled to cast at a meeting to consider the resolution, how many votes he wishes to cast in favour of the resolution and how many against the resolution or to be treated as abstentions. The result of any such written resolution shall be determined on the same basis as on a poll.

#### **Sole-Member Company**

11.21 If the Company has only one Member, and the Member records in writing his decision on a question, that record shall constitute both the passing of a resolution and the minute of it.

### **12 Voting rights of Members**

#### **Right to vote**

12.1 Subject to the following, unless their Shares carry no right to vote, or unless a call or other amount presently payable has not been paid, all Members are entitled to vote at a general meeting, whether on a show of hands or on a poll, and all Members holding Shares of a particular class of Shares are entitled to vote at a meeting of the holders of that class of Shares.

#### **Voting Rights**

12.2 The holder of an Ordinary Share shall (in respect of such Ordinary Share) have the right to receive notice of, attend at and vote as a Member at any general meeting of the Company.

12.3 Each holder of Ordinary Shares shall, on a poll, be entitled to one vote for each Share he or she holds save that each holder of Class B Ordinary Shares shall, on a poll, be entitled to exercise five (5) votes for each Class B Ordinary Share he or she holds on any and all matters.

- 12.4 Members may vote in person or by proxy.
- 12.5 On a show of hands, every Member shall have one vote. For the avoidance of doubt, an individual who represents two or more Members, including a Member in that individual's own right, that individual shall be entitled to a separate vote for each Member.
- 12.6 No Member is bound to vote on his Shares or any of them; nor is he bound to vote each of his Shares in the same way.

#### **Rights of joint holders**

- 12.7 If Shares are held jointly, only one of the joint holders may vote. If more than one of the joint holders tenders a vote, the vote of the holder whose name in respect of those Shares appears first in the register of Members shall be accepted to the exclusion of the votes of the other joint holder.

#### **Representation of corporate Members**

- 12.8 Save where otherwise provided, a corporate Member must act by a duly authorised representative.
- 12.9 A corporate Member wishing to act by a duly authorised representative must identify that person to the Company by notice in writing.
- 12.10 The authorisation may be for any period of time, and must be delivered to the Company before the commencement of the meeting at which it is first used.
- 12.11 The Directors of the Company may require the production of any evidence which they consider necessary to determine the validity of the notice.
- 12.12 Where a duly authorised representative is present at a meeting that Member is deemed to be present in person; and the acts of the duly authorised representative are personal acts of that Member.
- 12.13 A corporate Member may revoke the appointment of a duly authorised representative at any time by notice to the Company; but such revocation will not affect the validity of any acts carried out by the duly authorised representative before the Directors of the Company had actual notice of the revocation.

#### **Member with mental disorder**

- 12.14 A Member in respect of whom an order has been made by any court having jurisdiction (whether in the Cayman Islands or elsewhere) in matters concerning mental disorder may vote, whether on a show of hands or on a poll, by that Member's receiver, *curator bonis* or other person authorised in that behalf appointed by that court.

- 12.15 For the purpose of the preceding Article, evidence to the satisfaction of the Directors of the authority of the person claiming to exercise the right to vote must be received not less than 24 hours before holding the relevant meeting or the adjourned meeting in any manner specified for the delivery of forms of appointment of a proxy, whether in writing or by Electronic means. In default, the right to vote shall not be exercisable.

#### **Objections to admissibility of votes**

- 12.16 An objection to the validity of a person's vote may only be raised at the meeting or at the adjourned meeting at which the vote is sought to be tendered. Any objection duly made shall be referred to the chairman whose decision shall be final and conclusive.

#### **Form of proxy**

- 12.17 An instrument appointing a proxy shall be in any common form or in any other form approved by the Directors.

- 12.18 The instrument must be in writing and signed in one of the following ways:

- (a) by the Member; or
- (b) by the Member's authorised attorney; or
- (c) if the Member is a corporation or other body corporate, under seal or signed by an authorised officer, secretary or attorney.

If the Directors so resolve, the Company may accept an Electronic Record of that instrument delivered in the manner specified below and otherwise satisfying the Articles about authentication of Electronic Records.

- 12.19 The Directors may require the production of any evidence which they consider necessary to determine the validity of any appointment of a proxy.
- 12.20 A Member may revoke the appointment of a proxy at any time by notice to the Company duly signed in accordance with Article 12.18.
- 12.21 No revocation by a Member of the appointment of a proxy made in accordance with Article 12.20 will affect the validity of any acts carried out by the relevant proxy before the Directors of the Company had actual notice of the revocation.

## How and when proxy is to be delivered

12.22 Subject to the following Articles, the Directors may, in the notice convening any meeting or adjourned meeting, or in an instrument of proxy sent out by the Company, specify the manner by which the instrument appointing a proxy shall be deposited and the place and the time (being not later than the time appointed for the commencement of the meeting or adjourned meeting to which the proxy relates) at which the instrument appointing a proxy shall be deposited. In the absence of any such direction from the Directors in the notice convening any meeting or adjourned meeting or in an instrument of proxy sent out by the Company, the form of appointment of a proxy and any authority under which it is signed (or a copy of the authority certified notarially or in any other way approved by the Directors) must be delivered so that it is received by the Company before the time for holding the meeting or adjourned meeting at which the person named in the form of appointment of proxy proposes to vote. They must be delivered in either of the following ways:

- (a) In the case of an instrument in writing, it must be left at or sent by post:
  - (i) to the registered office of the Company; or
  - (ii) to such other place within the Cayman Islands specified in the notice convening the meeting or in any form of appointment of proxy sent out by the Company in relation to the meeting.
- (b) If, pursuant to the notice provisions, a notice may be given to the Company in an Electronic Record, an Electronic Record of an appointment of a proxy must be sent to the address specified pursuant to those provisions unless another address for that purpose is specified:
  - (i) in the notice convening the meeting; or
  - (ii) in any form of appointment of a proxy sent out by the Company in relation to the meeting; or
  - (iii) in any invitation to appoint a proxy issued by the Company in relation to the meeting.
- (c) Notwithstanding Article 12.22(a) and Article 12.22(b), the chairman of the Company may, in any event at his discretion, direct that an instrument of proxy shall be deemed to have been duly deposited.

12.23 Where a poll is taken:

- (a) if it is taken more than seven Clear Days after it is demanded, the form of appointment of a proxy and any accompanying authority (or an Electronic Record of the same) must be delivered in accordance with Article 12.22 before the time appointed for the taking of the poll;

- (b) if it to be taken within seven Clear Days after it was demanded, the form of appointment of a proxy and any accompanying authority (or an Electronic Record of the same) must be delivered in accordance with Article 12.22 before the time appointed for the taking of the poll.

- 12.24 If the form of appointment of proxy is not delivered on time, it is invalid.
- 12.25 When two or more valid but differing appointments of proxy are delivered or received in respect of the same Share for use at the same meeting and in respect of the same matter, the one which is last validly delivered or received (regardless of its date or of the date of its execution) shall be treated as replacing and revoking the other or others as regards that Share. If the Company is unable to determine which appointment was last validly delivered or received, none of them shall be treated as valid in respect of that Share.
- 12.26 The Board may at the expense of the Company send forms of appointment of proxy to the Members by post (that is to say, pre-paying and posting a letter), or by Electronic communication or otherwise (with or without provision for their return by pre-paid post) for use at any general meeting or at any separate meeting of the holders of any class of Shares, either blank or nominating as proxy in the alternative any one or more of the Directors or any other person. If for the purpose of any meeting invitations to appoint as proxy a person or one of a number of persons specified in the invitations are issued at the Company's expense, they shall be issued to all (and not to some only) of the Members entitled to be sent notice of the meeting and to vote at it. The accidental omission to send such a form of appointment or to give such an invitation to, or the non-receipt of such form of appointment by, any Member entitled to attend and vote at a meeting shall not invalidate the proceedings at that meeting

### **Voting by proxy**

- 12.27 A proxy shall have the same voting rights at a meeting or adjourned meeting as the Member would have had except to the extent that the instrument appointing him limits those rights. Notwithstanding the appointment of a proxy, a Member may attend and vote at a meeting or adjourned meeting. If a Member votes on any resolution a vote by his proxy on the same resolution, unless in respect of different Shares, shall be invalid.
- 12.28 The instrument appointing a proxy to vote at a meeting shall be deemed also to confer authority to demand or join in demanding a poll and, for the purposes of Article 11.11, a demand by a person as proxy for a Member shall be the same as a demand by a Member. Such appointment shall not confer any further right to speak at the meeting, except with the permission of the chairman of the meeting.

### **13 Number of Directors**

- 13.1 There shall be a Board consisting of not less than one person provided however that the Company may by Ordinary Resolution increase or reduce the limits in the number of Directors. Unless fixed by Ordinary Resolution, the maximum number of Directors shall be unlimited.



## **14 Appointment, disqualification and removal of Directors**

### **First Directors**

14.1 The first Directors shall be appointed in writing by the subscriber or subscribers to the Memorandum, or a majority of them.

### **No age limit**

14.2 There is no age limit for Directors save that they must be at least eighteen years of age.

### **Corporate Directors**

14.3 Unless prohibited by law, a body corporate may be a Director. If a body corporate is a Director, the Articles about representation of corporate Members at general meetings apply, mutatis mutandis, to the Articles about Directors' meetings.

### **No shareholding qualification**

14.4 Unless a shareholding qualification for Directors is fixed by Ordinary Resolution, no Director shall be required to own Shares as a condition of his appointment.

### **Appointment of Directors**

14.5 A Director may be appointed by Ordinary Resolution or by the Directors. Any appointment may be to fill a vacancy or as an additional Director.

14.6 A remaining Director may appoint a Director even though there is not a quorum of Directors.

14.7 No appointment can cause the number of Directors to exceed the maximum (if one is set); and any such appointment shall be invalid.

14.8 For so long as Shares or ADSs are listed on a Designated Stock Exchange, the Directors shall include at least such number of Independent Directors as applicable law, rules or regulations or the Designated Stock Exchange Rules require as determined by the Board.

### **Board's power to appoint Directors**

14.9 Without prejudice to the Company's power to appoint a person to be a Director pursuant to these Articles, the Board shall have power at any time to appoint any person who is willing to act as a Director, either to fill a vacancy or as an addition to the existing Board, subject to the total number of Directors not exceeding any maximum number fixed by or in accordance with these Articles.

14.10 Any Director so appointed shall, if still a Director, retire at the next annual general meeting after his appointment and be eligible to stand for election as a Director at such meeting.

## **Eligibility**

- 14.11 No person (other than a Director retiring in accordance with these Articles) shall be appointed or re-appointed a Director at any general meeting unless:
- (a) he is recommended by the Board; or
  - (b) not less than seven nor more than forty-two Clear Days before the date appointed for the meeting, a Member (other than the person to be proposed) entitled to vote at the meeting has given to the Company notice of his intention to propose a resolution for the appointment of that person, stating the particulars which would, if he were so appointed, be required to be included in the Company's register of Directors and a notice executed by that person of his willingness to be appointed.

## **Appointment at annual general meeting**

- 14.12 Unless re-appointed pursuant to the provisions of Article 14.5 or removed from office pursuant to the provisions of Article 14.13, each Director shall be appointed for a term expiring at the next-following annual general meeting of the Company. At any such annual general meeting, Directors will be elected by Ordinary Resolution. At each annual general meeting of the Company, each Director elected at such meeting shall be elected to hold office for a one-year term and until the election of their respective successors in office or removal pursuant to Articles 14.5 and 14.13.

## **Removal of Directors**

- 14.13 A Director may be removed by Ordinary Resolution.

## **Resignation of Directors**

- 14.14 A Director may at any time resign office by giving to the Company notice in writing or, if permitted pursuant to the notice provisions, in an Electronic Record delivered in either case in accordance with those provisions.
- 14.15 Unless the notice specifies a different date, the Director shall be deemed to have resigned on the date that the notice is delivered to the Company.

## **Termination of the office of Director**

- 14.16 A Director may retire from office as a Director by giving notice in writing to that effect to the Company at the registered office, which notice shall be effective upon such date as may be specified in the notice, failing which upon delivery to the registered office.

14.17 Without prejudice to the provisions in these Articles for retirement (by rotation or otherwise), a Director's office shall be terminated forthwith if:

- (a) he is prohibited by the law of the Cayman Islands from acting as a Director; or
- (b) he is made bankrupt or makes an arrangement or composition with his creditors generally; or
- (c) he resigns his office by notice to the Company; or
- (d) he only held office as a Director for a fixed term and such term expires; or
- (e) in the opinion of a registered medical practitioner by whom he is being treated he becomes physically or mentally incapable of acting as a Director; or
- (f) he is given notice by the majority of the other Directors (not being less than two in number) to vacate office (without prejudice to any claim for damages for breach of any agreement relating to the provision of the services of such Director); or
- (g) he is made subject to any law relating to mental health or incompetence, whether by court order or otherwise; or
- (h) without the consent of the other Directors, he is absent from meetings of Directors for a continuous period of six months.

## **15 Alternate Directors**

### **Appointment and removal**

- 15.1 Any Director may appoint any other person, including another Director, to act in his place as an alternate Director. No appointment shall take effect until the Director has given notice of the appointment to the Board.
- 15.2 A Director may revoke his appointment of an alternate at any time. No revocation shall take effect until the Director has given notice of the revocation to the Board.
- 15.3 A notice of appointment or removal of an alternate Director shall be effective only if given to the Company by one or more of the following methods:
- (a) by notice in writing in accordance with the notice provisions contained in these Articles;
  - (b) if the Company has a facsimile address for the time being, by sending by facsimile transmission to that facsimile address a facsimile copy or, otherwise, by sending by facsimile transmission to the facsimile address of the Company's registered office a facsimile copy (in either case, the facsimile copy being deemed to be the notice unless Article 29.7 applies), in which event notice shall be taken to be given on the date of an error-free transmission report from the sender's fax machine;

- (c) if the Company has an email address for the time being, by emailing to that email address a scanned copy of the notice as a PDF attachment or, otherwise, by emailing to the email address provided by the Company's registered office a scanned copy of the notice as a PDF attachment (in either case, the PDF version being deemed to be the notice unless Article 29.7 applies), in which event notice shall be taken to be given on the date of receipt by the Company or the Company's registered office (as appropriate) in readable form; or
- (d) if permitted pursuant to the notice provisions, in some other form of approved Electronic Record delivered in accordance with those provisions in writing.

#### **Notices**

15.4 All notices of meetings of Directors shall continue to be given to the appointing Director and not to the alternate.

#### **Rights of alternate Director**

15.5 An alternate Director shall be entitled to attend and vote at any Board meeting or meeting of a committee of the Directors at which the appointing Director is not personally present, and generally to perform all the functions of the appointing Director in his absence. An alternate Director, however, is not entitled to receive any remuneration from the Company for services rendered as an alternate Director.

#### **Appointment ceases when the appointor ceases to be a Director**

15.6 An alternate Director shall cease to be an alternate Director if:

- (a) the Director who appointed him ceases to be a Director; or
- (b) the Director who appointed him revokes his appointment by notice delivered to the Board or to the registered office of the Company or in any other manner approved by the Board; or
- (c) in any event happens in relation to him which, if he were a Director of the Company, would cause his office as Director to be vacated.

#### **Status of alternate Director**

15.7 An alternate Director shall carry out all functions of the Director who made the appointment.

15.8 Save where otherwise expressed, an alternate Director shall be treated as a Director under these Articles.

15.9 An alternate Director is not the agent of the Director appointing him.

15.10 An alternate Director is not entitled to any remuneration for acting as alternate Director.

### **Status of the Director making the appointment**

15.11 A Director who has appointed an alternate is not thereby relieved from the duties which he owes the Company.

## **16 Powers of Directors**

### **Powers of Directors**

16.1 Subject to the provisions of the Law, the Memorandum and these Articles the business of the Company shall be managed by the Directors who may for that purpose exercise all the powers of the Company.

16.2 No prior act of the Directors shall be invalidated by any subsequent alteration of the Memorandum or these Articles. However, to the extent allowed by the Law, Members may, by Special Resolution, validate any prior or future act of the Directors which would otherwise be in breach of their duties.

### **Directors below the minimum number**

16.3 If the number of Directors is less than the minimum prescribed in accordance with these Articles, the remaining Director or Directors shall act only for the purposes of appointing an additional Director or Directors to make up such minimum or of convening a general meeting of the Company for the purpose of making such appointment. If there are no Director or Directors able or willing to act, any two Members may summon a general meeting for the purpose of appointing Directors. Any additional Director so appointed shall hold office (subject to these Articles) only until the dissolution of the annual general meeting next following such appointment unless he is re-elected during such meeting.

### **Appointments to office**

16.4 The Directors may appoint a Director:

- (a) as chairman of the Board;
- (b) as managing Director;
- (c) to any other executive office,

for such period, and on such terms, including as to remuneration as they think fit.

16.5 The appointee must consent in writing to holding that office.

- 16.6 Where a chairman is appointed he shall, unless unable to do so, preside at every meeting of Directors.
- 16.7 If there is no chairman, or if the chairman is unable to preside at a meeting, that meeting may select its own chairman; or the Directors may nominate one of their number to act in place of the chairman should he ever not be available.
- 16.8 Subject to the provisions of the Law, the Directors may also appoint and remove any person, who need not be a Director:
- (a) as Secretary; and
  - (b) to any office that may be required
- for such period and on such terms, including as to remuneration, as they think fit. In the case of an Officer, that Officer may be given any title the Directors decide.
- 16.9 The Secretary or Officer must consent in writing to holding that office.
- 16.10 A Director, Secretary or other Officer of the Company may not hold the office, or perform the services, of auditor.

#### **Provisions for employees**

- 16.11 The Board may make provision for the benefit of any persons employed or formerly employed by the Company or any of its subsidiary undertakings (or any member of his family or any person who is dependent on him) in connection with the cessation or the transfer to any person of the whole or part of the undertaking of the Company or any of its subsidiary undertakings.

#### **Exercise of voting rights**

- 16.12 The Board may exercise the voting power conferred by the Shares in any body corporate held or owned by the Company in such manner in all respects as it thinks fit (including, without limitation, the exercise of that power in favour of any resolution appointing any Director as a Director of such body corporate, or voting or providing for the payment of remuneration to the Directors of such body corporate).

#### **Remuneration**

- 16.13 Every Director may be remunerated by the Company for the services he provides for the benefit of the Company, whether as Director, employee or otherwise, and shall be entitled to be paid for the expenses incurred in the Company's business including attendance at Directors' meetings.

- 16.14 Until otherwise determined by the Company by Ordinary Resolution, the Directors (other than alternate Directors) shall be entitled to such remuneration by way of fees for their services in the office of Director as the Directors may determine.
- 16.15 Remuneration may take any form and may include arrangements to pay pensions, health insurance, death or sickness benefits, whether to the Director or to any other person connected to or related to him.
- 16.16 Unless his fellow Directors determine otherwise, a Director is not accountable to the Company for remuneration or other benefits received from any other company which is in the same group as the Company or which has common shareholdings.

#### **Disclosure of information**

- 16.17 The Directors may release or disclose to a third party any information regarding the affairs of the Company, including any information contained in the register of Members relating to a Member, (and they may authorise any Director, Officer or other authorised agent of the Company to release or disclose to a third party any such information in his possession) if:
- (a) the Company or that person, as the case may be, is lawfully required to do so under the laws of any jurisdiction to which the Company is subject; or
  - (b) such disclosure is in compliance with the Designated Stock Exchange Rules; or
  - (c) such disclosure is in accordance with any contract entered into by the Company; or
  - (d) the Directors are of the opinion such disclosure would assist or facilitate the Company's operations.

#### **17 Delegation of powers**

##### **Power to delegate any of the Directors' powers to a committee**

- 17.1 The Directors may delegate any of their powers to any committee consisting of one or more persons who need not be Members. Persons on the committee may include non-Directors so long as the majority of those persons are Directors. Any such committee shall be made up of such number of Independent Directors as required from time to time by the Designated Stock Exchange Rules or otherwise required by applicable law.
- 17.2 The delegation may be collateral with, or to the exclusion of, the Directors' own powers.
- 17.3 The delegation may be on such terms as the Directors think fit, including provision for the committee itself to delegate to a sub-committee; save that any delegation must be capable of being revoked or altered by the Directors at will.

- 17.4 Unless otherwise permitted by the Directors, a committee must follow the procedures prescribed for the taking of decisions by Directors.
- 17.5 The Board shall establish an audit committee, a compensation committee and a nominating and corporate governance committee. Each of these committees shall be empowered to do all things necessary to exercise the rights of such committee set forth in these Articles. Each of the audit committee, compensation committee and nominating and corporate governance committee shall consist of at least three Directors (or such larger minimum number as may be required from time to time by the Designated Stock Exchange Rules). The majority of the committee members on each of the compensation committee and nominating and corporate governance committee shall be Independent Directors. The audit committee shall be made up of such number of Independent Directors as required from time to time by the Designated Stock Exchange Rules or otherwise required by applicable law.

#### **Local boards**

- 17.6 The Board may establish any local or divisional board or agency for managing any of the affairs of the Company whether in the Cayman Islands or elsewhere and may appoint any persons to be members of a local or divisional Board, or to be managers or agents, and may fix their remuneration.
- 17.7 The Board may delegate to any local or divisional board, manager or agent any of its powers and authorities (with power to sub-delegate) and may authorise the members of any local or divisional board or any of them to fill any vacancies and to act notwithstanding vacancies.
- 17.8 Any appointment or delegation under this Article 17.8 may be made on such terms and subject to such conditions as the Board thinks fit and the Board may remove any person so appointed, and may revoke or vary any delegation.

#### **Power to appoint an agent of the Company**

- 17.9 The Directors may appoint any person, either generally or in respect of any specific matter, to be the agent of the Company with or without authority for that person to delegate all or any of that person's powers. The Directors may make that appointment:
- (a) by causing the Company to enter into a power of attorney or agreement; or
  - (b) in any other manner they determine.



### **Power to appoint an attorney or authorised signatory of the Company**

17.10 The Directors may appoint any person, whether nominated directly or indirectly by the Directors, to be the attorney or the authorised signatory of the Company. The appointment may be:

- (a) for any purpose;
- (b) with the powers, authorities and discretions;
- (c) for the period; and
- (d) subject to such conditions

as they think fit. The powers, authorities and discretions, however, must not exceed those vested in, or exercisable, by the Directors under these Articles. The Directors may do so by power of attorney or any other manner they think fit.

17.11 Any power of attorney or other appointment may contain such provision for the protection and convenience for persons dealing with the attorney or authorised signatory as the Directors think fit. Any power of attorney or other appointment may also authorise the attorney or authorised signatory to delegate all or any of the powers, authorities and discretions vested in that person.

17.12 The Board may remove any person appointed under Article 17.10 and may revoke or vary the delegation.

### **Borrowing Powers**

17.13 The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and assets both present and future and uncalled capital, or any part thereof, and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or its parent undertaking (if any) or any subsidiary undertaking of the Company or of any third party.

### **Corporate Governance**

17.14 The Board may, from time to time, and except as required by applicable law or the Designated Stock Exchange Rules, adopt, institute, amend, modify or revoke the corporate governance policies or initiatives of the Company, which shall be intended to set forth the guiding principles and policies of the Company and the Board on various corporate governance related matters as the Board shall determine by resolution from time to time.

## **18 Meetings of Directors**

### **Regulation of Directors' meetings**

18.1 Subject to the provisions of these Articles, the Directors may regulate their proceedings as they think fit.

### **Calling meetings**

18.2 Any Director may call a meeting of Directors at any time. The Secretary must call a meeting of the Directors if requested to do so by a Director.

**Notice of meetings**

- 18.3 Notice of a Board meeting may be given to a Director personally or by word of mouth or given in writing or by Electronic communications at such address as he may from time to time specify for this purpose (or, if he does not specify an address, at his last known address). A Director may waive his right to receive notice of any meeting either prospectively or retrospectively.

**Use of technology**

- 18.4 A Director may participate in a meeting of Directors through the medium of conference telephone, video or any other form of communications equipment providing all persons participating in the meeting are able to hear and speak to each other throughout the meeting.
- 18.5 A Director participating in this way is deemed to be present in person at the meeting.

**Quorum**

- 18.6 The quorum for the transaction of business at a meeting of Directors shall be two unless the Directors fix some other number.

**Chairman or deputy to preside**

- 18.7 The Board may appoint a chairman and one or more deputy chairman or chairmen and may at any time revoke any such appointment.
- 18.8 The chairman, or failing him any deputy chairman (the longest in office taking precedence if more than one is present), shall preside at all Board meetings. If no chairman or deputy chairman has been appointed, or if he is not present within five minutes after the time fixed for holding the meeting, or is unwilling to act as chairman of the meeting, the Directors present shall choose one of their number to act as chairman of the meeting.

**Voting**

- 18.9 A question which arises at a Board meeting shall be decided by a majority of votes. If votes are equal the chairman may, if he wishes, exercise a casting vote.

**Recording of dissent**

- 18.10 A Director present at a meeting of Directors shall be presumed to have assented to any action taken at that meeting unless:
- (a) his dissent is entered in the minutes of the meeting; or
  - (b) he has filed with the meeting before it is concluded signed dissent from that action; or
  - (c) he has forwarded to the Company as soon as practical following the conclusion of that meeting signed dissent.

A Director who votes in favour of an action is not entitled to record his dissent to it.

### **Written resolutions**

- 18.11 The Directors may pass a resolution in writing without holding a meeting if all Directors sign a document or sign several documents in the like form each signed by one or more of those Directors.
- 18.12 A written resolution signed by a validly appointed alternate Director need not also be signed by the appointing Director.
- 18.13 A written resolution signed personally by the appointing Director need not also be signed by his alternate.
- 18.14 A resolution in writing passed pursuant to Article 18.11, Article 18.12 and/or Article 18.13 shall be as effective as if it had been passed at a meeting of the Directors duly convened and held; and it shall be treated as having been passed on the day and at the time that the last Director signs (and for the avoidance of doubt, such day may or may not be a Business Day).

### **Validity of acts of Directors in spite of formal defect**

- 18.15 All acts done by a meeting of the Board, or of a committee of the Board, or by any person acting as a Director or an alternate Director, shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any Director or alternate Director or member of the committee, or that any of them were disqualified or had vacated office or were not entitled to vote, be as valid as if every such person had been duly appointed and qualified and had continued to be a Director or alternate Director and had been entitled to vote.

### **19 Permissible Directors' interests and disclosure**

- 19.1 A Director shall not, as a Director, vote in respect of any contract, transaction, arrangement or proposal in which he has an interest which (together with any interest of any person connected with him) is a material interest (otherwise than by virtue of his interests, direct or indirect, in Shares or debentures or other securities of, or otherwise in or through, the Company) and if he shall do so his vote shall not be counted, nor in relation thereto shall he be counted in the quorum present at the meeting, but (in the absence of some other material interest than is mentioned below) none of these prohibitions shall apply to:
- (a) the giving of any security, guarantee or indemnity in respect of:
    - (i) money lent or obligations incurred by him or by any other person for the benefit of the Company or any of its subsidiaries; or
    - (ii) a debt or obligation of the Company or any of its subsidiaries for which the Director himself has assumed responsibility in whole or in part and whether alone or jointly with others under a guarantee or indemnity or by the giving of security;

- (b) where the Company or any of its subsidiaries is offering securities in which offer the Director is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which the Director is to or may participate;
- (c) any contract, transaction, arrangement or proposal affecting any other body corporate in which he is interested, directly or indirectly and whether as an officer, shareholder, creditor or otherwise howsoever, provided that he (together with persons connected with him) does not to his knowledge hold an interest representing one per cent or more of any class of the equity share capital of such body corporate (or of any third body corporate through which his interest is derived) or of the voting rights available to members of the relevant body corporate (any such interest being deemed for the purposes of this Article 19.1 to be a material interest in all circumstances);
- (d) any act or thing done or to be done in respect of any arrangement for the benefit of the employees of the Company or any of its subsidiaries under which he is not accorded as a Director any privilege or advantage not generally accorded to the employees to whom such arrangement relates; or
- (e) any matter connected with the purchase or maintenance for any Director of insurance against any liability or (to the extent permitted by the Law) indemnities in favour of Directors, the funding of expenditure by one or more Directors in defending proceedings against him or them or the doing of any thing to enable such Director or Directors to avoid incurring such expenditure.

19.2 A Director may, as a Director, vote (and be counted in the quorum) in respect of any contract, transaction, arrangement or proposal in which he has an interest which is not a material interest or which falls within Article 19.1.

## **20 Minutes**

20.1 The Company shall cause minutes to be made in books of:

- (a) all appointments of Officers and committees made by the Board and of any such Officer's remuneration; and
- (b) the names of Directors present at every meeting of the Directors, a committee of the Board, the Company or the holders of any class of shares or debentures, and all orders, resolutions and proceedings of such meetings.

20.2 Any such minutes, if purporting to be signed by the chairman of the meeting at which the proceedings were held or by the chairman of the next succeeding meeting or the Secretary, shall be prima facie evidence of the matters stated in them.

## **21 Accounts and audit**

21.1 The Directors must ensure that proper accounting and other records are kept, and that accounts and associated reports are distributed in accordance with the requirements of the Law.

21.2 The books of account shall be kept at the registered office of the Company and shall always be open to inspection by the Directors. No Member (other than a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by the Law or as authorised by the Directors or by Ordinary Resolution.

21.3 Unless the Directors otherwise prescribe, the financial year of the Company shall end on 30 June in each year and begin on 1 July in each year.

## **Auditors**

21.4 The Directors may appoint an Auditor of the Company who shall hold office on such terms as the Directors determine.

21.5 At any general meeting convened and held at any time in accordance with these Articles, the Members may, by Ordinary Resolution, remove the Auditor before the expiration of his term of office. If they do so, the Members shall, by Ordinary Resolution, at that meeting appoint another Auditor in his stead for the remainder of his term.

21.6 The Auditors shall examine such books, accounts and vouchers; as may be necessary for the performance of their duties.

21.7 The Auditors shall, if so requested by the Directors, make a report on the accounts of the Company during their tenure of office at the next annual general meeting following their appointment, and at any time during their term of office, upon request of the Directors or any general meeting of the Company.

## **22 Record dates**

22.1 Except to the extent of any conflicting rights attached to Shares, the resolution declaring a dividend on Shares of any class, whether it be an Ordinary Resolution of the Members or a Director's resolution, may specify that the dividend is payable or distributable to the persons registered as the holders of those Shares at the close of business on a particular date, notwithstanding that the date may be a date prior to that on which the resolution is passed.

22.2 If the resolution does so specify, the dividend shall be payable or distributable to the persons registered as the holders of those Shares at the close of business on the specified date in accordance with their respective holdings so registered, but without prejudice to the rights *inter se* in respect of the dividend of transferors and transferees of any of those Shares.

22.3 The provisions of this Article apply, *mutatis mutandis*, to bonuses, capitalisation issues, distributions of realised capital profits or offers or grants made by the Company to the Members.

## **23 Dividends**

### **Source of dividends**

- 23.1 Dividends may be declared and paid out of any funds of the Company lawfully available for distribution.
- 23.2 Subject to the requirements of the Law regarding the application of a company's Share premium account and with the sanction of an Ordinary Resolution, dividends may also be declared and paid out of any share premium account.

### **Declaration of dividends by Members**

- 23.3 Subject to the provisions of the Law, the Company may by Ordinary Resolution declare dividends in accordance with the respective rights of the Members but no dividend shall exceed the amount recommended by the Directors.

### **Payment of interim dividends and declaration of final dividends by Directors**

- 23.4 The Directors may declare and pay interim dividends or recommend final dividends in accordance with the respective rights of the Members if it appears to them that they are justified by the financial position of the Company and that such dividends may lawfully be paid.
- 23.5 Subject to the provisions of the Law, in relation to the distinction between interim dividends and final dividends, the following applies:
- (a) Upon determination to pay a dividend or dividends described as interim by the Directors in the dividend resolution, no debt shall be created by the declaration until such time as payment is made.
  - (b) Upon declaration of a dividend or dividends described as final by the Directors in the dividend resolution, a debt shall be created immediately following the declaration, the due date to be the date the dividend is stated to be payable in the resolution.

If the resolution fails to specify whether a dividend is final or interim, it shall be assumed to be interim.

23.6 In relation to Shares carrying differing rights to dividends or rights to dividends at a fixed rate, the following applies:

- (a) If the share capital is divided into different classes, the Directors may pay dividends on Shares which confer deferred or non-preferred rights with regard to dividends as well as on Shares which confer preferential rights with regard to dividends but no dividend shall be paid on Shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrears.
- (b) The Directors may also pay, at intervals settled by them, any dividend payable at a fixed rate if it appears to them that there are sufficient funds of the Company lawfully available for distribution to justify the payment.
- (c) If the Directors act in good faith, they shall not incur any liability to the Members holding Shares conferring preferred rights for any loss those Members may suffer by the lawful payment of the dividend on any Shares having deferred or non-preferred rights.

#### **Apportionment of dividends**

23.7 Except as otherwise provided by the rights attached to Shares all dividends shall be declared and paid according to the amounts Paid Up on the Shares on which the dividend is paid. All dividends shall be apportioned and paid proportionately to the amount Paid Up on the Shares during the time or part of the time in respect of which the dividend is paid. But if a Share is issued on terms providing that it shall rank for dividend as from a particular date, that Share shall rank for dividend accordingly.

#### **Right of set off**

23.8 The Directors may deduct from a dividend or any other amount payable to a person in respect of a Share any amount due by that person to the Company on a call or otherwise in relation to a Share.

#### **Power to pay other than in cash**

23.9 If the Directors so determine, any resolution declaring a dividend may direct that it shall be satisfied wholly or partly by the distribution of assets. If a difficulty arises in relation to the distribution, the Directors may settle that difficulty in any way they consider appropriate. For example, they may do any one or more of the following:

- (a) issue fractional Shares;
- (b) fix the value of assets for distribution and make cash payments to some Members on the footing of the value so fixed in order to adjust the rights of Members; and
- (c) vest some assets in trustees.

### **How payments may be made**

- 23.10 A dividend or other monies payable on or in respect of a Share may be paid in any of the following ways:
- (a) if the Member holding that Share or other person entitled to that Share nominates a bank account for that purpose - by wire transfer to that bank account; or
  - (b) by cheque or warrant sent by post to the registered address of the Member holding that Share or other person entitled to that Share.
- 23.11 For the purposes of Article 23.10(a), the nomination may be in writing or in an Electronic Record and the bank account nominated may be the bank account of another person. For the purposes of Article 23.10(b), subject to any applicable law or regulation, the cheque or warrant shall be made to the order of the Member holding that Share or other person entitled to the Share or to his nominee, whether nominated in writing or in an Electronic Record, and payment of the cheque or warrant shall be a good discharge to the Company.
- 23.12 If two or more persons are registered as the holders of the Share or are jointly entitled to it by reason of the death or bankruptcy of the registered holder (**Joint Holders**), a dividend (or other amount) payable on or in respect of that Share may be paid as follows:
- (a) to the registered address of the Joint Holder of the Share who is named first on the register of Members or to the registered address of the deceased or bankrupt holder, as the case may be; or
  - (b) to the address or bank account of another person nominated by the Joint Holders, whether that nomination is in writing or in an Electronic Record.
- 23.13 Any Joint Holder of a Share may give a valid receipt for a dividend (or other amount) payable in respect of that Share.

### **Dividends or other monies not to bear interest in absence of special rights**

- 23.14 Unless provided for by the rights attached to a Share, no dividend or other monies payable by the Company in respect of a Share shall bear interest.

### **Dividends unable to be paid or unclaimed**

- 23.15 If a dividend cannot be paid to a Member or remains unclaimed within six weeks after it was declared or both, the Directors may pay it into a separate account in the Company's name. If a dividend is paid into a separate account, the Company shall not be constituted trustee in respect of that account and the dividend shall remain a debt due to the Member.
- 23.16 A dividend that remains unclaimed for a period of six years after it became due for payment shall be forfeited to, and shall cease to remain owing by, the Company.



## 24 Capitalisation of profits

### Capitalisation of profits or of any share premium account or capital redemption reserve;

24.1 The Directors may resolve to capitalise:

- (a) any part of the Company's profits not required for paying any preferential dividend (whether or not those profits are available for distribution); or
- (b) any sum standing to the credit of the Company's share premium account or capital redemption reserve, if any.

24.2 The amount resolved to be capitalised must be appropriated to the Members who would have been entitled to it had it been distributed by way of dividend and in the same proportions. The benefit to each Member so entitled must be given in either or both of the following ways::

- (a) by paying up the amounts unpaid on that Member's Shares;
- (b) by issuing Fully Paid Up Shares, debentures or other securities of the Company to that Member or as that Member directs. The Directors may resolve that any Shares issued to the Member in respect of Partly Paid Up Shares (**Original Shares**) rank for dividend only to the extent that the Original Shares rank for dividend while those Original Shares remain Partly Paid Up.

### Applying an amount for the benefit of Members

24.3 The amount capitalised must be applied to the benefit of Members in the proportions to which the Members would have been entitled to dividends if the amount capitalised had been distributed as a dividend.

24.4 Subject to the Law, if a fraction of a Share, a debenture or other security is allocated to a Member, the Directors may issue a fractional certificate to that Member or pay him the cash equivalent of the fraction.

## 25 Share Premium Account

### Directors to maintain share premium account

25.1 The Directors shall establish a share premium account in accordance with the Law. They shall carry to the credit of that account from time to time an amount equal to the amount or value of the premium paid on the issue of any Share or capital contributed or such other amounts required by the Law.

### Debits to share premium account

25.2 The following amounts shall be debited to any share premium account:

- (a) on the redemption or purchase of a Share, the difference between the nominal value of that Share and the redemption or purchase price; and
- (b) any other amount paid out of a share premium account as permitted by the Law.

25.3 Notwithstanding the preceding Article, on the redemption or purchase of a Share, the Directors may pay the difference between the nominal value of that Share and the redemption purchase price out of the profits of the Company or, as permitted by the Law, out of capital.

## **26 Seal**

### **Company seal**

26.1 The Company may have a seal if the Directors so determine.

### **Duplicate seal**

26.2 Subject to the provisions of the Law, the Company may also have a duplicate seal or seals for use in any place or places outside the Cayman Islands. Each duplicate seal shall be a facsimile of the original seal of the Company. However, if the Directors so determine, a duplicate seal shall have added on its face the name of the place where it is to be used.

### **When and how seal is to be used**

26.3 A seal may only be used by the authority of the Directors. Unless the Directors otherwise determine, a document to which a seal is affixed must be signed in one of the following ways:

- (a) by a Director (or his alternate) and the Secretary; or
- (b) by a single Director (or his alternate).

### **If no seal is adopted or used**

26.4 If the Directors do not adopt a seal, or a seal is not used, a document may be executed in the following manner:

- (a) by a Director (or his alternate) and the Secretary; or
- (b) by a single Director (or his alternate); or
- (c) in any other manner permitted by the Law.

### **Power to allow non-manual signatures and facsimile printing of seal**

26.5 The Directors may determine that either or both of the following applies:

- (a) that the seal or a duplicate seal need not be affixed manually but may be affixed by some other method or system of reproduction;
- (b) that a signature required by these Articles need not be manual but may be a mechanical or Electronic Signature.

## Validity of execution

26.6 If a document is duly executed and delivered by or on behalf of the Company, it shall not be regarded as invalid merely because, at the date of the delivery, the Secretary, or the Director, or other Officer or person who signed the document or affixed the seal for and on behalf of the Company ceased to be the Secretary or hold that office and authority on behalf of the Company.

## 27 Indemnity

27.1 To the extent permitted by law, the Company shall indemnify each existing or former Director (including alternate Director), Secretary and other Officer of the Company (including an investment adviser or an administrator or liquidator) and their personal representatives against:

- (a) all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by the existing or former Director (including alternate Director), Secretary or Officer in or about the conduct of the Company's business or affairs or in the execution or discharge of the existing or former Director's (including alternate Director's), Secretary's or Officer's duties, powers, authorities or discretions; and
- (b) without limitation to paragraph (a), all costs, expenses, losses or liabilities incurred by the existing or former Director (including alternate Director), Secretary or Officer in defending (whether successfully or otherwise) any civil, criminal, administrative or investigative proceedings (whether threatened, pending or completed) concerning the Company or its affairs in any court or tribunal, whether in the Cayman Islands or elsewhere.

No such existing or former Director (including alternate Director), Secretary or Officer, however, shall be indemnified in respect of any matter arising out of his own dishonesty.

27.2 To the extent permitted by Law, the Company may make a payment, or agree to make a payment, whether by way of advance, loan or otherwise, for any legal costs incurred by an existing or former Director (including alternate Director), Secretary or Officer of the Company in respect of any matter identified in Article 27.1 on condition that the Director (including alternate Director), Secretary or Officer must repay the amount paid by the Company to the extent that it is ultimately found not liable to indemnify the Director (including alternate Director), Secretary or that Officer for those legal costs.

## **Release**

27.3 To the extent permitted by Law, the Company may by Special Resolution release any existing or former Director (including alternate Director), Secretary or other Officer of the Company from liability for any loss or damage or right to compensation which may arise out of or in connection with the execution or discharge of the duties, powers, authorities or discretions of his office; but there may be no release from liability arising out of or in connection with that person's own dishonesty.

## **Insurance**

27.4 To the extent permitted by Law, the Company may pay, or agree to pay, a premium in respect of a contract insuring each of the following persons against risks determined by the Directors, other than liability arising out of that person's own dishonesty:

- (a) an existing or former Director (including alternate Director), Secretary or Officer or auditor of:
  - (i) the Company;
  - (ii) a company which is or was a subsidiary of the Company;
  - (iii) a company in which the Company has or had an interest (whether direct or indirect); and
- (b) a trustee of an employee or retirement benefits scheme or other trust in which any of the persons referred to in paragraph (a) is or was interested.

## **28 Notices**

### **Form of notices**

28.1 Save where these Articles provide otherwise, and subject to the Designated Stock Exchange Rules, any notice to be given to or by any person pursuant to these Articles shall be:

- (a) in writing signed by or on behalf of the giver in the manner set out below for written notices; or
- (b) subject to the next Article, in an Electronic Record signed by or on behalf of the giver by Electronic Signature and authenticated in accordance with Articles about authentication of Electronic Records; or
- (c) where these Articles expressly permit, by the Company by means of a website.

## Electronic communications

28.2 A notice may only be given to the Company in an Electronic Record if:

- (a) the Directors so resolve;
- (b) the resolution states how an Electronic Record may be given and, if applicable, specifies an email address for the Company; and
- (c) the terms of that resolution are notified to the Members for the time being and, if applicable, to those Directors who were absent from the meeting at which the resolution was passed.

If the resolution is revoked or varied, the revocation or variation shall only become effective when its terms have been similarly notified.

28.3 A notice may not be given by Electronic Record to a person other than the Company unless the recipient has notified the giver of an Electronic address to which notice may be sent.

28.4 Subject to the Law, the Designated Stock Exchange Rules and to any other rules which the Company is bound to follow, the Company may also send any notice or other document pursuant to these Articles to a Member by publishing that notice or other document on a website where:

- (a) the Company and the Member have agreed to his having access to the notice or document on a website (instead of it being sent to him);
- (b) the notice or document is one to which that agreement applies;
- (c) the Member is notified (in accordance with any requirements laid down by the Law and, in a manner for the time being agreed between him and the Company for the purpose) of:
  - (i) the publication of the notice or document on a website;
  - (ii) the address of that website; and
  - (iii) the place on that website where the notice or document may be accessed, and how it may be accessed; and
- (d) the notice or document is published on that website throughout the publication period, provided that, if the notice or document is published on that website for a part, but not all of, the publication period, the notice or document shall be treated as being published throughout that period if the failure to publish that notice or document throughout that period is wholly attributable to circumstances which it would not be reasonable to have expected the Company to prevent or avoid. For the purposes of this Article 28.4 “publication period” means a period of not less than twenty-one days, beginning on the day on which the notification referred to in Article 28.4(c) is deemed sent.

**Persons entitled to notices**

- 28.5 Any notice or other document to be given to a Member may be given by reference to the register of Members as it stands at any time within the period of twenty-one days before the day that the notice is given or (where and as applicable) within any other period permitted by, or in accordance with the requirements of, (to the extent applicable) the Designated Stock Exchange Rules and/or the Designated Stock Exchanges. No change in the register of Members after that time shall invalidate the giving of such notice or document or require the Company to give such item to any other person.

**Persons authorised to give notices**

- 28.6 A notice by either the Company or a Member pursuant to these Articles may be given on behalf of the Company or a Member by a Director or company secretary of the Company or a Member.

**Delivery of written notices**

- 28.7 Save where these Articles provide otherwise, a notice in writing may be given personally to the recipient, or left at (as appropriate) the Member's or Director's registered address or the Company's registered office, or posted to that registered address or registered office.

**Joint holders**

- 28.8 Where Members are joint holders of a Share, all notices shall be given to the Member whose name first appears in the register of Members.

**Signatures**

- 28.9 A written notice shall be signed when it is autographed by or on behalf of the giver, or is marked in such a way as to indicate its execution or adoption by the giver.
- 28.10 An Electronic Record may be signed by an Electronic Signature.

**Evidence of transmission**

- 28.11 A notice given by Electronic Record shall be deemed sent if an Electronic Record is kept demonstrating the time, date and content of the transmission, and if no notification of failure to transmit is received by the giver.
- 28.12 A notice given in writing shall be deemed sent if the giver can provide proof that the envelope containing the notice was properly addressed, pre-paid and posted, or that the written notice was otherwise properly transmitted to the recipient.
- 28.13 A Member present, either in person or by proxy, at any meeting of the Company or of the holders of any class of Shares shall be deemed to have received due notice of the meeting and, where requisite, of the purposes for which it was called.

**Giving notice to a deceased or bankrupt Member**

- 28.14 A notice may be given by the Company to the persons entitled to a Share in consequence of the death or bankruptcy of a Member by sending or delivering it, in any manner authorised by these Articles for the giving of notice to a Member, addressed to them by name, or by the title of representatives of the deceased, or trustee of the bankrupt or by any like description, at the address, if any, supplied for that purpose by the persons claiming to be so entitled.
- 28.15 Until such an address has been supplied, a notice may be given in any manner in which it might have been given if the death or bankruptcy had not occurred.

**Date of giving notices**

- 28.16 A notice is given on the date identified in the following table

<b>Method for giving notices</b>	<b>When taken to be given</b>
(A) Personally	At the time and date of delivery
(B) By leaving it at the Member's registered address	At the time and date it was left
(C) By posting it by prepaid post to the street or postal address of that recipient	48 hours after the date it was posted
(D) By Electronic Record (other than publication on a website), to recipient's Electronic address	48 hours after the date it was sent
(E) By publication on a website	24 hours after the date on which the Member is deemed to have been notified of the publication of the notice or document on the website

**Saving provision**

- 28.17 None of the preceding notice provisions shall derogate from the Articles about the delivery of written resolutions of Directors and written resolutions of Members.

## 29 Authentication of Electronic Records

### Application of Articles

29.1 Without limitation to any other provision of these Articles, any notice, written resolution or other document under these Articles that is sent by Electronic means by a Member, or by the Secretary, or by a Director or other Officer of the Company, shall be deemed to be authentic if either Article 29.2 or Article 29.4 applies.

### Authentication of documents sent by Members by Electronic means

29.2 An Electronic Record of a notice, written resolution or other document sent by Electronic means by or on behalf of one or more Members shall be deemed to be authentic if the following conditions are satisfied:

- (a) the Member or each Member, as the case may be, signed the original document, and for this purpose **Original Document** includes several documents in like form signed by one or more of those Members; and
- (b) the Electronic Record of the Original Document was sent by Electronic means by, or at the direction of, that Member to an address specified in accordance with these Articles for the purpose for which it was sent; and
- (c) Article 29.7 does not apply.

29.3 For example, where a sole Member signs a resolution and sends the Electronic Record of the original resolution, or causes it to be sent, by facsimile transmission to the address in these Articles specified for that purpose, the facsimile copy shall be deemed to be the written resolution of that Member unless Article 28.7 applies.

### Authentication of document sent by the Secretary or Officers of the Company by Electronic means

29.4 An Electronic Record of a notice, written resolution or other document sent by or on behalf of the Secretary or an Officer or Officers of the Company shall be deemed to be authentic if the following conditions are satisfied:

- (a) the Secretary or the Officer or each Officer, as the case may be, signed the original document, and for this purpose **Original Document** includes several documents in like form signed by the Secretary or one or more of those Officers; and
- (b) the Electronic Record of the Original Document was sent by Electronic means by, or at the direction of, the Secretary or that Officer to an address specified in accordance with these Articles for the purpose for which it was sent; and
- (c) Article 29.7 does not apply.

This Article 29.4 applies whether the document is sent by or on behalf of the Secretary or Officer in his own right or as a representative of the Company.



29.5 For example, where a sole Director signs a resolution and scans the resolution, or causes it to be scanned, as a PDF version which is attached to an email sent to the address in these Articles specified for that purpose, the PDF version shall be deemed to be the written resolution of that Director unless Article 29.7 applies.

#### **Manner of signing**

29.6 For the purposes of these Articles about the authentication of Electronic Records, a document will be taken to be signed if it is signed manually or in any other manner permitted by these Articles.

#### **Saving provision**

29.7 A notice, written resolution or other document under these Articles will not be deemed to be authentic if the recipient, acting reasonably:

- (a) believes that the signature of the signatory has been altered after the signatory had signed the original document; or
- (b) believes that the original document, or the Electronic Record of it, was altered, without the approval of the signatory, after the signatory signed the original document; or
- (c) otherwise doubts the authenticity of the Electronic Record of the document

and the recipient promptly gives notice to the sender setting the grounds of its objection. If the recipient invokes this Article, the sender may seek to establish the authenticity of the Electronic Record in any way the sender thinks fit.

### **30 Transfer by way of continuation**

30.1 The Company may, by Special Resolution, resolve to be registered by way of continuation in a jurisdiction outside:

- (a) the Cayman Islands; or
- (b) such other jurisdiction in which it is, for the time being, incorporated, registered or existing.

30.2 To give effect to any resolution made pursuant to the preceding Article, the Directors may cause the following:

- (a) an application be made to the Registrar of Companies of the Cayman Islands to deregister the Company in the Cayman Islands or in the other jurisdiction in which it is for the time being incorporated, registered or existing; and
- (b) all such further steps as they consider appropriate to be taken to effect the transfer by way of continuation of the Company.

## **31 Winding up**

### **Distribution of assets in specie**

- 31.1 If the Company is wound up the Members may, subject to these Articles and any other sanction required by the Law, pass a Special Resolution allowing the liquidator to do either or both of the following:
- (a) to divide in specie among the Members the whole or any part of the assets of the Company and, for that purpose, to value any assets and to determine how the division shall be carried out as between the Members or different classes of Members; and/or
  - (b) to vest the whole or any part of the assets in trustees for the benefit of Members and those liable to contribute to the winding up.

### **No obligation to accept liability**

- 31.2 No Member shall be compelled to accept any assets if an obligation attaches to them.
- 31.3 The Directors are authorised to present a winding up petition
- 31.4 The Directors have the authority to present a petition for the winding up of the Company to the Grand Court of the Cayman Islands on behalf of the Company without the sanction of a resolution passed at a general meeting.

## **32 Amendment of Memorandum and Articles**

### **Power to change name or amend Memorandum**

- 32.1 Subject to the Law, the Company may, by Special Resolution:
- (a) change its name; or
  - (b) change the provisions of its Memorandum with respect to its objects, powers or any other matter specified in the Memorandum.

### **Power to amend these Articles**

- 32.2 Subject to the Law and as provided in these Articles, the Company may, by Special Resolution, amend these Articles in whole or in part.

Description of Securities registered under  
Section 12 of the Exchange Act of 1934, as amended

The following securities are registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
<b>Class A Ordinary Share, par value US\$0.0005 per share</b>	<b>GSUN</b>	<b>NASDAQ Capital Market</b>

The following description of our share capital and provisions of our amended and restated memorandum and articles of association, as amended from time to time, are summaries and do not purport to be complete. Reference is made to our amended and restated memorandum and articles of association, copies of which are filed as an exhibit to the registration statement of which this prospectus is a part (and which is referred to in this section as, respectively, the “memorandum” and the “articles”).

We were incorporated as an exempted company with limited liability under the Companies Act (2021 Revision) of the Cayman Islands, or the “Cayman Companies Act,” on September 20, 2018. A Cayman Islands exempted company:

- is a company that conducts its business mainly outside the Cayman Islands;
- is prohibited from trading in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the exempted company carried on outside the Cayman Islands (and for this purpose can effect and conclude contracts in the Cayman Islands and exercise in the Cayman Islands all of its powers necessary for the carrying on of its business outside the Cayman Islands);
- does not have to hold an annual general meeting;
- does not have to make its register of members open to inspection by shareholders of that company;
- may obtain an undertaking against the imposition of any future taxation;
- may register by way of continuation in another jurisdiction and be deregistered in the Cayman Islands;
- may register as a limited duration company; and
- may register as a segregated portfolio company.

### Ordinary Shares

Our authorized share capital is \$50,000 divided into 90,000,000 Class A Ordinary Shares, par value \$0.0005 per share and 10,000,000 Class B Ordinary Shares par value \$0.0005 per share. All of our issued and outstanding Ordinary Shares are fully paid and non-assessable. Our Ordinary Shares are issued in registered form, and are issued when registered in our register of members. Unless the board of directors determine otherwise, each holder of our Ordinary Shares will not receive a certificate in respect of such Ordinary Shares. Our shareholders who are non-residents of the Cayman Islands may freely hold and vote their Ordinary Shares. We may not issue shares or warrants to bearer.

Subject to the provisions of the Cayman Companies Act and our articles regarding redemption and purchase of the shares, the directors have general and unconditional authority to allot (with or without confirming rights of renunciation), grant options over or otherwise deal with any unissued shares to such persons, at such times and on such terms and conditions as they may decide. Such authority could be exercised by the directors to allot shares which carry rights and privileges that are preferential to the rights attaching to Ordinary Shares. No share may be issued at a discount except in accordance with the provisions of the Cayman Companies Act. The directors may refuse to accept any application for shares, and may accept any application in whole or in part, for any reason or for no reason.

### **Transfer Agent and Registrar**

The transfer agent and registrar for our Class A Ordinary Shares is Transshare Corporation, at 17755 US Hwy 19 N, Clearwater, FL 33764.

### **Dividends**

Subject to the provisions of the Cayman Companies Act and any rights attaching to any class or classes of shares under and in accordance with the articles:

- (a) the directors may declare dividends or distributions out of our funds which are lawfully available for that purpose; and
- (b) our shareholders may, by ordinary resolution, declare dividends but no such dividend shall exceed the amount recommended by the directors.

Subject to the requirements of the Cayman Companies Act regarding the application of a company's share premium account and with the sanction of an ordinary resolution, dividends may also be declared and paid out of any share premium account. The directors when paying dividends to shareholders may make such payment either in cash or in specie.

Unless provided by the rights attached to a share, no dividend shall bear interest.

### **Voting Rights**

Subject to any rights or restrictions as to voting attached to any shares, unless any share carries special voting rights, on a show of hands every shareholder who is present in person and every person representing a shareholder by proxy shall have one vote per Ordinary Share. Each holder of Ordinary Shares shall, on a poll, be entitled to one vote for each Ordinary Share he or she holds save that each holder of Class B Ordinary Shares shall, on a poll, be entitled to exercise five (5) votes for each Class B Ordinary Share he or she holds on any and all matters. In addition, all shareholders holding shares of a particular class are entitled to vote at a meeting of the holders of that class of shares. Votes may be given either personally or by proxy.

### **Variation of Rights of Shares**

Whenever our capital is divided into different classes of shares, the rights attaching to any class of share (unless otherwise provided by the terms of issue of the shares of that class) may be varied either with the consent in writing of the holders of not less than two-thirds of the issued shares of that class, or with the sanction of a resolution passed by a majority of not less than two-thirds of the holders of shares of the class present in person or by proxy at a separate general meeting of the holders of shares of that class.

Unless the terms on which a class of shares was issued state otherwise, the rights conferred on the shareholder holding shares of any class shall not be deemed to be varied by the creation or issue of further shares ranking *pari passu* with the existing shares of that class.

### **Alteration of Share Capital**

Subject to the Cayman Companies Act, we may, by ordinary resolution:

- (a) increase our share capital by new shares of the amount fixed by that ordinary resolution and with the attached rights, priorities and privileges set out in that ordinary resolution;
- (b) consolidate and divide all or any of our share capital into shares of larger amount than our existing shares;
- (c) convert all or any of our paid up shares into stock, and reconvert that stock into paid up shares of any denomination;

- (d) sub-divide our shares or any of them into shares of an amount smaller than that fixed, so, however, that in the sub-division, the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in case of the share from which the reduced share is derived; and
- (e) cancel shares which, at the date of the passing of that ordinary resolution, have not been taken or agreed to be taken by any person and diminish the amount of our share capital by the amount of the shares so cancelled or, in the case of shares without nominal par value, diminish the number of shares into which our capital is divided.

Subject to the Cayman Companies Act and to any rights for the time being conferred on the shareholders holding a particular class of shares, we may, by special resolution, reduce our share capital in any way.

#### **Calls on Shares and Forfeiture**

Subject to the terms of allotment, the directors may make calls on the shareholders in respect of any monies unpaid on their shares including any premium and each shareholder shall (subject to receiving at least 14 clear days' notice specifying when and where payment is to be made), pay to us the amount called on his shares. Shareholders registered as the joint holders of a share shall be jointly and severally liable to pay all calls in respect of the share. If a call remains unpaid after it has become due and payable the person from whom it is due and payable shall pay interest on the amount unpaid from the day it became due and payable until it is paid at the rate fixed by the terms of allotment of the share or in the notice of the call or if no rate is fixed, at the rate of ten percent per annum. The directors may waive payment of the interest wholly or in part.

We have a first and paramount lien on all shares (whether fully paid up or not) registered in the name of a shareholder (whether solely or jointly with others). The lien is for all monies payable to us by the shareholder or the shareholder's estate:

- (a) either alone or jointly with any other person, whether or not that other person is a shareholder; and
- (b) whether or not those monies are presently payable.

At any time the directors may declare any share to be wholly or partly exempt from the lien on shares provisions of the articles.

We may sell, in such manner as the directors may determine, any share on which the sum in respect of which the lien exists is presently payable, if due notice that such sum is payable has been given (as prescribed by the articles) and, within 14 days of the date on which the notice is deemed to be given under the articles, such notice has not been complied with.

#### **Unclaimed Dividend**

A dividend that remains unclaimed for a period of six years after it became due for payment shall be forfeited to, and shall cease to remain owing by, the company.

#### **Forfeiture or Surrender of Shares**

If a shareholder fails to pay any call, the directors may give to such shareholder not less than 14 clear days' notice requiring payment and specifying the amount unpaid including any interest which may have accrued, any expenses which have been incurred by us due to that person's default and the place where payment is to be made. The notice shall also contain a warning that if the notice is not complied with, the shares in respect of which the call is made will be liable to be forfeited.

If such notice is not complied with, the directors may, before the payment required by the notice has been received, resolve that any share the subject of that notice be forfeited (which forfeiture shall include all dividends or other monies payable in respect of the forfeited share and not paid before such forfeiture).

A forfeited share may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the directors determine and at any time before a sale, re-allotment or disposition the forfeiture may be cancelled on such terms as the directors think fit.

A person whose shares have been forfeited shall cease to be a shareholder in respect of the forfeited shares, but shall, notwithstanding such forfeiture, remain liable to pay to us all monies which at the date of forfeiture were payable by him to us in respect of the shares, together with all expenses and interest from the date of forfeiture or surrender until payment, but his liability shall cease if and when we receive payment in full of the unpaid amount.

A declaration, whether statutory or under oath, made by a director or the secretary shall be conclusive evidence that the person making the declaration is a director or secretary and that the particular shares have been forfeited or surrendered on a particular date.

Subject to the execution of an instrument of transfer, if necessary, the declaration shall constitute good title to the shares.

### **Share Premium Account**

The directors shall establish a share premium account and shall carry the credit of such account from time to time to a sum equal to the amount or value of the premium paid on the issue of any share or capital contributed or such other amounts required by the Cayman Companies Act.

### **Redemption and Purchase of Own Shares**

Subject to the Cayman Companies Act and any rights for the time being conferred on the shareholders holding a particular class of shares, we may by action of our directors:

- (a) issue shares that are to be redeemed or liable to be redeemed, at our option or the shareholder holding those redeemable shares, on the terms and in the manner our directors determine before the issue of those shares;
- (b) with the consent by special resolution of the shareholders holding shares of a particular class, vary the rights attaching to that class of shares so as to provide that those shares are to be redeemed or are liable to be redeemed at our option on the terms and in the manner which the directors determine at the time of such variation; and
- (c) purchase all or any of our own shares of any class including any redeemable shares on the terms and in the manner which the directors determine at the time of such purchase.

We may make a payment in respect of the redemption or purchase of its own shares in any manner authorized by the Cayman Companies Act, including out of any combination of capital, our profits and the proceeds of a fresh issue of shares.

When making a payment in respect of the redemption or purchase of shares, the directors may make the payment in cash or in specie (or partly in one and partly in the other) if so authorized by the terms of the allotment of those shares or by the terms applying to those shares, or otherwise by agreement with the shareholder holding those shares.

### **Conversion Rights**

Each Class B Ordinary Share shall be convertible, at the option of the holder thereof, at any time after the date of issuance of such Share, at the office of the Company or any transfer agent for such Shares, into one fully paid and non-assessable Class A Ordinary Share. The directors shall at all times reserve and keep available out of the Company's authorized but unissued Class A Ordinary Shares, solely for the purpose of effecting the conversion of the Class B Ordinary Shares, such number of its Class A Ordinary Shares as shall from time to time be sufficient to effect the conversion of all outstanding Class B Ordinary Shares; and if at any time the number of authorized but unissued Class A Ordinary Shares shall not be sufficient to effect the conversion of all then outstanding Class B Ordinary Shares, in addition to such other remedies as shall be available to the holders of such Class B Ordinary Shares, the directors will take such action as may be necessary to increase its authorized but unissued Class A Ordinary Shares to such number of Shares as shall be sufficient for such purposes. All conversions of Class B Ordinary Shares to Class A Ordinary Shares shall be effected by way of redemption or repurchase by the Company of the relevant Class B Ordinary Shares and the simultaneous issue of Class A Ordinary Shares in consideration for such redemption or repurchase. The shareholder and the Company will procure that any and all necessary corporate actions are taken to effect such conversion.

## **Transfer of Shares**

Our board of directors may, in its absolute discretion, decline to register any transfer of any Ordinary Share that has not been fully paid up or is subject to a company lien. Our board of directors may also decline to register any transfer of such Ordinary Share unless:

- (a) the instrument of transfer is lodged with the Company, accompanied by the certificate for the Ordinary Shares to which it relates and such other evidence as our board of directors may reasonably require to show the right of the transferor to make the transfer;
- (b) the instrument of transfer is in respect of only one class of shares;
- (c) the instrument of transfer is properly stamped, if required;
- (d) the Ordinary Share transferred is fully paid and free of any lien in favor of us;
- (e) any fee related to the transfer has been paid to us; and
- (f) the transfer is not to more than four joint holders.

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

The registration of transfers may, on 14 calendar days' notice being given by advertisement in such one or more newspapers or by electronic means, be suspended and our register of members closed at such times and for such periods as our board of directors may from time to time determine. The registration of transfers, however, may not be suspended, and the register may not be closed, for more than 30 days in any year.

## **Inspection of Books and Records**

Holders of our Ordinary Shares will have no general right under the Cayman Companies Act to inspect or obtain copies of our register of members or our corporate records.

## **General Meetings**

As a Cayman Islands exempted company, we are not obligated by the Cayman Companies Act to call shareholders' annual general meetings; accordingly, we may, but shall not be obliged to, in each year hold a general meeting as an annual general meeting. Any annual general meeting held shall be held at such time and place as may be determined by our board of directors. All general meetings other than annual general meetings shall be called extraordinary general meetings.

The directors may convene general meetings whenever they think fit. General meetings shall also be convened on the written requisition of one or more of the shareholders entitled to attend and vote at our general meetings who (together) hold not less than ten percent of the rights to vote at such general meeting in accordance with the notice provisions in the articles, specifying the purpose of the meeting and signed by each of the shareholders making the requisition. If the directors do not convene such meeting for a date not later than 21 clear days' after the date of receipt of the written requisition, those shareholders who requested the meeting may convene the general meeting themselves within three months after the end of such period of 21 clear days in which case reasonable expenses incurred by them as a result of the directors failing to convene a meeting shall be reimbursed by us.

At least 14 days' notice of an extraordinary general meeting and 21 days' notice of an annual general meeting shall be given to shareholders entitled to attend and vote at such meeting. The notice shall specify the place, the day and the hour of the meeting and the general nature of that business. In addition, if a resolution is proposed as a special resolution, the text of that resolution shall be given to all shareholders. Notice of every general meeting shall also be given to the directors and our auditors.

Subject to the Cayman Companies Act and with the consent of the shareholders who, individually or collectively, hold at least 90 percent of the voting rights of all those who have a right to vote at a general meeting, a general meeting may be convened on shorter notice.

A quorum shall consist of the presence (whether in person or represented by proxy) of one or more shareholders holding shares that represent not less than one-third of the outstanding shares carrying the right to vote at such general meeting.

If, within 15 minutes from the time appointed for the general meeting, or at any time during the meeting, a quorum is not present, the meeting, if convened upon the requisition of shareholders, shall be cancelled. In any other case it shall stand adjourned to the same time and place seven days or to such other time or place as is determined by the directors.

The chairman may, with the consent of a meeting at which a quorum is present, adjourn the meeting. When a meeting is adjourned for seven days or more, notice of the adjourned meeting shall be given in accordance with the articles.

At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is (before, or on, the declaration of the result of the show of hands) demanded by the chairman of the meeting or by at least two shareholders having the right to vote on the resolutions or one or more shareholders present who together hold not less than ten percent of the voting rights of all those who are entitled to vote on the resolution. Unless a poll is so demanded, a declaration by the chairman as to the result of a resolution and an entry to that effect in the minutes of the meeting, shall be conclusive evidence of the outcome of a show of hands, without proof of the number or proportion of the votes recorded in favor of, or against, that resolution.

If a poll is duly demanded it shall be taken in such manner as the chairman directs and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded, shall not be entitled to a second or casting vote.

## **Directors**

We may by ordinary resolution, from time to time, fix the maximum and minimum number of directors to be appointed. Under the Articles, we are required to have a minimum of one director and the maximum number of Directors shall be unlimited.

A director may be appointed by ordinary resolution or by the directors. Any appointment may be to fill a vacancy or as an additional director.

Unless the remuneration of the directors is determined by the shareholders by ordinary resolution, the directors shall be entitled to such remuneration as the directors may determine.

The shareholding qualification for directors may be fixed by our shareholders by ordinary resolution and unless and until so fixed no share qualification shall be required.

Unless removed or re-appointed, each director shall be appointed for a term expiring at the next-following annual general meeting, if one is held. At any annual general meeting held, our directors will be elected by an ordinary resolution of our shareholders. At each annual general meeting, each director so elected shall hold office for a one-year term and until the election of their respective successors in office or removed.



A director may be removed by ordinary resolution.

A director may at any time resign or retire from office by giving us notice in writing. Unless the notice specifies a different date, the director shall be deemed to have resigned on the date that the notice is delivered to us.

Subject to the provisions of the articles, the office of a director may be terminated forthwith if:

- (a) he is prohibited by the law of the Cayman Islands from acting as a director;
- (b) he is made bankrupt or makes an arrangement or composition with his creditors generally;
- (c) he resigns his office by notice to us;
- (d) he only held office as a director for a fixed term and such term expires;
- (e) in the opinion of a registered medical practitioner by whom he is being treated he becomes physically or mentally incapable of acting as a director;
- (f) he is given notice by the majority of the other directors (not being less than two in number) to vacate office (without prejudice to any claim for damages for breach of any agreement relating to the provision of the services of such director);
- (g) he is made subject to any law relating to mental health or incompetence, whether by court order or otherwise; or
- (h) without the consent of the other directors, he is absent from meetings of directors for continuous period of six months.

Each of the compensation committee and the nominating and corporate governance committee shall consist of at least three directors and the majority of the committee members shall be independent within the meaning of Section 5605(a)(2) of the Nasdaq listing rules. The audit committee shall consist of at least three directors, all of whom shall be independent within the meaning of Section 5605(a)(2) of the Nasdaq listing rules and will meet the criteria for independence set forth in Rule 10A-3 or Rule 10C-1 of the Exchange Act.

#### **Powers and Duties of Directors**

Subject to the provisions of the Cayman Companies Act and our amended and restated memorandum and articles of association, our business shall be managed by the directors, who may exercise all our powers. No prior act of the directors shall be invalidated by any subsequent alteration of our memorandum or articles of association. To the extent allowed by the Cayman Companies Act, however, shareholders may by special resolution validate any prior or future act of the directors which would otherwise be in breach of their duties.

The directors may delegate any of their powers to any committee consisting of one or more persons who need not be shareholders and may include non-directors so long as the majority of those persons are directors; any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by the directors. Our board of directors has established an audit committee, compensation committee, and nomination and corporate governance committee.

The board of directors may establish any local or divisional board of directors or agency and delegate to it its powers and authorities (with power to sub-delegate) for managing any of our affairs whether in the Cayman Islands or elsewhere and may appoint any persons to be members of a local or divisional board of directors, or to be managers or agents, and may fix their remuneration.

The directors may from time to time and at any time by power of attorney or in any other manner they determine appoint any person, either generally or in respect of any specific matter, to be our agent with or without authority for that person to delegate all or any of that person's powers.

The directors may from time to time and at any time by power of attorney or in any other manner they determine appoint any person, whether nominated directly or indirectly by the directors, to be our attorney or our authorized signatory and for such period and subject to such conditions as they may think fit. The powers, authorities and discretions, however, must not exceed those vested in, or exercisable, by the directors under the articles.

The board of directors may remove any person so appointed and may revoke or vary the delegation.

The directors may exercise all of our powers to borrow money and to mortgage or charge its undertaking, property and assets both present and future and uncalled capital or any part thereof, to issue debentures and other securities whether outright or as collateral security for any debt, liability or obligation of ours or our parent undertaking (if any) or any subsidiary undertaking of us or of any third party.

A director shall not, as a director, vote in respect of any contract, transaction, arrangement or proposal in which he has an interest which (together with any interest of any person connected with him) is a material interest (otherwise than by virtue of his interests, direct or indirect, in shares or debentures or other securities of, or otherwise in or through, us) and if he shall do so his vote shall not be counted, nor in relation thereto shall he be counted in the quorum present at the meeting, but (in the absence of some other material interest than is mentioned below) none of these prohibitions shall apply to:

- (a) the giving of any security, guarantee or indemnity in respect of:
  - (i) money lent or obligations incurred by him or by any other person for our benefit or any of our subsidiaries; or
  - (ii) a debt or obligation of ours or any of our subsidiaries for which the director himself has assumed responsibility in whole or in part and whether alone or jointly with others under a guarantee or indemnity or by the giving of security;
- (b) where we or any of our subsidiaries is offering securities in which offer the director is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which the director is to or may participate;
- (c) any contract, transaction, arrangement or proposal affecting any other body corporate in which he is interested, directly or indirectly and whether as an officer, shareholder, creditor or otherwise howsoever, provided that he (together with persons connected with him) does not to his knowledge hold an interest representing one percent or more of any class of the equity share capital of such body corporate (or of any third body corporate through which his interest is derived) or of the voting rights available to shareholders of the relevant body corporate;
- (d) any act or thing done or to be done in respect of any arrangement for the benefit of the employees of us or any of our subsidiaries under which he is not accorded as a director any privilege or advantage not generally accorded to the employees to whom such arrangement relates; or
- (e) any matter connected with the purchase or maintenance for any director of insurance against any liability or (to the extent permitted by the Cayman Companies Act) indemnities in favor of directors, the funding of expenditure by one or more directors in defending proceedings against him or them or the doing of anything to enable such director or directors to avoid incurring such expenditure.

A director may, as a director, vote (and be counted in the quorum) in respect of any contract, transaction, arrangement or proposal in which he has an interest which is not a material interest or as described above.

## **Capitalization of Profits**

The directors may resolve to capitalize:

- (a) any part of our profits not required for paying any preferential dividend (whether or not those profits are available for distribution); or
- (b) any sum standing to the credit of our share premium account or capital redemption reserve, if any.

The amount resolved to be capitalized must be appropriated to the shareholders who would have been entitled to it had it been distributed by way of dividend and in the same proportions.

## **Liquidation Rights**

If we are wound up, the shareholders may, subject to the articles and any other sanction required by the Cayman Companies Act, pass a special resolution allowing the liquidator to do either or both of the following:

- (a) to divide in specie among the shareholders the whole or any part of our assets and, for that purpose, to value any assets and to determine how the division shall be carried out as between the shareholders or different classes of shareholders; and
- (b) to vest the whole or any part of the assets in trustees for the benefit of shareholders and those liable to contribute to the winding up.

The directors have the authority to present a petition for our winding up to the Grand Court of the Cayman Islands on our behalf without the sanction of a resolution passed at a general meeting.

## **Register of Members**

Under the Cayman Companies Act, we must keep a register of members and there should be entered therein:

- the names and addresses of the members of the company, a statement of the shares held by each member, which:
  - distinguishes each share by its number (so long as the share has a number);
  - confirms the amount paid, or agreed to be considered as paid, on the shares of each member;
  - confirms the number and category of shares held by each member; and
  - confirms whether each relevant category of shares held by a member carries voting rights under the Articles, and if so, whether such voting rights are conditional;
- the date on which the name of any person was entered on the register as a member; and
- the date on which any person ceased to be a member.

For these purposes, “voting rights” means rights conferred on shareholders, including the right to appoint or remove directors, in respect of their shares to vote at general meetings of the company on all or substantially all matters. A voting right is conditional where the voting right arises only in certain circumstances.

Under the Cayman Companies Act, the register of members of our company is prima facie evidence of the matters set out therein (that is, the register of members will raise a presumption of fact on the matters referred to above unless rebutted) and a shareholder registered in the register of members is deemed as a matter of the Cayman Companies Act to have legal title to the shares as set against its name in the register of members. Upon the completion of this offering, the register of members will be immediately updated to record and give effect to the issuance of shares by us to the custodian or its nominee. Once our register of members has been updated, the shareholders recorded in the register of members will be deemed to have legal title to the shares set against their name.

If the name of any person is incorrectly entered in or omitted from our register of members, or if there is any default or unnecessary delay in entering on the register the fact of any person having ceased to be a shareholder of our company, the person or shareholder aggrieved (or any shareholder of our company or our company itself) may apply to the Grand Court of the Cayman Islands for an order that the register be rectified, and the Court may either refuse such application or it may, if satisfied of the justice of the case, make an order for the rectification of the register.

### **Differences in Corporate Law**

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

#### *Mergers and Similar Arrangements*

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

A merger between a Cayman Islands parent company and its Cayman Islands subsidiary or subsidiaries does not require authorization by a resolution of shareholders. For this purpose a subsidiary is a company of which at least 90% of the issued shares entitled to vote are owned by the parent company.

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

Except in certain limited circumstances, a dissenting shareholder of a Cayman Islands constituent company is entitled to payment of the fair value of his or her shares upon dissenting from a merger or consolidation. The exercise of such dissenter rights will preclude the exercise by the dissenting shareholder of any other rights to which he or she might otherwise be entitled by virtue of holding shares, except for the right to seek relief on the grounds that the merger or consolidation is void or unlawful.

In addition, there are statutory provisions that facilitate the reconstruction and amalgamation of companies, provided that the arrangement is approved by a majority in number of each class of shareholders and creditors with whom the arrangement is to be made, and who must, in addition, represent three-fourths in value of each such class of shareholders or creditors, as the case may be, that are present and voting either in person or by proxy at a meeting, or meetings, convened for that purpose. The convening of the meetings and subsequently the arrangement must be sanctioned by the Grand Court of the Cayman Islands. While a dissenting shareholder has the right to express to the court the view that the transaction ought not to be approved, the court can be expected to approve the arrangement if it determines that:

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

When a takeover offer is made and accepted by holders of 90% of the shares affected within four months the offeror may, within a two-month period commencing on the expiration of such four month period, require the holders of the remaining shares to transfer such shares on the terms of the offer. An objection can be made to the Grand Court of the Cayman Islands but this is unlikely to succeed in the case of an offer which has been so approved unless there is evidence of fraud, bad faith or collusion.

If an arrangement and reconstruction is thus approved, or if a takeover offer is made and accepted, a dissenting shareholder would have no rights comparable to appraisal rights, which would otherwise ordinarily be available to dissenting shareholders of Delaware corporations, providing rights to receive payment in cash for the judicially determined value of the shares.

#### *Shareholders' Suits*

In principle, we will normally be the proper plaintiff to sue for a wrong done to us as a company and as a general rule, a derivative action may not be brought by a minority shareholder. However, based on English law authorities, which would in all likelihood be of persuasive authority in the Cayman Islands, the Cayman Islands courts can be expected to follow and apply the common law principles (namely the rule in *Foss v. Harbottle* and the exceptions thereto) so that a non-controlling shareholder may be permitted to commence a class action against or derivative actions in the name of the company to challenge:

- (a) an act which is illegal or ultra vires with respect to the company and is therefore incapable of ratification by the shareholders;
- (b) an act which, although not ultra vires, requires authorization by a qualified (or special) majority (that is, more than a simple majority) which has not been obtained; and
- (c) an act which constitutes a "fraud on the minority" where the wrongdoers are themselves in control of the company.

#### *Indemnification of Directors and Executive Officers and Limitation of Liability*

The Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences of committing a crime. Our articles of association provide to the extent permitted by law, we shall indemnify each existing or former secretary, director (including alternate director), and any of our other officers (including an investment adviser or an administrator or liquidator) and their personal representatives against:

- (a) all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by the existing or former director (including alternate director), secretary or officer in or about the conduct of our business or affairs or in the execution or discharge of the existing or former director (including alternate director), secretary's or officer's duties, powers, authorities or discretions; and

- (b) without limitation to paragraph (a) above, all costs, expenses, losses or liabilities incurred by the existing or former director (including alternate director), secretary or officer in defending (whether successfully or otherwise) any civil, criminal, administrative or investigative proceedings (whether threatened, pending or completed) concerning us or our affairs in any court or tribunal, whether in the Cayman Islands or elsewhere.

No such existing or former director (including alternate director), secretary or officer, however, shall be indemnified in respect of any matter arising out of his own dishonesty.

To the extent permitted by law, we may make a payment, or agree to make a payment, whether by way of advance, loan or otherwise, for any legal costs incurred by an existing or former director (including alternate director), secretary or any of our officers in respect of any matter identified in above on condition that the director (including alternate director), secretary or officer must repay the amount paid by us to the extent that it is ultimately found not liable to indemnify the director (including alternate director), the secretary or that officer for those legal costs.

This standard of conduct is generally the same as permitted under the Delaware General Corporation Law for a Delaware corporation. In addition, we intend to enter into indemnification agreements with our directors and executive officers that will provide such persons with additional indemnification beyond that provided in our articles of association.

#### *Anti-Takeover Provisions in Our Articles*

Some provisions of our articles of association may discourage, delay or prevent a change in control of our company or management that shareholders may consider favorable, including provisions that authorize our board of directors to issue shares at such times and on such terms and conditions as the board of directors may decide without any further vote or action by our shareholders.

Under the Cayman Companies Act, our directors may only exercise the rights and powers granted to them under our articles of association for what they believe in good faith to be in the best interests of our company and for a proper purpose.

#### *Directors' Fiduciary Duties*

Under Delaware corporate law, a director of a Delaware corporation has a fiduciary duty to the corporation and its shareholders. This duty has two components: the duty of care and the duty of loyalty. The duty of care requires that a director act in good faith, with the care that an ordinarily prudent person would exercise under similar circumstances. Under this duty, a director must inform himself of, and disclose to shareholders, all material information reasonably available regarding a significant transaction. The duty of loyalty requires that a director act in a manner he or she reasonably believes to be in the best interests of the corporation. He or she must not use his or her corporate position for personal gain or advantage. This duty prohibits self-dealing by a director and mandates that the best interests of the corporation and its shareholders take precedence over any interest possessed by a director, officer or controlling shareholder and not shared by the shareholders generally. In general, actions of a director are presumed to have been made on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the corporation. However, this presumption may be rebutted by evidence of a breach of one of the fiduciary duties. Should such evidence be presented concerning a transaction by a director, a director must prove the procedural fairness of the transaction, and that the transaction was of fair value to the corporation.

As a matter of Cayman Islands law, a director owe three types of duties to the company: (i) statutory duties, (ii) fiduciary duties, and (iii) common law duties. The Cayman Companies Act imposes a number of statutory duties on a director. A Cayman Islands director's fiduciary duties are not codified, however the courts of the Cayman Islands have held that a director owes the following fiduciary duties (a) a duty to act in what the director bona fide considers to be in the best interests of the company, (b) a duty to exercise their powers for the purposes they were conferred, (c) a duty to avoid fettering his or her discretion in the future and (d) a duty to avoid conflicts of interest and of duty. The common law duties owed by a director are those to act with skill, care and diligence that may reasonably be expected of a person carrying out the same functions as are carried out by that director in relation to the company and, also, to act with the skill, care and diligence in keeping with a standard of care commensurate with any particular skill they have which enables them to meet a higher standard than a director without those skills. In fulfilling their duty of care to us, our directors must ensure compliance with our articles of association, as amended and restated from time to time. We have the right to seek damages if a duty owed by any of our directors is breached.'

### *Shareholder Proposals*

Under the Delaware General Corporation Law, a shareholder has the right to put any proposal before the annual meeting of shareholders, provided it complies with the notice provisions in the governing documents. The Delaware General Corporation Law does not provide shareholders an express right to put any proposal before the annual meeting of shareholders, but in keeping with common law, Delaware corporations generally afford shareholders an opportunity to make proposals and nominations provided that they comply with the notice provisions in the certificate of incorporation or bylaws. A special meeting may be called by the board of directors or any other person authorized to do so in the governing documents, but shareholders may be precluded from calling special meetings.

The Cayman Companies Act provides shareholders with only limited rights to requisition a general meeting, and does not provide shareholders with any right to put any proposal before a general meeting. However, these rights may be provided in a company's articles of association. Our articles of association provide that general meetings shall be convened on the written requisition of one or more of the shareholders entitled to attend and vote at our general meetings who (together) hold not less than 10 percent of the rights to vote at such general meeting in accordance with the notice provisions in the articles of association, specifying the purpose of the meeting and signed by each of the shareholders making the requisition. If the directors do not convene such meeting for a date not later than twenty-one clear days' after the date of receipt of the written requisition, those shareholders who requested the meeting may convene the general meeting themselves within three months after the end of such period of twenty-one clear days in which case reasonable expenses incurred by them as a result of the directors failing to convene a meeting shall be reimbursed by us. Our articles of association provide no other right to put any proposals before annual general meetings or extraordinary general meetings. As a Cayman Islands exempted company, we are not obligated by law to call shareholders' annual general meetings.

### *Cumulative Voting*

Under the Delaware General Corporation Law, cumulative voting for elections of directors is not permitted unless the corporation's certificate of incorporation specifically provides for it. Cumulative voting potentially facilitates the representation of minority shareholders on a board of directors since it permits the minority shareholder to cast all the votes to which the shareholder is entitled on a single director, which increases the shareholder's voting power with respect to electing such director. As permitted under the Cayman Companies Act, our articles of association do not provide for cumulative voting. As a result, our shareholders are not afforded any less protections or rights on this issue than shareholders of a Delaware corporation.

### *Removal of Directors*

Under the Delaware General Corporation Law, a director of a corporation with a classified board may be removed only for cause with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Subject to the provisions of our articles of association (which include the removal of a director by ordinary resolution), the office of a director may be terminated forthwith if (a) he is prohibited by the laws of the Cayman Islands from acting as a director, (b) he is made bankrupt or makes an arrangement or composition with his creditors generally, (c) he resigns his office by notice to us, (d) he only held office as a director for a fixed term and such term expires, (e) in the opinion of a registered medical practitioner by whom he is being treated he becomes physically or mentally incapable of acting as a director, (f) he is given notice by the majority of the other directors (not being less than two in number) to vacate office (without prejudice to any claim for damages for breach of any agreement relating to the provision of the services of such director), (g) he is made subject to any law relating to mental health or incompetence, whether by court order or otherwise, or (h) without the consent of the other directors, he is absent from meetings of directors for continuous period of six months.

### *Transactions with Interested Shareholders*

The Delaware General Corporation Law contains a business combination statute applicable to Delaware public corporations whereby, unless the corporation has specifically elected not to be governed by such statute by amendment to its certificate of incorporation or bylaws that is approved by its shareholders, it is prohibited from engaging in certain business combinations with an "interested shareholder" for three years following the date that such person becomes an interested shareholder. An interested shareholder generally is a person or a group who or which owns or owned 15% or more of the target's outstanding voting stock or who or which is an affiliate or associate of the corporation and owned 15% or more of the corporation's outstanding voting stock within the past three years. This has the effect of limiting the ability of a potential acquirer to make a two-tiered bid for the target in which all shareholders would not be treated equally. The statute does not apply if, among other things, prior to the date on which such shareholder becomes an interested shareholder, the board of directors approves either the business combination or the transaction which resulted in the person becoming an interested shareholder. This encourages any potential acquirer of a Delaware corporation to negotiate the terms of any acquisition transaction with the target's board of directors.

The Cayman Companies Act has no comparable statute. As a result, we cannot avail ourselves of the types of protections afforded by the Delaware business combination statute. However, although the Cayman Companies Act does not regulate transactions between a company and its significant shareholders, under Cayman Islands law such transactions must be entered into bona fide in the best interests of the company and for a proper corporate purpose and not with the effect of constituting a fraud on the minority shareholders.

#### *Dissolution; Winding Up*

Under the Delaware General Corporation Law, unless the board of directors approves the proposal to dissolve, dissolution must be approved by shareholders holding 100% of the total voting power of the corporation. Only if the dissolution is initiated by the board of directors may it be approved by a simple majority of the corporation's outstanding shares. Delaware law allows a Delaware corporation to include in its certificate of incorporation a supermajority voting requirement in connection with dissolutions initiated by the board of directors.

Under the Cayman Companies Act and our articles of association, the Company may be wound up by a special resolution of our shareholders, or if the winding up is initiated by our board of directors, by either a special resolution of our members or, if our company is unable to pay its debts as they fall due, by an ordinary resolution of our members. In addition, a company may be wound up by an order of the courts of the Cayman Islands. The court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the court, just and equitable to do so.

#### *Variation of Rights of Shares*

Under the Delaware General Corporation Law, a corporation may vary the rights of a class of shares with the approval of a majority of the outstanding shares of such class, unless the certificate of incorporation provides otherwise. Under the Cayman Companies Act and our articles of association, if our share capital is divided into more than one class of shares, the rights attaching to any class of share (unless otherwise provided by the terms of issue of the shares of that class) may be varied either with the consent in writing of the holders of not less than two-thirds of the issued shares of that class, or with the sanction of a resolution passed by a majority of not less than two-thirds of the holders of shares of the class present in person or by proxy at a separate general meeting of the holders of shares of that class.

#### *Amendment of Governing Documents*

Under the Delaware General Corporation Law, a corporation's certificate of incorporation may be amended only if adopted and declared advisable by the board of directors and approved by a majority of the outstanding shares entitled to vote, and the bylaws may be amended with the approval of a majority of the outstanding shares entitled to vote and may, if so provided in the certificate of incorporation, also be amended by the board of directors. Under the Cayman Companies Act, our articles of association may only be amended by special resolution of our shareholders.

#### **Anti-money Laundering—Cayman Islands**

In order to comply with legislation or regulations aimed at the prevention of money laundering, we may be required to adopt and maintain anti-money laundering procedures, and may require subscribers to provide evidence to verify their identity. Where permitted, and subject to certain conditions, we may also delegate the maintenance of our anti-money laundering procedures (including the acquisition of due diligence information) to a suitable person.



We reserve the right to request such information as is necessary to verify the identity of a subscriber. In the event of delay or failure on the part of the subscriber in producing any information required for verification purposes, we may refuse to accept the application, in which case any funds received will be returned without interest to the account from which they were originally debited.

We also reserve the right to refuse to make any redemption payment to a shareholder if our directors or officers suspect or are advised that the payment of redemption proceeds to such shareholder might result in a breach of applicable anti-money laundering or other laws or regulations by any person in any relevant jurisdiction, or if such refusal is considered necessary or appropriate to ensure our compliance with any such laws or regulations in any applicable jurisdiction.

If any person resident in the Cayman Islands knows or suspects or has reason for knowing or suspecting that another person is engaged in criminal conduct or is involved with terrorism or terrorist property and the information for that knowledge or suspicion came to their attention in the course of their business in the regulated sector, or other trade, profession, business or employment, the person will be required to report such knowledge or suspicion to (i) a nominated officer (appointed in accordance with the Proceeds of Crime Act (Revised) of the Cayman Islands) or the Financial Reporting Authority of the Cayman Islands, pursuant to the Proceeds of Crime Act (Revised), if the disclosure relates to criminal conduct or money laundering or (ii) to a police constable or a nominated officer (pursuant to the Terrorism Act (Revised) of the Cayman Islands) or the Financial Reporting Authority, pursuant to the Terrorism Act (Revised), if the disclosure relates to involvement with terrorism or terrorist financing and terrorist property. Such a report shall not be treated as a breach of confidence or of any restriction upon the disclosure of information imposed by any enactment or otherwise.

### **Data Protection in the Cayman Islands—Privacy Notice**

This privacy notice explains the manner in which we collect, process, and maintain personal data about investors of the Company pursuant to the Data Protection Act, 2017 of the Cayman Islands, as amended from time to time and any regulations, codes of practice, or orders promulgated pursuant thereto (the “DPA”).

We are committed to processing personal data in accordance with the DPA. In our use of personal data, we will be characterized under the DPA as a “data controller,” whilst certain of our service providers, affiliates, and delegates may act as “data processors” under the DPA. These service providers may process personal information for their own lawful purposes in connection with services provided to us.

By virtue of your investment in the Company, we and certain of our service providers may collect, record, store, transfer, and otherwise process personal data by which individuals may be directly or indirectly identified.

Your personal data will be processed fairly and for lawful purposes, including (a) where the processing is necessary for us to perform a contract to which you are a party or for taking pre-contractual steps at your request, (b) where the processing is necessary for compliance with any legal, tax, or regulatory obligation to which we are subject, or (c) where the processing is for the purposes of legitimate interests pursued by us or by a service provider to whom the data are disclosed. As a data controller, we will only use your personal data for the purposes for which we collected it. If we need to use your personal data for an unrelated purpose, we will contact you.

We anticipate that we will share your personal data with our service providers for the purposes set out in this privacy notice. We may also share relevant personal data where it is lawful to do so and necessary to comply with our contractual obligations or your instructions or where it is necessary or desirable to do so in connection with any regulatory reporting obligations. In exceptional circumstances, we will share your personal data with regulatory, prosecuting, and other governmental agencies or departments, and parties to litigation (whether pending or threatened), in any country or territory including to any other person where we have a public or legal duty to do so (e.g. to assist with detecting and preventing fraud, tax evasion, and financial crime or compliance with a court order).

Your personal data shall not be held by the Company for longer than necessary with regard to the purposes of the data processing.

We will not sell your personal data. Any transfer of personal data outside of the Cayman Islands shall be in accordance with the requirements of the DPA. Where necessary, we will ensure that separate and appropriate legal agreements are put in place with the recipient of that data.

We will only transfer personal data in accordance with the requirements of the DPA, and will apply appropriate technical and organizational information security measures designed to protect against unauthorized or unlawful processing of the personal data and against the accidental loss, destruction, or damage to the personal data.

If you are a natural person, this will affect you directly. If you are a corporate investor (including, for these purposes, legal arrangements such as trusts or exempted limited partnerships) that provides us with personal data on individuals connected to you for any reason in relation to your investment into the Company, this will be relevant for those individuals and you should inform such individuals of the content.

You have certain rights under the DPA, including (a) the right to be informed as to how we collect and use your personal data (and this privacy notice fulfils our obligation in this respect), (b) the right to obtain a copy of your personal data, (c) the right to require us to stop direct marketing, (d) the right to have inaccurate or incomplete personal data corrected, (e) the right to withdraw your consent and require us to stop processing or restrict the processing, or not begin the processing of your personal data, (f) the right to be notified of a data breach (unless the breach is unlikely to be prejudicial), (g) the right to obtain information as to any countries or territories outside the Cayman Islands to which we, whether directly or indirectly, transfer, intend to transfer, or wish to transfer your personal data, general measures we take to ensure the security of personal data, and any information available to us as to the source of your personal data, (h) the right to complain to the Office of the Ombudsman of the Cayman Islands, and (i) the right to require us to delete your personal data in some limited circumstances.

If you consider that your personal data has not been handled correctly, or you are not satisfied with our responses to any requests you have made regarding the use of your personal data, you have the right to complain to the Cayman Islands' Ombudsman. The Ombudsman can be contacted by calling +1 (345) 946-6283 or by email at [info@ombudsman.ky](mailto:info@ombudsman.ky).

## EQUITY TRANSFER AGREEMENT

Transferor: Sun Linmin  
ID : [Redacted]

Transferee: Wenzhou Lilong Logistics Service Co., Ltd.  
Univied Social Credit Code: [Redacted]  
Legal representative: Weng Yixiong

After friendly negotiations, the transferor and the transferee have signed the following agreement regarding the transfer of their equity in Zhejiang Kangyuan Medical Technology Co., Ltd. to the transferee:

1. The transferor will transfer 18.00% equity of RMB32.4 million in Zhejiang Kangyuan Medical Technology Co., Ltd. to the transferee.
2. The price for this equity transfer is RMB32.4 million, and the delivery method for the transfer consideration is cash.
3. The benchmark date for this equity transfer is December 31, 2022.
4. This equity transfer involves the unpaid subscribed capital, which shall be paid in full and on time by the parties in accordance with the provisions of the articles of association.
5. After the transfer of equity, the transferor no longer enjoys the shareholder rights or assumes corresponding shareholder obligations of the transferred equity; the transferee must assume the obligations of shareholders while enjoying shareholder rights in accordance with this agreement.
6. This agreement shall come into effect from the date of signing.

Transferor: (signature) /s/ Sun Linmin

Transferee: (Seal) /s/ Wenzhou Lilong Logistics Service Co., Ltd.

Legal representative: (signature) /s/ Weng Yixiong

Date: January 18, 2023

## EQUITY TRANSFER AGREEMENT

Transferor: Ye Linhui

Transferee: Wenzhou Lilong Logistics Service Co., Ltd.

After friendly negotiations between the transferor and the transferee, the transferor has decided to transfer their equity in Wenzhou Fuyouyuan Health Management Co., Ltd. to the transferee.

The following agreement is signed regarding the transfer of Wenzhou Fuyouyuan Health Management Co., Ltd.'s equity to the transferee:

1. The transferor will transfer 10% equity of RMB 2 million in Wenzhou Fuyouyuan Health Management Co., Ltd. to the transferee.
2. The consideration for this equity transfer is RMB 0 million, and the delivery method for the transfer price is cash.
3. The benchmark date for this equity transfer is February 23, 2023.
4. This equity transfer involves the unpaid subscribed capital, which shall be paid in full and on time by the transferee in accordance with the provisions of the articles of association.
5. After the transfer of equity, the transferor no longer enjoys the shareholder rights of the transferred equity or assumes the corresponding shareholder obligations; the transferee must assume such shareholder obligations while enjoying shareholder rights in accordance with this agreement.
6. This agreement shall come into effect from the date of signing.

Transferor: (signature, seal) /s/ *Ye Linhui*

Transferee: (signature, seal) /s/ *Weng Yixiong*

Wenzhou Lilong Logistics Service Co., Ltd  
Legal representative of the company

## EQUITY TRANSFER AGREEMENT

**Acquirer:** Shanghai Xianjin Technology Development Co., Ltd.  
Unified Social Credit Code: [Redacted]  
Legal representative: Xu Liming

**Seller:** Shanghai Daizong Business Consulting Co., Ltd., a limited liability company registered in Shanghai according to the laws of the People's Republic of China. The existing shareholders (or "original shareholders") and their shareholding ratios:90% held by Shen Daihua and 10% held by Zhao Ziqing (Shen Daihua and Zhao Ziqing are married)

Actual controller of the seller: Shen Daihua  
ID : [Redacted]

The acquirer and the seller have reached the following agreements through friendly negotiations regarding the transfer of equity in Shanghai Daizong Business Consulting Co., Ltd. to the acquirer (Shanghai Xianjin Technology Development Co., Ltd.) by the seller:

Shanghai Xianjin Technology Development Co., Ltd. has entrusted Shanghai Hongrui Asset Appraisal Co., Ltd. to estimate Shanghai Daizong Business Consulting Co., Ltd.'s previous revenue, net profit, and expected revenue, net profit, and development direction for the next three years. Shanghai Daizong Business Consulting Co., Ltd. must ensure the authenticity of the information provided.

#### Article 1 Transaction plan

1. The total equity value of this transaction is RMB 30,900,000.00 , (Three Million and Nine Thousand Yuan), with an assessed appreciation of RMB 31,929,226.49.
2. The acquiring party will acquire 19% of the equity of the selling party in full cash at a price of RMB 5,730,000 (Five Million and Seven Hundred and Thirty Thousand Yuan)
3. The acquiring party shall pay 45% of the total acquisition price first.After Shanghai Daizong Business Consulting Co., Ltd. completes the business registration change, the acquiring party shall pay the remaining 55% of the total acquisition price.
4. The 19% equity of the selling party in this transaction plan will be transferred from the 90% equity held by Shen Daihua.

Article 2 Shanghai Daizong Business Consulting Co., Ltd. promises that within four (4) years from the closing date of this acquisition, it shall not transfer its equity in the company without the prior written consent of the original investor and the investor; the actual controller of the company shall not be changed.

Article 3 During this period, one shall not engage in or assist others in engaging in business activities that compete with the company. Within two years of leaving the company, one shall not hold any position or engage in part-time work in enterprises related to the company's business operations.

Article 4 The "material matters" of the company listed below shall not be effective or valid unless approved or decided by shareholders holding more than two-thirds of the company's equity, including the investor:

1. Significant changes in the scope, nature and/or main business activities of the Company;
2. Any purchase, sale, lease, or other disposal of trademarks and intellectual property rights;
3. The company's additional debt exceeding RMB 500,000 in a single loan amount from any bank;
4. The company provides guarantees or loans exceeding RMB 500,000 yuan to external parties;
5. Any significant legal proceedings of the company;
6. Expand to any new business.

Article 5 After the equity transfer, if the seller has any historical debt issues, the seller shall bear them on their own.

Article 6 Equity Repurchase. In future cooperation,s if the seller proposes to repurchase the equity shares, the price will still be RMB 5,730,000 (Five Million and Seven Hundred and Thirty Thousand Yuan). The additional taxes will be borne by the acquirer Shanghai Xianjin Technology Development Co., Ltd.

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Article 7 The content of this agreement and any information obtained from the other party regarding this acquisition are confidential information, and each party shall bear strict confidentiality responsibilities. Without written permission from the disclosing party, it shall not be disclosed to the public; provided, however, except for situations that require disclosure according to the law and situations where confidential information is appropriately used to achieve investment purposes.

This agreement is in duplicate, with each party holding one copy.

Acquirer: Shanghai Xianjin Technology Development Co., Ltd.

Legal representative: Xu Liming

Signatures: /s/ Xu Liming

*/s/ Shanghai Xianjin Technology Development Co., Ltd.*

Date: May 10, 2023

Seller: Shanghai Daizong Business Consulting Co., Ltd.

Legal representative: Shen Daihua

Signature: /s/ Shen Daihua

*/s/ Shanghai Daizong Business Consulting Co., Ltd.*

Date: May 10, 2023

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**EQUITY TRANSFER AGREEMENT**

This equity transfer agreement (this "Agreement") is signed on April 10, 2023 by the following parties in Lucheng District, Wenzhou City:

Party A ("Transferee"): Wenzhou Lilong Logistics Service Co., Ltd  
Unified Social Credit Code:[Redacted]

Party B ("Transferor"): Zhao Dongfang, Lin Suifang  
ID:[Redacted]

Party A intends to acquire 100% equity of Kaiye (Wenzhou) Water Project Development Co., Ltd. (hereinafter referred to as the "Target Company") held by Party B. In order to clarify the rights and obligations of all parties in this equity transfer, after friendly negotiation, the parties have reached the following agreement:

**Article 1 Specific Arrangements for this Equity Transfer****1.1 This Equity Transfer**

All parties agree that Party A shall acquire 100% equity of the Target Company held by Party B for a total of 5 million US dollars (the valuation of the Target Company is detailed in the attached property list).

1.2 Party B enjoys 100% equity of the Target Company, which is still held by a third party at the time of signing this agreement. Party B undertakes to transfer all equity held in the name of a third party to Party B within two months from the date of signing this agreement. If Party B is unable to transfer back the equity within two months from the date of signing this agreement, Party A has the right to terminate this Agreement and demand that Party B indemnify for all losses.

**1.3 Payment Arrangement**

Party A shall, within 15 working days after signing this agreement, pay the first equity transfer fee of 2.4 million US dollars to Party B; within 180 days after Party B registers the equity held on behalf of Party B, Party A shall pay the second equity transfer fee of 1.6 million US dollars to Party B. The remaining funds will be subject to target company property evaluation by Party B, and shall be settled in full at the time of the equity transfer (the specific amount shall be subject to the assessed value).

**1.4 Equity Delivery**

Party B shall, before September 30, 2023, undertake property change registration for two properties that originally belonged to the Target Company: 301 and 401, Building 3, Tai'an Building, Lucheng District, Wenzhou City, so that the two properties are registered under the name of the Target Company. If Party B is unable to complete the above-mentioned property change registration, Party A has the right to terminate this Agreement and demand compensation from Party B for losses.

Party B shall complete the equity transfer registration procedures before December 1, 2023 to deliver 100% of the Target Company's equity to Party A's name.

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### 1.5 Obligation to Make Up Payment

The Target Company's registered capital of 10 million CN yuan has not been fully paid. Both parties agree that the actual payment obligation shall be borne by Party B. Party B shall, before the equity is transferred to Party A, complete the full payment of such registered capital.

### Article 2 Taxes

Any taxes arising from the performance or enjoyment of obligations or rights under this Agreement by the parties, shall be borne by all parties in accordance with legal provisions or other agreements between the parties. If one party is required by law to fulfill the obligation of withholding and paying taxes, such party shall fulfill its withholding and payment obligations in accordance with legal provisions.

### Article 3 Liability for Breach of Contract

After the formal signing of this Agreement, if either party fails to perform Or fails to fully perform the provisions of this Agreement, it shall constitute a breach, and the non-breaching party has the right to demand that the breaching party bear all economic losses caused to the non-breaching party (including but not limited to litigation fees, lawyer fees, announcement fees, and other related expenses for realizing creditor's rights).

### Article 4 Supplementary Provisions

4.1 This Agreement shall be established and come into effect from the date its signed and sealedby all parties.

4.2 This Agreement is governed by PRC law. All matters of this Agreement (including but not limited to validity, interpretation, performance and relief shall be explained, interpreted, and enforced in accordance with PRC law.

4.3 Any disputes arising from or in connection with this Agreement shall first be resolved through negotiation between the parties. If the dispute cannot be resolved within 30 days after the start of negotiations, either party may submit the dispute to the People's Court of the place where the Agreement is signed for litigation resolution.

4.4 This Agreement is written in Chinese and signed in triplicate, with each party holding one copy. Each copy should be considered as an original and have equal legal effect.

Party A ("Transferee"): Wenzhou Lilong Logistics Service Co., Ltd.

Signature: /s/ *Wenzhou Lilong Logistics Service Co., Ltd.* /s/ *Weng Yixiong*

Party B ("Transferor"):

Signature: /s/ *Zhao Dongfang* /s/ *Lin Suifang*



## Supplementary Agreement

Party A (Transferee): Wenzhou Lilong Logistics Service Co., Ltd  
Unified Social Credit Code:[Redacted]  
Party B: (Transferor): Zhao Dongfang (ID:[Redacted])  
Lin Suifang (ID:[Redacted])

Both Party A and Party B have signed the Equity Transfer Agreement (hereinafter referred to as the "Original Agreement") on April 10, 2023. After negotiations, both parties have signed a supplementary agreement, with the specific provisions as follows:

1. In the Original Agreement, Section 1.4 Equity Delivery under Article 1 Specific Arrangements for this Equity Transfer provides: "Party B shall, before September 30, 2023, undertake property change registration for two properties that originally belonged to the Target Company: : 301 and 401, Building 3, Tai'an Building, Lucheng District, Wenzhou City, so that the two properties are registered under the name of the Target Company." Now it is changed to: "Party B shall, before October 31, 2023, undertake property change registration for two properties that originally belonged to the Target Company: properties 301 and 401, Building 3, Tai'an Building, Lucheng District, Wenzhou City, so that the two properties are registered under the name of the Target Company." The second sentence provides: "Party B shall complete the equity transfer registration procedures before December 1, 2023 to deliver 100% of the Target Company's equity to Party A's name." Now it is changed to: "Party B shall complete the equity transfer registration procedures before December 31, 2023 to deliver 100% of the Target Company's equity to Party A's name."
2. In the Original Agreement, Section 1.5 Obligation to Make Up Payment under Article Specific Arrangements for this Equity Transfer provides:"The Target Company's registered capital of 10 million CN yuan has not been fully paid. Both parties agree that the actual payment obligation shall be borne by Party B. Party B shall, before the equity is transferred to Party A, complete the full payment of such registered capital." Now it is changed to: "The Target Company's registered capital of 10 million CN yuan has not been fully paid. Both parties agree that the actual payment obligation shall be borne by Party B. Party B shall complete the full payment of such registered capital with in the presctibed time by relevant government departments."
3. The other terms of the Original Agreement remain unchanged.
4. This agreement is made in triplicate, with Party A holding one copy and Party B holding two copies, all of which have equal legal effect.
5. If there are any other supplementary clauses after the signing of this agreement, both parties may sign a supplementary agreement separately.

Party A (Transferee): Wenzhou Lilong Logistics Service Co., Ltd.  
Signature of legal representative: Date of signing:

*/s/ Wenzhou Lilong Logistics Service Co., Ltd. September 20, 2023*

*/s/ Weng Yixiong*

Party B: (Transferor): Zhao Dongfang, Lin Suifang  
Signature: Date of signing:

*/s/ Zhao Dongfang September 20, 2023*

*/s/ Lin Suifang*

Credit Contract 2021-008

## Contract for Loans of Working capital

Contract number: 8521120230001974

Lendor: Zhejiang Wenzhou Longwan Rural Commercial Bank Co., Ltd. Gaoxin Branch

Borrower: Wenzhou City Ouhai District Yangfushan Culture Tutorial School

Article 1 Loan amount, type and purpose: The lender agrees to issue a loan of RMB 4.9 million yuan to the borrower. The loan type is a mid-term loan, and the purpose of the loan is to purchase teaching equipment (without repayment or renewal).

Article 2 Loan Term: The loan term of this contract is from January 17, 2023 to January 16, 2026.

If the actual disbursement date or maturity date is inconsistent with the above agreement, the loan receipt shall prevail.

Article 3 Loan Interest Rate: The loan interest rate under this contract shall be determined in the following manner (1). (For options that involve checking, mark a  in front of the option)

(1) The loan interest rate of this contract shall be based on the latest period published on the natural day prior to the effective date of the contract  1-year or more, 5-year or more, other/LPR(  Adding  subtracting) 90 basis point determination (LPR, meaning the loan market quotation interest rate published by the National Interbank Funding Center, 1 basis point=0.01%, the same below), based on the loan receipt. During the loan term, The loan interest rate will not be adjusted.

(2) The interest rate for each loan under this contract shall be based on  Effective date of contract  Loan disbursement date The most recent issue published on the previous natural day More than  1 year period  5 year period  other/LPR( Adding  subtracting)/      basis points determined , Please refer to the loan receipt for details. During the loan term, the interest rate of each loan shall be adjusted accordingly according to the /      method below, and the lender shall not notify the borrower separately:

① The loan interest rate for a single loan is not adjusted and does not accrue interest in segments.

② Using / (      year  monthes) as the interest rate repricing cycle, the adjustment date is the loan disbursement date on the corresponding day of the adjustment month, If there is no corresponding day for the adjustment of the current month, the last day of the month shall be taken as the adjustment day. The LPR of the latest term variety selected in paragraph (2) of this article, announced one natural day prior to the adjustment date, shall be used as the new pricing benchmark, with no change in the basis points.

(3) Others: \_\_\_\_\_

The calculation formula for the loan interest rate under this contract is: monthly interest rate = annual interest rate ÷ 12; Daily interest rate = annual interest rate ÷ 360.

#### Article 4 Loan Disbursement and Payment

(1) Withdrawal conditions. The borrower shall meet the following conditions for withdrawals under this contract: 1. The borrower has not violated any obligations or responsibilities under this contract; 2. The borrower's financial condition has not undergone any adverse changes that may endanger, delay or prevent it from fulfilling its obligations and responsibilities under this contract; 3. No breach of contract has occurred under this contract; 4. The guarantee shall remain valid, and the guarantor's guarantee ability and the collateral's guarantee ability or value have not undergone any adverse changes to the lender; 5. The borrower has opened relevant accounts as requested by the lender; 6. Other conditions requested by the lender: \_\_\_\_\_

The borrower understands and accepts that the lender is subject to national policies, macroeconomic regulation Regulatory requirements and other factors may affect the suspension of borrower's withdrawal requests.

(2) Loan disbursement. The borrower applies for withdrawal from the lender before using the funds. If the lender deems after review that the withdrawal conditions stipulated in this contract are met, transfer the loan funds to the agreed borrower's account.

(3) Loan payment. 1. Entrusted payment. If the single payment amount of loan funds exceeds RMB 1 million, it shall be paid by the lender through entrusted payment. The lender shall provide the borrower with a payment authorization letter and corresponding payment vouchers Proof materials such as business contracts. After approval, the loan funds will be paid to the borrower's trading partner through the borrower's account. 2. Self payment. If the conditions for entrusted payment by the lender are not met, the borrower's self payment method shall be adopted. The borrower shall provide the lender with transaction information related to the payment of the loan funds within 30 days after the use of the loan funds, and summarize and report the payment status of the loan funds. The lender has the right to verify whether the loan payment meets the agreed purpose through account analysis, voucher verification, on-site investigation, and other methods. 3. In the process of loan payment under this contract, if the borrower experiences a decline in credit status, weak profitability of main business, or abnormal use of loan funds, the borrower shall negotiate with the lender to supplement the loan disbursement and payment conditions, or the lender has the right to change the payment method, stop the disbursement and payment of loan funds.

Article 5 Repayment Method: The repayment method stipulated in this contract is to pay interest on a monthly (monthly, quarterly, or annual) basis. The 20th day of each month (month, quarter end month, or year-end month) is the interest settlement date, the next day is the interest payment date, and overdue interest payment is considered a breach of contract. The principal shall be repaid in a lump sum at the end of the loan term, and the interest shall be paid in full along with the principal. But if the electronic data and vouchers generated by electronic banks such as loan receipts or online banking specifically specify the repayment method for the current loan, then the repayment method for the current loan shall be agreed upon accordingly.

Article 6: The borrower undertakes that: (1) the borrower has been approved and registered by the administrative authority for industry and commerce or the competent authority in accordance with the law, and the loan matters comply with the requirements of laws and regulations; (2) The borrower and its legal representative, shareholders, senior management personnel, etc. have good credit status and no major bad records; (3) Timely provide the lender with documents and vouchers related to the disbursement, payment, and use of loan funds under this contract, and ensure that the provided materials, documents, data, and information are true, accurate, complete, legal, and valid; (4) Cooperate with the lender for payment management and accept on-site and off-site investigations by the lender; (5) If the guarantor partially or completely loses the guarantee ability, such as suspension of business, closure of business, bankruptcy, dissolution, revocation of business license, revocation, merger (acquisition or merger) or serious business losses, it is obliged to inform the lender in a timely manner and provide guarantees recognized by the lender according to the lender's requirements; (6) All transactions between the borrower and its affiliates will be conducted in good faith, fairness, and without directly or indirectly harming the interests of the lender under this contract; (7) If the borrower has multiple debts with the lender, the lender may independently decide the order of repayment for each debt; (8) Promptly notify the lender when significant adverse events occur that affect the ability to repay debts.

Article 7 Loan Extension: If the borrower needs to extend the loan term, they shall apply in writing to the lender before the loan maturity date. After obtaining the consent of the lender and guarantor, the lender, borrower, and guarantor shall sign a loan extension repayment agreement separately. After the loan is extended, when the extension period of the loan plus the original term reaches a new interest rate term level, the interest rate will be determined based on the current interest rate level of the cumulative term.

Article 8: Any of the following circumstances shall constitute a breach of contract or risk event: (1) Failure to repay the loan principal on time, failure to pay interest on time, or failure to repay the loan principal and interest in accordance with the repayment method specially agreed upon in the loan receipt; (2) Not using the loan for the agreed purpose; (3) Failure to make loan fund payments in accordance with the agreed method; (4) Not complying with the commitments of this contract; (5) Failure to repay other due debts to the lender on schedule; (6) Failure to repay the due debts of any other financial institution or third party on time; (7) Events such as property looting; (8) Involved in significant adverse litigation; (9) Those who have been subjected to significant administrative penalties by administrative organs; (10) Stopping production or business due to poor management; (11) Concealing the financial and operational status of the enterprise or evading funds (principal); (12) Undertaking contracting, entrusted operation, custody, leasing, joint venture, merger, merger, division, transfer, shareholding reform, or reducing registered capital without the written consent of the lender; (13) Failure to notify the lender in writing one month prior to the date of change in business registration matters such as changing the company name, legal representative, shareholders, domicile or business scope; (14) Those who engage in tax evasion, bankruptcy, dissolution, being ordered to suspend business for rectification, or having their business license revoked or revoked; (15) If the guarantor dies, disappears or loses civil capacity, and the borrower is unable to provide additional qualified guarantees; (16) Any other serious impact on the ability to repay debts or loss of credit occurs.

During the validity period of this contract, if the borrower encounters any of the above (1), (2), (5), (8), (10), (12), (13), (14) , ((16)) that constitutes a breach of contract or risk event, the lender has the right to take any one or more of the following measures, including but not limited to: 1. Collect penalty interest and compound interest according to regulations; 2. Stop issuing loans, announce the early maturity of loans issued under this contract, and require the borrower to immediately Repay all loans and corresponding interest, penalty interest, and compound interest; 3. Stop payment and deduct corresponding funds from the borrower and guarantor's accounts as agreed Repayment of loan principal, interest, and expenses; 4. Require the guarantor to fulfill joint and several guarantee responsibilities; 5. Require the realization of mortgage rights; 6. Termination of this contract in advance; 7. Other legally permissible measures.

During the validity period of this contract, if the borrower encounters any of the aforementioned clauses (3), (4), (6), (7), (9), (11), or (15) that constitutes a breach of contract or a risk event, the lender has the right to request the borrower to provide new guarantees that meet the lender's requirements for the creditor's rights under this contract, or take other measures to ensure that the legitimate rights and interests of the lender are not infringed upon. If the borrower fails to provide new guarantees as requested by the lender, or if the measures fail to ensure that the legitimate rights and interests of the lender are not infringed upon, the lender has the right to take any one or more of the following measures, including but not limited to: 1. Calculate penalty interest and compound interest according to regulations; 2. Stop issuing loans, announce the early maturity of loans issued under this contract, and request the borrower to immediately repay all loans and corresponding interest, penalty interest, and compound interest; 3. Stop payment and deduct funds from the borrower and guarantor's accounts as agreed to repay loan principal, interest, and expenses; 4. Require the guarantor to fulfill joint and several guarantee responsibilities; 5. Require the realization of mortgage rights; 6. early termination of this contract; 7. Other legally permissible measures.

Article 9 Loan Guarantee: The guarantee provided by the borrower shall maintain its due guarantee ability until the rights of the lender under this contract are extinguished. If the guarantee's guarantee ability of the property decreases or loses its guarantee ability, or if the guarantor encounters any of the situations mentioned in Article 8 (4) to (16) above, the lender has the right to stop the loans that have not been disbursed under this contract and to recover the loans that have not yet matured in advance.

Article 10 Liability for Breach of Contract:

(1) Borrower's breach of contract and its liability for breach of contract: 1. Failure to repay the loan principal (including extension) on time, from the date of overdue, penalty interest rate of 50% will be charged at the agreed interest rate. 2. Failure to pay loan interest and penalty interest on schedule, calculated at the penalty interest rate Recovery of compound interest. 3. Failure to use the loan as agreed in the contract, imposing a penalty interest of 100% on the misappropriated loan at the agreed interest rate during the misappropriation period, the interest is subject to penalty i. 4. The borrower's early repayment of the loan must be approved by the lender; the lender has the right to repay the loan in advance in accordance with this contract, interest shall be charged to the borrower at the agreed term and interest rate, but with the consent of the lender, it may be calculated based on the interest rate and actual number of days stipulated in this contract.

(2) Default of the lender and its liability for breach: If the lender fails to provide the loan to the borrower as agreed, the default amount and overdue penalty interest shall be calculated borrower based on the interest rate and the number of days of default.

Article 11 Performance of the Contract: (1) When the lender transfers the loan to the borrower's account, it shall be deemed that the lender has fulfilled its obligation to issue the loan.(2) The lender shall recover the principal and interest of the loan upon maturity or advance the repayment of the loan principal and interest in accordance with the agreement,The corresponding amount can be stopped and deducted directly from the borrower's account for repayment of loan principal, interest, and expenses.

Article 12 Establishment, Effectiveness, and Termination of Contracts;

(1) This contract shall be established from the date of signature, seal or fingerprint by all parties;

And the borrower shall provide qualified guarantees for the creditor's rights, and this contract shall come into effect from the date of the establishment and effectiveness of the guarantee contract.

(3) If within 30 days from the date of the establishment of this contract, the borrower shall provide appropriate guarantees for the lender's creditor's rights as agreed, and the lender shall have the right to terminate this contract.

Article 13 Other provisions: The loan interest rate under this contract shall be calculated using the simple interest method.

Article 14 Information Use: The borrower agrees that the lender shall, in accordance with the relevant regulations of the People's Bank of China or other regulatory authorities, enter (query, disclose) the borrower's relevant information on the personal (enterprise) credit information basic database and relevant information systems of the People's Bank of China. When the borrower breaches this contract, the lender has the right to publicly disclose the breach information in accordance with the law, or provide relevant information to the collection agency for the purpose of collection, depending on the breach situation.

Article 15 Dispute Resolution: In case of any dispute arising from this contract, the parties shall resolve it through negotiation; If negotiation fails, either party has the right to choose the following dispute resolution method (Tick  in front of the ):

Submit the dispute to the people's court of the lender's domicile for resolution through litigation.

Submit the dispute to the Longwan District People's Court for resolution through litigation.

Submit the dispute to the \_\_\_\_\_ Arbitration Commission for arbitration in accordance with the effective arbitration rules of the commission at the time of application for arbitration. The arbitration award is final and binding on all parties.

Article 16 Others:

(1) The guarantee contract corresponding to this contract is: 8521320210000435,8521320220003097, which is an integral part of this contract.

(2) The loan receipt and other vouchers and attachments are an integral part of this contract and have the same legal effect as this contract.

(3) All reasonable expenses incurred in realizing the creditor's rights, such as notarization fees, litigation fees, and lawyer's agency fees, shall be borne by the borrower.

(4) The lender has requested the borrower to have a comprehensive and accurate understanding of each clause of this contract, and to fully explain each clause as requested by the borrower; All terms of this contract have been fully negotiated before its conclusion; The borrower has fully understood and fully understood the meaning and corresponding legal consequences of each clause in this contract.

(5) This contract is made in duplicate, with the lender holding two copies and the borrower holding one copy, both of which have the same legal effect.

Borrower: /s/ *Wenzhou City Ouhai District Yangfushan Culture Tutorial School*

lender: /s/ *Zhejiang Wenzhou Longwan Rural Commercial Bank Co., Ltd. Gaoxin Branch*

Legal representative/person in charge: (signature) /s/ *Weng Xueyuan*

Responsible person: (signature or seal) /s/ *Feng Jiheng*

Signing date: January 19, 2023

No.: Minshang (Gu) No. (2023302090009)

WENZHOU MINSHANG BANK

Fixed Assets Loan Aontract  
(2022 small and micro business edition)

Lender: Wenzhou Minshang Bank Co., Ltd.

Borrower: Wenzhou City Ouhai District Yangfushan Cultural Tutorial School

Special note: This contract is concluded by the BorrowerLender and the Borrower on the basis of equality and voluntary negotiation. All the terms of the contract are true expressions of the intention of both parties. In order to safeguard the legitimate rights and interests of the Borrower, the Lender hereby requests the Borrower to pay full attention to all the provisions of the rights and obligations of both parties, especially the black body part.

## Fixed assets loan contract

Whereas: the Borrower made a loan application to the Lender; upon examination, the Lender agreed to extend the loan according to the terms and conditions of this contract. In order to clarify the rights and obligations of both parties, this contract is hereby signed and negotiated in accordance with relevant national laws and regulations.

### Article 1 Purpose of the Loan

The purpose of borrowing under this contract is for the purchase of teaching equipment. Without the written consent of the Lender, the Borrower shall not use the loan for other purposes, and the Lender shall have the right to supervise the use of the money.

### Article 2 Amount and Term of the Loan

2.1 The loan amount hereunder is RMB (in words) Eight Million and Five Hundred Thousand.

2.2 The term of the loan under this contract is February 15, 2023 to February 15, 2028, starting from the date of the first withdrawal under this contract.

2.3 For each withdrawal, the withdrawal date is the date when the loan funds are actually transferred into the loan issuance account, and the maturity date is the repayment date recorded in the IOU (for installment repayment, the maturity date shall be executed according to the contract or the repayment plan otherwise agreed by the parties), and the repayment date of any withdrawal shall not exceed the loan term of this contract.

2.4 The amount and term of each loan under this contract shall be subject to the records of this contract and the corresponding loan certificate. If the loan certificate is not consistent with this contract, the loan certificate shall prevail. The loan certificate is an integral part of this contract.

### Article 3 Interest Rate

3.1 **The borrowing rate at the time of signing this contract is 7.5%**. The borrowing rate is determined in the following manner:

The borrowing rate under this contract shall be determined on the basis of the market quoted interest rate (LPR) of the corresponding term, that is, as announced by the National Interbank Lending Center one working day before the effective date of this contract, the 5 year (1 year / 5 years or more) loan market quoted interest rate plus (plus / minus) 3.2% (a basis point is 0.01%, the same applies to below). If one working day before the date of determination, the National Interbank Funding Center has not released the market quoted interest rates for loans with corresponding maturities, the loan market quoted interest rate published by the National Interbank Funding Center on the previous working day shall prevail, and so on. After this contract takes effect, the loan interest rate shall be adjusted in the following way (1):

(1) Fixed interest rate. Not adjusted throughout the entire loan term;

(2) Floating interest rates. The floating interest rate adjustment method for each loan shall be adjusted from January 1st of the following year after the loan is issued. The Lender shall adjust the loan interest rate based on the market quoted interest rate and plus or minus points published by the National Interbank Dismantling Center on the working day prior to that day.

(3)

3.2 The loan under this contract shall bear interest from the actual withdrawal date and shall be settled on a monthly (monthly/quarterly/semi annual) basis. If settled on a monthly basis, the monthly interest settlement date is the 20th day of each month. If settled quarterly/annually, the interest settlement date is the 20th day of the end month of each quarter/year. When the loan matures, the interest will be paid off along with the principal, and the daily interest rate is equal to the annual interest rate/360.

3.3 The first interest period starts from the actual withdrawal date of the Borrower and ends on the first interest settlement date. The last interest period starts from the day after the end of the previous interest period and ends on the final repayment date. The remaining interest periods start from the end of the previous interest period and continue until the next interest settlement date.



**3.4 Loan interest=loan principal \* daily interest rate \* actual usage days, using installment repayment of principal, the formula for calculating the principal and interest should be as stipulated in clause 7.1.**

3.5 The penalty interest rate for overdue payments under this contract shall be determined by adding 50% to the original loan interest rate. The penalty interest rate for misappropriation of loans is determined by adding 100% to the original loan interest rate.

3.6 If the loan under this contract adopts the floating interest rate, the interest rate adjustment rules after the overdue loan shall still be implemented in the original way.

3.7 The loan interest rate in this contract is the annual interest rate calculated by the single interest method.

**3.8 If the People's Bank of China adjusts the method for determining the loan interest rate and applies to the loan hereunder this contract, the relevant provisions of the People's Bank of China shall be handled and the Lender will not notify the Borrower further.**

#### **Article 4: Withdrawal**

4.1 The Borrower shall, according to the actual demand for payment, follow the following requirements (1) to withdraw money:

- (1) Clear the loan in one time ;
- (2) Make the withdrawal in installments according to the Withdrawal Plan, and submit the withdrawal application according to the time agreed in the Drawing Plan;
- (3) The withdrawal may be made in installments, and the application for withdrawal shall be submitted.

4.2 The Borrower must meet the preconditions for withdrawal agreed herein, otherwise the Lender is not obligated to make any money to the Borrower, except that the Lender agrees to make the loan first.

4.3 Preconditions for the first withdrawal:

- (1) The loan project has been reviewed, approved or registered by the state authorities; (except for, according to relevant regulations, there is no need to obtain the corresponding review, approval or registration before the loan is issued);
- (2) The project capital or other funds to be raised have been fully in place at the prescribed time and proportion;
- (3) Except for credit loans, the Borrower has provided the corresponding guarantee as required by the Lender and has completed the relevant guarantee procedures ;
- (4) Submit other information required by the Lender.

4.4 Before each withdrawal, the Borrower shall meet the following preconditions besides the preconditions for the first withdrawal:

- (1) If the project capital is in place in stages, the current capital has been in place in full in proportion;
- (2) No cost overspend or cost overspend is solved by oneself ;
- (3) The project progress has been completed according to the plan, and the actual progress of the project matches the investment ;
- (4) No breach of this contract or any other contracts signed with the Lender occurs ;
- (5) Submit the application for withdrawal to the Lender as agreed herein;
- (6) The provided loan purpose proof materials match the agreed purpose;
- (7) Submit other materials requested by the Lender.

**4.5 If the Borrower fails to withdraw funds as agreed, The Lender has the right to partially or completely cancel the outstanding loan of the Borrower.**

**4.6 The Borrower must submit a withdrawal application to the Lender at least 5 working days in advance when applying for withdrawal. Once the withdrawal application is submitted, it cannot be revoked without the written consent of the Lender.**

**4.7 If the Lender approves the Borrower's withdrawal after review, the Lender will transfer the loan to the designated Borrower's loan disbursement account, it shall be deemed that the Lender has issued the loan to the Borrower in accordance with the provisions of this contract.**

#### **Article 5 Payment Management**

5.1 The Borrower agrees that the Lender has the right to make entrusted and autonomous payments, monitor and manage the payment of loan funds in the loan disbursement account, and supervise the use of loan funds for the purposes specified in this contract.

5.2 Entrusted payment, that is, the Borrower submitting a Payment Application and related documents to the Lender, after the Lender's review, based on the Borrower's payment application and payment commission, the Lender shall pay the corresponding amount to the transaction party that meets the purpose specified in the contract. The loan under this contract shall be paid in the form of entrusted payment by the Lender when any of the following conditions are met:

(1) If the Borrower's single payment of the loan amount exceeds 5% of the total project investment or 5 million RMB;

(2) N/A.

5.3 Independent payment, that is, the Borrower submits the Payment Application Form to the Lender, and after the Lender's review, the corresponding payment shall be transferred to the account opened by the Borrower according to the Borrower's payment application, and the Borrower shall independently pay the payment to the transaction party for the purpose agreed in the contract.

In the case of independent payment, the Borrower shall regularly report to the Lender on the use of the loan as required by the Lender. If the parties otherwise agree to other supervision methods, the Borrower shall implement other supervision requirements of the Lender.

5.4 In the process of loan issuance and payment, the Borrower agrees that in the following circumstances, the Lender shall have the right to request the Borrower for supplementary withdrawal conditions and payment conditions, or to stop the issuance and payment of the loan funds according to this contract:

(1) Declining in credit status;

(2) Failing to pay the loan funds as agreed in the contract ;

(3) The project progress lags behind the use progress of the loan;

(4) Violation of the contract and avoid the entrusted payment of the Lender by breaking it into parts.

#### **Article 6 Account Management**

6.1 The parties agree that the Borrower opens at the Lender below (2) account as the loan issuance account under this contract:

(1) Fund supervision account:

name in an account book:

account number:

(2) General settlement account:

Account name in an account book: Wenzhou City Ouhai District Yangfushan Cultural Tutorial School

Account number: [Redacted]

6.2 The Borrower agrees that the loan issuance account shall be the repayment account and fund return account under this contract, and shall be used to collect the corresponding project income or planned repayment funds, unless otherwise agreed by both parties. If the corresponding project income is settled in non-cash form, the Borrower shall ensure that the fund is timely transferred to the fund return account after receiving the payment.

6.3 The Lender has the right to supervise the fund return account, including but not limited to understanding and supervising the fund income and expenditure of the account, and the Borrower shall cooperate.

6.4 If required by the Lender, the Borrower shall sign a special account supervision agreement with the Lender.

## Article 7. Repayment

7.1 The Borrower shall repay the loan under this contract in the following manner (2):

(1) Repay the loan principal in one lump sum upon maturity;

(2) Repay the principal in installments according to the order, time, and amount listed in the Repayment Schedule;

(3) Equal principal and interest repayment method. Except for the first and last installments, repay the loan principal and interest in equal amounts for each installment. The formula for calculating the principal and interest to be repaid is:

$$\text{Principal and interest for each period} = \text{loan principal} * \text{interest rate of the period} * (1 + \text{interest rate per period})^{\text{total repayment periods}} / (1 + \text{interest rate of the period})^{\text{total repayment periods} - 1}$$

In the above formula, for monthly repayments, the interest rate of the period is the monthly interest rate; for quarterly repayments, the interest rate of the period is the annual interest rate/4.

(4) Equal principal repayment method. Except for the first and last installments, the Borrower shall repay the loan principal in equal installments,

The calculation formula is:

$$\text{Principal and interest for each period} = \text{loan principal} / \text{total repayment periods} + (\text{loan principal} - \text{accumulated repaid principal}) * \text{interest rate of the period}$$

In the above formula, for monthly repayments, the interest rate of the period is the monthly interest rate; for quarterly repayments, the interest rate of the period is the annual interest rate/4.

(4) Other repayment plans: /.

7.2 The Borrower shall prepare sufficient provisions in the repayment account of the Borrower mentioned in 6. 1 and 6.2 before 17:00 on the date of interest settlement and the date of repayment. The principal and interest of the term loan and other amounts payable are irrevocably authorized to transfer to the Lender directly from the account. If the amount in the repayment account is insufficient to pay the full amount due to the Borrower, the Lender has the right to determine the order of repayment.

If the repayment account occurs to be having loss reporting, freezing, stop repayment or cancellation, or the Borrower needs to change the repayment account, the Borrower shall go through the change procedures of the repayment account at the Lender's counter. Before the change procedures take effect, if the original repayment account has been unable to transfer the full amount, the Borrower should go to the Lender counter for repayment. If the Borrower fails to go through the procedures of changing the repayment account in time or fails to repay the loan at the Lender counter in time and causes the failure to pay off the principal and interest of the due loan in full, the Borrower shall bear the liability for breach of contract.

7.3 When the Borrower applies for prepayment, it shall submit a written application to the Lender and obtain its consent. If the Lender agrees to repay the loan in advance, the Borrower shall pay off the loan to the prepayment of the loan, and the principal, interest and other amounts payable herein.

7.4 The Lender has the right to recover the loan in advance according to the fund return of the Borrower.

7.5 If the actual loan term is shortened due to the Borrower's repayment in advance or the Lender recovers the loan in advance according to the contract, the corresponding interest rate shall not be adjusted and the original loan interest rate shall still be implemented.

## Article 8. Guarantee

8.1 In addition to the credit loans, the Borrower shall provide the legal and valid guarantees recognized by the Lender for the performance of its obligations under this contract. The guarantee contract shall be signed separately. The guarantee contract corresponding to the loan under this contract includes but is not limited to:

(1) See number Mingshang (Gaobao) 202301170028 for Maximum Amount Guarantee Contract;

(2) See number Mingshang (Gaobao) 202301170029 for Maximum Amount Guarantee Contract;

(3) See number Mingshang (Gaobao) 202301170030 for Maximum Amount Guarantee Contract.

8.2 If collateral under this contract is damaged, devaluation, having property rights disputes, seized or withheld, or the guarantor is in violation of the guarantee contract, or the guarantor has financial changes or other adverse changes to the Lender creditor's rights, the Borrower shall promptly notify the Lender, and provide other guarantees recognized by the Lender.

8.3 The Lender shall have the right to regularly or irregularly reassess the value of the collateral and guarantor's guarantee ability, if the assessment is that collateral value has reduced, or the guarantor's guarantee ability has declined, the Borrower shall provide additional value or guarantee ability or provide other guarantees recognized by the Lender.

#### **Article 9. Statements and Warranties**

The Borrower makes the following representations and warranty to the Lender throughout the term of this contract:

9.1 The loan and the loan items shall meet the requirements of laws and regulations.

9.2 It shall have the qualification of a borrower according to law and the qualification and ability to sign and perform this contract.

9.3 The signing of this contract has obtained all necessary authorization or approval. The signing and performance of this contract shall not violate the provisions of the articles of association and relevant laws and regulations of the Company, and shall not contradict other obligations under this contract.

9.4 Operating in accordance with the law, with good credit status, paying other debts payable on schedule, and having no malicious default on the principal and interest of bank loans.

9.5 It has a sound organizational structure and financial management system, no major violations of rules and disciplines have occurred in the process of production and operation in the recent year, and the current senior management personnel do not have any major bad record.

9.6 All the documents and materials provided to the Lender are true, accurate, complete and valid, and contain no false records, material omissions or misleading statements.

9.7 The financial and accounting reports provided to the Lender are prepared in accordance with the Chinese accounting standards, which truly, fairly and completely reflect the operating conditions and liabilities of the Borrower, and the financial condition of the Borrower has no no material adverse since the end of the latest financial and accounting reports.

9.8 Did not conceal any litigation, arbitration or claims from the Lender. There is no ongoing litigation, arbitration, other administrative proceedings or claims that may affect the execution or performance of the Contract and the payment of debts under this contract.

9.9 Did not conceal from the Lender any matter that has occurred or is occurring and may affect its financial position and solvency.

#### **Article 10 Commitment Made by the Borrower**

**10.1 The loan is withdrawn and used according to the term and purpose agreed herein, the loan shall not flow into the securities market, futures market in any form or other purposes prohibited or restricted by relevant laws and regulations.**

10.2 Pay off the loan principal, interest and other payables in accordance with the contract.

**10.3 Accept and actively cooperate with the Lender to inspect and supervise the use of borrowing funds including the purpose by means of account analysis, voucher inspection, on-site investigation, etc., and regularly summarize and report the use of borrowing funds according to the requirements of the Lender.**

10.4 Accept the credit inspection of the Lender, provide financial accounting data such as balance sheet, profit and loss statement and other materials reflecting the solvency of the Borrower as required by the Lender, assist and cooperate with the Lender in the investigation, understanding and supervision of its production, operation and financial situation.

10.5 For the outstanding principal and interest of the loan and other amounts due (including being declared immediately due) under this contract, dividends and dividends shall not be distributed in any form.

**10.6 In the case of merger, split, capital reduction, equity change, equity pledge, transfer of material assets and creditor's rights, major foreign investment that may adversely affect the realization of the Lender's creditor's rights, prior arrangement with the written consent of the Lender or satisfactory to the Lender is required.**

**10.7 Timely notify the Lender of any of the following circumstances:**

(1) Change of the articles of association, business scope, registered capital and legal representative ;

(2) Closing, dissolution, liquidation, suspension of business operations for rectification, revocation of business license, cancellation or application for (order for) bankruptcy;

(5) Involving or potentially involving major economic disputes, litigation, arbitration, or property being lawfully seized Seizure or Supervision:

(6) Shareholders, directors, and current senior management personnel are suspected of major cases or economic disputes.

10.8 Timely, comprehensive, and accurate disclosure of related party relationships and related transactions to the Lender.

**10.9 Promptly sign for all types of notices sent or delivered by the Lender.**

**10.10 Do not dispose of its own assets in a way that reduces its solvency. Without the consent of the Lender, the assets formed by the loan under this contract shall not be used to provide guarantees to third parties.**

**10.11 If the loan under this contract is issued by credit, it shall be complete, the external guarantee situation shall be accurately and regularly reported to the Lender and sign an account supervision agreement according to the Lender's requirements. Providing external guarantees may affect the performance of its obligations under this contract. Written consent from the Lender is required.**

10.12 Support the participation of Borrowers in the review of the three accounts (preliminary estimate, budget, and final account) for borrowing projects, matters related to engineering bidding and completion acceptance.

10.13 If the Borrower of this contract is a group customer, the Borrower hereby undertakes that it shall promptly report to the Lender any related party transaction with a net asset value of more than 10%, including the affiliated relationships of the parties involved in the transaction, the transaction items and nature, the amount or corresponding proportion of the transaction pricing policy (including transactions with no or only symbolic amounts).

10.14 Bear the expenses incurred by the Lender in realizing the creditor's rights under this contract, including but not limited to lawyer fees, auction fees, collection fees, etc.

10.15 The order of repayment of the debts under this contract shall take precedence over the debts of the Borrower to its shareholders, and shall be at least in an equal position with the similar debts of other creditors of the Borrower.

10.16 Where the Borrower's repayment funds (including but not limited to the funds obtained by the Lender through withholding and disposal of collateral, etc.) are insufficient to pay off all its debts to the Lender under this contract and other contracts, the Lender shall have the right to decide the order of repayment.

10.17 Strengthen environmental and social risk management, and accept the supervision and inspection of the Lender. Submit an environmental and social risk report to the Lender as requested.

10.18 When the Borrower authorizes the Lender to handle the relevant business under this contract and perform the risk management procedures, according to the relevant institutions or units (including but not limited to financial credit information base database, accumulation fund, tax, communications operators, e-commerce platform, Internet platform and other third party) query, print, custody and use the Borrower's credit report, personal information and credit information, including credit information, and guarantees that it will not file any claim to the above institutions in cooperation with the Lender.

10.19 The Lender shall have the right to entrust its rights and obligations under this contract to a third party (including but not limited to credit investigation, overdue payment collection, etc.) and disclose relevant information of the Borrower to the institution, which the Borrower recognizes and has no objection.

## **Article 11 Breach of Contract**

11.1 Any of the following circumstances shall constitute a default of the Borrower:

(1) The Borrower fails to repay the principal and interest of the loan and other amounts payable hereunder as agreed, or fails to perform any other obligations hereunder, or violates the representations, warranties or commitments hereunder;

(2) The guarantee under this contract has changed unfavorable to the creditor's rights of the Lender, or the guarantor violates the provisions of the guarantee contract, and the Borrower fails to provide other guarantee recognized by the Lender;

(3) Changing the original purpose of the loan without the consent of the Lender, misappropriating the loan or engaging in illegal or illegal transactions with the bank loan;

(4) Refusing to accept the Lender's supervision and inspection of the use of its credit funds and related business and financial activities;

(5) Providing false materials or concealing important business financial facts;

(6) Any other debts of the Borrower fails to repay after maturity (including being declared to be due earlier), or fails to perform or violate its obligations under other agreements, which has been or may affect the performance of its obligations under this contract;

(7) The Borrower's financial indicators, such as profitability, solvency, operating capacity and cash flow, deteriorate, which has already, or may affect the performance of its obligations hereunder;

- (8) The Borrower has undergone significant adverse changes in the Borrower's equity structure, production and operation, and overseas investment, which has already affected or may affect the performance of its obligations hereunder;
- (9) the Borrower involves or may involve major economic disputes, litigation, arbitration, or assets are seized, seized or enforced, or by judicial organs or administrative organs in accordance with the investigation or adopt penalties in accordance with the law, or in violation of the relevant provisions of the state or policy by the media exposure, through or may affect the performance of its obligations under this contract;
- (10) Abnormal changes or disappearance of the main investors or key management personnel or being investigated or restricted by judicial authorities according to law, which has experienced or may affect the performance of its obligations under this contract ;
- (11) The Borrower takes advantage of the false contract with the related party, takes the funds of the Lender or gives credit, or intentionally evaded the creditor's rights of the Lender through the related party transaction;
- (12) The Borrower has or may have closed, dissolved, liquidated, suspended business for rectification, business license revoked, revoked or applied for (applied for) bankruptcy;
- (13) The Borrower has caused a liability accident, major environmental and social risk events caused by the violation of food safety, production safety, environmental protection, and other environmental and social risk management, which has or may affect the performance of its obligations under this contract ;
- (14) The project capital is not in place as planned or in proportion, or it is not made up within the time specified by the Lender;
- (15) Failure to complete the project construction according to the schedule, or the actual progress of the project does not match the investment amount, or the project construction and operation environment and conditions have significantly adverse changes;
- (16) If the loan under this contract is issued by credit, the credit rating, profit level, asset-liability ratio, net cash flow of operating activities and other indicators do not meet the credit conditions of the Lender; or the Borrower establishes the credit or provides guarantee to others without the written consent of the Lender, which has or may affect the performance of its obligations under this contract ;
- (17) Other circumstances that may adversely affect the realization of the Lender's claims under the contract.

11.2 If the Borrower breaches the contract or fails to exercise the guarantee right in advance in accordance with the provisions of the guarantee contract, the Lender has the right to take one or more of the following measures:

- (1) Ask the Borrower to correct the default behavior within a time limit ;
- (2) Stop issuing the loan and other financing funds to the Borrower in accordance with this contract and other contracts between the Lender and the Borrower, and cancel in part or all of the Borrower's failure to withdraw the loan or other financing funds;

- (3) Announce that the outstanding loans and other financing funds under other contracts between this contract and the Lender and the Borrower shall be immediately due, and the outstanding funds shall be recovered immediately;
- (7) Request the Borrower to compensate for the losses caused to the Lender due to its default;
- (5) Transfer funds from any account opened by the Borrower to recover the outstanding amount, or take restrictive measures such as “only collect but not paying”;
- (6) Other measures as stipulated by laws and regulations, as agreed herein or deemed necessary by the Lender.

11.3 If the Borrower fails to repay the loan as agreed upon (including being declared immediately due), the Lender has the right to charge penalty interest at the penalty interest rate agreed upon in this contract from the date of overdue. The interest (including penalty interest) that the Borrower fails to pay on time shall be compounded at the overdue penalty interest rate. The interest settlement rules for penalty interest/compound interest shall apply to the interest settlement rules stipulated in this contract.

11.4 If the Borrower fails to use the loan for the purpose specified in this agreement, the Lender has the right to use the loan from the date of misappropriation. For the misappropriated portion, penalty interest shall be charged at the penalty interest rate of the misappropriated loan as stipulated in this contract. The interest (including penalty interest) that was not paid on time during the period when the loan was misappropriated, compound interest will be charged based on the penalty interest rate for misappropriation of loans. The interest settlement rules for penalty interest/compound interest shall apply to the interest settlement rules stipulated in this contract.

11.5 If the Borrower simultaneously experiences the situations listed in Article 11.3 and 11.4 above, the penalty interest rate shall be determined based on the heavier one and cannot be imposed concurrently.

11.6 If the Borrower fails to repay the loan principal, interest (including penalty interest and compound interest) or other payable amounts on time, the Lender has the right to announce and collect them through the media.

11.7 If there is a change in the control or controlled relationship between the Borrower’s affiliates and the Borrower, Or if the Borrower’s affiliated parties encounter situations other than those mentioned in Article 11.1 (1), (2), (3), and (4),If it has already or may affect the Borrower’s performance of obligations under this contract, the Lender has the right to take all the measures stipulated in this contract.

#### **Article 12 Deductions**

**If the Borrower fails to repay the debts due (including those declared to be immediately due) under this contract as agreed, the Borrower agrees that the Lender shall deduct the corresponding amount from all accounts opened by the Borrower with the Lender for repayment, until all debts of the Borrower under this contract are fully repaid.**

#### **Article 13 Assignment of Rights and Obligations**

The Lender has the right to assign part or all of its rights under this contract to a third party. The transfer does not require the consent of the Borrower, and the Lender shall notify the Borrower of such transfer according to the specific needs (including but not limited to SMS, letters, internal letters on the online service platform, etc.). The Borrower shall not assign any of the rights and obligations under this contract.

#### **Article 14 Effective, Amendments, and Rescission**

14.1 This Contract shall come into force on the date when both parties affix their official seals or special seals for contract and shall terminate on the date when the Borrower completes the performance of its obligations hereunder.

14.2 Any amendment to this contract shall be made by all parties and in writing. The amending terms or agreement shall form a part of this contract and shall have the same legal effect as this contract. Except for the modified part, the rest of the contract shall remain valid, and the original terms shall remain valid before the modified part takes effect.

14.3 The modification and rescission of this contract shall not affect the right of the contracting parties to claim compensation for losses. The termination of this contract shall not affect the validity of the relevant dispute resolution clause.

#### **Article 15. Applicable Law and Dispute Resolution**

The conclusion, validity, interpretation, performance and dispute settlement of this contract shall be governed by the laws of the People's Republic of China. Any dispute or disagreement arising from or in connection with this contract shall be settled between the Lender and the Borrower through negotiation. If no agreement can be reached through negotiation, the dispute shall be settled as agreed herein. The dispute settlement method under this contract is: (2) :

(1) The dispute shall be submitted to the arbitration committee at / (the place of arbitration) according to the arbitration rules valid at the time when the arbitration application is submitted. The arbitral award shall be final and binding on both parties.

(2) Settlement shall be settled in the court where the Lender is located.

#### **Article 16 Confirmation of the Service Address of Litigation / Arbitration Documents**

16.1 The Borrower confirms that the address recorded in the Confirmation of Service Address for Debt Collection and Litigation (Arbitration) Documents shall be used as the service address for debt collection, litigation/arbitration documents related to disputes under this contract.

Litigation/arbitration documents include but are not limited to subpoenas, notice of hearing, judgment, ruling, mediation agreement, notice of limited performance, etc.

16.2 The Borrower agrees that the arbitration institution or court may use the fax or email specified in the Confirmation of Service Address for Debt Collection and Litigation (Arbitration) Documents to serve arbitration/litigation documents.

16.3 The above delivery agreement applies to each stages of arbitration and litigation proceedings including first instance, second instance, third instance and enforcement. For the above service address, arbitration institutions or courts may directly send the service by mail.

16.4 The Borrower shall ensure the authenticity and validity of the address, contact person, fax, email, and other information recorded in the Confirmation of Service Address for Debt Collection and Litigation (Arbitration) Documents. If there are any changes to the relevant information, the Borrower shall promptly notify the Lender in writing, otherwise delivery to the original address information shall still be valid, the Borrower shall bear the legal consequences arising therefrom on their own.

#### **Article 17 Notification**

All notices from both parties under this contract shall be issued in writing. Unless otherwise agreed, both parties shall designate the address specified in the Confirmation of Service Address for Debt Collection and Litigation (Arbitration) Documents, as the communication and contact address. If either party's mailing address or other contact information changes, the other party should be notified in writing in a timely manner.

#### **Article 18 Special Provisions on VAT**

18.1 The interest and fees paid by the Borrower to the Lender under this contract shall be tax-inclusive.

18.2 If the Borrower requires the Lender to issue a VAT invoice, it shall register the information and fill in the invoice application form (provide the email address). The Borrower shall ensure that the relevant information provided to the Lender is true, accurate and, and shall provide the relevant supporting materials (if required) as required by the Lender.

18.3 Loan interest issuance VAT ordinary invoices are typically electronic ordinary invoices. If the applicant applies for issuing a paper VAT ordinary invoice, the recipient shall provide the power of attorney and identity certificate to the Lender. If the Borrower chooses to collect the VAT invoice by mail, it shall provide the accurate mailing address and other information.

18.4 If the Lender is unable to issue VAT invoices in time due to force majeure such as natural disasters, government actions, abnormal social events, or tax authorities, the Lender has the right to delay the invoice and shall not assume any responsibility.

18.5 If the VAT invoice is lost or damaged after the invoice is received or delivered by the Lender, the Borrower may apply to the Lender for photocopy stub as evidence.

18.6 In case of need to issue VAT red letter invoice or invalid invoice due to sales return, suspension of taxable service or incorrect invoice, the Borrower shall apply to the Lender for issuing VAT red letter invoice or invalid invoice with signature and seal, and return the original invoice for all the same times.

18.7 During the performance of this contract, in case of any adjustment of national tax rate, the Lender shall have the right to adjust the price agreed herein according to the change of national tax rate.



## Article 19 Other Agreements

19.1 Failure to exercise or partially exercise or delay in exercising any right under this contract shall not constitute a waiver or alteration of such right or other rights and shall not affect its further exercise of such or other rights.

19.2 The invalidity or unenforceability of any provision of this contract shall not affect the validity and enforceability of any other provision, nor shall it affect the validity of the whole contract.

19.3 The “related parties”, “related party relationships”, “related party transactions” “major individual investors” and “key management personnel” referred to in this contract shall have the same meaning as in the Accounting Standards for Enterprises No. 36- Disclosure of Related Parties issued by the Ministry of Finance (Finance and Accounting [2006] No. 3) and its subsequent revisions.

19.4 The environmental and social risks referred to in this contract refer to the construction, production, and possible hazards and related risks to the environment and society in business activities, including energy consumption, pollution, land, health, safety, resettlement, ecological protection Environmental and social issues related to climate change.

19.5 The Lender shall prepare and retain documents and vouchers related to the loan under this contract in accordance with its business rules, this constitutes valid evidence to prove the creditor-debtor relationship between the Lender and the Borrower, and is binding on the Borrower.

19.6 During the validity period of this contract, if the issuance or modification of any national policies or regulatory regulations results in the Lender being unable to continue performing this contract or some of its terms, the Lender has the right to cancel the outstanding loan and take other measures deemed necessary by the Lender in accordance with relevant regulations.

19.7 In this contract, (1) any reference to this contract shall include any modification or supplement to this contract; (2) clause headings are for reference only and do not constitute any interpretation of this contract or constitute any limitation on the content and scope under the clause headings.

19.8 This contract shall come into effect after being signed or stamped by both parties. Two copies of the original contract shall be made, with the Borrower and the Lender each holding one copy, which shall have equally legal effect.

Article 20 Other matters agreed upon by both parties: (There is no text below)

**Both parties confirm that: both the Lender and the Borrower have fully negotiated all the terms of this contract. The Lender has drawn special attention from the Borrower to the full provisions of the rights and obligations of the parties, fully prepared them, and interpreted and explained the relevant provisions at the request of the Borrower. The Borrower has carefully read and understood all the terms of the contract. The Lender and the Borrower have the same understanding of the terms of this contract and have no objection to the contents of the contract.**

Lender: Wenzhou Minshang Bank Co., Ltd. (affix one's seal):

*/s/ Wenzhou Minshang Bank Co., Ltd.*

*/s/ Hou Niandong*

Date: February 15, 2023

Borrower: Wenzhou City Ouhai District Yangfushan Culture Tutorial School  
(affix one's seal):

*/s/ Wenzhou City Ouhai District Yangfushan Culture Tutorial School*

Legal representative / Authorized representative (signature or seal): */s/ Weng Xueyuan*

Date: February 15, 2023

**Confirmation of Service Address for Debt Collection and Litigation (Arbitration) Documents**

Notification of filling in the confirmation of service address	<p>1. In order to facilitate the party to receive the notice of debt collection and the litigation documents of the People's Court in time, and ensure the smooth progress of the collection and litigation procedures, the parties shall truthfully provide the exact address of service;</p> <p>2. The confirmed service address is applicable to the debt collection stage, trial stage and execution stage, as well as other cases tried by the accepting court (arbitration commission) at the same time;</p> <p>3. If the person (the entity) or the proxy recipient refuses to sign for the documents, resulting in the collection and litigation documents not being received by the person (the entity), the date of return of the documents shall be regarded as the date of service;</p> <p>4. If the address of service confirmed by the party is changed, the party shall notify within three days by filling a Confirmation of Service Address, otherwise the original address of service shall remain valid and the party shall bear the possible legal consequences arising therefrom.</p>
The party shall provide the address	<p>1. I (or the company) confirm that the following address is the service address :</p> <p>Address: <u>Ruixing Road, Litun Street, Ouhai District, Wenzhou City 114</u> Zip Code: <u>325000</u> To: <u>Wenzhou City Ouhai District Yangfushan Culture Tutorial School</u> Tel : <u>[Redacted]</u></p> <p>2. I (or the company) shall designate the following address of the proxy receiver as the address of delivery: Proxy Receiver: _____ Relationship with me : _____ address: zip code: _____</p> <p>3. I (or the company) specify the following modern communication methods:</p> <p>(1) Mobile phone SMS, phone number: _____ (2) Email, email address : _____ (3)Fax, fax number: _____ (4) Other methods and address : _____</p> <p>4. Other contact information: _____</p>
The party to confirm the service address	<p>I have fully known and understood the legal significance of this confirmation, and guarantee that all the contents filled in are true, effective, and I am willing to be abide by it.</p> <p>Signature, seal or seal of the party concerned : <u>/s/ Weng Xueyuan /s/ Wenzhou City Ouhai District Yangfushan Culture Tutorial School</u></p> <p>February 15,2023</p> <p><u>Signed at: Wenzhou Minshang Bank</u></p>
Remarks	
Notes	<p>1. Before filling in this form, you should read all the contents carefully, and fully understand the significance and legal consequences of filling in this confirmation of service address;</p> <p>2. The service address and other contents shall be filled in by the party or the party's authorized agent. In principle, a natural person shall use their registered residence or domicile as the service address; a legal person or other organization shall use the domicile or principal office location registered in the business registration or other legally registered records as the service address;</p> <p>3. If the party is an organization, this confirmation shall be signed by the legal representative or the responsible person or an authorized agent with the official seal, and the signature of an authorized agent shall be accompanied by a power of attorney;</p> <p>4. Telephone numbers shall include office telephone, residential telephone and mobile phone;</p> <p>5. This confirmation shall also serve as an annex to the loan contract, guarantee contract and other exhibits.</p>

## List of subsidiaries of the Registrant

<b>Subsidiaries</b>	<b>Date of Incorporation</b>	<b>Jurisdiction of Formation</b>	<b>Percentage of direct/indirect Economic Ownership</b>
Hong Kong Jintaiyang International Education Holding Group Limited	June 23, 2017	Hong Kong, PRC	100%
CF (HK) Health Technology Limited	April 3, 2023	Hong Kong, PRC	100%
Zhejiang Golden Sun Education Technology Group Co., Ltd. (formerly known as "Wenzhou Golden Sun Education Development Co., Ltd")	October 24, 2018	PRC	100%
Wenzhou City Ouhai District Yangfushan Culture Tutorial School	May 5, 2008	PRC	100%
Shanghai Jinheyu Biotechnology Co., Ltd.	August 15, 2023	PRC	51%
Shanghai Fuyouyuan Health Technology Co., Ltd.	March 7, 2023	PRC	52%
Shanghai Golden Sun Gongyu Education Technology Co., Ltd.	September 15, 2017	PRC	100%
Zhejiang Golden Sun Selection Technology Co., Ltd.	November 17, 2023	PRC	100%
Zhejiang Golden Sun Selection Technology Co., Ltd. (Hangzhou Branch)	December 21, 2023	PRC	100%
Shanghai Xianjin Technology Development Co., Ltd.	February 20, 2012	PRC	85%
Shanghai Zhouzhi Culture Development Co., Ltd	December 11, 2012	PRC	100%
Hangzhou Jicai Tutorial School Co., Ltd	April 10, 2017	PRC	100%
Shanghai Yangpu District Jicai Tutorial	March 13, 2001	PRC	100%
Wenzhou Lilong Logistics Services Co., Ltd.	December 17, 2019	PRC	100%
Shanghai Qinshang Education Technology Co., Ltd	December 12, 2019	PRC	100%

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE  
SARBANES-OXLEY ACT OF 2002**

I, Xueyuan Weng, certify that:

1. I have reviewed this annual report on Form 20-F of Golden Sun Health Technology Group Limited (the “Company”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the Company as of, and for, the periods presented in this report;
4. The Company’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the Company’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the Company’s internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting; and
5. The Company’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company’s auditors and the audit committee of the Company’s board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company’s ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company’s internal control over financial reporting.

Date: February 7, 2024

By: /s/ Xueyuan Weng

Name: Xueyuan Weng

Title: Chief Executive Officer

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE  
SARBANES-OXLEY ACT OF 2002**

I, Yunan Huang, certify that:

1. I have reviewed this annual report on Form 20-F of Golden Sun Health Technology Group Limited (the “Company”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the Company as of, and for, the periods presented in this report;
4. The Company’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the Company’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the Company’s internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting; and
5. The Company’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company’s auditors and the audit committee of the Company’s board of directors (or persons performing the equivalent function):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company’s ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company’s internal control over financial reporting.

Date: February 7, 2024

By: /s/ Yunan Huang

Name: Yunan Huang

Title: Chief Financial Officer

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 906 OF  
THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Golden Sun Health Technology Group Limited (the "Company") on Form 20-F for the year ended September 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Xueyuan Weng, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 7, 2024

By: /s/ Xueyuan Weng

Name: Xueyuan Weng

Title: Chief Executive Officer

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 906 OF  
THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Golden Sun Health Technology Group Limited (the "Company") on Form 20-F for the year ended September 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Yunan Huang, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 7, 2024

By: /s/ Yunan Huang

Name: Yunan Huang

Title: Chief Financial Officer

Golden Sun Health Technology Group Limited

Profit Huiyin Square North Building,  
Huashan 2018, Unit 1001,  
Xuhui District, Shanghai, China

February 7, 2024

We consent to the references to our firm as “PRC counsel” in the annual report on Form 20-F of GOLDEN SUN HEALTH TECHNOLOGY GROUP LIMITED (the “Company”) for the fiscal year ended September 30, 2023, including all amendments or supplements thereto (the “Annual Report”), filed by the Company with the Securities and Exchange Commission (the “SEC”) on February 7, 2024 under the U.S. Securities Act of 1933 (as amended). We also consent to the filing with the SEC of this consent letter as an exhibit to the Annual Report.

In giving such consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, or under the Securities Exchange Act of 1934, in each case, as amended, or the regulation promulgated thereunder.

Your faithfully,

/s/ Pacgate Law Firm

Pacgate Law Firm



**GOLDEN SUN HEALTH TECHNOLOGY GROUP LIMITED**  
**THE “COMPANY”**  
**COMPENSATION RECOVERY POLICY**

Effective December 1, 2023

In accordance with Section 10D of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), Exchange Act Rule 10D-1, and the listing standards of The Nasdaq Stock Market (the “**Exchange**”), the Company’s Board of Directors (the “**Board**”) has adopted this Compensation Recovery Policy (the “**Policy**”).

Capitalized terms used in the Policy are defined in Section I below. The application of the Policy to Executive Officers is not discretionary, except to the limited extent provided in Section G below, and applies without regard to whether an Executive Officer was at fault.

**A. Persons Covered by the Policy**

The Policy is binding and enforceable against all Executive Officers. Each Executive Officer will be required to sign and return to the Company an acknowledgement that such Executive Officer will be bound by the terms and comply with the Policy. The failure to obtain such acknowledgement will have no impact on the applicability or enforceability of the Policy.

**B. Administration of the Policy**

The Compensation Committee of the Board (the “**Committee**”) has full-delegated authority to administer the Policy. The Committee is authorized to interpret and construe the Policy and to make all determinations necessary, appropriate, or advisable for the administration of the Policy. In addition, if determined in the discretion of the Board, the Policy may be administered by the independent members of the Board or another committee of the Board made up of independent members of the Board, in which case all references to the Committee will be deemed to refer to such independent members of the Board or such other Board committee. All determinations of the Committee will be final and binding and will be given the maximum deference permitted by law.

**C. Accounting Restatements Requiring Application of the Policy**

If the Company is required to prepare an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (an “**Accounting Restatement**”), then the Committee must determine the excess compensation, if any, that must be recovered (the “**Excess Compensation**”). The Company’s obligation to recover Excess Compensation is not dependent on if or when the restated financial statements are filed.

**D. Compensation Covered by the Policy**

The Policy applies to all Incentive-Based Compensation Received by an Executive Officer:

- (a) after beginning service as an Executive Officer;
  - (b) who served as an Executive Officer at any time during the performance period for that Incentive-Based Compensation;
-

- (c) while the Company has a class of securities listed on the Exchange;
- (d) during the three completed fiscal years immediately preceding the Accounting Restatement Determination Date. In addition to these last three completed fiscal years, the Policy must apply to any transition period (that results from a change in the Company's fiscal year) within or immediately following those three completed fiscal years. However, a transition period between the last day of the Company's previous fiscal year end and the first day of the Company's new fiscal year that comprises a period of nine to 12 months would be deemed a completed fiscal year; and
- (e) on or after October 2, 2023.

**E. Excess Compensation Subject to Recovery of the Policy**

Excess Compensation is the amount of Incentive-Based Compensation Received that exceeds the amount of Incentive-Based Compensation that otherwise would have been Received had such Incentive-Based Compensation been determined based on the restated amounts (this is referred to in the listings standards as "erroneously awarded incentive-based compensation") and must be computed without regard to any taxes paid.

To determine the amount of Excess Compensation for Incentive-Based Compensation based on stock price or total shareholder return, where it is not subject to mathematical recalculation directly from the information in an Accounting Restatement, the amount must be based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or total shareholder return upon which the Incentive-Based Compensation was Received and the Company must maintain documentation of the determination of that reasonable estimate and provide the documentation to the Exchange.

**F. Repayment of Excess Compensation**

The Company must recover Excess Compensation reasonably promptly and Executive Officers are required to repay Excess Compensation to the Company. Subject to applicable law, the Company may recover Excess Compensation by requiring the Executive Officer to repay such amount to the Company by direct payment to the Company or such other means or combination of means as the Committee determines to be appropriate (these determinations do not need to be identical as to each Executive Officer). These means may include:

- (a) requiring reimbursement of cash Incentive-Based Compensation previously paid;
- (b) seeking recovery of any gain realized on the vesting, exercise, settlement, sale, transfer, or other disposition of any equity-based awards;
- (c) offsetting the amount to be recovered from any unpaid or future compensation to be paid by the Company or any affiliate of the Company to the Executive Officer;
- (d) cancelling outstanding vested or unvested equity awards; and/or
- (e) taking any other remedial and recovery action permitted by law, as determined by the Committee.

The repayment of Excess Compensation must be made by an Executive Officer notwithstanding any Executive Officer's belief (whether or not legitimate) that the Excess Compensation had been previously earned under applicable law and therefore is not subject to recovery.

In addition to its rights to recovery under the Policy, the Company or any affiliate of the Company may take any legal actions it determines appropriate to enforce an Executive Officer's obligations to the Company or its affiliate or to discipline an Executive Officer, including (without limitation) termination of employment, institution of civil proceedings, reporting of misconduct to appropriate governmental authorities, reduction of future compensation opportunities, or change in role. The decision to take any actions described in the preceding sentence will not be subject to the approval of the Committee and can be made by the Board, any committee of the Board, or any duly authorized officer of the Company or of any applicable affiliate of the Company.

#### **G. Limited Exceptions to the Policy**

The Company must recover Excess Compensation in accordance with the Policy except to the limited extent that any of the conditions set forth below are met, and the Committee determines that recovery of the Excess Compensation would be impracticable:

- (a) The direct expense paid to a third party to assist in enforcing the Policy would exceed the amount to be recovered. Before reaching this conclusion, the Company must make a reasonable attempt to recover the Excess Compensation, document the reasonable attempt(s) taken to so recover, and provide that documentation to the Exchange;
- (b) Recovery would violate home country law where that law was adopted prior to November 28, 2022. Before reaching this conclusion, the Company must obtain an opinion of home country counsel, acceptable to the Exchange, that recovery would result in such a violation, and must provide such opinion to the Exchange; or
- (c) Recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the legal requirements as such;

#### **H. Other Important Information in the Policy**

Notwithstanding the terms of any of the Company's organizational documents (including, but not limited to, the Company's articles of association), any corporate policy or any contract (including, but not limited to, any indemnification agreement), neither the Company nor any affiliate of the Company will indemnify or provide advancement for any Executive Officer against any loss of Excess Compensation, or any claims relating to the Company's enforcement of its rights under the Policy. Neither the Company nor any affiliate of the Company will pay for or reimburse insurance premiums for an insurance policy that covers potential recovery obligations. In the event that pursuant to the Policy the Company is required to recover Excess Compensation from an Executive Officer who is no longer an employee, the Company will be entitled to seek recovery in order to comply with applicable law, regardless of the terms of any release of claims or separation agreement such individual may have signed. Neither the Company nor any affiliate of the Company will enter into any agreement that exempts any Incentive-Based Compensation that is granted, paid, or awarded to an Executive Officer from the application of the Policy or that waives the Company's right to recovery of any Excess Compensation, and the Policy shall supersede any such agreement (whether entered into before, on, or after the adoption of the Policy).

The Committee or Board may review and modify the Policy from time to time.

If any provision of the Policy or the application of any such provision to any Executive Officer is adjudicated to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability will not affect any other provisions of the Policy or the application of such provision to another Executive Officer, and the invalid, illegal or unenforceable provisions will be deemed amended to the minimum extent necessary to render any such provision or application enforceable.

The Policy will terminate and no longer be enforceable when the Company ceases to be a listed issuer within the meaning of Section 10D of the Exchange Act.

## I. Definitions

“**Accounting Restatement Determination Date**” means the earlier to occur of: (a) the date the Board, a committee of the Board, or one or more of the officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement; and (b) the date a court, regulator, or other legally authorized body directs the Company to prepare an Accounting Restatement.

“**Executive Officer**” means each individual who is or was ever designated as an “officer” by the Board in accordance with Exchange Act Rule 16a-1(f).

“**Financial Reporting Measures**” means measures that are determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and any measures that are derived wholly or in part from such measures. Stock price and total shareholder return are also Financial Reporting Measures. A Financial Reporting Measure need not be presented within the financial statements or included in a filing with the Securities and Exchange Commission.

“**Incentive-Based Compensation**” means any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a Financial Reporting Measure (for the avoidance of doubt, no compensation that is potentially subject to recovery under the Policy will be earned until the Company’s right to recover under the Policy has lapsed) and excludes the following: salaries, bonuses paid solely at the discretion of the Committee or Board that are not paid from a bonus pool that is determined by satisfying a Financial Reporting Measure, bonuses paid solely upon satisfying one or more subjective standards and/or completion of a specified employment period, non-equity incentive plan awards earned solely upon satisfying one or more strategic measures or operational measures, and equity awards for which the grant is not contingent upon achieving any Financial Reporting Measure performance goal and vesting is contingent solely upon completion of a specified employment period (e.g., time-based vesting equity awards) and/or attaining one or more non-Financial Reporting Measures.

“**Received**” means, with respect to any Incentive-based Compensation, actual or deemed receipt, and Incentive-Based Compensation is “Received” under the Policy in the Company’s fiscal period during which the Financial Reporting Measure specified in the Incentive-Based Compensation award is attained, even if the payment or grant of the Incentive-Based Compensation occurs after the end of that period. For the avoidance of doubt, the Policy does not apply to Incentive-Based Compensation for which the Financial Reporting Measure is attained prior to October 2, 2023.

**ACKNOWLEDGEMENT & AGREEMENT**

This Acknowledgment & Agreement (the “Acknowledgment”) is delivered by the undersigned employee (“Executive”), as of the date set forth below, to Golden Sun Health Technology Group Limited (the “Company”). Effective as of December 1, 2023, the Board of Directors (the “Board”) of the Company adopted the COMPENSATION RECOVERY POLICY (as amended, restated, supplemented or otherwise modified from time to time by the Board, the “Policy”).

In consideration of the continued benefits to be received from the Company (and/or any subsidiary of the Company) and Executive’s right to participate in, and as a condition to the receipt of, Incentive-based Compensation (as defined in the Policy), Executive hereby acknowledges and agrees to the following:

I acknowledge that I have received and read the Policy.

I understand and acknowledge that the Policy applies to me, and all of my beneficiaries, heirs, executors, administrators, or other legal representatives and that the Company’s right to recovery in order to comply with applicable law will apply, regardless of the terms of any release of claims or separation agreement I have signed or will sign in the future.

I agree to be bound by and to comply with the Policy and understand that determinations of the Committee (as such term is used in the Policy) will be final and binding and will be given the maximum deference permitted by law.

I understand and agree that my current indemnification rights, whether in an individual agreement or the Company’s organizational documents, exclude the right to be indemnified for amounts required to be recovered under the Policy.

I understand that my failure to comply in all respects with the Policy is a basis for termination of my employment with the Company and any affiliate of the Company, as well as any other appropriate discipline.

I understand that neither the Policy, nor the application of the Policy to me, gives rise to a resignation for good reason (or similar concept) by me under any applicable employment agreement or arrangement.

I acknowledge that if I have questions concerning the meaning or application of the Policy, it is my responsibility to seek guidance from the Company’s legal department or my own personal advisers.

I acknowledge that neither this Acknowledgement nor the Policy is meant to constitute an employment contract.

Please review, sign, and return this form to the Company.

(mm/dd/yyyy)

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