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In respect of the consideration of RMB104 million under the Equity Transfer Agreement, such consideration was not determined in direct proportion to 10% of the valuation of the 100% equity interest in the Target Company as at the Valuation Date. The acquisition of the Transferred Equity forms part of the overall transaction arrangement through which the Purchaser acquires control of the Target Company. The commercial purposes include acquiring such 10% equity interest, terminating or clearing the special shareholder rights arrangements of the Transferors, and preventing such arrangements from affecting the Purchaser's acquisition of actual control of the Target Company and consolidation of the Target Company's financial statements. The relevant price was determined after commercial negotiations among the parties to the Transactions and was considered as part of the overall transaction structure through which the Purchaser acquires a 51% equity interest in, and control of, the Target Company.

Under the existing articles of association of the Target Company, material matters such as amendments to the articles of association, increases or reductions in registered capital, dissolution and liquidation, and equity transfers must ba5S prvredbyl shareholdes rh prsventing notclets hany

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If the Equity Transfer has been completed but the Investment cannot proceed because the relevant conditions precedent are not fulfilled or waived within the agreed time limit and the Purchaser elects to terminate the Investment Agreement, the Target Company, the Existing Shareholders and their shareholders are jointly and severally obliged under the Investment Agreement to repurchase all equity interests in the Target Company then held by the Purchaser, including the Transferred Equity acquired under the Equity Transfer Agreement. Accordingly, where the overall transaction cannot be completed in the agreed circumstances and the Purchaser exercises its termination right, the Purchaser has a contractual remedy to unwind both components of the Transactions.

Based on the valuation of the 100% equity interest in the Target Company of RMB348.74 million as at the Valuation Date and the capital increase of RMB140.8 million by the Purchaser, the post-investment value of the Target Company was approximately RMB489.54 million. The Purchaser's aggregate payment and investment of RMB244.8 million, upon completion of which it will acquire a 51% equity interest in, and control of, the Target Company, was lower than approximately RMB249.67 million, being 51% of the aforesaid post-investment valuation. On this basis, the Board considers that the capital increase arrangement of RMB140.8 million and the overall transaction structure are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The shareholding percentage of the Purchaser after the RMB140.8 million capital increase was calculated by reference to the enlarged registered capital of the Target Company after completion of the Equity Transfer and the Capital Increase. Immediately after completion of the Equity Transfer, the Purchaser would hold 10% equity interest in the Target Company. Upon completion of the Capital Increase, the Purchaser would subscribe for additional registered capital of approximately RMB27.89 million, and the Purchaser would hold approximately RMB31.22 million registered capital in aggregate, representing 51% of the enlarged registered capital of the Target Company. The difference between the subscription amount and the corresponding registered capital subscribed by the Purchaser will be recorded as capital reserve of the Target Company.

The relevant shareholding structure is set out below:

S				
Chongqing Huajing Industrial Co., Ltd.* (重慶華旌實業有限責任公司)	81%	81%	44.10%	39.94%
Chongqing Tianyun Enterprise Management Consulting Partnership (Limited Partnership)* (重慶天韻企業管理諮詢合夥企業(有限合夥))	9%	9%	4.90%	4.44%
Chongqing Yuwuxing Logistics Industry Private Equity Investment Fund Partnership (Limited Partnership)* (重慶渝物興物流產業私募股權投資基金合夥企業(有限合夥))	9.9%	0%	0%	0%
Zhang Meng	0.1%	0%	0%	0%
Shenzhou Tianli Education Technology Group Co., Ltd.* (神州天立教育科技集團有限公司)	0%	10%	51%	55.62%

The corresponding registered capital, paid-in capital and consideration/subscription amount are summarised below:

S	T C y	P y	P - y	C / y
Immediately before the Equity Transfer	Approximately RMB33.33 million	Nil	Fully paid up	Nil
After the Equity Transfer and before the Capital Increase	Approximately RMB33.33 million	Approximately RMB3.33 million	Fully paid up	RMB104.00 million equity transfer consideration
After the Capital Increase and before the Additional Investment	Approximately RMB61.22 million	Approximately RMB31.22 million	To be fully paid up upon completion	RMB140.80 million capital increase amount
After the Additional Investment	Approximately RMB67.60 million	Approximately RMB37.60 million	To be fully paid up upon completion	RMB50.00 million Additional Investment

Py A S

The Purchaser's payment of RMB20 million under the Equity Transfer Agreement and RMB20 million under the Investment Agreement shortly after the respective agreements became effective or were signed was primarily based on the overall transaction progress and commercial arrangements. Such first instalment payments demonstrate the Purchaser's commitment to completing the Transactions and encourage the relevant parties to cooperate in progressing the equity transfer, industrial and commercial changes, rectification of the Target Group and subsequent closing arrangements.

In respect of the arrangement for the payment of RMB20 million under the Equity Transfer Agreement, the Purchaser's acquisition of a 10% equity interest in the Target Company is an important step in the overall arrangement for acquiring control. As stated in the section headed "Basis for Determination of the Equity Transfer Consideration" above, such 10% equity interest involves the relevant special shareholder rights arrangements. Failure to complete the equity

In respect of the payment under the Investment Agreement, although the relevant payment is made before completion of certain rectification matters, the Investment Agreement provides for conditions precedent, as well as repurchase protection arrangements in case that such conditions are

The Company was included among the comparable companies because (i) the Company operates comparable education business segments, including Gaokao-related services; (ii) the Company provides a relevant market benchmark for valuation multiples; and (iii) the Company satisfies the same selection criteria as the other comparable companies.

S A

The Valuer adopted a size adjustment in both the original valuation and the updated valuation (as stated below), and selected the valuation multiples after size adjustment to reflect the difference in scale between the Target Company and the selected comparable companies.

R A S A

The Valuer considered that (i) the comparable companies were generally larger listed entities; and (ii) smaller companies generally bear higher business and financial risks and therefore generally have lower valuation multiples. Accordingly, the Valuer made a size adjustment so that the valuation multiple adopted would appropriately reflect the smaller scale and higher risk profile of the Target Company.

S A M y

The Valuer adopted a quantitative adjustment model by reference to the recognised valuation framework set out in Hitchner's Financial Valuation: Applications and Models (2017). The base EV/EBITDA multiple of each Comparable Company was adjusted using the following formula:

$$\text{Adjusted EV/EBITDA} = 1/((1/M) + \alpha \times \varepsilon \times \theta)$$

where M is the base EV/EBITDA multiple of each Comparable Company; α is the size factor (the ratio of EBITDA to NOPAT); ε is the ratio of equity value to enterprise value; and θ is the size premium differential reflecting the difference in company size. The size premium differential (θ) was derived by reference to market data, including published size premium studies.

The Valuer separately calculated the α, ε and θ parameters for each Comparable Company and adjusted its base EV/EBITDA multiple accordingly to derive the adjusted EV/EBITDA multiple. The base EV/EBITDA multiples, adjusted EV/EBITDA multiples and the parameters used in the calculations were disclosed on page 13 of the Announcement.

R N A I A D P G P y T G

The performance guarantee targets do not constitute a profit forecast, nor do they indicate that the Company considers the future profitability of the Target Group to be capable of accurate quantification and suitable for valuation using the income approach. The performance guarantee is, in substance, a protective arrangement obtained by the Company to safeguard the interests of the Company and its Shareholders, rather than a basis for the consideration paid by the Company.

The Board considers that the income approach requires numerous assumptions and subjective judgments regarding the Target Group's long-term future revenue, profit, growth rate, discount rate and other key parameters. However, the performance guarantee only covers the specific period from 1 March 2027 to 31 August 2028 and the target for audited net profit attributable to owners of the parent, and does not provide a complete long-term cash flow forecast. Given that the Target Group is still undergoing integration and business optimisation, such long-term forecasts are subject to considerable uncertainty. The income approach was therefore not the most appropriate valuation approach.

B U O T S

The original Valuation Date of 31 August 2025 was selected with reference to the end of the Company's financial year. At the time of signing of the Transaction Documents on 9 June 2026, approximately nine months had elapsed since the original Valuation Date. The Company noted that, during the period from the original Valuation Date to the date of signing of the Transaction Documents, there had been no material change in the principal business or business model of the Target Company, or any other material circumstance that would render the original valuation no longer relevant or reliable. Accordingly, the Board considered that the original valuation remained relevant, reliable and meaningful as a reference in the negotiation and determination of the consideration for the Transactions.

The updated valuation as at 31 March 2026 was prepared using substantially the same valuation methodology, comparable company selection criteria and principal assumptions as the original valuation. The Board considers that the absence of any material difference between the two valuations indicates that the more recent financial information of the Target Company and updated market data of the comparable companies did not materially affect the valuation conclusion. Accordingly, the updated valuation further supports the Board's view that the original valuation remained a relevant and reliable reference for determining the consideration.

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To provide the Shareholders and potential investors with the latest valuation information of the Target Company, the Company has requested the Valuer to update the Valuation Date to 31 March 2026 and conduct an updated valuation using more recent financial information of the Target Company and updated market data of the comparable companies. The updated valuation continued to adopt the guideline public company method under the market approach, and the valuation methodology, selection criteria for the comparable companies and principal assumptions remained substantially the same as those used in the original valuation.

As the updated valuation adopted an EV/EBITDA multiple, the Valuer used the financial data for the latest twelve months ended on the Valuation Date to ensure that the Target Company's EBITDA was calculated on a basis consistent with that of the multiples of the comparable companies. The principal financial data of the Target Company considered in the updated valuation are set out below:

	For the year ended 31 August 2025 *RMB million*	**F 31 M 2026** *RMB*
Revenue	268.24	**297.17**
Net profit after tax	24.18	**37.18**
EBITDA	94.56	**109.34**
Net liabilities	32.55	**17.87**

During the aforesaid periods, there was no material change in the principal business or business model of the Target Company. The Valuer also updated the market data of the comparable companies as at 31 March 2026, including their market capitalisation, enterprise value, EBITDA and relevant EV/EBITDA multiples, and correspondingly updated the size adjustment parameters and control premium. The adjusted EV/EBITDA multiple adopted in the updated valuation was updated from 5.03 times to 4.04 times, and the control premium was updated from 31.20% to 33.70%.

(i) The reconciliation is generally as follows:

	Inputs
EBITDA for the last twelve months (RMB million)	109.340
EV/EBITDA Multiple (times)	4.04
E T C y (RMB)	**441.747**
Add: Cash and Cash Equivalents (RMB million)	50.930
Less: Interest Bearing Debt and Lease Liabilities (RMB million)	161.639
Less: Minority Interest (RMB million)	12.852
100.00% E y I T C y (y) (RMB)	**318.186**
Less: Discount of Lack of Marketability (15.70%) (RMB million)	49.955
100.00% E y I T C y (y) (RMB)	**268.231**
Add: Control Premium (33.70%) (RMB million)	90.394
M S (RMB) ( )	**358.620**

(ii) For the twelve months ended 31 March 2026, the Target Company recorded the following financial data:

- Net profit after tax: RMB37.184 million
- EBITDA: RMB109.340 million

The reconciliation is generally as follows:

	Inputs (RMB Million)
Net profit after tax	37.184
Plus: Income tax expenses	8.163
Plus: Interest expenses	12.927
Plus: Depreciation & Amortisation	51.066
EBITDA	109.340

(iii) The updated base and adjusted EV/EBITDA multiple of each comparable company and the updated size adjustment parameters are as follows:

T	C y N	EBITDA/ NOPAT (α)	M / E (ε)	S A (θ)	E/EBITDA B A	A E/EBITDA
NYSE:EDU	New Oriental Education & Technology Group Inc.	321%	174%	2.17%	4.40	2.87
NYSE:TAL	TAL Education Group	97%	188%	2.17%	7.54	5.80
SEHK:1773	Tianli International Holdings Limited	141%	71%	0.00%	4.84	4.84
SEHK:1769	Scholar Education Group	-96%	137%	0.00%	10.85	N.A.**
SEHK:3978	China Beststudy Education Group	173%	162%	0.00%	2.66	2.66
			M		**4.84**	**3.85**
			A		**6.06**	**4.04**
			S D		**3.20**	**1.33**
			A			
				*	**6.06**	**4.04**

* If an EV/EBITDA multiple deviates from the mean by 2 standard deviations, i.e. higher than 6.69 or lower than 1.39, it is defined as an outlier.

** As Scholar Education Group recorded a negative NOPAT, its EBITDA/NOPAT multiple was not meaningful. Accordingly, the size adjustment was not applicable and the valuation multiple of this company was excluded from the valuation analysis.

The average excluding outlier EV/EBITDA 4.04 is adopted for valuation.

The Valuer mainly relies on the financial information of the Target Company provided by the client and assume that such information is true, accurate, and valid. Mr. Simon M.K. Chan, executive director at JLL, is a fellow of the Hong Kong Institute of Certified Public Accountants (HKICPA) and a fellow of CPA Australia. He is also a Certified Valuation Analyst (CVA), a member of The International Association of Consultants, Valuers and Analysts (IACVA), and a member of the Australasian Institute of Mining and Metallurgy (AusIMM). Simon oversees the business valuation services of JLL and has over 20 years of accounting, auditing, corporate advisory and valuation experiences. He has provided valuation services to numerous listed companies in different industries predominantly in China, Hong Kong and Singapore.

Based on the updated valuation, the market value of the 100% equity interest in the Target Company as at 31 March 2026 was approximately RMB358.62 million, representing an increase of approximately RMB9.88 million, or approximately 2.8%, from the original valuation of RMB348.74 million. After taking into account the capital increase of RMB140.80 million, the updated post-investment valuation was approximately RMB499.42 million.

The Board considers that there is no material difference between the original valuation and the updated valuation, and that changes in the latest financial position of the Target Company and the market data of the comparable companies have not resulted in any material change in the valuation conclusion. Therefore, the original valuation remained relevant, reliable and useful as a reference in the negotiation and determination of the consideration for the Transactions, while the updated valuation further supports the Board's judgment that the consideration for the Transactions is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Based on the due diligence conducted by the Company on the Target Group for the period from 1 September 2023 to 31 August 2025 (the "Reporting Period"): (i) certain operating entities of the Target Group did not obtain school operation licences or food operation licences in a timely manner during the Reporting Period (specifically involving the school operation licences for 4 school sites and the food operation licence for 1 school site; the food operation licence was obtained on 21 July 2026; 1 school site was deregistered on 29 May 2026 due to operating losses; and obtaining the school operation licences for the remaining 3 school sites was stipulated as a condition precedent to payment under the Investment Agreement); (ii) supporting documents for certain expense reimbursements during the Reporting Period were incomplete, which may give rise to tax related risks. Based on the legal due diligence conducted by the PRC legal adviser, no tax administrative penalties of the Target Group were identified during the Reporting Period; and (iii) there were shortfalls in social insurance and housing provident fund contributions for certain employees during the Reporting Period.

As at the date of this announcement, the Target Group has commenced rectification in respect of such matters, including obtaining the relevant food operation licence on 21 July 2026, preparing materials for the supplementary applications for the remaining relevant school operation licences and standardising the expense reimbursement and tax management processes. As at the date of this announcement, the Company has not identified any material administrative penalty or similar regulatory measures imposed on the Target Group as a result of the aforesaid matters which may have a material adverse effect on its principal business.

Under the Investment Agreement, where the Target Group and/or the Purchaser suffer any loss on or after the closing date as a result of any event or act occurring before the closing date, any cause arising before the closing date or any fact existing before the closing date, the Existing Shareholders of the Target Company and their shareholders shall jointly and severally assume full liability. In addition, the relevant licence rectification matters have also been included as conditions precedent under the Investment Agreement. If the relevant conditions are not fulfilled as agreed, the Purchaser has the right to defer payment, terminate the Transaction Documents and/or pursue the relevant remedies.

The Board understands that, for the Target Group to be controlled by the Company and brought under the Group's management upon completion, the relevant historical issues must be rectified in accordance with the terms of the Transaction Documents or the relevant responsible parties must assume liability for such historical issues. Upon completion, the Company intends to standardise the Target Group's business operations and expenses management by incorporating the Target Group into the Group's finance, legal and internal control systems. In addition, under the Transaction Documents, the relevant historical issues and rectification matters have been addressed through a multi-tiered mechanism, including the inclusion of the licence rectification matters as conditions precedent to the Investment under the Investment Agreement and granting of corresponding termination rights and rights to remedies to the Purchaser. If, due to reasons attributable to the Target Company, the Existing Shareholders or their shareholders, the conditions precedent to the third instalment payment remain unfulfilled and have not been waived in writing by the Purchaser by 31 January 2027, the Purchaser may elect to terminate the Investment Agreement, cease making the third instalment payment of the investment amount and hold the defaulting party liable. If a relevant termination event is triggered, the Target Company, the Existing Shareholders of the Target Company and their shareholders shall jointly and severally repurchase all equity interests in the Target Company then held by the Purchaser. The repurchase price shall comprise all amounts actually paid by the Purchaser (including those paid for the 10% equity interest purchased under the Equity Transfer Agreement), plus a return calculated at an annual simple interest rate of 5% based on the actual number of days elapsed, less any dividends received by the Purchaser (if any), and shall be secured by a pledge by the Existing Shareholders of all equity interests in the Target Company then held by them. Accordingly, the Board considers that risk ring-fencing and remedial arrangements have been made in respect of such historical issues through the conditions precedent, repurchase, pledge and other arrangements.

To the best of the Company's knowledge as at the date of this announcement, the Target Group can continue as a going concern after completion of the rectification and there are no material obstacles which may result in the suspension of its principal business, the revocation of its licences or its inability to continue operations.

III. ADDITIONAL INVESTMENT AND PERFORMANCE GUARANTEE

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The Additional Investment of RMB50 million is a commitment of the Purchaser under the Investment Agreement, but its performance is subject to the conditions precedent to the Additional Investment stipulated in the Investment Agreement having been fulfilled or waived. If the conditions precedent to the Additional Investment have been fulfilled or waived but the Purchaser fails to make the Additional Investment in accordance with the Investment Agreement, the Purchaser may be in breach of the Investment Agreement, and the Existing Shareholders of the Target Company may assert the corresponding rights or remedies in accordance with the Investment Agreement.

Conversely, if the relevant conditions precedent are not fulfilled and are not waived, the Purchaser is not required to make the Additional Investment.

P G C A

The performance guarantee and compensation arrangement is a protective arrangement obtained by the Group in the Transactions. Under the Investment Agreement, if the Target Company fails to achieve the Total Performance Guarantee Target on schedule, the Guarantors shall make shortfall performance compensation to the Purchaser in accordance with the Investment Agreement. The Guarantors are Chongqing Huajing and its shareholders.

The Board considers that the performance guarantee is not a right acquired by the Group for additional consideration. Instead, the consideration for the Transactions was principally determined based on the overall transaction structure, the post-investment value and the Purchaser's acquisition of a 51% equity interest and control. The performance guarantee arrangement provides the Company with additional protection and helps reduce the risk that the future operating performance of the Target Group may fall short of expectations.

The Company clarifies that neither the performance guarantee and compensation arrangement nor the specific performance guarantee targets were taken into account in determining the consideration under the Equity Transfer Agreement, the Amount of Capital Increase or the amount of the Additional Investment under the Investment Agreement. The performance guarantee and compensation arrangement provides additional contractual protection to the Purchaser.

For the avoidance of doubt, the Performance Guarantee Targets were proposed by the Guarantors in the course of commercial negotiations and were not derived by the Group from a valuation model, the Target Company's historical profits or a profit forecast prepared by the Group. If the Target Company achieves the Performance Guarantee Targets, the Group will benefit from the corresponding operating performance; if the Target Company fails to achieve the Total Performance Guarantee Target, the contractual shortfall compensation mechanism will be triggered in accordance with the Investment Agreement.

The safeguards for the performance guarantee under the Transaction Documents comprise contractual compensation claims, restrictions on disposal of equity interests and mechanisms for pursuing liability for breach of contract. The Board considers such safeguards to be fair and reasonable, principally because: (i) the performance guarantee is additional protection obtained

IV. BUSINESS OF THE TARGET GROUP AND FINANCIAL EFFECTS OF THE TRANSACTIONS ON THE GROUP

ABOUT THE TARGET GROUP

The registered business scope of the Target Company includes educational software and information technology services. However, the Target Group principally generates revenue from its art-featured education business, which has a core focus on the three principal businesses of art Gaokao, integration of art and education, and children's literacy.

As disclosed in the Announcement, the Target Group was founded in 1998 and has developed into a comprehensive art education group covering all types, subjects and age groups of art education, with a core focus on the three principal businesses of art Gaokao, integration of art and education, and children's literacy. It has established nine major art Gaokao intensive training centres in Chongqing, Sichuan, Guizhou, Yunnan, Henan, Shandong and Zhejiang. Each year, the Target Group has approximately 5,000 Grade 12 students receiving intensive training, approximately 12,000 students receiving art Gaokao services and approximately 20,000 students receiving children's literacy services. The Board considers that the art Gaokao training, integration of art and education, children's literacy services and other businesses actually conducted by the Target Group

Based on the aforesaid assumptions, and without taking into account the current assets and current liabilities of the Target Group upon consolidation or the taxes and expenses relating to the Transactions, the Transactions are expected to reduce the Group's consolidated cash and current assets by approximately RMB104.0 million and correspondingly increase the Group's net current liabilities by approximately RMB104.0 million. Such impact principally arises from the reduction in current assets resulting from the payment of the equity transfer consideration to the Transferors.

In addition, the payment arrangements for the Transactions provide for payment by instalments rather than a one-off payment of the entire maximum amount. The equity transfer consideration of RMB104.0 million is payable in four instalments. The capital increase amount of RMB140.8 million under the Investment Agreement is payable in three instalments, and subsequent payments are subject to the relevant conditions precedent having been fulfilled or waived. The Additional Investment of RMB50.0 million will also only be paid after the conditions precedent to the Additional Investment have been fulfilled or waived. The Group will manage its funding arrangements by reference to the payment timetable, the Group's operating cash flow, existing cash balance and available bank financing.

The Company considers that the commercial rationale for the Transactions should be considered as a whole by reference to the actual cash outflow, the payment schedule and the consolidation effect upon completion of the Transactions. The capital increase amount of RMB140.8 million and the Additional Investment of RMB50 million under the Transactions are both capital injections into the Target Company. Upon completion, such aggregate capital injection amount of RMB190.8 million will remain in the Target Company and be included within the scope of consolidation of the Group.

In addition, the purpose of the Transactions is to expand the Group's art training and education-related businesses, increase its sources of revenue and enhance its long-term operating performance through the acquisition of a 51% equity interest in, and control of, the Target Company, thereby helping to improve the Group's business and financial position in the long term. The Board considers that, after taking into account the funding sources, payment by instalments, actual external cash outflow and the long-term commercial value of the Transactions, proceeding with the Transactions is commercially reasonable in light of the Group's current financial and liquidity position.

2. REPURCHASE ARRANGEMENT AND LISTING RULES IMPLICATIONS

[redacted] A

The Board considers that the repurchase arrangement under the Transaction Documents is, in substance, a remedial and risk protection mechanism in the event of a breach, failure to satisfy a condition or failure to perform an agreed obligation, rather than an independent option granted to the Company or any party to the Transactions. The arrangement does not constitute a separate grant or acquisition by the Company of a freely exercisable right to purchase or sell equity interests in the Target Company. Instead, it is a contractual remedy designed to restore the pre-transaction position or compensate the Company for losses upon the occurrence of specified triggering events.

Accordingly, upon the signing of the Transaction Documents, the repurchase arrangement should not be regarded as a separate transaction or grant of an option under Chapter 14 of the Listing Rules. If the repurchase arrangement is triggered and implemented in the future, the Company will reassess, based on the facts at the time, the subject matter and amount of the repurchase and the applicable percentage ratios, whether it constitutes a notifiable transaction under Chapter 14 of the Listing Rules, and will comply with the relevant announcement, circular and/or Shareholders' approval requirements, where necessary.

The Announcement has disclosed the investment conditions precedent and the conditions precedent to the third instalment payment under the paragraphs headed "Investment Agreement – Investment Conditions Precedent" and "Investment Agreement – Conditions Precedent to Third Payment", respectively. Under the Investment Agreement, the termination events triggering the repurchase obligations specifically include the following circumstances where the Purchaser terminates the Investment Agreement: (i) all investment conditions precedent set out in the Investment Agreement are not fulfilled or waived in writing by the Purchaser within 90 days from the date of signing of the Investment Agreement (or such extended period as the parties may otherwise confirm in writing), and the Purchaser elects to terminate the Investment Agreement; (ii) the conditions precedent to the third instalment payment are not fulfilled or waived in writing by the Purchaser by 30 November 2026, and the Purchaser has the right to defer payment of the third instalment of the capital increase; if, due to reasons attributable to the Target Company, the Existing Shareholders or their shareholders, such conditions remain unfulfilled and are not waived in writing by the Purchaser by 31 January 2027, and the Purchaser elects to terminate the Investment Agreement and no longer pays the third instalment of the capital increase; and (iii) the Target Company, the Existing Shareholders or their shareholders materially breach their representations and warranties or materially breach any undertakings or obligations under the Investment Agreement, which may frustrate the Purchaser's purpose of entering into the Investment Agreement, and the relevant parties fail to rectify such breach within 10 days after receipt of the Purchaser's written notice or the rectification still fails to comply with the agreed requirements, and the Purchaser elects to terminate the Investment Agreement.

Upon the occurrence of the above termination events and the termination of the Investment Agreement accordingly, the Target Company, the Existing Shareholders and their shareholders (as the "Repurchase Obligors") shall, within 30 days from the date of occurrence of such termination events, jointly and severally perform the repurchase obligations in respect of all equity interests in the Target Company then held by the Purchaser. Once triggered, the Purchaser can, in accordance with the Investment Agreement, choose the specific repurchase method, namely repurchase by the Target Company through capital reduction, or repurchase by the Existing Shareholders and their shareholders through acquisition by themselves or a designated third party. If the repurchase price cannot be paid in full after the Purchaser has selected either repurchase method, the Repurchase Obligors shall remain jointly and severally liable for making up the shortfall.

I C O T C y P

The Company has considered the consequences if the repurchase arrangement is triggered and the repurchase is completed in the future. If the repurchase is completed, the Purchaser will no longer hold any equity interest in the Target Company, the Target Company will cease to be a subsidiary of the Company and will no longer be consolidated into the financial statements of the Group, and the Company will not be able to achieve the original commercial purposes of acquiring control of the Target Company, consolidating the financial statements of the Target Company and expanding its art education-related business through the Transactions.

However, such consequences would arise only where key conditions precedent are not fulfilled and the Purchaser does not waive such conditions, or where there is a material breach by the relevant parties or a material breach of representations and warranties which may frustrate the Purchaser's purpose of entering into the Investment Agreement. Under such circumstances, requiring the Repurchase Obligors to repurchase the Purchaser's equity interests, return the amounts actually paid by the Purchaser and pay the agreed return, and allowing the Purchaser to cease further payment of subsequent investment amounts, are in line with the Company's need to protect fund safety and control transaction execution risks. If the repurchase actually occurs in the future, the Group will reassess its development arrangements for art education-related business and other feasible opportunities based on the circumstances at that time, and will continue to develop its existing education services business in accordance with its established strategies. On the above basis, even if the repurchase arrangement is triggered and completed, it is not expected to have a material adverse impact on the operation of the Company's existing principal business and overall business plan.

P 14.36B L P

The Company confirms that it will comply with Rule 14.36B of the Listing Rules, including disclosing in its next annual report whether the actual performance of the Target Company has met the performance guarantee targets. If the actual performance of the Target Company fails to meet the performance guarantee targets, the Company will publish an announcement in a timely manner in accordance with Rule 14.36B of the Listing Rules and other applicable Listing Rules, and disclose the implementation of the shortfall compensation arrangement (if applicable) and the relevant impact.

Save as disclosed above, all other information contained in the Announcement remains unchanged.

By order of the Board
T I H L
S
Chairman, Executive Director and Chief Executive Officer

The PRC, 29 September 2026

As at the date of this announcement, the Board comprises Mr. LUO Shi as chairman and executive Director and Mr. WANG Rui as executive Director, Mr. ZHANG Wenzao, Mr. PAN Ping and Ms. LI Xiaomei as non-executive Directors and Mr. LIU Kai Yu Kenneth, Mr. YANG Dong and Mr. CHENG Yiqun as independent non-executive Directors.

* *For identification purpose only*