
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 20-F**

(Mark One)

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

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended June 30, 2024

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: 001-40238

Santech Holdings Limited

(Exact name of Registrant as specified in its charter)

Cayman Islands

(Jurisdiction of incorporation or organization)

**Level 15, AIA Central
No.1 Connaught Road Central
Central, Hong Kong**

(Address of principal executive offices)

Lawrence Wai Lok, Chairman and CEO

Telephone: +852 2593 9309

Email: ir@santechholdings.com

**Level 15, AIA Central
No.1 Connaught Road Central
Central, Hong Kong**

(Name, Telephone, Email 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 |
|---|-------------------|---|
| American depositary shares (each ADS represents two of our ordinary shares, par value US\$0.0001 per share) | STEC | Nasdaq Capital Market |

Ordinary shares, par value US\$0.0001 per share*

Nasdaq Capital Market

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

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

None

(Title of Class)

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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.

47,750,000 ordinary shares (excluding 8,250,000 ordinary shares issued to the depository for bulk issuance of ADSs, par value US\$0.0001 per share, as of June 30, 2024).

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

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

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

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Emerging growth company

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

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (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

International Financial Reporting Standards as issued by the International Accounting Standards Board

Other

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

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

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

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

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INTRODUCTION

Except where the context otherwise requires and for purposes of this annual report only:

- “ADSs” refers to our American depositary shares, each of which represents two ordinary shares;
- “CAGR” refers to compound annual growth rate;
- “China” or the “PRC” refers to the People’s Republic of China, and excluding, for the purpose of this annual report only, the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan;
- “HNWIs” refers to high net worth individuals with investable assets over US\$1.0 million;
- “HK\$,” “HK dollars,” and “HKD” refer to the legal currency of Hong Kong;
- “RMB” and “Renminbi” refer to the legal currency of China;
- “Santech,” “we,” “us,” “the Company,” “our company,” “the Group” and “our” refer to Santech Holdings Limited, an exempted company incorporated in the Cayman Islands, and its subsidiaries;
- “transaction value” refers to the aggregate value of the financial products we distribute through our wealth management business during a given period;
- “US\$,” “U.S. dollars,” “\$” and “dollars” refer to the legal currency of the United States; and
- “VIE” refers to variable interest entity.

Our reporting currency is U.S. dollars because the majority of our business is conducted in Hong Kong and the majority of our revenues in the reporting periods was denominated in either Hong Kong dollars or U.S. dollars. This annual report contains translations of Hong Kong dollars into U.S. dollars at specific rates solely for the convenience of the reader. Since 1983, the Hong Kong dollar has been pegged to the U.S. dollar at the rate of approximately HK\$7.80 to US\$1.00. Unless otherwise noted, all translations from Hong Kong dollars to U.S. dollars and from U.S. dollars to Hong Kong dollars in this annual report were made at a rate of HK\$7.80 to US\$1.00. We make no representation that any Hong Kong dollar amounts could have been, or could be, converted into U.S. dollars at the specific rate stated above. Furthermore, there is no assurance that Hong Kong's currency pegging policy will not be changed in the future. If the pegging policy changes or if Hong Kong dollars suffer devaluation, our business, financial condition and results of operations could be materially and adversely affected.

On July 17, 2024, the Company's English name was changed from Hywin Holdings Ltd. to Santech Holdings Limited and the Chinese name 三合智能控股有限公司 was adopted and registered as the dual foreign name of the Company. Santech Holdings Limited is a Cayman Islands holding company operating in Hong Kong through its subsidiaries. Historically, Santech operated in China through its subsidiaries and contractual arrangements with the variable interest entities ("VIEs"), primarily, Hywin Wealth Management Co., Ltd. ("Hywin Wealth Management"). Historically, we also conducted limited businesses through two other VIEs, namely Shanghai Hywin Network Technology Co. Ltd. ("Shanghai Hywin Network Technology") and Shenzhen Panying Asset Management Co. Ltd. ("Shenzhen Panying"). Santech did not and does not own any equity interest in the PRC VIEs. PRC laws, regulations, and rules restrict and impose conditions on direct foreign investment in certain types of business, and it therefore operated these businesses in China through the VIEs. For a summary of these contractual arrangements, see "Item 4. Information on the Company—C. Organizational Structure—Contractual Arrangements." Investors in the ADSs thus are not purchasing, and may never directly hold, equity interests in the VIEs. As used in this annual report, "we", "us", or "our" refers to Santech, its subsidiaries and the VIEs.

We are a technology company focusing on exploring opportunities in the technology sector. As of the date of this annual report, we no longer have any operations, offices or any employees in China. On June 28, 2024, Santech terminated the contractual arrangements with Hywin Wealth Management, which, along with its subsidiaries, was previously our primary corporate vehicle to provide wealth management services in China. Since September 2024, Mr. Han Hongwei, previously Chairman of the Board, and Madame Wang Dian, previously Chief Executive Officer and a director of the Company, have been detained by, and are currently under investigation by certain branch office of Shanghai Municipal Public Security Bureau with respect to alleged illegal activities at Hywin Wealth Management, and their assets in the PRC have been frozen since then. As such, they have been unable to fulfill their obligations to the Company under the VIE agreements, and the Company is unable to enforce its rights against them under the VIE agreements. As a result, the Company's remaining VIEs, namely Shanghai Hywin Network Technology and Shenzhen Panying, are no longer active in operations. In addition, although the contractual arrangements with such remaining VIEs have not yet been terminated, Santech has not been able to exercise control over any of such VIEs or its PRC subsidiaries, given that all of the Company's subsidiaries and VIEs in the PRC were effectively owned or controlled by Mr. Han Hongwei and are seized in the PRC subsequent to Mr. Han's detention. Accordingly, Santech deems to have lost de facto control of all of its PRC subsidiaries, VIEs, and their associated assets and operations, and deems its contractual agreements with its VIEs as invalid. As a result, Santech's combined financial statements for the year ended June 30, 2024 are prepared excluding such PRC subsidiaries and VIEs. For comparative purposes, for the years ended June 30, 2022 and 2023, Santech's combined financial statements are recast to exclude PRC subsidiaries and VIEs as well.

As a result of such accounting treatment, historically for the years ended June 30, 2022, 2023 and 2024, our primary businesses reported in our financial statements were overseas wealth management and asset management business conducted outside the PRC. Subsequent to fiscal year ended June 2024, we have ceased to seek new business in relation to overseas wealth management and asset management services, and have been phasing out the remaining business in this regard. We have repositioned to become a technology company and shifted our business focus to exploring opportunities in consumer technology, consumer healthcare and enterprise technology as of the date of this annual report.

We face various legal and operational risks and uncertainties relating to doing business in Hong Kong and Mainland China. We operate our business in Hong Kong. However, historically we also operated in Mainland China through subsidiaries and contractual arrangements with VIEs, and therefore were subject to complex and evolving PRC laws and regulations. For example, we faced risks relating to regulatory approvals on overseas listings and oversight on cybersecurity and data privacy. Uncertainties in the PRC legal system and the interpretation and enforcement of PRC laws and regulations could limit the legal protection available to you and us, hinder our ability to offer or continue to offer the ADSs, result in a material adverse effect on our business operations, and damage our reputation, which might further cause the ADSs to significantly decline in value or become worthless. See "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in Hong Kong and Mainland China."

FORWARD-LOOKING INFORMATION

This annual report contains forward-looking statements that involve risks and uncertainties. All statements other than statements of current or historical facts are forward-looking statements. These forward-looking statements are made under the “safe harbor” provisions of the U.S. Private Securities Litigation Reform Act of 1995. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements.

You can identify these forward-looking statements by words or phrases such as “may,” “will,” “expect,” “anticipate,” “aim,” “estimate,” “intend,” “plan,” “believe,” “likely to” or other similar expressions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, but are not limited to, statements about:

- our business strategies, plans, goals and objectives, especially those relating to the consumer technology, consumer healthcare and enterprise technology sector;
- our future business development, financial condition and results of operations;
- our expectations regarding demand for and market acceptance of our existing and future products and services;
- projections of revenue, earnings, capital structure and other financial items;
- the capabilities of our business operations;
- expected future economic performance;
- our expectation regarding the use of proceeds from our financing activities;
- relevant government policies and regulations relating to the industries in which we operate;
- the impact of public health crises or natural disasters;
- competition in the technology industry; and
- general economic and business conditions in the markets in which we operate.

You should read this annual report and the documents that we refer to in this annual report with the understanding that our actual future results may be materially different from and worse than what we expect. Other sections of this annual report include additional factors which could adversely impact our business and financial performance. Moreover, we operate in an evolving environment. New risk factors and uncertainties emerge from time to time and it is not possible for our management to predict all risk factors and uncertainties, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. We qualify all of our forward-looking statements by these cautionary statements.

This annual report also contains statistical data and estimates that we obtained from government and private publications. Although we have not independently verified the data, we believe that the publications and reports are reliable. The market data contained in this annual report involves a number of assumptions, estimates and limitations. The consumer technology, consumer healthcare, and enterprise technology markets and related markets in Hong Kong and elsewhere may not grow at the rates projected by market data, or at all. The failure of these markets to grow at the projected rates may have a material adverse effect on our business and the market price of our ADSs. If any one or more of the assumptions underlying the market data turns out to be incorrect, actual results may differ from the projections based on these assumptions. In addition, projections, assumptions and estimates of our future performance and the future performance of the industry in which we operate are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in “Item 3. Key Information—D. Risk Factors” and elsewhere in this annual report. You should not place undue reliance on these forward-looking statements.

PART I

Item 1. Identity of Directors, Senior Management and Advisers

Not applicable.

Item 2. Offer Statistics and Expected Timetable

Not applicable.

Item 3. Key Information

Our Corporate Structure

Santech is a Cayman Islands holding company operating in Hong Kong through its Hong Kong subsidiaries. Historically, Santech also operated in China through (i) its PRC subsidiaries, including Hywin Consulting (“WFOE”), in which we hold equity ownership interests, and (ii) the VIEs, namely Hywin Wealth Management Co., Ltd. (“Hywin Wealth Management”), Shanghai Hywin Network Technology Co., Ltd. (“Shanghai Hywin Network Technology”), and Shenzhen Panying Asset Management Co., Ltd. (“Shenzhen Panying”), in which we did not hold any equity ownership interests. Our WFOE entered into a series of contractual arrangements with the VIEs and their shareholders. As of the date of this annual report, we no longer have any operations, offices or employees in China.

On June 28, 2024, Santech terminated the contractual arrangements with Hywin Wealth Management, which, along with its subsidiaries, was previously our primary corporate vehicle to provide wealth management services in China. Since September 2024, Mr. Han Hongwei, previously Chairman of the Board, and Madame Wang Dian, previously Chief Executive Officer and a director of the Company, have been detained by, and are currently under investigation by certain branch office of Shanghai Municipal Public Security Bureau with respect to alleged illegal activities at Hywin Wealth Management, and their assets in the PRC have been frozen since then. As such, they have been unable to fulfill their obligations to the Company under the VIE agreements, and the Company is unable to enforce its rights against them under the VIE agreements. As a result, the Company’s remaining VIEs, namely Shanghai Hywin Network Technology and Shenzhen Panying, are no longer active in operations. In addition, although the contractual arrangements with such remaining VIEs have not yet been terminated, Santech has not been able to exercise control over any of such VIEs or its PRC subsidiaries, given that all of the Company’s subsidiaries and VIEs in the PRC were effectively owned or controlled by Mr. Han Hongwei and are seized in the PRC subsequent to Mr. Han’s detention. Accordingly, Santech deems to have lost de facto control of all of its PRC subsidiaries, VIEs, and their associated assets and operations, and deems its contractual agreements with its VIEs as invalid. As a result, Santech’s combined financial statements for the year ended June 30, 2024 are prepared excluding such PRC subsidiaries and VIEs. For comparative purposes, for the years ended June 30, 2022 and 2023, Santech’s combined financial statements are recast to exclude PRC subsidiaries and VIEs as well. As a result of such accounting treatment, for the years ended June 30, 2022, 2023 and 2024, our primary businesses reported in our financial statements were overseas wealth management and asset management business conducted outside the PRC. Subsequent to fiscal year ended June 2024, we have ceased to seek new business in overseas wealth management and asset management services, and have been phasing out the remaining business in this regard. We have repositioned to become a technology company and shifted our business focus to exploring opportunities in consumer technology, consumer healthcare and enterprise technology as of the date of this annual report.

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The Company's major subsidiaries as of the date of this annual report are summarized as follows:

| <u>Name of Subsidiaries</u> | <u>Date of incorporation</u> | <u>Percentage of ownership</u> | <u>Place of incorporation</u> | <u>Principle business activities</u> |
|--------------------------------------|------------------------------|--------------------------------|-------------------------------|---|
| Santech Global BVI Limited | July 26, 2019 | 100 % | BVI | Investment holding |
| Santech Global International Limited | August 20, 2019 | 100 % | Hong Kong | Investment holding |
| Santech Global Hong Kong Limited | May 3, 2016 | 100 % | Hong Kong | Investment holding and provision of client services |

Selected Condensed Consolidating Schedule of Balance Sheets

| | <u>As of June 30,</u> | |
|--|-----------------------|---------------|
| | <u>2023</u> | <u>2024</u> |
| <u>(US\$ in thousands, except for share and per share data, or otherwise stated)</u> | | |
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | 12,620 | 15,184 |
| Deposits, prepayments and other current assets | 324 | 320 |
| Total current assets | 12,944 | 15,504 |
| Property and equipment, net | 3 | 3 |
| Intangible assets, net | 2,209 | — |
| Right-of-use assets | 2,198 | 1,235 |
| Total non-current assets | 4,410 | 1,238 |
| Total Assets | 17,354 | 16,742 |
| Liabilities and Shareholders' equity | | |
| Current liabilities: | | |
| Commission payable | 915 | 859 |
| Income tax payable | 55 | 91 |
| Due to related parties | 10,109 | 11,488 |
| Other payables and accrued liabilities | 415 | 433 |
| Lease liabilities | 1,024 | 1,059 |
| Total current liabilities | 12,518 | 13,930 |
| Deferred tax liabilities | 324 | — |
| Lease liabilities | 1,309 | 250 |
| Total non-current liabilities | 1,633 | 250 |
| Total Liabilities | 14,151 | 14,180 |
| Shareholder's Equity: | | |
| Ordinary shares (US\$0.0001 par value; authorized 500,000,000 shares; issued and outstanding 56,000,000* shares (28,000,000 ADS) as of June 30, 2023 and 2024, respectively) | 6 | 6 |
| Additional paid-in capital | 33,154 | 33,256 |
| Accumulated deficit | (29,957) | (30,700) |
| Total shareholder's equity | 3,203 | 2,562 |
| Total Liabilities and shareholder's equity | 17,354 | 16,742 |

* The shares are presented on a retroactive basis to reflect the nominal share issuance.

Selected Condensed Consolidating Schedule of Results of Operations

| | Years Ended June 30, | | |
|--|---|----------------|---------------|
| | 2022 | 2023 | 2024 |
| | (US\$ in thousands, except for share and per share data, or otherwise stated) | | |
| Revenues | | | |
| Wealth management | 6,790 | 15,632 | 24,104 |
| Asset management | 2,197 | 2,952 | 3,919 |
| Total revenues | 8,987 | 18,584 | 28,023 |
| Operating cost and expenses | | | |
| Compensation and benefits | 4,173 | 6,486 | 17,259 |
| Share-based compensation expense | 1,137 | 753 | 102 |
| Sales and marketing expenses | 2,398 | 2,653 | 3,490 |
| General and administrative expenses | 6,761 | 7,021 | 5,520 |
| Asset impairment loss | — | 5,305 | 2,158 |
| Total operating cost and expenses | 14,469 | 22,218 | 28,259 |
| Loss from operations | (5,482) | (3,634) | (506) |
| Other income/(expenses) | | | |
| Interest income/(expense) | 105 | 141 | (61) |
| Other (loss)/ income, net | (890) | 24 | 54 |
| Total other (loss)/ income, net | (785) | 165 | (7) |
| Loss before income tax expense | (6,267) | (3,469) | (513) |
| Income tax expense | (5) | — | (230) |
| Net loss and comprehensive loss | (6,272) | (3,469) | (743) |

Selected Condensed Consolidating Schedule of Cash Flows

| | Years Ended June 30, | | |
|---|---|---------------|---------------|
| | 2022 | 2023 | 2024 |
| | (US\$ in thousands, except for share and per share data, or otherwise stated) | | |
| Cash flows from operating activities | | | |
| Net loss | (6,272) | (3,469) | (743) |
| Adjustments to reconcile net loss to net cash provided by operating activities | | | |
| Depreciation and amortization | 1,711 | 1,176 | 1,014 |
| Expected credit loss | 5 | 6 | 49 |
| Share-based compensation expenses | 1,137 | 753 | 102 |
| Asset impairment loss | — | — | 2,158 |
| Changes in deferred taxes | — | — | (324) |
| Changes in operating assets and liabilities | | | |
| Deposits, prepayments and other current assets | 15 | 125 | (45) |
| Due from related parties | 10,686 | 1,386 | — |
| Commission payable | (6,068) | 489 | (56) |
| Income tax payable | 5 | — | 36 |
| Lease liabilities | (1,590) | (955) | (1,024) |
| Other payables and accrued liabilities | 264 | (173) | 18 |
| Due to related party | — | 10,109 | 1,379 |
| Net cash (used in)/ provided by operating activities | (107) | 9,447 | 2,564 |
| Cash flows from investing activity | | | |
| Payment for intangible assets | — | (256) | — |
| Net cash used in investing activity | — | (256) | — |
| Net (decrease)/increase in cash, cash equivalents | (107) | 9,191 | 2,564 |
| Cash and cash equivalents at beginning of the year | 3,536 | 3,429 | 12,620 |
| Cash and cash equivalents at end of the year | 3,429 | 12,620 | 15,184 |

A. [Reserved]

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

Summary of Risk Factors

Santech Holdings Limited is a Cayman Islands holding company operating in Hong Kong through its subsidiaries, primarily focusing on exploring opportunities in consumer technology, consumer healthcare and enterprise technology. As of the date of this annual report, we no longer have any operations, offices or employees in China.

Historically, Santech also operated in China through its subsidiaries and contractual arrangements with the VIEs, primarily, Hywin Wealth Management. Santech did not and does not own any equity interest in the PRC VIEs. On June 28, 2024, Santech terminated the contractual arrangements with Hywin Wealth Management. Despite that the contractual arrangements with the remaining VIEs, namely Shanghai Hywin Network Technology and Shenzhen Panying, have not yet been terminated, Santech has not been able to exercise control over any of its PRC subsidiaries or VIEs given that all of the Company's PRC subsidiaries and VIEs are effectively owned or controlled by Han Hongwei and are seized in the PRC subsequent to Mr. Han's detention. Accordingly, Santech deems to have lost de facto control of all of its PRC subsidiaries, VIEs, and their associated assets and operations, and deems its contractual agreements with its VIEs as invalid. As a result, Santech's combined financial statements for the year ended June 30, 2024 is prepared excluding such PRC subsidiaries and VIEs. For comparative purposes, for the years ended June 30, 2022 and 2023, our combined financial statements are recast to exclude PRC subsidiaries and VIEs as well. As a result of such accounting treatment, historically for the years ended June 30, 2022, 2023 and 2024, our primary businesses reported in our financial statements were overseas wealth management and asset management business conducted outside the PRC. Subsequent to fiscal year ended June 2024, we have ceased to seek new business in overseas wealth management and asset management services, and have been phasing out the remaining business in this regard. We have repositioned to become a technology company and shifted our business focus to exploring various opportunities in consumer technology, consumer healthcare and enterprise technology as of the date of this annual report.

Risks associated with our business primarily arise from our plan to develop or acquire new consumer technology, consumer healthcare or enterprise technology businesses and the various types of products and services that we distribute. There is the risk that we may not successfully develop or acquire any consumer technology, consumer healthcare or enterprise technology business, or such new business may not be profitable at all. In addition, the products that we distribute might encounter a drop in investment performance, a decline in value, a decrease in sales, or even become restricted or prohibited from being traded, which could adversely affect our revenues and profitability. Furthermore, our business might also be adversely affected if we are unable to comply with laws and regulations applicable to our business and services, particularly laws and regulations relating to data and cyber security, and intellectual property. Moreover, if we fail to enhance our brand recognition, if we cannot retain or expand our client base, if we endure adverse changes in our relationships with providers and customers of our financial products, or if we suffer from misconduct by or complaint against our management team or employees, then our reputation, client relationships, operations, and prospects may be negatively impacted. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business."

You should carefully consider all of the information in this annual report before making an investment in the ADSs. Below please find a summary of the principal risks and uncertainties we face, organized under relevant headings:

Risks Related to Our Business

- We underwent a series of corporate restructuring since fiscal year 2024, and may not be able to effectively implement our future business strategies and investment, in which case our business and results of operations may be materially and adversely affected.

- Our future success depends on the continuing efforts to retain our existing management team and other key employees as well as to attract, integrate and retain highly skilled and qualified personnel, and our business may be disrupted if we lose their services.
- We may face a number of manufacturing and supply chain risks that could harm our business, financial condition, and operating results.
- We may need to rely on access to third-party intellectual property, which may not be available to the Company on commercially reasonable terms, or at all.
- We may depend on the performance of distributors, carriers, wholesalers, retailers and other resellers.
- The products that we historically distributed involve various risks and such risks may continue to negatively affect our reputation, client relationships, operations and prospects.
- Our reputation and brand recognition are crucial to our business. Any harm to our reputation or failure to enhance our brand recognition may materially and adversely affect our business, financial condition and results of operations.
- Non-compliance on the part of third parties with which we conduct business could disrupt our business and adversely affect our results of operations.
- We face risks related to outbreaks of health epidemics, natural disasters, and other extraordinary events, which could significantly disrupt our operations and adversely affect our business, financial condition or results of operations.
- Our risk management policies and procedures may not be fully effective in identifying or mitigating risk exposure in all market environments or against all types of risk, including the non-compliances with laws and regulations or our internal policies and procedures.
- Misconduct of our insurance brokers, external insurance broker partners, or our own employees could harm our reputation or lead to regulatory sanctions or litigation costs.
- We and our directors and/or executive officers may be involved from time to time in legal or administrative proceedings and commercial or contractual disputes, which could have a material adverse effect on our business, results of operations and financial condition.
- If we breach the contractual obligations under the asset management agreements or fiduciary duties we owe to counterparties in connection with our asset management service business, our results of operations will be adversely impacted.
- We have granted, and may continue to grant, share options and other forms of share-based incentive awards, which may result in increased share-based compensation expenses.
- Any significant failure in our information technology systems could have a material adverse effect on our business and profitability.
- Our chairman of the board is able to control and exert significance influence over our company, whose interest may be different from or conflict with that of our other shareholders.
- Any failure to protect our clients' privacy and confidential information could lead to legal liability, adversely affect our reputation and have a material adverse effect on our business, financial condition or results of operations.
- We may not be able to prevent unauthorized use of our intellectual property, which could reduce demand for our products and services, adversely affect our revenues and harm our competitive position.

- We may face intellectual property infringement claims that could be time consuming and costly to defend and may result in the loss of significant rights by us.
- Confidentiality agreements with employees, product providers and others may not adequately prevent disclosure of our trade secrets and other proprietary information.
- We have limited insurance coverage.
- If we fail to implement and maintain an effective system of internal controls to remediate our material weakness over financial reporting, we may be unable to accurately report our results of operations, meet our reporting obligations or prevent fraud.

Risks Related to Our Corporate Structure

- We are unable to benefit from the assets held by the VIEs and the WFOE, which could have a material adverse effect on our business and financial condition, and our reputation may be affected.
- There is uncertainty regarding the identification of whether we are a non-PRC company, and whether we have lost control of the PRC entities under the PRC legal system.

Risks Related to Doing Business in Hong Kong and Mainland China

- Changes and developments in the political and economic policies of the PRC government may materially and adversely affect our business in Hong Kong.
- If the PCAOB is unable to adequately inspect or fully investigate our auditor as required under the Holding Foreign Companies Accountable Act, the SEC will prohibit the trading of our ADSs. The delisting of our ADSs, or the threat of their being delisted, may materially and adversely affect the value of your investment. Additionally, the inability of the PCAOB to conduct adequate inspections of our auditor would deprive our investors of the benefits of such inspections.
- The PRC government may intervene or influence the Hong Kong operations of an offshore holding company, such as ours, at any time. The PRC government may exert more control over offerings conducted overseas and/or foreign investment in Hong Kong-based issuers. If the PRC government exerts more oversight and control over offerings that are conducted overseas and/or foreign investment in Hong Kong-based issuers and we were to be subject to such oversight and control, it may result in a material adverse change to our business operations in Hong Kong.
- Changes in U.S. and international trade policies, particularly with regard to China, may adversely impact our business and operating results.
- We may be treated as a resident enterprise for PRC tax purposes under the PRC Enterprise Income Tax Law, and we may therefore be subject to PRC income tax on our global income.

Risks Related to Our ADSs

- The trading price of our ADSs is likely to be volatile, which could result in substantial losses to investors.
- If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, the market price for our ADSs and trading volume could decline.
- The sale or availability for sale of substantial amounts of our ADSs could adversely affect their market price.
- You may be subject to limitations on the transfer of the ADSs.
- The voting rights of holders of the ADSs are limited by the terms of the deposit agreement, and you may not be able to exercise your right to direct the voting of your ordinary shares underlying the ADSs.

- You may experience dilution of your holdings due to inability to participate in rights offerings.
- Techniques employed by short sellers may drive down the market price of the ADSs.
- Our Memorandum and Articles of Association contain anti-takeover provisions that could have a material adverse effect on the rights of holders of our ordinary shares and ADSs.
- Certain judgments obtained against us by our shareholders may not be enforceable.
- You may face difficulties in protecting your interests, and your ability to protect your rights through U.S. courts may be limited, because we are incorporated under Cayman Islands law.
- We incur costs as a result of being a public company, and these will increase after we cease to qualify as an “emerging growth company.”
- ADS holders may not be entitled to a jury trial with respect to claims arising under the deposit agreement, which could result in less favorable outcomes to the plaintiff(s) in any such action.
- Your rights to pursue claims against the depository as a holder of ADSs are limited by the terms of the deposit agreement.
- We are a foreign private issuer within the meaning of the rules under the Exchange Act and are therefore exempt from certain provisions applicable to U.S. domestic issuers.
- As a company incorporated in the Cayman Islands, we are permitted to adopt certain home country practices in relation to corporate governance matters in lieu of the corporate governance listing standards applicable to U.S. domestic issuers, which home country practices may afford comparatively less protection to shareholders.
- There can be no assurance that we will not be a passive foreign investment company, or PFIC, for our current or future taxable years, which could result in adverse U.S. federal income tax consequences to U.S. investors in our ADSs or ordinary shares.

Risks Related to Our Business

We underwent a series of corporate restructuring since fiscal year 2024, and may not be able to effectively implement our future business strategies and investment, in which case our business and results of operations may be materially and adversely affected.

We commenced our business in 2006. Historically, Santech also operated in China through (i) its PRC subsidiaries, including Hywin Consulting (“WFOE”), in which we hold equity ownership interests, and (ii) the VIEs, namely Hywin Wealth Management, Shanghai Hywin Network Technology, and Shenzhen Panying. On June 28, 2024, we terminated the contractual arrangements with Hywin Wealth Management and exited the wealth management and asset management businesses in the PRC. Subsequently, we have also ceased to seek new business in relation to overseas wealth management and asset management services and have been phasing out the remaining business in this regard. As such, our reported historical financial results may not be indicative of our future performance.

As of the date of this annual report, we no longer have operations, offices or employees in China. We have repositioned to become a technology company and shifted our business focus to exploring opportunities in consumer technology, consumer healthcare and enterprise technology. However, our consumer technology, consumer healthcare or enterprise technology products and services are currently under early research and development and there has not been any consumer technology, consumer healthcare or enterprise technology products or services in operation as of the date of this annual report, and we cannot assure you that our business development in the consumer technology sector will succeed at all. We may also seek new business strategies, new business opportunities or new business acquisitions or partnerships from time to time, and we may seek such new business strategies, new business opportunities or new business acquisitions or partnerships in any sectors outside of the consumer technology, consumer healthcare or enterprise technology sectors. We may also expand into new markets from time to time, including the United States or other geographical markets we believe are attractive. We cannot assure that any such new business strategies, new business opportunities or new business acquisitions or partnerships will be profitable or will succeed at all.

Investment in new business strategies and acquisitions is inherently risky, could materially adversely affect the Company's business, reputation, results of operations and financial condition. Such endeavors in new business strategies or acquisitions may involve significant risks and uncertainties, including distraction of management from current operations, greater-than-expected liabilities and expenses, economic, political, legal and regulatory challenges associated with operating in new businesses, regions or countries, inadequate return on capital, potential impairment of tangible and intangible assets, and significant write-offs. Investment and acquisition transactions are exposed to additional risks, including failing to obtain required regulatory approvals on a timely basis or at all, or the imposition of onerous conditions that could delay or prevent the Company from completing a transaction or otherwise limit the Company's ability to fully realize the anticipated benefits of a transaction. These new ventures are inherently risky and may not be successful. The failure of any significant investment could materially adversely affect the Company's business, reputation, results of operations and financial condition.

In addition, we cannot assure you that our current and planned personnel, systems, procedures and controls will be adequate to support our future operations, and we cannot assure you that we will be able to manage our growth or implement our future business strategies effectively, and failure to do so may materially and adversely affect our business and results of operations.

Our future success depends on the continuing efforts to retain our existing management team and other key employees as well as to attract, integrate and retain highly skilled and qualified personnel, and our business may be disrupted if we lose their services.

Our future success depends heavily on the continued services of our current executive officers. We also rely on the skills, experience and efforts of other key employees, including management, marketing, support, research and development, technical and services personnel. If one or more of our executive officers or other key employees are unable or unwilling to continue in their present positions, we may not be able to find replacements easily or at all, which may disrupt our business operations. If any of our executive officers or other key employees joins a competitor or forms a competing company, we may lose clients, know-how, key professionals and staff members.

Our plan to develop or acquire consumer technology, consumer healthcare and enterprise technology businesses may also require us to recruit suitable team members, skilled employees and additional key personnel. We may not successfully recruit such additional talents or retain our current key employees who may be necessary to our development or acquisition of consumer technology and enterprise technology businesses. This may cause our plan to enter into the consumer technology, consumer healthcare and enterprise technology sectors to fail, which may materially and adversely affect our business, results of operations and financial condition.

We may face a number of manufacturing and supply chain risks that could harm our business, financial condition, and operating results.

In addition, the consumer technology, consumer healthcare or enterprise technology businesses may expose us to a number of risks related to manufacturing and supply chain management, which could affect our ability to supply both our products and our services. We may need to rely on, for example, contract manufacturers to manufacture certain products, third party service providers to provide server, networking equipment or other services, or third party software developers to provide, maintain and upgrade software applications and services for our products and services. We may in the future experience supply shortages, price increases, quality issues, and/or longer lead times that could negatively affect our operations, driven by raw material and/or component availability, manufacturing capacity, labor shortages, industry allocations, logistics capacity, inflation, foreign currency exchange rates, tariffs, sanctions and export controls, trade disputes and barriers, forced labor concerns, sustainability sourcing requirements, geopolitical tensions, armed conflicts, natural disasters or pandemics, the effects of climate change, power and transmission availability, and significant changes in the financial or business condition of our suppliers.

We may need to rely on access to third-party intellectual property, which may not be available to the Company on commercially reasonable terms, or at all.

In the process of developing or acquiring our consumer technology, consumer healthcare and enterprise technology businesses, we may need to provide products and services that are designed to include intellectual property owned by third parties, which requires licenses from those third parties. In addition, because of technological changes in the consumer technology, consumer healthcare and enterprise technology industries, current extensive patent and other intellectual property coverage and the rapid rate of issuance of new patents, the Company's future products and services can unknowingly infringe existing patents or intellectual property rights of others. Based on experience and industry practice, the Company believes licenses to such third-party intellectual property can generally be obtained on commercially reasonable terms. However, there can be no assurance the necessary licenses can be obtained on commercially reasonable terms or at all. Failure to obtain the right to use third-party intellectual property, or to use such intellectual property on commercially reasonable terms, can preclude the Company from selling certain products or services, or otherwise cause the Company's consumer technology, consumer healthcare and enterprise technology businesses to fail, and accordingly may have a material adverse impact on the Company's business, results of operations and financial condition.

We may depend on the performance of distributors, carriers, wholesalers, retailers and other resellers.

In our efforts to enter the consumer technology, consumer healthcare and enterprise technology businesses we may need to distribute products and certain of services through distributors, cellular network carriers, wholesalers, retailers and resellers, many of which distribute products and services from competitors. We may also sell products and services and resells third-party products in most of our major markets directly to consumers, small and mid-sized businesses, and education, enterprise and government customers through its retail and online stores and its direct sales force.

We cannot assure you such distributors, carriers, wholesalers, retailers or resellers could perform well for our products or services. The financial condition of such distributors, carriers, wholesalers, retailers or resellers selling our products or services could weaken, they could stop distributing our products, and the uncertainty regarding demand for some or all of our products could cause them to reduce their ordering and marketing of our products.

The products that we historically distributed involve various risks and such risks may continue to negatively affect our reputation, client relationships, operations and prospects.

During the years ended June 30, 2022, 2023 and 2024, we selected and distributed financial products to our clients on behalf of issuers of these products, from which we generate most of our revenue. Through our Hong Kong subsidiaries, we also provided asset management products and derived management fees, introduction and performance-based fees, and we also facilitated or referred sales of insurance products and derived one-time fee income. These products often have complex structures and involve various risks, including default risks, interest risks, liquidity risks, market risks, counterparty risks, fraud risks and other risks. In addition, we are subject to risks arising from any potential misconduct or violation of law by the product providers. Any such misconduct or violation of law may adversely affect the performance of the applicable products that we distribute or facilitate to sell and harm our reputation.

In December 2023, redemption issues had been reported on certain asset-backed products previously distributed by Hywin Wealth Management in the PRC. The asset managers of these products were unable to reach an agreement with the relevant clients to defer redemption. While Hywin Wealth Management acted only as distributor of these asset-backed products, the clients are now demanding repayment from Hywin Wealth Management. On June 28, 2024, we exited wealth management and asset management businesses in the PRC by terminating the VIE arrangements with Hywin Wealth Management, but we cannot assure you that we will not encounter similar incidents in the future.

Although we have exited our historical businesses in wealth management and asset management and have been phasing out the remaining business in this regard, the risks associated with such products may continue to affect us and our reputation. While we had taken cautions in the risk management of our products and services, our risk management policies and procedures may not be fully effective in mitigating the risk exposure of our clients in all market environments or against all types of risks. If any of our clients suffer financial loss or other damages, our reputation, client relationship, business, financial conditions and prospects may be materially and adversely affected.

Our reputation and brand recognition are crucial to our business. Any harm to our reputation or failure to enhance our brand recognition may materially and adversely affect our business, financial condition and results of operations.

Our reputation and brand recognition are critical to the success of our business. We believe a sound reputation and a well-recognized brand are crucial to increasing our client base, which in turn facilitates our effort to develop new business opportunities, monetize our services and enhance our attractiveness to our clients and product providers. Our reputation and brand are vulnerable to many threats that can be difficult or impossible to control, and costly or impossible to remediate. Regulatory inquiries or investigations, lawsuits initiated by clients or other third parties, employee misconduct, perceptions of conflicts of interest and rumors, complaints from and disputes with our clients, among other things, could substantially damage our reputation, even if they are baseless or satisfactorily addressed. If we are unable to maintain a good reputation or further enhance our brand recognition, our business and revenues may be materially and adversely affected.

For example, in December 2023, redemption issues had been reported on certain asset-backed products previously distributed by Hywin Wealth Management with whom we had terminated the VIE arrangements. The asset managers of these products were unable to reach an agreement with the relevant clients to defer redemption. Since September 2024, Mr. Han Hongwei, previously Chairman of the Board, and Madame Wang Dian, previously Chief Executive Officer and a director of the Company, were detained by, and under investigation by certain branch office of Shanghai Municipal Public Security Bureau with respect to alleged illegal activities at Hywin Wealth Management. Incidents such as these have severely damaged our reputation. In addition, the public may continue to associate Hywin Wealth Management, or any other Hywin entities in the PRC, with the Company and our reputation may continue to be adversely affected indirectly by any negative media publicity or any negative incidents in connection with Hywin Wealth Management or any other Hywin or Hywin-affiliated persons or entities in the PRC, even though the Company has now terminated its prior affiliations with Hywin.

Non-compliance on the part of third parties with which we conduct business could disrupt our business and adversely affect our results of operations.

The product providers or other business counterparties may be subject to regulatory penalties or punishments because of their regulatory compliance failures, which may affect our business activities and reputation and in turn, our results of operations. Although we conducted due diligence on our business counterparties when we historically operated our wealth management and asset management segments, we cannot be certain whether any such counterparty has infringed or will infringe any third parties' legal rights or violate any regulatory requirements. We cannot assure you that these counterparties will continue to maintain all applicable permits and approvals, and any non-compliance on the part of these counterparties may cause potential liabilities to us and in turn disrupt our operations.

We face risks related to outbreaks of health epidemics, natural disasters, and other extraordinary events, which could significantly disrupt our operations and adversely affect our business, financial condition or results of operations.

Our business could be and has been affected by public health epidemics, such as the outbreak of avian influenza, severe acute respiratory syndrome, or SARS, Zika virus, Ebola virus, the COVID-19 pandemic or other disease. Furthermore, although the World Health Organization has declared that the COVID-19 pandemic is no longer a global health emergency and the Hong Kong government has lifted restrictions and quarantine measures due to the fact that the pandemic is being contained, there is still great uncertainty as to the future development of the COVID-19 pandemic, which may still affect our work efficiency and productivity and cause delay or cancellation in our offline events, and in turn adversely affect our business. In addition to the impact of the COVID-19 pandemic and other health epidemics, our business could also be materially and adversely affected by natural disasters or other public safety concerns affecting Hong Kong or elsewhere in the world.

Our risk management policies and procedures may not be fully effective in identifying or mitigating risk exposure in all market environments or against all types of risk, including the non-compliances with laws and regulations or our internal policies and procedures.

Historically, we devoted significant time and resources to developing our risk management policies and procedures in operating our wealth management and asset management businesses. We will continue to focus on developing our risk management policies and procedures as we shifted our business focus to exploring various opportunities in consumer technology, consumer healthcare and enterprise technology. However, our policies and procedures to identify, monitor and manage risks may not be fully effective in mitigating our risk exposure in all market environments or against all types of risk. Many of our risk management policies were based upon observed historical market behaviors, existing market practices or statistics based on historical models. During periods of market volatility or due to unforeseen events, the historically derived correlations upon which these methods were based may not be valid. As a result, these methods may not predict future exposures accurately, which could be significantly greater than what our models indicate. This could cause us to incur investment losses or cause our hedging and other risk management strategies to be ineffective.

Before launching a product, we follow stringent product selection procedures to evaluate important and complex business, financial, tax, accounting and legal issues of product candidates and providers. Nevertheless, when following such procedures and making an assessment regarding product candidates, we have relied and will continue to rely on the resources available to us, including information provided by the product providers, which may not always be accurate, complete, up-to-date or properly evaluated. Accordingly, we cannot assure you that the due diligence investigations that we carried out with respect to any products will reveal or highlight all relevant facts that may be necessary or helpful in evaluating such products. Instances of fraud, accounting irregularities and other deceptive practices can be difficult to detect.

Although we have established an internal compliance system to supervise service quality and regulation compliance, these risks may be difficult to detect in advance and mitigate, and could harm our business, results of operations or financial performance. Historically, we identified certain deficiencies in tax matter handling and reporting.

Additionally, although we perform due diligence on potential clients, we cannot assure you that we were or will be accurate in identifying all the possible issues based on the information available to us. If certain investors do not meet the relevant qualification requirements under relevant product agreements or under applicable laws, we may also be deemed in default of the obligations required in our contract with the product providers, or be subject to claims raised by other investors in the products. Management of operational, legal and regulatory risks requires, among other things, policies and procedures to properly record and verify a large number of transactions and events, and these policies and procedures may not have been fully effective in mitigating our risk exposure in all market environments or against all types of risk.

Misconduct of our insurance brokers, external insurance broker partners, or our own employees could harm our reputation or lead to regulatory sanctions or litigation costs.

Misconduct of our insurance brokers, external insurance broker partners, or our own employees could result in violations of law by us, regulatory sanctions, litigation or serious reputational or financial harm. Their misconduct could include the following:

- negligently or intentionally ignoring facts that are material to assessing and selecting product candidates; engaging in misrepresentation or fraudulent activities when marketing or distributing wealth management products to clients;
- improperly using or disclosing confidential information of our clients, wealth management product providers or other parties;
- concealing unauthorized or unsuccessful activities, resulting in unknown and unmanaged risks or losses; or
- otherwise not complying with laws and regulations or our internal policies or procedures.

We have established an internal compliance system to supervise service quality and regulation compliance; however, we cannot always deter misconduct of our insurance brokers, our insurance broker partners, or our own employees and the precautions we have taken or will take to prevent and detect misconduct may not be effective in all cases. We cannot assure you, therefore, that any misconduct of our insurance brokers, our insurance broker partners, or our own employees will not lead to a material adverse effect on our business, results of operations or financial conditions.

We and our directors and/or executive officers may be involved from time to time in legal or administrative proceedings and commercial or contractual disputes, which could have a material adverse effect on our business, results of operations and financial condition.

From time to time, we and our directors and/or executive officers may be involved in legal or administrative proceedings and commercial disputes. Such proceedings or disputes may include, without limitation, commercial or contractual disputes in our ordinary course of business, lawsuits or disputes brought by our clients, class action complaints or litigations brought by our investors, lawsuits involving employment matters, and other regulatory compliance matters. See “Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Legal Proceedings” for details of material legal proceedings that we are involved in. Proceedings such as these may have a material adverse effect on our business, results of operations and financial condition. There can be no assurance that any proceedings and claims, should they arise again, will not have a material adverse effect on our business, results of operations and financial condition.

Although we have exited our historical wealth management and asset management businesses and have been phasing out the remaining business in this regard, we are still subject to litigation risks as we shifted our business focus to exploring various opportunities in consumer technology, consumer healthcare and enterprise technology. Such risks may be heightened during periods when credit, equity or other financial markets are deteriorating in value or are volatile, and as a result our past or present clients or investors experience losses. Although we are not liable for the loss of our clients or investors arising from their own investments decisions and we do not provide any guarantees of returns with respect to the products, however, we may still be involved in legal proceedings, commercial disputes, complaints from and disputes with our clients regardless of its ground. Furthermore, actions brought against us may result in settlements, awards, injunctions, fines, penalties or other results adverse to us including harm to our reputation. The contracts between ourselves and insurance product providers do not provide for indemnification for our costs, damages or expenses resulting from such lawsuits. Even if we are successful in defending against these actions, the defense of such matters may result in us incurring significant expenses. Predicting the outcome of such matters is inherently difficult, particularly where claimants seek substantial or unspecified damages, or when arbitration or legal proceedings are at an early stage. A substantial judgment, award, settlement, fine, or penalty could be materially adverse to our operating results or cash flows for a particular future period, depending on our results for that period.

If we breach the contractual obligations under the asset management agreements or fiduciary duties we owe to counterparties in connection with our asset management service business, our results of operations will be adversely impacted.

As we historically provided asset management service business in Hong Kong, we may be exposed to indemnity or other legal liabilities if we are deemed to have breached our legal obligations as fund managers under the asset management agreements or fund subscription agreements, and are therefore susceptible to legal disputes and potentially significant damages. Where we have served as the general partner for the funds that are in the form of a limited partnership, we were required to manage the funds for the limited partners or the investors. If we are deemed to have breached our fiduciary duty, we may be exposed to risks and losses related to legal disputes. We would bear unlimited joint and several liabilities for the debts of any asset managed by us out of all our assets as general partners. Although we have exited our historical businesses in wealth management and asset management and have been phasing out the remaining business in this regard, we may still be exposed to such risks.

We have granted, and may continue to grant, share options and other forms of share-based incentive awards, which may result in increased share-based compensation expenses.

On December 6, 2020, we adopted our current share incentive plan, or the 2020 Plan. Under the Share Incentive Plan, the maximum aggregate number of ordinary shares available for issuance will be 5,000,000 ordinary shares, equal to 10% of the total outstanding ordinary shares of our company immediately prior to completion of our public offering. As of the date of this annual report, 1,776,000 restricted shares have been granted to our executive officers and directors under the 2020 Plan. We recognized US\$1.1 million, US\$0.8 million and US\$0.1 million of share-based compensation expenses for the years ended June 30, 2022, 2023 and 2024, respectively. See “Item 6. Directors, Senior Management and Employees—B. Compensation—Share Incentive Plans” and “Item 5. Operating and Financial Review and Prospects—A. Operating Results—Key Components of Results of Operations—Operating Costs and Expenses—Share-based Compensation Expenses/(Benefits).” We will continue to incur share-based compensation expenses in future periods due to awards granted or to be granted under the 2020 Plan and any future awards under other plans. We may continue to grant restricted shares awards, restricted share units, share options or other share-based incentives in the future, which may record significantly share-based compensation expenses in our profit or loss statement. We account for compensation costs for all share-based incentives using a fair-value based method and recognize expenses in our combined statement of income in accordance with the relevant rules in accordance with U.S. GAAP, which may have a material adverse effect on our net income. Any additional securities issued under share-based compensation schemes will adversely affect our results of operations and dilute the ownership interests of our shareholders, including holders of our ADSs. We believe the granting of share-based compensation is of significant importance to our ability to attract and retain key employees, and we will continue to grant share-based compensation to directors or employees in the future.

Any significant failure in our information technology systems could have a material adverse effect on our business and profitability.

Our business is highly dependent on the ability of our information technology systems to timely process a large amount of information of product offering, clients and transactions. The proper functioning of our client transactions and services, sales management, financial control, accounting, and other information technology systems, together with the communication systems, is critical to our business and to our ability to compete effectively. We cannot assure you that our business activities would not be materially disrupted in the event of a partial or complete failure of any of these information technology or communication systems, which could be caused by, among other things, software malfunction, computer virus attacks or conversion errors due to system upgrading. In addition, a prolonged failure of our information technology system could damage our reputation and materially and adversely affect our future prospects and profitability. In addition, as we plan to develop or acquire consumer technology, consumer healthcare and enterprise technology businesses, we cannot assure you that no additional licenses or permits under relevant laws and regulations to own or conduct such business or IT infrastructure would be required, or that we would be able to obtain additional licenses or permits. If we are unable to obtain such licenses or permits, or be forced by governmental authorities to dismantle such infrastructure, we may not be able to recoup our investments and our future prospects and profitability may be materially and adversely affected.

Our chairman of the board is able to control and exert significance influence over our company, whose interest may be different from or conflict with that of our other shareholders.

As of the date of this annual report, Mr. Lawrence Wai Lok beneficially owns an aggregate of 66.67% of our outstanding share capital. As more than 50% of the voting power for the election of directors is held or directed by Mr. Lok, we are a “controlled company” within the meaning of the Nasdaq listing rules. As a result of this high level of shareholding, Mr. Lok would be able to exert a significant degree of influence or actual control over our business, including decisions regarding mergers, consolidations and the sale of all or substantially all of our assets, election of directors and other significant corporate actions. This control will also limit your ability to influence corporate matters and may prevent transactions that would be beneficial to you, including discouraging others from pursuing any potential merger, takeover or other change of control transactions, which could have the effect of depriving the holders of our ordinary shares and the ADSs of the opportunity to sell their shares at a premium over the prevailing market price. For more information regarding our principal shareholders and their affiliated entities, see “Item 6. Directors, Senior Management and Employees—E. Share Ownership.”

Any failure to protect our clients' privacy and confidential information could lead to legal liability, adversely affect our reputation and have a material adverse effect on our business, financial condition or results of operations.

Our historical services in wealth management and asset management involve the exchange, storage and analysis of highly confidential information, including detailed personal and financial information, through a variety of electronic and non-electronic means, and our reputation and business operations are highly dependent on our ability to safeguard the confidential personal data and information of our clients. We rely on a network of process and software controls to protect the confidentiality of data provided to us or stored on our systems. We face various security threats on a regular basis, including cyber-security threats to and attacks on our technology systems that are intended to gain access to our confidential information, destroy data or disable our systems.

Even though we have exited our historical services in wealth management and asset management and have been phasing out the remaining business in this regard, we still have obligations to protect our historical clients' privacy and confidential information. While we have made various efforts to protect our clients' privacy and confidential information, we may still be subject to security threats, cyber-attacks or other breaches. If we do not take adequate measures to prevent security breaches and maintain adequate internal controls or fail to implement new or improved controls, data, including personal information, could be misappropriated or confidentiality could otherwise be breached. We could be subject to liability if we inappropriately disclose any client's personal information, or if third parties are able to penetrate our network security or otherwise gain access to any client's name, address, portfolio holdings, or other personal information. Any such failure could subject us to claims for identity theft or other similar fraud claims or claims for other misuses of personal information, such as unauthorized marketing or unauthorized access to personal information. In addition, such events would cause our clients to lose their trust and confidence in us, which may result in a material adverse effect on our business, results of operations and financial condition. At the same time, compliance with the regulations could be expensive, and the reduction in our ability to collect, transfer and use data due to increased regulation could also have an adverse effect on our business.

We may not be able to prevent unauthorized use of our intellectual property, which could reduce demand for our products and services, adversely affect our revenues and harm our competitive position.

We rely primarily on a combination of copyright, trade secret, trademark and anti-unfair competition laws and contractual rights to establish and protect our intellectual property rights in our brand, trade names, trademarks, trade secrets, proprietary database and research reports and other intellectual property rights distinguish the products we distribute and our services from those of our competitors. We cannot assure you that the steps we have taken or will take in the future to protect our intellectual property or prevent piracy will prove to be sufficient. Current or potential competitors may use our intellectual property without our authorization in the development of products and services that are substantially equivalent or superior to ours, which could reduce demand for our solutions and services, adversely affect our revenues and harm our competitive position. Even if we were to discover evidence of infringement or misappropriation, our recourse against such competitors may be limited or could require us to pursue litigation, which could involve substantial costs and diversion of management's attention from the operation of our business.

We may face intellectual property infringement claims that could be time consuming and costly to defend and may result in the loss of significant rights by us.

Although we have not been subject to any litigation, pending or threatened, alleging infringement of third parties' intellectual property rights, we cannot assure you that such infringement claims will not be asserted against us in the future. Intellectual property litigation is expensive and time-consuming and could divert resources and management attention from the operation of our business. If there is a successful claim of infringement, we may be required to alter our services, cease certain activities, pay substantial royalties and damages to, and obtain one or more licenses from, third parties. We may not be able to obtain those licenses on commercially acceptable terms, or at all. Any of those consequences could cause us to lose revenues, impair our client relationships and harm our reputation.

Confidentiality agreements with employees, product providers and others may not adequately prevent disclosure of our trade secrets and other proprietary information.

We require our employees, product providers and others to enter into confidentiality agreements in order to protect our trade secrets, other proprietary information and, most importantly, our client information. These agreements might not effectively prevent disclosure of our trade secrets, know-how or other proprietary information and might not provide an adequate remedy in the event of unauthorized disclosure of such confidential information. In addition, others may independently discover trade secrets and proprietary information, and in such cases we could not assert any trade secret rights against such parties. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain trade secret protection could adversely affect our competitive position.

We have limited insurance coverage.

We may not be able to obtain sufficient insurance to safeguard against risks and unexpected events. We provide social security insurance including pension insurance, work-related injury insurance, maternity insurance and medical insurance for our employees. Our directors and officers liability insurance policy for our board of directors and executives has current run out, and we may not be able to restore coverage at commercially reasonable terms. We do not have commercial insurance coverage on our assets and we do not maintain insurance to cover our business or interruption of our business, litigation, class action lawsuits or product liability. Any uninsured occurrence of loss or damage to property, litigation or business disruption may result in our incurring substantial costs and the diversion of resources, which could have an adverse effect on our results of operations and financial condition.

If we fail to implement and maintain an effective system of internal controls to remediate our material weakness over financial reporting, we may be unable to accurately report our results of operations, meet our reporting obligations or prevent fraud.

In connection with the audits of our combined financial statements for the year ended June 30, 2024, we and our independent registered public accounting firm identified the following material weaknesses in our internal control over financial reporting. As defined in the standards established by the U.S. Public Company Accounting Oversight Board, a “material weakness” is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

The material weaknesses that have been identified relate to (i) our lack of sufficient resources with U.S. GAAP and the SEC reporting experiences in the accounting department to provide accurate information on a timely manner; (ii) our lack of key monitoring mechanisms such as internal audit department to oversee and monitor our risk management, business strategies and financial reporting procedures, and also our lack of adequately designed and documented management review controls to properly detect and prevent certain accounting errors and omitted disclosures in the footnotes to the combined financial statements; (iii) our lack of revenue progress monitoring mechanisms, such as no established transaction progress synchronization mechanism between the business side and the finance side, leading to the inability to track the timing of insurance policy effectiveness or service fulfillment, and potential misrecognition of commission income based on the collection of service fee rather than at risk transfer point; (iv) our lack of control in contract management, such as failure to systematically archive insurance brokerage or distribution agreements, which may affect our revenue recognition accuracy; (v) our lack of automated interface to obtain the fair value of the underlying fund’s or mandate’s net assets, which may cause miscalculation risks to our revenue accuracy; (vi) our lack of documented approval process exists for revenue transactions requiring collaboration between business, legal, and finance teams, to ensure revenue is recorded only when supporting documents are complete; (vii) our lack of a centralized referring expense policy with predefined calculation formulas and hierarchical review (e.g., supervisor approval) for variable compensation calculations; (viii) our lack of disposal approval records (such as board resolution, asset retirement forms) were provided to verify the existence of fixed assets and (ix) our lack of policies for critical transactions (revenue, commissions, bonuses) are either nonexistent or not formally communicated.

To remediate the material weakness identified in internal control over our financial reporting, we have: (a) hired an experienced personnel in accounting department with adequate experience with financial reporting and compliance requirements; (b) continued our efforts to provide ongoing training courses in U.S. GAAP to existing personnel, including our Principal Financial Officer; (c) continued our efforts to enhance the effectiveness of our internal control over financial reporting by increasing technology adoption, reducing reliance on paper records or single personnel, and migrating our internal processes to cloud-based software systems that are suitable for U.S. reporting companies, which we believe will enhance areas such as contract management, document retention, transaction approvals, and automation in financial reporting.

Neither we nor our independent registered public accounting firm undertook a comprehensive assessment of our internal control for purposes of identifying and reporting material weaknesses and other control deficiencies in our internal control over financial reporting. Had we performed a formal assessment of our internal control over financial reporting or had our independent registered public accounting firm performed an audit of our internal control over financial reporting, additional deficiencies may have been identified.

Following the identification of the material weaknesses, we have implemented and are continuing to implement a number of measures to address the material weakness identified. See “Item 15. Controls and Procedures—Internal Control over Financial Reporting.” However, the implementation of these measures may not fully address the material weakness in our internal control over financial reporting, and we cannot conclude that it has been fully remedied. Our failure to correct the material weakness or our failure to discover and address any other control deficiencies could result in inaccuracies in our financial statements and could also impair our ability to comply with applicable financial reporting requirements and related regulatory filings on a timely basis. As a result, our business, financial condition, results of operations and prospects, may be materially and adversely affected.

We are subject to the Sarbanes-Oxley Act of 2002. Section 404 of the Sarbanes-Oxley Act, or Section 404, requires that we include a report from management on the effectiveness of our internal control over financial reporting in our annual report beginning with our second annual report. In addition, once we cease to be an “emerging growth company” as such term is defined in the JOBS Act, our independent registered public accounting firm must attest to and report on the effectiveness of our internal control over financial reporting. Our management may conclude that our internal control over financial reporting is not effective. Moreover, even if our management concludes that our internal control over financial reporting is effective, our independent registered public accounting firm, after conducting its own independent testing, may issue a report that is qualified if it is not satisfied with our internal controls or the level at which our controls are documented, designed or operated, or if it interprets the relevant requirements differently from us. In addition, since we have become a public company, our reporting obligations may have placed a significant strain on our management, operational and financial resources and systems. We may be unable to timely complete our evaluation testing and any required remediation.

During the course of documenting and testing our internal control procedures, in order to satisfy the requirements of Section 404, we may identify other weaknesses and deficiencies in our internal control over financial reporting. In addition, if we fail to maintain the adequacy of our internal control over financial reporting, as these standards are modified, supplemented or amended from time to time, we may not be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404. If we fail to achieve and maintain an effective internal control environment, we could suffer material misstatements in our financial statements and fail to meet our reporting obligations, which would likely cause investors to lose confidence in our reported financial information. This could in turn limit our access to capital markets, harm our results of operations, and lead to a decline in the trading price of our ADSs. Additionally, ineffective internal control over financial reporting could expose us to increased risk of fraud or misuse of corporate assets and subject us to potential delisting from the stock exchange on which we list, regulatory investigations and civil or criminal sanctions. We may also be required to restate our financial statements from prior periods.

Risks Related to Our Corporate Structure

We are unable to benefit from the assets held by the VIEs and the WFOE, which could have a material adverse effect on our business and financial condition, and our reputation may be affected.

Our WFOE in the PRC is no longer active in operations, and we do not have access to the WFOE’s seal or bank accounts, while the legal representative and directors of the PRC WFOE are either unreachable or we are unable to direct or manage them to act. We have lost de facto control of the WFOE for the following reasons:

- According to the Contract Law of the People’s Republic of China, a contract by the parties in writing shall be concluded upon signing thereof or affixing the seal thereon. The absence of a seal diminishes our influence in decisions, hindering the normal implementation of resolutions from shareholder meetings. Consequently, this limits our ability to legally sign contracts and engage in other legal actions, thereby impacting our decision-making capacity and control.

- The Company Law of the People's Republic of China stipulates that companies must establish bank accounts in accordance with the law to conduct financial activities related to company business. Inaccessibility to bank accounts means that, as shareholder of the WFOE, we cannot manage or allocate the WFOE's funds. This further isolates us from controlling the WFOE's financial operations.
- The inability to reach the legal representative and directors in the PRC and the inability to direct or manage them to act significantly limit our control and our ability to manage or operate the WFOE. We are also unable to obtain accurate information about the WFOE's remaining operations, assets and financials.

The remaining VIEs in the PRC, namely Shanghai Hywin Network Technology and Shenzhen Panying, are also no longer active in operations. In addition, although the contractual arrangements with the remaining VIEs have not yet been terminated, our WFOE entered into the contractual arrangements with the VIEs and their shareholders; given that we have lost control of the WFOE, we are unable to benefit from the contractual arrangements and, therefore, we have also lost control of the VIEs. Accordingly, we believe we have lost de facto control of the VIEs, their PRC subsidiaries, and all associated assets and operations.

Under the VIE contractual arrangements, we were able to benefit from the consolidated net profits of the VIEs through the WFOE. However, due to the above-stated reasons, we are unable to benefit from such profits, nor are we able to exercise control over any of their bank accounts, assets, or operations in the PRC, which limits our capacity to allocate funds, manage finances or conduct any further businesses in China.

Although we no longer have operations in PRC, we cannot assure you that our previous affiliations in the PRC or any remaining matters in the PRC does not further affect us negatively. Any harm to our reputation or perception of instability may adversely affect our ability to attract and retain customers, or prevent us from engaging with potential partnerships and collaborations, thereby reducing our growth opportunities.

There is uncertainty regarding the identification of whether we are a non-PRC company, and whether we have lost control of the PRC entities under the PRC legal system.

The PRC legal system is a civil law system based on written statutes. Unlike the common law system, prior court decisions may be cited for reference but have limited precedential value.

China has not developed a fully integrated legal system, and enacted laws, rules and regulations may not sufficiently cover all aspects of economic activities in China or may be subject to a significant degree of interpretation by PRC regulatory agencies and courts. In particular, because these laws, rules and regulations are relatively new and quickly evolving, and because of the limited number of published decisions and the non-precedential nature of these decisions, and because the laws, rules and regulations often give the relevant regulator certain discretion in how to enforce them, the interpretation and enforcement of these laws, rules and regulations involve uncertainties and can be inconsistent and unpredictable. Therefore, it is possible that our operations in the PRC in the past consolidated through our WFOE and VIEs, or any existing or future operations, may be found not in full compliance with relevant laws and regulations. In addition, the PRC legal system is based in part on government policies and internal rules, some of which are not published on a timely basis or at all, and which may have a retroactive effect. As a result, we may not be aware of our violation of these policies and rules until after the occurrence of the violation.

Any administrative and court proceedings in China may be protracted, resulting in substantial costs and diversion of resources and management attention. Since PRC administrative and court authorities have certain discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to predict the outcome of administrative and court proceedings and the level of legal protection than in more developed legal systems. These uncertainties may impede our ability to enforce the contracts we have entered into and could materially and adversely affect our business, financial condition and results of operations.

In addition, the PRC government has significant influence over business activities and, to further regulatory and societal goals, has become more involved in regulating China-based companies, which may include us. For example, in recent years the PRC government has enhanced regulation in areas such as anti-monopoly, anti-unfair competition, cybersecurity and data privacy. In addition, the PRC government has also published policies that significantly affected the Internet industries and certain other industries, including industries that we operate in, and in the future it may implement other policies or regulations that may have a significant adverse impact on us or industries that we operate in. Moreover, the PRC government has strengthened the administration over illegal securities activities and the supervision on overseas listings by China-based companies and issued new filing obligations and approval requirements in connection with offshore offerings, which will increase our regulatory compliance costs and may limit or hinder our ability and the ability of our subsidiaries to offer or continue to offer securities to investors and cause the value of our securities, including our ADSs, to significantly decline or become worthless. See “— Risks Related to Doing Business in the People’s Republic of China — The approval, filing or other requirements of the China Securities Regulatory Commission (CSRC) or other PRC regulatory authorities may be required under PRC law in connection with any future issuance of securities overseas, and, if required, we cannot predict whether or for how long we or our subsidiaries will be able to obtain such approval or complete such filing.” The Chinese government may further promulgate relevant laws, rules and regulations that may impose additional and significant obligations and liabilities on Chinese companies. These laws and regulations can be complex and stringent, and many are subject to change and uncertain interpretation, which could result in claims, change to our data and other business practices, regulatory investigations, penalties, increased cost of operations, or declines in user growth or engagement, or otherwise affect our business. It is uncertain whether or how these new laws, rules and regulations and the interpretation and implementation thereof may affect us, but among other things, our ability and the ability of our subsidiaries to obtain external financing through the issuance of equity securities overseas could be negatively affected and as a result, the trading prices of our ADSs and Shares to could significantly decline or become worthless.

Although we no longer have operations in the PRC, given the uncertainties regarding the interpretation and enforcement of PRC laws, rules and regulations, and changes in policies, laws, rules and regulations in the PRC, we cannot assure that we will definitely be regarded as a non-PRC company, and whether we will be regarded as having lost control of the PRC entities under the PRC legal system.

Risks Related to Doing Business in Hong Kong and Mainland China

Changes and developments in the political and economic policies of the PRC government may materially and adversely affect our business in Hong Kong.

We primarily conduct business in Hong Kong, a special administrative region of China, and we historically operated in Mainland China. The PRC government has significant oversight and discretion over the conduct of our business, and may intervene in or influence our operations through adopting and enforcing rules and regulatory requirements. Accordingly, our financial condition and results of operations are affected to a significant extent by economic, political and legal developments in the PRC.

The PRC economy differs from the economies of most developed countries in many respects, including the level of development, growth rate, extent of government involvement, control of foreign exchange and allocation of resources. A substantial portion of productive assets in China is still managed by the government. In addition, the PRC government regulates industry development by imposing industrial policies. The PRC government also plays a significant role in China's economic growth by allocating resources, controlling payment of foreign currency-denominated obligations, setting monetary policy and regulating financial services and institutions.

While the PRC economy has experienced significant growth in the past decades, growth has been uneven, both geographically and among various sectors of the economy. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures may benefit the overall PRC economy, but may also have a negative effect on us. Our financial condition and results of operations could be materially and adversely affected by government control over capital investments or changes in tax regulations that are applicable to us. In addition, the PRC government has implemented in the past certain measures, including interest rate increases, to manage the pace of economic growth and prevent the economy from overheating. Any prolonged slowdown in the economy could lead to a reduction in demand for our services and consequently have a material adverse effect on our businesses, financial condition and results of operations.

We cannot assure you that the oversight will not be extended to companies operating in Hong Kong like us and any such action may lead to a reduction in demand for our services and consequently have a material adverse effect on our businesses, financial condition and results of operations in Hong Kong, as well as damage our reputation.

If the PCAOB is unable to adequately inspect or fully investigate our auditor as required under the Holding Foreign Companies Accountable Act, the SEC will prohibit the trading of our ADSs. The delisting of our ADSs, or the threat of their being delisted, may materially and adversely affect the value of your investment. Additionally, the inability of the PCAOB to conduct adequate inspections of our auditor would deprive our investors of the benefits of such inspections.

On April 21, 2020, SEC 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 Public Company Accounting Oversight Board (the "PCAOB") to inspect auditors and audit work papers in China and higher risks of fraud in emerging markets.

On May 20, 2020, the U.S. Senate passed the Holding Foreign Companies Accountable Act (the "HFCAA") 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 securities exchange or in the over the counter trading market in the U.S. On December 2, 2020, the U.S. House of Representatives approved the HFCAA. On December 18, 2020, the HFCAA was signed into law.

On June 22, 2021, the U.S. Senate passed the Accelerating Holding Foreign Companies Accountable Act, or AHFCAA, which proposed to reduce the period of time for foreign companies to comply with PCAOB audits from three to two consecutive years, thus reducing the time period before the securities of such foreign companies may be prohibited from trading or delisted. On December 29, 2022, the Consolidated Appropriations Act, 2023 (the “CAA”), which the AHFCAA forms a part, was signed into law, and it officially reduced the number of consecutive non-inspection years required for triggering the prohibitions under the HFCAA from three years to two, thus, would reduce the time before an applicable issuer’s securities may be prohibited from trading or delisted.

On December 2, 2021, the SEC issued amendments to finalize rules implementing the submission and disclosure requirements in the HFCAA. The rules apply to registrants that the SEC identifies as having filed an annual report with an audit report issued by a registered public accounting firm that is located in a foreign jurisdiction and that PCAOB is unable to inspect or investigate completely because of a position taken by an authority in foreign jurisdictions. The final amendments became effective on January 10, 2022. The SEC began to identify and list Commission-Identified Issuers on its website shortly after registrants filed their annual reports for 2021.

On December 16, 2021, PCAOB announced the PCAOB HFCAA Determinations (the “2021 Determinations”) relating to the PCAOB’s inability to inspect or investigate completely registered public accounting firms headquartered in Mainland China or Hong Kong, because of a position taken by one or more authorities in Mainland China or Hong Kong.

On August 26, 2022, the PCAOB announced and signed a Statement of Protocol (the “Protocol”) with the China Securities Regulatory Commission and the Ministry of Finance of the People’s Republic of China. The Protocol provides the PCAOB with: (i) sole discretion to select the firms, audit engagements and potential violations it inspects and investigates, without any involvement of Chinese authorities; (ii) procedures for PCAOB inspectors and investigators to view complete audit work papers with all information included and for the PCAOB to retain information as needed; (iii) direct access to interview and take testimony from all personnel associated with the audits the PCAOB inspects or investigates.

The PCAOB reassessed the 2021 Determinations that the positions taken by PRC authorities prevented the PCAOB from inspecting and investigating in Mainland China and Hong Kong completely. The PCAOB sent its inspectors to conduct on-site inspections and investigations of firms headquartered in Mainland China and Hong Kong from September to November 2022.

On December 15, 2022, the PCAOB announced that the PCAOB was able to secure complete access to inspect and investigate accounting firms headquartered in Mainland China and Hong Kong, and the PCAOB Board voted to vacate previous determinations to the contrary. Should the PCAOB again encounter impediments to inspections and investigations in Mainland China or Hong Kong as a result of positions taken by any authority in either jurisdiction, including by the CSRC or the MOF, the PCAOB will make determinations under the HFCAA as and when appropriate. We cannot assure you whether Nasdaq or regulatory authorities would apply additional and more stringent criteria to us after considering the effectiveness of our auditor’s audit procedures and quality control procedures, adequacy of personnel and training, or sufficiency of resources, geographic reach, or experience as it relates to the audit of our financial statements. There is a risk that the PCAOB is unable to inspect or investigate completely the Company’s auditor because of a position taken by an authority in a foreign jurisdiction or any other reasons, and that the PCAOB may re-evaluate its determinations as a result of any obstruction with the implementation of the Protocol. Such lack of inspection or re- evaluation could cause trading in the Company’s securities to be prohibited under the HFCAA ultimately result in a determination by a securities exchange to delist the Company’s securities. In addition, under the HFCAA as incorporated into the CAA, our securities may be prohibited from trading on the Nasdaq or other U.S. stock exchanges if our auditor is not inspected by the PCAOB for two consecutive years, and this ultimately could result in our ordinary shares being delisted by and exchange.

Our current independent accounting firm, Audit Alliance LLP (“Audit Alliance”), whose audit report is included in this annual report on Form 20-F, headquartered in Singapore, is a PCAOB-registered CPA firm which can be inspected by PCAOB with the last inspection on September 27, 2024. Therefore, we do not expect to be identified as a Commission-Identified Issuer under the HFCAA after we file this annual report on Form 20-F for the fiscal years ended December 31, 2024, 2023 and 2022.

Furthermore, these recent developments would add uncertainties to our offering and we cannot assure you whether the SEC, the PCAOB, Nasdaq, or other regulatory authorities would apply additional and more stringent criteria to us after considering the effectiveness of our auditor's audit procedures and quality control procedures, adequacy of personnel and training, or sufficiency of resources, geographic reach or experience as it relates to the audit of our financial statements. It remains unclear what further actions the SEC, the PCAOB or Nasdaq will take to address these issues and what impact those actions will have on U.S. companies that have significant operations in the PRC and have securities listed on a U.S. stock exchange (including a national securities exchange or over-the-counter stock market). In addition, any additional actions, proceedings, or new rules resulting from these efforts to increase U.S. regulatory access to audit information could create some uncertainty for investors, the market price of our ordinary shares could be adversely affected, and we could be delisted if we and our auditor are unable to meet the PCAOB inspection requirement or being required to engage a new audit firm, which would require significant expense and management time. If trading in our ordinary shares is prohibited under the CAA 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 ordinary shares. If our ordinary shares are unable to be listed on another securities exchange by then, such a delisting would substantially impair your ability to sell or purchase our ordinary shares when you wish to do so, and the risk and uncertainty associated with a potential delisting would have a negative impact on the price of our ordinary shares.

The PRC government may intervene or influence the Hong Kong operations of an offshore holding company, such as ours, at any time. The PRC government may exert more control over offerings conducted overseas and/or foreign investment in Hong Kong-based issuers. If the PRC government exerts more oversight and control over offerings that are conducted overseas and/or foreign investment in Hong Kong-based issuers and we were to be subject to such oversight and control, it may result in a material adverse change to our business operations in Hong Kong.

As a company primarily conducting business in Hong Kong, a special administrative region of China, and we historically operated in Mainland China, our business and our prospects, financial condition, and results of operations may be influenced to a significant degree by political, economic, and social conditions in China generally. The PRC government may intervene or influence the operations in Mainland China of an offshore holding company at any time, which, if extended to our operations in Hong Kong, could result in a material adverse change to our operations. The PRC government has recently indicated an intent to exert more oversight and control over listings conducted overseas and/or foreign investment in issuers based in Mainland China. For instance, on July 6, 2021, the relevant PRC governmental authorities promulgated the Opinions on Strictly Cracking Down on Illegal Securities Activities in Accordance with the Law, which emphasized the need to strengthen the supervision over overseas listings by companies in Mainland China. As a follow-up, on February 17, 2023, the CSRC promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies and supporting relevant guidelines, or collectively, the Overseas Listing Trial Measures, which took effect on March 31, 2023. The Overseas Listing Trial Measures clarify the scope of overseas offerings and listings by Chinese domestic companies which are subject to the filing and reporting requirements thereunder. Pursuant to the Overseas Listing Trial Measures, an overseas offering and listing by a Chinese company, including any follow-on offering, secondary listings or other equivalent offering activities, whether directly or indirectly, shall be filed with the CSRC. Specifically, a Chinese company whose securities had already been listed overseas prior to the effectiveness of the Overseas Listing Trial Measures is required to file with the CSRC with respect to any follow-on offering in the same overseas market where its securities are listed within three business days after completion of such follow-on offering. The Overseas Listing Trial Measures have also imposed additional reporting obligations on listed companies upon the occurrence of certain circumstances, including but not limited to change of controlling interest and delisting. There are substantial uncertainties as to the interpretation and implementation of these laws and regulations. If we fail to properly or timely complete the reporting procedures with the CSRC upon the occurrence of the circumstances stipulated in the Overseas Listing Trial Measures, or the filing procedures with the CSRC for our future securities offerings and listings outside of the PRC, we may be subject to penalties, sanctions and fines imposed by the CSRC and relevant departments of the State Council of the People's Republic of China.

Changes in U.S. and international trade policies, particularly with regard to China, may adversely impact our business and operating results.

The U.S. government has recently made statements and taken certain actions that may lead to potential changes to U.S. and international trade policies, including recently-imposed tariffs affecting certain products manufactured in China. It is unknown whether and to what extent new tariffs (or other new laws or regulations) will be adopted, or the effect that any such actions would have on us or our industry. Although cross-border business may not be an area of our focus, if we plan to expand our business internationally in the future or if imported products begin to be or continue to be a significant role in our operations, any unfavorable government policies on international trade, such as capital controls or tariffs, may affect our ability to import certain products or provide services in certain countries. If any new tariffs, legislation and/or regulations are implemented, or if existing trade agreements are renegotiated or, in particular, if the U.S. government takes retaliatory trade actions due to the recent U.S.-China trade tension, such changes could have an adverse effect on our business, financial condition, results of operations.

We may be treated as a resident enterprise for PRC tax purposes under the PRC Enterprise Income Tax Law, and we may therefore be subject to PRC income tax on our global income.

Under the PRC Enterprise Income Tax Law, as amended, enterprises established under the laws of jurisdictions outside of China with “de facto management bodies” located in China may be considered PRC tax resident enterprises for tax purposes and may be subject to the PRC enterprise income tax at the rate of 25% on their global income. The State Taxation Administration of China (STA) issued Circular 82 on April 22, 2009, which was further amended on December 29, 2017. Circular 82 specifies certain criteria for determining whether the “de facto management body” of a Chinese-controlled, offshore-incorporated enterprise is located in China.

According to Circular 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:

- the primary location of the day-to-day operational management is in the PRC;
- decisions relating to the enterprise’s financial and human resource matters are made or are subject to approval by organizations or personnel in the PRC;
- the enterprise’s primary assets, accounting books and records, company seals, and board and shareholders meeting minutes are located or maintained in the PRC; and
- 50% or more of voting board members or senior executives habitually reside in the PRC.

Although Circular 82 applies only to offshore enterprises controlled by PRC enterprises, and does not apply to offshore enterprises controlled by foreign enterprises or individuals, the determining criteria set forth in Circular 82 may reflect the PRC tax authorities’ general position on how the “de facto management body” test should be applied in determining the tax resident status of offshore enterprises, regardless of whether they are controlled by PRC enterprises. If we were to be considered a PRC resident enterprise, we would be subject to PRC enterprise income tax at the rate of 25% on our global income. In this case, our profitability and cash flow may be materially reduced as a result of our global income being taxed under the PRC Enterprise Income Tax Law. We believe that none of our entities outside of China is a PRC resident enterprise for PRC tax purposes. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term “de facto management body.”

Risks Related to Our ADSs

The trading price of our ADSs is likely to be volatile, which could result in substantial losses to investors.

The trading price of our ADSs is likely to be volatile and could fluctuate widely due to factors beyond our control. This may happen because of broad market and industry factors, like the performance and fluctuation in the market prices or the underperformance or deteriorating financial results of other listed companies based in China or Hong Kong. The securities of some of these companies have experienced significant volatility since their initial public offerings, including, in some cases, substantial price declines in the trading prices of their securities. The trading performances of other Chinese or Hong Kong companies' securities after their offerings, may affect the attitudes of investors toward Chinese or Hong Kong companies listed in the United States, which consequently may impact the trading performance of the ADSs, regardless of our actual operating performance.

In addition, any negative news or perceptions about inadequate corporate governance practices or fraudulent accounting, corporate structure or matters of other Chinese or Hong Kong companies may also negatively affect the attitudes of investors towards Chinese or Hong Kong companies in general, including us, regardless of whether we have conducted any inappropriate activities.

In addition to market and industry factors, the price and trading volume for our ADSs may be highly volatile for factors specific to our own operations, including the following:

- variation in our revenues, earnings, cash flow and data related to our user base or user engagement;
- announcements of new investments, acquisitions, strategic partnerships or joint ventures by us or our competitors;
- announcements of new services and expansions by us or our competitors;
- regulatory developments in our target markets affecting us, our clients or our competitors;
- changes in the economic performance or market valuation of other wealth management companies (particularly insurance brokers);
- changes in financial estimates by securities analysts;
- detrimental adverse publicity about us or our industry, or other entities historically affiliated with us;
- additions or departures of key personnel;
- release or expiry of lock-up or other transfer restrictions on our outstanding ADSs;
- potential litigation, regulatory investigations or regulatory developments that are perceived to be adverse to our business;
- actual or anticipated fluctuations in our interim results of operations and changes or revisions of our expected results;
- fluctuations of exchange rates between the Hong Kong dollar and the U.S. dollar; and
- sales or perceived potential sales of additional ADSs.

In addition, the securities market has from time to time experienced significant price and volume fluctuations that are not related to the operating performance of particular companies. These market fluctuations may also have a material adverse effect on the market price of our ADSs.

In addition, historically, our ADSs have been sporadically or thinly traded on some trading days. As a result of this lack of liquidity, we may be susceptible to market participants distorting the prices of our ADSs. Trading of relatively small quantities of our ADSs may disproportionately influence the prices of our ADSs in either direction.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, the market price for our ADSs and trading volume could decline.

The trading market for our ADSs will depend in part on the research and reports that securities or industry analysts publish about us or our business. There is currently only a limited number of securities or industry analysts covering our Company. If research analysts do not establish and maintain adequate research coverage or if one or more of the analysts who cover us downgrade our ADSs or publish inaccurate or unfavorable research about our business, the market price for our ADSs would likely decline. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which, in turn, could cause the market price or trading volume for our ADSs to decline.

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

Sales of substantial amounts of our ADSs in the public market, or the perception that these sales could occur, could adversely affect the market price of our ADSs and could materially impair our ability to raise capital through equity offerings in the future. The ADSs sold in our initial public offering are freely tradable without restriction or further registration under the Securities Act of 1933, as amended, or the Securities Act, and shares held by our existing shareholders may also be sold in the public market in the future subject to the restrictions in Rule 144 and Rule 701 under the Securities Act and the applicable lock-up agreements. We cannot predict what effect, if any, market sales of securities held by our significant shareholders or any other shareholder or the availability of these securities for future sale will have on the market price of our ADSs.

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

The ADSs are transferable on the books of the depository. However, the depository may close its books at any time or from time to time when it deems it expedient in connection with the performance of its duties. The depository may close its books in emergencies, and on weekends and public holidays. The depository may refuse to deliver, transfer or register transfers of the ADSs generally when our share register or the books of the depository are closed, or at any time if we or the depository thinks it is advisable to do so because of any requirement of law or of any government or governmental body, or under any provision of the deposit agreement, or for any other reason.

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

Holders of the ADSs do not have the same rights as our registered shareholders. As a holder of the ADSs, you will not have any direct right to attend general meetings of our shareholders or to cast any votes at such meetings. You will only be able to exercise the voting rights which attach to the ordinary shares underlying the ADSs indirectly by giving voting instructions to the depositary in accordance with the provisions of the deposit agreement. Under the deposit agreement, you may vote only by giving voting instructions to the depositary, as holder of the ordinary shares underlying the ADSs. Upon receipt of your voting instructions, the depositary may try to vote the ordinary shares underlying the ADSs in accordance with your instructions. If we ask for your instructions, then upon receipt of your voting instructions, the depositary will try to vote the underlying ordinary shares in accordance with those instructions. If we do not instruct the depositary to ask for your instructions, the depositary may still vote in accordance with instructions you give, but it is not required to do so. You will not be able to directly exercise any right to vote with respect to the underlying ordinary shares unless you withdraw the shares and become the registered holder of such shares prior to the record date for the general meeting. When a general meeting is convened, you may not receive sufficient advance notice of the meeting to enable you to withdraw the shares underlying the ADSs and become the registered holder of such shares prior to the record date for the general meeting to allow you to attend the general meeting and to vote directly with respect to any specific matter or resolution to be considered and voted upon at the general meeting. In addition, under our Amended and Restated Articles of Association, for the purposes of determining those shareholders who are entitled to attend and vote at any general meeting, our directors may close our register of members and/or fix in advance a record date for such meeting, and such closure of our register of members or the setting of such a record date may prevent you from withdrawing the ordinary shares underlying the ADSs and becoming the registered holder of such shares prior to the record date, so that you would not be able to attend the general meeting or to vote directly. Where any matter is to be put to a vote at a general meeting, the depositary will notify you of the upcoming vote and to deliver our voting materials to you. We cannot assure you that you will receive the voting material in time to ensure you can direct the depositary to vote your shares. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for their manner of carrying out your voting instructions. This means that you may not be able to exercise your right to direct how the shares underlying the ADSs are voted and you may have no legal remedy if the shares underlying the ADSs are not voted as you requested.

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

We may, from time to time, distribute rights to our shareholders, including rights to acquire securities. Under the deposit agreement, the depositary will not distribute rights to holders of ADSs unless the distribution and sale of rights and the securities to which these rights relate are either exempt from registration under the Securities Act with respect to all holders of ADSs, or are registered under the provisions of the Securities Act. The depositary may, but is not required to, attempt to sell these undistributed rights to third parties, and may allow the rights to lapse. We may be unable to establish an exemption from registration under the Securities Act, and we are under no obligation to file a registration statement with respect to these rights or underlying securities or to endeavor to have a registration statement declared effective. Accordingly, holders of ADSs may be unable to participate in our rights offerings and may experience dilution of their holdings as a result.

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

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

Public companies that have substantially all 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.

It is not clear what effect such negative publicity could have on us. If we were to 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 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 any investment in the ADSs could be greatly reduced or even rendered worthless.

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

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

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

We are an exempted company limited by shares incorporated under the laws of the Cayman Islands. We conduct most of our operations in and hold a significant portion of our assets outside of the United States. In addition, a majority of our directors and executive officers reside outside of the United States. As a result, it may be difficult or impossible for you to effect service of process within the United States upon these individuals, or to bring an action against us or against these individuals in the United States in the event that you believe your rights have been infringed under the U.S. federal securities laws or otherwise. Even if you are successful in bringing an action of this kind, the laws of the Cayman Islands, Hong Kong, the PRC, or other local jurisdictions where we do businesses in may render you unable to enforce a judgment against our assets or the assets of our directors and officers.

It may also be difficult for our shareholders to effect service of process upon us or those persons inside Mainland China. As advised by our PRC legal counsel, Mainland China currently does not have treaties providing for the reciprocal recognition and enforcement of court judgments with the Cayman Islands, United States and many other countries and regions. Therefore, with respect to matters that are not subject to a binding arbitration provision, it may be difficult or impossible to recognize and enforce judgments of any of those non-PRC jurisdictions in a court in Mainland China.

In addition, you may have difficulties in enforcing court judgments obtained in United States courts against our Hong Kong subsidiaries, including judgments relating to the federal securities laws of the United States or the securities laws of any state or territory of the United States. There are currently no treaties or other arrangements providing for reciprocal enforcement of foreign judgments between Hong Kong and the United States. There is uncertainty as to whether courts in Hong Kong will enforce judgments of United States courts based solely upon the civil liability provisions of the federal securities laws of the United States or the securities laws of any state or territory of the United States.

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

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

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

As a result of all of the above, our public shareholders may have more difficulty in protecting their interests in the face of actions taken by management, members of the board of directors or controlling shareholders than they would as public shareholders of a company incorporated in the United States. For a discussion of significant differences between the provisions of the Companies Act and the laws applicable to companies incorporated in the United States and their shareholders, see “Item 10. Additional Information—B. Memorandum and Articles of Association— Differences in Corporate Law.”

We incur costs as a result of being a public company, and these will increase after we cease to qualify as an “emerging growth company.”

As a public company, we incur legal, accounting and other expenses which can be significant. The Sarbanes-Oxley Act of 2002, as well as rules subsequently implemented by the SEC and the Nasdaq Capital Market, impose various requirements on the corporate governance practices of public companies. Our executive officers have limited experience in operating a U.S. public company, which makes our ability to comply with applicable laws, rules and regulations uncertain. As a company with less than US\$1.235 billion in revenues for our last fiscal year, we qualify as an “emerging growth company” pursuant to the JOBS Act. An emerging growth company may take advantage of specified reduced reporting and other requirements that are otherwise applicable generally to public companies. These provisions include exemption from the auditor attestation requirement under Section 404 of the Sarbanes-Oxley Act of 2002, or Section 404, in the assessment of the emerging growth company’s internal control over financial reporting. The JOBS Act also permits an emerging growth company to delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have elected to take advantage of such exemptions. After we are no longer an “emerging growth company,” we expect to incur significant expenses and devote substantial management effort toward ensuring compliance with the requirements of Section 404 and the other rules and regulations of the SEC.

As a public company, it is also difficult and expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage.

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

The deposit agreement governing the ADSs representing our ordinary shares provides that, subject to the depository's right to require a claim to be submitted to arbitration, the federal or state courts in the City of New York have exclusive jurisdiction to hear and determine claims arising under the deposit agreement and in that regard, to the fullest extent permitted by law, ADS holders, including purchasers of ADSs in secondary transactions, waive the right to a jury trial of any claim they may have against us or the depository arising out of or relating to our ordinary shares, the ADSs or the deposit agreement, including any claim under the U.S. federal securities laws.

If we or the depository opposed a jury trial demand based on the waiver, the court would determine whether the waiver is enforceable based on the facts and circumstances of that case in accordance with the applicable U.S. state and federal law. To our knowledge, the enforceability of a contractual pre-dispute jury trial waiver in connection with claims arising under the federal securities laws has not been finally adjudicated by the United States Supreme Court. However, we believe that a contractual pre-dispute jury trial waiver provision is generally enforceable, including under the laws of the State of New York, which govern the deposit agreement. In determining whether to enforce a contractual pre-dispute jury trial waiver provision, courts will generally consider whether a party knowingly, intelligently and voluntarily waived the right to a jury trial. We believe that this is the case with respect to the deposit agreement and the ADSs. It is advisable that you consult legal counsel regarding the jury waiver provision before investing in the ADSs.

If you or any other holders or beneficial owners of ADSs bring a claim against us or the depository in connection with matters arising under the deposit agreement or the ADSs, including claims under U.S. federal securities laws, you or such other holder or beneficial owner may not be entitled to a jury trial with respect to such claims, which may have the effect of limiting and discouraging lawsuits against us and/or the depository. If a lawsuit is brought against us and/or the depository under the deposit agreement, it may be heard only by a judge or justice of the applicable trial court, which would be conducted according to different civil procedures and may result in different outcomes than a trial by jury would have had, including results that could be less favorable to the plaintiff(s) in any such action.

Nevertheless, if this jury trial waiver provision is not enforced, to the extent a court action proceeds, it would proceed under the terms of the deposit agreement with a jury trial. No condition, stipulation or provision of the deposit agreement or ADSs serves as a waiver by any holder or beneficial owner of ADSs of compliance with, or shall relieve us or the depository from, our respective obligations to comply with the Securities Act and the Exchange Act.

Your rights to pursue claims against the depository as a holder of ADSs are limited by the terms of the deposit agreement.

Under the deposit agreement, any action or proceeding against or involving the depository, arising out of or based upon the deposit agreement or the transactions contemplated thereby or by virtue of owning the ADSs may only be instituted in a state or federal court in New York, New York, and you, as a holder of our ADSs, will have irrevocably waived any objection which you may have to the laying of venue of any such proceeding, and irrevocably submitted to the exclusive jurisdiction of such courts in any such action or proceeding.

The depository may, in its sole discretion, require that any dispute or difference arising from the relationship created by the deposit agreement be referred to and finally settled by an arbitration conducted under the terms described in the deposit agreement, which may include claims arising under the federal securities laws, although the arbitration provisions of the deposit agreement do not preclude you from pursuing claims under the Securities Act or the Exchange Act in state or federal courts. See "Item 12. Description of Securities Other than Equity Securities—D. American Depositary Shares."

We are a foreign private issuer within the meaning of the rules under the Exchange Act and are therefore exempt from certain provisions applicable to U.S. domestic issuers.

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

- the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q or current reports on Form 8-K;
- the sections of the Exchange Act regulating the solicitation of proxies, consents or authorizations in respect of a security registered under the Exchange Act;

- the sections of the Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and liability for insiders who profit from trades made in a short period of time; and
- the selective disclosure rules by issuers of material nonpublic information under Regulation FD.

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

As a company incorporated in the Cayman Islands, we are permitted to adopt certain home country practices in relation to corporate governance matters in lieu of the corporate governance listing standards applicable to U.S. domestic issuers, which home country practices may afford comparatively less protection to shareholders.

As a company incorporated in the Cayman Islands, we are permitted to adopt certain home country practices in relation to corporate governance matters that differ significantly from corporate governance requirements of the Nasdaq Capital Market board; these practices may afford less protection to shareholders than they would enjoy if we complied fully with the corporate governance requirements of the Nasdaq Capital Market board. For example, as a foreign private issuer, we are not required to: (i) have a majority of the board be independent; (ii) have a compensation committee or a nominating/corporate governance committee consisting entirely of independent directors; or (iii) have regularly scheduled executive sessions with only independent directors each year.

We intend to follow home country practice in lieu of the requirements under the Nasdaq Capital Market rules with respect to certain corporate governance standards. Accordingly, you may not be provided with the benefits of certain corporate governance requirements of the Nasdaq Capital Market board rules.

There can be no assurance that we will not be a passive foreign investment company, or PFIC, for our current or future taxable years, which could result in adverse U.S. federal income tax consequences to U.S. investors in our ADSs or ordinary shares.

In general, a non-U.S. corporation will be PFIC for U.S. federal income tax purposes, if, in any particular taxable year, either (i) 75% or more of its gross income for such year consists of certain types of “passive” income or (ii) 50% or more of the value of its assets (generally determined on the basis of a quarterly average) during such year produce or are held for the production of passive income. For purposes of the above calculations, a non-U.S. corporation will be treated as owning a proportionate share of the assets and earning a proportionate share of the income of any other corporation if it owns, directly or indirectly, at least 25% (by value) of such other corporation’s stock. Passive income generally includes dividends, interest, rents, royalties and certain gains. Cash is generally a passive asset for these purposes. Goodwill is an active asset under the PFIC rules to the extent attributable to activities that produce active income. Based on the current composition of our income and assets and the value of our assets, including goodwill, which is based on the expected market price of our ordinary shares and the ADSs, we do not expect to be a PFIC for our current taxable year. However, subsequent to our termination of historical businesses in wealth management and asset management, we hold and may continue to hold a high proportion of cash relative to our total assets, even though we expect this to be temporary as we deploy such cash over time to invest in, develop, or acquire opportunities in the technology sector. Furthermore, any future financing activities may also temporarily increase our proportion of cash relative to our total assets, which may heighten the risk that we are considered a PFIC. Furthermore, because our PFIC status for any taxable year will depend on the composition of our income and assets and the value of our assets from time to time (which may be determined, in part, by reference to the market price of our ordinary shares and the ADSs, which could be volatile), and because certain aspects of the PFIC rules are not entirely certain, there can be no assurance that we will not be a PFIC for our current or any future taxable year.

If we were a PFIC for any taxable year during which a U.S. investor owns our ADSs or ordinary shares, we generally would continue to be treated as a PFIC with respect to that U.S. investor for all succeeding years during which the U.S. investor holds our ADSs or ordinary shares, even if we ceased to meet the threshold requirements for PFIC status, and certain adverse U.S. federal income tax consequences could apply to such U.S. investor including (i) the treatment of all or a portion of any gain on disposition as ordinary income, (ii) the application of a deferred interest charge on such gain and the receipt of certain dividends and (iii) compliance with certain reporting requirements. We do not intend to provide the information that would enable investors to make a qualified electing fund election that could mitigate the adverse U.S. federal income tax consequences should we be classified as a PFIC. You are urged to consult your tax advisor concerning the U.S. federal income tax consequences of owning and disposing of our ADSs or ordinary shares. See “Item 10. Additional Information—E. Taxation—U.S. Federal Income Tax Considerations—Passive Foreign Investment Company Considerations.”

Item 4. Information on the Company

A. History and Development of the Company

Historically, we have established a number of subsidiaries and variable interest entities and received multiple licenses in the PRC and Hong Kong to offer wealth management, asset management and insurance brokerage services. In March 2021, we completed our initial public offering on Nasdaq Global Market of 3,000,000 ADSs, each representing two ordinary shares. Since 2024, we underwent a series of corporate restructuring. On June 28, 2024, we terminated the contractual arrangements with Hywin Wealth Management in the PRC and exited the wealth management and asset management businesses in the PRC. We subsequently exited our overseas wealth management and asset management businesses. We have repositioned to become a technology company and shifted our business focus to exploring various opportunities in consumer technology, consume healthcare and enterprise technology as of the date of this annual report. On December 5, 2024, our listing was transferred to Nasdaq Capital Market.

Our principal executive offices are located at Level 15, AIA Central, No.1 Connaught Road Central, Central, Hong Kong. Our telephone number at this address is +852 2593 9309. Our registered office in the Cayman Islands is located at the offices of Portcullis (Cayman) Ltd, The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands. Our agent for service of process in the United States is Cogency Global Inc., located at 122 East 42nd Street, 18th Floor, New York, NY 10168.

The SEC maintains an internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC on www.sec.gov. You can also find information on our website <https://ir.santechholdings.com/>. The information contained on our website is not a part of this annual report.

B. Business Overview

We are a technology company focusing on exploring various opportunities in consumer technology, consumer healthcare and enterprise technology. As of the date of this annual report, we no longer have any operations, offices or employees in China. Historically, we operated in China through our subsidiaries and contractual arrangements with VIEs, primarily, Hywin Wealth Management, to provide wealth management services in China. On June 28, 2024, we terminated the contractual arrangements with Hywin Wealth Management. Despite that the contractual arrangements with the remaining VIEs, namely Shanghai Hywin Network Technology and Shenzhen Panying, have not yet been terminated, we have not been able to exercise control over any of our PRC subsidiaries or VIEs given that all of the Company’s PRC subsidiaries and VIEs are effectively owned or controlled by Han Hongwei and are seized in the PRC subsequent to Mr. Han’s detention. As a result, the Company deems to have lost de facto control of all of its PRC subsidiaries, VIEs, and their associated assets and operations, and deems its contractual agreements with its VIEs as invalid. We did not and do not own any equity interest in the PRC VIEs. Our combined financial statements for the year ended June 30, 2024 are prepared excluding PRC subsidiaries and VIEs. For comparative purposes, for the years ended June 30, 2022 and 2023, our combined financial statements are recast to exclude PRC subsidiaries and VIEs as well. As a result of such accounting treatment, historically for the years ended June 30, 2022, 2023 and 2024, our primary businesses reported in our financial statements were overseas wealth management and asset management business conducted outside the PRC. We have ceased to seek new business in relation to overseas wealth management and asset management services and have been phasing out the remaining business in this regard. We have repositioned to become a technology company and shifted our business focus to exploring various opportunities in consumer technology, consumer healthcare and enterprise technology as of the date of this annual report.

Our Services

We provided overseas wealth management and asset management business outside the PRC to our clients for the three years ended June 30, 2024. These capabilities enable us to offer a customized, value-adding, and integrated proposition to our HNWI clients.

In particular,

- Under wealth management services, we introduced or distributed financial products to our clients;
- Under asset management services, we provided discretionary portfolio management services to our clients.

For the years ended June 30, 2022, 2023 and 2024, we generated revenues primarily from our businesses in Hong Kong.

Our revenues for the three years ended June 30, 2024 can be categorized into (i) referral fees, which are one-time in nature; (ii) management fees, which include fees that are generated as per agreed formulae and materialize with recurring frequency; (iii) to a lesser extent, other incomes such as retrocession from custodian banks, commissions from trades, and performance-based fees. For the years ended June 30 2022, 2023 and 2024, distribution commissions were the primary source of our revenues.

We have ceased to seek new business in relation to overseas wealth management and asset management services and have been phasing out the remaining business in this regard. As of the date of this annual report, our Hong Kong subsidiaries no longer hold any financial service licenses or house any personnel licensed to provide financial services in Hong Kong, and our remaining business in the wealth management segment only focuses on providing customer services to our historical customers to ensure a seamless phase-out.

Wealth Management Services

For the three years ended June 30, 2024, under wealth management services, we introduced financial products to our clients without further performance obligation requirements. Most of these products were insurance products, either sourced directly by our licensed insurance broker subsidiary in Hong Kong, or through other external partner brokers. These insurance products we offered included (i) life insurance products such as individual whole life insurance, individual term life insurance, universal life insurance and individual health insurance, (ii) annuity insurance products, and (iii) critical illness insurance products (including personal accident insurance products). Our insurance products were underwritten by reputable international insurance companies including FWD, AIA and FTLife. For the years ended June 30, 2022, 2023 and 2024, the total premium of insurance products we referred or sold to our clients amounted to US\$4.9 million, US\$38.1 million and US\$20.2 million, respectively. As of the date of this annual report, our Hong Kong subsidiaries no longer hold any financial service license or house any personnel licensed to provide financial services in Hong Kong, and our remaining business in the wealth management segment only focuses on providing after-sale customer services to our historical customers to ensure a seamless phase-out. See “Item 3. Key Information—D. Risk Factors—Risks Related to Our Business.”

Asset Management Services

For the three years ended June 30, 2024, we provided asset management services in the offshore space under our Type 1, 4, 5 and 9 licenses in Hong Kong, which

- provided discretionary portfolio management services to ultra-high-net-worth clients.
- managed a range of private funds to professional investors with selected strategies including, among others, Asian fixed income, equities long/short, global private equity,

As of the date of this annual report, our Hong Kong subsidiaries no longer hold any financial service license or house any personnel licensed to provide financial services in Hong Kong, and we have completely exited from the asset management services business.

Administrative Proceedings

We are currently not involved in any material administrative proceedings. See also “Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Legal Proceedings.”

Our Client Base

For the years ended June 30, 2022, 2023 and 2024, we had 545, 1,265 and 821 clients that historically conducted at least one transaction with us outside of China, respectively. We had approximately 173, 885 and 478 active clients for our overseas wealth management services, and 372, 380 and 343 active clients for our overseas asset management services, for the years ended June 30, 2022, 2023 and 2024, respectively. “Active client” is defined as clients who purchased products distributed or referred by us during the given period under wealth management, and clients who maintained as holders of our products or services within the given period for asset management. As a result of the redemption issues of its historical wealth management VIE in China, which the Company has now terminated and is no longer affiliated with, the Company suffered significant disruption to its brand, operations, and confidence of clients, which resulted in a significant loss of clients in the fiscal year ended 2024 and thereafter.

Sales and Marketing

As the Company has ceased to seek new business in relation to our wealth management and asset management services, we are no longer actively engaged in sales and marketing activities in this regard.

The Company historically served a large number of high net-worth clients in China and in Hong Kong in financial services and health management. The Company may strategically leverage its historical client base going forward as it continues to develop products and explore opportunities in the consumer technology, consumer healthcare and enterprise technology industries.

Product Selection and Risk Management

We were highly selective in the wealth management and asset management products we distribute. We maintained and continuously enhanced a comprehensive risk management system covering the services and products we offer. Under our wealth management services, our clients typically entered into contracts directly with external insurance product providers in connection with such products. Under our asset management services, our clients primarily invest in external investment products through their discretionary mandate with us. As such, we were not directly liable to our clients in the performance of external insurance products distributed or managed through us. Nevertheless, any performance shortfalls of these products may still damage our reputation.

Competition

The market for consumer technology, consumer healthcare and enterprise technology is highly competitive and is characterized by aggressive price competition and resulting downward pressure on gross margins, frequent introduction of new products and services, short product life cycles, evolving industry standards, continual improvement in product price and performance characteristics, rapid adoption of technological advancements by competitors, and price sensitivity on the part of consumers and businesses. The Company’s ability to successfully develop or acquire consumer technology, consumer healthcare or enterprise technology businesses depends heavily on ensuring the continuing and timely introduction of innovative products, services and technologies to our clients. Principal competitive factors important to the Company will include price, product and service features, relative price and performance, product and service quality and reliability, design innovation, software and accessories ecosystem, marketing and distribution capability, service and support, and corporate reputation.

Intellectual Property

We regard trademarks, copyrights, domain names, know-how, proprietary technologies, and similar intellectual property as critical to our success, and from time to time we rely on copyright and trademark law and confidentiality, invention assignment and non-compete agreements with our employees and others to protect our proprietary rights. As of June 30, 2024, we have registered a generic top-level domain name, www.santechholdings.com.

Insurance

As required by Hong Kong laws and regulations, we participate in a pension scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance, or MPF Scheme, for all employees in Hong Kong. Our directors and officers liability insurance policy for our board directors and executives has current run out, but we are in search of restoring coverage at commercially reasonable terms. We do not maintain business interruption insurance and key-man life insurance. Other than the lack of directors and officers liability insurance currently, we consider our insurance coverage to be in line with the market practice of industry peers of similar size in Hong Kong.

Regulations

Regulations on Cyber Security and Personal Data Protection

Although we currently conduct business in Hong Kong, we may obtain data from our historical operations in the PRC. Consequently, we may be subject to laws and regulations regarding cybersecurity and personal data protection in the PRC.

On November 7, 2016, the Standing Committee of the National People's Congress (SCNPC) approved the Cyber Security Law of the People's Republic of China, which took effect on June 1, 2017. The Cyber Security Law created China's first national-level data protection for "network operators" which may include all network service providers in China. The PRC Civil Code, which became effective on January 1, 2021, also stipulates that the personal information of a natural person shall be protected by the law.

The PRC Data Security Law, which was promulgated by the SCNPC on June 10, 2021 and has taken effect on September 1, 2021, requires data collection to be conducted in a legitimate and proper manner, and stipulates that, for the purpose of data protection, data processing activities must be conducted based on data classification and hierarchical protection system for data security. Furthermore, the Opinions on Strictly Cracking Down Illegal Securities Activities in Accordance with the Law require (i) speeding up the revision of the provisions on strengthening the confidentiality and archives management relating to overseas issuance and listing of securities and solidifying the primary responsibility for information security of overseas listed companies, and (ii) improving the laws and regulations relating to data security, cross-border data flow, and management of confidential information. Furthermore, the Personal Information Protection Law promulgated by the SCNPC on August 20, 2021, which became effective on November 1, 2021, outlines the main systematic framework for the protection and processing of personal information. The Personal Information Protection Law also imposes enhanced penalties for those who illegally process personal information.

In addition, the State Administration for Market Regulation (SAMR) and the PRC Standardization Administration jointly issued the Standard of Information Security Technology — Personal Information Security Specification (2020 edition) on March 6, 2020, which took effect on October 1, 2020. Pursuant to this standard, any person or entity who has the authority or right to determine the purposes for and methods of using or processing personal information is considered a personal information controller. Such personal information controller is required to collect information in accordance with applicable laws, and except in certain specific events that are expressly exempted in the standard, prior to collecting such data, the information provider's consent is required. To provide reference for identifying App's illegal collection and use of personal information, the Cyberspace Administration of China (CAC), the Ministry of Industry and Information Technology (MIIT), the SAMR and the Ministry of Public Security (MPS), collectively released the Notice on Promulgation of the Method for Identifying the Illegal Collection and Use of Personal Information by Apps, on November 28, 2019, which took effect on the same day. On March 12, 2021, the MIIT, the SAMR and the MPS released the Notice on Promulgation of the Rules on the Scope of Necessary Personal Information for Common Types of Mobile Internet Applications, effected on May 1, 2021, which stipulates that operators of mobile Internet applications (APPS) shall not deny users access to basic App functions because users do not agree to collect unnecessary personal information. On April 15, 2022, the SAMR and the PRC Standardization Administration jointly issued the Information Security Technology—Basic Requirements for Collecting Personal Information in Mobile Internet Applications, which took effect on November 1, 2022. This document stipulates the implementation process and evaluation methods for the personal information security assessment of mobile internet applications.

Furthermore, the CAC issued the Provisions on the Cyber Protection of Children's Personal Information, which took effect on October 1, 2019. According to these provisions, no person or entity is allowed to produce, release, or disseminate information that infringes upon the personal information security of children aged below 14. Network operators collecting, storing, using, transferring, or disclosing children's personal information are required to enact special protections for such information.

The Announcement of Launching Special Crackdown Against Illegal Collection and Use of Personal Information by Mobile Apps was issued with effect on January 23, 2019 and commenced coordinated efforts among the CAC, the MIIT, the MPS, and the SAMR to combat the illegal collection and use of personal information by mobile apps throughout China. On October 31, 2019, the MIIT issued the Notice on the Special Rectification of Mobile Apps Infringing Users' Rights and Interests, pursuant to which application providers were required to promptly rectify issues that the MIIT designated as infringing application users' rights such as collecting personal information in violation of PRC regulations and setting obstacles for user account deactivation. In July 2020, the MIIT issued the Notice on Conducting Special Rectification Actions in Depth Against the Infringement upon Users' Rights and Interests by Applications, to rectify the following issues: (i) illegal collection and use of personal information of users by an application and a software development kit, (ii) setting up obstacles and frequently harassing users, (iii) cheating and misleading users, and (iv) inadequate implementation of application distribution platforms' responsibilities.

On December 28, 2021 the CAC and several other regulatory authorities in China jointly promulgated the Cybersecurity Review Measures which came into effect on February 15, 2022. Pursuant to the Cybersecurity Review Measures, (i) CIOs who purchase network products and services and internet platform operators who conduct data processing activities shall be subject to the cybersecurity review requirement if their relevant activities affect or may affect national security; (ii) an application for cybersecurity review shall be made by an issuer who is an internet platform operator holding personal information of more than one million users before such issuer applies to list its securities on a foreign stock exchange; and (iii) relevant governmental authorities in the PRC may initiate cybersecurity review if they determine an operator's network products or services or data processing activities affect or may affect national security. Numerous regulations, guidelines and other measures are expected to be adopted under the umbrella of the Cyber Security Law.

In addition, on August 30, 2021, CSRC issued Two Financial Industry Standards of Basic Requirement for Classified Protection for Cybersecurity of Securities and Futures Industry and others, which replaced old standards and provides general requirement for related industries and set general safe requirement and expanded safe requirement for targets to be protected from Class I to IV.

On February 24, 2023, the CSRC, jointly with other relevant governmental authorities, promulgated the Provisions on Strengthening Confidentiality and Archives Management of Overseas Securities Issuance and Listing by Domestic Enterprises (the "Confidentiality and Archives Management Provisions"), which took effect on March 31, 2023. According to the Confidentiality and Archives Management Provisions, Mainland China-based companies, whether offering and listing securities overseas directly or indirectly, must strictly abide by the applicable laws and regulations when providing or publicly disclosing, either directly or through their overseas listed entities, documents and materials to securities service providers such as securities companies and accounting firms or overseas regulators in the process of their overseas offering and listing. If such documents or materials contain any state secrets or government authorities work secrets, the Mainland China-based companies must obtain the approval from competent governmental authorities according to applicable laws, and file with the competent secrecy administrative department at the same level. Furthermore, the Confidentiality and Archives Management Provisions provide that securities companies and securities service providers shall fulfill the applicable legal procedures when providing overseas regulatory institutions and other relevant institutions and individuals with documents or materials containing any state secrets or government authorities work secrets or other documents or materials that, if divulged, will jeopardize national security or public interest.

On March 18, 2023, the CAC released the Provisions on the Administrative Law Enforcement Procedures for the Cyberspace Administration Authorities, which came into effect on June 1, 2023. These provisions clarify the procedures of cyberspace administrative law enforcement actions of the cyberspace administration authorities, as well as the procedures and requirements for administrative penalty. These provisions state that, prior to the imposition of administrative penalties, cyberspace administration authorities must notify parties concerned of their right to request a hearing, and that they must make such request within five days of receiving a notification, otherwise they shall be deemed to have waived their right to a hearing.

On July 10, 2023, the CAC, together with other relevant authorities, released the Interim Measures on Generative AI Services, which came into effect on August 15, 2023 and mainly impose compliance requirements on providers of generative AI services. According to the Interim Measures on Generative AI Services, individuals or organizations that provide generative AI services of text, image, audios, videos and other content shall be responsible as the producers of such network information content and as the personal information processors to protect any personal information involved. Providers of generative AI services shall enter into service agreements with users registering for their generative AI services and shall adopt effective measures to prevent minor users from over-relying or addicting to generative AI services. In the event illegal content or users engaging in illegal activities using generative AI services are discovered, the generative AI services providers are required to take appropriate measures, including stopping the generation of such illegal content and suspending or terminating the provision of services, undergo rectifications, keep relevant records and report to the competent authority. Any provider of generative AI services with attribute of public opinions or capable of social mobilization shall conduct security assessment and complete certain filings in accordance with the Administrative Provisions on Internet Information Service Algorithm Recommendation. Providers of generative AI services may be subject to penalties for non-compliance, including warning, public denouncement, rectification orders and suspension of the provision of relevant services.

On September 24, 2024, the State Council of the People’s Republic of China published the Regulation on Network Data Security Management, which took effect on January 1, 2025. The regulations are issued pursuant to the Cyber Security Law, the Data Security Law, and the Personal Information Protection Law, providing clearer guidelines on the key network data security requirements under these laws. The Regulation on Network Data Security Management also regulates extraterritorial network data processing activities that may harm national security, public interest, or the lawful rights and interests of Chinese citizens and organizations. In addition, foreign network data controllers which are required under the Personal Information Protection Law to establish a dedicated agency or appoint a representative in China, should note that apart from having reporting obligations to the relevant personal information protection departments, they shall also report the name of the relevant agency or the representative and their contact information to the local cyberspace administration at the districted city level.

Regulations Relating to Data Cross-border Transfer

Although we currently conduct business in Hong Kong, we may obtain data from our historical operations in the PRC. Consequently, we may be subject to laws and regulations regarding data cross-border transfer in the PRC.

On July 7, 2022, the CAC promulgated the Measures for the Security Assessment of Data Cross-border Transfer (the “Security Assessment Measures”), which took effect on September 1, 2022. The Security Assessment Measures require that any data processor providing important data collected and generated during operations within the territory of the PRC or personal information that should be subject to security assessment according to the laws to an overseas recipient shall conduct security assessment. The Security Assessment Measures provide four circumstances under which data processors shall, through the local cyberspace administration at the provincial level, apply to the national cyberspace administration for security assessment of data cross-border transfer, including: (i) circumstances where the data to be transferred to an overseas recipient contain important data collected and generated by data processors; (ii) circumstances where the data to be transferred to an overseas recipient are personal information collected and generated by operators of critical information infrastructure or data processors processing over one million users’ individual information; (iii) circumstances where the personal information of more than 100,000 people or sensitive personal information of more than 10,000 people are transferred overseas accumulatively since January 1 of the previous year; or (iv) other circumstances under which security assessment of data cross-border transfer is required as prescribed by the national cyberspace administration.

On August 31, 2022, the CAC promulgated the first edition of the Guide to Applications for Security Assessment of Outbound Data Transfers (the “Security Assessment Guide”). The Security Assessment Guide provides practical guidance to the implementation of the Security Assessment Measures. The Security Assessment Guide also reaffirms CAC’s position that a cross-border data transfer out of Mainland China includes circumstances where a data processor stores data collected or generated in its operations in Mainland China to an overseas recipient, and circumstances where a data processor allows an overseas entity, organization, or individual to access, retrieve, download, or export data the data processor collects or generates and stores in Mainland China.

On February 22, 2023, the CAC promulgated the Measures for Standard Contract for Outbound Data Transfer of Personal Information (the “Measures”), which came into effect on June 1, 2023. The Measures provide a transitional period of six months from the effective date for companies to take necessary measures to comply with the requirements. According to the Measures, in the cases where the personal information processor provides personal information abroad by concluding a standard contract, the contract shall be concluded in strict compliance with the form Standard Contract that is attached as an annex to the Measures. The Measures further provide that personal information processors may agree on other terms with overseas recipients, but such terms shall not be in conflict with the Standard Contract. According to the Measures, the personal information processor shall, within ten business days from the effective date of the standard contract, file with the local provincial cyberspace administration and submit the standard contract and personal information protection impact assessment report for record.

On March 22, 2024, the CAC issued the Provisions on Promoting and Regulating Cross-border Data Flow, which provide several exemptions from undergoing security assessment, obtaining personal information protection certification, or entering into prescribed agreement for cross-border transfer of personal information for businesses. These exemptions include, among others, scenarios where a data processor transfers personal information abroad for the necessity of entering into or performing a cross-border shopping, cross-border delivery, cross-border remittances, or cross-border payments contract to which an individual is a party. The provisions also explicitly state that data processors are not required to conduct data security assessment for cross-border data transfers if the concerning data has not been notified or published as important data by relevant departments or regions.

Regulations on Offshore Investment by PRC Residents

Pursuant to the State Administration of Foreign Exchange (SAFE)’s Notice on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents to Engage in Financing and Round Trip Investment via Overseas Special Purpose Companies and its subsequent amendments, supplements or implementation rules, or SAFE Circular 75, issued on October 21, 2005, a PRC resident (whether a natural person or legal persons) shall register with the local branch of the SAFE before it establishes or controls an overseas SPV, with assets or equity interests in a PRC company, for the purpose of overseas equity financing. On July 4, 2014, SAFE issued the SAFE’s Notice on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents to Engage in Outbound Investment and Financing and Inbound Investment via Special Purpose Vehicles (“SPV”), or SAFE Circular 37, which has superseded SAFE Circular 75. According to SAFE Circular 37, the PRC domestic resident shall apply for SAFE registration for overseas investment before paying capital to SPV by using his, her or its legal assets whether overseas or domestic. The SPV is defined as “offshore enterprise directly established or indirectly controlled by the domestic residents (including domestic institutions and individuals) with their legally owned assets and equity of the domestic enterprise, or legally owned offshore assets or equity, for the purpose of offshore investment and financing”. In addition, in the event that the SPV undergoes changes of its basic information such as the individual shareholder, name, operation term, or material events including, among others, increase or decrease by domestic individual shareholder in investment amount, equity transfer or swap, merge and spin-off, the domestic resident shall timely complete the change of foreign exchange registration formality for offshore investment.

According to SAFE Circular 37, failure to make such registration or truthfully disclose actual controllers of the round-trip enterprises may subject PRC residents to fines and penalties. If the registered or beneficial shareholders of the offshore holding company who are PRC residents do not complete their registration with the local SAFE branches, the PRC subsidiary may be prohibited from distributing their profits and proceeds from any reduction in capital, share transfer or liquidation to the offshore company, and the offshore company may be restricted in its ability to contribute additional capital to its PRC subsidiary. Moreover, failure to comply with SAFE registration and amendment requirements described above could result in liability under PRC law for violating applicable foreign exchange restrictions.

Regulations relating to Labor and Social Welfare of Hong Kong

Our employees in Hong Kong are subject to the Hong Kong Employment Ordinance (the “EO”). The EO is the main employment legislation in Hong Kong, providing for certain minimum benefits and protections, including:

- paid annual leave;
- paid sick leave;
- paid maternity leave; and
- compensation payments in certain cases of severance, unfair dismissal or termination after long service.

Subject to limited exceptions, the EO applies to all employees working in Hong Kong, regardless of their nationality. Other mandatory laws that are likely to apply to the employment relationship with our Hong Kong employees include the following:

- The Personal Data (Privacy) Ordinance. This ordinance regulates an employer's collection or surveillance, use and disclosure of an employee's personal data (including personal data contained in e-mails and phone calls).
- Mandatory Provident Fund Schemes Ordinance. Subject to limited exceptions, this ordinance requires employers in Hong Kong to enroll employees in a Mandatory Provident Fund Scheme, to which the employer and employee must make certain contributions. Foreign nationals are exempt if they are posted in Hong Kong to work for a period not exceeding 13 months or belong to a retirement scheme outside of Hong Kong. In certain cases, a Hong Kong national working outside of Hong Kong may still be subject to this ordinance if the employment has sufficient connection with Hong Kong.
- Occupational Safety and Health Ordinance. This ordinance imposes a duty on all employers, as far as is reasonably practical, to ensure the safety and health in the workplace of its employees. The Occupational Safety and Health Ordinance covers most industrial and non-industrial workplaces in Hong Kong.
- Employees' Compensation Ordinance. If an employee suffers injury arising out of and in the course of employment in Hong Kong (or overseas, if the travel is authorized by the employer), the employer is usually liable to compensate the employee under the Employees' Compensation Ordinance. Eligible family members of an employee killed in an accident at work may also be entitled to compensation. If an employer carries on business in Hong Kong, its employees are protected under the ordinance. All employers are required to maintain valid employees' compensation insurance policies to cover their liabilities under the ordinance and at common law.
- Sex Discrimination Ordinance, Disability Discrimination Ordinance, Family Status Discrimination Ordinance and Race Discrimination Ordinance. All four of these ordinances legislate against various forms of discrimination.
- Labour Tribunal Ordinance. This ordinance empowers the Labour Tribunal to hear and resolve disputes relating to employment contracts as well as alleged breaches of the Employment Ordinance. It potentially covers disputes involving foreign nationals or Hong Kong residents working abroad.

Regulations on Anti-Money Laundering and Counter-Terrorist Financing of Hong Kong

Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Chapter 615 of the Laws of Hong Kong)

The AMLO imposes requirements relating to client due diligence and record-keeping and provides regulatory authorities with the powers to supervise compliance with the requirements under the AMLO. In addition, the regulatory authorities are empowered to (i) ensure that proper safeguards exist to prevent contravention of specified provisions in the AMLO; and (ii) mitigate money laundering and terrorist financing risks.

Drug Trafficking (Recovery of Proceeds) Ordinance (Chapter 405 of the Laws of Hong Kong)

The Drug Trafficking (Recovery of Proceeds) Ordinance (Chapter 405 of the Laws of Hong Kong), or the DTROP, contains provisions for the investigation of assets suspected to be derived from drug trafficking activities, the freezing of assets on arrest and the confiscation of the proceeds from drug trafficking activities. It is an offence under the DTROP if a person deals with any property knowing, or having reasonable grounds to believe, it to be the proceeds from drug trafficking. The DTROP requires a person to report to an authorized officer if he/she knows or suspects that any property (directly or indirectly) is the proceeds from drug trafficking or is intended to be used or was used in connection with drug trafficking, and failure to make such disclosure constitutes an offence under the DTROP.

Organized and Serious Crimes Ordinance (Chapter 455 of the Laws of Hong Kong)

The Organized and Serious Crimes Ordinance (Chapter 455 of the Laws of Hong Kong), or the OSCO, empowers officers of the Hong Kong Police Force and the Hong Kong Customs and Excise Department to investigate organized crime and triad activities, and it gives the Hong Kong courts jurisdiction to confiscate the proceeds from organized and serious crimes, to issue restraint orders and charging orders in relation to the property of defendants of specified offences. The OSCO extends the money laundering offence to cover the proceeds of all indictable offences in addition to drug trafficking.

United Nations (Anti-Terrorism Measures) Ordinance (Chapter 575 of the Laws of Hong Kong)

The United Nations (Anti-Terrorism Measures) Ordinance (Chapter 575 of the Laws of Hong Kong), or the UNATMO, provides that it is a criminal offence to: (i) provide or collect funds (by any means, directly or indirectly) with the intention or knowledge that the funds will be used to commit, in whole or in part, one or more terrorist acts; or (ii) make any funds or financial (or related) services available, directly or indirectly, to or for the benefit of a person knowing that, or being reckless as to whether, such person is a terrorist or terrorist associate. The UNATMO also requires a person to report his knowledge or suspicion of terrorist property to an authorized officer, and failure to make such disclosure constitutes an offence under the UNATMO.

Guidelines issued by the SFC

Licensed corporations are required to comply with the applicable anti-money laundering and counter-terrorist financing laws and regulations in Hong Kong as well as the Guideline on Anti-Money Laundering and Counter-Financing of Terrorism, or the AML & CFT Guideline and the Prevention of Money Laundering and Terrorist Financing Guideline issued by the Securities and Futures Commission for Associated Entities issued by the SFC and as amended or supplemented by the SFC from time to time.

The AML & CTF Guideline provides guidance to licensed corporations and their senior management in designing and implementing their own anti-money laundering and counter-terrorist financing policies, procedures and controls in order to meet the relevant legal and regulatory requirements in Hong Kong. Pursuant to the AML & CTF Guideline, licensed corporations should, among other things, assess the risks of any new products and services before they are offered to the market, identify the client and verify the client's identity, conduct on-going monitoring of activities of the clients, maintain a database of names and particulars of terrorist suspects and designated parties and conduct on-going monitoring for identification of suspicious transactions.

Regulations on Personal Data of Hong Kong

The Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) (“**PDPO**”), as amended, supplemented or otherwise modified from time to time places a statutory duty on data users to comply with the requirements of the six data protection principles contained in Schedule 1 to this ordinance. The PDPO provides that a data user shall not do an act, or engage in a practice, that contravenes a data protection principle unless the act or practice, as the case may be, is required or permitted under the PDPO. The six data protection principles are:

- Principle 1 — purpose and manner of collection of personal data;
- Principle 2 — accuracy and duration of retention of personal data;
- Principle 3 — use of personal data;
- Principle 4 — security of personal data;
- Principle 5 — information to be generally available; and
- Principle 6 — access to personal data.

The PDPO also gives data subjects certain rights, inter alia:

- the right to be informed of whether it is obligatory or voluntary for him/her to supply the data and the purpose for which the data is to be used;
- the right to be informed by a data user whether the data user holds personal data of which the individual is the data subject; and
- the right to request access to and to request correction of his/her personal data.

Non-compliance with a data protection principle may lead to a complaint to the Privacy Commissioner for Personal Data. A claim for compensation may also be made by a data subject who suffers damage by reason of a contravention of a requirement under the PDPO.

Regulations on Hong Kong Taxation

Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong)

Under the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong), where an employer commences to employ in Hong Kong an individual who is or is likely to be chargeable to tax, or any married person, the employer shall give a written notice to the Commissioner of Inland Revenue not later than three months after the date of commencement of such employment. Where an employer ceases or is about to cease to employ in Hong Kong an individual who is or is likely to be chargeable to tax, or any married person, the employer shall give a written notice to the Commissioner of Inland Revenue not later than one month before such individual ceases to be employed in Hong Kong.

Tax on dividends

Under the current practice of the Inland Revenue Department of Hong Kong, no tax is payable in Hong Kong in respect of dividends paid by the Company.

Capital gains and profit tax

No tax is imposed in Hong Kong in respect of capital gains from the sale of shares. However, trading gains from the sale of shares by persons carrying on a trade, profession or business in Hong Kong, where such gains are derived from or arise in Hong Kong, will be subject to Hong Kong profits tax which is imposed at the rates of 8.25% on assessable profits up to HK\$2,000,000 (approximately US\$256,000) and 16.5% on any part of assessable profits over HK\$2,000,000 (approximately US\$256,000) on corporations from the year of assessment of 2018/2019 onwards. Certain categories of taxpayers (for example, financial institutions, insurance companies and securities dealers) are likely to be regarded as deriving trading gains rather than capital gains unless these taxpayers can prove that the investment securities are held for long-term investment purposes.

Stamp duty

Hong Kong stamp duty, currently charged at the ad valorem rate of 0.1% on the higher of the consideration for or the market value of the shares, will be payable by the purchaser on every purchase and by the seller on every sale of Hong Kong shares (in other words, a total of 0.2% is currently payable on a typical sale and purchase transaction of Hong Kong shares). In addition, a fixed duty of HK\$5 is currently payable on any instrument of transfer of Hong Kong shares. Where one of the parties is a resident outside Hong Kong and does not pay the ad valorem duty due by it, the duty not paid will be assessed on the instrument of transfer (if any) and will be payable by the transferee. If no stamp duty is paid on or before the due date, a penalty of up to ten times the duty payable may be imposed.

Estate duty

Hong Kong estate duty was abolished effective from February 11, 2006. No Hong Kong estate duty is payable by shareholders in relation to the shares owned by them upon death.

C. Organizational Structure

The Company's major subsidiaries as of the date of this annual report are summarized as follows:

| <u>Name of the entity Subsidiaries</u> | <u>Date of incorporation</u> | <u>Percentage of ownership</u> | <u>Place of incorporation</u> | <u>Principle business activities</u> |
|--|------------------------------|--------------------------------|-------------------------------|---|
| Santech Global BVI Limited | July 26, 2019 | 100 % | BVI | Investment holding |
| Santech Global International Limited | August 20, 2019 | 100 % | Hong Kong | Investment holding |
| Santech Global Hong Kong Limited | May 3, 2016 | 100 % | Hong Kong | Investment holding and provision of client services |

As of the date of this annual report, we no longer have any operations, offices or employees in China. Historically, we operated in China through our subsidiaries and contractual arrangements with VIEs, primarily, Hywin Wealth Management, to provide wealth management services in China. On June 28, 2024, we terminated the contractual arrangements with Hywin Wealth Management. Despite that the contractual arrangements with the remaining VIEs, namely Shanghai Hywin Network Technology and Shenzhen Panying, have not yet been terminated, we have not been able to exercise control over any of our PRC subsidiaries or VIEs given that all of the Company's PRC subsidiaries and VIEs are effectively owned or controlled by Han Hongwei and are seized in the PRC subsequent to Mr. Han's detention. As a result, the Company deems to have lost de facto control of all of its PRC subsidiaries, VIEs, and their associated assets and operations, and deems its contractual agreements with its VIEs as invalid. We did not and do not own any equity interest in the PRC VIEs. Our combined financial statements for the year ended June 30, 2024 are prepared excluding PRC subsidiaries and VIEs. For comparative purposes, for the years ended June 30, 2022 and 2023, our combined financial statements are recast to exclude PRC subsidiaries and VIEs as well. As a result of such accounting treatment, historically for the years ended June 30, 2022, 2023 and 2024, our primary businesses reported in our financial statements were overseas wealth management and asset management business conducted outside the PRC. We have ceased to seek new business in relation to overseas wealth management and asset management services and have been phasing out the remaining business in this regard. We have repositioned to become a technology company and shifted our business focus to exploring various opportunities in consumer technology, consumer healthcare and enterprise technology as of the date of this annual report.

D. Property, Plant and Equipment

Our principal executive offices are located in Hong Kong. As of June 30, 2024, we had approximately 600 square meters of leased office space. The lessor for the leased premises had valid title to the property. We believe that our existing facilities are adequate for our current business operations and we will be able to enter into lease arrangements on commercially reasonable terms for future expansion.

Item 4A. Unresolved Staff Comments

Not applicable.

Item 5. Operating and Financial Review and Prospects

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our combined financial statements and the related notes included elsewhere in this annual report. This discussion contains forward-looking statements that involve risks and uncertainties about our business and operations. Our actual results and the timing of selected events may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those we describe under "Item 3. Key Information—D. Risk Factors" and elsewhere in this annual report.

Historically, we also operated in China through its subsidiaries and contractual arrangements with VIEs. On June 28, 2024, we exited the wealth management businesses in China by terminating the VIE arrangements with Hywin Wealth Management. Although the contractual arrangements with the remaining VIEs, namely Shanghai Hywin Network Technology and Shenzhen Panying, have not yet been terminated, we have not been able to exercise control over any of our PRC subsidiaries or VIEs given that all of the Company's PRC subsidiaries and VIEs are effectively owned or controlled by Han Hongwei and are seized in the PRC subsequent to Mr. Han's detention. Accordingly, Santech deems to have lost de facto control of all of its PRC subsidiaries, VIEs, and their associated assets and operations, and deems its contractual agreements with its VIEs as invalid. Accordingly, our combined financial statements for the year ended June 30, 2024 were prepared excluding such PRC subsidiaries and VIEs. For comparative purposes, for the years ended June 30, 2022 and 2023, our combined financial statements are recast to exclude PRC subsidiaries and VIEs as well.

As a result of such accounting treatment, historically for the years ended June 30, 2022, 2023 and 2024, our primary businesses reported in our financial statements were overseas wealth management and asset management business conducted outside the PRC. Subsequent to fiscal year ended June 2024, we have ceased to seek new business in overseas wealth management and asset management services, and have been phasing out the remaining business in this regard. We have repositioned to become a technology company and shifted our business focus to exploring consumer technology, consumer healthcare and enterprise technology as of the date of this annual report.

A. Operating Results

Key Factors Affecting Our Results of Operations

Key factors affecting our results of operations during the reported periods include the following. Due to the Company's change in business focus subsequent to the year ended June 30, 2024, our historical results may not be indicative of our future performance.

Business and Product Mix

We offered overseas wealth management services and asset management services, conducted outside the PRC during the years ended June 30, 2022, 2023 and 2024. Our revenues, operating profit and other aspects of our results of operations were affected by the degree of success of each business segment. In particular, wealth management services business was the larger business segment. The composition and level of net revenues that we derived from such services for a particular period were primarily affected by the types of products we distributed and the composition of different product types, as the product types determined the fee rates of one-time fees we can receive, which concurrently affected our revenues and operating costs and expenses.

Productivity of Client Relationship Manager Team

The client relationship manager team was essential to brand recognition, client base and servicing capacity and therefore, the productivity of our client relationship manager team was essential to our revenues and business operations during the years ended June 30, 2022, 2023 and 2024. The productivity of our client relationship manager team was also supported by our management and administration staff. Therefore, we measured our productivity by average revenue per employee, which were US\$0.4 million, US\$0.6 million, and US\$0.8 million for the years ended June 30, 2022, 2023 and 2024, respectively.

Number of Active Clients

Revenue growth was primarily driven by the number of clients. We closely monitor the number of our active clients as a key operating metric. For the years ended June 30, 2022, 2023 and 2024, we had approximately 173, 885 and 478 active clients in overseas wealth management, defined as those who purchased products distributed or referred by us during any given period, and we had approximately 372, 380 and 343 active clients in asset management, defined as those who maintained as holders of our products or services within the given period, respectively. As a result of the redemption issues of its historical wealth management VIE in China, which the Company has now terminated and is no longer affiliated with, the Company suffered significant disruption to its brand, operations, and confidence of clients, which resulted in a significant loss of clients in the fiscal year ended 2024 and subsequently.

Key Components of Results of Operations

Revenues

We generated revenues primarily from (i) wealth management services and (ii) asset management services. The table below sets forth the components of our revenues for the periods indicated. Our insurance brokerage services were included in wealth management services for reporting purposes.

| | For the year ended June 30, | | | | | |
|----------------------------|---|--------------|---------------|--------------|---------------|--------------|
| | 2022 | | 2023 | | 2024 | |
| | US\$ | % | US\$ | % | US\$ | % |
| | <i>(in thousands, except for percentages)</i> | | | | | |
| Wealth management services | 6,790 | 75.6 | 15,632 | 84.1 | 24,104 | 86.0 |
| Asset management services | 2,197 | 24.4 | 2,952 | 15.9 | 3,919 | 14.0 |
| Total | 8,987 | 100.0 | 18,584 | 100.0 | 28,023 | 100.0 |

Wealth Management Services

For the three years ended June 30, 2024, we derived fee incomes from insurance referral and insurance brokerage services by referring clients to insurance brokers or insurance companies to purchase insurance products through our Hong Kong subsidiaries. These insurance products we offered included (i) life insurance products such as individual whole life insurance, individual term life insurance, universal life insurance and individual health insurance, (ii) annuity insurance products, and (iii) critical illness insurance products (including personal accident insurance products). The one-time referral fee incomes were computed as a pre-agreed percentage of insurance premiums received by the insurance companies from sales facilitated by our Hong Kong subsidiaries.

Asset Management Services

For the three years ended June 30, 2024, under asset management services, we provided asset management services in the offshore space through our licensed subsidiary in Hong Kong. Our revenues from the asset management services primarily consisted of management fees calculated either as a percentage of the asset under management of the funds or mandates, and to a lesser extent, retrocession from custodian banks, commissions from trade, and performance-based fees.

Operating Costs and Expenses

Our operating costs and expenses primarily consist of (i) compensation and benefits; (ii) sales and marketing expenses; (iii) general and administrative expenses; and (iv) share-based compensation expenses. The following table sets forth the components of our operating costs and expenses for the periods indicated.

| | For the year ended June 30, | | | | | |
|--|---|--------------|---------------|--------------|---------------|--------------|
| | 2022 | | 2023 | | 2024 | |
| | US\$ | % | US\$ | % | US\$ | % |
| | <i>(in thousands, except for percentages)</i> | | | | | |
| Compensation and benefits | 4,173 | 28.8 | 6,486 | 29.2 | 17,259 | 60.5 |
| Sales and marketing | 2,398 | 16.6 | 2,653 | 11.9 | 3,490 | 12.2 |
| General and administrative expenses | 6,761 | 46.7 | 7,021 | 31.6 | 5,520 | 19.3 |
| Share-based compensation expenses | 1,137 | 7.9 | 753 | 3.4 | 102 | 0.4 |
| Asset impairment loss | — | — | 5,305 | 23.9 | 2,158 | 7.6 |
| Total operating cost and expenses | 14,469 | 100.0 | 22,218 | 100.0 | 28,529 | 100.0 |

Compensation and benefits expenses

Our compensation and benefits are operating costs relating to wealth management and asset management services, which primarily include base salary, sales commission and other compensation and benefits of our relationship managers and insurance brokers, who directly contribute to our revenues generation activities, such as distribution of fund products and insurance products.

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Unpaid commissions were separately presented as commission payable and commission payable-long term on our combined balance sheets, depending on whether the amounts are expected to be paid within or after one year of each reporting date.

Sales and Marketing Expenses

Our sales and marketing expenses primarily include salaries and bonus for our sales and marketing staff, and other expenses related to marketing activities such as events and travel.

General and Administrative Expenses

Our general and administrative expenses primarily include compensation of management and administrative staff, rental and other expenses of our headquarters.

Share-based Compensation Expenses

On December 6, 2020, we adopted a share incentive plan, or the 2020 Plan. Under the Share Incentive Plan, the maximum aggregate number of ordinary shares available for issuance will be 5,000,000 ordinary shares, equal to 10% of the total outstanding ordinary shares of our company immediately prior to completion of our public offering. As of the date of this annual report, 1,776,000 restricted shares have been granted to our executive officers and directors under the 2020 Plan. For details of the 2020 Plan, see “Item 6. Directors, Senior Management and Employees—B. Compensation—Share Incentive Plans—2020 Plan.” For the years ended June 30, 2022, 2023 and 2024, US\$1.1 million, US\$0.8 million and US\$0.1 million were recorded in share-based compensation expenses, respectively.

Asset impairment loss

Impairment losses on long-lived assets are recorded in the year ended June 30, 2023 and 2024, related to our impairment of assets held in the PRC, and our intangible assets including software and licenses, as a result of significant disruption to our brand and our licensed financial services operations in Hong Kong during 2024.

Other (Expenses) /Income

Interest Income, Net

Our net interest income primarily represented interests from bank deposits for the years ended June 30, 2022, 2023 and 2024.

Other (Expenses)/Income, Net

Our net other income or expenses are recorded as a result of non-operating income or expenses. For the year ended June 30, 2022, 2023 and 2024, our other income or expenses mainly represented foreign exchange related losses.

Income Tax Expense

Cayman Islands

Santech Holdings Limited is incorporated in the Cayman Islands as an exempted company. Under the current laws of the Cayman Islands, our company is not subject to income or capital gains taxes. In addition, dividend payments are not subject to withholdings tax in the Cayman Islands.

British Virgin Islands (“BVI”)

Under the current laws of the BVI, our subsidiaries incorporated in BVI are not subject to tax on income or capital gains. Additionally, upon payments of dividends by these BVI companies to their respective shareholders, no BVI withholding tax will be imposed.

Hong Kong

Our subsidiaries incorporated in Hong Kong are subject to Hong Kong profits tax rate of 16.5% for taxable income generated from operations in Hong Kong. Effective from April 1, 2018, a two-tier corporate profits tax system was officially implemented in Hong Kong, which is 8.25% for the first HK\$2.0 million of assessable profits, and 16.5% for the subsequent profits. In addition, the 8.25% tax rate can only be utilized by one entity in a controlled group, while all other entities in the controlled group utilize the 16.5% tax rate.

Results of Operations

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

| | For the year ended June 30, | | | | | |
|--|---|--------------|----------------|--------------|---------------|--------------|
| | 2022 | | 2023 | | 2024 | |
| | <i>US\$</i> | <i>%</i> | <i>US\$</i> | <i>%</i> | <i>US\$</i> | <i>%</i> |
| | <i>(in thousands, except for percentages)</i> | | | | | |
| REVENUE | | | | | | |
| Wealth management | 6,790 | 75.6 | 15,632 | 84.1 | 24,104 | 86.0 |
| Assets management | 2,197 | 24.4 | 2,952 | 15.9 | 3,919 | 14.0 |
| Total net revenues from third parties | 8,987 | 100.0 | 18,584 | 100.0 | 28,023 | 100 |
| Compensation and benefits | 4,173 | 28.8 | 6,486 | 29.2 | 17,259 | 60.5 |
| Sales and marketing | 2,398 | 16.6 | 2,653 | 11.9 | 3,490 | 12.2 |
| General and administrative expenses | 6,761 | 46.7 | 7,021 | 31.6 | 5,520 | 19.3 |
| Asset impairment loss | | | 5,305 | 23.9 | 2,158 | 7.6 |
| Share-based compensation expenses | 1,137 | 7.9 | 753 | 3.4 | 102 | 0.4 |
| Total operating cost and expenses | 14,469 | 100.0 | 22,218 | 100.0 | 28,529 | 100.0 |
| Interest income/(expense), net | 105 | — | 141 | — | (61) | — |
| Other income/(expenses), net | (890) | — | 24 | — | 54 | — |
| Loss before income tax expense | (6,267) | — | (3,469) | — | (513) | — |
| Income tax expense | (5) | — | — | — | (230) | — |
| Net loss and comprehensive loss | (6,272) | — | (3,469) | — | (743) | — |

Year Ended June 30, 2024 Compared to Year Ended June 30, 2023

Net Revenues

Our net revenues increased from US\$18.6 million for the year ended June 30, 2023 to US\$28.0 million for the year ended June 30, 2024, primarily due to a drop in our wealth management revenue in 2024.

Wealth management services

Our net revenues from wealth management services increased from US\$15.6 million for the year ended June 30, 2023 to US\$24.1 million for the year ended June 30, 2024, primarily due to a strong surge in demand for overseas insurance products post Covid-19 reopening in Hong Kong, particularly during the first half of the fiscal year, partially offset by a loss in the number of clients and as a result a reduction in the transaction value of overseas insurance products distributed on our platform during the second half of the fiscal year.

Asset management services

Our net revenues from asset management services increased from US\$3.0 million for the year ended June 30, 2023 to US\$3.9 million for the year ended June 30, 2024, driven by growth in our total assets under management, partially offset by some loss of clients in the second half of the fiscal year.

Operating Cost and Expenses

Our total operating costs and expenses increased from US\$22.2 million for the year ended June 30, 2023 to US\$28.5 million for the year ended June 30, 2024.

Compensation and benefits

Our cost of compensation and benefits increased from US\$6.5 million for the year ended June 30, 2023 to US\$17.3 million for the year ended June 30, 2024, primarily due to increase in direct compensation to grow wealth management revenue and asset management revenue.

Sales and marketing expenses

Our sales and marketing expenses increased from US\$2.7 million for the year ended June 30, 2023 to US\$3.5 million for the year ended June 30, 2024, primarily due to increase in sales and marketing activities devoted to overseas wealth management and asset management businesses.

General and administrative expenses

Our general and administrative expenses decreased from US\$7.0 million for the year ended June 30, 2023 to US\$5.5 million for the year ended June 30, 2024, primarily due to reduction in overhead in the second half of the year ended June 30, 2024.

Share-based compensation expenses

Our share-based compensation expenses decreased from US\$0.8 million for the year ended June 30, 2023 to US\$0.1 million for the year ended June 30, 2024, primarily because most of the options issued by the 2018 and 2019 Plan have been fully vested in prior years. For details, see “Item 6. Directors, Senior Management and Employees—B. Compensation—Share Incentive Plans.”

Asset impairment loss

Asset impairment loss are recorded in the year ended June 30, 2024, related to our intangible assets including software and licenses, as a result of significant disruption to our brand and our licensed financial services operations in Hong Kong during 2024.

Interest Income/(Expenses), Net

We recorded net interest income of 0.1 million for the year ended June 30, 2023 and net interest expenses of 0.1 million for the year ended June 30, 2024.

Other Income/(Expenses), Net

We recorded net other income of nil for the years ended June 30, 2023, and June 30, 2024.

Income Tax Expense

Our income tax expense increased from nil for the year ended June 30, 2023 to US\$0.2 million for the year ended June 30, 2024, primarily due to use-up of tax losses carried forward in our Hong Kong subsidiary.

Net Loss

As a result of the foregoing, our net loss decreased from US\$3.5 million for the year ended June 30, 2023 to US\$0.7 million for the year ended June 30, 2024.

Year Ended June 30, 2023 Compared to Year Ended June 30, 2022

Revenues

Our revenues increased from US\$9.0 million for the year ended June 30, 2022 to US\$18.6 million for the year ended June 30, 2023, primarily due to an increase in wealth management revenue.

Wealth management services

Our revenues from wealth management services increased by from US\$6.8 million for the year ended June 30, 2022 to US\$15.6 million for the year ended June 30, 2023, primarily due to an increase in transaction value of overseas insurance products we referred to our clients, in particular after Covid-19 reopening in Hong Kong.

Asset management services

Our revenues from asset management services increased from US\$2.2 million for the year ended June 30, 2022 to US\$3.0 million for the year ended June 30, 2023, driven by growing client interest in offshore funds and discretionary mandates managed by us.

Operating Cost and Expenses

Our total operating costs and expenses increased from US\$14.5 million for the year ended June 30, 2022 to US\$22.2 million for the year ended June 30, 2023.

Compensation and benefits

Our cost of compensation and benefits increased from US\$4.2 million for the year ended June 30, 2022 to US\$6.5 million for the year ended June 30, 2023, primarily due to increase in the amount of direct compensation related to the increase in the transaction value of overseas insurance products we referred to our clients.

Sales and marketing expenses

Our sales and marketing expenses increased from US\$2.4 million for the year ended June 30, 2022 to US\$2.7 million for the year ended June 30, 2023, primarily due to increase in sales and marketing activities devoted to overseas wealth management and asset management businesses.

General and administrative expenses

Our general and administrative expenses increased from US\$6.8 million for the year ended June 30, 2022 to US\$7.0 million for the year ended June 30, 2023, which is mostly in line with our historical level of overhead and fixed costs.

Share-based compensation expenses

Our share-based compensation expenses decreased from US\$1.1 million for the year ended June 30, 2022 to US\$0.8 million for the year ended June 30, 2023, primarily because most of the options issued by the 2018 and 2019 Plan have been fully vested in prior years. For details, see “Item 6. Directors, Senior Management and Employees—B. Compensation—Share Incentive Plans.”

Asset impairment loss

Asset impairment loss are recorded in the year ended June 30, 2023, related to our cash deposits held at bank accounts in the PRC.

Interest Income, Net

We recorded net interest income of US\$0.1 million for the year ended June 30, 2022 and US\$0.1 million for the year ended June 30, 2023.

Other Income/(Expenses), Net

We recorded net other expenses of US\$0.9 million for the year ended June 30, 2022, primarily representing foreign exchange related losses.

Income Tax Expense

Our income tax expense were \$5,000 and nil for the year ended June 30, 2022 and 2023.

Net Loss

As a result of the foregoing, our net loss decreased from US\$6.3 million for the year ended June 30, 2022 to US\$3.5 million for the year ended June 30, 2023.

B. Liquidity and Capital Resources

To date, we have financed our operations primarily through cash flows from operations. We had net loss of approximately US\$0.7 million, US\$3.5 million and US\$6.3 million for the years ended June 30, 2024, 2023 and 2022, respectively. As of June 30, 2024 and 2023, we had cash and cash equivalents of US\$15.2 million and US\$12.6 million respectively.

As of June 30, 2024, we had approximately US\$15.1 million of cash and cash equivalents under our bank accounts or our subsidiaries' bank accounts that were located in China. As disclosed in this annual report, we deem to have lost de facto control of all of our subsidiaries, VIEs, assets and operations in China as of the date of this annual report.

We believe that our current cash and anticipated cash flow from operations will be sufficient to meet our anticipated cash needs, including our cash needs for at least the next 12 months. We may, however, need additional capital in the future to fund our continued operations and strategic initiatives. For example, we may need a substantial amount of capital to develop or acquire our consumer technology, consumer healthcare and enterprise technology businesses. If we determine that our cash requirements exceed the amount of cash and cash equivalents we have on hand at the time, we may seek to issue equity or debt securities or obtain credit facilities. The issuance and sale of additional equity or debt securities would result in further dilution to our shareholders. The incurrence of indebtedness would result in increased fixed obligations and could result in operating covenants that might restrict our operations. We cannot assure you that financing will be available in amounts or on terms acceptable to us, if at all.

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

| | Year ended June 30, | | |
|--|---------------------|----------------|--------|
| | 2022 | 2023 | 2024 |
| | | US\$ | |
| | | (in thousands) | |
| Net cash (used in)/provided by operating activities | (107) | 9,447 | 2,564 |
| Net cash (used in)/provided by investing activities | — | (256) | — |
| Net cash (used in)/provided by financing activities | — | — | — |
| Effect of exchange rate changes | — | — | — |
| Net increase/(decrease) in cash, cash equivalents, and restricted cash | (107) | 9,191 | 2,564 |
| Cash and cash equivalents at beginning of the year | 3,536 | 3,429 | 12,620 |
| Cash and cash equivalents at end of the year | 3,429 | 12,620 | 15,184 |

Operating Activities

Net cash provided by operating activities for the year ended June 30, 2024 was US\$2.6 million. This reflected net loss of US\$0.7 million, as adjusted by non-cash and non-operating items primarily including asset impairment losses of \$2.2 million, net changes in related parties balances of \$1.4 million, depreciation and amortization of \$1.0 million, offset by decrease in lease liability \$1.0 million.

Net cash provided by operating activities for the year ended June 30, 2023 was US\$9.4 million. This reflected net loss of US\$3.5 million, as adjusted by non-cash and non-operating items primarily including net changes in related party balances of \$11.5 million, depreciation and amortization of \$1.2 million, offset by decrease in lease liability of 1.0 million.

Net cash used by operating activities for the year ended June 30, 2022 was US\$0.1 million. This reflected net loss of US\$6.3 million, as adjusted by non-cash and non-operating items primarily including net changes in related party balances of \$10.7 million, depreciation and amortization of 1.7 million, offset by decrease in commissions payable of \$6.1 million, and decrease in lease liability of \$1.6 million.

Investing Activity

Net cash used in or provided by investing activity for the year ended June 30, 2024 was nil.

Net cash used in investing activity for the year ended June 30, 2023 was \$0.3 million, due to investment in long-lived assets related to our software.

Net cash used in or provided by investing activity for the year ended June 30, 2022 was nil.

Financing Activities

Net cash used or provided in financing activities for the years ended June 30, 2024, 2023 and 2022 was nil.

Holding Company Structure

Our company, Santech Holdings Limited, is a holding company with no material operations of its own. As most of our operations are conducted through our Hong Kong subsidiaries, our ability to pay dividends is primarily dependent on receiving distributions of funds from our Hong Kong subsidiaries.

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

See “Item 4. Information on the Company—B. Business Overview—Information Technology” and “Item 4. Information on the Company—B. Business Overview—Intellectual Property.”

D. Trend Information

Other than as disclosed elsewhere in this annual report, we are not aware of any trends, uncertainties, demands, commitments or events for the year ended June 30, 2024 that are reasonably likely to have a material and adverse effect on our net revenues, income, profitability, liquidity or capital resources, or that would cause the disclosed financial information to be not necessarily indicative of future results of operations or financial conditions.

E. Critical Accounting Estimates

We prepare financial statements in accordance with U.S. GAAP, which requires us to make judgments, estimates and assumptions that affect the reported amounts of our assets and liabilities and the disclosure of our contingent assets and liabilities at the end of each fiscal period and the reported amounts of revenues and expenses during each fiscal period. We continually evaluate these judgments and estimates based on our own historical experience, knowledge and assessment of current business and other conditions, our expectations regarding the future based on available information and assumptions that we believe to be reasonable, which together form our basis for making judgments about matters that are not readily apparent from other sources. Since the use of estimates is an integral component of the financial reporting process, our actual results could differ from those estimates.

The selection of critical accounting policies, the judgments and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in conditions and assumptions are factors that should be considered when reviewing our financial statements. Out of our significant accounting policies, which are described in Note 3 - Summary of Significant Accounting Policies included elsewhere in this annual report, certain accounting policies are deemed “critical”, as they require management’s highest degree of judgment, estimates and assumptions, including (i) impairment loss of assets.

We consider an accounting estimate to be critical if: (i) the accounting estimate requires us to make assumptions about matters that were highly uncertain at the time the accounting estimate was made, and (ii) changes in the estimate that are reasonably likely to occur from period to period or use of different estimates that we reasonably could have used in the current period, would have a material impact on our financial condition or results of operations. We believe the following accounting estimates involve the most significant judgments used in the preparation of our financial statements.

Impairment loss of assets

All long-lived assets, which include tangible long-lived assets and intangible long-lived assets with finite lives, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of long-lived assets to be held and used is measured by a comparison of the carrying amount of the asset to the estimated undiscounted future cash flows expected to be generated by the assets. If the carrying amount of an asset exceeds its estimated future undiscounted cash flows, an impairment loss is recognized for the difference between the carrying amount of the asset and its fair value. For the years ended June 30, 2022, 2023 and 2024, the Company recognized impairment of long-lived assets of nil, nil and US\$192 respectively.

An intangible asset that is not subject to amortization shall be tested for impairment annually and more frequently if events or changes in circumstances indicate that it is more likely than not that the asset is impaired. Based on the qualitative assessment, if it is more likely than not that the fair value of an indefinite-lived intangible asset is less than the carrying value, a quantitative test to measure the amount of impairment must be performed. The quantitative impairment test compares the fair value of the asset with the carrying amount. If the carrying amount exceeds the fair value, then an impairment loss equal to that excess is recorded. For the years ended June 30, 2022, 2023 and 2024, the Company recognized impairment of indefinite-lived intangible assets of nil, nil and US\$1,966 respectively.

Item 6. Directors, Senior Management and Employees**A. Directors and Senior Management**

The following table sets forth information regarding our executive officers and directors.

| Directors and Executive Officer | Age | Position/Title |
|--|------------|-------------------------|
| Mr. Lawrence Wai LOK | 43 | Director, Chairman, CEO |
| Mr. Joel A. GALLO | 53 | Independent Director |
| Ms. CHEN Jie | 54 | Independent Director |
| Mr. Howard Wing To CHAN | 39 | Independent Director |
| Mr. Geoffrey Fai KAM | 42 | Independent Director |

Mr. Lawrence Wai LOK. Mr. LOK currently serves as our Chairman and CEO since March 2025, and was previously our Acting CEO from September 2024 to March 2025. Mr. LOK has been instrumental in leading the Company through a critical period of restructuring and business reorganization. Previously, Mr. LOK was a senior investment banker at Citigroup. Mr. LOK had over 15 years of professional investment banking, capital markets and M&A experience working in the United States and Hong Kong SAR. In that role, Mr. LOK led a large number of landmark IPOs, private fundraising, cross-border M&As and other major transactions for leading TMT companies and financial service groups in China and other parts of Asia, and advised clients on their growth strategies and transformative initiatives. Mr. LOK graduated from the University of California, Berkeley with B.A. in Economics and B.S. in Business Administration.

Mr. Joel A. GALLO. Mr. GALLO was appointed as our independent director in June 2020, and his appointment was effective in March 2021. Mr. GALLO has been the chief financial officer of HD EDU since February 2023. In addition, Mr. GALLO has been an adjunct professor at New York University since January 2021. Mr. GALLO was the chief financial officer of CoinTiger from July 2022 to January 2023. From March 2021 to May 2022, Mr. GALLO was the chief financial officer of ETAO International Group. Prior to that role, he was the chief executive officer of Columbia China League Business Advisory Co. from November 2019 to February 2021, providing advisory professional services, including advising Chinese companies on initial public offering issues in the U.S. From April 2013 to December 2018, Mr. GALLO served as co-founder and principal of GLS Group LLC, responsible for providing management consulting services to financial sector firms. Previously, between February 1994 and March 2013, Mr. GALLO was a senior executive at Scudder Kemper Investments (Deutsche Bank Asset Management), TLX Trading Networks, Deloitte, Ernst & Young, EMC and PricewaterhouseCoopers. In those roles, Mr. GALLO advised over 100 global financial institutions on finance, strategy, transformation, and risk management projects. Mr. GALLO obtained his bachelor's degree in management from Binghamton University – State University of New York in 1993, a master's degree in international relations from Tufts University in 2008, and a master's degree in public administration from Columbia University in 2018.

Ms. CHEN Jie. Ms. CHEN was appointed as our independent director in September 2019, and her appointment was effective in March 2021. Ms. CHEN has been the chief financial officer of SPI Energy Co., Ltd. since June 2021, and Ms. CHEN was previously the executive director of Brainzoom Business Consulting Co., Ltd. since July 2007, responsible for the operation of the company and also leading the consulting department providing business & financial consulting services to various companies. From January 2006 to May 2007, Ms. CHEN served as a vice president and finance director of Cellon International Holdings Corporation, responsible for leading the work of corporate finance department. From July 2000 to January 2006, Ms. CHEN served as the southern China regional administration manager of PricewaterhouseCoopers (2002-2006) and former Arthur Andersen (2000-2002), Shenzhen & Guangzhou branches, responsible for the regional office administration work. From June 1993 to June 2000, Ms. CHEN served as an audit manager of Arthur Andersen, Shenzhen branch, providing audit assurance services to various PRC companies that were listed on the international stock markets. Ms. CHEN obtained her bachelor's degree in accounting from Shenzhen University in 1993 and is a member of CICPA and FCCA.

Mr. Howard Wing To CHAN. Mr. CHAN was appointed as our independent director in March 2025. Mr. CHAN is a Certified Public Accountant in the United States. Mr. CHAN has extensive experience in corporate finance and transaction advisory in Mainland China and Hong Kong. From 2022 to 2025, Mr. CHAN was a Director of Corporate Finance and Capital Markets Transactions at Jones Lang LaSalle, based in Shanghai, focusing on real estate equity and debt advisory and investment sales for institutional clients in Mainland China. Prior to that, Mr. CHAN worked in various corporate finance, capital markets, and transaction advisory roles at Ernst and Young, Manulife, Cushman & Wakefield, and Briscoe Wong Ferrier in both Hong Kong and Mainland China. Mr. CHAN received his Master of Finance from Tsinghua University in 2013, and his bachelor degree in Business Administration from Albertson College of Idaho in 2006.

Mr. Geoffrey Fai KAM. Mr. KAM was appointed as our independent director in March 2025. Mr. KAM is a solicitor practicing in Hong Kong. Mr. KAM has wide experience in a broad range of litigation matters including commercial litigation, contract disputes, criminal litigation, family laws, and wills and probate matters. Mr. KAM is currently a Consultant at Messrs. Boase Cohen & Collins. Previously Mr. KAM was a Partner at a law firm in Hong Kong. Mr. KAM holds dual degrees in law and commerce from Monash University in Melbourne and a Postgraduate Certificate in Laws from City University of Hong Kong. Mr. KAM also actively serves the community and public bodies in Hong Kong, most recently serving as a member of the Hong Kong SAR government's Panel of Film Censorship Advisers, and the Law Society of Hong Kong's Members Benefit Committee.

B. Compensation

Compensation of Directors and Executive Officers

Our board of directors has not adopted or established a formal policy or procedure for determining the amount of compensation paid to our executive officers.

For the year ended June 30, 2024, we paid an aggregate of approximately US\$1.3 million in cash to our directors and executive officers. As required by Hong Kong laws and regulations, we participate in a pension scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance, or MPF Scheme. Otherwise, we have not set aside or accrued any amount to provide pension, retirement or other similar benefits to our executive officers and directors.

Employment Agreements

We have entered into employment agreements with each of our executive officers. Pursuant to the agreements, the executive officers are entitled to receive annual compensation and bonus approved by the board of the directors. The agreements also provide that the executive officers are to work a minimum of 40 hours per week and are entitled to all legal holidays as well as other paid leave in accordance with applicable laws and regulations and our internal work policies.

Under applicable laws and regulations, we may immediately terminate the employment agreement and dismiss the contracted employee, such as, the employee provides false personal information when joining our company, the employee commits serious violation of labor disciplines or rules and regulations of our company, and the employee commits serious dereliction of job duties, malpractice or breach our company's confidence. The employee may also immediately terminate the employment agreement, when we fail to pay remuneration as stipulated as stipulated.

Additionally, we have entered into separate confidentiality & non-compete combined agreements with most of our executive officers. However, where no separate confidentiality & non-compete combined agreement is signed, the employment agreement provides for confidentiality and nondisclosure provisions. Each of our executive officers is subject to keeping trade secrets confidential during the course of their employment and not rendering services to or for our competitors, directly or indirectly, during the course of their employment and three to six months following the termination of their employment.

Share Incentive Plans

2018 Plan and 2019 Plan

On March 31, 2025, our 2018 Plan and 2019 Plan expired upon the fourth year anniversary of the Company's initial public offering. As a result, the 2018 Plan and 2019 Plan have been terminated.

2020 Plan

On December 6, 2020, we adopted a share incentive plan, or the 2020 Plan. Under the Share Incentive Plan, the maximum aggregate number of ordinary shares available for issuance will be 5,000,000 ordinary shares, equal to 10% of the total outstanding ordinary shares of our company immediately prior to completion of our public offering. As of the date of this annual report, the number of outstanding restricted shares that we granted to our executive officers and directors under the 2020 Plan are as follows:

| Name | Grant Date | Vesting Schedule | Ordinary shares underlying Restricted Shares |
|------------------|----------------|--|--|
| Lawrence Wai Lok | April 15, 2025 | One-fourth on each anniversary, or one-third on each anniversary | * |
| Chen Jie | April 15, 2025 | One-third on each anniversary | * |
| Joel Gallo | April 15, 2025 | One-third on each anniversary | * |

* Less than 1% of our total outstanding ordinary shares

Type of Awards. The plan permits the awards of options, restricted shares, restricted share units and other share awards that relate to our ordinary shares.

Plan Administration. Our board of directors or a committee of one or more members of the board of directors will administer the plan, provided that grants to committee members, non-independent directors and executive officers of our Company will be made by the full board. The committee or the board of directors, as applicable, will determine the participants to receive awards, the type and number of awards to be granted to each participant, and the terms and conditions of each grant, the way of settling or amendment of each grant, all other matters that must be determined and the revision of rules if deemed necessary to administer the 2020 Plan. We refer to our board of directors or a designated committee as the plan administrator.

Award Agreement. Awards granted under the plan are evidenced by an award agreement that sets forth the terms, conditions and limitations for each award, which may include the term of the award, vesting schedule, the provisions applicable in the event that the participant's employment or service terminates, and our authority to unilaterally or bilaterally amend, modify, suspend, cancel or rescind the award.

Vesting Schedule and Conditions. The vesting schedule and conditions of granted share awards was determined by the board.

Exercise of Options. Subject to applicable laws, the plan administrator determines the exercise price for each award, which is stated in the relevant award agreement. Options that are vested and exercisable will terminate if they are not exercised prior to the time as the plan administrator determines at the time of grant. However, the maximum exercisable term is ten years from the date of grant.

Transfer Restrictions. Awards may not be transferred in any manner by the participant other than in accordance with the exceptions provided in the plan or the relevant award agreement or otherwise determined by the plan administrator, such as transfers to us or one of our subsidiaries, transfers by gift to "immediate family" as that term is defined in SEC Rule 16a-1(e) promulgated under the Exchange Act, transfers by will or the laws of descent and distribution.

Expiration. The plan terminates on the tenth year anniversary of the Company's initial public offering.

Termination and Amendment of the Plan. Our board of directors has the authority to terminate, amend, suspend or modify the plan in accordance with our articles of association and subject to applicable laws. However, without the prior written consent of the participant, no such action may adversely affect in any material way any award previously granted pursuant to the plan.

C. Board Practices

Board of Directors

Our Board of Directors currently consists of five directors, including four independent directors.

A director may vote with respect to any contract, proposed contract or arrangement in which he is materially interested provided (a) such director, if his interest in such contract or arrangement is material, has declared the nature of his interest at the earliest meeting of the board at which it is practicable for him to do so, either specifically or by way of a general notice and (b) if such contract or arrangement is a transaction with a related party, such transaction has been approved by the audit committee. The Nasdaq Capital Market corporate governance rules require that a majority of an issuer's board of directors must consist of independent directors. However, as a Cayman Islands company listed on the Nasdaq Capital Market, we are a foreign private issuer and are permitted to follow the home country practice with respect to certain corporate governance matters. Cayman Islands law does not require a majority of a publicly traded company's board of directors to be comprised of independent directors. We rely on this home country practice exception and from time to time, may not have a majority of independent directors serving on our board of directors.

Our board of directors may exercise all the powers of our company to borrow money, mortgage its undertaking, property and uncalled capital, and issue debentures or other securities whenever money is borrowed or as security for any obligation of our company or of any third party. None of our directors has a service contract with us that provides for benefits upon termination of service.

A director is not required to hold any shares in our company to qualify to serve as a director.

Committees of the Board of Directors

Under Nasdaq Capital Market standards, a listed company must have a compensation committee and a nominating/corporate governance committee composed only of independent directors. Cayman Islands does not require a company to establish such committees. As a foreign private issuer, we intend to follow our home country practice. As of the date of this annual report, our remuneration committee does not consist solely of independent directors, and we have not established a nominating/corporate governance committee.

We have established an audit committee and a remuneration committee under the board of directors and adopted a charter for each of the audit committee and remuneration committee, which are available on our website at <https://ir.santechholdings.com/corporate/corporate-governance>. The audit committee's and remuneration committee's members and functions are described below.

Audit committee

Our audit committee consists of Ms. Chen Jie (Chair), Mr. Joel A. Gallo and Mr. Howard Chan. Ms. Chen Jie, Mr. Joel A. Gallo and Mr. Howard Chan satisfy the "independence" requirements of Rule 5605(a)(2) of the listing rules of the Nasdaq Capital Market and meet the independence standards under Rule 10A-3 under the Securities Exchange Act of 1934, as amended. Our board of directors has determined that Ms. Chen Jie qualifies as an "audit committee financial expert" within the meaning of paragraph (b) of Item 16A of Form 20-F. 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;

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- 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.

Remuneration Committee

Our remuneration committee consists of Lawrence Wai Lok (Chair), Howard Chan and Geoffrey Kam. Howard Chan and Geoffrey Kam satisfy the “independence” requirements of Rule 5605(a)(2) of the listing rules of the Nasdaq Capital Market and meet the independence standards under Rule 10A-3 under the Securities Exchange Act of 1934, as amended. The compensation committee reviews and approves certain compensation matters relating to our directors and executive officers. The compensation committee is responsible for, among other things:

- reviewing the compensation for our executive officers and directors and making recommendations to the board with respect to it;
- periodically reviewing and approving any long-term incentive compensation or equity plans, programs or similar arrangements, annual bonuses, and employee pension and welfare benefit plans;
- appointing and overseeing any compensation consultants or advisors

Duties of Directors

Under Cayman Islands law, all of our directors owe fiduciary duties to our company, including a duty of loyalty, a duty to act honestly and a duty to act bona fide in what they consider in good faith to be in our best interests of the company, a duty not to make a profit based on his or her position as director and a duty not to put himself in a position where the interests of the company conflict with his or her personal interest or his or her duty to a third party. Our directors must also exercise their powers only for a proper purpose. Our directors also have a duty to exercise the skill they actually possess and such care and diligence that a reasonably prudent person would exercise in comparable circumstances. In fulfilling their duty of care to us, our directors must ensure compliance with our memorandum and articles of association, as amended from time to time. Our company has the right to seek damages if a duty owed by any of our directors is breached. In limited exceptional circumstances, a shareholder may have the right to seek damages in our name if a duty owed by our directors is breached.

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

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

- convening shareholders’ annual general meetings and reporting its work to shareholders at such meetings;
- declaring dividends and distributions;
- appointing officers and determining the term of office of the officers;
- exercising the borrowing powers of our company and mortgaging the property of our company; and
- approving the transfer of shares in our company, including the registration of such shares in our share register.

Terms of Directors and Officers

Our officers are elected by and serve at the discretion of the board of directors. Our directors are not subject to a term of office or mandatory retirement age, and hold office until such time as they are removed from office by ordinary resolution of the shareholders or by the board. A director will be removed from office automatically if, among other things, the director (i) becomes bankrupt or makes any arrangement or composition with his creditors; or (ii) is found by our company to be or becomes of unsound mind.

We have no service contracts with any of our directors that provide benefits to them upon termination.

D. Employees

We had 2,552, 2,905 and 36 employees as of June 30, 2022, 2023 and 2024, respectively. The following table sets forth the number of our employees by function as of June 30, 2024.

| Function | Number of employees | % of total |
|--|---------------------|--------------|
| Wealth Management and Asset Management | 23 | 63.9 |
| Management and Administration | 13 | 36.1 |
| Total | 36 | 100.0 |

As required by Hong Kong regulations, we are required to enroll Hong Kong employees in a Mandatory Provident Fund Scheme, to which the employer and employee must make certain contributions. We are also required to provide our Hong Kong employees with certain minimum benefits and protections, including paid annual leave, paid sick leave, paid maternity leave and compensation payments in certain cases of severance, unfair dismissal or termination after long service. See “Item 4. Information on the Company—A. Business Overview—Regulations—Regulations relating to Labor and Social Welfare of Hong Kong.” We believe that we maintain a good working relationship with our employees, and we have not experienced any major labor disputes.

E. Share Ownership

The following table sets forth information concerning the beneficial ownership of our ordinary shares as of March 31, 2025:

- each of our directors and executive officers; and
- each shareholder known by us to be the beneficial owner of more than 5% of our outstanding ordinary shares.

We have determined beneficial ownership in accordance with the rules of the SEC, which generally define beneficial ownership to include any shares over which a person exercises sole or shared voting or investment power. Such determination is not necessarily indicative of beneficial ownership for any other purpose. Except as indicated by the footnotes below, we believe, based on the information furnished to us, that the persons and entities named in the table below have sole voting and investment power or the power to receive the economic benefit with respect to all ordinary shares that they beneficially own, subject to applicable community property laws. None of the shareholders listed in the table are a broker-dealer or an affiliate of a broker-dealer.

Applicable percentage ownership is based on 168,000,000 ordinary shares outstanding as of March 31, 2025. Unless otherwise indicated, the principal executive address of Mr. Lawrence Wai Lok is Level 15, AIA Central, No.1 Connaught Road Central, Hong Kong.

| Name of Beneficial Owner | Beneficial Ownership ⁽¹⁾ | |
|---|-------------------------------------|-------|
| | Ordinary Shares | % |
| Directors and executive officers | | |
| Lawrence Wai Lok ⁽²⁾ | 112,000,000 | 66.67 |
| Joel A. Gallo | Nil | Nil |
| Chen Jie | Nil | Nil |
| Howard Chan | Nil | Nil |
| Geoffrey Kam | Nil | Nil |
| Any additional directors/executive officers | | |
| Principal Shareholders | | |
| Carmel Holdings Limited | 112,000,000 | 66.67 |
| Grand Lead Group Limited | 39,850,000 | 23.72 |

Notes:

- (1) For each person and entity included in this column, percentage ownership is calculated by dividing the number of ordinary shares beneficially owned by such person or entity by the sum of (i) 168,000,000 being the number of ordinary shares issued and outstanding as of this annual report, and (ii) the number of shares such person or entity has the right to acquire within 60 days after the date of this annual report.
- (2) Represents 112,000,000 ordinary shares held by Carmel Holdings Limited. Carmel Holdings Limited is a limited liability company incorporated in the British Virgin Islands and is wholly owned by Mr. Lawrence Wai Lok, the chairman of our board of directors. The registered address of Carmel Holdings Limited is Portcullis Chambers, 4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, VG1110, British Virgin Islands.

For arrangements involving the issue or grant of options or shares or securities of the Company, please refer to “Item 6. Directors, Senior Management and Employees—B. Compensation.”

As of the date of this annual report, we are not aware of any other arrangement that may, at a subsequent date, result in a change of control of our company. Mr. Lawrence Wai Lok has the power to direct the voting of Carmel Holdings Limited over Santech Holdings Limited, and as a result, Mr. Lawrence Wai Lok is able to control and exert significance influence over our company.

Item 7. Major Shareholders and Related Party Transactions

A. Major Shareholders

Please refer to “Item 6. Directors, Senior Management and Employees—E. Share Ownership.”

B. Related Party Transactions

Contractual Arrangements with Our Consolidated Affiliated Entity and Its Shareholders

See “Item 4. Information on the Company—C. Organizational Structure.”

Employment Agreements and Indemnification Agreements

See “Item 6. Directors, Senior Management and Employees—B. Compensation.”

Share Incentive Plans

See “Item 6. Directors, Senior Management and Employees—B. Compensation.”

Other Related Party Transactions

None.

C. Interests of Experts and Counsel

Not applicable.

Item 8. Financial Information

A. Consolidated Statements and Other Financial Information

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

Legal Proceedings

We may from time to time be involved in litigation and claims incidental to the conduct of our business. Our businesses are also subject to extensive regulation, which may result in regulatory proceedings against us.

There is currently an ongoing class action against the Company in the Supreme Court of New York in the County of New York (docket number: 152554/2024). This is a securities class action lawsuit brought by the plaintiff through a complaint dated March 19, 2024 on behalf of a whole class of investors who purchased the company’s stocks during the class period. The plaintiff complained that the registration statement and prospectus issued in the Company’s initial public offering in 2021 contained misleading or materially false information, and alleged the Company of fraud, as a result of which investors suffered financial losses on their investments. The Company denied all claims and filed a motion to dismiss all claims asserted in the complaints. The Company and the plaintiff have subsequently proposed settlement at US\$1 million. This lawsuit is pending the Court’s decision expected to be in August 2025.

Since September 2024, Mr. Han Hongwei, previously the Chairman of the Board, and Madame Wang Dian, previously the Chief Executive Officer and previously a director of the Company have been detained by, and are currently under investigation by certain branch office of Shanghai Municipal Public Security Bureau with respect to alleged illegal activities at Hywin Wealth Management. As previously announced, the Company terminated its VIE arrangements with Hywin Wealth Management on June 28, 2024. Hywin Wealth Management is a company incorporated in Mainland China and owned and controlled by Mr. Han, and is not otherwise related to the Company. Santech Holdings Limited is not associated with this matter, nor has the Company received any official notice from any government authority.

Except the proceedings disclosed herein, we are not currently subject to any pending judicial, administrative or arbitration proceedings that we expect to have a material impact on our results of operations or financial condition.

Dividend Policy

We did not declare or pay any dividend during the year ended June 30, 2024 and do not have any plan to pay any dividends on our ordinary shares or ADSs in the foreseeable future. We intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business.

Any future determination to pay dividends will be made at the discretion of our board of directors and may be based on a number of factors, including our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the board of directors may deem relevant. If we pay any dividends, we will pay our ADS holders to the same extent as holders of our ordinary shares, subject to the terms of the deposit agreement, including the fees and expenses payable thereunder. See “Item 12. Description of Securities Other than Equity Securities—D. American Depositary Shares.” Cash dividends on our ordinary shares, if any, will be paid in U.S. dollars.

We are an exempted company incorporated in the Cayman Islands. Under Cayman Islands law, a Cayman Islands company may pay a dividend on its shares out of either profit or the share premium account, provided that in no circumstances may a dividend be paid out of the share premium account if, immediately following the date on which the dividend is proposed to be paid, this would result in the company being unable to pay its debts as they fall due in the ordinary course of business. In order for us to distribute any dividends to our shareholders and ADS holders, we may rely on dividends distributed by our operating subsidiaries. Local regulations may restrict the ability of our local subsidiaries to pay dividends to us. See “Item 4. Information on the Company—B. Business Overview—Regulations—Regulations on Dividend Distribution.”

B. Significant Changes

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

Item 9. The Offer and Listing

A. Offering and Listing Details

Our ADSs was listed on the Nasdaq Global Market on March 26, 2021 and have been transferred to Nasdaq Capital Market since December 5, 2024. Our ADSs trade under the symbol “STEC.” Each ADS represents two of our ordinary shares.

B. Plan of Distribution

Not applicable.

C. Markets

Our ADSs was listed on the Nasdaq Global Market on March 26, 2021 and have been transferred to Nasdaq Capital Market since December 5, 2024 under the symbol “STEC.”

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

Corporate Objects

Under our amended and restated memorandum of association, our objects are unrestricted and we have the full power and authority to carry out any object not prohibited by the laws of the Cayman Islands.

Board of Directors

See “Item 6. Directors, Senior Managers and Employees—C. Board Practices.”

Material Terms of Ordinary Shares

The following are summaries of material provisions of our amended and restated memorandum and articles of association and of the Companies Act, insofar as they relate to the material terms of our ordinary shares. For a description of our ADSs, see Exhibit 2.4.

Issuance of Shares and Changes to Capital

Subject to the rules of any the Nasdaq Capital Market and any other stock exchange or interdealer quotation system on which our ADSs are listed or quoted, and subject to the provisions in our amended and restated memorandum and articles of association, our board of directors has general and unconditional authority to allot, grant options over, offer or otherwise deal with or dispose of any unissued shares in our capital without the approval of our shareholders (whether forming part of the original or any increased share capital), either at a premium or at par, with or without preferred, deferred or other special rights or restrictions, whether in regard to dividend, voting, return of capital or otherwise and to such persons, on such terms and conditions, and at such times as the directors may decide, but so that no share shall be issued at a discount, except in accordance with the provisions of the Companies Act. We will not issue bearer shares.

We may, subject to the provisions of the Companies Act and our amended and restated memorandum and articles of association and the SEC and Nasdaq rules, from time to time by shareholders resolution passed by a simple majority of the voting rights entitled to vote at a general meeting, increase our capital by such sum, to be divided into shares of such amounts, as the relevant resolution shall prescribe; consolidate and divide all or any of our share capital into shares of larger amount than our existing shares; convert all or any of its paid up shares into stock and reconvert that stock into paid up shares of any denomination; sub-divide our existing shares, or any of them, into shares of smaller amounts than is fixed pursuant to our amended and restated memorandum and articles of association; and cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of our share capital by the amount of the shares so cancelled.

We may also, subject to the provisions of the Companies Act, our amended and restated memorandum and articles of association, the SEC and the Nasdaq Capital Market: issue shares on terms that they are to be redeemed or are liable to be redeemed; purchase our own shares (including any redeemable shares); and make a payment in respect of the redemption or purchase of our own shares in any manner authorized by the Companies Act, including out of our capital.

Dividends

Subject to the Companies Act, our shareholders may, by resolution passed by a simple majority of the voting rights entitled to vote at the general meeting, declare dividends (including interim dividends) to be paid to our shareholders but no dividend shall be declared in excess of the amount recommended by our board of directors. Dividends may be declared and paid out of funds lawfully available to us. 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 paid in proportion to the number of ordinary shares a shareholder holds during any portion or portions of the period in respect of which the dividend is paid; but, if any share is issued on terms providing that it shall rank for dividend as from a particular date, that share shall rank for dividend accordingly. Our board of directors may also declare and pay dividends and authorize payment of the same out of the funds of our Company lawfully available therefore.

In addition, our board of directors may resolve to capitalize any undivided profits not required for paying any preferential dividend (whether or not they are available for distribution) or any sum standing to the credit of the our share premium account or capital redemption reserve; appropriate the sum resolved to be capitalized to the shareholders who would have been entitled to it if it were distributed by way of dividend and in the same proportions and apply such sum on their behalf either in or towards paying up the amounts, if any, for the time being unpaid on any shares held by them respectively, or in paying up in full unissued shares or debentures of a nominal amount equal to such sum, and allot the shares or debentures credited as fully paid to those shareholders, or as they may direct, in those proportions, or partly in one way and partly in the other; resolve that any shares so allotted to any shareholder in respect of a holding by him/her of any partly-paid shares rank for dividend, so long as such shares remain partly paid, only to the extent that such partly paid shares rank for dividend; make such provision by the issue of fractional certificates or by payment in cash or otherwise as they determine in the case of shares or debentures becoming distributable in fractions; and authorize any person to enter on behalf of all our shareholders concerned in an agreement with us providing for the allotment of them respectively, credited as fully paid, of any shares or debentures to which they may be entitled upon such capitalization, any agreement made under such authority being binding on all such shareholders.

Voting and Meetings

As a condition of admission to a shareholders' meeting, a shareholder must be duly registered as our shareholder at the applicable record date for that meeting and all calls or installments then payable by such shareholder to us in respect of our ordinary shares must have been paid. Subject to any special rights or restrictions as to voting then attached to any shares, at any general meeting every shareholder who is present in person or by proxy (or, in the case of a shareholder being a corporation, by its duly authorized representative not being himself or herself a shareholder entitled to vote) shall have one vote per share.

As a Cayman Islands exempted company, we may but are not obliged by the Companies Act to call annual general meetings. Our amended and restated memorandum and articles of association does not require us to hold an annual general meeting of shareholders either. Also, we may, but are not required to (unless required by the Companies Act), in each year hold any other extraordinary general meeting.

The Companies Act provides shareholders with only limited rights to requisition a general meeting, and does not provide shareholders with any right to put any proposal before a general meeting. However, these rights may be provided in a company's articles of association. Our amended and restated memorandum and articles of association provide that upon the requisition of shareholders representing not less than two-thirds, in par value of the issued shares which as at the relevant date carry the right to vote at general meetings, our board will convene an extraordinary general meeting and put the resolutions so requisitioned to a vote at such meeting. However, shareholders may propose only ordinary resolutions to be put to a vote at such meeting and shall have no right to propose resolutions with respect to the election, appointment or removal of directors or with respect to the size of the board. Our amended and restated memorandum and articles of association provide no other right to put any proposals before annual general meetings or extraordinary general meetings. Subject to regulatory requirements, our annual general meeting and any extraordinary general meetings must be called by not less than ten (10) clear days' notice prior to the relevant shareholders meeting and convened by a notice discussed below. Alternatively, upon the prior consent of all holders entitled to attend and vote (with regards to an annual general meeting), and the holders of 95% in par value of the shares entitled to attend and vote (with regard to an extraordinary general meeting), that meeting may be convened by a shorter notice and in a manner deemed appropriate by those holders.

We will give notice of each general meeting of shareholders by publication on our website and in any other manner that we may be required to follow in order to comply with Cayman Islands law, Nasdaq and SEC requirements. The holders of registered shares may be convened for a shareholders' meeting by means of letters sent to the addresses of those shareholders as registered in our shareholders' register, or, subject to certain statutory requirements, by electronic means. We will observe the statutory minimum convening notice period for a general meeting of shareholders.

A quorum for a general meeting consists of shareholders holding not less than an aggregate of one-third in nominal value of our total issued voting shares entitled to vote upon the business to be transacted.

A resolution put to the vote of the meeting shall be decided on a poll. An ordinary resolution to be passed by the shareholders requires the affirmative vote of a simple majority of the votes cast by, or on behalf of, the shareholders entitled to vote present in person or by proxy and voting at the meeting. A special resolution requires the affirmative vote of no less than two-thirds of the votes cast by the shareholders entitled to vote who are present in person or by proxy at a general meeting (except for certain matters described below which require an affirmative vote of two-thirds). Both ordinary resolutions and special resolutions may also be passed by a unanimous written resolution signed by all the shareholders of our company, as permitted by the Companies Act and our amended and restated memorandum and articles of association.

Our amended and restated memorandum and articles of association provide that the affirmative vote of no less than two-thirds of votes cast by the shareholders entitled to vote who are present in person or by proxy at a general meeting shall be required to approve any amendments to any provisions of our amended and restated memorandum and articles of association that relate to or have an impact upon the procedures regarding the election, appointment, removal of directors and size of the board.

Transfers of Shares

Subject to any applicable restrictions set forth in our amended and restated memorandum and articles of association, any of our shareholders may transfer all or a portion of their ordinary shares by an instrument of transfer in the usual or common form or in the form prescribed by Nasdaq or in any other form which our board of directors may approve. Our board of directors may, in its absolute discretion, refuse to register a transfer of any common share that is not a fully paid up share to a person of whom it does not approve, or any common share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also, without prejudice to the foregoing generality, refuse to register a transfer of any common share to more than four joint holders or a transfer of any share that is not a fully paid up share on which we have a lien. Our board of directors may also decline to register any transfer of any registered common share unless: a fee of such maximum sum as Nasdaq may determine to be payable or such lesser sum as the board of directors may from time to time require is paid to us in respect thereof; the instrument of transfer is in respect of only one class of shares; the ordinary shares transferred are fully paid and free of any lien; the instrument of transfer is lodged at the registered office or such other place (i.e., our transfer agent) at which the register of shareholders is kept, accompanied by any relevant share certificate(s) and/or such other evidence as the board of directors may reasonably require to show the right of the transferor to make the transfer; and if applicable, the instrument of transfer is duly and properly stamped.

If our board of directors refuse to register a transfer, they are required, within one month 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.

Liquidation

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation applicable to any class or classes of shares (1) if we are wound up and the assets available for distribution among our shareholders are more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* among our shareholders in proportion to the amount paid up at the commencement of the winding up on the shares held by them, respectively, and (2) if we are wound up and the assets available for distribution among our shareholders as such are insufficient to repay the whole of the paid-up capital, those assets shall be distributed so that, as nearly as may be, the losses shall be borne by our shareholders in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them, respectively.

If we are wound up, the liquidator may with the sanction of a special resolution and any other sanction required by the Companies Act, divide among our shareholders in specie the whole or any part of our assets and may, for such purpose, value any assets and determine how such division shall be carried out as between the shareholders or different classes of shareholders. The liquidator may also, with the sanction of a special resolution, vest any part of these assets in trustees upon such trusts for the benefit of our shareholders as the liquidator shall think fit, but so that no shareholder will be compelled to accept any assets, shares or other securities upon which there is a liability.

Anti-Takeover Provisions

Some provisions of our amended and restated memorandum and articles of association may discourage, delay or prevent a change of control of our company or management that shareholders may consider favorable, including provisions that authorize our board of directors to issue preferred shares in one or more series and to designate the price, rights, preferences, privileges and restrictions of such preferred shares without any further vote or action by our shareholders.

Inspection of Books and Records

Holders of ordinary shares will have no general right under Cayman Islands law to inspect or obtain copies of our list of shareholders or our corporate records. However, our board of directors may determine from time to time whether our accounting records and books shall be open to the inspection of our shareholders not members of our board of directors. Notwithstanding the above, our amended and restated memorandum and articles of association provide our shareholders with the right to receive annual audited financial statements. Such right to receive annual audited financial statements may be satisfied by filing such annual reports as we are required to file with the SEC.

Register of Shareholders

Under Cayman Islands law, we must keep a register of members that includes: the names and addresses of the members, a statement of the shares held by each member which (a) distinguishes each share by its number, so long as the share has a number; (b) confirms the amount paid or agreed to be considered as paid, on the shares of each member; (c) the number and category of shares held by each member; (d) confirming whether each relevant category of shares held by a member carries voting rights under our articles of association 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.

Exempted Company

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

- does not have to file an annual return of its shareholders with the Registrar of Companies in the Cayman Islands;
- is not required to open its register of members for inspection;
- does not have to hold an annual general meeting;
- may issue shares with no par value;
- may obtain an undertaking against the imposition of any future taxation for a period of up to 20 years;
- may register by way of continuation in another jurisdiction and be deregistered in the Cayman Islands;
- may register as a limited duration company; and
- may register as a segregated portfolio company.

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

Preferred Shares

Our board of directors is empowered to issue from time to time one or more classes or series of preferred shares and to fix the designations, powers, preferences and relative, participating, option and other rights of each such class or series so authorized. Such action may adversely affect the voting power and other rights of the holders of our ordinary shares or could have the effect of discouraging any attempt by a person or group to obtain control of us.

Differences in Corporate Law

The Companies Act is modeled after that of England but does not follow recent English statutory enactments and differs from laws applicable to U.S. corporations and their shareholders. Set forth below is a summary of the significant differences between the provisions of the Companies Act applicable to us and the laws applicable to companies incorporated in the United States and their shareholders.

Mergers and Similar Arrangements. The Companies Act provides for the merger or consolidation of two or more companies into a single entity. The legislation makes a distinction between a “consolidation” and a “merger.” A consolidation involves the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies in the consolidated company, and a merger involves 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. Upon a merger or consolidation becoming effective, the Registrar of Companies in the Cayman Islands shall strike off the register (a) a constituent company that is not the surviving company in a merger; or (b) a constituent company that participates in a consolidation. Two or more Cayman-registered companies may merge or consolidate. Cayman-registered companies may also merge or consolidate with foreign companies provided that the laws of the foreign jurisdiction permit such merger or consolidation. A merger between a Cayman parent company and its Cayman subsidiary or subsidiaries does not require authorization by a resolution of shareholders of that Cayman subsidiary if a copy of the plan of merger is given to every member of that Cayman subsidiary to be merged unless that member agrees otherwise. For this purpose a subsidiary is a company of which at least ninety percent (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 over a constituent company is required unless this requirement is waived by a court in the Cayman Islands upon application of the constituent company that has issued the security.

Save in certain circumstances, a dissentient shareholder of a Cayman constituent company is entitled to payment of the fair value of his shares upon dissenting to a merger or consolidation. The exercise of appraisal rights shall exclude the enforcement by the shareholder of any right to which that person might otherwise be entitled by virtue of that person holding shares save for the right to institute proceedings to obtain 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 by way of schemes of arrangement, provided that the arrangement is approved by (a) a majority in number of each class of creditors with whom the arrangement is to be made, and who must in addition represent three-fourths in value of each such class of creditors that are present and voting either in person or by proxy at a meeting, or meetings, convened for that purpose; or (b) shareholders representing three-fourths in value of each class of shareholders 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:

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

When a takeover offer is made and accepted by holders of 90.0% of the shares 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.

If an arrangement and reconstruction is thus approved, the 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 and as a general rule a derivative action may not be brought by a minority shareholder. However, based on English authorities, which would in all likelihood be of persuasive authority in the Cayman Islands, there are exceptions to the foregoing principle, including when:

- a company acts or proposes to act illegally or ultra vires and is therefore incapable of ratification by the shareholder;
- the act complained of, although not ultra vires, could only be effected duly if authorized by more than a simple majority vote that has not been obtained; and
- the act complained of purport to abridge or abolish the individual rights of a member; and those who control the company are perpetrating a "fraud on the minority."

Indemnification of Directors and Executive Officers and Limitation of Liability. Cayman Islands law does not limit the extent to which a company's memorandum and articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against the consequences of committing a crime, or against the indemnified person's own fraud or dishonesty. This standard of conduct is generally the same as permitted under the Delaware General Corporation Law for a Delaware corporation.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers or persons controlling us under the foregoing provisions, we have been informed that in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Directors' Fiduciary Duties. Under Delaware corporate law, a director of a Delaware corporation has a fiduciary duty to the corporation and its shareholders. This duty has two components: the duty of care and the duty of loyalty. The duty of care requires that a director act in good faith, with the care that an ordinarily prudent person would exercise under similar circumstances. Under this duty, a director must inform himself of, and disclose to shareholders, all material information reasonably available regarding a significant transaction. The duty of loyalty requires that a director acts in a manner he reasonably believes to be in the best interests of the corporation. He must not use his corporate position for personal gain or advantage. This duty prohibits self-dealing by a director and mandates that the best interest of the corporation and its shareholders take precedence over any interest possessed by a director, officer or controlling shareholder and not shared by the shareholders generally. In general, actions of a director are presumed to have been made on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the corporation. However, this presumption may be rebutted by evidence of a breach of one of the fiduciary duties. Should such evidence be presented concerning a transaction by a director, the director must prove the procedural fairness of the transaction, and that the transaction was of fair value to the corporation.

As a matter of Cayman Islands law, directors of Cayman Islands companies owe fiduciary duties to their respective companies to, amongst other things, act in good faith in their dealings with or on behalf of the company and exercise their powers and fulfill the duties of their office honestly. Core duties are:

- a duty to act in good faith in what the directors bona fide consider to be the best interests of the company;
- a duty not to personally profit from opportunities that arise from the office of director;
- a duty not to put himself in a position where the structures of a company conflict of his or her personal interest on his or her duty to a third party to avoid conflicts of interest; and
- a duty to exercise powers for the purpose for which such powers were conferred.

Shareholder Action by Written Consent. Under the Delaware General Corporation Law, a corporation may eliminate the right of shareholders to act by written consent by amendment to its certificate of incorporation. Cayman Islands law and our amended and restated memorandum and articles of Association provide that shareholders may approve corporate matters by way of a unanimous written resolution signed by or on behalf of each shareholder who would have been entitled to vote on such matter at a general meeting without a meeting being held.

Shareholder Proposals. Under the Delaware General Corporation Law, a shareholder has the right to put any proposal before the annual meeting of shareholders, provided it complies with the notice provisions in the governing documents. A special meeting may be called by the board of directors or any other person authorized to do so in the governing documents, but shareholders may be precluded from calling special meetings.

The Companies Act provides shareholders with only limited rights to requisition a general meeting, and does not provide shareholders any right to put any proposal before a meeting. However, these rights may be provided in the company's memorandum and articles of association.

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. Under the laws of the Cayman Islands, there is no cumulative voting for the election of directors unless so provided in the memorandum and articles of association of a company.

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. Under our amended and restated memorandum and articles of association, our Company may by ordinary resolution passed by shareholders appoint any person to be a director or may by ordinary resolution remove any director.

Transactions with Interested Shareholders. The Delaware General Corporation Law contains a business combination statute applicable to Delaware corporations whereby, unless the corporation has specifically elected not to be governed by such statute by amendment to its certificate of incorporation, it is prohibited from engaging in certain business combinations with an "interested shareholder" for three years following the date that such person becomes an interested shareholder. An interested shareholder generally is a person or a group who or which owns or owned 15% or more of the target's outstanding voting share within the past three years. This has the effect of limiting the ability of a potential acquirer to make a two-tiered bid for the target in which all shareholders would not be treated equally. The statute does not apply if, among other things, prior to the date on which such shareholder becomes an interested shareholder, the board of directors approves either the business combination or the transaction which resulted in the person becoming an interested shareholder. This encourages any potential acquirer of a Delaware corporation to negotiate the terms of any acquisition transaction with the target's board of directors.

Cayman Islands law has no comparable statute. As a result, we cannot avail ourselves of the types of protections afforded by the Delaware business combination statute. However, although Cayman Islands law does not regulate transactions between a company and its significant shareholders, it does provide that such transactions must be entered into bona fide in the best interests of the company and not with the effect of constituting a fraud on the minority shareholders.

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.

Under Cayman Islands law, a company may be wound up by either an order of the courts of the Cayman Islands or by a special resolution of its members or, if the company is unable to pay its debts as they fall due, by an ordinary resolution of its members. The court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the court, just and equitable to do so.

Variation of Rights of Shares. Under the Delaware General Corporation Law, a corporation may vary the rights of a class of shares with the approval of a majority of the outstanding shares of such class, unless the certificate of incorporation provides otherwise. Under our amended and restated memorandum and articles of association, if our share capital is divided into more than one class of shares, we may vary the rights attached to any class with the consent in writing of the holders of two-thirds of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class.

Amendment of Governing Documents. Under the Delaware General Corporation Law, a corporation's governing documents may be amended with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. As permitted by Cayman Islands law, our amended and restated memorandum and articles of association may only be amended with a special resolution of our shareholders.

Rights of Non-resident or Foreign Shareholders. There are no limitations imposed by our amended and restated memorandum and articles of association on the rights of non-resident or foreign shareholders to hold or exercise voting rights on our shares. In addition, there are no provisions in our amended and restated memorandum and articles of association governing the ownership threshold above which shareholder ownership must be disclosed.

C. Material Contracts

Other than in the ordinary course of business and other than those described in "Item 4. Information on the Company" or "Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions" or elsewhere in this annual report, we have not entered into any material contract during the two years immediately preceding the date of this annual report.

D. Exchange Controls

Other than applicable taxation, anti-money laundering, and counter-terrorist financing law and regulations and certain economic sanctions which may be in force from time to time, including as described in "Item 4. Information on the Company—B. Business Overview—Regulation—Regulations on Foreign Exchange and Regulations on Dividend Distribution," there are no exchange control regulations or currency restrictions in the Cayman Islands, or any provision of the Articles, which would prevent the transfer of capital or remittance of dividends, interest and other payments to holders of the Company's securities who are not residents of the Cayman Islands on a general basis.

E. Taxation

The following summary of the material Cayman Islands, Hong Kong and U.S. federal income tax consequences of an investment in our ADSs or ordinary shares is based upon laws and relevant interpretations thereof in effect as of the date of this annual report, all of which are subject to change. This summary does not deal with all possible tax consequences relating to an investment in our ADSs or ordinary shares, such as the tax consequences under U.S. state and local tax laws or under the tax laws of jurisdictions other than the Cayman Islands, Hong Kong and the United States. To the extent that the discussion relates to matters of Cayman Islands tax law, it represents the opinion of Appleby, our counsel as to Cayman Islands law.

Cayman Islands Taxation

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. There are no exchange control regulations or currency restrictions in the Cayman Islands.

Pursuant to Section 6 of the Tax Concessions Act (as revised) of the Cayman Islands, we have obtained an undertaking from the Governor-in-Council:

- that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciation shall apply to us or our operations; and
- that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on our shares, debentures or other obligations.

The undertaking for us is for a period of 20 years from August 8, 2019.

U.S. Federal Income Tax Considerations

The following discussion is a summary of U.S. federal income tax considerations generally applicable to the ownership and disposition of our ADSs or ordinary shares by a U.S. holder (as defined below) that holds our ADSs or ordinary shares as “capital assets” (generally, property held for investment) under the U.S. Internal Revenue Code of 1986, as amended (“Code”). This discussion is based upon provisions of the Code and Treasury regulations, rulings and judicial interpretations thereof, in force as of the date hereof. Those authorities are subject to differing interpretations and may be changed, possibly with retroactive effect. No ruling has been sought from the Internal Revenue Service (“IRS”) with respect to any U.S. federal income tax consequences described below, and there can be no assurance that the IRS or a court will not take a contrary position. This discussion does not address all aspects of U.S. federal income taxation that may be important to particular investors in light of their individual circumstances, including investors subject to special tax rules (for example, certain financial institutions, insurance companies, broker-dealers, traders in securities that have elected the mark-to-market method of accounting for their securities, accrual method taxpayers subject to special tax accounting rules as a result of their use of financial statements, partnerships and their partners, controlled foreign corporations, passive foreign investment companies, regulated investment companies, real estate investment trusts, and tax-exempt organizations (including private foundations)), investors who are not U.S. holders, investors who own (directly, indirectly, or constructively) 10% or more of our stock by vote or value, investors that hold their ADSs or ordinary shares as part of a straddle, hedge, conversion, constructive sale, or other integrated transaction for U.S. federal income tax purposes, or investors that have a functional currency other than the U.S. dollar, all of whom may be subject to tax rules that differ significantly from those summarized below. In addition, this discussion does not discuss any non-U.S., alternative minimum tax, state, or local tax or any non-income tax (such as the U.S. federal gift or estate tax) considerations, or the Medicare tax on net investment income. Each U.S. holder is urged to consult its tax advisor regarding the U.S. federal, state, local, and non-U.S. income and other tax considerations of an investment in our ADSs or ordinary shares.

WE URGE POTENTIAL PURCHASERS OF OUR ADSs OR ORDINARY SHARES TO CONSULT THEIR OWN TAX ADVISORS CONCERNING THE U.S. FEDERAL, STATE, LOCAL AND NON-U.S. TAX CONSEQUENCES OF PURCHASING, OWNING AND DISPOSING OF OUR ADSs OR ORDINARY SHARES.

General

For purposes of this discussion, a “U.S. holder” is a beneficial owner of our ADSs or ordinary shares that is, for U.S. federal income tax purposes, (i) an individual who is a citizen or resident of the United States, (ii) a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created in, or organized under the laws of, the United States or any state thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source, or (iv) a trust (A) the administration of which is subject to the primary supervision of a U.S. court and which has one or more U.S. persons who have the authority to control all substantial decisions of the trust or (B) that has otherwise elected to be treated as a U.S. person under applicable U.S. Treasury regulations.

If a partnership (or other entity or arrangement treated as a partnership for U.S. federal income tax purposes) is a beneficial owner of our ADSs or ordinary shares, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. Partnerships holding our ADSs or ordinary shares and partners in such partnerships are urged to consult their tax advisors as to the particular U.S. federal income tax consequences of an investment in our ADSs or ordinary shares.

For U.S. federal income tax purposes, a U.S. holder of ADSs will generally be treated as the beneficial owner of the underlying shares represented by the ADSs. The remainder of this discussion assumes that a U.S. holder of our ADSs will be treated as the beneficial owner of the underlying shares represented by the ADSs. Accordingly, deposits or withdrawals of ADSs or ordinary shares will generally not be subject to U.S. federal income tax.

Passive Foreign Investment Company Considerations

A non-U.S. corporation, such as our company, will be a “passive foreign investment company,” or “PFIC,” for U.S. federal income tax purposes, if, in any particular taxable year, either (i) 75% or more of its gross income for such year consists of certain types of “passive” income or (ii) 50% or more of the value of its assets (generally determined on the basis of a quarterly average) during such year produce or are held for the production of passive income. Cash is generally categorized as a passive asset. However, under recently proposed Treasury regulations, on which taxpayers may rely, an amount of cash held in a non-interest bearing financial account that is held for the present needs of an active trade or business and is no greater than the amount necessary to cover operating expenses incurred in the ordinary course of the trade or business and reasonably expected to be paid within 90 days is generally not treated as a passive asset. The company’s goodwill and other unbooked intangibles associated with active business activities may generally be classified as active assets. Passive income generally includes, among other things, dividends, interest, rents, royalties, and gains from the disposition of passive assets.

We will be treated as owning a proportionate share of the assets and earning a proportionate share of the income of any other corporation if we own, directly or indirectly, at least 25% (by value) of such other corporation’s stock. Based upon our current and expected income and assets and projections as to the market price of our ordinary shares and the ADSs, we do not presently expect to be a PFIC for the current taxable year.

While we do not expect to be or become a PFIC in the current taxable year, the determination of whether we are or will become a PFIC will depend in part upon the value of our goodwill and other unbooked intangibles (which will depend upon the market price of our ordinary shares and the ADSs from time-to-time, which may be volatile). In estimating the value of our goodwill and other unbooked intangibles, we have taken into account our market capitalization. Among other matters, if our market capitalization is less than anticipated or subsequently declines, we may be or become a PFIC for the current or future taxable years. It is also possible that the IRS may challenge our classification or valuation of our goodwill and other unbooked intangibles, which may result in our company being or becoming a PFIC for the current or one or more future taxable years.

The determination of whether we will be or become a PFIC will also depend, in part, on the composition of our income and assets, which may be affected by how, and how quickly, we use our liquid assets and the cash raised in financing activities. If we hold a substantial amount of cash, our risk of being classified as a PFIC may substantially increase. Because our PFIC status for any taxable year is a factual determination that can be made only after the close of a taxable year, there can be no assurance that we will not be a PFIC for the current taxable year or any future taxable year. If we are a PFIC for any year during which a U.S. holder holds our ADSs or ordinary shares, we generally will continue to be treated as a PFIC for all succeeding years during which such U.S. holder holds our ADSs or ordinary shares.

The discussion below under “Dividends” and “Sale or Other Disposition of ADSs or Ordinary Shares” is written on the basis that we will not be or become a PFIC for U.S. federal income tax purposes. The U.S. federal income tax rules that apply if we are a PFIC for the current taxable year or any subsequent taxable year are generally discussed below under “Passive Foreign Investment Company Rules.”

Dividends

Subject to the PFIC rules discussed below, any cash distributions paid on our ADSs or ordinary shares (including the amount of any tax withheld) out of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles, will generally be includible in the gross income of a U.S. holder as dividend income on the day actually or constructively received by the U.S. holder, in the case of ordinary shares, or by the depository, in the case of ADSs. Because we do not intend to determine our earnings and profits on the basis of U.S. federal income tax principles, we will generally report any distribution paid as a dividend for U.S. federal income tax purposes. Dividends received on the ADSs or ordinary shares will not be eligible for the dividends received deduction allowed to corporations.

Individuals and other non-corporate U.S. holders will generally be subject to tax at the lower capital gain tax rate applicable to “qualified dividend income,” provided that certain conditions are satisfied, including that (1) our ADSs are readily tradable on an established securities market in the United States or if we are eligible for the benefits of certain applicable U.S. treaties, (2) we are neither a PFIC nor treated as such with respect to a U.S. holder (as discussed below) for the taxable year in which the dividend was paid and the preceding taxable year, and (3) certain holding period requirements are met. If the requirements of the immediately preceding sentence are not satisfied, a dividend paid by us to a U.S. holder, including a U.S. holder that is an individual, estate, or trust, generally will be taxed at ordinary income tax rates (and not at the preferential tax rates applicable to long-term capital gains). Because our ADSs are listed on the Nasdaq Capital Market and are therefore readily tradable on an established securities market in the United States, we will be a qualified foreign corporation with respect to dividends paid on the ADSs. There can be no assurance that our ADSs will continue to be considered readily tradable on an established securities market in later years. Since we do not expect that our ordinary shares will be listed on established securities markets, we do not believe that dividends that we pay on our ordinary shares that are not backed by ADSs currently meet the conditions required for the reduced tax rate. The dividend rules are complex. Each non-corporate U.S. holder is advised to consult its tax advisors regarding the availability of the reduced tax rate applicable to qualified dividend income for any dividends we pay with respect to our ADSs or ordinary shares.

Dividends generally will be treated as income from foreign sources for U.S. foreign tax credit purposes and generally will constitute passive category income which is treated separately from other types of income for purposes of computing the foreign tax credit allowable to you. The rules governing the foreign tax credit are complex. U.S. holders are advised to consult their tax advisors regarding the availability of the foreign tax credit under their particular circumstances.

Sale or Other Disposition of ADSs or Ordinary Shares

Subject to the PFIC rules discussed below, a U.S. holder generally will recognize capital gain or loss upon the sale or other disposition of ADSs or ordinary shares in an amount equal to the difference between the amount realized upon the disposition and the U.S. holder’s adjusted tax basis in such ADSs or ordinary shares. Any capital gain or loss will be long-term if the ADSs or ordinary shares have been held for more than one year and generally will be U.S. source gain or loss for U.S. foreign tax credit purposes. Long-term capital gains of individuals and other non-corporate U.S. holders generally are eligible for a reduced rate of taxation. The deductibility of a capital loss may be subject to limitations.

U.S. holders are advised to consult their tax advisors regarding the tax consequences if a foreign tax is imposed on a disposition of our ADSs or ordinary shares, including the availability of the foreign tax credit under their particular circumstances and the effects of any applicable income tax treaties.

Passive Foreign Investment Company Rules

If we are a PFIC for any taxable year during which a U.S. holder holds our ADSs or ordinary shares, and unless the U.S. holder makes certain election such as a mark-to-market election (as described below), the U.S. holder will generally be subject to special tax rules that have a penalizing effect, regardless of whether we remain a PFIC, for subsequent taxable years, on (i) any excess distribution that we make to the U.S. holder (which generally means any distribution paid during a taxable year to a U.S. holder that is greater than 125% of the average annual distributions paid in the three preceding taxable years or, if shorter, the U.S. holder’s holding period for the ADSs or ordinary shares), and (ii) any gain realized on the sale or other disposition, including, under certain circumstances, a pledge, of ADSs or ordinary shares. Under the PFIC rules:

- such excess distribution and/or gain will be allocated ratably over the U.S. holder’s holding period for the ADSs or ordinary shares;
- such amount allocated to the current taxable year and any taxable years in the U.S. holder’s holding period prior to the first taxable year in which we are a PFIC, or pre-PFIC year, will be taxable as ordinary income;
- such amount allocated to each prior taxable year, other than a pre-PFIC year, will be subject to tax at the highest tax rate in effect for that year; and
- an interest charge generally applicable to underpayments of tax will be imposed on the tax attributable to each prior taxable year, other than a pre-PFIC year.

If we are a PFIC for any taxable year during which a U.S. holder holds our ADSs or ordinary shares and any of our non- U.S. subsidiaries is also a PFIC, such U.S. holder would be treated as owning a proportionate amount (by value) of the shares of the lower tier PFIC for purposes of the application of these rules. U.S. holders are advised to consult their tax advisors regarding the application of the PFIC rules to any of our subsidiaries.

As an alternative to the foregoing rules, a U.S. holder of “marketable stock” in a PFIC may make a mark-to-market election with respect to our ADSs, provided that the ADSs are regularly traded on the Nasdaq Capital Market. Because a mark-to-market election cannot be made for any lower-tier PFICs that a PFIC may own, a U.S. holder who makes a mark-to-market election with respect to our ADSs will generally continue to be subject to the foregoing rules with respect to such U.S. holder’s indirect interest in any investments held by us that are treated as an equity interest in a PFIC for U.S. federal income tax purposes.

If a U.S. holder makes a mark-to-market election with respect to our ADSs, the U.S. holder generally will (i) include as ordinary income for each taxable year that we are a PFIC the excess, if any, of the fair market value of ADSs held at the end of the taxable year over the adjusted tax basis of such ADSs and (ii) deduct as an ordinary loss the excess, if any, of the adjusted tax basis of the ADSs over the fair market value of such ADSs held at the end of the taxable year, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. The U.S. holder’s adjusted tax basis in the ADSs would be adjusted to reflect any income or loss resulting from the mark-to-market election. Further, in each year that we are a PFIC any gain recognized upon the sale or other disposition of the ADSs will be treated as ordinary income and loss will be treated as ordinary loss, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. If a U.S. holder makes a mark-to-market election it will be effective for the taxable year for which the election is made and all subsequent taxable years unless the ADSs are no longer regularly traded on a qualified exchange or the IRS consents to the revocation of the election. It should also be noted that only the ADSs and not the ordinary shares are currently listed on the Nasdaq Capital Market. Consequently, if a U.S. holder holds ordinary shares that are not represented by ADSs, such holder generally will not be eligible to make a mark-to-market election if we are or were to become a PFIC.

If a U.S. holder makes a mark-to-market election in respect of a PFIC and such corporation ceases to be a PFIC, the U.S. holder will not be required to take into account the mark-to-market gain or loss described above during any period that such corporation is not a PFIC.

We do not intend to provide information necessary for U.S. holders to make qualified electing fund elections, which, if available, would result in tax treatment different from (and generally less adverse than) the general tax treatment for PFICs described above.

If a U.S. holder owns our ADSs or ordinary shares during any taxable year that we are a PFIC, such holder would generally be required to file an annual IRS Form 8621. Each U.S. holder is advised to consult its tax advisors regarding the potential tax consequences to such holder if we are or become a PFIC, including the possibility of making a mark-to-market election.

Information Reporting and Backup Withholding

Dividend payments with respect to our ADSs or ordinary shares and proceeds from the sale, exchange or redemption of our ADSs or ordinary shares may be subject to information reporting to the IRS and possible U.S. backup withholding. A U.S. holder may be eligible for an exemption from backup withholding if the U.S. holder furnishes a correct taxpayer identification number and makes any other required certification or is otherwise exempt from backup withholding. U.S. holders who are required to establish their exempt status may be required to provide such certification on IRS Form W-9. U.S. holders should 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 a U.S. holder’s U.S. federal income tax liability, and such U.S. holder may obtain a refund of any excess amounts withheld under the backup withholding rules by timely filing an appropriate claim for refund with the IRS and furnishing any required information.

Additional Information Reporting Requirements

Certain U.S. holders who are individuals (and certain entities) that hold an interest in “specified foreign financial assets” (which may include our ADSs or ordinary shares) are required to report information relating to such assets, subject to certain exceptions (including an exception for ADSs or ordinary shares held in accounts maintained by certain financial institutions). Penalties can apply if U.S. holders fail to satisfy such reporting requirements. U.S. holders should consult their tax advisors regarding the applicability of these requirements to their acquisition and ownership of our ADSs or ordinary shares.

Hong Kong Taxation

Our wholly-owned Hong Kong subsidiaries are subject to Hong Kong profit tax on their activities conducted in Hong Kong. Effective for tax years ending on or after December 31, 2018, the applicable tax rate was 8.25% on the first HK\$2.0 million of assessable profits and 16.5% on any assessable profits above that threshold. In addition, the 8.25% tax rate can only be utilized by one entity in a controlled group, while all other entities in the controlled group utilize the 16.5% tax rate. Dividends from our Hong Kong subsidiaries to Hywin are exempt from Hong Kong withholding tax.

F. Dividends and Paying Agents

Not applicable.

G. Statement by Experts

Not applicable.

H. Documents on Display

We previously filed a registration statement on Form F-1 (Registration No. 333-253591) with the SEC to register the issuance and sale of our ordinary shares represented by ADSs in our initial public offering. We have also filed a registration statement on Form F-6 (Registration No. 333-254412) with the SEC to register the ADSs.

We are subject to periodic reporting and other informational requirements of the Exchange Act as applicable to foreign private issuers, and are required to file reports and other information with the SEC. Specifically, we are required to file annually an annual report on Form 20-F within four months after the end of each fiscal year, which is June 30, and are required to furnish reports on Form 6-K. All information filed with and furnished to the SEC can be obtained over the internet at the SEC’s website at www.sec.gov. As a foreign private issuer, we are exempt from the rules under the Exchange Act requiring the filing of quarterly reports and proxy statements, and officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act.

We will furnish Deutsche Bank Trust Company Americas, the depository of the ADSs, with our annual reports, which will include a review of operations and annual audited consolidated financial statements prepared in conformity with U.S. GAAP, and all notices of shareholders’ meetings and other reports and communications that are made generally available to our shareholders. The depository will make such notices, reports and communications available to holders of ADSs and, upon our request, will mail to all record holders of ADSs the information contained in any notice of a shareholders’ meeting received by the depository from us.

I. Subsidiary Information

Not applicable.

Item 11. Quantitative and Qualitative Disclosures about Market Risk

Credit Risk

Financial instruments that potentially subject us to significant concentrations of credit risk consist primarily of cash and cash equivalents. As of June 30, 2024, most of our cash and cash equivalents and restricted cash was held by major financial institutions located in Hong Kong. We believe that these financial institutions located in Hong Kong are of high credit quality. For accounts receivable, short-term loan receivables, and deposit to suppliers, we extend credit based on an evaluation of the customer's or other parties' financial condition, generally without requiring collateral or other security. In order to minimize the credit risk, we have dedicated staff responsible for credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Further, we review the recoverable amount of each individual receivable at each balance sheet date to ensure that adequate allowances are made for doubtful accounts. In this regard, we consider that our credit risk for accounts receivable and deposit to suppliers is significantly reduced.

Customer Concentration Risk

For the year ended June 30, 2024, three customers accounted for 57%, 21% and 8% of our total revenues. For the year ended June 30, 2023, three customers accounted for 42%, 40% and 1% of our total revenues. For the year ended June 30, 2022, three customers accounted for 67%, 3% and 3% of our total revenues. No other customer accounted for more than 10% of our revenue for the years ended June 30, 2022, 2023 and 2024, respectively.

Liquidity Risk

We are exposed to liquidity risk, which is the risk that we will be unable to provide sufficient capital resources and liquidity to meet our commitments and business needs. Liquidity risk is controlled by the application of financial position analysis and monitoring procedures. When necessary, we will turn to other financial institutions to obtain short-term funding to meet the liquidity shortage, or raise additional capital via equity offerings.

Interest Rate Risk

We have not been exposed to material risks due to changes in market interest rates, and we have not used any derivative financial instruments to manage our interest risk exposure.

We expect rising or falling interest rates may have a material impact on our financial condition unless uncertainty about the direction and timing of interest rate changes materially affects the level of borrowing and lending activity in the economy.

We may invest in interest-earning instruments. Investments in both fixed rate and floating rate interest earning instruments carry a degree of interest rate risk. Fixed rate securities may have their fair market value adversely impacted due to a rise in interest rates, while floating rate securities may produce less income than expected if interest rates fall.

Foreign Currency Risk

Substantially all of our operating activities and our assets and liabilities are denominated in either Hong Kong dollars or U.S. dollars. Since 1983, the Hong Kong dollar has been pegged to the U.S. dollar at the rate of approximately HK\$7.80 to US\$1.00. There is no assurance that Hong Kong's currency pegging policy will not be changed in the future. If the pegging system changes or if Hong Kong dollars suffer devaluation, our business, financial condition and results of operations could be materially and adversely affected.

Item 12. Description of Securities Other than Equity Securities

A. Debt Securities

Not applicable.

B. Warrants and Rights

Not applicable.

C. Other Securities

Not applicable.

D. American Depositary Shares

Fees and Expenses

As an ADS holder, you are required to pay the following service fees to the depositary bank and certain taxes and governmental charges (in addition to any applicable fees, expenses, taxes and other governmental charges payable on the deposited securities represented by the ADSs):

Service Fee

| | |
|---|---|
| To any person to which ADSs are issued or to any person to which a distribution is made in respect of ADS distributions pursuant to stock dividends or other free distributions of stock, bonus distributions, stock splits or other distributions (except where converted to cash) | Up to US\$0.05 per ADS issued |
| · Cancellation of ADSs, including the case of termination of the deposit agreement | Up to US\$0.05 per ADS cancelled |
| · Distribution of cash dividends | Up to US\$0.05 per ADS held |
| · Distribution of cash entitlements (other than cash dividends) and/or cash proceeds from the sale of rights, securities and other entitlements | Up to US\$0.05 per ADS held |
| · Distribution of ADSs pursuant to exercise of rights | Up to US\$0.05 per ADS held |
| · Distribution of securities other than ADSs or rights to purchase additional ADSs | Up to US\$0.05 per ADS held |
| · Depository services | Up to US\$0.05 per ADS held on the applicable record date(s) established by the depositary bank |

As an ADS holder, you are responsible for paying certain fees and expenses incurred by the depositary bank and certain taxes and governmental charges (in addition to any applicable fees, expenses, taxes and other governmental charges payable on the deposited securities represented by any of your ADSs) such as:

- Fees for the transfer and registration of ordinary shares charged by the registrar and transfer agent for the ordinary shares in the Cayman Islands (i.e., upon deposit and withdrawal of ordinary shares).
- Expenses incurred for converting foreign currency into U.S. dollars.
- Expenses for cable, telex and fax transmissions and for delivery of securities.
- Taxes and duties upon the transfer of securities, including any applicable stamp duties, any stock transfer charges or withholding taxes (i.e., when ordinary shares are deposited or withdrawn from deposit).
- Fees and expenses incurred in connection with the delivery or servicing of ordinary shares on deposit.
- Fees and expenses incurred in connection with complying with exchange control regulations and other regulatory requirements applicable to ordinary shares, deposited securities, ADSs and ADRs.
- Any applicable fees and penalties thereon.

The depositary fees payable upon the issuance and cancellation of ADSs are typically paid to the depositary bank by the brokers (on behalf of their clients) receiving the newly issued ADSs from the depositary bank and by the brokers (on behalf of their clients) delivering the ADSs to the depositary bank for cancellation. The brokers in turn charge these fees to their clients. Depositary fees payable in connection with distributions of cash or securities to ADS holders and the depositary services fee are charged by the depositary bank to the holders of record of ADSs as of the applicable ADS record date.

The depositary fees payable for cash distributions are generally deducted from the cash being distributed or by selling a portion of distributable property to pay the fees. In the case of distributions other than cash (i.e., share dividends, rights), the depositary bank charges the applicable fee to the ADS record date holders concurrent with the distribution. In the case of ADSs registered in the name of the investor (whether certificated or uncertificated in direct registration), the depositary bank sends invoices to the applicable record date ADS holders. In the case of ADSs held in brokerage and custodian accounts (via DTC), the depositary bank generally collects its fees through the systems provided by DTC (whose nominee is the registered holder of the ADSs held in DTC) from the brokers and custodians holding ADSs in their DTC accounts. The brokers and custodians who hold their clients' ADSs in DTC accounts in turn charge their clients' accounts the amount of the fees paid to the depositary banks.

In the event of refusal to pay the depositary fees, the depositary bank may, under the terms of the deposit agreement, refuse the requested service until payment is received or may set off the amount of the depositary fees from any distribution to be made to the ADS holder.

The depositary may make payments to us or reimburse us for certain costs and expenses, by making available a portion of the ADS fees collected in respect of the ADR program or otherwise, upon such terms and conditions as we and the depositary bank agree from time to time.

Payment of Taxes

As an ADS holder, you are responsible for any taxes or other governmental charges payable, or which become payable, on your ADSs or on the deposited securities represented by any of your ADSs. The depositary may refuse to register or transfer your ADSs or allow you to withdraw the deposited securities represented by your ADSs until such taxes or other charges are paid. It may apply payments owed to you or sell deposited securities represented by your ADSs to pay any taxes owed and you will remain liable for any deficiency. If the depositary sells deposited securities, it will, if appropriate, reduce the number of ADSs to reflect the sale and pay to you any net proceeds, or send to you any property, remaining after it has paid the taxes. You agree to indemnify us, the depositary, the custodian and each of our and their respective agents, directors, employees and affiliates for, and hold each of them harmless from, any claims with respect to taxes (including applicable interest and penalties thereon) arising from any refund of taxes, reduced rate of withholding at source or other tax benefit obtained for you. Your obligations under this paragraph shall survive any transfer of ADRs, any surrender of ADRs and withdrawal of deposited securities or the termination of the deposit agreement.

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies

None.

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

Material Modifications to the Rights of Security Holders

None.

Use of Proceeds

The following “Use of Proceeds” information relates to the registration statement on Form F-1 for our initial public offering (File Number 333-253591), which was declared effective by the SEC on March 25, 2021. Our initial public offering closed in March 2021. Network 1 Financial Securities, Inc., Alexander Capital L.P. and Valuable Capital Limited were the underwriters for our initial public offering. We offered and sold an aggregate of 3,000,000 ADSs (each representing two ordinary shares) at an initial public offering price of US\$10.00 per ADS, taking into account the ADSs sold upon the exercise of the over-allotment option by our underwriters. We raised US\$28.0 million in net proceeds from our initial public offering after deducting underwriting commissions and discounts and the offering expenses payable by us.

For the period from the effective date of the registration statement to June 30, 2024, the total expenses incurred for our company’s account in connection with our initial public offering was US\$2.0 million, which included US\$1.7 million in underwriting discounts and commissions for the initial public offering and US\$0.3 million in other costs and expenses for our initial public offering. None of the transaction expenses included payments to directors or officers of our company or their associates, persons owning more than 10% or more of our equity securities or our affiliates. None of the net proceeds from the initial public offering were paid, directly or indirectly, to any of our directors or officers or their associates, persons owning 10% or more of our equity securities or our affiliates.

For the period from March 25, 2021, the date that the registration statement was declared effective by the SEC, to June 30, 2024, we have used net proceeds from our initial public offering to grow our asset management service business and wealth management service business in China in the amount of US\$19.6 million approximately. We have been placing the rest of our net proceeds into short-term interest-bearing deposits with licensed banks. Based on our ongoing reevaluation of the changing business environment, we may deploy portions of the net proceeds for additional purposes, such as developing or acquiring consumer technology, consumer healthcare and enterprise technology businesses.

Item 15. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, under the supervision and with the participation of our chief executive officer and principle financial officer, carried out an evaluation of the effectiveness of our disclosure controls and procedures as of June 30, 2024. As defined in Rule 13a-15(e) of the Exchange Act, the term disclosure controls and procedures means controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms, and to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our chief executive officer and principle financial officer as appropriate to allow timely decisions regarding required disclosures.

Based upon that evaluation, our chief executive officer and principle financial officer have concluded that, as of the end of the period covered by this annual report, our disclosure controls and procedures were not effective as of June 30, 2024.

Management's Annual Report on Internal Control over Financial Reporting and Attestation Report of the Registered Public Accounting Firm

This annual report does not include a report of management's assessment regarding internal control over financial reporting or an attestation report by our independent registered public accounting firm due to a transition period established by rules of the SEC for newly public companies. We are also not required to provide an attestation report by our independent registered public accounting firm because we qualify as an emerging growth company.

Because of such inherent limitations, our internal control over financial reporting may not prevent or detect misstatements. Also, projection of any evaluation of effectiveness to future periods is subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies and procedures may deteriorate.

Internal Control over Financial Reporting

In the course of preparing our combined financial statements, we identified the following material weaknesses, which were first identified before we became a public company in March 2021, and had been in place for the years ended June 30, 2023 and 2024. As defined in the standards established by the U.S. Public Company Accounting Oversight Board, a "material weakness" is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

The material weakness identified related to (i) our lack of sufficient resources with U.S. GAAP and SEC reporting experience in the accounting department to provide accurate information in a timely manner; (ii) our lack of key monitoring mechanisms such as internal control department to oversee and monitor our risk management, business strategies and financial reporting procedures, also we have not adequately designed and documented management review controls to properly detect and prevent certain accounting errors and omitted disclosures in the footnotes to the combined financial statements; (iii) our lack of revenue progress monitoring mechanisms, such as no established transaction progress synchronization mechanism between the business side and the finance side, leading to the inability to track the timing of insurance policy effectiveness or service fulfillment, and potential misrecognition of commission income based on the collection of service fee rather than at risk transfer point; (iv) our lack of control in contract management, such as failure to systematically archive insurance brokerage or distribution agreements, which may affect our revenue recognition accuracy; and (v) our lack of automated interface to obtain the fair value of the underlying fund's or mandate's net assets, which may cause miscalculation risks to our revenue accuracy, and (vi) our lack of documented approval process exists for revenue transactions requiring collaboration between business, legal, and finance teams, to ensure revenue is recorded only when supporting documents are complete and (vii) our lack of a centralized referring expense policy with predefined calculation formulas and hierarchical review (e.g., supervisor approval) for variable compensation calculations and (viii) our lack of disposal approval records (such as board resolution, asset retirement forms) were provided to verify the existence of fixed assets and (ix) our lack of policies for critical transactions (revenue, commissions, bonuses) are either nonexistent or not formally communicated.

Neither we nor our independent registered public accounting firm undertook a comprehensive assessment of our internal control under the Sarbanes-Oxley Act for purposes of identifying and reporting any material weakness or significant deficiency in our internal control over financial reporting. Had we performed a formal assessment of our internal control over financial reporting or had our independent registered public accounting firm performed an audit of our internal control over financial reporting, additional material weaknesses may have been identified.

To remediate the material weakness identified in internal control over our financial reporting, we have: (a) hired an experienced personnel in accounting department with adequate experience with financial reporting and compliance requirements; (b) continued our efforts to provide ongoing training courses in U.S. GAAP to existing personnel, including our Principal Financial Officer; (c) continued our efforts to enhance the effectiveness of our internal control over financial reporting by increasing technology adoption, reducing reliance on paper records or single personnel, and migrating our internal processes to cloud-based software systems that are suitable for U.S. reporting companies, which we believe will enhance areas such as contract management, document retention, transaction approvals, and automation in financial reporting. The implementation of these measures may not fully address the material weaknesses identified in our internal control over financial reporting and we cannot conclude that they have been fully remedied.

We qualify as an “emerging growth company” pursuant to the JOBS Act. An emerging growth company may take advantage of specified reduced reporting and other requirements that are otherwise applicable generally to public companies. These provisions include exemption from the auditor attestation requirement under Section 404 of the Sarbanes-Oxley Act of 2002 in the assessment of the emerging growth company’s internal control over financial reporting.

Changes in Internal Control over Financial Reporting

The changes in our internal control 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 are described above.

Item 16A. Audit Committee Financial Expert

Our board of directors has determined that Ms. CHEN Jie, a member of our audit committee and an independent director (under the standards set forth in Rule 5605(c)(2) of the Nasdaq Stock Market Rules and Rule 10A-3 under the Securities Exchange Act of 1934), is an audit committee financial expert as defined in Item 16A of Form 20-F.

Item 16B. Code of Ethics

Our board of directors has adopted a code of business conduct and ethics that applies to our directors, officers and employees. Certain provisions of our code of business conduct and ethics apply specifically to our chief executive officer, chief financial officer, other chief officers, senior financial officer, controller, senior vice presidents, vice presidents and any other persons who perform similar functions for us. We have posted a copy of our code of business conduct and ethics on our website at <https://ir.santechholdings.com/corporate/corporate-governance>. The information contained on our website is not included in, or incorporated by reference into, this annual report on Form 20-F.

Item 16C. Principal Accountant Fees and Services

The following table sets forth the aggregate fees by categories specified below in connection with certain professional services rendered by Audit Alliance LLP, our principal external auditors for the fiscal year ended June 30 2024, and Marcum Asia CPAs LLP (formerly Marcum Bernstein & Pinchuk LLP), our principal external auditors for the first half of the fiscal year ended June 30, 2024 and the fiscal years ended June 30, 2023 and 2022.

| | For the years ended June 30, | | |
|-----------------------------------|------------------------------|--------------|---------|
| | 2022 | 2023 US\$ | 2024 |
| Audit fees ⁽¹⁾ | 761,182 | 618,000 | 555,000 |
| Audit-related fees ⁽²⁾ | Nil | Nil | Nil |
| Tax fees ⁽³⁾ | Nil | Nil | Nil |
| All other fees ⁽⁴⁾ | Nil | Nil | Nil |

- (1) “Audit fees” means the aggregate fees billed in each of the fiscal years listed for professional services rendered by our principal auditors for the audit of our annual financial statements and assistance with and review of documents filed or furnished with the SEC including interim earnings releases.
- (2) “Audit-related fees” means the aggregate fees billed in each of the fiscal years listed for professional services rendered by our principal auditors associated with certain permissible services that are reasonably related to the performance of the audit or review of our financial statements and are not reported under “audit fees.”
- (3) “Tax fees” means the aggregate fees billed in each of the fiscal years listed for professional services rendered by our principal auditors associated with certain permitted tax compliance, tax advice and tax planning services.
- (4) “All other fees” means the aggregate fees billed in each of the fiscal years listed for professional services rendered by our principal auditors associated with certain permissible services to review and comment on internal control design over financial reporting and other advisory services.

The policy of our audit committee is to pre-approve all audit and non-audit services provided by the principal external auditors, including audit services, audit-related services, tax services and other services as described above, other than those for de minimis services which are approved by the audit committee prior to the completion of the audit.

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

On January 22, 2025, our audit committee and board of directors approved the engagement of Audit Alliance LLP ("Audit Alliance") and the dismissal of Marcum Asia CPAs LLP ("Marcum Asia") as our independent registered public accounting firm for the fiscal year ended June 30, 2024 for U.S. financial reporting purposes, effective from November 15, 2024. Our decision to change auditor was due to significant changes in our business focuses, including the discontinuation of our historical businesses in the PRC, and significant reduction in scale as previously disclosed, and not as a result of any disagreement between the Company and Marcum Asia on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedures.

The audit reports of Marcum Asia on the financial statements of the Company as of and for the years ended June 30, 2022 and 2023 did not contain an adverse opinion or a disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope, or accounting principles.

During the fiscal years ended June 30, 2022 and 2023 and in the subsequent interim period through Marcum Asia's dismissal on November 15, 2024, there have been no disagreements (as described under Item 16F(a)(1)(iv) of Form 20-F) between the Company and Marcum Asia on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedures, which disagreements if not resolved to Marcum Asia's satisfaction, would have caused Marcum Asia to make reference to the subject matter of such disagreements in its reports on the financial statements for such years.

During the financial years ended June 30, 2022 and 2023 and up to the date of Marcum Asia's dismissal on November 15, 2024, there were no reportable event (as that term is described in Item 16F(a)(1)(v) of Form 20-F) except as described below:

1. As disclosed in the Company's previous 20-F filings, there were material weaknesses that have been identified relating to (i) our lack of sufficient resources with U.S. GAAP and the SEC reporting experiences in the accounting department to provide accurate information on a timely manner; (ii) our lack of key monitoring mechanisms such as internal audit department to oversee and monitor our risk management, business strategies and financial reporting procedures, and also our lack of adequately designed and documented management review controls to properly detect and prevent certain accounting errors and omitted disclosures in the footnotes to the consolidated financial statements.
2. Marcum Asia also noted that on September 17, 2024, the Company announced that its then Chairman of the Board, Han Hongwei, and its then Chief Executive Officer, Madame Wang Dian, had been detained by and were under investigation by Chinese authorities. The Company was unable to provide Marcum Asia with further information on the situation regarding the Company's then Chairman of the Board or then Chief Executive Officer before Marcum Asia's dismissal. As such, Marcum Asia was unable to assess whether this matter would require them to significantly expand the scope of its audit or whether it may continue to rely on the previous management's representations or be associated with the Company's financial statements.

We provided a copy of the foregoing disclosure to Marcum Asia and requested that Marcum Asia furnish us with a letter addressed to the SEC stating whether it agrees with the statements made above, and if not, stating the respects in which it does not agree. A copy of the letter from Marcum Asia is filed as Exhibit 15.4 to this annual report on Form 20-F.

During the Company's most recent two fiscal years and in the subsequent interim period through November 15, 2024, neither the Company nor anyone on its behalf has consulted with Audit Alliance on either (a) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on the Company's financial statements, and neither a written report nor oral advice was provided to the Company that Audit Alliance concluded was an important factor considered by the Company in reaching a decision as to any accounting, audit, or financial reporting issue or (b) any matter that was the subject of a disagreement, as that term is defined in Item 16F(a)(1)(iv) of Form 20-F (and the related instructions thereto) or a reportable event as set forth in Item 16F(a)(1)(v)(A) through (D) of Form 20-F.

Item 16G. Corporate Governance

As a Cayman Islands company with ADSs listed on the Nasdaq Capital Market, we are subject to the Nasdaq Stock Market Rules. However, the Nasdaq Stock Market Rules permit a foreign private issuer like us to follow the corporate governance practices of its home country in lieu of certain provisions applicable to U.S. domestic public companies. Certain corporate governance practices in the Cayman Islands, which is our home country, differ significantly from the Nasdaq listing standards. Our current corporate governance practices differ from Nasdaq corporate governance requirements for U.S. companies in certain respects, as summarized below:

- **Composition of Board.** Nasdaq Rule 5605(b)(1) requires a Nasdaq listed company to have a majority of the board be independent. In this regard, we have elected to adopt the practices of our home country, the Cayman Islands, which practices do not require a majority independent board.
- **Under Nasdaq Capital Market standards,** a listed company must have an audit committee of at least 3 members of the Board and be comprised only of independent directors. The Cayman Islands does not require a publicly traded company to establish such committee. We have established an audit committee, consisting of three independent directors, Ms. Chen Jie, Mr. Joel A. Gallo and Mr. Howard Chan.
- **Under Nasdaq Capital Market standards,** a listed company must have a compensation committee composed only of independent directors. The Cayman Islands does not require a publicly traded company to establish such committee. As a foreign private issuer, we intend to follow our home country practice and will not establish a compensation committee composed only of independent directors. We have established a remuneration committee, consisting of our Chairman, Mr. Lawrence Wai Lok, and two independent directors, Mr. Howard Chan and Mr. Geoffrey Kam.
- **Under Nasdaq Capital Market standards,** a listed company must have a nominating/corporate governance committee composed only of independent directors. The Cayman Islands does not require a publicly traded company to establish such committees. As a foreign private issuer, we intend to follow our home country practice and will not establish a nominating/corporate governance committee.

Our shareholders may be afforded less protection than they would otherwise enjoy under the Nasdaq corporate governance listing standards applicable to U.S. domestic issuers. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our ADSs—As a company incorporated in the Cayman Islands, we are permitted to adopt certain home country practices in relation to corporate governance matters in lieu of the corporate governance listing standards applicable to U.S. domestic issuers, which home country practices may afford comparatively less protection to shareholders."

Item 16H. Mine Safety Disclosure

Not applicable.

Item 16I. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

As of the date of this annual report, to our best knowledge, (i) no governmental entities in the Cayman Islands or in China own shares of Santech Holdings Limited, (ii) the governmental entities in China do not have a controlling financial interest in Santech Holdings Limited, (iii) none of the members of the board of directors of Santech Holdings Limited is an official of the Chinese Communist Party, and (iv) none of the currently effective memorandum and articles of association of Santech Holdings Limited contains any charter of the Chinese Communist Party.

For information supporting our assertion that governmental entities in China do not have a controlling financial interest in our company, please see the Supplemental Submission Pursuant to Item 16I(a) of Form 20-F filed as Exhibit 15.5 to this annual report.

Item 16J. Insider Trading Policies

We have adopted an insider trading policy governing the purchase, sale, and other dispositions of our securities by directors, senior management, and employees. A copy of the insider trading policy is attached as an exhibit to this annual report.

ITEM 16K. CYBERSECURITY

Cybersecurity risk management is an important part of our overall risk management efforts. Our historical services in wealth management and asset management involve the exchange, storage and analysis of highly confidential information, including detailed personal and financial information, through a variety of electronic and non-electronic means. We rely on a network of process and software controls to protect the confidentiality of data provided to us or stored on our systems. Even though we have exited our historical services in wealth management and asset management and have been phasing out the remaining business in this regard, we still have obligations to protect our historical clients' privacy and confidential information. We will also continue to focus on developing our cybersecurity risk management policies and procedures as we shifted our business focus to exploring various opportunities in consumer technology, consumer healthcare and enterprise technology.

Our board of directors is responsible for overseeing our overall compliance and risk management framework, including cybersecurity risk management. We have also established an internal compliance system to supervise regulation compliance, including compliance with cybersecurity laws and regulations.

We are not faced with any risks from cybersecurity threat that have materially affected or are reasonably likely to materially affect us, including our business, results of operations, or financial condition. However, despite the cybersecurity risk management procedures and measures that we have implemented, we still face risks of security breaches and attacks against our systems and network which may adversely affect our operation and reputation. For more information, see "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business— Any failure to protect our clients' privacy and confidential information could lead to legal liability, adversely affect our reputation and have a material adverse effect on our business, financial condition or results of operations."

PART III

Item 17. Financial Statements

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

Item 18. Financial Statements

The audited combined financial statements of us and our subsidiaries are included at the end of this annual report.

Item 19. Exhibits

| Exhibit | Description of Document |
|---------|--|
| 1.1 | Amended and Restated Memorandum and Articles of Association of the Registrant (incorporated by reference to Exhibit 3.2 to the registration statement on Form F-1 (File No. 333-253591), as amended, initially filed with the Securities and Exchange Commission on February 26, 2021) |
| 2.1 | Specimen American Depositary Receipt (incorporated by reference to Exhibit 4.1 to the registration statement on Form F-1 (File No. 333-253591), as amended, initially filed with the Securities and Exchange Commission on February 26, 2021) |
| 2.2 | Specimen Certificate for Ordinary Shares (incorporated by reference to Exhibit 4.2 to the registration statement on Form F-1 (File No. 333-253591), as amended, initially filed with the Securities and Exchange Commission on February 26, 2021) |
| 2.3 | Form of Deposit Agreement, among Santech Holdings Limited, the depository and holders and beneficial owners of the ADSs (incorporated by reference to Exhibit 4.3 to the registration statement on Form F-1 (File No. 333-253591), as amended, initially filed with the Securities and Exchange Commission on February 26, 2021) |
| 2.4* | Description of Rights of Securities Registered under Section 12 of the Securities Exchange Act of 1934 |
| 4.1* | Form of Restricted Share Award Agreement for 2020 Share Incentive Plan |
| 4.2 | 2020 Share Incentive Plan (incorporated by reference to Exhibit 10.1 to the registration statement on Form F-1 (File No. 333-253591), as amended, initially filed with the Securities and Exchange Commission on February 26, 2021) |
| 4.3 | Form of Employment Agreement between Santech Global Hong Kong Limited and LOK Wai (incorporated by reference to Exhibit 4.5 to the annual and transition report on Form 20-F (File No. 001-40238), filed with the Securities and Exchange Commission on October 12, 2021) |
| 8.1* | List of Significant Subsidiaries |
| 11.1 | Insider Trading Policy (incorporated herein by reference to Exhibit 11.1 to the annual report for the fiscal year ended June 30, 2023 on Form 20-F (File No. 001-40238), filed with the SEC on October 18, 2023) |
| 12.1* | Certification by Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 12.2* | Certification by Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 13.1** | Certification by Principal Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 13.2** | Certification by Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 15.1* | Consent of Audit Alliance, an independent registered public accounting firm |
| 15.2* | Consent of AnJie Broad Law Firm |
| 15.3* | Consent of Appleby |
| 15.4* | Letter from Marcum Asia |

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| 15.5* | Supplemental Submission Pursuant to Item 16I(a) of Form 20-F |
| 101.INS* | Inline XBRL Instance Document |
| 101.SCH* | Inline XBRL Taxonomy Extension Schema Document |
| 101.CAL* | Inline XBRL Taxonomy Extension Calculation Linkbase Document |
| 101.DEF* | Inline XBRL Taxonomy Extension Definition Linkbase Document |
| 101.LAB* | Inline XBRL Taxonomy Extension Label Linkbase Document |
| 101.PRE* | Inline XBRL Taxonomy Extension Presentation Linkbase Document |
| 104* | Cover Page Interactive Data File (embedded within the Inline XBRL document) |

* 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.

Date: May 13, 2025

Santech Holdings Limited

By: /s/ Lawrence Wai LOK

Name: Lawrence Wai LOK

Title: Chairman and CEO

**SANTECH HOLDINGS LTD.
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders
of Santech Holdings Ltd.

Opinion on the Financial Statements

We have audited the accompanying combined balance sheets of Santech Holdings Ltd. and its subsidiaries (the “Company”) as of June 30, 2023 and 2024, the related combined statements of operations and comprehensive loss, changes in shareholders’ equity, and cash flows for each of the years ended June 30, 2022, 2023 and 2024, and the related notes (collectively referred to as the “combined financial statements”). In our opinion, the combined financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2023 and 2024, and the results of its operations and its cash flows for each of the years ended June 30, 2022, 2023 and 2024, in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

We were not engaged to audit, review or apply any procedures to the adjustments to retroactively apply the effects of the loss of control described in note 17, accordingly, we do not express an opinion or any other form of assurance about whether such adjustments are appropriate and have been properly applied.

Material Uncertainty Related to Going Concern

The accompanying combined financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the combined financial statements, the Company incurred net loss of US\$0.74 million in the year ended June 30, 2024 from operations and accumulated deficit of US\$30.7 million as of June 30, 2024 that raise substantial doubt about its ability to continue as a going concern. Management’s plans in regard to these matters are also described in Note 2. The combined financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

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

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

Our audits included performing procedures to assess the risks of material misstatement of the combined 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 combined financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the combined financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the combined financial statements that were communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the combined financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the combined financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Completeness of revenue recognition

As described in Note 2(1) to the combined financial statements, management applies FASB Topic 606, Revenue from Contracts with Customers (“ASC 606”) to recognize revenue. Management recognizes revenue upon the collection of introduction fees from insurance brokers, insurance companies or commercial banks by referring clients to insurance brokers, insurance companies or banks to purchase insurance products offered by insurance companies and wealth management products offered by banks. Managements recognize revenue upon the collection of introduction fees through bank statement or other payment mode by only referral potential customers without further requirement of satisfaction of performance obligation.

The principal considerations for our determination that performing procedures over the full completion of revenue recognition is a critical audit matter. For wealth management fee and asset management fee, this in turn led to significant effort in performing our audit procedures which were designed to evaluate whether the matched collection of introduction fee, the timing of revenue recognition and the subsequent collections of our customers were appropriately identified and accounted for by management under ASC 606.

Accuracy of revenue recognition in relating to transaction price

As described in Note 2(1)to the combined financial statements, for wealth management service, management has minimal monitoring measures and control throughout all stages of referring process and has no access right to obtain the detailed information of matched subscription agreements or related documents. For asset management fee, management has minimized control of service provider process, and has no access to respective fund contract (mandate agreement) and mandate particular portfolio management report, to ensure the transaction price which is either as a percentage of the total investments made by the investors or as a percentage of the fair value of the fund’s or mandate’s net assets.

The principal considerations for our determination that performing procedures over the transaction price accuracy is a critical audit matter. This in turn led to significant effort in performing our audit procedures which were designed to evaluate whether the contractual terms, examining the particular transaction price and commission rate were appropriately identified and accounted for by management under ASC606.

Our audit procedures included, among others, understanding of controls relating to management’s revenue recognition process, confirming revenue collections with a sample of the customers, and detail testing to the balance sheet date.

How the Critical Audit Matter Was Addressed in the Audit

Our audit of revenue recognition included, but was not limited to, the following procedures:

- Understanding of internal controls relating to management assessment of the revenue recognition
- Informed and discussed with Audit Committee;
- Interviewed with personnel involved in the financial reporting process;
- Interviewed with lawyer to assess financial and legal implication related to the financial statements;
- Reviewed minutes of the board of directors meetings;

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- Reviewed journal entries and other adjustments for evidence of possible material misstatement
- Examined original transaction related documents;
- Reviewed the bank statements

We have served as the Company's auditor since 2024.

/s/ Audit Alliance LLP

Singapore

May 13, 2025

SANTECH HOLDINGS LTD.
COMBINED BALANCE SHEETS
(In thousands, except for number of shares and per share data)

| | As of June 30, | |
|--|----------------|----------------|
| | 2023 (US\$) | 2024 (US\$) |
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | 12,620 | 15,184 |
| Deposits, prepayments and other current assets | 324 | 320 |
| Total current assets | 12,944 | 15,504 |
| Property and equipment, net | 3 | 3 |
| Intangible assets, net | 2,209 | — |
| Right-of-use asset | 2,198 | 1,235 |
| Total non-current assets | 4,410 | 1,238 |
| Total Assets | 17,354 | 16,742 |
| Liabilities and Shareholders' equity | | |
| Current liabilities: | | |
| Commission payable | 915 | 859 |
| Income tax payable | 55 | 91 |
| Due to related parties | 10,109 | 11,488 |
| Other payables and accrued liabilities | 415 | 433 |
| Lease liability | 1,024 | 1,059 |
| Total current liabilities | 12,518 | 13,930 |
| Deferred tax liabilities | 324 | — |
| Lease liability | 1,309 | 250 |
| Total non-current liabilities | 1,633 | 250 |
| Total Liabilities | 14,151 | 14,180 |
| Shareholders' Equity: | | |
| Ordinary shares (US\$0.0001 par value; authorized 500,000,000 shares; issued and outstanding 56,000,000* shares (28,000,000 ADS) as of June 30, 2023 and 2024, respectively) | 6 | 6 |
| Additional paid-in capital | 33,154 | 33,256 |
| Accumulated deficit | (29,957) | (30,700) |
| Total shareholders' equity | 3,203 | 2,562 |
| Total Liabilities and shareholders' equity | 17,354 | 16,742 |

* The shares are presented on a retroactive basis to reflect the nominal share issuance (Note 10).

The accompany notes are an integral part of these combined financial statements.

SANTECH HOLDINGS LTD.
COMBINED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(In Thousands, except for share and per share data, or otherwise stated)

| | Years Ended June 30, | | |
|---|----------------------|----------------|----------------|
| | 2022 (US\$) | 2023 (US\$) | 2024 (US\$) |
| Net revenues | | | |
| Wealth management | 6,790 | 15,632 | 24,104 |
| Asset management | 2,197 | 2,952 | 3,919 |
| Total net revenues | 8,987 | 18,584 | 28,023 |
| Operating cost and expenses | | | |
| Compensation and benefits | 4,173 | 6,486 | 17,259 |
| Share-based compensation expense | 1,137 | 753 | 102 |
| Sales and marketing expenses | 2,398 | 2,653 | 3,490 |
| General and administrative expenses | 6,761 | 7,021 | 5,520 |
| Asset impairment loss | — | 5,305 | 2,158 |
| Total operating cost and expenses | 14,469 | 22,218 | 28,529 |
| Loss from operations | (5,482) | (3,634) | (506) |
| Other income/(expenses) | | | |
| Interest income/(expense) | 105 | 141 | (61) |
| Other (expense)/ income, net | (890) | 24 | 54 |
| Total other (expense)/income, net | (785) | 165 | (7) |
| Loss before income tax expense | (6,267) | (3,469) | (513) |
| Income tax expense | (5) | — | (230) |
| Net loss and comprehensive loss | (6,272) | (3,469) | (743) |
| Loss per share | | | |
| Loss per | | | |
| Ordinary share - Basic | (0.11) | (0.06) | (0.01) |
| Ordinary share - diluted | (0.11) | (0.06) | (0.01) |
| ADS - Basic | (0.22) | (0.12) | (0.03) |
| ADS - Diluted | (0.22) | (0.12) | (0.03) |
| Weighted average number outstanding: | | | |
| Ordinary share - Basic | 56,000,000 | 56,000,000 | 56,000,000 |
| Ordinary share - Diluted | 56,000,000 | 56,000,000 | 56,000,000 |
| ADS - Basic | 28,000,000 | 28,000,000 | 28,000,000 |
| ADS - Diluted | 28,000,000 | 28,000,000 | 28,000,000 |

The accompany notes are an integral part of these combined financial statements.

SANTECH HOLDINGS LTD.
COMBINED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(In Thousands, except for share and per share data, or otherwise stated)

| | Ordinary shares | | Additional paid-in capital (US\$) | Statutory reserves (US\$) | (Accumulated deficit/ Retained earnings (US\$) | Accumulated other comprehensive income (US\$) | Total Shareholders' equity (US\$) |
|---|--------------------------------|------------------|--|---------------------------------|--|---|--|
| | Number of ordinary shares * | Amount (US\$) | | | | | |
| Balance as of June 30, 2021 | 56,000,000 | 6 | 77,870 | 12,068 | 20,990 | 663 | 111,597 |
| Loss of control | — | — | (46,606) | (12,068) | (41,206) | (663) | (100,543) |
| Adjusted balance as of June 30, 2021 | 56,000,000 | 6 | 31,264 | — | (20,216) | — | 11,054 |
| Net income for the year | — | — | — | — | (6,272) | — | (6,272) |
| Share-based compensation recognized in equity | — | — | 1,137 | — | — | — | 1,137 |
| Balance as of June 30, 2022 | 56,000,000 | 6 | 32,401 | — | (26,488) | — | 5,919 |
| Net income for the year | — | — | — | — | (3,469) | — | (3,469) |
| Share-based compensation recognized in equity | — | — | 753 | — | — | — | 753 |
| Balance as of June 30, 2023 | 56,000,000 | 6 | 33,154 | — | (29,957) | — | 3,203 |
| Net income for the year | — | — | — | — | (743) | — | (743) |
| Share-based compensation recognized in equity | — | — | 102 | — | — | — | 102 |
| Balance as of June 30, 2024 | 56,000,000 | 6 | 33,256 | — | (30,700) | — | 2,562 |

* The shares are presented on a retroactive basis to reflect the nominal share issuance (Note 10).

The accompany notes are an integral part of these combined financial statements.

SANTECH HOLDINGS LTD.
COMBINED STATEMENTS OF CASH FLOWS
(In thousands)

| | Years Ended June 30, | | |
|---|----------------------|----------------|----------------|
| | 2022 (US\$) | 2023 (US\$) | 2024 (US\$) |
| Cash flows from operating activities | | | |
| Net loss | (6,272) | (3,469) | (743) |
| Adjustments to reconcile net loss to net cash provided by operating activities | | | |
| Depreciation and amortization | 1,711 | 1,176 | 1,014 |
| Expected credit loss | 5 | 6 | 49 |
| Share-based compensation expenses | 1,137 | 753 | 102 |
| Asset impairment loss | — | — | 2,158 |
| Changes in deferred taxes | — | — | (324) |
| Changes in operating assets and liabilities | | | |
| Deposits, prepayments and other current assets | 15 | 125 | (45) |
| Due from related parties | 10,686 | 1,386 | — |
| Commission payable | (6,068) | 489 | (56) |
| Income tax payable | 5 | — | 36 |
| Lease liability | (1,590) | (955) | (1,024) |
| Other payables and accrued liabilities | 264 | (173) | 18 |
| Due to related parties | — | 10,109 | 1,379 |
| Net cash (used in)/ provided by operating activities | (107) | 9,447 | 2,564 |
| Cash flows from investing activity | | | |
| Payment for intangible assets | — | (256) | — |
| Net cash used in investing activity | — | (256) | — |
| Net (decrease)/increase in cash, cash equivalents | (107) | 9,191 | 2,564 |
| Cash and cash equivalents at beginning of the year | 3,536 | 3,429 | 12,620 |
| Cash and cash equivalents at end of the year | 3,429 | 12,620 | 15,184 |
| Supplemental disclosure of cash flow information: | | | |
| Income taxes paid | — | 3 | 192 |
| Supplemental disclosure of non-cash flow information: | | | |
| Right-of-use assets obtained in exchange for operating lease obligations | — | 2,916 | — |

The accompany notes are an integral part of these combined financial statements.

SANTECH HOLDINGS LTD.
NOTES TO COMBINED FINANCIAL STATEMENTS
(In Thousands, except for share and per share data, or otherwise stated)

1. Organization

Santech Holdings Ltd. (“Santech”, the “Company”) was incorporated in the Cayman Islands on July 19, 2019. The Company, through its subsidiaries in Hong Kong, primarily engaged in providing wealth management service and asset management service in Hong Kong through its Hong Kong subsidiaries during the reporting period.

In preparing the combined financial statements as of and for fiscal year ended June 30, 2024, management determines that it has lost all control of its subsidiaries, variable interest entities (“VIEs”), assets and operations in China. On June 28, 2024, Santech terminated its contractual arrangements with Hywin Wealth Management, which, along with its subsidiaries, was previously its primary corporate vehicle to provide wealth management services in China. Since September 2024, Mr. Han Hongwei, previously Chairman of the Board, and Madame Wang Dian, previously Chief Executive Officer and a director of the Company, have been detained by and are under investigation by certain branch office of Shanghai Municipal Public Security Bureau. As of the date of this report, they have not been charged and no further updates have been provided to the Company. As such, they have been unable to fulfill their obligations to the Company under the VIE agreements, and the Company is unable to enforce its rights against them under the VIE agreements, and their assets in the PRC have been frozen since then. In addition, despite that the contractual arrangements with the remaining VIEs have not yet been terminated, Santech has not been able to exercise control over any of its PRC subsidiaries or VIEs given that all of the Company’s subsidiaries and VIEs in the PRC were owned or controlled by Han Hongwei and as a result are seized in the PRC. Accordingly, Santech deems to have lost de facto control of all of its PRC subsidiaries, VIEs, and their associated assets and operations, and deems its contractual agreements with its VIEs as invalid. Santech’s combined financial statements for the year ended June 30, 2024 are prepared excluding such PRC subsidiaries and VIEs. For the years ended June 30, 2022 and 2023, Santech’s combined financial statements are recast to exclude PRC subsidiaries and VIEs as well for the purpose of comparison.

On March 26, 2021, the Company completed its initial public offering (“IPO”) of 3,000,000 ADSs at US\$10.00 per ADS on NASDAQ. Each ADS represents two ordinary shares of the Company.

SANTECH HOLDINGS LTD.
NOTES TO COMBINED FINANCIAL STATEMENTS
(In Thousands, except for share and per share data, or otherwise stated)

As of June 30, 2024, detailed information of the Company’s major subsidiaries is summarized as follows:

| <u>Name of the entity</u> | <u>Date of incorporation</u> | <u>Percentage of ownership</u> | <u>Place of incorporation</u> | <u>Principle business activities</u> |
|---|------------------------------|--------------------------------|-------------------------------|--|
| Subsidiaries | | | | |
| Santech Holdings Limited | July 19, 2019 | — | Cayman Islands | Investment holding |
| Santech Global BVI Limited | July 26, 2019 | 100 % | BVI | Investment holding |
| Santech Global International Limited | August 20, 2019 | 100 % | Hong Kong | Investment holding |
| Santech Global Hong Kong Limited | May 3, 2016 | 100 % | Hong Kong | Investment holding and provision of client services |
| Haiyin Insurance (Hong Kong) Co., Limited * | August 24, 2016 | 100 % | Hong Kong | Investment holding |
| Hywin International Insurance Broker Limited * | March 23, 2006 | 100 % | Hong Kong | Provision of insurance brokerage services |
| Haiyin International Asset Management Limited * | September 15, 2016 | 100 % | Hong Kong | Investment holding |
| Hywin Asset Management (Hong Kong) Limited * | January 9, 2013 | 100 % | Hong Kong | Provision of wealth management and asset management services |

* disposal after June 30, 2024

2. Summary of Significant Accounting Policies

a) Basis of presentation

The Company’s combined financial statements are prepared and presented in accordance with generally accepted accounting principles in the United States of America (“U.S. GAAP”).

b) Principles of combination

The Company’s combined financial statements include the accounts of the Company and its subsidiaries, of which the Company is the primary beneficiary, from the dates they were acquired or incorporated. All inter-company transactions and balances have been eliminated upon combination.

c) Liquidity and going concern

The Company incurred a net loss of US\$0.74 million in the year ended June 30, 2024 and the accumulated deficit was US\$30.7 million as of June 30, 2024. These factors raise substantial doubts about the Company’s ability to continue as a going concern.

Despite the Company’s effort to obtain additional funding and reduce operating costs, there is no assurance that the Company’s plans and actions will be successful. In addition, there can be no assurance that in the event additional sources of funds are needed they will be available on acceptable terms, if at all. The accompanying financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern.

SANTECH HOLDINGS LTD.
NOTES TO COMBINED FINANCIAL STATEMENTS
(In Thousands, except for share and per share data, or otherwise stated)

d) Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the related disclosure of contingent assets and liabilities at the date of these combined financial statements, and the reported amounts of revenue and expenses during the reporting period. The Company continually evaluates these estimates and assumptions based on the most recently available information, historical experience and various other assumptions that the Company believes to be reasonable under the circumstances. Significant accounting estimates reflected in the Company's combined financial statements include but are not limited to estimates and judgments applied in determination of allowance for doubtful assets, expected credit loss, impairment losses for long-lived assets, impairment of indefinite-lived intangibles. Since the use of estimates is an integral component of the financial reporting process, actual results could differ from those estimates.

e) Foreign currency translation and transactions

The Company's reporting currency is US dollars ("US\$") and the functional currency of the Company and its subsidiaries is the US\$ and Hong Kong dollars ("HK\$"). For those subsidiaries which have the functional currency other than US\$, the financial statements are translated from their respective functional currencies into US\$. Assets and liabilities are translated using the exchange rate at each balance sheet date. Revenue and expenses are translated using average rates prevailing during each reporting period, and shareholders' equity is translated at historical exchange rates. For the years ended June 30, 2022, 2023 and 2024, there are no translation differences from the subsidiaries' functional currency to the reporting currency as it pegged to the reporting currency (US\$1: HK\$7.8).

f) Cash and cash equivalents

Cash and cash equivalents consist of bank deposits, which are unrestricted as to withdrawal and use. The Company considers all highly liquid investments with original maturities of three months or less at the time of purchase to be cash equivalents. For the years ended June 30, 2022, 2023 and 2024, the Company recognized an impairment loss of nil, US\$5,305 and nil on cash deposits held at Pingan Bank and Ningbo Bank, due to the lost de facto control of its PRC bank accounts. As of June 30, 2023 and 2024, the Company accrued the full amount provision of the bank balance.

g) Expected credit loss

In June 2016, the FASB issued ASU 2016-13: Financial Instruments-Credit Losses (Topic 326), which requires entities to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. In establishing an allowance for credit losses, the Company uses reasonable and supportable information, which is based on historical collection experience, the financial condition of its assumptions for the future movement of different economic drivers and how these drivers will affect each other. The Company writes off potentially uncollectible receivable against the allowance for credit losses if it is determined that the amounts will not be collected or if a settlement with respect to a disputed receivable is reached for an amount that is less than the carrying value.

We recognized allowance of credit losses of US\$5, US\$6 and US\$49 for other current assets for the years ended June 30, 2022, 2023 and 2024, respectively.

SANTECH HOLDINGS LTD.
NOTES TO COMBINED FINANCIAL STATEMENTS
(In Thousands, except for share and per share data, or otherwise stated)

h) Intangible assets, net

The Company's intangible assets primarily consisted of software purchased from third-party suppliers and license. Hong Kong Securities and Futures Commission financial licenses ("HKSFC financial licenses"), Membership of Hong Kong Professional Insurance Brokerage Association ("HK insurance brokerage license") and others obtained through various business combination transactions. Estimated useful lives of intangible assets are as following:

| | |
|----------|-----------------|
| Software | 3-5 years |
| License | indefinite life |

Software is initially recorded at historic acquisition cost and amortized on a straight-line basis over the estimated useful lives of 3 to 5 years.

HKSFC financial licenses and HK insurance brokerage license acquired through the acquisition of Hywin Asset Management (Hong Kong) Limited and Hywin International Insurance Broker Limited, respectively, were initially recorded at cost, as the assets acquired and liabilities assumed in the respective transactions did not constitute a business, and the transactions were accounted for as asset acquisitions.

HKSFC financial licenses and HK insurance brokerage license were determined to have an indefinite useful life. As a result, these intangible assets should not be amortized until its useful life is determined to be no longer indefinite.

If an intangible asset that is not being amortized is subsequently determined to have a finite useful life, the asset will be tested for impairment and then be amortized prospectively over its estimated remaining useful life and accounted for in the same way as intangible assets subject to amortization.

i) Leases

The right-of-use assets and related lease liability are recognized at the lease commencement date. The Company recognizes operating lease expenses on a straight-line basis over the lease term.

Right-of-use of assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liability. The cost of right-of-use assets includes the amount of lease liability recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. All right-of-use assets are reviewed for impairment annually. There was no impairment for right-of-use lease assets for the years ended December 31, 2022, 2023 and 2024.

Lease liability

Lease liability is initially measured at the present value of the outstanding lease payments at the commencement date, discounted using the Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed lease payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee and any exercise price under a purchase option that the Company is reasonably certain to exercise. Lease liability is measured at amortized cost using the effective interest rate method. It is re-measured when there is a change in future lease payments, if there is a change in the estimate of the amount expected to be payable under a residual value guarantee, or if there is any change in the Company assessment of option purchases, contract extensions or termination options.

The Company elected not to recognize short-term leases with an initial lease term of twelve months or less.

SANTECH HOLDINGS LTD.
NOTES TO COMBINED FINANCIAL STATEMENTS
(In Thousands, except for share and per share data, or otherwise stated)

j) Fair value of financial instruments

The Company's financial instruments primarily consist of cash and cash equivalents and deposit to suppliers. The carrying values of these financial instrument approximate fair values due to their short maturities.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. This topic also establishes a fair value hierarchy which requires classification based on observable and unobservable inputs when measuring fair value. There are three levels of inputs that may be used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Determining which category an asset or liability falls within the hierarchy requires significant judgment. The Company evaluates its hierarchy disclosures each quarter.

k) Impairment of Long-lived assets

All long-lived assets, which include tangible long-lived assets and intangible long-lived assets with finite lives, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of long-lived assets to be held and used is measured by a comparison of the carrying amount of the asset to the estimated undiscounted future cash flows expected to be generated by the assets. If the carrying amount of an asset exceeds its estimated future undiscounted cash flows, an impairment loss is recognized for the difference between the carrying amount of the asset and its fair value. For the years ended June 30, 2022, 2023 and 2024, the Company recognized impairment of long-lived assets of nil, nil and US\$192 respectively.

An intangible asset that is not subject to amortization shall be tested for impairment annually and more frequently if events or changes in circumstances indicate that it is more likely than not that the asset is impaired. Based on the qualitative assessment, if it is more likely than not that the fair value of an indefinite-lived intangible asset is less than the carrying value, a quantitative test to measure the amount of impairment must be performed. The quantitative impairment test compares the fair value of the asset with the carrying amount. If the carrying amount exceeds the fair value, then an impairment loss equal to that excess is recorded. For the years ended June 30, 2022, 2023 and 2024, the Company recognized impairment of indefinite-lived intangible assets of nil, nil and US\$1,966 respectively.

l) Revenue recognition

In accordance with ASC Topic 606, revenues are recognized when control of the promised goods or services is transferred to the Company's customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services. In determining when and how much revenue is recognized from contracts with customers, the Company performs the following five-step analysis: (1) identify the contract(s) with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; (5) recognize revenue when (or as) the entity satisfies a performance obligation.

SANTECH HOLDINGS LTD.
NOTES TO COMBINED FINANCIAL STATEMENTS
(In Thousands, except for share and per share data, or otherwise stated)

Wealth management service

It mainly represents revenues generated from providing insurance brokerage service which represents one-time referral fee the Company earns by serving as a broker to insurance agency companies through facilitating the sales of various insurance products offered by the insurance companies.

The Company provides insurance brokerage services by only referring clients to insurance brokers or insurance companies to purchase insurance products offered by insurance companies and receives introductions fees from insurance brokers or insurance companies regardless of the effectiveness of insurance products commencement. The Company did not have further performance obligation after referring clients to insurance brokers or insurance companies to purchase insurance products offered by insurance companies. The Company enters into referral agreements with insurance brokers or insurance companies to specify key terms and conditions of each arrangement. The Company has minimal monitoring measures to control throughout all stages of referring process and has no right to obtain detailed information about matched agreements or related documents. These referral fees are normally calculated as a percentage of first year premium depending on the type of insurance product.

Insurance brokerage services are considered to be rendered and completed, and revenue is recognized, at the time when referral service is completed and the receipts of referral fee. Accordingly, the Company does not accrue any insurance brokerage service prior to the receipt of the related insurance products referral fee.

Asset management service

Revenues generated from providing asset management service represents management fees and performance-based income the Company earns by serving as an investment manager.

Management fees

Management fees generated from the Company's asset management services are earned from providing investment management service throughout the duration of various investment funds.

Revenues of asset management fees are recognized point in time when management fees are collected which is calculated in accordance with the respective fund contract or mandate agreement, either as a percentage of the total investments made by the investors or as a percentage of the fair value of the fund's or mandate's net assets on a monthly basis. The management fees do not include any rights of return, credits or discounts, rebates, price protection or other similar privileges, once determined.

Performance-based income

In a typical asset management arrangement in which the Company serves as a fund manager, beside management fee, the Company is also entitled to a performance-based fee based on the extent by which the fund's investment performance exceeds a certain threshold calculated on a monthly basis. The performance-based fees earned by the Company are a form of variable consideration in the Company's asset management contracts with customers.

Such revenues of performance-based income from providing asset management services are recognized at a point in time when the performance of the fund can be determined and the Company receive above mentioned service fee.

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NOTES TO COMBINED FINANCIAL STATEMENTS
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The following tables present the Company's revenues disaggregated by service line and timing of revenue recognition:

| | Year Ended June 30, 2022 | | |
|--|--------------------------|---------------------|-----------------------|
| | Wealth Management | Asset Management | Total Net Revenues |
| | US\$ | US\$ | US\$ |
| Revenues recognized at a point in time | 6,790 | 2,197 | 8,987 |
| Total | 6,790 | 2,197 | 8,987 |

| | Year Ended June 30, 2023 | | |
|--|--------------------------|---------------------|-----------------------|
| | Wealth Management | Asset Management | Total Net Revenues |
| | US\$ | US\$ | US\$ |
| Revenues recognized at a point in time | 15,632 | 2,952 | 18,584 |
| Total | 15,632 | 2,952 | 18,584 |

| | Year Ended June 30, 2024 | | |
|--|--------------------------|---------------------|-----------------------|
| | Wealth Management | Asset Management | Total Net Revenues |
| | US\$ | US\$ | US\$ |
| Revenues recognized at a point in time | 24,104 | 3,919 | 28,023 |
| Total | 24,104 | 3,919 | 28,023 |

m) Compensation and benefit

Compensation and benefits primarily include base salary, sales commission and other compensation and benefits of the Company's relationship managers, who directly contribute to the Company's revenues generation activities, such as distribution of insurance products under wealth management and provision of investment management services under asset management.

Unpaid commissions were separately presented as commission payable and commission payable-long term on the Company's combined balance sheets, depending on whether the amounts are expected to be paid within or after one year of each reporting date.

n) Related party

The Company adopted ASC 850, Related Party Disclosures, for the identification of related parties and disclosure of related party transactions. Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or significant influence, such as a family member or relative, shareholder, or a related corporation.

SANTECH HOLDINGS LTD.
NOTES TO COMBINED FINANCIAL STATEMENTS
(In Thousands, except for share and per share data, or otherwise stated)

o) Income taxes

The Company follows the guidance of ASC Topic 740 “Income taxes” and uses asset and liability method to account for income taxes. Under this method, deferred tax assets and liabilities are determined based on the difference between the financial reporting and tax bases of assets and liabilities using enacted tax rates that will be in effect in the period in which the differences are expected to reverse. The Company records a valuation allowance to offset deferred tax assets, if based on the weight of available evidence, it is more-likely-than-not that some portion, or all, of the deferred tax assets will not be realized. The effect on deferred taxes of a change in tax rates is recognized in statement of loss and comprehensive loss in the period that includes the enactment date.

p) Uncertain tax positions

The Company uses a more likely than not threshold for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. As a result, the impact of an uncertain income tax position is recognized at the largest amount that is more-likely-than-not to be sustained upon audit by the relevant tax authority. An uncertain income tax position will not be recognized if it has less than a 50% likelihood of being sustained.

Interest on non-payment of income taxes under requirement by tax law and penalties associated with tax positions when a tax position does not meet the minimum statutory threshold to avoid payment of penalties recognized, if any, will be classified as a component of the provisions for income taxes. The tax returns of the Company’s Hong Kong subsidiaries are subject to examination by the relevant local tax authorities. According to the Departmental Interpretation and Practice Notes No.10 (Revised) (“DIPN10”) of the Hong Kong Inland Revenue Ordinance (the “HK tax laws”), an investigation normally covers the six years of the assessment prior to the year of the assessment in which the investigation commences. In the case of fraud and willful evasion, the investigation is extended to cover ten years of assessment. For the years ended June 30, 2022, 2023 and 2024, the Company did not have any material interest or penalties associated with tax positions. The Company did not have any significant unrecognized uncertain tax positions as of June 30, 2023 and 2024. The Company does not expect that its assessment regarding unrecognized tax positions will materially change over the next 12 months. For the years ended June 30, 2022, 2023 and 2024, the Company does not have any entity that is under tax examination.

q) Share-based compensation

The Company’s share-based payment transactions with employees are measured based on the grant-date fair value of the instruments, with recognition of either a corresponding increase in equity or a liability, depending on whether the instruments granted satisfy the equity or liability classification criteria. The fair value of the award is recognized as compensation expense, net of estimated forfeitures, over the period during which an employee is required to provide service in exchange for the award on straight line basis, which is generally the vesting period. Refer to Note 15 for details.

r) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (the “CODM”), which is comprised of chief executive officer of the Company’s management team. Strategic decisions are made based on the combined results of the Company as a whole, which the CODM reviews when evaluating overall performance and resource allocation. Consequently, as of June 30, 2022, 2023 and 2024, the Company operated one segment with two revenue categories.

s) Earnings per share

Basic earnings per share is computed by dividing income attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue ordinary shares were exercised or converted into ordinary shares. Ordinary shares issuable upon the exercise of option are included in the computation of diluted earnings per share on an “if-converted” basis when the impact is dilutive.

SANTECH HOLDINGS LTD.
NOTES TO COMBINED FINANCIAL STATEMENTS
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t) Commitments and contingencies

The Company accrues estimated losses from loss contingencies by a charge to income when information available before financial statements are issued or are available to be issued indicates that it is probable that an asset had been impaired, or a liability had been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Legal expenses associated with the contingency are expensed as incurred. If a loss contingency is not probable or reasonably estimable, disclosure of the loss contingency is made in the financial statements when it is at least reasonably possible that a material loss could be incurred.

u) Comparative information

Certain items in prior years combined financial statements have been reclassified to conform to the current period's presentation to facilitate comparison.

v) Recent issued or adopted accounting standards

In January 2025, the FASB issued ASU 2025-01 Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40). The Board issued Update 2024-03 on November 4, 2024. Update 2024-03 states that the amendments are effective for public business entities for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. The Board's intent in the basis for conclusions of Update 2024-03 is clear that all public business entities should initially adopt the disclosure requirements in the first annual reporting period beginning after December 15, 2026, and interim reporting periods within annual reporting periods beginning after December 15, 2027.

In November 2024, the FASB issued ASU 2024-03, "Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses". The amendments in this ASU are intended to improve financial reporting by requiring that public business entities disclose additional information about specific expense categories in the notes to financial statements at interim and annual reporting periods. For interim and annual reporting periods, an entity shall disaggregate, in a tabular format disclosure in the notes to financial statements, all relevant expense captions presented on the face of the income statement in continuing operations into the purchases of inventory, employee compensation, depreciation, amortization, and depletion. This ASU is effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. The amendments in this Update should be applied either (1) prospectively to financial statements issued for reporting periods after the effective date of this Update or (2) retrospectively to any or all prior periods presented in the financial statements. We are currently evaluating the impact the adoption of ASU 2024-03 will have on its combined financial statements and related disclosures.

In December 2023, the FASB issued ASU 2023-09, "Income taxes (Topic 740), Improvements to Income Tax Disclosures", which provides guidance on the requirements such as the requirement that public business entities on an annual basis (1) disclose specific categories in the rate reconciliation and (2) provide additional information for reconciling items that meet a quantitative threshold. For public business entities (PBEs), the new requirements will be effective for annual periods beginning after December 15, 2024. For entities other than public business entities (non-PBEs), the requirements will be effective for annual periods beginning after December 15, 2025. Early adoption is permitted for annual financial statements that have not yet been issued or made available for issuance. The ASU should be applied prospectively. Retrospective application is permitted. We are currently evaluating the impact the adoption of ASU 2023-09 will have on its combined financial statements and related disclosures.

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NOTES TO COMBINED FINANCIAL STATEMENTS
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In July 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. The amendments in this Update improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. The amendments in this Update improve financial reporting by requiring disclosure of incremental segment information on an annual and interim basis for all public entities to enable investors to develop more decision-useful financial analyses. The amendments are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024.

3. Deposits, Prepayments and Other Current Assets

| | As of June 30, | |
|---|----------------|------------|
| | 2023 | 2024 |
| | US\$ | US\$ |
| Deposits, Prepayments and Other Current Assets | 324 | 320 |

4. Property and Equipment, net

| | As of June 30, | |
|----------------------------------|----------------|----------|
| | 2023 | 2024 |
| | US\$ | US\$ |
| Electronic equipment, cost | 2,763 | 66 |
| Less: accumulated depreciation | (2,760) | (63) |
| Electronic equipment, net | 3 | 3 |

Depreciation expenses for the years ended June 30, 2022, 2023 and 2024 were approximately US\$207, US\$94 and nil, respectively.

For the years ended June 30, 2022, 2023 and 2024, no impairment loss was recognized for the Company's property and equipment.

5. Intangible Assets, Net

| | As of June 30, | |
|--------------------------------|----------------|--------------|
| | 2023 | 2024 |
| | US\$ | US\$ |
| Computer software | 326 | 326 |
| Licenses | 1,966 | 1,966 |
| Intangible assets, cost | 2,292 | 2,292 |
| Less: accumulated amortization | (83) | (134) |
| accumulated impairment | — | (2,158) |
| Intangible assets, net | 2,209 | — |

Amortization expenses for the years ended June 30, 2022, 2023 and 2024 were approximately US\$3, US\$13 and US\$51, respectively.

For the years ended June 30, 2022, 2023 and 2024, impairment loss of nil, nil and US\$2,158 was recognized for the Company's intangible assets.

SANTECH HOLDINGS LTD.
NOTES TO COMBINED FINANCIAL STATEMENTS
(In Thousands, except for share and per share data, or otherwise stated)

6. Leases

Operating leases as lessee

The Company entered into operating lease agreements primarily for offices. As of June 30, 2024, the Company's operating leases had a weighted average remaining lease term of 1.17 years. As of the same date, the Company's operating leases had a weighted average discount rate of 3.50%.

The following tables show right-of-use asset and lease liability, and the associated financial statement line items:

| | As of June 30, | |
|------------------------------|-----------------------|-------------|
| | 2023 | 2024 |
| | US\$ | US\$ |
| Assets | | |
| Right-of-use asset, net | 2,198 | 1,235 |
| Liability | | |
| Lease liability, current | 1,024 | 1,059 |
| Lease liability, non-current | 1,309 | 250 |

The components of lease expenses are as follows:

| | For the year ended June 30, 2024 |
|-------------------------------------|---|
| | US\$ |
| Operating lease expense | |
| Amortization of right-of-use assets | 963 |
| Interest of lease liability | 61 |
| Total | 1,024 |

Maturities of lease liability were as follows:

| | 2024 |
|--------------------------------------|--------------|
| | US\$ |
| Twelve months ending June 30, | |
| 2024 | — |
| 2025 | 1,085 |
| 2026 | 250 |
| Total lease payments | 1,335 |
| Less: imputed interest | 26 |
| Total | 1,309 |

SANTECH HOLDINGS LTD.
NOTES TO COMBINED FINANCIAL STATEMENTS
(In Thousands, except for share and per share data, or otherwise stated)

7. Other payables and accrued liabilities

| | <u>As of June 30,</u> | |
|---|-----------------------|-------------------|
| | <u>2023</u> | <u>2024</u> |
| | US\$ | US\$ |
| Accrued payroll | 385 | 413 |
| Other current liabilities | 30 | 20 |
| Total other payables and accrued liabilities | <u>415</u> | <u>433</u> |

8. Related party balance

The following table shows the balance of related party:

| | <u>As of June 30,</u> | |
|--|-----------------------|----------------------|
| | <u>2023</u> | <u>2024</u> |
| | US\$ | US\$ |
| Hywin Enterprise Management Consulting (Shanghai) Co., Ltd.* | 10,109 | 11,488 |
| Total due to related party | <u>10,109</u> | <u>11,488</u> |

* The Company's previously combined subsidiary in the PRC recorded as intercompany balances.

9. Income Taxes

The entities within the Company file separate tax returns in the respective tax jurisdictions in which they operate.

Cayman Islands

The Company is incorporated in the Cayman Islands. Under the current laws of the Cayman Islands, the Company is not subject to income or capital gains taxes. In addition, dividend payments are not subject to withholding tax in the Cayman Islands.

British Virgin Islands ("BVI")

Under the current laws of the BVI, the Company's subsidiaries incorporated in BVI are not subject to tax on income or capital gains. Additionally, upon payments of dividends by these BVI companies to respective shareholders, no BVI withholding tax will be imposed.

Hong Kong

Under the current HK tax laws, before April 1, 2018, the income tax rate of Hong Kong was 16.5%. Effective from April 1, 2018, a two-tier corporate income tax system was officially implemented in Hong Kong, which is 8.25% for the first HK\$2.0 million profits, and 16.5% for the subsequent profits. Under the HK tax laws, it is exempted from the Hong Kong income tax on its foreign-derived income. In addition, payments of dividends from Hong Kong subsidiaries to the Company are not subject to any Hong Kong withholding tax.

SANTECH HOLDINGS LTD.
NOTES TO COMBINED FINANCIAL STATEMENTS
(In Thousands, except for share and per share data, or otherwise stated)

For each year ended June 30, 2022, 2023 and 2024, the Company's income before tax consisted of:

| | Years Ended June 30, | | |
|----|----------------------|---------|-------|
| | 2022 | 2023 | 2024 |
| | US\$ | US\$ | US\$ |
| HK | (6,267) | (3,469) | (513) |

For each year ended June 30, 2022, 2023 and 2024, the Company's income tax benefit consisted of:

| | Years Ended June 30, | | |
|---------|----------------------|------|------|
| | 2022 | 2023 | 2024 |
| | US\$ | US\$ | US\$ |
| Current | 5 | — | 230 |

A reconciliation of the income tax expense determined at the HK statutory income tax rate to the Company's actual income tax expense is as follows:

| | Years Ended June 30, | | |
|--|----------------------|---------|--------|
| | 2022 | 2023 | 2024 |
| | US\$ | US\$ | US\$ |
| Income before income tax expense | (6,267) | (3,469) | (513) |
| HK statutory income tax rate | 16.5 % | 16.5 % | 16.5 % |
| Income tax at HK statutory income tax rate | — | — | — |
| Tax effect of income not taxable for tax purpose | 5 | — | 213 |
| Expenses not deductible | — | — | 17 |
| Income tax expense | 5 | — | 230 |

The Company's deferred tax liabilities were recorded as a result of recognition of the identifiable intangible assets acquired from various acquisition transactions. As of June 30, 2023 and 2024, the Company's deferred tax liabilities are US\$324 and nil, respectively.

Total net operating losses (NOLs) carryforwards of the Company's subsidiaries in Hong Kong are US\$848 and US\$5,545 as of June 30, 2023 and 2024, respectively. The NOLs of the Company's subsidiaries in Hong Kong can be carried forward indefinitely. The Company's ability to realize deferred tax assets depends on its ability to generate sufficient taxable income within the carry forward periods provided for in the tax laws. As of June 30, 2023 and 2024, the Company's recorded nil and nil deferred tax assets related to the NOLs.

10. Equity

Ordinary shares

As of June 30, 2020, 50,000,000 ordinary shares were issued at par value, equivalent to share capital of US\$5. On March 26, 2021, the Company completed its IPO of 3,000,000 ADSs at US\$10.00 per ADS on NASDAQ. Each ADS represents two ordinary shares of the Company. As of June 30, 2023 and 2024, 56,000,000 ordinary shares were issued at par value, equivalent to share capital of US\$6, which number of shares was same as that outstanding as of the issuance date of the financial statements.

SANTECH HOLDINGS LTD.
NOTES TO COMBINED FINANCIAL STATEMENTS
(In Thousands, except for share and per share data, or otherwise stated)

11. Earnings Per Share

Basic and diluted earnings per share are calculated as follows:

| | Years Ended June 30, | | |
|--|----------------------|---------------|---------------|
| | 2022 | 2023 | 2024 |
| | US\$ | US\$ | US\$ |
| Numerator: | | | |
| Net loss attributable to shareholders of Santech Holdings Ltd. | (6,272) | (3,469) | (743) |
| Denominator: | | | |
| Denominator for basic loss per share: | | | |
| Weighted average number of ordinary shares outstanding | 56,000,000 | 56,000,000 | 56,000,000 |
| Weighted average number of ADS outstanding | 28,000,000 | 28,000,000 | 28,000,000 |
| Dilutive effect of outstanding share options | — | — | — |
| Denominator for diluted loss per share | 56,000,000 | 56,000,000 | 56,000,000 |
| Denominator for diluted loss per ADS | 28,000,000 | 28,000,000 | 28,000,000 |
| Basic loss per share | (0.11) | (0.06) | (0.01) |
| Diluted loss per share | (0.11) | (0.06) | (0.01) |
| Basic loss per ADS | (0.22) | (0.12) | (0.03) |
| Diluted loss per ADS | (0.22) | (0.12) | (0.03) |

12. Financial information of Parent Company

The Company was incorporated on July 19, 2019 and became parent company of the Company upon the completion of the Reorganization on September 29, 2019. The following disclosures presented the financial positions of the Parent Company as of June 30, 2023 and 2024, and results of its operations and its cash flows for the years ended June 30, 2022, 2023 and 2024, as if the current corporate structure has been in existence throughout the periods presented.

The condensed financial statements of the Parent Company have been prepared using the same accounting policies as set out in the Company's combined financial statements.

The Parent Company and its subsidiaries were included in the combined financial statements whereby the inter-company balances and transactions were eliminated upon combination.

The Company is a Cayman Islands company, therefore, not subjected to income taxes for all years presented.

The footnote disclosures contain supplemental information relating to the operations of the Company and, as such, these statements should be read in conjunction with the notes to the combined financial statements of the Company. Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted.

SANTECH HOLDINGS LTD.
NOTES TO COMBINED FINANCIAL STATEMENTS
(In Thousands, except for share and per share data, or otherwise stated)

Balance Sheets

(In thousands, except for share and per share data, or otherwise stated)

| | As of June 30, | |
|--|----------------|---------------|
| | 2023 | 2024 |
| | (US\$) | (US\$) |
| Asset | | |
| Due from related parties | 27,968 | 27,968 |
| Total Asset | 27,968 | 27,968 |
| Shareholders' Equity: | | |
| Shareholders' Equity: | | |
| Ordinary shares (US\$0.0001 par value; authorized 500,000,000 shares; issued and outstanding 56,000,000 shares as of June 30, 2023 and 2024, respectively) | 6 | 6 |
| Accumulated deficit | 27,962 | 27,962 |
| Total Shareholders' Equity: | 27,968 | 27,968 |
| Total Shareholders' Equity: | 27,968 | 27,968 |

Statements of Operations and COMPREHENSIVE LOSS

(In thousands, except for share and per share data, or otherwise stated)

| | Years Ended June 30, | | |
|-----------------|----------------------|--------------|----------|
| | 2022 | 2023 | 2024 |
| | US\$ | US\$ | US\$ |
| Net loss | (113) | (118) | — |

Statements of Cash Flows

(In thousands, except for share and per share data, or otherwise stated)

| | Years Ended June 30, | | |
|--|----------------------|------|------|
| | 2022 | 2023 | 2024 |
| | US\$ | US\$ | US\$ |
| Cash flows from operating activities | — | — | — |
| Net change in cash and cash equivalents | — | — | — |
| Cash and cash equivalents at beginning of the year | — | — | — |
| Cash and cash equivalents at end of the year | — | — | — |

SANTECH HOLDINGS LTD.
NOTES TO COMBINED FINANCIAL STATEMENTS
(In Thousands, except for share and per share data, or otherwise stated)

13. Employee Defined Contribution Plan

Obligations for contributions to defined contribution retirement plans for full-time employees in Hong Kong, including contributions payable under the Hong Kong Mandatory Provident Fund Schemes Ordinance, are recognized as expenses in the income statement as incurred. The total amounts for such employee benefits were approximately US\$51,401, US\$65,354 and US\$82,227 for the years ended June 30, 2022, 2023 and 2024, respectively.

14. Concentration of Risk

Credit risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and cash equivalents. As of June 30, 2024, all of the Companies' cash and cash equivalents were held by major financial institutions located in Hong Kong. The Company believes that these financial institutions located in Hong Kong China are of high credit quality. For deposit to suppliers, the Company extends credit based on an evaluation of the customer's or other parties' financial condition, generally without requiring collateral or other security. In order to minimize the credit risk, the Company's finance team is responsible for credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Further, the Company reviews the recoverable amount of each individual receivable at each balance sheet date to ensure that adequate allowances are made for doubtful accounts. In this regard, the Company considers that the Company's credit risk for deposit to suppliers is significantly reduced.

Concentration of customers

The following tables summarized the information about the Company's concentration of customers for the years ended June 30, 2022, 2023 and 2024, respectively:

| | A | B | C | D | E | F |
|---------------------------------------|------|------|-----|-----|-----|-----|
| Year Ended June 30, 2024 | | | | | | |
| Revenues, customer concentration risk | 57 % | 21 % | 8 % | * | * | * |
| Year Ended June 30, 2023 | | | | | | |
| Revenues, customer concentration risk | 42 % | 40 % | * | * | * | * |
| Year Ended June 30, 2022 | | | | | | |
| Revenues, customer concentration risk | * | 67 % | 3 % | 2 % | 2 % | 3 % |

* Less than 2%.

15. Share-based Compensation

On September 30, 2019, the Company adopted a share option plan (the "2019 Option Plan") for the employees to purchase ordinary shares of the Company. Under the 2019 Option Plan, the maximum aggregate number of ordinary shares available for issuance would be 2,250,000 ordinary shares. Under 2019 Option Plan, 750,247 options were granted to employees at various exercise prices at US\$1.894, US\$1.946 and US\$2.801 per share to replace options originally granted under a previous 2018 Option Plan. The 2019 Option Plan also granted to the employees 1,499,753 new options of the Company with nil exercise price. The exercise period of any options granted under the 2019 Option Plan shall start from one year after the IPO of the Company through December 31, 2023.

SANTECH HOLDINGS LTD.
NOTES TO COMBINED FINANCIAL STATEMENTS
(In Thousands, except for share and per share data, or otherwise stated)

The options granted and issued under the previous 2018 Option Plan were treated as liabilities due to the repurchase feature attached, allowing the employees to cause the Company to repurchase part or all of the options they hold, which permitted the employees to avoid bearing the risks and rewards normally associated with equity share ownership. As a result, they were measured at fair value when granted and remeasured as of each reporting date, with the changes in fair value of these liability classified awards be recorded in earnings in each reporting period. As of September 30, 2019, the options granted and issued under the previous 2018 Option plan were replaced by the 2019 Option plan with no repurchase feature. According to ASC718, the transaction was classified as modification from a liability award to an equity award. The aggregate amount of compensation cost recognized is generally the fair-value-based measure of the award on the modification date, and no longer has to be remeasured at a fair-value-based amount in each reporting period until settlement.

The options under 2019 Option plan granted to employees contain an explicit service condition, which the options will be considered to be forfeited if the grantees resigned within 5 years after the date they joined the 2018 Option plan or 2019 Option plan (“5-year condition”). Also, all grantees were restricted to convert the options into ordinary shares until a certain period subsequent to the IPO date (“lock up period”). If the grantee resigned from the Company before the IPO or during the lock up period, the Company has the right to cancel their options. The 5-year condition and lock up period are service condition and the exercise of the options were contingent to the IPO, which is a performance condition. Under ASC 718, if the vesting (or exercisability) of an award is based on the satisfaction of both a service and performance condition, the entity must initially determine which outcomes are probable and recognize the compensation cost over the longer of the explicit or implicit service period. Because an IPO generally is not considered to be probable until the IPO is effective, the compensation cost of the 2019 Option plan will only be recognized upon the completion of IPO based on the fair value of grant date as the cumulative effect on current and prior periods of the change in the estimated number of awards for which the requisite service is expected to be rendered. As of June 30, 2020, however, the Company considered the obligation under the 2018 Option plan still exist after the replacement of 2019 Option plan because no forfeiture is expected due to the replacement. As a result, previously recorded share-based compensation liabilities as of September 30, 2019 (i.e. RMB 6,560) based on fair value under 2018 Option plan would be transferred to equity, and the change in value due to the replacement would be recognized after the IPO occurs.

As of March 26, 2021, the Company completed its IPO on NASDAQ, which is regarded as the milestone that it fulfilled both the performance and service condition. As such, the fair value of the options and the compensation cost under the 2019 Option plan should be recognized from March 26, 2021. The grant date of the 2019 Option plan is considered to be September 30, 2019. The requisite service period should start from the earliest signing date of the respective option plan until the later of the one year after IPO successfully and 5 years after earliest option plan signing date. No new options were granted since October 1, 2019.

SANTECH HOLDINGS LTD.
NOTES TO COMBINED FINANCIAL STATEMENTS
(In Thousands, except for share and per share data, or otherwise stated)

The following table summarizes the option activities under the 2018 Option Plan and 2019 Option Plan during the years ended June 30, 2021, 2022, 2023 and 2024, respectively:

| | <u>Number of options</u> | <u>Weighted Average Remaining Contractual Life (Years)</u> | <u>Weighted Average Exercise Price (US\$)</u> |
|--|--------------------------|--|---|
| Outstanding and exercisable, June 30, 2020 | — | — | — |
| Recognition of options originally under 2018 Option Plan and replaced by 2019 Option plan as of March 26, 2021 | 750,247 | 1.11 | 16.43 |
| Recognition of new options granted under 2019 Option plan as of March 26, 2021 | 1,499,753 | 2.00 | — |
| Forfeited | (235,613) | — | 0.74 |
| Exercised | — | — | — |
| As of June 30, 2021 | <u>2,014,387</u> | 1.48 | 5.29 |
| Forfeited | (102,084) | — | 1.21 |
| Exercised | — | — | — |
| As of June 30, 2022 | <u>1,912,303</u> | 0.62 | 5.02 |
| Forfeited | (28,500) | — | 1.27 |
| Exercised | — | — | — |
| As of June 30, 2023 | <u>1,883,803</u> | 0.15 | 5.03 |
| Forfeited | — | — | — |
| Exercised | — | — | — |
| As of June 30, 2024 | <u><u>1,883,803</u></u> | — | 5.48 |

For the year ended June 30, 2021, 2,250,000 options were granted under the 2019 Option plan. The Company recognized share compensation expense for the share options under the 2019 Option plan of US\$1,137, US\$753 and US\$102 for the years ended June 30, 2022, 2023 and 2024, respectively.

16. Commitments and Contingencies

(a) Contingencies

In the ordinary course of business, the Company may be subject to legal proceedings regarding contractual and employment relationships and a variety of other matters. The Company records contingent liabilities resulting from such claims, when a loss is assessed to be probable, and the amount of the loss is reasonably estimable.

There is currently an ongoing class action against the Company in the Supreme Court of New York in the County of New York (docket number: 152554/2024). This is a securities class action lawsuit brought by the plaintiff through a complaint dated March 19, 2024 on behalf of a whole class of investors who purchased the company's stocks during the class period. The plaintiff complained that the registration statement and prospectus issued in the Company's initial public offering in 2021 contained misleading or materially false information, and alleged the Company of fraud, as a result of which investors suffered financial losses on their investments. The Company denied all claims and filed a motion to dismiss all claims asserted in the complaints. The Company and the plaintiff have subsequently proposed settlement at US\$1 million. This lawsuit is pending the Court's decision expected to be in August 2025.

In the opinion of management, there were no other pending or threatened claims and litigation as of June 30, 2023 and 2024 and through the issuance date of these combined financial statements.

SANTECH HOLDINGS LTD.
NOTES TO COMBINED FINANCIAL STATEMENTS
(In Thousands, except for share and per share data, or otherwise stated)

(b) Lease commitment

The short-term leases of the Company mainly consisted of office leasing. As of June 30, 2024, the minimum future commitments under these agreements are as follows.

| | <u>Total</u> US\$ | <u>2025</u> US\$ | <u>2026</u> US\$ |
|--|----------------------|---------------------|---------------------|
| Operating lease commitments under lease agreements | 160 | 128 | 32 |

17. Subsequent Events

On August 14, 2024, the Company further exited its businesses in overseas wealth management and asset management and disposed of certain subsidiaries in Hong Kong, namely, Haiyin Insurance (Hong Kong) Co., Limited and Hywin International Insurance Broker Limited for nil consideration, and Haiyin International Asset Management Limited and Hywin Asset Management (Hong Kong) Limited for \$641. After the disposals, the Company no longer holds financial service licenses or house any personnel licensed to provide financial services in Hong Kong.

On September 2024, Mr. Han Hongwei, previously Chairman of the Board, and Madame Wang Dian, previously Chief Executive Officer and a director of the Company, have been detained by, and are currently under investigation by certain branch office of Shanghai Municipal Public Security Bureau with respect to alleged illegal activities. As such, they have been unable to fulfill their obligations to the Company under the VIE agreements, and the Company is unable to enforce its rights against them under the VIE agreements, and their assets in the PRC have been frozen since then. As a result, the preparation of the combined financial statements as of and for fiscal year ended June 30, 2024, management determines that it has lost control of all of its subsidiaries, variable interest entities ("VIEs"), assets and operations in China. On June 28, 2024, Santech terminated the contractual arrangements with Hywin Wealth Management, which, along with its subsidiaries, was previously its primary corporate vehicle to provide wealth management services in China. In addition, despite that the contractual arrangements with the remaining VIEs have not yet been terminated, Santech has not been able to exercise control over any of its PRC subsidiaries or VIEs given that all of the Company's subsidiaries and VIEs in the PRC were effectively owned or controlled by Han Hongwei and as a result are seized in the PRC. Accordingly, Santech deems to have lost the facto control of all of its PRC subsidiaries, VIEs, and their associated assets and operations, and deems its contractual agreements with its VIEs as invalid. Santech's combined financial statements for the year ended June 30, 2024 are prepared excluding such PRC subsidiaries and VIEs. For the years ended June 30, 2022 and 2023, Santech's combined financial statements are recast to exclude PRC subsidiaries and VIEs as well for the purpose of comparison.

SANTECH HOLDINGS LTD.
NOTES TO COMBINED FINANCIAL STATEMENTS
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The previously issued combined balance sheets as of 30 June, 2023, and combined unaudited statements of loss and comprehensive loss for the years ended 30 June, 2022 and 2023 has been recast as follows:

| | As of June 30, 2023 | | |
|---|-------------------------------------|--|-------------------------|
| | As previously reported (US\$) | Loss of control influence (unaudited) (US\$) | As audited (US\$) |
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents | 120,251 | (107,631) | 12,620 |
| Restricted cash | 10,653 | (10,653) | — |
| Term deposit | 4,000 | (4,000) | — |
| Accounts receivable, net | 57,452 | (57,452) | — |
| Deposits, prepayments and other current assets | 6,420 | (6,096) | 324 |
| Contract assets | 4,635 | (4,635) | — |
| Total current assets | 203,411 | (190,467) | 12,944 |
| Property and equipment, net | 48,394 | (48,391) | 3 |
| Long term investment | 138 | (138) | — |
| Intangible assets, net | 13,646 | (11,437) | 2,209 |
| Goodwill | 35,666 | (35,666) | — |
| Long-term prepayments | 1,336 | (1,336) | — |
| Deferred tax assets, net | 100 | (100) | — |
| Right-of-use assets | 25,784 | (23,586) | 2,198 |
| Total non-current assets | 125,064 | (120,654) | 4,410 |
| Total Assets | 328,475 | (311,121) | 17,354 |
| Liabilities and Shareholders' equity | | | |
| Current liabilities: | | | |
| Commission payable | 23,867 | (22,952) | 915 |
| Accounts payable | 461 | (461) | — |
| Advance from customers | 5,510 | (5,510) | — |
| Investors' deposit | 9,817 | (9,817) | — |
| Income tax payable | 23,222 | (23,167) | 55 |
| Due to related parties | 5,269 | 4,840 | 10,109 |
| Other payables and accrued liabilities | 59,954 | (59,539) | 415 |
| Lease liability | 11,566 | (10,542) | 1,024 |
| Total current liabilities | 139,666 | (127,148) | 12,518 |
| Commission payable-long term | 73 | (73) | — |
| Deferred tax liabilities | 2,772 | (2,448) | 324 |
| Lease liability | 13,911 | (12,602) | 1,309 |
| Total non-current liabilities | 16,756 | (15,123) | 1,633 |
| Total Liabilities | 156,422 | (142,271) | 14,151 |
| Mezzanine equity | | | |
| Redeemable noncontrolling interest | 4,235 | (4,235) | — |
| Total Mezzanine equity | 4,235 | (4,235) | — |
| Ordinary shares (US\$0.0001 par value; authorized 500,000,000 shares; issued and outstanding 56,000,000* shares (ADS 28,000,000) as of June 30, 2023) | 6 | — | 6 |
| Additional paid-in capital | 71,364 | (38,210) | 33,154 |
| Statutory reserves | 17,755 | (17,755) | — |
| Retained earnings (accumulated deficit) | 62,417 | (92,374) | (29,957) |
| Accumulated other comprehensive income | 2,308 | (2,308) | — |
| Total shareholders' equity | 153,850 | (150,647) | 3,203 |
| Noncontrolling interests | 13,968 | (13,968) | — |
| Total shareholders' equity | 167,818 | (164,615) | 3,203 |
| Total Liabilities, Mezzanine equity, and equity | 328,475 | (311,121) | 17,354 |

SANTECH HOLDINGS LTD.
NOTES TO COMBINED FINANCIAL STATEMENTS
(In Thousands, except for share and per share data, or otherwise stated)

| | Years Ended June 30, 2023 | | |
|---|-------------------------------------|--|-------------------------|
| | As previously reported (US\$) | Loss of control influence (unaudited) (US\$) | As audited (US\$) |
| Net revenues | | | |
| From third parties | | | |
| Wealth management | 280,536 | (264,904) | 15,632 |
| Asset management | 4,690 | (1,738) | 2,952 |
| Health Management | 12,454 | (12,454) | — |
| Others | 3,359 | (3,359) | — |
| Total net revenues from third parties | <u>301,039</u> | <u>(282,455)</u> | <u>18,584</u> |
| From a related party | | | |
| Wealth management | 241 | (241) | — |
| Total net revenues from a related party | <u>241</u> | <u>(241)</u> | <u>—</u> |
| Total net revenues | <u>301,280</u> | <u>(282,696)</u> | <u>18,584</u> |
| Operating cost and expenses | | | |
| Compensation and benefits | 166,556 | (160,070) | 6,486 |
| Health management costs | 10,727 | (10,727) | — |
| Share-based compensation expense | 750 | 3 | 753 |
| Sales and marketing expenses | 45,869 | (43,216) | 2,653 |
| General and administrative expenses | 43,530 | (36,509) | 7,021 |
| Impairment loss on goodwill | 5,100 | (5,100) | — |
| Impairment loss on intangible assets | 318 | (318) | — |
| Asset impairment loss | — | 5,305 | 5,305 |
| Total operating cost and expenses | <u>272,850</u> | <u>(250,632)</u> | <u>22,218</u> |
| Income/(loss) from operations | 28,430 | (32,064) | (3,634) |
| Other income/(expenses) | | | |
| Interest income, net | 194 | (53) | 141 |
| Other (expenses)/income, net | (1,020) | 1,044 | 24 |
| Total other (expenses)/income, net | <u>(826)</u> | <u>991</u> | <u>165</u> |
| Income/(loss) before income tax expense | 27,604 | (31,073) | (3,469) |
| Income tax expense | (10,281) | 10,281 | — |
| Net income/(loss) | 17,323 | (20,792) | (3,469) |
| Less: net loss attributable to non-controlling interests | (1,384) | 1,384 | — |
| Net income/(loss) attributable to shareholders | 18,707 | (22,176) | (3,469) |
| Net income/(loss) | 17,323 | (20,792) | (3,469) |
| Other comprehensive income | | | |
| Foreign currency translation gain | 1,184 | (1,184) | — |
| Comprehensive Income/(loss) | 18,507 | (21,976) | (3,469) |
| Less: Comprehensive Loss attributable to non-controlling interest | (1,384) | 1,384 | — |
| Comprehensive income/(loss) attributable to shareholders | 19,891 | (23,360) | (3,469) |
| Earnings/loss per share | | | |
| Earnings per | | | |
| Ordinary share - Basic | 0.33 | — | (0.06) |
| Ordinary share - diluted | 0.32 | — | (0.06) |
| ADS - Basic | 0.67 | — | (0.12) |
| ADS - Diluted | 0.65 | — | (0.12) |
| Weighted average number outstanding: | | | |
| Ordinary share - Basic | 56,000,000 | — | 56,000,000 |
| Ordinary share - Diluted | 57,972,472 | — | 56,000,000 |
| ADS - Basic | 28,000,000 | — | 28,000,000 |
| ADS - Diluted | 28,986,236 | — | 28,000,000 |

SANTECH HOLDINGS LTD.
NOTES TO COMBINED FINANCIAL STATEMENTS
(In Thousands, except for share and per share data, or otherwise stated)

| | Years Ended June 30, 2022 | | |
|--|-------------------------------------|--|-------------------------|
| | As previously reported (US\$) | Loss of control influence (unaudited) (US\$) | As audited (US\$) |
| Net revenues | | | |
| From third parties | | | |
| Wealth management | 293,500 | (286,710) | 6,790 |
| Asset management | 3,016 | (819) | 2,197 |
| Health Management | 65 | (65) | — |
| Others | 3,508 | (3,508) | — |
| Total net revenues from third parties | <u>300,089</u> | <u>(291,102)</u> | <u>8,987</u> |
| From a related party | | | |
| Wealth management | 697 | (697) | — |
| Total net revenues from a related party | <u>697</u> | <u>(697)</u> | <u>—</u> |
| Total net revenues | <u>300,786</u> | <u>(291,799)</u> | <u>8,987</u> |
| Operating cost and expenses | | | |
| Compensation and benefits | 163,295 | (159,122) | 4,173 |
| Share-based compensation expense | 1,137 | — | 1,137 |
| Sales and marketing expenses | 48,286 | (45,888) | 2,398 |
| General and administrative expenses | 37,472 | (30,711) | 6,761 |
| Total operating cost and expenses | <u>250,190</u> | <u>(235,721)</u> | <u>14,469</u> |
| Income/(loss) from operations | 50,596 | (56,078) | (5,482) |
| Other income/(expenses) | | | |
| Interest income, net | 232 | (127) | 105 |
| Other expense, net | (579) | (311) | (890) |
| Total other expenses, net | <u>(347)</u> | <u>(438)</u> | <u>(785)</u> |
| Income/(loss) before income tax expense | 50,249 | (56,516) | (6,267) |
| Income tax expense | (13,719) | 13,714 | (5) |
| Net income/(loss) | 36,530 | (42,802) | (6,272) |
| Net income/(loss) | 36,530 | (42,802) | (6,272) |
| Foreign currency translation gain | 647 | (647) | — |
| Comprehensive income/(loss) | 37,177 | (43,449) | (6,272) |
| Earnings/(loss) per share | | | |
| Earnings/(loss) per | | | |
| Ordinary share - Basic | 0.65 | — | (0.11) |
| Ordinary share - diluted | 0.63 | — | (0.11) |
| ADS - Basic | 1.30 | — | (0.22) |
| ADS - Diluted | 1.26 | — | (0.22) |
| Weighted average number outstanding: | | | |
| Ordinary share - Basic | 56,000,000 | — | 56,000,000 |
| Ordinary share - Diluted | 57,979,504 | — | 56,000,000 |
| ADS - Basic | 28,000,000 | — | 28,000,000 |
| ADS - Diluted | 28,989,752 | — | 28,000,000 |

SANTECH HOLDINGS LTD.
NOTES TO COMBINED FINANCIAL STATEMENTS
(In Thousands, except for share and per share data, or otherwise stated)

| | Years Ended June 30, 2023 | | |
|---|--|---|-------------------------|
| | As previously reported (US\$) | Loss of control influence (unaudited) (US\$) | As audited (US\$) |
| Cash flows from operating activities | | | |
| Net income/(loss) | 17,323 | (20,792) | (3,469) |
| Adjustments to reconcile net income to net cash provided by operating activities | | | |
| Depreciation and amortization | 7,817 | (6,641) | 1,176 |
| Expected credit loss | — | 6 | 6 |
| Non-cash operating lease expense | 12,359 | (12,359) | — |
| Share-based compensation expenses | 750 | 3 | 753 |
| Impairment loss on goodwill | 5,100 | (5,100) | — |
| Impairment loss on intangible assets | 318 | (318) | — |
| Loss from disposal of long-term assets | 12 | (12) | — |
| Changes in deferred taxes | (265) | 265 | — |
| Changes in operating assets and liabilities | | | |
| Accounts receivable | 22,612 | (22,612) | — |
| Contract assets | (4,824) | 4,824 | — |
| Due from related parties | 9,521 | (8,135) | 1,386 |
| Deposits, prepayments and other current assets | 13,860 | (13,735) | 125 |
| Commission payable | 12,855 | (12,366) | 489 |
| Commission payable-long term | (110) | 110 | — |
| Accounts payable | (5,904) | 5,904 | — |
| Advance from customers | (3,110) | 3,110 | — |
| Investors' deposit | (8,818) | 8,818 | — |
| Income tax payable | 6,863 | (6,863) | — |
| Lease liability | (11,218) | 10,263 | (955) |
| Other payables and accrued liabilities | 99 | (272) | (173) |
| Due to related parties | 274 | 9,835 | 10,109 |
| Commitments and contingencies | 149 | (149) | — |
| Net cash provided by operating activities | 75,663 | (66,216) | 9,447 |
| Cash flows from investing activities | | | |
| Payment for office equipment, furniture and leasehold improvements | (2,864) | 2,864 | — |
| Payment for intangible assets | (231) | (25) | (256) |
| Proceeds from disposal of long-term assets | 4 | (4) | — |
| Purchases of term deposit | (4,163) | 4,163 | — |
| Payment of consideration payable | (2,204) | 2,204 | — |
| Acquisition of a subsidiary, net of cash acquired | (26,358) | 26,358 | — |
| Net cash used in investing activities | (35,816) | 35,560 | (256) |
| Cash flows from financing activities | | | |
| Contributions from a shareholder and noncontrolling shareholders | 514 | (514) | — |
| Repayment of loans borrowed from third parties | (288) | 288 | — |
| Net cash provided by financing activities | 226 | (226) | — |
| Effect of exchange rate changes | (7,565) | 7,565 | — |
| Net increase in cash, cash equivalents and restricted cash | 32,508 | (23,317) | 9,191 |
| Cash, cash equivalents, and restricted cash at beginning of the year | 98,396 | (94,967) | 3,429 |
| Cash, cash equivalents, and restricted cash at end of the year | 130,904 | (118,284) | 12,620 |
| Reconciliation to amounts on combined balances sheets | | | |
| Cash and cash equivalents | 120,251 | (107,631) | 12,620 |
| Restricted cash | 10,653 | (10,653) | — |
| Total cash, cash equivalents, and restricted cash | 130,904 | (118,284) | 12,620 |
| Supplemental disclosure of cash flow information: | | | |
| Income taxes paid | 3,945 | (3,942) | 3 |
| Supplemental disclosure of non-cash flow information: | | | |
| Effect on operating assets upon the adoption of ASU 2016-13 on July 1, 2022 | 29,425 | (29,425) | — |
| Right-of-use assets obtained in exchange for lease obligations, net of decrease of right-of-use assets for early terminations | 6,996 | (4,080) | 2,916 |
| Transfer of prepayment of other liabilities to lease liability | 1,460 | (1,460) | — |

SANTECH HOLDINGS LTD.
NOTES TO COMBINED FINANCIAL STATEMENTS
(In Thousands, except for share and per share data, or otherwise stated)

| | Years Ended June 30, 2022 | | |
|--|--|---|-------------------------|
| | As previously reported (US\$) | Loss of control influence (unaudited) (US\$) | As audited (US\$) |
| Cash flows from operating activities | | | |
| Net income/ (loss) | 36,530 | (42,802) | (6,272) |
| Adjustments to reconcile net income/(loss) to net cash provided by operating activities | | | |
| Depreciation and amortization | 4,387 | (2,676) | 1,711 |
| Expected credit loss | — | 5 | 5 |
| Share-based compensation expenses | 1,137 | — | 1,137 |
| Loss from disposal of long-term assets | 3 | (3) | — |
| Changes in deferred taxes | 18 | (18) | — |
| Changes in operating assets and liabilities | | | |
| Accounts receivable | 4,672 | (4,672) | — |
| Due from related parties | 9,293 | (1,393) | 10,686 |
| Deposits, prepayments and other current assets | 272 | (257) | 15 |
| Commission payable | (7,028) | 960 | (6,068) |
| Commission payable-long term | (1,362) | 1,362 | — |
| Long-term prepayments | 256 | (256) | — |
| Investors' deposit | (17,985) | 17,985 | — |
| Income tax payable | 504 | (499) | 5 |
| Lease liability | — | (1,590) | (1,590) |
| Other payables and accrued liabilities | 4,718 | (4,454) | 264 |
| Due to related parties | 1,761 | (1,761) | — |
| Commitments and contingencies | (201) | 201 | — |
| Net cash provided by/(used in) operating activities | 36,975 | (37,082) | (107) |
| Cash flows from investing activities | | | |
| Payment for office equipment, furniture and leasehold improvements | (1,304) | 1,304 | — |
| Payment for intangible assets | (558) | 558 | — |
| Proceeds from disposal of long-term assets | 4 | (4) | — |
| Purchases of term deposit | (155) | 155 | — |
| Acquisition of a subsidiary, net of cash acquired | (6,422) | 6,422 | — |
| Acquisition of buildings and properties | (35,937) | 35,937 | — |
| Net cash used in investing activities | (44,372) | 44,372 | — |
| Cash flows from financing activities | | | |
| Repayment of loans borrowed from third parties | (155) | 155 | — |
| Net cash provided by financing activities | (155) | 155 | — |
| Effect of exchange rate changes | (3,231) | 3,231 | — |
| Net decrease in cash, cash equivalents and restricted cash | (10,783) | 10,676 | (107) |
| Cash, cash equivalents, and restricted cash at beginning of the year | 109,179 | (105,643) | 3,536 |
| Cash, cash equivalents, and restricted cash at end of the year | 98,396 | (94,967) | 3,429 |
| Reconciliation to amounts on combined balances sheets | | | |
| Cash and cash equivalents | 78,245 | (74,816) | 3,429 |
| Restricted cash | 20,151 | (20,151) | — |
| Total cash and cash equivalents, and restricted cash | 98,396 | (94,967) | 3,429 |
| Supplemental disclosure of cash flow information: | | | |
| Income taxes paid | 13,162 | (13,162) | — |
| Supplemental disclosure of non-cash flow information: | | | |
| Consideration payable related to business acquisition of a subsidiary | 2,280 | (2,280) | — |
| Liabilities assumed related to acquisition of buildings and properties | 11,019 | (11,019) | — |

Description of Rights of Securities

Registered under Section 12 of the Securities Exchange Act of 1934

American Depositary Shares (“ADSs”), each representing two ordinary shares of Santech Holdings Limited (“Santech,” “we,” “our,” “our company,” or “us”) are listed and traded on the Nasdaq Capital Market and, in connection therewith, the ordinary shares are registered under Section 12(b) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). This exhibit contains a description of the rights of (i) the holders of ordinary shares and (ii) the holders of ADSs. The ordinary shares underlying the ADSs are held by Deutsche Bank Trust Company Americas as depositary, and holders of ADSs will not be treated as holders of ordinary shares.

Description of Ordinary Shares

The following is a summary of material provisions of our currently effective amended and restated memorandum and articles of association (the “Memorandum and Articles of Association” or “our memorandum and articles of association”), as well as the Companies Act (As Revised) of the Cayman Islands (the “Companies Act”) insofar as they relate to the material terms of our ordinary shares. Notwithstanding this, because it is a summary, it may not contain all the information that you may otherwise deem important. For more complete information, you should read the entire Memorandum and Articles of Association, which has been filed with the Securities and Exchange Commission (the “SEC”) as an exhibit to our Registration Statement on Form F-1/A (File No. 333-253591) filed with the SEC on March 22, 2021.

Type and Class of Securities (Item 9.A.5 of Form 20-F)

Each ordinary share has US\$ 0.0001 par value. The number ordinary shares that have been issued as of the last day of the fiscal year ended June 30, 2024 is provided on the cover of the annual report on Form 20-F filed on May 13, 2025 (the “Form 20-F”). Our ordinary shares may be held in either certified or uncertified form.

Preemptive Rights (Item 9.A.3 of Form 20-F)

The shareholders of Santech do not have preemptive right.

Limitations or Qualifications (Item 9.A.6 of Form 20-F)

Not applicable.

Rights of Other Types of Securities (Item 9.A.7 of Form 20-F)

Not applicable.

Rights of Ordinary Shares (Item 10.B.3 of Form 20-F)

General

Our ordinary shares are issued in registered form and are issued when registered in our register of members. Our shareholders who are non-residents of the Cayman Islands may freely hold and vote their shares.

Dividends

The holders of our ordinary shares are entitled to such dividends as may be declared by our board of directors. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our directors. Under Cayman Islands law, dividends may be declared and paid out of funds legally available therefor, namely out of either profit or our share premium account, and provided further that a dividend may not be paid out share premium account if this would result in our company being unable to pay its debts as they fall due in the ordinary course of business immediately following the date on which the dividend is proposed to be paid.

Voting Rights

At any shareholders' meeting, a resolution put to the vote of the meeting shall be decided on a poll.

A quorum required for a meeting of shareholders consists of shareholders present and holding not less than one third in nominal value of the total issued shares in our company. Shareholders may be present in person or by proxy or, if the shareholder is a legal entity, by its duly authorized representative. Shareholders' meetings may be convened by our board of directors on its own initiative or upon a request to the directors by shareholders holding not less than ten percent of the issued share capital of our company that carries the right to vote at general meetings. Advance notice of at least seven calendar days is required for the convening of our annual general shareholders' meeting and any other general shareholders' meeting.

An ordinary resolution to be passed at a meeting by the shareholders requires the affirmative vote of a simple majority of the votes attaching to the ordinary shares cast at a meeting, while a special resolution requires the affirmative vote of no less than two-thirds of the votes attaching to the ordinary shares cast at a meeting. Both ordinary resolutions and special resolutions may also be passed by a unanimous written resolution signed by all the shareholders of our company, as permitted by the Companies Act and our memorandum and articles of association. A special resolution will be required for important matters such as a change of name or making changes to our memorandum and articles of association. Holders of the ordinary shares may, among other things, divide or consolidate their shares by ordinary resolution.

Transfer of Ordinary Shares

Subject to the restrictions set out below, any of our shareholders may transfer all or any of his or her ordinary shares by an instrument of transfer in the usual or common form or any other form approved by our board of directors.

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

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

If our directors refuse to register a transfer they shall, within one month after the date on which the instrument of transfer was lodged, send to the transferee notice of such refusal.

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

Liquidation

Pursuant to our articles of association, if our Company is wound up, the liquidator may, with the sanction of a Special Resolution and any other sanction required by the Cayman Companies Act, divide among the Members in specie the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the shareholders or different classes of shareholders. The liquidator may, with the like sanction, vest the whole or any part of the assets in trustees upon such trusts for the benefit of the shareholders as he with the like sanction determines, but no shareholder shall be compelled to accept any assets upon which there is a liability.

If our Company shall be wound up and the assets available for distribution amongst the shareholders as such shall be insufficient to repay the whole of the paid up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the shareholders in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up, on the shares held by them respectively. And if in a winding up the assets available for distribution amongst the shareholders shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst the shareholders in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively.

Calls on Shares and Forfeiture of Shares

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

Redemption, Repurchase and Surrender of Ordinary Shares

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

Issuance of Additional Shares

Our memorandum and articles of association authorizes our board of directors to issue additional ordinary shares from time to time as our board of directors shall determine, to the extent of available authorized but unissued shares, without the need for any further approval or authorization from our shareholders.

Our memorandum and articles of association also authorizes our board of directors, without the need for any further approval or authorization from our shareholders, to establish from time to time one or more series of preferred shares and to determine, with respect to any series of preferred shares, the terms and rights of that series, including:

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

Our board of directors may issue preferred shares without the need for any further approval or authorization from, or other action by, our shareholders to the extent of available authorized but unissued shares. Issuance of these shares may dilute the voting power of holders of ordinary shares.

Inspection of Books and Records

Holders of our ordinary shares will have no general right under Cayman Islands law to inspect or obtain copies of our list of shareholders or our corporate records (other than our memorandum and articles of association and special resolutions, and our register of mortgages and charges). However, we will provide our shareholders with annual audited financial statements.

Anti-Takeover Provisions

Some provisions of our memorandum and articles of association may discourage, delay or prevent a change of control of our company or management that shareholders may consider favorable, including provisions that:

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

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

General Meetings of Shareholders and Shareholder Proposals

Our shareholders' general meetings may be held in such place within or outside the Cayman Islands as our board of directors considers appropriate.

As a Cayman Islands exempted company, we are not obliged by the Companies Act to call shareholders' annual general meetings. Our memorandum and articles of association provide that we may (but are not obliged to) in each year hold a general meeting as our annual general meeting.

Shareholders' annual general meetings and any other general meetings of our shareholders may be convened by a majority of our board of directors. Our board of directors shall give not less than ten clear days' written notice of a shareholders' meeting to those persons whose names appear as members in our register of members on the date the notice is given (or on any other date determined by our directors to be the record date for such meeting) and who are entitled to vote at the meeting.

Cayman Islands law 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 memorandum and articles of association allow our shareholders holding not less than two-third in par value of the issued shares of our company that carries the right to vote at general meetings, to requisition an extraordinary general meeting of our shareholders, in which case our directors are obliged to call such meeting and to put the resolutions so requisitioned to a vote at such meeting; however, our memorandum and articles of association do not provide our shareholders with any right to put any proposals before annual general meetings or extraordinary general meetings not called by such shareholders.

Requirements to Change the Rights of Holders of Ordinary Shares (Item 10.B.4 of Form 20-F)

Variations of Rights of Shares

The rights attached to any class or series of shares (unless otherwise provided by the terms of issue of the shares of that class or series) may be varied or abrogated with the consent in writing of the holders of not less than two thirds of the issued shares of that class or series or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class or series. The rights conferred upon the holders of the shares of any class issued shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking in priority thereto or *pari passu* with such existing class of shares.

Limitations on the Rights to Own Ordinary Shares (Item 10.B.6 of Form 20-F)

There are no limitations under the laws of the Cayman Islands or under the Memorandum and Articles of Association that limit the right of non-resident or foreign owners to hold or vote ordinary shares.

Provisions Affecting Any Change of Control (Item 10.B.7 of Form 20-F)

Anti-Takeover Provisions in the Memorandum and Articles of Association

Some provisions of our memorandum and articles of association may discourage, delay or prevent a change of control of our company or management that shareholders may consider favorable, including provisions that:

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

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

Ownership Threshold (Item 10.B.8 of Form 20-F)

There are no provisions under the laws of the Cayman Islands which are applicable to the Company, or under the Memorandum and Articles of Association, that require our company to disclose shareholder ownership above any particular ownership threshold.

Differences Between the Law of Different Jurisdictions (Item 10.B.9 of Form 20-F)

The Companies Act of the Cayman Islands is modeled after that of the English companies legislation but does not follow recent English law statutory enactments, and accordingly there are significant differences between the Companies Act of the Cayman Islands and the current Companies Act of England. In addition, the Companies Act of the Cayman Islands differs from laws applicable to Delaware corporations and their shareholders. Set forth below is a summary of the significant differences between the provisions of the Companies Act applicable to us and the laws applicable to Delaware corporations and their shareholders.

Mergers and Similar Arrangements

The Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) “merger” means the merging of two or more constituent companies and the vesting of their undertakings, 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 undertakings, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by (a) a special resolution of the shareholders of each constituent company, and (b) such other authorization, if any, as may be specified in such constituent company’s articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies in the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a declaration as to the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette.

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

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

Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. The exercise of dissenter rights shall exclude the enforcement by the shareholder of any right to which that person might otherwise be entitled by virtue of that person holding shares save

for the right to seek relief on the grounds that the merger or consolidation is void or unlawful. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

In addition, there are statutory provisions that facilitate the reconstruction and amalgamation of companies by way of schemes of arrangement, provided that the arrangement is approved by (a) a majority in number of each class of creditors with whom the arrangement is to be made, and who must in addition represent three-fourths in value of each such class of 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; or (b) shareholders representing three-fourths in value of each class of shareholders 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:

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

The Companies Act also contains a statutory power of compulsory acquisition which may facilitate the “squeeze out” of dissentient minority shareholder upon a takeover offer. 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.

If the arrangement and reconstruction by way of scheme of arrangement is thus approved, in accordance with the foregoing statutory procedures, the dissenting shareholder would have no rights comparable to appraisal rights, save that objectors to a takeover offer may apply to the Grand Court of the Cayman Islands for various orders that the Grand Court of the Cayman Islands has a broad discretion to make, which would otherwise ordinarily be available to dissenting shareholders of United States 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 and as a general rule a derivative action may not be brought by a minority shareholder. However, based on English authorities, which would in all likelihood be of persuasive authority in the Cayman Islands, there are exceptions to the foregoing principle, including when:

- a company acts or proposes to act illegally or ultra vires and is therefore incapable of ratification by the shareholder;
- the act complained of, although not ultra vires, could only be effected duly if authorized by more than a simple majority vote that has not been obtained; and
- those who control the company are perpetrating a “fraud on the minority.”

Indemnification of Directors and Executive Officers and Limitation of Liability

The ability of Cayman Islands companies to provide in their articles of association for indemnification of officers and directors is not limited, except that any indemnity would not be effective if it were held by the Cayman Islands courts to be contrary to public policy, which would include any attempt to provide indemnification against civil fraud or the consequences of committing a crime. The Memorandum and Articles of Association provide that our directors and officers shall be indemnified against all actions, proceedings, costs,

charges, expenses, losses, damages or liabilities incurred or sustained by such director or officer, other than by reason of such person's own dishonesty, wilful default or fraud, in or about the conduct of our company's business or affairs (including as a result of any mistake of judgment) or in the execution or discharge of his duties, powers, authorities or discretions, including without prejudice to the generality of the foregoing, any costs, expenses, losses or liabilities incurred by such director or officer in defending (whether successfully or otherwise) any civil proceedings concerning our company or its affairs in any court whether in the Cayman Islands or elsewhere. This standard of conduct is generally the same as permitted under the Delaware General Corporation Law for a Delaware corporation. In addition, we have entered into indemnification agreements with each of our directors and executive officers that will provide such persons with additional indemnification beyond that provided in the Memorandum and Articles of Association.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers or persons controlling us under the foregoing provisions, we have been informed that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Directors' Fiduciary Duties

Under Delaware corporate law, a director of a Delaware corporation has a fiduciary duty to the corporation and its shareholders. This duty has two components, the duty of care and the duty of loyalty. The duty of care requires that a director act in good faith, with the care that an ordinarily prudent person would exercise under similar circumstances. Under this duty, a director must inform himself of, and disclose to shareholders, all material information reasonably available regarding a significant transaction. The duty of loyalty requires that a director must act in a manner he or she reasonably believes to be in the best interests of the corporation. A director 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 not shared by the shareholders generally. In general, actions of a director are presumed to have been made on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the corporation. However, this presumption may be rebutted by evidence of a breach of one of the fiduciary duties. Should such evidence be presented concerning a transaction by a director, the director must prove the procedural fairness of the transaction and that the transaction was of fair value to the corporation.

As a matter of Cayman Islands law, a director of a Cayman Islands company is in the position of a fiduciary with respect to the company, and therefore it is considered that he or she owes the following duties to the company including a duty to act bona fide in the best interests of the company, a duty not to make a personal profit out of his or her position as director (unless the company permits him or her to do so), a duty not to put himself or herself in a position where the interests of the company conflict with his or her personal interests or his or her duty to a third party and a duty to exercise powers for the purpose for which such powers were intended. A director of a Cayman Islands company owes to the company a duty to act with skill and care.

Under the Memorandum and Articles of Association, our directors who are in any way, whether directly or indirectly, interested in a contract or proposed contract with our company must declare the nature of their interest at a meeting of the board of directors. A director may vote in respect of any contract or proposed contract or arrangement notwithstanding that he may be interested therein and if he does so his vote shall be counted and he may be counted in the quorum at any meeting of our board of directors at which any such contract or proposed contract or arrangement will be considered and voted upon, provided that, a director must disclose any material interest pursuant to the Articles of Association, and such director may not vote at any meeting of Directors or of a committee of Directors on any resolution concerning a matter in which he has, directly or indirectly, an interest or duty. The director shall be counted in the quorum present at a meeting when any such resolution is under consideration and such resolution may be passed by a majority of the disinterested Directors present at the meeting even if such disinterested directors together constitute less than a quorum.

Shareholder Proposals

Under the Delaware General Corporation Law, a shareholder has the right to put any proposal before the annual meeting of shareholders, provided that it complies with the notice provisions in the governing documents. A special meeting may be called by the board of directors or any other person authorized to do so in the governing documents, but shareholders may be precluded from calling special meetings.

The Companies Act provides shareholders with only limited rights to requisition a general meeting, and does not provide shareholders with any right to put any proposal before a general meeting. However, these rights may be provided in a company's articles of association. The Memorandum and Articles of Association allow any one or more of our shareholders who together hold not less than two-third in par value of the issued shares of our company that carries the right to vote at general meetings to requisition an extraordinary general meeting of our shareholders, in which case our board of directors is obliged to convene an extraordinary general meeting and to put the proposals so requisitioned to a vote at such meeting. Other than this right to requisition a shareholders' meeting, the Memorandum and Articles of Association do not provide our shareholders with any other right to put proposals before annual general meetings or extraordinary general meetings not called by such shareholders. As an exempted Cayman Islands company, we are not obliged by law to call shareholders' annual general meetings.

Cumulative Voting

Under the Delaware General Corporation Law, cumulative voting for elections of directors is not permitted unless the corporation's certificate of incorporation specifically provides for it. Cumulative voting potentially facilitates the representation of minority shareholders on a board of directors since it permits the minority shareholder to cast all the votes to which the shareholder is entitled for a single director, which increases the shareholder's voting power with respect to electing such director. There are no prohibitions in relation to cumulative voting under the laws of the Cayman Islands but the Memorandum and Articles of Association do not provide for cumulative voting.

Removal of Directors

Under the Delaware General Corporation Law, a director of a corporation may be removed with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under the Memorandum and Articles of Association, directors may be removed with or without cause, by an ordinary resolution of our shareholders. In addition, a director's office shall be vacated if the director (i) dies, or is, in the opinion of all his co-directors, incapable by reason of mental disorder of discharging his duties as director, or becomes bankrupt or makes any arrangement or composition with his creditors; (ii) is found to be or becomes of unsound mind; (iii) resigns his office by notice in writing to the company; (iv) is removed from office pursuant to any other provisions of the Memorandum and Articles of Association; or (v) has for more than six months been absent without permission of the directors from meetings of Directors held during that period and the directors resolve that his office be vacated.

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, it is prohibited from engaging in certain business combinations with an "interested shareholder" for three years following the date on which such person becomes an interested shareholder. An interested shareholder generally is one which owns or owned 15% or more of the target's outstanding voting shares within the past three years. This has the effect of limiting the ability of a potential acquiror 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 that resulted in the person becoming an interested shareholder. This encourages any potential acquiror of a Delaware public corporation to negotiate the terms of any acquisition transaction with the target's board of directors.

Cayman Islands law has no comparable statute. As a result, we cannot avail ourselves of the types of protections afforded by the Delaware business combination statute. However, although Cayman Islands law does not regulate transactions between a company and its significant shareholders, it does provide that such transactions entered into must be bona fide in the best interests of the company, for a proper corporate purpose and not with the effect of perpetrating 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. The Delaware General Corporation 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 Companies Act, our company may be wound up by a special

resolution, or by an ordinary resolution on the basis that our company is unable to pay its debts as they fall due. 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 Memorandum and Articles of Association and as permitted by the Companies Act, if our share capital is divided into more than one class of shares, the rights attaching to any class or series of shares (unless otherwise provided by the terms of issue of the shares of that class or series) may be varied or abrogated with the consent in writing of the holders of not less than two-thirds of the issued shares of that class or series or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class or series.

Amendment of Governing Documents

Under the Delaware General Corporation Law, a corporation's governing documents may be amended with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under the Companies Act, the Memorandum and Articles of Association may only be amended by a special resolution passed by our shareholders.

Anti-takeover Provisions

Some provisions of the Memorandum and Articles of Association may discourage, delay or prevent a change of control of our company or management that shareholders may consider favorable, including a provision that authorizes our board of directors to issue preferred shares in one or more series and to designate the price, rights, preferences, privileges and restrictions of such preferred shares without any further vote or action by our shareholders and limit the ability of shareholders to requisition and convene general meetings of shareholders.

However, under Cayman Islands law, our directors may only exercise the rights and powers granted to them under the Memorandum and Articles of Association for a proper purpose and for what they believe in good faith to be in the best interests of our company.

Rights of Non-Resident or Foreign Shareholders

There are no limitations imposed by foreign law or by the Memorandum and Articles of Association on the rights of non-resident or foreign shareholders to hold or exercise voting rights on our ordinary shares.

Disclosure of Ownership Threshold

There are no provisions in the Memorandum and Articles of Association that require our company to disclose shareholder ownership above any particular ownership threshold.

Directors' Power to Issue Shares

Under the Memorandum and Articles of Association, our board of directors is empowered to issue or allot shares or grant options and warrants with or without preferred, deferred or other special rights or restrictions.

Exempted Company

The Companies Act in the Cayman Islands distinguishes between ordinary resident companies and exempted companies. An exempted company shall not carry on a trade or business in the Cayman Islands with any person, except in furtherance of the business of the exempted company carried on outside of the Cayman Islands, unless that exempted company holds a licence to carry on business in the Cayman Islands under any applicable law. The requirements for an exempted company are similar to an ordinary company except for the exemptions and privileges listed below:

- an exempted company does not have to file an annual return of its shareholders with the Registrar of Companies;
- an exempted company's register of members is not required to be open to inspection;
- an exempted company does not have to hold an annual general meeting;
- an exempted company may issue no par value shares;
- an exempted company may obtain an undertaking against the imposition of any future taxation (such undertakings are usually given for 20 years in the first instance);
- an exempted company may register by way of continuation in another jurisdiction and be deregistered in the Cayman Islands;
- an exempted company may register as a limited duration company; and
- an exempted company may register as a segregated portfolio company.

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

Changes in Capital (Item 10.B.10 of Form 20-F)

Our shareholders may from time to time by ordinary resolutions:

- consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares;
- convert all or any of its paid up shares into stock and reconvert that stock into paid up shares of any denomination;
- subdivide its existing shares, or any of them into shares of a smaller amount provided that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in case of the share from which the reduced share is derived; and
- cancel any shares that, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

Subject to the Companies Act, our shareholders may by special resolution reduce our share capital and any capital redemption reserve in any manner authorized by law.

Debt Securities (Item 12.A of Form 20-F)

Not applicable.

Warrants and Rights (Item 12.B of Form 20-F)

Not applicable.

Other Securities (Item 12.C of Form 20-F)

Not applicable.

Description of American Depositary Shares (Items 12.D.1 and 12.D.2 of Form 20-F)

Deutsche Bank Trust Company Americas, as depositary, registers and delivers the ADSs. Each ADS represents ownership of 2 shares, deposited with Deutsche Bank AG, Hong Kong Branch, as custodian for the depositary. Each ADS also represents ownership of any other securities, cash or other property which may be held by the depositary. The depositary's corporate trust office at which the ADSs are administered is located at 60 Wall Street, New York, NY 10005, USA. The principal executive office of the depositary is located at 60 Wall Street, New York, NY 10005, USA.

The Direct Registration System, or DRS, is a system administered by The Depository Trust Company, or DTC, pursuant to which the depositary may register the ownership of uncertificated ADSs, which ownership shall be evidenced by periodic statements issued by the depositary to the ADS holders entitled thereto.

We will not treat ADS holders as our shareholders and accordingly, you, as an ADS holder, will not have shareholder rights. Cayman Islands law governs shareholder rights. The depositary will be the holder of the ordinary shares underlying your ADSs. As a holder of ADSs, you will have ADS holder rights. A deposit agreement among us, the depositary and you, as an ADS holder, and the beneficial owners of ADSs sets out ADS holder rights as well as the rights and obligations of the depositary. The laws of the State of New York govern the deposit agreement and the ADSs. See “*Jurisdiction and Arbitration.*”

The following is a summary of the material provisions of the deposit agreement. For more complete information, you should read the entire deposit agreement and the form of American Depositary Receipt. For directions on how to obtain copies of those documents, see “*Where You Can Find Additional Information.*”

Holding the ADSs

How will you hold your ADSs?

You may hold ADSs either (1) directly (a) by having an American Depositary Receipt, or ADR, which is a certificate evidencing a specific number of ADSs, registered in your name, or (b) by holding ADSs in DRS, or (2) indirectly through your broker or other financial institution. If you hold ADSs directly, you are an ADS holder. This description assumes you hold your ADSs directly. ADSs will be issued through DRS, unless you specifically request certificated ADRs. If you hold the ADSs indirectly, you must rely on the procedures of your broker or other financial institution to assert the rights of ADS holders described in this section. You should consult with your broker or financial institution to find out what those procedures are.

Dividends and Other Distributions

How will you receive dividends and other distributions on the shares?

The depositary has agreed to pay to you the cash dividends or other distributions it or the custodian receives on ordinary shares or other deposited securities, after deducting its fees and expenses. You will receive these distributions in proportion to the number of ordinary shares your ADSs represent as of the record date (which will be as close as practicable to the record date for our ordinary shares) set by the depositary with respect to the ADSs.

The depositary is not responsible if it decides that it is unlawful or impractical to make a distribution available to any ADS holders. We have no obligation to register ADSs, shares, rights or other securities under the Securities Act. We also have no obligation to take any other action to permit the distribution of ADSs, shares, rights or anything else to ADS holders. This means that you may not receive the distributions we make on our shares or any value for them if we and/or the depositary determines that it is illegal or not practicable for us or the depositary to make them available to you.

Deposit, Withdrawal and Cancellation

How are ADSs issued?

Cash. The depositary will convert or cause to be converted any cash dividend or other cash distribution we pay on the ordinary shares or any net proceeds from the sale of any ordinary shares, 1 NTD: Ratio to be confirmed. 160 Table of Contents rights, securities or other entitlements under the terms of the deposit agreement into U.S. dollars if it can do so on a practicable basis, and can transfer the U.S. dollars to the United States and will distribute promptly the amount thus received. If the depositary

shall determine in its judgment that such conversions or transfers are not practical or lawful or if any government approval or license is needed and cannot be obtained at a reasonable cost within a reasonable period or otherwise sought, the deposit agreement allows the depositary to distribute the foreign currency only to those ADS holders to whom it is possible to do so. It will hold or cause the custodian to hold the foreign currency it cannot convert for the account of the ADS holders who have not been paid and such funds will be held for the respective accounts of the ADS holders. It will not invest the foreign currency and it will not be liable for any interest for the respective accounts of the ADS holders.

- Before making a distribution, any taxes or other governmental charges, together with fees and expenses of the depositary, that must be paid, will be deducted. See "Taxation." It will distribute only whole U.S. dollars and cents and will round down fractional cents to the nearest whole cent. If the exchange rates fluctuate during a time when the depositary cannot convert the foreign currency, you may lose some or all of the value of the distribution.
- *Shares.* For any ordinary shares we distribute as a dividend or free distribution, either (1) the depositary will distribute additional ADSs representing such ordinary shares or (2) existing ADSs as of the applicable record date will represent rights and interests in the additional ordinary shares distributed, to the extent reasonably practicable and permissible under law, in either case, net of applicable fees, charges and expenses incurred by the depositary and taxes and/or other governmental charges. The depositary will only distribute whole ADSs. It will try to sell ordinary shares which would require it to deliver a fractional ADS and distribute the net proceeds in the same way as it does with cash. The depositary may sell a portion of the distributed ordinary shares sufficient to pay its fees and expenses, and any taxes and governmental charges, in connection with that distribution.
- *Elective Distributions in Cash or Shares.* If we offer holders of our ordinary shares the option to receive dividends in either cash or shares, the depositary, after consultation with us and having received timely notice as described in the deposit agreement of such elective distribution by us, has discretion to determine to what extent such elective distribution will be made available to you as a holder of the ADSs. We must timely first instruct the depositary to make such elective distribution available to you and furnish it with satisfactory evidence that it is legal to do so. The depositary could decide it is not legal or reasonably practicable to make such elective distribution available to you. In such case, the depositary shall, on the basis of the same determination as is made in respect of the ordinary shares for which no election is made, distribute either cash in the same way as it does in a cash distribution, or additional ADSs representing ordinary shares in the same way as it does in a share distribution. The depositary is not obligated to make available to you a method to receive the elective dividend in shares rather than in ADSs. There can be no assurance that you will be given the opportunity to receive elective distributions on the same terms and conditions as the holders of ordinary shares.
- *Rights to Purchase Additional Shares.* If we offer holders of our ordinary shares any rights to subscribe for additional shares, the depositary shall having received timely notice as described in the deposit agreement of such distribution by us, consult with us, and we must determine whether it is lawful and reasonably practicable to make these rights available to you. We must first instruct the depositary to make such rights available to you and furnish the depositary with satisfactory evidence that it is legal to do so. If the depositary decides it is not legal or reasonably practicable to make the rights available but that it is lawful and reasonably practicable to sell the rights, the depositary will endeavor to sell the rights and in a riskless principal capacity or otherwise, at such place and upon such terms (including public or private sale) as it may deem proper distribute the net proceeds in the same way as it does with cash. The depositary will allow rights that are not distributed or sold to lapse. In that case, you will receive no value for them.

If the depositary makes rights available to you, it will establish procedures to distribute such rights and enable you to exercise the rights upon your payment of applicable fees, charges and expenses incurred by the depositary and taxes and/or other governmental charges. The Depositary shall not be obliged to make available to you a method to exercise such rights to subscribe for ordinary shares (rather than ADSs).

U.S. securities laws may restrict transfers and cancellation of the ADSs represented by shares purchased upon exercise of rights. For example, you may not be able to trade these ADSs freely in the United States. In this case, the depositary may deliver restricted depositary shares that have the same

terms as the ADSs described in this section except for changes needed to put the necessary restrictions in place.

There can be no assurance that you will be given the opportunity to exercise rights on the same terms and conditions as the holders of ordinary shares or be able to exercise such rights.

Other Distributions. Subject to receipt of timely notice, as described in the deposit agreement, from us with the request to make any such distribution available to you, and provided the depositary has determined such distribution is lawful and reasonably practicable and feasible and in accordance with the terms of the deposit agreement, the depositary will distribute to you anything else we distribute on deposited securities by any means it may deem practicable, upon your payment of applicable fees, charges and expenses incurred by the depositary and taxes and/or other governmental charges. If any of the conditions above are not met, the depositary will endeavor to sell, or cause to be sold, what we distributed and distribute the net proceeds in the same way as it does with cash; or, if it is unable to sell such property, the depositary may dispose of such property in any way it deems reasonably practicable under the circumstances for nominal or no consideration, such that you may have no rights to or arising from such property.

The depositary will deliver ADSs if you or your broker deposit ordinary shares or evidence of rights to receive ordinary shares with the custodian. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depositary will register the appropriate number of ADSs in the names you request and will deliver the ADSs to or upon the order of the person or persons entitled thereto.

Except for ordinary shares deposited by us in connection with this offering, no shares will be accepted for deposit during a period of 180 days after the date of this prospectus. The 180-day lock up period is subject to adjustment under certain circumstances as described in the section entitled “*Shares Eligible for Future Sales-Lock-up Agreements.*”

How do ADS holders cancel an American Depositary Share?

You may turn in your ADSs at the depositary’s corporate trust office or by providing appropriate instructions to your broker. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depositary will deliver the ordinary shares and any other deposited securities underlying the ADSs to you or a person you designate at the office of the custodian. Or, at your request, risk and expense, the depositary will deliver the deposited securities at its corporate trust office, to the extent permitted by law.

How do ADS holders interchange between Certificated ADSs and Uncertificated ADSs?

You may surrender your ADR to the depositary for the purpose of exchanging your ADR for uncertificated ADSs. The depositary will cancel that ADR and will send you a statement confirming that you are the owner of uncertificated ADSs. Alternatively, upon receipt by the depositary of a proper instruction from a holder of uncertificated ADSs requesting the exchange of uncertificated ADSs for certificated ADSs, the depositary will execute and deliver to you an ADR evidencing those ADSs.

Voting Rights

How do you vote?

You may instruct the depositary to vote the ordinary shares or other deposited securities underlying your ADSs at any meeting at which you are entitled to vote pursuant to any applicable law, the provisions of our memorandum and articles of association, and the provisions of or governing the deposited securities. *Otherwise, you could exercise your right to vote directly if you withdraw the ordinary shares. However, you may not know about the meeting sufficiently enough in advance to withdraw the ordinary shares.*

If we ask for your instructions and upon timely notice from us by regular, ordinary mail delivery, or by electronic transmission, as described in the deposit agreement, the depositary will notify you of the upcoming meeting at which you are entitled to vote pursuant to any applicable law, the provisions of our memorandum and articles of association, and the provisions of or governing the deposited securities, and arrange to deliver our

voting materials to you. The materials will include or reproduce (a) such notice of meeting or solicitation of consents or proxies; (b) a statement that the ADS holders at the close of business on the ADS record date will be entitled, subject to any applicable law, the provisions of our memorandum and articles of association, and the provisions of or governing the deposited securities, to instruct the depositary as to the exercise of the voting rights, if any, pertaining to the ordinary shares or other deposited securities represented by such holder's ADSs; and (c) a brief statement as to the manner in which such instructions may be given to the depositary. Voting instructions may be given only in respect of a number of ADSs representing an integral number of ordinary shares or other deposited securities. For instructions to be valid, the depositary must receive them in writing on or before the date specified. The depositary will try, as far as practical, subject to applicable law and the provisions of our memorandum and articles of association, to vote or to have its agents vote the ordinary shares or other deposited securities (in person or by proxy) as you instruct. The depositary will only vote or attempt to vote as you instruct.

We cannot assure you that you will receive the voting materials in time to ensure that you can instruct the depositary to vote the ordinary shares underlying your ADSs. In addition, there can be no assurance that ADS holders and beneficial owners generally, or any holder or beneficial owner in particular, will be given the opportunity to vote or cause the custodian to vote on the same terms and conditions as the holders of our ordinary shares.

The depositary and its agents are not responsible for failing to carry out voting instructions or for the manner of carrying out voting instructions. *This means that you may not be able to exercise your right to vote and you may have no recourse if the ordinary shares underlying your ADSs are not voted as you requested.*

In order to give you a reasonable opportunity to instruct the depositary as to the exercise of voting rights relating to deposited securities, if we request the depositary to act, we will give the depositary notice of any such meeting and details concerning the matters to be voted at least 30 business days in advance of the meeting date.

Compliance with Regulations

Information Requests

Each ADS holder and beneficial owner shall (a) provide such information as we or the depositary may request pursuant to law, including, without limitation, relevant Cayman Islands law, any applicable law of the United States of America, our memorandum and articles of association, any resolutions of our Board of Directors adopted pursuant to such memorandum and articles of association, the requirements of any markets or exchanges upon which the ordinary shares, ADSs or ADRs are listed or traded, or to any requirements of any electronic book-entry system by which the ADSs or ADRs may be transferred, regarding the capacity in which they own or owned ADRs, the identity of any other persons then or previously interested in such ADRs and the nature of such interest, and any other applicable matters, and (b) be bound by and subject to applicable provisions of the laws of the Cayman Islands, our memorandum and articles of association, and the requirements of any markets or exchanges upon which the ADSs, ADRs or ordinary shares are listed or traded, or pursuant to any requirements of any electronic book-entry system by which the ADSs, ADRs or ordinary shares may be transferred, to the same extent as if such ADS holder or beneficial owner held ordinary shares directly, in each case irrespective of whether or not they are ADS holders or beneficial owners at the time such request is made.

Disclosure of Interests

Each ADS holder and beneficial owner shall comply with our requests pursuant to Cayman Islands law, the rules and requirements of the Nasdaq Capital Market and any other stock exchange on which the ordinary shares are, or will be, registered, traded or listed or our memorandum and articles of association, which requests are made to provide information, inter alia, as to the capacity in which such ADS holder or beneficial owner owns ADS and regarding the identity of any other person interested in such ADS and the nature of such interest and various other matters, whether or not they are ADS holders or beneficial owners at the time of such requests.

Fees and Expenses

As an ADS holder, you will be required to pay the following service fees to the depositary bank and certain taxes and governmental charges (in addition to any applicable fees, expenses, taxes and other governmental charges payable on the deposited securities represented by any of your ADSs):

| <u>Service</u> | <u>Fees</u> |
|---|---|
| • To any person to which ADSs are issued or to any person to which a distribution is made in respect of ADS distributions pursuant to stock dividends or other free distributions of stock, bonus distributions, stock splits or other distributions (except where converted to cash) | • Up to US\$0.05 per ADS issued |
| • Cancellation of ADSs, including the case of termination of the deposit agreement | • Up to US\$0.05 per ADS cancelled |
| • Distribution of cash dividends | • Up to US\$0.05 per ADS held |
| • Distribution of cash entitlements (other than cash dividends) and/or cash proceeds from the sale of rights, securities and other entitlements | • Up to US\$0.05 per ADS held |
| • Distribution of ADSs pursuant to exercise of rights. | • Up to US\$0.05 per ADS held |
| • Distribution of securities other than ADSs or rights to purchase additional ADSs | • Up to US\$0.05 per ADS held |
| • Depositary services | • Up to US\$0.05 per ADS held on the applicable record date(s) established by the depositary bank |

As an ADS holder, you will also be responsible for paying certain fees and expenses incurred by the depositary bank and certain taxes and governmental charges (in addition to any applicable fees, expenses, taxes and other governmental charges payable on the deposited securities represented by any of your ADSs) such as:

- Fees for the transfer and registration of ordinary shares charged by the registrar and transfer agent for the ordinary shares in the Cayman Islands (i.e., upon deposit and withdrawal of ordinary shares).
- Expenses incurred for converting foreign currency into U.S. dollars.
- Expenses for cable, telex and fax transmissions and for delivery of securities.
- Taxes and duties upon the transfer of securities, including any applicable stamp duties, any stock transfer charges or withholding taxes (i.e., when ordinary shares are deposited or withdrawn from deposit).
- Fees and expenses incurred in connection with the delivery or servicing of ordinary shares on deposit.
- Fees and expenses incurred in connection with complying with exchange control regulations and other regulatory requirements applicable to ordinary shares, deposited securities, ADSs and ADRs.
- Any applicable fees and penalties thereon.

The depositary fees payable upon the issuance and cancellation of ADSs are typically paid to the depositary bank by the brokers (on behalf of their clients) receiving the newly issued ADSs from the depositary bank and by the brokers (on behalf of their clients) delivering the ADSs to the depositary bank for cancellation. The brokers in turn charge these fees to their clients. Depositary fees payable in connection with distributions of

cash or securities to ADS holders and the depositary services fee are charged by the depositary bank to the holders of record of ADSs as of the applicable ADS record date.

The depositary fees payable for cash distributions are generally deducted from the cash being distributed or by selling a portion of distributable property to pay the fees. In the case of distributions other than cash (i.e., share dividends, rights), the depositary bank charges the applicable fee to the ADS record date holders concurrent with the distribution. In the case of ADSs registered in the name of the investor (whether certificated or uncertificated in direct registration), the depositary bank sends invoices to the applicable record date ADS holders. In the case of ADSs held in brokerage and custodian accounts (via DTC), the depositary bank generally collects its fees through the systems provided by DTC (whose nominee is the registered holder of the ADSs held in DTC) from the brokers and custodians holding ADSs in their DTC accounts. The brokers and custodians who hold their clients' ADSs in DTC accounts in turn charge their clients' accounts the amount of the fees paid to the depositary banks.

In the event of refusal to pay the depositary fees, the depositary bank may, under the terms of the deposit agreement, refuse the requested service until payment is received or may set off the amount of the depositary fees from any distribution to be made to the ADS holder.

The depositary may make payments to us or reimburse us for certain costs and expenses, by making available a portion of the ADS fees collected in respect of the ADR program or otherwise, upon such terms and conditions as we and the depositary bank agree from time to time.

Payment of Taxes

You will be responsible for any taxes or other governmental charges payable, or which become payable, on your ADSs or on the deposited securities represented by any of your ADSs. The depositary may refuse to register or transfer your ADSs or allow you to withdraw the deposited securities represented by your ADSs until such taxes or other charges are paid. It may apply payments owed to you or sell deposited securities represented by your ADSs to pay any taxes owed and you will remain liable for any deficiency. If the depositary sells deposited securities, it will, if appropriate, reduce the number of ADSs to reflect the sale and pay to you any net proceeds, or send to you any property, remaining after it has paid the taxes. You agree to indemnify us, the depositary, the custodian and each of our and their respective agents, directors, employees and affiliates for, and hold each of them harmless from, any claims with respect to taxes (including applicable interest and penalties thereon) arising from any refund of taxes, reduced rate of withholding at source or other tax benefit obtained for you. Your obligations under this paragraph shall survive any transfer of ADRs, any surrender of ADRs and withdrawal of deposited securities or the termination of the deposit agreement.

Reclassifications, Recapitalizations and Mergers

| If we: | Then: |
|--|--|
| Change the nominal or par value of our ordinary shares | The cash, shares or other securities received by the depositary will become deposited securities. |
| Reclassify, split up or consolidate any of the deposited securities | Each ADS will automatically represent its equal share of the new deposited securities. |
| Distribute securities on the ordinary shares that are not distributed to you, or Recapitalize, reorganize, merge, liquidate, sell all or substantially all of our assets, or take any similar action | The depositary may distribute some or all of the cash, shares or other securities it received. It may also deliver new ADSs or ask you to surrender your outstanding ADRs in exchange for new ADRs identifying the new deposited securities. |

Amendment and Termination

How may the deposit agreement be amended?

We may agree with the depositary to amend the deposit agreement and the form of ADR without your consent for any reason. If an amendment adds or increases fees or charges, except for taxes and other governmental charges or expenses of the depositary for registration fees, facsimile costs, delivery charges or

similar items, including expenses incurred in connection with foreign exchange control regulations and other charges specifically payable by ADS holders under the deposit agreement, or materially prejudices a substantial existing right of ADS holders, it will not become effective for outstanding ADSs until 30 days after the depositary notifies ADS holders of the amendment. *At the time an amendment becomes effective, you are considered, by continuing to hold your ADSs, to agree to the amendment and to be bound by the ADRs and the deposit agreement as amended.* If any new laws are adopted which would require the deposit agreement to be amended in order to comply therewith, we and the depositary may amend the deposit agreement in accordance with such laws and such amendment may become effective before notice thereof is given to ADS holders.

How may the deposit agreement be terminated?

The depositary will terminate the deposit agreement if we ask it to do so, in which case the depositary will give notice to you at least 90 days prior to termination. The depositary may also terminate the deposit agreement if the depositary has told us that it would like to resign, or if we have removed the depositary, and in either case we have not appointed a new depositary within 90 days. In either such case, the depositary must notify you at least 30 days before termination.

After termination, the depositary and its agents will do the following under the deposit agreement but nothing else: collect distributions on the deposited securities, sell rights and other property and deliver ordinary shares and other deposited securities upon cancellation of ADSs after payment of any fees, charges, taxes or other governmental charges. Six months or more after the date of termination, the depositary may sell any remaining deposited securities by public or private sale. After that, the depositary will hold the money it received on the sale, as well as any other cash it is holding under the deposit agreement, for the *pro rata* benefit of the ADS holders that have not surrendered their ADSs. It will not invest the money and has no liability for interest. After such sale, the depositary's only obligations will be to account for the money and other cash. After termination, we shall be discharged from all obligations under the deposit agreement except for our obligations to the depositary thereunder.

Books of Depositary

The depositary will maintain ADS holder records at its depositary office. You may inspect such records at such office during regular business hours but solely for the purpose of communicating with other holders in the interest of business matters relating to the Company, the ADRs and the deposit agreement.

The depositary will maintain facilities in the Borough of Manhattan, The City of New York to record and process the issuance, cancellation, combination, split-up and transfer of ADRs.

These facilities may be closed at any time or from time to time when such action is deemed necessary or advisable by the depositary in connection with the performance of its duties under the deposit agreement or at our reasonable written request.

Limitations on Obligations and Liability

Limits on our Obligations and the Obligations of the Depositary and the Custodian; Limits on Liability to Holders of ADSs

The deposit agreement expressly limits our obligations and the obligations of the depositary and the custodian. It also limits our liability and the liability of the depositary. The depositary and the custodian:

- are only obligated to take the actions specifically set forth in the deposit agreement without gross negligence or wilful misconduct;
 - are not liable if any of us or our respective controlling persons or agents are prevented or forbidden from, or subjected to any civil or criminal penalty or restraint on account of, or delayed in, doing or performing any act or thing required by the terms of the deposit agreement and any ADR, by reason of any provision of any present or future law or regulation of the United States or any state thereof, the Cayman Islands or any other country, or of any other governmental authority or regulatory authority or stock exchange, or on account of the possible criminal or civil penalties or restraint, or by reason of any provision, present or future, of our memorandum and articles of association or any provision of or
-

governing any deposited securities, or by reason of any act of God or war or other circumstances beyond its control (including, without limitation, nationalization, expropriation, currency restrictions, work stoppage, strikes, civil unrest, revolutions, rebellions, explosions and computer failure);

- are not liable by reason of any exercise of, or failure to exercise, any discretion provided for in the deposit agreement or in our memorandum and articles of association or provisions of or governing deposited securities;
- are not liable for any action or inaction of the depository, the custodian or us or their or our respective controlling persons or agents in reliance upon the advice of or information from legal counsel, any person presenting ordinary shares for deposit or any other person believed by it in good faith to be competent to give such advice or information;
- are not liable for the inability of any holder of ADSs to benefit from any distribution on deposited securities that is not made available to holders of ADSs under the terms of the deposit agreement;
- are not liable for any special, consequential, indirect or punitive damages for any breach of the terms of the deposit agreement, or otherwise;
- may rely upon any documents we believe in good faith to be genuine and to have been signed or presented by the proper party;
- disclaim any liability for any action or inaction or inaction of any of us or our respective controlling persons or agents in reliance upon the advice of or information from legal counsel, accountants, any person presenting ordinary shares for deposit, holders and beneficial owners (or authorized representatives) of ADSs, or any person believed in good faith to be competent to give such advice or information; and
- disclaim any liability for inability of any holder to benefit from any distribution, offering, right or other benefit made available to holders of deposited securities but not made available to holders of ADS.

The depository and any of its agents also disclaim any liability (i) for any failure to carry out any instructions to vote, the manner in which any vote is cast or the effect of any vote or failure to determine that any distribution or action may be lawful or reasonably practicable or for allowing any rights to lapse in accordance with the provisions of the deposit agreement, (ii) the failure or timeliness of any notice from us, the content of any information submitted to it by us for distribution to you or for any inaccuracy of any translation thereof, (iii) any investment risk associated with the acquisition of an interest in the deposited securities, the validity or worth of the deposited securities, the credit-worthiness of any third party, (iv) for any tax consequences that may result from ownership of ADSs, ordinary shares or deposited securities, or (v) for any acts or omissions made by a successor depository whether in connection with a previous act or omission of the depository or in connection with any matter arising wholly after the removal or resignation of the depository, provided that in connection with the issue out of which such potential liability arises the depository performed its obligations without gross negligence or wilful misconduct while it acted as depository.

In the deposit agreement, we agree to indemnify the depository under certain circumstances.

Jurisdiction and Arbitration

The laws of the State of New York govern the deposit agreement and the ADSs and we have agreed with the depository that the federal or state courts in the City of New York shall have exclusive jurisdiction to hear and determine any dispute arising from or in connection with the deposit agreement and that the depository will have the right to refer any claim or dispute arising from the relationship created by the deposit agreement to arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association. The arbitration provisions of the deposit agreement do not preclude you from pursuing claims under the Securities Act or the Exchange Act in federal or state courts.

Jury Trial Waiver

The deposit agreement provides that each party to the deposit agreement (including each holder, beneficial owner and holder of interests in the ADRs) irrevocably waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in any lawsuit or proceeding against us or the depository arising out of or relating to our shares, the ADSs or the deposit agreement, including any claim under the U.S. federal securities laws. If we or the depository opposed a jury trial demand based on the waiver, the court would determine whether the waiver was enforceable based on the facts and circumstances of that case in accordance with the applicable law. ADS holders, including holders that acquire ADSs in a secondary transaction, are subject to these provisions of the deposit agreement to the extent permitted by applicable law. ADS holders will not be deemed to have waived our or the depository's compliance with U.S. federal securities laws or the rules and regulations promulgated thereunder.

Requirements for Depository Actions

Before the depository will issue, deliver or register a transfer of an ADS, split-up, subdivide or combine ADSs, make a distribution on an ADS, or permit withdrawal of ordinary shares, the depository may require:

- payment of stock transfer or other taxes or other governmental charges and transfer or registration fees charged by third parties for the transfer of any ordinary shares or other deposited securities and payment of the applicable fees, expenses and charges of the depository;
- satisfactory proof of the identity and genuineness of any signature or any other matters contemplated in the deposit agreement; and
- compliance with (A) any laws or governmental regulations relating to the execution and delivery of ADRs or ADSs or to the withdrawal or delivery of deposited securities and (B) such reasonable regulations and procedures as the depository may establish, from time to time, consistent with the deposit agreement and applicable laws, including presentation of transfer documents.

The depository may refuse to issue and deliver ADSs or register transfers of ADSs generally when the register of the depository or our transfer books are closed or at any time if the depository or we determine that it is necessary or advisable to do so.

Your Right to Receive the Shares Underlying Your ADSs

You have the right to cancel your ADSs and withdraw the underlying ordinary shares at any time except:

- when temporary delays arise because: (1) the depository has closed its transfer books or we have closed our transfer books; (2) the transfer of ordinary shares is blocked to permit voting at a shareholders' meeting; or (3) we are paying a dividend on our ordinary shares;
- when you owe money to pay fees, taxes and similar charges;
- when it is necessary to prohibit withdrawals in order to comply with any laws or governmental regulations that apply to ADSs or to the withdrawal of ordinary shares or other deposited securities, or other circumstances specifically contemplated by Section I.A.(1) of the General Instructions to Form F-6 (as such General Instructions may be amended from time to time); or
- for any other reason if the depository or we determine, in good faith, that it is necessary or advisable to prohibit withdrawals.

The depository shall not knowingly accept for deposit under the deposit agreement any ordinary shares or other deposited securities required to be registered under the provisions of the Securities Act, unless a registration statement is in effect as to such ordinary shares.

This right of withdrawal may not be limited by any other provision of the deposit agreement.

Direct Registration System

In the deposit agreement, all parties to the deposit agreement acknowledge that the DRS and Profile Modification System, or Profile, will apply to uncertificated ADSs upon acceptance thereof to DRS by DTC. DRS is the system administered by DTC pursuant to which the depository may register the ownership of uncertificated ADSs, which ownership shall be evidenced by periodic statements issued by the depository to the ADS holders entitled thereto. Profile is a required feature of DRS which allows a DTC participant, claiming to act on behalf of an ADS holder, to direct the depository to register a transfer of those ADSs to DTC or its nominee and to deliver those ADSs to the DTC account of that DTC participant without receipt by the depository of prior authorization from the ADS holder to register such transfer.

Santech Holdings Limited (the “Company”)
(Incorporated in the Cayman Islands)

2020 SHARE INCENTIVE PLAN

RESTRICTED SHARE AWARD AGREEMENT

This Restricted Share Award Agreement (this “Agreement”) is made and entered into as of _____ (the “Grant Date”) by and between Santech Holdings Limited, an exempted company limited by shares incorporated under the laws of the Cayman Islands (the “Company”), and _____(the “Grantee”).

RECITALS

WHEREAS, the Company has adopted the Santech Holdings Limited 2020 Share Incentive Plan (the “Plan”) pursuant to which awards of Restricted Share may be granted; and

WHEREAS, the Remuneration Committee has voted for the approval of _____ pursuant to which awards of Restricted Share may be granted to certain grantees; and

WHEREAS, the Remuneration Committee has determined that it is in the best interests of the Company and its shareholders to grant the award of Restricted Share provided for herein.

AGREEMENT

NOW, THEREFORE, the parties hereto, intending to be legally bound, agree as follows:

1. **Grant of Restricted Shares.** Pursuant to Article 6 of the Plan, the Company hereby issues to the Grantee on the Grant Date a Restricted Share Award consisting of, in the aggregate, _____ common shares in the capital of the Company (the “Restricted Shares”), on the terms and conditions and subject to the restrictions set forth in this Agreement and the Plan. Capitalized terms that are used but not defined herein have the meaning ascribed to them in the Plan.
2. **Consideration.** The grant of the Restricted Shares is made in consideration of the services to be rendered by the Grantee to the Company (“Continuous Service”).
3. **Restricted Period; Vesting; Termination.**
- 3.1. **Vesting Schedule.** Except as otherwise provided herein, provided that the Grantee remains in Continuous Service through the applicable vesting date, and further provided that any additional conditions and performance goals set forth in Schedule I have been satisfied, the Restricted Shares will vest in accordance with the following schedule:

| | |
|---------------------|--------------------------|
| Vesting Date | Restricted Shares |
|---------------------|--------------------------|

[] []
[] []
[] []

The period over which the Restricted Share vests is referred to as the “Restricted Period”.

3.2. **Retirement.** The foregoing vesting schedule notwithstanding, if the Grantee’s Continuous Service terminates before all of his or her Restricted Shares have vested due to retirement, the Restricted Shares shall remain outstanding and eligible for vesting based on the vesting schedule above.

3.3. **Accelerated Vesting:**

3.3.1 **Termination of Service for Good Reason, or in Connection with or after a Change in Control.** The foregoing vesting schedule notwithstanding, in the event of the Grantee’s termination of Continuous Service for Good Reason, or in connection with or during the twelve (12) month period immediately following the consummation of a Change in Control but prior to the vesting dates, all unvested Restricted Shares shall become fully vested as of the date of such termination.

3.3.2 **Death or Disability.** The foregoing vesting schedule notwithstanding, if the Grantee’s Continuous Service terminates before all of his or her Restricted Shares have vested due to death or disability, all unvested Restricted Shares shall become fully vested as of the date of such termination.

3.4 **Forfeiture of Unvested Shares:**

3.4.1 **Termination of Continuous Service for Other Reasons.** The foregoing vesting schedule notwithstanding, if the Grantee’s Continuous Service terminates, with or without Cause, or for any reason other than Items 3.2 or 3.3 above, before all of his or her Restricted Shares have vested, the Grantee’s unvested Restricted Shares shall be automatically forfeited upon such termination of Continuous Service and the Company shall not have any further obligations to the Grantee under this Agreement.

3.5 **Definitions.** For purpose of Section 3:

“Cause” shall mean: with respect to the Grantee, any of the following: (a) the repeated failure of the Grantee to perform such duties as are lawfully requested by the Company, (b) the failure by the Grantee to observe all reasonable, lawful material policies of the Company applicable to the Grantee and communicated to the Grantee in writing, (c) any action or omission constituting gross negligence or willful misconduct of the Grantee in the performance of his or her duties, (d) the material breach by the Grantee of any provision of the Grantee’s service agreement with the Company, or the breach by the Grantee’s of any non-competition, non-solicitation or similar restrictive agreement with the Company, (e) any act or omission by the Grantee constituting fraud, embezzlement, disloyalty or dishonesty with respect to the Company, (f) the commission by the Grantee of any criminal offenses involving dishonesty, disloyalty or moral turpitude, (g) any other reasons that the Board of Directors or the Remuneration Committee of the Company shall in their sole discretion decide.

“Good Reason” shall mean: a termination of Continuous Service by the Grantee due to (a) following a Change in Control, any material reduction by the Company in the Grantee’s base salary without the Grantee’s prior consent; or (b) following a Change in Control, any change in the Grantee’s status, reporting, duties or position that represents a material demotion or diminution from the Grantee’s status, reporting, duties or position in effect

before such Change in Control; or (c) any other reasons that are in the interest of the Company, which the Board of Directors or the Remuneration Committee of the Company shall in their sole discretion decide. The Grantee's shall not be deemed to have been terminated for Good Reason unless the Grantee's delivers to the Company a written notice of termination for Good Reason specifying the alleged Good Reason within thirty (30) days after the Grantee's first learns of the existence of the circumstances giving rise to Good Reason, within thirty (30) days following delivery of such notice, the Company has failed to cure the circumstances giving rise to Good Reason, and the Grantee resigns within fifteen (15) days after the end of the cure period.

"Retirement" shall mean the Participant's Termination of Service solely due to retirement upon or after attainment of age sixty-five (65), or permitted early retirement as determined by the Committee.

4. Restrictions. Subject to any exceptions set forth in this Agreement or the Plan, during the Restricted Period, the Restricted Shares or the rights relating thereto may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Grantee. Any attempt to assign, alienate, pledge, attach, sell or otherwise transfer or encumber the Restricted Shares or the rights relating thereto during the Restricted Period shall be wholly ineffective and, if any such attempt is made, the Restricted Shares will be forfeited by the Grantee and all of the Grantee's rights to such shares shall immediately terminate without any payment or consideration by the Company.

5. Rights as Shareholder; Dividends.

5.1. The Grantee shall be the record owner of the Restricted Shares until the common shares are sold or otherwise disposed of, and shall be entitled to all of the rights of a shareholder of the Company including, without limitation, the right to vote such shares and receive all dividends or other distributions paid with respect to such shares. Notwithstanding the foregoing, any dividends or other distributions shall be subject to the same restrictions on transferability as the Restricted Shares with respect to which they were paid.

5.2. The Company may issue share certificates or evidence the Grantee's interest by using a restricted book entry account with the Company's transfer agent, registered office service provider, secretary, or other appropriate means as determined by the Company. Physical possession or custody of any share certificates that are issued may be retained by the Company until such time as the Restricted Shares vest.

5.3. If the Grantee forfeits any rights he or she has under this Agreement in accordance with Section 3, the Grantee shall, on the date of such forfeiture, no longer have any rights as a shareholder with respect to the Restricted Shares and shall no longer be entitled to vote or receive dividends or other distributions on such shares.

6. Grantee Representations.

Grantee represents to the Company the following:

6.1 Acknowledgement of Terms. Grantee acknowledges that Grantee has received, read and understood the Plan and the Agreement and agrees to abide by and be bound by their terms and conditions.

6.2 Reliance on Exemptions. The Grantee understands that the Restricted Shares are being offered and sold to it in reliance upon specific exemptions from the registration requirements of United States federal and state securities laws and that the Company is relying upon the truth and accuracy of, and the Grantee's compliance with, the representations, warranties, agreements, acknowledgments and understandings of the Grantee set forth herein in order to determine the availability of such exemptions and the eligibility of the Grantee to receive the

Restricted Shares. All of the information which the Grantee has provided to the Company is true, correct and complete as of the date this Agreement is signed.

6.3 Restrictions on Transfer. If, at the time of grant of the Restricted Shares, there does not exist a registration statement under the US Securities Act of 1933, as amended (the "Securities Act"), which registration statement shall have become effective and is current with respect to the Restricted Shares, Grantee acknowledges that the Restricted Shares to be issued to Grantee must be held indefinitely unless subsequently registered and qualified under the Securities Act, or unless an exemption from registration and qualification is otherwise available.

6.4 Grantee acknowledges that the Restricted Shares may be subject to such restrictions, conditions or limitations as the Company determines appropriate as to the timing and manner of any resales by Grantee or other subsequent transfers by Grantee of any Restricted Shares, including without limitation (a) restrictions under any U.S. federal or state laws, (b) an insider trading policy of the Company, (c) restrictions designed to delay and/or coordinate the timing and manner of sales by the Grantee, and (d) restrictions as to the use of a specified brokerage firm for such resales or other transfers.

6.5 Relationship to the Company; Experience. Grantee hereby acknowledges that Grantee is aware of the Company's business affairs and financial condition and has acquired sufficient information about the Company to reach an informed and knowledgeable decision to acquire the Restricted Shares. Grantee hereby acknowledges and understands that the grant, vest, or receipt of the Restricted Shares may be subject to and limited by the Act, the Exchange Act (collectively, the "Securities Acts"), and other rules and regulations. Should the Company fail to register any grant, vest, or fail to issue the Restricted Shares to Grantee due to any restriction or limitation under the Securities Acts or such other rules and regulations, Grantee shall hold the Company, its Affiliates, or any of its or their officers and directors free from any liability for any of the foregoing failure.

6.6 Grantee's Liquidity. In reaching the decision to invest in the Restricted Shares, Grantee has carefully evaluated Grantee's financial resources and investment position and the risks associated with this investment, and Grantee acknowledges that Grantee is able to bear the economic risks of the investment. Grantee (i) has adequate means of providing for Grantee's current needs and possible personal contingencies, (ii) has no need for liquidity in Grantee's investment, (iii) is able to bear the substantial economic risks of an investment in the Restricted Shares for an indefinite period and (iv) at the present time, can afford a complete loss of such investment. Grantee's commitment to investments which are not readily marketable is not disproportionate to Grantee's net worth and Grantee's investment in the Restricted Shares will not cause Grantee's overall commitment to become excessive.

6.7 Access to Data. Grantee acknowledges that during the course of this transaction and before deciding to acquire the Restricted Shares, Grantee has been provided with financial and other written information about the Company. Grantee has been given the opportunity by the Company to obtain any information and ask questions concerning the Company, the Restricted Shares, and Grantee's investment that Grantee felt necessary; and to the extent Grantee availed himself of that opportunity, Grantee has received satisfactory information and answers concerning the business and financial condition of the Company in response to all inquiries in respect thereof.

6.8 Risks. Grantee acknowledges and understands that (i) an investment in the Company constitutes a high risk, (ii) the Restricted Shares are highly speculative, and (iii) there can be no assurance as to what investment return, if any, there may be. Grantee is aware that the Company may issue additional securities in the future which could result in the dilution of Grantee's ownership interest in the Company.

6.9 Valid Agreement. This Agreement when executed and delivered by Grantee will constitute a valid and legally binding obligation of Grantee which is enforceable in accordance with its terms.

6.10 Grantee's Residence Country. Grantee hereby acknowledges that Grantee is aware of the relevant requirements under the laws of the Grantee's residence country regarding investment in the Company's securities, including the requirements for approval and registration of overseas securities with competent authorities, if applicable. Failure to obtain requisite approval or registration shall relieve the Company, and any Affiliate, of any liability in respect of the failure to issue the Restricted Shares. If the failure is revealed or occurs after the issuance of the Restricted Shares, the Company shall be entitled, at its sole discretion, to redeem or request Grantee to transfer the Restricted Shares to a transferee who is legally entitled to hold the Restricted Shares at a redemption price (if any) to be determined by the Committee in its sole discretion. The Company and its Affiliates shall be relieved from any liability for any redemption or request for transfer made pursuant to the foregoing.

6.11 Grantee Status.

6.12.1 U.S. Investor Investment Representations. If the Grantee is a U.S. Person, at the time such Grantee was offered the Restricted Shares, she/he was, and at the date hereof is, an "accredited investor" as defined in Rule 501(a) under the Securities Act. Grantee is purchasing the Restricted Shares for Grantee's own account and not with a view to the resale or distribution thereof. At no time was Grantee presented with or solicited by any publicly issued or circulated newspaper, mail, radio, television or other form of general advertising or solicitation in connection with the offer, sale and issue of the Restricted Shares. Grantee is not required to be registered as a broker-dealer under Section 15 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and is not affiliated with any broker-dealer registered under Section 15 of the Exchange Act.

6.12.2 Non-U.S. Investor Investment Representations. If the Grantee is not a U.S. Person (as such term is defined in Rule 902(k) of Regulation S), such Grantee

(i) acknowledges that the certificate(s) or book entry account representing or evidencing the Restricted Shares contain a customary restrictive legend restricting the offer, sale or transfer of any Restricted Shares except in accordance with the provisions of Regulation S, pursuant to registration under the Securities Act, or pursuant to an available exemption from registration,

(ii) is purchasing the Restricted Shares for Grantee's own account and not with a view to the resale or distribution thereof,

(iii) at no time was presented with or solicited by any publicly issued or circulated newspaper, mail, radio, television or other form of general advertising or solicitation in connection with the offer, sale and issue of the Restricted Shares,

(iv) is not required to be registered as a broker-dealer under Section 15 of the Exchange Act, and is not affiliated with any broker-dealer registered under Section 15 of the Exchange Act,

(v) agrees that any subsequent offer for sale or sale of any such Restricted Shares shall be made pursuant to either (a) a registration statement under the Securities Act, which registration statement shall have become effective and shall be current with respect to the Restricted Shares being offered and sold, or (b) an exemption from the registration statement requirements of the Securities Act, including the provisions of Regulation S promulgated under the Act ("Regulation S"), provided that Grantee is not a U.S. person (as defined in Regulation S), is not acquiring the Restricted Shares for the account or benefit of a U.S. person, is the sole beneficial owner of the

Restricted Shares and has not pre-arranged any sale with an investor in the United States, will resell the Restricted Shares only in accordance with the provisions of Regulation S and will not engage in any hedging transactions with regard to the Restricted Shares unless in compliance with the Act, but in claiming the exemption in (b), Grantee shall, prior to any offer for sale or sale of such Restricted Shares, obtain a favorable written opinion from counsel for or reasonably approved by the Company as to the applicability of such exemption, and the certificate evidencing such Restricted Shares shall bear an additional legend to the effect of the foregoing substantially as follows:

“THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE “SECURITIES ACT”) OR UNDER APPLICABLE STATE SECURITIES LAWS AND MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF OTHER THAN IN COMPLIANCE WITH AN AVAILABLE EXEMPTION FROM THE REGISTRATION STATEMENT REQUIREMENTS OF THE SECURITIES ACT, INCLUDING THE PROVISIONS OF REGULATION S PROMULGATED UNDER THE SECURITIES ACT, UNLESS REGISTERED UNDER THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS, PROVIDED THAT THE SELLER DELIVERS TO THE COMPANY AN OPINION OF COUNSEL (WHICH OPINION IS REASONABLY SATISFACTORY TO THE COMPANY) CONFIRMING THE AVAILABILITY OF SUCH EXEMPTION. THESE SECURITIES MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT SECURED BY SUCH SECURITIES TO THE EXTENT PERMITTED BY APPLICABLE FEDERAL AND STATE SECURITIES LAWS.”

(vi) represents that the offer to purchase the Restricted Shares was made to such Grantee outside of the United States, and such Grantee was, at the time of the offer and will be, at the time of the sale and is now, outside the United States, (a) has not engaged in or directed any unsolicited offers to purchase Restricted Shares in the United States, (b) is neither a U.S. Person nor a Distributor (as such terms are defined in Rule 902(k) and 902(d), respectively, of Regulation S), and

(vii) is familiar with and understands the terms and conditions and requirements contained in Regulation S, specifically, without limitation, the Grantee understands that the statutory basis for the exemption claimed for the sale of the Restricted Shares would not be present if the sale, although in technical compliance with Regulation S, is part of a plan or scheme to evade the registration provisions of the Securities Act.

7. Exemption from Registration. Subject to the accuracy of Grantee’s representations and warranties set forth in the Section 6, the issuance of Restricted Shares by the Company to the Grantee will not require registration under the Securities Act. The Company is issuing Restricted Shares in accordance with and in reliance upon the exemption from securities registration afforded, inter alia, by Rule 506 under Regulation D or Rule 902 under Regulation S as promulgated by the Commission under the Securities Act.

8. No Right to Continued Service. Neither the Plan nor this Agreement shall confer upon the Grantee any right to be retained in any position, as an Employee, Consultant or Director of the Company. Further, nothing in the Plan or this Agreement shall be construed to limit the discretion of the Company to terminate the Grantee’s Continuous Service at any time, with or without Cause.

9. Adjustments. If any change is made to the outstanding common shares or the capital structure of the Company, if required, the common shares shall be adjusted or terminated in any manner as contemplated by Section 11 of the Plan.

10. Tax Liability and Withholding.

10.1. The Grantee shall be required to pay to the Company, and the Company shall have the right to deduct from any compensation paid to the Grantee pursuant to the Plan, the amount of any required withholding taxes in respect of the Restricted Shares and to take all such other action as the Committee deems necessary to satisfy all obligations for the payment of such withholding taxes. The Committee may permit the Grantee to satisfy any federal, state or local tax withholding obligation by any of the following means, or by a combination of such means: (a) tendering a cash payment; (b) authorizing the Company to withhold common shares from the common shares otherwise issuable or deliverable to the Grantee as a result of the vesting of the Restricted Shares; provided, however, that no common shares shall be withheld with a value exceeding the minimum amount of tax required to be withheld by law; or (c) delivering to the Company previously owned and unencumbered common shares.

10.2. Notwithstanding any action the Company takes with respect to any or all income tax, social insurance, payroll tax, or other tax-related withholding (“Tax-Related Items”), the ultimate liability for all Tax-Related Items is and remains the Grantee’s responsibility and the Company (a) makes no representation or undertakings regarding the treatment of any Tax-Related Items in connection with the grant or vesting of the Restricted Shares or the subsequent sale of any shares; and (b) does not commit to structure the Restricted Shares to reduce or eliminate the Grantee’s liability for Tax-Related Items.

11. Section 83(b) Election. The Grantee may make an election under Code Section 83(b) (a “Section 83(b) Election”) with respect to the Restricted Shares. Any such election must be made within thirty (30) days after the Grant Date. If the Grantee elects to make a Section 83(b) Election, the Grantee shall provide the Company with a copy of an executed version and satisfactory evidence of the filing of the executed Section 83(b) Election with the US Internal Revenue Service. The Grantee agrees to assume full responsibility for ensuring that the Section 83(b) Election is actually and timely filed with the US Internal Revenue Service and for all tax consequences resulting from the Section 83(b) Election.

12. Compliance with Law. The issuance and transfer of common shares shall be subject to compliance by the Company and the Grantee with the laws of the Cayman Islands as they relate to the Company and its common shares, with all applicable requirements of federal and state securities laws and with all applicable requirements of any stock exchange on which the Company’s common shares may be listed. No common shares shall be issued or transferred unless and until any then applicable requirements of Cayman Islands laws, US state and federal laws, and any other applicable regulatory agencies have been fully complied with to the satisfaction of the Company and its counsel. The Grantee understands that the Company is under no obligation to register the common shares with the Securities and Exchange Commission, any state securities commission or any stock exchange to effect such compliance.

13. Legends. A legend may be placed on any certificate(s) or other document(s) delivered to the Grantee indicating restrictions on transferability of the Restricted Shares pursuant to this Agreement or any other restrictions that the Committee may deem advisable under the rules, regulations and other requirements of the Securities and Exchange Commission, any applicable federal or state securities laws or any stock exchange on which the common shares are then listed or quoted.

14. Notices. Any notice required to be delivered to the Company under this Agreement shall be in writing and addressed to Chief Executive Officer of the Company at the Company’s principal corporate offices. Any notice required to be delivered to the Grantee under this Agreement shall be in writing and addressed to the

Grantee at the Grantee's address as shown in the records of the Company. Either party may designate another address in writing (or by such other method approved by the Company) from time to time.

15. **Governing Law.** This Agreement will be construed and interpreted in accordance with the laws of the Cayman Islands without regard to conflict of law principles.

16. **Interpretation.** Any dispute regarding the interpretation of this Agreement shall be submitted by the Grantee or the Company to the Committee for review. The resolution of such dispute by the Committee shall be final and binding on the Grantee and the Company.

17. **Restricted Shares Subject to Plan.** This Agreement is subject to the Plan and is not required to be approved by the Company's shareholders. The terms and provisions of the Plan as it may be amended from time to time are hereby incorporated herein by reference. In the event of a conflict between any term or provision contained herein and a term or provision of the Plan, the applicable terms and provisions of the Plan will govern and prevail.

18. **Successors and Assigns.** The Company may assign any of its rights under this Agreement. This Agreement will be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth herein, this Agreement will be binding upon the Grantee and the Grantee's beneficiaries, executors, administrators and the person(s) to whom the Restricted Shares may be transferred by will or the laws of descent or distribution.

19. **Severability.** The invalidity or unenforceability of any provision of the Plan or this Agreement shall not affect the validity or enforceability of any other provision of the Plan or this Agreement, and each provision of the Plan and this Agreement shall be severable and enforceable to the extent permitted by law.

20. **Discretionary Nature of Plan.** The Plan is discretionary and may be amended, cancelled or terminated by the Company at any time, in its discretion. The grant of the Restricted Shares in this Agreement does not create any contractual right or other right to receive any Restricted Shares or other Awards in the future. Future Awards, if any, will be at the sole discretion of the Company. Any amendment, modification, or termination of the Plan shall not constitute a change or impairment of the terms and conditions of the Grantee's service agreement with the Company.

21. **Amendment.** The Committee has the right to amend, alter, suspend, discontinue or cancel the Restricted Shares, prospectively or retroactively; provided, that, no such amendment shall adversely affect the Grantee's material rights under this Agreement without the Grantee's consent.

22. **No Impact on Other Benefits.** The value of the Grantee's Restricted Shares is not part of his normal or expected compensation for purposes of calculating any severance, retirement, welfare, insurance or similar employee benefit.

23. **Grantee Undertaking.** Grantee hereby agrees to take whatever additional actions and execute whatever additional documents the Company may in its reasonable judgment deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on Grantee pursuant to the express provisions of this Agreement.

24. **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument. Counterpart signature pages to this

Agreement transmitted by facsimile transmission, by electronic mail in portable document format (.pdf), or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, will have the same effect as physical delivery of the paper document bearing an original signature.

25. Acceptance. The Grantee hereby acknowledges receipt of a copy of the Plan and this Agreement. The Grantee has read and understands the terms and provisions thereof, and accepts the Restricted Shares subject to all of the terms and conditions of the Plan and this Agreement. The Grantee acknowledges that there may be adverse tax consequences upon the grant or vesting of the Restricted Shares or disposition of the shares and that the Grantee has been advised to consult a tax advisor prior to such grant, vesting or disposition.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

COMPANY:

Santech Holdings Limited

Name:

Title:

GRANTEE:

Name:

List of Significant Subsidiaries

| Name of the Subsidiaries | Place of incorporation |
|--------------------------------------|------------------------|
| Santech Global BVI Limited | BVI |
| Santech Global International Limited | Hong Kong |
| Santech Global Hong Kong Limited | Hong Kong |

**Certification by the Principal Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Lawrence Wai LOK, certify that:

1. I have reviewed this annual report on Form 20-F of Santech Holdings Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) 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 this 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(s) 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: May 13, 2025

By: /s/ Lawrence Wai LOK

Name: Lawrence Wai LOK

Title: Chairman and CEO

**Certification by the Principal Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Lawrence Wai LOK, certify that:

1. I have reviewed this annual report on Form 20-F of Santech Holdings Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) 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 this 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(s) 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: May 13, 2025

By: /s/ Lawrence Wai LOK

Name: Lawrence Wai LOK

Title: Principal Financial Officer

**Certification by the Chief Executive Officer
Pursuant to 18 U.S.C. Section 1350, as adopted
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of Santech Holdings Limited (the "Company") on Form 20-F for the year ended June 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lawrence Wai LOK, 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: May 13, 2025

By: /s/ Lawrence Wai LOK

Name: Lawrence Wai LOK

Title: Chairman and CEO

**Certification by the Principal Financial Officer
Pursuant to 18 U.S.C. Section 1350, as adopted
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of Santech Holdings Limited (the "Company") on Form 20-F for the year ended June 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lawrence Wai LOK, Principal 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: May 13, 2025

By: /s/ Lawrence Wai LOK
Name: Lawrence Wai LOK
Title: Principle Financial Officer



AUDIT ALLIANCE LLP®

A Top 18 Audit Firm
10 Anson Road, #20-16 International Plaza, Singapore 079903.

UEN: T12LL1223B GST Reg No: M90367663E Tel: (65) 6227 5428
Website: www.allianceaudit.com



Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the registration statements (No. 333-260129) on Form S-8 of our report dated May 13, 2025, with respect to the combined financial statements of Santech Holdings Ltd. as of June 30, 2023 and 2024 and for the years ended June 30, 2022, 2023 and 2024.

/s/Audit Alliance LLP

Audit Alliance LLP
Singapore
May 13, 2025

Anjie Broad
安杰世泽

上海市徐汇区淮海中路 1010 号嘉华中心 27 层，邮政编码 200031
27/F, K.Wah Center, No. 1010 Huaihai Road (M), Xuhui District, Shanghai 200031, P.R. China
T +86 21 2422 4888 F +86 21 2422 4800
www.anjielaw.com

May 13, 2025

Santech Holdings Limited
Level 15, AIA Central
No.1 Connaught Road Central
Central, Hong Kong

Dear Sirs,

We consent to the references to our firm's name under the headings "Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure", "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in Hong Kong and Mainland China", "Item 4. Information on the Company—B. Business Overview—Regulations", "Item 4. Information on the Company—C. Organizational Structure" in Santech Holdings Limited's annual report on Form 20-F for the fiscal year ended June 30, 2024 (the "**Annual Report**"), which will be filed with the Securities and Exchange Commission (the "**SEC**") on the date hereof, that was filed on May 13, 2025. We also consent to the filing of this consent letter with the SEC as an exhibit to the Annual Report.

In giving such consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, or under the Securities Exchange Act of 1934, in each case, as amended, or the regulations promulgated thereunder.

Yours faithfully,

/s/ Anjie Broad Law Firm

Anjie Broad Law Firm

APPLEBY

Santech Holdings Limited

Email vchan@applebyglobal.com

Level 15, AIA Central
No.1 Connaught Road Central
Central, Hong Kong

Direct Dial +852 2905 5759

Tel +852 2523 8123
Fax +852 2524 5548

Appleby Ref 470985.0001

May 13, 2025

Suites 3505-06
35/F, Two Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

Dear Sirs

Santech Holdings Limited

Tel +852 2523 8123
applebyglobal.com

We have acted as legal advisers as to the laws of the Cayman Islands to Santech Holdings Limited, an exempted company with limited liability incorporated in the Cayman Islands, in connection with the filing by the Company with the United States Securities and Exchange Commission (the "SEC") of an annual report on Form 20-F for the year June 30, 2024 (the "**Annual Report**"), which will be filed with the SEC in the month of May 2025.

Managing Partner
David Bulley

We consent to the reference to our firm under the heading "Item 10. Additional Information—E. Taxation - Cayman Islands Taxation" in the Annual Report. We also consent to the filing with the SEC of this consent letter as an exhibit to the Annual Report.

Partners
Fiona Chan
Vincent Chan
Chris Cheng
Richard Grasby
Eason Huang
Judy Lee
John McCarroll SC
Lily Miao
Lorinda Peasland
Eliot Simpson

In giving such consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, or under the Securities Exchange Act of 1934, in each case, as amended, or the regulations promulgated thereunder.

Yours faithfully

/s/ Appleby

Appleby



May 13, 2025

Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

Commissioners:

We have read the statements made by Santech Holdings Ltd under Item 16F of its Form 20-F dated May 13, 2025. We agree with the statements concerning our Firm in such Form 20-F; we are not in a position to agree or disagree with other statements of Santech Holdings Ltd contained therein.

Very truly yours,

/s/ Marcum Asia CPAs LLP

Marcum Asia CPAs LLP

Supplemental Submission Pursuant to Item 16I(a) of Form 20-F

Santech Holdings Limited (the “Company”) is submitting via EDGAR the following information as required under Item 16I(a) of Form 20-F in relation to the Holding Foreign Companies Accountable Act.

In response to Item 16I(a) of Form 20-F, the Company believes that the following information establishes that it is not owned or controlled by a governmental entity in Mainland China.

Mr. Lawrence Wai Lok, our CEO and the chairman of our board of directors as of the date of this submission, beneficially owns 66.7% of the total issued and outstanding ordinary shares of the Company as of the date of this submission. These ordinary shares are held by Carmel Holdings Limited, which is wholly owned by Mr. Lawrence Wai Lok. Carmel Holdings Limited is a limited liability company incorporated in the British Virgin Islands and is not a governmental entity. The registered address of Carmel Holdings Limited is Portcullis Chambers, 4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, VG1110, British Virgin Islands.

To the Company’s knowledge, based on an examination of the Company’s register of members and public filings made by its shareholders, except for Mr. Lawrence Wai Lok, through Carmel Holdings Limited, and Mr. Han Hongwei, through Grand Lead Group Limited, no shareholder beneficially owns 5% or more of the Company’s outstanding ordinary shares as of the date of this submission.

Please refer to “Item 6.E. Directors, Senior Management and Employees—Share Ownership” of the Company’s annual report on Form 20-F for the year ended June 30, 2024, filed with the SEC on the date hereof, for more details.

In addition, the Company is not aware of any governmental entity in Mainland China that is in possession of the power, direct or indirect, to direct or cause the direction of the management and policies of the Company, whether through the ownership of voting securities, by contract, or otherwise.

Furthermore, as of the date hereof, the directors, officers and senior management of the Company consist of: Lawrence Wai Lok, Joel A. Gallo, Chen Jie, Howard Chan and Geoffrey Kam and none of such persons is a representative of any government entity in Mainland China.

Date: May 13, 2025

By: /s/ Lawrence Wai LOK

Name: Lawrence Wai LOK

Title: Chairman and CEO
