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

FORM 20-F

(Mark One)

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

OR

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

For the fiscal year ended December 31, 2025.

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:001-42160

NIP Group Inc.
(Exact name of Registrant as specified in its charter)

N/A
(Translation of Registrant's name into English)

Cayman Islands
(Jurisdiction of incorporation or organization)

Rosenlundsgatan 31
11 863 Stockholm
Sweden
+46 8133700
(Address of principal executive offices)

Mario Yau Kwan Ho
Co-Chief Executive Officer
Tel: +46 8133700
E-mail: ir@nipgroup.gg
Rosenlundsgatan 31
11 863 Stockholm
Sweden
(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
American depositary shares, each representing two Class A ordinary shares, par value US$0.0001 per share	**NIPG**	**Nasdaq Global Market**
Class A ordinary shares, par value US$0.0001 per share*		**Nasdaq Global Market**

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

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

None
(Title of Class)

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

None
(Title of Class)

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

As of December 31, 2025, there were 280,797,781 shares, par value US$0.0001 per share issued and outstanding, being the sum of 197,363,156 Class A ordinary shares, par value of US$0.0001 per share, 51,900,121 Class B1 ordinary shares, par value of US$0.0001 per share, and 31,534,504 Class B2 ordinary shares, par value of US$0.0001 per share.

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

Yes ☐ No ☒

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

Yes ☐ No ☒

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

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

Yes ☒ No ☐

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

Yes ☒ No ☐

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

Large accelerated filer	☐	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 ☐

TABLE OF CONTENTS

INTRODUCTION

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

- "ADRs" are to the American depositary receipts that may evidence the ADSs;
- "ADSs" are to the American depositary shares, each of which represents two Class A ordinary shares;
- "China" or "the PRC" are to the People's Republic of China, including Hong Kong, Macau and Taiwan; and "mainland China" refers to the People's Republic of China, excluding Hong Kong, Macau and Taiwan;
- "Class A ordinary shares" are to the Class A ordinary shares of NIP Group Inc., par value US$0.0001 per share;
- "Class B ordinary shares" are to Class B1 ordinary shares or Class B2 ordinary shares;
- "Class B1 ordinary shares" are to the Class B1 ordinary shares of NIP Group Inc., par value US$0.0001 per share;
- "Class B2 ordinary shares" are to the Class B2 ordinary shares of NIP Group Inc., par value US$0.0001 per share;
- "EH/s" are to Exahash per second. 1 Exahash equals one quintillion hashes per second;
- "Former VIE" are to the former variable interest entity, namely Wuhan Xingjingweiwu Culture & Sports Development Co., Ltd., or "Wuhan ESVF";
- "hash" are to a function used to map data of arbitrary size to data of fixed size and, in the context of Bitcoin mining, a function to solve the mining puzzle;
- "hash rate" are to the processing power of the Bitcoin network and represents the number of computations that is processed by the network in a given time period;
- "Ninjas in Pyjamas" are to Ninjas in Pyjamas Gaming AB;
- "our WFOE" are to Wuhan Muyecun Internet Technology Co., Ltd.;
- "Restructuring" are to a series of restructuring transactions in June 2023 to terminate the historical contractual arrangements with the Former VIE, which has become our wholly-owned subsidiary;
- "RMB" and "Renminbi" are to the legal currency of China;
- "shares" or "ordinary shares" are to our Class A, Class B1 and Class B2 ordinary shares, par value US$0.0001 per share;
- "SEK" and "Swedish Krona" are to the legal currency of Sweden;
- "US$," "U.S. dollars," "$," and "dollars" are to the legal currency of the United States;
- "VIE(s)" are to Wuhan Alunyou Network Information Development Co., Ltd. and Wuhan Young Will Ltd. before July 31, 2025, and are to Wuhan Alunyou Network Information Development Co., Ltd. after July 31, 2025, because ZSZQ Limited has been deconsolidated from our consolidated financial statements from July 31, 2025 and the variable interest entity controlled by ZSZQ Limited, namely Wuhan Young Will Ltd., has been deconsolidated as well; and
- "we," "us," "our company" or "our" are to NIP Group Inc., formerly known as ESVF Esports Group Inc., a Cayman Islands exempted company, and its subsidiaries and their respective subsidiaries, as the context requires (and, in the context of describing NIP Group Inc.'s operations and consolidated financial information, also the Former VIE and the Former VIE's subsidiaries, or the VIEs and the VIEs' subsidiaries, as the case may be).

Unless otherwise noted, all translations from Renminbi to U.S. dollars and from U.S. dollars to Renminbi in this annual report are made at a rate of RMB6.9931 to US$1.00, the exchange rate in effect as of December 31, 2025 as set forth in the H.10 statistical release of The Board of Governors of the Federal Reserve System. All translations from Swedish Krona to U.S. Dollars and from U.S. dollars to Swedish Krona are made at a rate of SEK 9.2227 to US$1.00, the exchange rate in effect as of December 31, 2025. We make no representation that any Renminbi or U.S. dollar amounts could have been, or could be, converted into U.S. dollars or Renminbi, as the case may be, at any particular rate, or at all.

Due to rounding, numbers presented throughout this annual report may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

FORWARD-LOOKING INFORMATION

This annual report on Form 20-F contains forward-looking statements that reflect our current expectations and views of future events. 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 Litigations 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 some of these forward-looking statements by words or phrases such as "may," "will," "expect," "anticipate," "aim," "estimate," "intend," "plan," "believe," "is/are likely to," "potential," "continue" or other similar expressions. We have based these forward-looking statements largely on our current expectations and projections about future events 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 relating to:

- our mission, goals and strategies;
- our future business development, financial condition and results of operations;
- the expected growth of the esports industry in China;
- our expansion plans, including tapping into the crypto mining industry;
- our expectations regarding the prospects of our business model and the demand for and market acceptance of our products and services;
- our expectations regarding maintaining and strengthening our relationships with game developers and publishers, esports viewers, esports athletes, brands and sponsors, online entertainers, live streaming and other distribution platforms as well as other stakeholders;
- competition in our industry;
- relevant government policies and regulations relating to our industry;
- general economic and business conditions in the regions where we operate, and globally; and
- assumptions underlying or related to any of the foregoing.

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.

You should not rely upon forward-looking statements as predictions of future events. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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

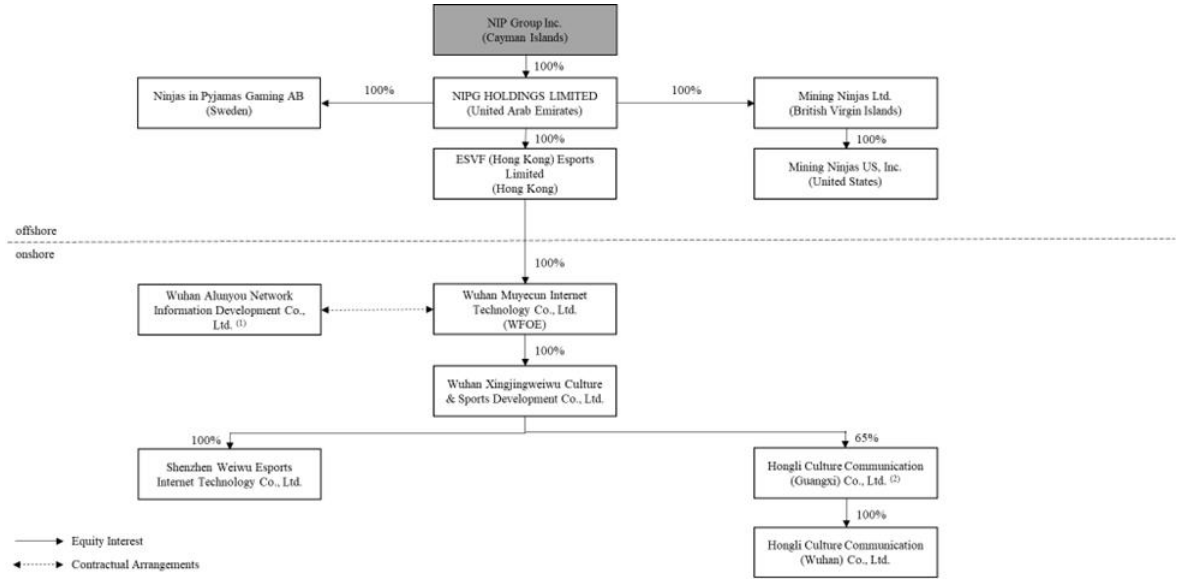
Our Holding Company Structure and Risks Related to Doing Business in Mainland China

NIP Group Inc. is not a Chinese operating company but a Cayman Islands holding company with operations primarily conducted through its wholly-owned subsidiaries in (i) Sweden, namely Ninjas in Pyjamas Gaming AB, which is engaged in esports teams operations, (ii) China, namely Wuhan Xingjingweiwu Culture & Sports Development Co., Ltd., which is engaged in esports teams, talent management and event production operations, and (iii) the United States, namely Mining Ninjas US, Inc., which is engaged in Bitcoin mining operations. We also conduct an insignificant portion of our business through the VIEs incorporated in China with which we have maintained contractual arrangements. PRC laws and regulations restrict and impose conditions on foreign direct investment in companies involved in the provision of certain services, such as value-added telecommunication services. Therefore, we operate relevant businesses in China through certain contractual arrangements with the VIEs. This structure allows us to be considered the primary beneficiary of the VIEs, which serves the purpose of consolidating the VIEs' operating results in our financial statements under the U.S. GAAP. This structure also provides exposure to foreign investment in such companies. As of the date of this annual report, to the best knowledge of our company, our directors and management, the VIE agreements have not been tested in a court of law in the PRC. The VIEs are owned by certain nominee shareholders, not us. Under this holding company structure, investors in the ADSs are purchasing equity interests in the Cayman Islands holding company. This holding company structure involves unique risks to investors and investors may never directly hold equity interests in the Swedish, Chinese and U.S. operating companies, including the VIEs.

Historically, we conducted our operations in China through Wuhan Muyecun Internet Technology Co., Ltd. ("Wuhan Muyecun" or "the WFOE") and through Wuhan Xingjingweiwu Culture & Sports Development Co., Ltd. ("Wuhan ESVF" or "the Former VIE"), with which we, our WFOE, and the nominee shareholders of Wuhan ESVF entered into certain contractual arrangements (the "Wuhan ESVF Contractual Arrangements"). We did not own an equity interest in the Former VIE or its subsidiaries, and relied on the Wuhan ESVF Contractual Arrangements to direct the business operations of the Former VIE. Following a restructuring in June 2023 (the "Restructuring"), the Wuhan ESVF Contractual Arrangements were terminated, and we acquired the shares of the Former VIE from its nominee shareholders, after which the Former VIE has become a wholly-owned subsidiary of our company since June 2023. In September 2024, our WFOE entered into a series of contractual arrangements with Wuhan Alunyou Network Information Development Co., Ltd., or Wuhan Alunyou, and its shareholders, through which we obtained control over Wuhan Alunyou and its subsidiary. In addition, in September 2024, we entered into a share swap agreement with the shareholders of ZSZQ Limited, a Cayman Islands holding company, pursuant to which we acquired 61% of the equity interest in ZSZQ Limited. ZSZQ Limited, through its indirectly wholly-owned subsidiary in China, maintained a series of contractual arrangements with Wuhan Young Will Ltd., or Young Will, and its shareholders, which enabled us to obtain control over Young Will and its subsidiary. In July 2025, we and the shareholders of ZSZQ Limited entered into a termination agreement, pursuant to which the parties mutually agreed to terminate the share swap agreement and other ancillary agreements and documents regarding the share swap transactions. As of July 31, 2025, all shares previously issued under the share swap agreement have been surrendered and cancelled in full. No shares remain outstanding in relation to such transactions. ZSZQ Limited has been deconsolidated from our consolidated financial statements from July 31, 2025, and the subsidiaries and variable interest entity controlled by ZSZQ Limited, namely ZSZQ (HK) Limited, Beijing ZSZQ Network Technology Co., Ltd. and Wuhan Young Will Ltd., have been deconsolidated as well. Thus, we refer to Wuhan Alunyou and Young Will as the VIEs before July 31, 2025, and refer to Wuhan Alunyou as the VIE after July 31, 2025. As a result of the foregoing, we are considered the primary beneficiary of the VIEs for accounting purposes, and we treat the VIEs as our consolidated affiliated entities under U.S. GAAP.

Unless otherwise indicated or the context otherwise requires, references in this annual report to (i) "NIP Group" are to NIP Group Inc., and (ii) "we," "us," "our," "the Company" and "our company" are to NIP Group and its subsidiaries and, in the context of describing our operations and consolidated financial information, also the Former VIE and the Former VIE's subsidiaries, or the VIEs and the VIEs' subsidiaries, as the case may be.

The following diagram illustrates our corporate structure, including our significant subsidiaries, the VIEs and certain other entities as of the date of this annual report.



Notes:

(1) Wuhan Alunyou is wholly owned by Heng Tang, our executive vice president.

(2) Lei Zhang, our chief experience officer, holds 35% of the equity interests in Hongli Culture Communication (Guangxi) Co., Ltd.

Our corporate structure is subject to risks associated with the contractual arrangements with the VIEs. The contractual arrangements may not be as effective as direct ownership over the VIEs, the nominee shareholders of the VIEs may have potential conflicts of interest with us, and we may incur substantial costs to enforce the terms of the arrangements. As such, the VIE structure involves unique risks to investors of our Cayman Islands holding company. In addition, the legality and enforceability of the contractual agreements between our PRC subsidiaries, the VIEs, and VIEs' nominee shareholders, as a whole, have not been tested in a court of law in China. If the PRC government determines that the contractual arrangements constituting the part of the VIE structure do not comply with PRC laws and regulations, or if regulations change or are interpreted differently in the future, we and the VIEs could be subject to severe penalties or be forced to relinquish our interests in those operations or otherwise significantly change our corporate structure. The PRC regulatory authorities could disallow the VIE structure, which would affect our ability to consolidate the financial results of the VIEs and the financial performance of our company as a whole, and the value of our securities could significantly decline or become worthless. For a detailed description of the risks associated with our corporate structure, see "Item 3. Key Information—3.D. Risk Factors—Risks Related to Our Corporate Structure."

We face various legal and operational risks and uncertainties associated with being based in China and the complex and evolving PRC laws and regulations. The PRC government has significant authority to exert influence on the ability of a China-based company, such as us, to conduct its business, accept foreign investments or list on a U.S. or other foreign exchanges. For example, we face risks associated with regulatory approvals on offerings conducted overseas by and foreign investment in China-based issuers, anti-monopoly regulatory actions, oversight on cybersecurity, data privacy and personal information. These risks could result in a material adverse change in our operations and the value of our securities, significantly limit or completely hinder our ability to continue to offer securities to investors, or cause the value of such securities to significantly decline or be of little or no value. Recently, the PRC government initiated a series of regulatory actions and made a number of public statements on the regulation of business operations in China with little advance notice, including cracking down on illegal activities in the securities market, enhancing supervision over China-based companies listed overseas using a variable interest entity structure, adopting new measures to extend the scope of cybersecurity reviews, and expanding efforts in anti-monopoly enforcement. For a detailed description of risks related to doing business in China, see "Item 3. Key Information—3.D. Risk Factors—Risks Related to Doing Business in China." New regulatory actions related to data security or anti-monopoly concerns in Hong Kong may be taken in the future, and such regulatory actions may also impact our ability to conduct our business, accept foreign investments, or list on a U.S. or foreign stock exchange. In addition, the legal and operational risks associated with having operations in mainland China also apply to our presence in Hong Kong. While Hong Kong currently operates under a different set of laws from mainland China, there can be no assurance as to whether the government of Hong Kong will enact laws and regulations similar to mainland China, or whether any laws or regulations of mainland China will become applicable to our operations in Hong Kong in the future, which could be at any time and with no advance notice.

Recent Regulatory Development

Cybersecurity Review Measures

On December 28, 2021, the Cyberspace Administration of China, or 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) where the relevant activity affects or may affect national security, a "critical information infrastructure operator," or a CIIO, that purchases network products and services, or an internet platform operator that conducts data process activities, shall be subject to the cybersecurity review, (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. See "Item 3. Key Information—3.D. Risk Factors—Risks Related to Our Esports Business—Our esports business is subject to a variety of laws and regulations of the PRC, the European Union member states, the Cayman Islands and other international jurisdictions, including those regarding cybersecurity, economic substance, data protection and data privacy. Any failure to comply with such current or future laws and regulations, could adversely affect our business and reputation" for detailed discussion.

On February 12, 2025, the CAC published the Administrative Measures for the Compliance Audit of Personal Information Protection, or the Compliance Audit Measures, which took effect on May 1, 2025. According to the Compliance Audit Measures, compliance audit of personal information protection refers to the supervision activities in which the personal information processing activities of personal information handlers are examined and evaluated regarding their compliance with laws and administrative regulations. The Compliance Audit Measures further provides, among other things, that personal information handlers that process personal information of more than 10 million individuals shall conduct at least one personal information protection compliance audit every two years.

On October 28, 2025, the Standing Committee of the National People's Congress decided to amend the PRC Cybersecurity Law, which took effect on January 1, 2026. According to the amendment of PRC Cybersecurity Law, the State shall support basic theoretical research on AI and the research and development of key technologies such as algorithms, advance the construction of infrastructure such as training data resources and computing power, improve ethical norms for AI, strengthen risk monitoring and assessment and safety supervision, and promote the application and healthy development of AI. Additionally, this amendment increases the penalties for various cybersecurity-related violations.

CSRC Filing Requirements

On February 17, 2023, the China Securities Regulatory Commission, or the CSRC, issued the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies, or the Trial Measures, which took effect on March 31, 2023, together with other seven supporting guidelines. According to the Trial Measures, Chinese domestic companies that seek to offer or list securities overseas, either in direct or indirect means, are required to fulfill the filing procedure with the CSRC and report relevant information. We have completed the required filings with the CSRC for our initial public offering in accordance with the requirements under these measures and the supporting guidelines. The CSRC has concluded the filing procedure and published the filing results on the CSRC website on May 30, 2024. In addition, the Trial Measures states that any post-listing follow-on offering by an issuer in an overseas market, including issuance of shares, convertible notes and other similar securities, shall be subject to the filing requirements within three business days after the completion of the offering. Therefore, any of our future offering and listing of our securities in an overseas market shall be subject to the filing requirements under the Trial Measures. If we fail to timely obtain required approval or complete other review or filing procedures, under the Trial Measures or otherwise, for any future overseas securities offerings or listing, we may face sanctions by the CSRC or other PRC regulatory agencies, which may include fines and penalties on our operations in China, limitations on our operating privileges in China, restrictions on or prohibition of the payments or remittance of dividends by our subsidiaries in China, restrictions on or delays to our future overseas financing transactions, or other actions that could have a material and adverse effect on our business, financial condition, results of operations, reputation and prospects, as well as the trading price of our ADSs. Further, we cannot guarantee that new rules or regulations promulgated in the future will not impose any additional requirement on us or otherwise to tighten the regulations on PRC companies seeking overseas offering or listing. Any failure to obtain the relevant approval or complete the filings and other relevant regulatory procedures may subject us to regulatory actions or other penalties from the CSRC or other PRC regulatory authorities, which may have a material adverse effect on our business, operations or financial conditions. For detailed information, see "Item 3. Key Information—3.D. Risk Factors—Risks Related to Doing Business in China —The approval, filing or other requirements of the China Securities Regulatory Commission or other PRC government authorities may be required to maintain our listing status or conduct future offshore securities offerings. Any failure of fully complying with the approval, filing or other requirements may completely hinder our ability to offer our ordinary shares, cause significant disruption to our business operations, and severely damage our reputation, which would materially and adversely affect our financial condition and results of operations" and "Item 3. Key Information —3.D. Risk Factors—Risks Related to Doing Business in China—Any failure by us to meet with the continue developing PRC legal system could adversely affect us."

Implications of the Holding Foreign Companies Accountable Act

Pursuant to the Holding Foreign Companies Accountable Act, or the HFCAA, if the SEC determines that we have filed audit reports issued by a registered public accounting firm that has not been subject to inspections by the PCAOB for two consecutive years, the SEC will prohibit our shares or ADSs from being traded on a national securities exchange or in the over-the-counter trading market in the United States.

On December 16, 2021, the PCAOB issued a report to notify the SEC of its determination that the PCAOB was unable to inspect or investigate completely registered public accounting firms headquartered in mainland China and Hong Kong. On December 15, 2022, the PCAOB removed mainland China and Hong Kong from the list of jurisdictions where it is unable to inspect or investigate completely registered public accounting firms.

Each year, the PCAOB will determine whether it can inspect and investigate completely audit firms in mainland China and Hong Kong, among other jurisdictions. If the PCAOB determines in the future that it no longer has full access to inspect and investigate completely accounting firms in certain jurisdictions and we use an accounting firm headquartered in one of such jurisdictions to issue an audit report on our financial statements filed with the SEC, we would be identified as a Commission-Identified Issuer following the filing of the annual report on Form 20-F for the relevant fiscal year. There can be no assurance that we would not be identified as a Commission-Identified Issuer for any future fiscal year, and if we were so identified for two consecutive years, we would become subject to the prohibition on trading under the HFCAA. See "Item 3. Key Information—3.D. Risk Factors—Risks Related to Doing Business in China—The Holding Foreign Companies Accountable Act, or the HFCAA, and the related regulations continue to evolve. Further implementations and interpretations of or amendments to the HFCAA or the related regulations, or a PCAOB determination of its lack of sufficient access to inspect our auditor, might pose regulatory risks to and impose restrictions on us because of our operations in mainland China."

Permissions Required from the PRC Authorities for Our Operations

We conduct our business primarily through our wholly-owned subsidiaries in Sweden, China and the United States, and to a lesser extent through contractual arrangements with the VIEs in China. Our operations in China are governed by PRC laws and regulations. As of the date of this annual report, each of our PRC subsidiaries and the VIEs is required to have, and each has, a business license issued by the PRC State Administration for Market Regulation and its local counterparts. As of the date of this annual report, we have not received any formal inquiry, notice, warning, sanction, or any regulatory objection by any governmental authorities of any requirement to obtain necessary permissions and approvals for our business operation, nor have we been denied of any permissions or approvals. However, we cannot assure you that relevant government agencies will not impose further requirements in the future. Further, we have developed and may in the future initiate new businesses, for which we may be required to obtain new licenses and permits, which could be time-consuming and complex. If we do not receive, complete or maintain necessary permissions or approvals, or we inadvertently conclude that such permissions or approvals are not required, or there is a change in the applicable laws, regulations, or interpretations such that we need to obtain permissions or approvals in the future, we may be subject to (i) investigations by competent regulatory authorities, (ii) fines or penalties, (iii) orders to suspend our operations and to rectify any non-compliance, or (iv) prohibitions from engaging in relevant businesses. For details, see "Item 3. Key Information—3.D. Risk Factors—Risks Related to Our Esports Business—If we fail to obtain and maintain the requisite licenses, permits and approvals applicable to our esports business, or fail to obtain additional licenses that become necessary due to new enactment or promulgation of laws and regulations or our expansion, our business, results of operations and growth prospects may be materially and adversely affected."

Cash and Asset Flows Through Our Organization

NIP Group Inc. is not an operating company but a Cayman Islands holding company with operations primarily conducted through its wholly-owned subsidiaries in Sweden, China and the United States, and to a lesser extent through contractual arrangements with the VIEs in China. As a result, although other means are available for us to obtain financing at the holding company level, NIP Group Inc.'s ability to pay dividends to the shareholders and to service any debt it may incur depends upon dividends paid by our Sweden, PRC and U.S. subsidiaries and the service fees paid by the VIEs. If any of our subsidiaries incurs debt on its own behalf in the future, the instruments governing such debt may restrict its ability to pay dividends to NIP Group Inc. In addition, to the extent cash or assets in our business are held in mainland China or Hong Kong or by a mainland China or Hong Kong entity, such cash or assets may not be available to fund operations or for other use outside of mainland China or Hong Kong due to interventions in, or the imposition of restrictions and limitations on, the ability of our holding company, our subsidiaries, or the VIEs by the PRC government to transfer cash or assets.

Under PRC laws, NIP Group Inc. may provide funding to our PRC subsidiaries only through capital contributions or loans, and to the VIEs only through loans, subject to satisfaction of applicable government registration and approval requirements. In addition, cash may be transferred among our PRC subsidiaries through capital contributions or loans, subject to satisfaction of applicable government registration and approval requirements. The VIEs may transfer cash to the relevant PRC subsidiary by paying service fees according to the exclusive business cooperation agreements.

Our PRC subsidiaries and the VIEs are required to make appropriations to certain statutory reserve funds or may make appropriations to certain discretionary funds, which are not distributable as cash dividends except in the event of a solvent liquidation of the companies. The PRC government imposes controls on the convertibility of the Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our shareholders.

As of the date of this annual report, no dividends or other distributions were made to our intermediary Hong Kong holding company or NIP Group Inc. by our WFOE or the VIEs

In 2023, 2024 and 2025, NIP Group Inc. provided capital contributions of US$17.4 million, US$10.9 million and US$7.7 million, respectively, to its subsidiaries. In 2023, 2024 and 2025, NIP Group Inc. provided loans with principal amounts of US$6.3 million, US$2.0 million and US$2.2 million, respectively, to its subsidiaries, and received repayment of loans of nil, US$1.5 million and US$10.4 million, respectively, from its subsidiaries. In 2023, 2024 and 2025, the WFOE transferred US$17.6 million, US$11.8 million and US$4.1 million, respectively, to the VIEs, through capital contributions. Apart therefrom, no other cash or asset was transferred between NIP Group Inc., its PRC subsidiaries, and the VIEs in 2023, 2024 and 2025. As of the date of this annual report, no subsidiaries paid any dividends or made any distributions to their respective shareholders, and we have not declared or paid any dividends on our shares.

We currently do not have cash management policies in place that dictate how funds are transferred through our organization. Rather, the funds can be transferred in accordance with the applicable PRC laws and regulations. Under PRC laws and regulations, we are subject to restrictions on foreign exchange and cross-border cash transfers, including to NIP Group Inc. and U.S. investors. Our ability to distribute earnings to NIP Group Inc., our Cayman holding company, and U.S. investors is also limited. We are a Cayman Islands holding company and rely on dividends and other distributions on equity from our subsidiaries and remittances from the VIEs for our cash requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders and service any debt we may incur outside of PRC. Current PRC regulations permit our PRC subsidiaries to pay dividends to us only out of their accumulated after-tax profits upon satisfaction of relevant statutory conditions and procedures, if any, determined in accordance with PRC accounting standards and regulations. In addition, each of our PRC subsidiaries and the VIEs is required to set aside at least 10% of its after-tax profits each year, if any, to fund certain reserve funds until the total amount set aside reaches 50% of its registered capital. These reserves, together with the registered capital, are not distributable as cash dividends. Additionally, if any of our PRC subsidiaries or the VIEs incurs debt on its own behalf in the future, the instruments governing their debt may restrict their ability to pay dividends or make other distributions to us. In addition, the revenue and assets of our PRC subsidiaries and the VIEs are primarily denominated in Renminbi, which is not freely convertible into other currencies. As a result, any restriction on currency exchange may limit the ability of our PRC subsidiaries to pay dividends to us. For more details, see "Item 3. Key Information—3.D. Risk Factors—Risks Related to Doing Business in China—We may rely on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC subsidiaries to make payments to us could have a material and adverse effect on our ability to conduct our business."

VIE Consolidation Schedule

Historically, we conducted our operation in mainland China through our WFOE in mainland China as well as through Wuhan ESVF, the Former VIE based in mainland China. As a result of the Restructuring, the Former VIE and its subsidiaries became subsidiaries of the WFOE as of December 31, 2023.

In September 2024, our WFOE entered into a series of contractual arrangements with Wuhan Alunyou and its shareholders, through which we obtained control over Wuhan Alunyou and its subsidiary. In addition, in September 2024, we entered into a share swap agreement with the shareholders of ZSZQ Limited, a Cayman Islands holding company, pursuant to which we acquired 61% of the equity interest in ZSZQ Limited. ZSZQ Limited, through its indirectly wholly-owned subsidiary in China, maintained a series of contractual arrangements with Young Will and its shareholders, which enabled us to obtain control over Young Will and its subsidiary. In July 2025, we and the shareholders of ZSZQ Limited entered into a termination agreement, pursuant to which the parties mutually agreed to terminate the share swap agreement and other ancillary agreements and documents regarding the share swap transactions. As of July 31, 2025, all shares previously issued under the share swap agreement have been surrendered and cancelled in full. No shares remain outstanding in relation to such transactions. ZSZQ Limited has been deconsolidated from our consolidated financial statements from July 31, 2025, and the subsidiaries and variable interest entity controlled by ZSZQ Limited, namely ZSZQ (HK) Limited, Beijing ZSZQ Network Technology Co., Ltd. and Wuhan Young Will Ltd., have been deconsolidated as well. As a result of the foregoing, we are considered the primary beneficiary of the VIEs for accounting purposes, and we treat the VIEs as our consolidated affiliated entities under U.S. GAAP.

The following tables set forth the summary consolidation schedule depicting the consolidated balance sheets as of December 31, 2025 of NIP Group Inc., its subsidiaries, the VIEs and their respective subsidiaries, and the corresponding eliminating adjustments.

	As of December 31, 2025				
	NIP Group Inc.	Subsidiaries	VIEs and their subsidiaries	Eliminations	Consolidated total
			(US$ in thousands)		
Assets					
Cash and cash equivalents	2	7,136	—	—	7,138
Inter-Group balances due from the VIEs and their subsidiaries/Non-VIE	9,326	124	—	(9,450)	—
Other current assets	32	69,801	563	—	70,396
Investment in subsidiaries	80,022	76,787	—	(156,809)	—
Other non-current assets	—	124,192	651	—	124,843
Total Assets	**89,382**	**278,040**	**1,214**	**(166,259)**	**202,377**
Liabilities					
Inter-Group balances due to the VIEs and their subsidiaries/Non-VIE	—	523	3,364	(3,887)	—
Other current liabilities	1,073	87,083	461	—	88,617
Non-current liabilities	—	18,544	—	—	18,544
Total liabilities	**1,073**	**106,150**	**3,825**	**(3,887)**	**107,161**
Mezzanine equity	—	2,297	—	—	**2,297**
Total equity (deficit)	**88,309**	**169,593**	**(2,611)**	**(162,372)**	**92,919**

The following tables set forth the summary consolidation schedule depicting the consolidated balance sheets as of December 31, 2024 of NIP Group Inc., its subsidiaries, the VIEs and their respective subsidiaries, and the corresponding eliminating adjustments.

	As of December 31, 2024				
	NIP Group Inc.	Subsidiaries	VIEs and their subsidiaries	Eliminations	Consolidated total
			(US$ in thousands)		
Assets					
Cash and cash equivalents	2,121	7,002	436	—	9,559
Inter-Group balances due from the VIEs and their subsidiaries/Non-VIE	15,432	903	—	(16,335)	—
Other current assets	—	32,554	2,302	—	34,856
Investment in subsidiaries	221,178	58,703	638	(280,519)	—
Other non-current assets	—	266,756	1,395	—	268,151
Total Assets	**238,731**	**365,918**	**4,771**	**(296,854)**	**312,566**
Liabilities					
Inter-Group balances due to the VIEs and their subsidiaries/Non-VIE	—	16,144	3,699	(19,843)	—
Other current liabilities	1,246	36,295	2,793	—	40,334
Non-current liabilities	—	29,749	60	—	29,809
Total liabilities	1,246	82,188	6,552	(19,843)	70,143
Mezzanine equity	2,958	—	—	—	2,958
Total equity (deficit)	**234,527**	**283,730**	**(1,781)**	**(277,011)**	**239,465**

The following tables set forth the summary consolidation schedule depicting the consolidated balance sheets as of December 31, 2023 of NIP Group Inc., its WFOE, its subsidiaries other than WFOE, the Former VIE and its subsidiaries, and the corresponding eliminating adjustments.

	As of December 31, 2023						
	NIP Group Inc.	WFOE and its subsidiaries	Hong Kong holding company	Ninjas in Pyjamas	Former VIE and its subsidiaries	Eliminations	Consolidated total
				(US$ in thousands)			
Assets							
Cash and cash equivalents	1,383	66	89	1,978	4,079	—	7,595
Inter-Group balances due from the Former VIE and its subsidiaries/Non-VIE	11,044	—	—	—	1,292	(12,336)	—
Other current assets	—	831	1	2,989	17,939	—	21,760
Investment in subsidiaries	234,839	17,703	18,600	—	—	(271,142)	—
Other non-current assets	2,163	—	—	185,865	96,457	—	284,485
Total Assets	**249,429**	**18,600**	**18,690**	**190,832**	**119,767**	**(283,478)**	**313,840**
Liabilities							
Inter-Group balances due to the Former VIE and its subsidiaries/Non-VIE	—	—	525	—	97	(622)	—
Other current liabilities	1,689	14	—	2,435	24,640	—	28,778
Non-current liabilities	—	131	—	15,078	28,826	(11,713)	32,322
Total liabilities	**1,689**	**145**	**525**	**17,513**	**53,563**	**(12,335)**	**61,100**
Mezzanine equity	322,543	—	—	—	—	—	322,543
Total (deficit) equity	**(74,803)**	**18,455**	**18,165**	**173,319**	**66,204**	**(271,143)**	**(69,803)**

The following tables set forth the summary consolidation schedule depicting the consolidated statements of operations and comprehensive loss for the year ended December 31, 2025.

	For the Year Ended December 31, 2025				
	NIP Group Inc.	Subsidiaries	VIEs and their subsidiaries	Eliminations	Consolidated total
			(US$ in thousands)		
Net Revenue	nil	121,583	4,944	—	126,527
Cost of revenue	—	(125,097)	(2,912)	—	(128,009)
Net (loss) profit	**(237,480)**	**(197,697)**	**178**	**196,880**	**(238,119)**

The following tables set forth the summary consolidation schedule depicting the consolidated statements of operations and comprehensive loss for the year ended December 31, 2024.

	For the Year Ended December 31, 2024				
	NIP Group Inc.	Subsidiaries	VIEs and their subsidiaries	Eliminations	Consolidated total
			(US$ in thousands)		
Net Revenue	—	83,219	2,047	—	85,266
Cost of revenue	—	(81,100)	(1,156)	—	(82,256)
Net (loss) profit	**(12,690)**	**(9,713)**	**(1,791)**	**11,509**	**(12,685)**

The following tables set forth the summary consolidation schedule depicting the consolidated statements of operations and comprehensive loss for the year ended December 31, 2023.

	For the Year Ended December 31, 2023						
	Parent	WFOE	Hong Kong holding company	Ninjas in Pyjamas	Former VIE and its subsidiaries	Eliminations	Consolidated total
				(US$ in thousands)			
Net Revenue	—	—	37	8,489	75,142	—	83,668
Cost of revenue	—	—	—	4,455	72,015	—	76,470
Net (loss) profit	**(13,258)**	**(20)**	**(180)**	**153**	**(12,542)**	**12,589**	**(13,258)**

The following tables set forth the summary consolidation schedule depicting the consolidated statements of cash flows for the year ended December 31, 2025.

	For the Year Ended December 31, 2025				
	NIP Group Inc.	Subsidiaries	VIEs and their subsidiaries	Eliminations	Consolidated total
			(US$ in thousands)		
Net cash provided by/(used in) operating activities	5,482	(21,158)	(10)	—	(15,686)
Net cash (used in)/provided by investing activities	(7,601)	6,683	—	—	(918)
Net cash provided by financing activities	—	13,598	13	—	13,611

The following tables set forth the summary consolidation schedule depicting the consolidated statements of cash flows for the year ended December 31, 2024.

	For the Year Ended December 31, 2024				
	NIP Group Inc.	Subsidiaries	VIEs and their subsidiaries	Eliminations	Consolidated total
			(US$ in thousands)		
Net cash used in operating activities	(5,058)	(10,527)	(958)	—	(16,543)
Net cash (used in)/provided by investing activities	(10,950)	5,991	—	—	(4,959)
Net cash provided by financing activities	16,746	6,712	—	—	23,458

The following tables set forth the summary consolidation schedule depicting the consolidated statements of cash flows for the year ended December 31, 2023.

	For the Year Ended December 31, 2023						
	Parent	WFOE	Hong Kong holding company	Ninjas in Pyjamas	Former VIE and its subsidiaries	Eliminations	Consolidated total
				(US$ in thousands)			
Net cash (used in)/provided by operating activities	(7,166)	(58)	77	65	1,928	—	(5,154)
Net cash (used in)/provided by investing activities	(17,400)	17,400	17,400	206	(15,435)	—	2,171
Net cash provided by/(used in) financing activities	18,891	(17,560)	(17,400)	—	17,433	—	1,364

3.A. [Reserved]

3.B. Capitalization and Indebtedness

Not applicable.

3.C. Reasons for the Offer and Use of Proceeds

Not applicable.

3.D. Risk Factors

Investing in our securities involves a high degree of risk. You should carefully consider all of the information contained in this annual report before you decide whether to purchase our securities. The legal and operational risks associated with having operations in mainland China also apply to our presence in Hong Kong. While Hong Kong currently operates under a different set of laws from mainland China, there can be no assurance as to whether the government of Hong Kong will enact laws and regulations similar to mainland China, or whether any laws or regulations of mainland China will become applicable to our operations in Hong Kong in the future, which could be at any time and with no advance notice

Risks Related to Our Esports Business

- The success of our business depends on the market perception and strength of our brand. If we are unable to maintain and enhance our brand, the fan base and sponsorship we attract as well as our prospective consumer engagement may decline.
- As an esports brand spanning Asia, Europe and South America and continuing to expand our global footprint, we are subject to a number of risks regarding our international operations.
- Our business in Asia is in the early stage of development with a relatively limited operating history. We are also subject to risks associated with operating in a rapidly developing industry and a relatively new market.
- We have a relatively limited history of operating as an integrated business. We may face challenges integrating our operations, services and personnel and may be unable to achieve the anticipated synergies from the combination. Our historical operating and financial results may not be indicative of future performance, which makes it difficult to predict our future business prospects and financial performance.
- Past and future investments in and acquisitions of complementary assets and businesses may expose us to potential risks, and may result in earnings dilution and significant diversion of management attention.
- The markets in which we operate are highly competitive. If we are unable to compete effectively, our business and operating results may be materially and adversely affected.
- We focus our business on our Esports professionals, influencers and content creators and consumers, and acting in their interests in the long-term may conflict with the short-term expectations of investors.
- We may not be able to successfully execute our strategies, sustain our growth, or deal with the increasing complexity of our business.
- If we fail to anticipate the evolving game popularity or viewership preferences, we may not be able to remain competitive in the respective business segments, and our business and prospects may be materially and adversely affected.
- Misalignment with public and consumer tastes and preferences for entertainment could negatively impact demand for our entertainment offerings, which could have an adverse effect on our business, financial condition, results of operations and prospects.

Risks Related to Our Crypto Mining Business

- Bitcoin prices are highly volatile, which may affect our profitability and the value of our ADSs.
- The price of Bitcoin may be influenced by regulatory, commercial, technical and social factors that are highly uncertain.
- If we fail to grow our hash rate, we may be unable to compete, and our results of operations could suffer.
- Our reliance on a third-party mining pool operator to produce Bitcoin mining income may subject our operations to increased risk of mining failure.
- Our reliance on third-party hosting service providers may subject our operations to increased risk of mining failure.
- Further significant disruptions in the crypto assets markets may cause further material impairment of the value and use of our mining machines.
- Geopolitical or economic crises may create increased uncertainty and price changes, or motivate large-scale sales of crypto assets, which could result in a reduction in some or all crypto assets' values and adversely affect an investment in our securities.
- The development and acceptance of crypto assets networks and other crypto assets, which represent a new and rapidly changing industry, are subject to a variety of factors that are difficult to evaluate. The slowing or stopping of the development or acceptance of crypto assets systems may adversely affect an investment in our securities.
- The open-source structure of the Bitcoin network protocol means the contributors to the protocol are generally not directly compensated for their contributions in maintaining and developing the protocol. A failure to properly monitor and upgrade the protocol could damage the Bitcoin network and an investment in our securities.
- A temporary or permanent "fork" could adversely affect our business operations and financial conditions.

Risks Related to Our Business Operations

- We have incurred losses in the past and we may continue to experience losses in the future.
- Our business and financial results may be materially and adversely affected if we are unable to maintain our cooperative relationships with financing service providers.
- If we fail to keep up with industry and technology developments or implement new technologies into our offerings in a timely and cost-effective manner, we may be unable to compete effectively, and our business and prospects could suffer.
- Our business operations could suffer if we fail to protect adequately our intellectual property rights, and unauthorized parties may infringe upon or misappropriate our intellectual property.
- Assertions by third parties of infringement or other violations by us of their intellectual property rights could result in significant costs and harm our business and results of operations.
- We are subject to laws and regulations worldwide, many of which are still developing which could increase our costs or adversely affect our business.

- Local government has substantial influence on our business operation. It may influence or intervene in our operations at any time as part of its efforts to enforce applicable laws, which could result in a material adverse change in our operations and the value of our securities.
- The success of our business depends partially on the insights, skills and experience of our senior management team and key personnel, the loss of which could have a material adverse impact on our business, financial conditions, and results of operations.
- Our insurance may not sufficiently cover, or may not cover at all, losses and liabilities we may encounter during the ordinary course of operation.
- We have granted, and expect to continue to grant, options and other types of awards under our share incentive plan, which may result in increased share-based compensation expenses.

Risks Related to Our Corporate Structure

- If the PRC government finds that the contractual arrangements that establish the structure for operating some of our operations in China do not comply with PRC regulations relating to the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in the VIEs.
- Our contractual arrangements may not be as effective in providing operational control as direct ownership, which could adversely affect our business, operating results and financial condition.
- Any failure by the VIEs or their respective shareholders to perform their obligations under our contractual arrangements with them would have an adverse effect on part of our business.
- The registered shareholders of the VIEs may have potential conflicts of interest with us, which may materially and adversely affect part of our business.
- Contractual arrangements we have entered into with the VIEs may be subject to scrutiny by the PRC tax authorities. A finding that we owe additional taxes could negatively affect our financial condition and the value of your investment.
- We may lose the ability to use and benefit from assets held by the VIEs that are supplementary to the operation of our business if any of the VIEs goes bankrupt or becomes subject to dissolution or liquidation proceeding.
- Substantial uncertainties exist with respect to the interpretation and implementation of the Foreign Investment Law and the amended PRC Company Law and how they may impact the viability of our current corporate structure, corporate governance and operations.

Risks Related to Doing Business in China

- The PRC government has significant oversight and discretion over the conduct of our business, and it may intervene or influence our operations at any time, which could result in a material adverse change in our operations and/or the value of our securities.
- Changes in China's economic, political or social conditions or government policies could have a material adverse effect on our business, financial conditions and results of operations.
- The approval, filing or other requirements of the China Securities Regulatory Commission or other PRC government authorities may be required to maintain our listing status or conduct future offshore securities offerings. Any failure of fully complying with the approval, filing or other requirements may completely hinder our ability to offer our ordinary shares, cause significant disruption to our business operations, and severely damage our reputation, which would materially and adversely affect our financial condition and results of operations.

- Any failure by us to meet with the continue developing PRC legal system could adversely affect us.
- We may be adversely affected by the complexity, uncertainties and changes in PRC regulation governing esports related service businesses and companies, and any lack of requisite approvals, licenses or permits applicable to our business may have material adverse effect on our business and results of operations.
- We may rely on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC subsidiaries to make payments to us could have a material and adverse effect on our ability to conduct our business.
- The Holding Foreign Companies Accountable Act, or the HFCAA, and the related regulations continue to evolve. Further implementations and interpretations of or amendments to the HFCAA or the related regulations, or a PCAOB determination of its lack of sufficient access to inspect our auditor, might pose regulatory risks to and impose restrictions on us because of our operations in mainland China.

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 reports about our business, or if they adversely change their recommendations regarding our ADSs, the market price for our ADSs and trading volume could decline.
- Substantial future sales or perceived potential sales of the ADSs in the public market could cause the price of the ADSs to decline.
- The voting rights of holders of ADSs are limited by the terms of the deposit agreement, and you may not be able to exercise your right to vote the underlying Class A ordinary shares.
- We are a foreign private issuer within the meaning of the rules under the Exchange Act, and as such we are exempt from certain provisions applicable to United States domestic public companies.
- Certain judgments obtained against us by our shareholders may not be enforceable.
- Our triple-class voting structure will limit your ability to influence corporate matters and could discourage others from pursuing any change of control transactions that holders of our Class A ordinary shares and ADSs may view as beneficial.

Risks Related to Our Esports Business

The success of our business depends on the market perception and strength of our brand. If we are unable to maintain and enhance our brand, the fan base and sponsorship we attract as well as our prospective consumer engagement may decline.

We believe that our brand, identity and reputation contribute significantly to our success. Maintaining and enhancing the NIP brand and reputation is critical to retaining and growing our consumer and sponsor bases. Maintaining and enhancing our brand and reputation hinges largely on our continued ability to provide high-quality and entertaining content, as well as competitive esports competition results, which may require substantial investment by us and may not be successful. Further, sponsorships and advertisements and actions of sponsors and brand owners may affect our brand and reputation if our consumers respond negatively to them. Additionally, our brand, identity and reputation may be adversely affected by perceptions of our industry in general, including perceptions resulting from factors unrelated to our actions or our content.

To be successful in the future, we believe we must preserve, grow and leverage the value of our brand across all of our revenue streams. We have in the past experienced, and expect that in the future we will continue to receive, a high degree of media coverage. Any unfavorable publicity regarding the actions or professional performance of any of our esports teams, athletes, content creators, online entertainers or brand partners, or regarding our ability to attract and retain qualified professional athletes and coaching staff, could negatively affect our brand and reputation. Failure to respond effectively to negative publicity could also further erode our brand and reputation.

In addition, events in our industry, even if unrelated to us, may negatively affect our brand and reputation. As a result, the size and engagement of our fan base may decline. Damage to our brand or reputation or loss of our fans' commitment for any of these reasons could impair our ability to expand our fan base, sponsors and commercial affiliates, which could result in decreased revenue across our revenue streams and have a material adverse effect on our business, results of operations and financial condition, as well as require additional resources to rebuild our brand and reputation.

Moreover, maintaining and enhancing our brand and reputation may require us to make substantial investments, some or all of which may be unsuccessful. Failure to successfully maintain and enhance the NIP brand and reputation or excessive or unsuccessful expenses in connection with this effort could have a material adverse effect on our business, results of operations and financial condition.

As an esports brand spanning Asia, Europe and South America and continuing to expand our global footprint, we are subject to a number of risks regarding our international operations.

We currently operate esports teams in Asia and Europe with world-class rankings and performances. We also field teams in Brazil and are expanding teams to the MENA region. We plan to continue to expand our operations into different countries or regions to enhance our global presence. Our international operations and expansion efforts have resulted, and may continue to result, in increased costs, and are subject to a variety of risks, including but not limited to:

- more restrictive or unfavorable governmental laws, regulations, policies toward esports gaming, live events and content streaming, or generally toward the entertainment industry;
- political instability, economical uncertainties, unfavorable treatment within certain of the emerging markets, exchange risks and inflations;
- violations of anti-bribery and anti-corruption laws, such as the United States Foreign Corrupt Practices Act and the United Kingdom Bribery Act of 2010;
- limitation of our enforcement of intellectual property rights as well as limitations on our ability to enforce legal rights and remedies with third parties or partners;
- adverse tax consequences due to the complexity of local tax laws or the interpretation of international tax treaties, or incremental tax liabilities that are difficult to predict as a result from our acquisition of businesses;
- limitation on the ability of foreign subsidiaries to repatriate profits or otherwise remit earnings; and
- expropriation of investment in foreign countries and unfair and unequitable treatment of the host countries, such as favoring domestic companies or arbitrary termination of cooperation contract with governmental authorities.

As we expand into new markets, it is difficult for us to manage and coordinate across the subsidiaries of our company, and certain business practices and customer may vary from markets to markets. We may have to adapt our business models to local markets due to various legal requirements and market conditions. Moreover, future growth and expansion to new markets, as well as growth and expansion within existing markets, may expose our group and executive management, administration, IT systems, internal control functions and operational and financial infrastructure to several challenges. Future growth and expansion will likely lead to an increased pressure on these functions within our group, which could adversely affect our ability to effectively operate and expand our business. Our failure to successfully maintain and grow our business on a global scale could be intensified with the speed of our expansion, and impose more strain on our business, results of operations, and financial conditions.

Our business in Asia is in the early stage of development with a relatively limited operating history. We are also subject to risks associated with operating in a rapidly developing industry and a relatively new market.

We have a relatively limited operating history with our business in Asia. While our western brand was established in 2000, we only started our business in Asia in 2016. Our limited history of operating in Asia may not serve as an adequate basis for evaluating our prospects and operating results, and our past revenues and historical growth may not be indicative of our future performance. In addition, we plan to continue to grow our Asia business through strategies rooted in both organic growth opportunities and acquisition of qualified targets. The expansion increases the complexity of our business and has placed, and will continue to place, strain on our management, personnel, operations, systems, financial resources and internal control and report functions.

Further, many elements of our business are unique, evolving and relatively unproven. Our business and prospects depend on the continuing development of competitive esports, gaming and lifestyle content. The market for competitive esports, gaming and lifestyle content is relatively new and rapidly developing and is subject to significant challenges. Our business relies upon our ability to cultivate and grow an active community, and our ability to successfully monetize such community through sponsorship, retail and advertising opportunities. In addition, our continued growth depends, in part, on our ability to respond to the constant changes in our industry, including rapid technological evolution, continued shifts in gamer trends and demands, the introduction of new competitors into the market, and the emergence of new industry standards and practices. Developing and integrating new content, services and products could be expensive and time-consuming, and these efforts may not yield the benefits we expect to achieve at all. Further, if the esports sponsorship and advertising market does not continue to grow, or if we are unable to capture and retain a sufficient share of that market, our results may be materially and adversely affected. We cannot assure you that we will succeed in any of these aspects or that our industry will continue to grow as rapidly as it has in the past.

We have a relatively limited history of operating as an integrated business. We may face challenges integrating our operations, services and personnel and may be unable to achieve the anticipated synergies from the combination. Our historical operating and financial results may not be indicative of future performance, which makes it difficult to predict our future business prospects and financial performance.

The combination of our eStar Gaming and Victory 5 operations was completed in early 2021. More recently, the combination with Ninjas in Pyjamas was completed in early 2023. As a result, we have a limited operating history and experience in our business operation as a combined company, which makes it difficult to evaluate our future prospects and ability to make profit. Our ability to realize the anticipated benefits of the combination depends, to a large extent, on our ability to integrate independent businesses, which can be a complex, costly and time-consuming process, and thus requires significant time and focus from our management team and may divert their attention from the day-to-day operations of our business. In addition, even if the operations of us and Ninjas in Pyjamas are integrated successfully, we may not realize the full benefits of the combination, including the synergies, operating efficiencies, or sales or growth opportunities as expected.

In addition, the overall integration of the businesses may result in material unanticipated problems, expenses, liabilities, competitive responses and loss of customer relationships, among other potential adverse consequences. If we cannot integrate and operate acquired properties or businesses to meet our financial expectations, our financial condition, results of operations and cash flow could be materially adversely affected.

Past and future investments in and acquisitions of complementary assets and businesses may expose us to potential risks, and may result in earnings dilution and significant diversion of management attention.

We may invest in or acquire assets and businesses that are complementary to our existing business. This may include opportunities to acquire additional businesses, services, resources, or assets that are complementary to our core esports business. Our investments or acquisitions may not yield the results we expect. In addition, investments and acquisitions could result in the use of substantial amounts of cash, significant amortization expenses related to intangible assets, significant diversion of management attention and exposure to potential unknown liabilities of the acquired business. Moreover, the costs of identifying and consummating investments and acquisitions, and integrating the acquired businesses into ours, may be significant, and the integration of acquired businesses may be difficult or even disruptive to our existing business operations. In the event that our investments and acquisitions are not successful, our results of operations and financial condition may be materially and adversely affected.

To the extent we pursue further strategic acquisitions or other investment opportunities to extend or complement our operations, we may be exposed to additional risks, including:

- an acquisition may involve the entry into geographic or business markets in which we have little or no prior experience or where competitors have stronger market positions;
- an acquisition may require us to incur charges or assume substantial debt or other liabilities, may cause adverse tax consequences or unfavorable accounting treatments, may expose us to claims and disputes by third parties, including intellectual property claims and disputes, or may not generate sufficient financial return to offset additional costs and expenses related to the acquisition;
- if we incur debt ahead of an acquisition, lenders may require that such loans are repaid either in full or in part or that financial covenants are complied with before any distributions of dividends to our shareholders may be made;
- we may encounter difficulties or unforeseen expenditures in integrating the business, technologies, products, personnel or operations of any company that we acquire, particularly if key personnel of the acquired company decide not to work for us;
- an acquisition, whether or not consummated, may disrupt our ongoing business, divert resources, increase our expenses and distract our management;
- we may not be able to successfully integrate our business and we may not be able to fully realize the anticipated strategic benefits of the acquisition;
- we may face challenges inherent to effectively managing an increased number of employees in diverse locations;
- we may be affected by potential strains on our financial and managerial controls and reporting systems and procedures;
- we may be subject to potential known and unknown liabilities associated with an acquired business;
- use of cash to pay for acquisitions could limit other potential uses for our cash;
- we may need to record impairment losses related to potential write-downs of acquired assets or goodwill in future acquisitions; and
- to the extent that we issue a significant amount of equity or convertible debt securities relating to future acquisitions, existing stockholders may be diluted.

We may not succeed in addressing these or other risks or any other problems encountered relating to the integration of any acquired business. The inability to integrate successfully the business, technologies, products, personnel or operations of any acquired business, or any significant delay in achieving integration, could have a material adverse effect on our business, results of operations, financial condition or prospects.

The markets in which we operate are highly competitive. If we are unable to compete effectively, our business and operating results may be materially and adversely affected.

While there are a limited number of competitors that cover the entire value chain of the esports ecosystem as we currently do, including the operation of esports teams, talent management agency and event production, each component of the esports industry is highly competitive.

We naturally face competitions from other esports teams. If our teams fail to achieve satisfactory results and maintain their positions in the periods to come, we may lose fans, viewership, and our brand and sponsorship resources, as well as star athletes and staff to our competitors, and our business and results of operations may be materially and adversely affected.

For our talent management business, we face competition both in engaging popular online entertainers and collaborating with distribution channels to host our online entertainers. If we are unable to do so, our ability to grow our talent management business will be limited. In addition, magnifying our influence in the industry may require us to make substantial investments or acquisitions, some or all of which may not be successful. Moreover, the popularity of our online entertainers can change rapidly and for reasons beyond our direct control.

In the case of event production business, we face direct competition from other event producers and service providers. We are a relatively new enterer in the market as compared to our competitors who are more experienced in the organization of professional esports tournaments and events. Our competitors may leverage longer history with game developers, publishers and other event sponsors, and may have more established presences in regions and games titles beyond our reach. In the event that we are not able to effectively compete and overtake businesses from other competitors, we may not be able to establish a significant presence in the event production industry.

We also face potential competition from our business partners who may expand their internal capabilities or otherwise integrate themselves vertically to operate services that we currently offer, which could result in a reduction in opportunities available to us or otherwise lead to potential new competitors.

We focus our business on our Esports professionals, influencers and content creators and consumers, and acting in their interests in the long-term may conflict with the short-term expectations of investors.

We generate revenues from our talent management business from advertising fees, sponsorship fees and live streaming service fees. As such, our revenues depend significantly on our ability to make, attract and retain online entertainers with sufficient popularity to attract advertisers and sponsorships, and live streaming views. We focus on developing our roster of esports athletes to become successful online entertainers, as well as identifying and recruiting high-potential candidates from major entertainment platforms and competitive esports games. In addition, we do not rely on star individuals, but rather to aim offer comprehensive operation and marketing services to incubate our talent to become successful online entertainers, support their career development, and empower them to grow their own audience within our ecosystem. We expect to continue making significant investments to develop our ecosystem in support of our online entertainer. Such expenditures may not result in improved business results or profitability over the long-term. If we are ultimately unable to achieve or improve profitability at the level or during the time from anticipated by securities or industry analysts, investors and our stockholders, the trading price of our ADS may decline.

We may not be able to successfully execute our strategies, sustain our growth, or deal with the increasing complexity of our business.

Since our inception, we have experienced rapid growth internationally. This growth has included development in our fan base, esports performance, content pipeline, our talent, and our brand sponsorships, among other things. We have also been actively exploring new monetization opportunities. Even if our historical growth may not necessarily be indicative of future growth, we expect future growth in our international presence, mergers and acquisitions, and emerging monetization areas. This expansion increases the complexity of our business and has placed, and will continue to place, strain on our management, personnel, operations, systems, financial resources and internal financial control and reporting functions. The industries in which we operate are rapidly evolving and may not develop as we expect. Even if our revenue continues to increase, our net revenue growth rates may vary in the future as a result of macroeconomic factors, increased competition, the maturation of our business, and other factors.

In addition, as we expand our business segments and geographic coverage, we will need to work with a larger number of partners, brands and sponsors, as well as suppliers efficiently, and will need to maintain and expand mutually beneficial relationships with the existing ones. We also need to continuously enhance and upgrade our technology, improve control over our operational, financial and management aspects, refine our reporting systems and procedures, and cultivate, attract, retain and integrate qualified esports talents. All these efforts will require significant managerial and financial resources. We cannot assure you that we will be able to effectively manage our growth, that our current infrastructure, systems, procedures and controls or any new measures to enhance them will be adequate and successful to support our expanding operations or that our strategies and new business initiatives will be executed successfully. If we are not able to manage our growth or execute our strategies effectively, our expansion may not be successful, and our business and prospects may be materially and adversely affected.

If we fail to anticipate the evolving game popularity or viewership preferences, we may not be able to remain competitive in the respective business segments, and our business and prospects may be materially and adversely affected.

The esports industry is characterized by its ever-changing and fast evolving nature, where every year different digital games are released by game developers, and various leagues and tournaments are assembled, creating vast opportunity for participants like us to extend our brand influence and generate popularity, and for brands and sponsors to invest in teams, athletes, and benefit from screen time and name placements. The continued popularity of the general esports industry affects the longevity and vibrance of our brand. We participate in popular esports titles including *League of Legends, Counter-Strike 2, Honor of Kings*, *Rainbow Six Siege, Rocket League, Crossfire* and *QQ Speed*. If the large viewership and prospective fan base shifts focus to different esports categories or titles, we cannot assure you that our market perceptions can continue to be upheld. Our failure to effectively cater to the constantly changing and unpredictable needs of the players and viewers could results in a failure to obtain desirable league seats and to achieve satisfactory competition results, which could have a material and adverse effect on our business and prospects.

Misalignment with public and consumer tastes and preferences for entertainment could negatively impact demand for our entertainment offerings, which could have an adverse effect on our business, financial condition, results of operations and prospects.

We create entertainment content, the success of which depends substantially on consumer interests and preferences that frequently change in unpredictable ways. The success of our business depends on our ability to consistently create digital content, and to have popular talent, that meets the changing preferences of the broad consumer market and respond to competition from an expanding array of entertainment choices facilitated by technological developments in the availability and delivery of digital content. When anticipating public and consumer tastes and preferences and other developments in our industry, and how to develop our businesses in relation thereto, our executive management teams have to make several assessments based on various facts and assumptions prevailing at the time such assessments are made, which could prove to be incorrect or incomplete. Misalignment of our content, talent and products and our failure in responding to rapidly changing public and consumer tastes and preferences could impact the demand for our offerings, and our business, financial condition, results of operations and prospects could be materially affected.

In the event that our existing and potential customers are attracted to other alternatives available within the broader esports and entertainment industry, we would be materially and adversely impacted.

The specific industries in which we operate, including esports team, content creation, as well as esports-related event production, all fall within the broader entertainment industry. Other forms of entertainment, such as television, movies and sport events, as well as other forms of digital entertainment, are more well established and may be perceived by the users to offer greater variety, affordability, interactivity, and enjoyment. We compete with these other forms of entertainment for the discretionary time and income of consumers, and competition within the industries we operate and the broader entertainment industry is intense. If we are unable to sustain sufficient interest in our platform in comparison to other forms of entertainment, including new forms of entertainment, we could experience reduced demand for our content, live events and overall popularity, which could have an adverse effect on our business, financial condition and results of operations. While esports remains unique and possesses its distinctiveness apart from the aforementioned alternatives, we cannot assure you that the esports consumers are as engaged in other entertainment categories, or would not alter their preferences to other entertainment categories that may be perceived to offer consumers with more interactivity, affordability, and variety. If the consumers in fact choose to spend their discretionary time and money into other platforms and means of entertainment, we would lose fan base that is the source of our monetization powers, and our business, financial conditions and results of operations would be negatively affected.

If we fail to obtain and maintain the requisite licenses, permits and approvals applicable to our esports business, or fail to obtain additional licenses that become necessary due to new enactment or promulgation of laws and regulations or our expansion, our business, results of operations and growth prospects may be materially and adversely affected.

We are required to maintain various approvals, licenses, permits and filings to operate our esports business. Whether such approvals, licenses, permits and filings are obtained is subject to satisfactory compliance with, among other things, the applicable laws and regulations. If we are unable to obtain any of such licenses and permits or extend, alter or renew any of its current licenses or permits upon their expirations, or if it is required to incur significant additional costs to obtain, extend, alter or renew these licenses, permits and approvals, our daily operations could be materially and adversely affected.

For instance, in China, in accordance with the Administrative Regulations on the Commercial Performance issued by the State Council of China and last amended on November 29, 2020, a company engages in the business of organizing, producing and/or promoting on-site commercial performance, including commercial performance activities held by us under our esports team operations business, is required to obtain the Commercial Performance License. In addition, the Measures for the Administration of the Internet Performance Brokerage Entities issued by Ministry of Culture and Tourisms further provides that Internet performance brokerage entities, which refers to entities that engage in the operation business of organizing, producing and marketing the internet performances and/or the brokerage business of the agency, like the talent management agencies operated by us, shall, before expiration of the rectification period by February 29, 2024 ("Rectification Period"), (i) obtain the Commercial Performance License before conducting the Internet performance brokerage business, and (ii) be staffed with sufficient qualified online performance brokers that meet its business needs. Moreover, any online performance broker who engages in performance brokerage activities shall obtain the performance brokerage qualification in accordance with the law. For details, see "Item 4. Information on the Company—4.B. Business Overview—Regulation—Regulations on Commercial Performance."

Our talent management agency has obtained the Commercial Performance License for conducting our business according to the applicable laws and regulations. Certain of our subsidiaries have historically engaged in commercial performance activities operation before obtaining the Commercial Performance License and all such entities have obtained such required license as of the date of this annual report. As of the date of this annual report, we have not been the subject of any review, enquiry, punishment or investigation by any PRC regulatory authorities in relation to such action. However, we cannot assure you that relevant government agencies will not impose requirements in the future. Further, we have developed and may in the future initiate new businesses, for which we may be required to obtain new licenses and permits, which could be time consuming and complex. Any failure in obtaining any requisite license, permit or approval, or otherwise to comply with applicable regulatory requirements may subject us to administrative actions and penalties, including fines, confiscation of our incomes, revocation of our licenses or permits, or, in severe cases, cessation of certain business. Any of these actions may have a material and adverse effect on our business, financial condition and results of operations.

Our esports business is subject to a variety of laws and regulations of the PRC, the European Union member states, the Cayman Islands and other international jurisdictions, including those regarding cybersecurity, economic substance, data protection and data privacy. Any failure to comply with such current or future laws and regulations, could adversely affect our business and reputation.

We have access to and store certain data of our esports professionals, brands and sponsors, business and employees in the ordinary course of business operations. We also occasionally have limited access to data concerning viewers of our content streaming and creation, whose data is collected, compiled and shared by streaming and other social media platforms. We cannot verify or assure you that such third parties have obtained sufficient authorization from viewers to share the data with us. Although we have in place systems and processes that are designed to protect the data we have access to, prevent data loss or detect security breaches, such measures may not be sufficient, particularly as techniques to gain unauthorized access to data and system, disable or degrade services, or sabotage systems are constantly evolving. In addition, we may be subject to PRC laws and laws of the EU or other jurisdictions relating to the collection, use, sharing, retention, security, and transfer of confidential and private information, such as personal information and other data. Legal requirements relating to data processing continue to evolve and may result in ever - increasing public scrutiny and escalating levels of enforcement, sanctions and increased costs of compliance. An actual or perceived failure to comply with laws and regulations governing personal information could result in government investigations and enforcement actions against us, fines, claims for damages by affected third parties, damage to our reputation and loss of goodwill, any of which could have a material adverse effect on our business, financial condition, results of operations or prospects.

The Cybersecurity Law of China, which was adopted by the National People's Congress on November 7, 2016 and last amended on October 28, 2025, and the Cybersecurity Review Measures (2020 Version), which were promulgated on April 13, 2020, provide that personal information and important data collected and generated by a critical information infrastructure operator in the course of its operations in China must be stored in China, and if a critical information infrastructure operator, or the CIIO, purchases internet products and services that affect or may affect national security, it should be subject to cybersecurity review by the Cyberspace Administrative of China ("CAC"). On December 28, 2021, the Cybersecurity Review Measures (2021 Version) was promulgated and became effective on February 15, 2022 and the Cybersecurity Review Measures (2020 Version) was repealed at the same time. The Cybersecurity Review Measures (2021 Version) iterates that the procurement of any network product or service by CIIOs or the conducting of data processing activities by online platform operators, that affects or may affect national security, shall be subject to a cybersecurity review and any online platform operators handling personal information of more than one million users which seeks to list in a foreign stock exchange should also be subject to cybersecurity review.

On June 10, 2021, the Standing Committee of the National People's Congress of the PRC promulgated the PRC Data Security Law which took effect on September 1, 2021. The Data Security Law requires that data shall not be collected by theft or other illegal means, and it also presents that a data classification and hierarchical protection system. The data classification and hierarchical protection system protects data according to its importance in economic and social development, and the damages it may cause to national security, public interests, or the legitimate rights and interests of individuals and organizations if the data is falsified, damaged, disclosed, illegally obtained or illegally used, which protection system is expected to be built by the state for data security in the near future. On September 24, 2024, the CAC published the Administrative Regulations on the Administration of Network Data Security ("Administrative Regulations of Network Data Security"), which provides that data processing operators engaging in data processing activities that affect or may affect national security must be subject to the cybersecurity review. According to the Cybersecurity Review Measures (2021 Version) and the Administrative Regulations of Network Data Security, a cybersecurity review should be conducted by the CAC to assess potential national security risks that may be brought about certain any procurement, data processing, or overseas listing. According to the impact and importance of data on national security, public interests or the legitimate rights and interests of individuals and organizations, data are divided into general data, important data and core data, and different protection measures are taken for different levels of data. The state focuses on the protection of personal information and important data, and strictly protects core data. The Cybersecurity Review Measures (2021 Version) and the Administrative Regulations of Network Data Security further require that online platform operators and data processing operators that process personal data of at least one million individual users must apply for a cybersecurity review, if they plan to conduct listings in foreign countries.

While the Cybersecurity Review Measures (2021 Version) and Administrative Regulations of Network Data Security were adopted, their implementation provisions remain substantially uncertain and may be subject to change. Due to the lack of further interpretations, the exact scope of what constitute a "CIIO," "online platform operators," "data processors," or "data handlers" remains unclear. Further, the PRC government authorities may have wide discretion in the interpretation and enforcement of these laws. It also remains uncertain whether any future regulatory changes would impose additional restrictions on companies like us.

We believe that neither we nor any of our PRC subsidiaries or the VIEs is subject to the cybersecurity review, reporting or other permission requirements by the CAC under the applicable PRC cybersecurity laws and regulations with respect to the business operations of our PRC subsidiaries and the VIEs, because as of the date of this annual report, neither we, our PRC subsidiaries nor the VIEs has received any notice from any authorities identifying us as a CIIO or has conducted any data processing activities that affect or may affect national security or handles personal information of more than one million users; further, as of the date of this annual report, neither we, our PRC subsidiaries nor the VIEs has conducted business as an online platform operator or requiring us to undertake a cybersecurity review by the CAC.

However, as the interpretation or implementation of those rules and whether the PRC regulatory agencies, including the CAC, may adopt new laws, regulations, rules, or detailed implementation and interpretation related to the Cybersecurity Review Measures (2021 Version) and the Administrative Regulations of Network Data Security, there is no assurance that we would not be subject to the cybersecurity review or other governmental procedures under those rules. If any such new laws, regulations, rules, or implementation and interpretation come into effect, we expect to take all reasonable measures and actions to comply. We cannot assure you that we can fully or timely comply with such laws should they be deemed applicable to its operations. There is no certainty as to how such review or prescribed actions would impact our operations and we cannot assure you that any clearance can be obtained or any actions that may be required for the offering can be taken in a timely manner, or at all.

EU data protection laws including the General Data Protection Regulation 2016/679 ("GDPR") which became effective in May 2018, greatly increases the European Union's jurisdictional reach of its laws and adds a broad array of requirements for handling personal data (including online identifiers and location data). EU member states are tasked under the GDPR to regulate and enforce the strict and all-encompassing data privacy rules that emanate from the GDPR, which also include additional national legislation that adds to and/or further interpret GDPR requirements and potentially extend our obligations and potential liability for failing to meet such obligations. The GDPR, together with national legislation, regulations and guidelines of the EU member states and the United Kingdom (under the UK GDPR) governing the processing of personal data, imposes strict obligations and restrictions on the ability to collect, use, retain, protect, disclose, transfer and otherwise process personal data, as well as provides information to the individuals whose personal data the processing concerns, and facilitates the exercise of these individuals' rights under, e.g., the GDPR. In particular, the GDPR generally prohibits any transfers of personal data to locations outside the EU/EEA, for instance, from the EU to China, the United States and most other foreign jurisdictions unless the parties to the transfer have implemented specific safeguards to protect the transferred personal information, or if the jurisdiction in question has been granted an adequacy decision by the European Commission. There is uncertainty regarding how to ensure that transfers of personal information from the EU comply with the GDPR. As such, any transfers of personal information by us or our business partners from the EU may not comply with EU data protection laws. In addition, this may increase our exposure to the GDPR's heightened sanctions for violations of its cross-border data transfer restrictions and may reduce demand for our services from companies subject to EU data protection laws. In our endeavor to comply with the cross-border data transfer restrictions under the GDPR and any other applicable data privacy laws, we may experience restrictions in our ability to transfer personal information from the EU and this may also require us to increase our data processing capabilities in those relevant jurisdictions at significant expense. While we strive to publish and prominently display privacy policies that are accurate, comprehensive, and compliant with applicable laws, regulations, rules and industry standards, we cannot ensure that our privacy policies and other statements regarding our practices will be sufficient to protect us from claims, proceedings, liability or adverse publicity relating to data privacy or cybersecurity. Although we endeavor to comply with our privacy policies, we may at times fail to do so or be alleged to have failed to do so. The publication of our privacy policies and other documentation that provide promises and assurances about privacy and cybersecurity can subject us to potential actions if they are found to be deceptive, unfair, or misrepresentative of our actual practices.

The Cayman Islands has enacted the International Tax Co-operation (Economic Substance) Act (As Revised), or the "Cayman Economic Substance Act," which we are required to comply with as a Cayman Islands exempted company. The Cayman Economic Substance Act was introduced by the Cayman Islands to ensure that it meets its commitments to the European Union, as well as its obligations under the OECD's global Base Erosion and Profit Shifting initiatives. Our obligations under the Cayman Economic Substance Act include filing annual notifications, which need to state whether we are carrying out any relevant activities and if so, whether we have satisfied economic substance tests to the extent required under the Cayman Economic Substance Act. A company that carries on "holding company business" (which means it only holds equity participations in other entities and only earns dividends and capital gains) are subject to reduced substance requirements. As we are a holding company, it is presently anticipated that the Cayman Economic Substance Act will have minimal material impact on us or our operations. However, if we conduct any other activities that are deemed to be relevant activities within the scope of the Cayman Economic Substance Act, we may be subject to additional or enhanced requirements in the future. Moreover, as it is still a relatively new regime, the Cayman Economic Substance Act could further evolve and be subject to further clarification and amendments. We may need to allocate additional resources to keep updated with these developments, and may have to make changes to our operations in order to comply with all requirements under the Cayman Economic Substance Act. Failure to satisfy these requirements may subject us to penalties under the Cayman Economic Substance Act.

The regulatory requirements with respect to economic substance, cybersecurity and data privacy are constantly evolving and can be subject to varying interpretations, and significant changes, resulting in uncertainties. Failure to comply with the economic substance, cybersecurity and data privacy requirements in a timely manner, or at all, may subject us to government enforcement actions and investigations, fines, penalties, suspension or disruption of our operations, among other things.

If we fail to retain existing brands and sponsors or attract new ones, or if we are unable to collect accounts receivable from the brands and sponsors in a timely manner, our financial condition, results of operations and prospects may be materially and adversely affected.

We derive a considerable amount of revenue from sponsorship and advertising under our businesses leveraging the extensive global fan base of our esports teams, online entertainers, as well as our event production capabilities with proprietary intellectual properties. We enter into contracts with both brands and sponsors, and the financial soundness of these customers may affect our collection of accounts receivable. We cannot assure you that we are or will be able to accurately assess the creditworthiness of each brand and sponsor, and any inability of brands and sponsors to pay us in a timely manner may adversely affect our liquidity and cash flows.

In addition, for the years ended December 31, 2023, 2024 and 2025, the top five customers in terms of overall income contribution aggregately accounted for 71.1%, 64.8% and 36.9% of our total revenues, respectively. Although we plan to continue to expand our customer base to generate income from a wider range of customers, we cannot assure you that we will be able to succeed, and that such customer concentration will decrease. If we fail to retain our top customers, our overall income may decrease and our financial condition and results of operations may be materially and adversely affected.

Our ability to generate and maintain our sponsorship revenue depends on a number of factors including the maintenance and enhancement of our brand as well as the scale, engagement and loyalty of our fan base. We cannot assure you that we will be able to retain existing brands and sponsors or attract new ones. If we fail to retain and enhance our relationships with brands and sponsors, our business, results of operations and prospects may be adversely affected.

Our business could be harmed if our business relationships and arrangements with third parties were to change adversely or terminate. If our suppliers, shareholders, employees, customers or any business partner engage in, or are subject to, criminal, fraudulent, inappropriate or dangerous activities, our reputation, business, financial condition, and operating results may be adversely impacted.

We rely on relationships with a variety of parties in the esports ecosystem to conduct our businesses, such as game developers and publishers, league owners, athletes, online entertainers, distribution platforms, as well as brands and sponsors. If we fail to retain and enhance our business relationships, including any failure to sign or renew or maintain any material cooperation agreements with these parties, or if these parties choose to terminate or change the terms of our cooperation arrangements for strategic, financial or other reasons, we may suffer content loss, service interruptions, reduced revenues, which could have a material adverse effect on our business, results of operations, financial condition or prospects. For example, we are currently negotiating on the renewal of the cooperation agreement with a governmental entity.

Further, we also cannot assure you that we will not be found to be in breach of any provisions with our existing or future business partners if any of our business partners brings claims against us for breach of such provisions. For example, as we have not settled certain payments for tournament rights to a third-party pursuant to the payment provision in the relevant contract, if a claim is brought against us and we are found to be in breach of any provision, we may be subject to potential liabilities and penalties for breach of contracts, such as termination of agreements, liquidated damages etc., which may cause us to lose revenue. As a result of such potential breach, our reputation, financial condition and results of operations may be materially and adversely affected.

The success of our business is also driven in part by the commercial success and adequate supply of our suppliers, shareholders, employees, and customers. We also have a close relationship with local authorities and government-backed business partners, who have historically provided us with funding and supports that are integral to the success of our event production. If we are unable to maintain our business relationships and arrangements with these parties, it could cause disruptions to our operations or otherwise adversely impact our relationships with the esports community. In addition, we are not able to control or predict the actions of our suppliers, shareholders, employees, customers or any business partners. If these parties engage in criminal activities, fraud or misconduct, we may receive negative press coverage or regulatory inquiries as a result of the our business relationships with such parties, which would adversely impact the our brands, reputation, and business. In addition, we may have to suspend or terminate our collaborations with these parties, and we may not be able to find alternative parties to collaborate with in a timely and cost efficient manner, or at all. Any adverse changes in or termination of any of these relationships could have a material adverse effect on our business, results of operations, financial condition or prospects.

The actions of the various esports leagues and tournaments we participated in may have a material negative effect on our business and results of operations.

The operational bodies of various esports leagues and tournaments, under certain circumstances, can take actions that they deem to be in the best interests of their respective leagues or tournaments, which may not necessarily be consistent with maximizing our results of operations and which could affect our esports teams in ways that are different than the impact on other esports teams. For example, esports leagues may rate each participating esports team using discretionary metrics that are irrelevant to our performance. If we fail to meet their standards, we might be disqualified from the leagues, which may result in significantly reduced exposures and loss of fans and sponsors, which could have a material negative effect on our results of operations. From time to time, we may disagree with or challenge actions that the leagues or tournaments take or the power and authority they assert. However, we cannot assure you that our challenge will be accepted, and they will change their final decisions they have made on us.

Our content monitoring system may not be effective in preventing misconduct by athletes and online entertainers, and such misconduct may materially and adversely impact our brand image, business and operating results.

We produce livestreaming and other esports-centric content, however as it is difficult to control all content in real time, our content monitor measures may not be adequate and our content may involve individuals or groups of individuals to engage in, among other things, immoral, inappropriate, disrespectful, fraudulent or illegal activities. We have implemented control procedures to detect and block illegal or inappropriate content and illegal or fraudulent activities that may appear in our livestream content, but such procedures may not prevent all such content from being streamed or posted or activities from being carried out. Moreover, as we have limited control over real-time and offline behavior of athletes, online entertainers, to the extent such behavior is associated with us, although we have indemnity clauses in most of our contracts with our athletes and online entertainers, our ability to protect our brand image and reputation may be limited and our reputation may be adversely affected. Our business and the public perception of our brand may therefore be materially and adversely affected.

In addition, if any of our viewers suffers or alleges to have suffered physical, financial or emotional harm following contact initiated through our content or after watching unsettling or inappropriate content that our content monitoring system failed to filter out, we may face civil lawsuits or other liabilities initiated by the affected viewer, live streaming platforms or governmental or regulatory actions against us. We endeavor to ensure that all livestream content displayed by athletes and online entertainers is in compliance with relevant regulations, but we cannot assure you that individuals involved in such livestream content will comply with all the laws and regulations. Therefore, our talent management, event production and other business may be subject to investigations or subsequent penalties if content live broadcasted through our services is deemed to be illegal or inappropriate under applicable laws and regulations. As a result, our business may suffer, and our revenues and profitability may be materially and adversely affected.

The PRC government has taken steps to limit online game playing time for all minors and to otherwise restrict and control the content and operation of online games. Such restrictions on online games may materially and adversely impact our business and results of operations.

As part of its anti-addiction online game policy, the PRC regulators have been implementing regulations designed to reduce the amount of time that youth under the age of 18 spend playing online games.

On October 25, 2019, the National Administration of Press and Publication, or the NAPP, issued the Notice on Preventing Minor's Addiction to Online Games, or the Anti-Addiction Notice, which requires all online gamers to register accounts with their valid identity information and all game companies to stop providing game services to users who fail to do so. Furthermore, minors are prohibited from playing games exceeding a certain period of time per day or putting money into their accounts exceeding a certain amount. Online game operators are required to explore the manner to notify users of different ages about the online games based on various criteria, such as the games' content and the amount of money anticipated to be used in the games, on download, registration and log-in pages in a prominent way.

On August 30, 2021, the NAPP issued Notice on Furthering Tightening Management on Preventing Minor's Addiction to Online Games, or the Anti-Addiction Further Notice, which further provides that online game operators are only allowed to offer online game services to minors under the age of 18 from 8 pm to 9 pm on Fridays, Saturdays, Sundays and holidays and stresses that all online game users shall register accounts with their valid identity information and online game operators are prohibited from providing online game services to users who have not done so.

The implementation of the Anti-Addiction Notice and the Anti-Addiction Further Notice may lead to a decrease in the number of minors in our viewer base and in general the popularity of the game industry and esports industry among minors, which may materially and adversely affect our results of operations and prospects.

Regulatory developments on virtual gifting in the live streaming industry may adversely impact our talent incubation and management business.

The regulatory environment of virtual gifting in live streaming service is tightening. The Online Performance Brokerage Agencies Measures set forth restrictions on conducts of inducing users to consume by means of such as false consumption, taking the lead in virtual gifting, or promoting their online performers by encouraging virtual gifting with rankings and fake advertising, or inducing minor's tipping with fake identity information. In the past, certain of our subsidiaries engaged in marketing activities to enhance the exposure of our online entertainers on live streaming platforms and to encourage users to spend on virtual gifting during live streaming sessions. We required all our subsidiaries to scrutinize their related business and enhance their internal control procedures to comply with the above regulation requirement. Since the promulgation of the Online Performance Brokerage Agencies Measures, we have taken steps to monitor and refrain from any business practices that may be subject to it. The Online Performance Brokerage Agencies Measures are relatively new, and the interpretation and enforcement of these regulations involve uncertainties. As a result, we cannot assure you that we will not be penalized because of our future business practices in this regard. In addition, on March 25, 2022, the CAC and other PRC regulatory agencies issued Opinions on Further Standardizing the Profit Behavior of Online Live Streaming to Promote the Healthy Development of the Industry, which regulates that the online live streaming publishers and online live streaming service institutions shall not attract traffic and hype through rumors, false marketing propaganda, self-reward and other means to induce consumers to reward and buy goods. We cannot assure you that new rules or regulations promulgated in the future will not impose any additional restrictions on virtual gifting. Any limits or restrictions on the spending on virtual gifting ultimately imposed may negatively impact activities of virtual gifting conducted by viewers of our online entertainers as well as certain of our marketing activities, which may in turn negatively impact our revenues from community engagement. Our business, financial conditions and results of operations may be adversely affected.

We could be adversely affected by negative publicity of misconduct of participants in the esports ecosystem or other negative developments affecting individual esports or individual events.

We could be subject to, or otherwise affected by, negative publicity about us or our business, shareholders, affiliates, managements, athletes, online entertainers, or other employees, as well as our partners, including governing bodies that oversee esports or athletes in esports with which we are involved or, more broadly, home cities, our competitors or other participants in the esports ecosystem. For example, negative publicity regarding the celebrities we and our esports business are associated with, regardless of merits, could create corresponding negative publicity for us, harm our brand image and, as a result, adversely impact our results of operations.

The impact of negative publicity can be exacerbated by the increasing popularity of instant messaging applications and social media platforms, which provide individuals with access to a broad audience. The availability of information through these applications and platforms is virtually immediate as is its impact, without affording us an opportunity for redress or correction. The opportunity for dissemination of information, including inaccurate information, is seemingly limitless and readily available. The effect of instant communications on social media can be exacerbated by the increasing prevalence on social media. Such publicity, even if unfounded, expose us to reputational risk not only in relation to our brand, shareholders, affiliates, managements or other employees, but also in relation to our partners and the governmental bodies with whom we interact, and we may be required to spend significant time and money to address such allegations. Negative publicity of the types described above, even in circumstances where the connection with us is remote, could have a material adverse effect on our reputation, business, results of operations, financial condition or prospects.

We rely on certain key operating metrics to estimate and assess our performance, and the inaccuracies of which may cause deviations in our business focuses and in turn negatively affect our business, results of operations, and financial conditions.

As a newly developed industry, the esports industry lacks unified metrics to accurately measures its popularity, engagement, and potential investment opportunities. For instance, while certain of the distribution platforms employ viewership count to calculate the number of people watching such livestream, it cannot be used to compare livestreams on different platforms, as the metrics and measurement are completely different. The discrepancies in the metrics used by esports participants make it difficult to compare events and estimate the value of broadcast in terms of interest returns or investment.

We keep track on certain key operating metrics, such as views and subscriptions using our internal data, based on certain assumptions and methodologies that might differ from those deployed by other esports companies. In addition, we also receive data from our partners, including streaming and other social media platforms on which our online entertainers have an active presence. However, our ability to verify the authenticity and accuracy of such data is limited. Fraudulent activities on the streaming platforms including automated streaming and robots might cause the underlying data to deviate from what is presented to us. If we underestimate or overestimate performance due to the data we collected or presented, or we miscomprehend the industry trend reflected in those data, our business strategies might differ from the normal course of conducts. If brands or sponsors make decisions based on the data we presented to them and incur losses, we might be considered of less value to them and result in unexpected impacts in our financial conditions and results of operations.

Our failure to successfully cultivate, attract, manage or retain qualified esports talents would cause our business and growth prospect to suffer.

Our ability to attract, retain and motivate esports talents, particularly professional athletes, online entertainers, are critical to the success of our business. We face significant competition for both fans, athletes and online entertainers. Our competitors may offer equally or more lucrative compensation programs, greater exposures in the media sphere, and more diverse promotional channels. If any of our key professional athletes, or any of our star online entertainers becomes unable or unwilling to contribute their services to us, we may not be able to replace them easily or at all, and their departure may impact our existing corporate culture. Furthermore, we cannot assure you that our athletes or online entertainers will not breach the contracts with us or other live streaming or social media platforms we partner with or will continue to cooperate with us once the term of their respective contracts expires. If we, our professional athletes, or any of our online entertainers is found to be in breach of any contract with the platforms, we may be subject to claims and liabilities arising out of such breaches, including material damages and termination of our existing contracts.

Our professional athletes and online entertainers are considered valuable assets and are critical to the success of our business. In the event that our top performing professional athletes and online entertainers select to cooperate with our competitors, we may experience a significant decline in viewer traffic and viewer engagement, which may jeopardize our perceived commercial value toward brand owners, sponsors and end consumers, and may also deter our platform partners from collaborating with us, any of which may have material and adverse impact on our results of operations and financial conditions. In addition, injuries to, and illness of our athletes and online entertainers may limit or undermine their performance in competition or live performances, which may also lead to dissatisfactions from leagues, fans and sponsors. Chronical diseases may shorten the career span of our professional athletes and online entertainers, which may impede our investment returns in attracting, cultivating and retaining these talents.

In order to attract and retain professional athletes and online entertainers, we may need to offer higher compensation, better trainings, more attractive career trajectory and other benefits to our employees, which may be costly and burdensome. If we are unable to generate sufficient revenues to outpace the increase in such compensation, we may lose opportunities to retain these professional esports athletes, online entertainers and thus incur more losses. In addition, the compensation we pay to these talents could significantly increase our cost of revenues and materially and adversely affect our margins, financial condition and results of operations. We cannot assure you that we will be able to attract or retain qualified professional athletes, influencers or personnel necessary to support our future growth. We may fail to manage our relationship with our professional athletes, online entertainers or employees, and any disputes between us and our professional athletes, influencers or employees, or any labor-related regulatory or legal proceedings may divert managerial and financial resources, negatively impact staff morale, harm our reputation and future recruiting efforts. Furthermore, as our business has grown rapidly, our ability to train and integrate new employees into our operations may not meet the increasing demands of our business. Any of the above issues related to our personnel may materially and adversely affect our results of operations and future growth.

Risks Related to Our Crypto Mining Business

Bitcoin prices are highly volatile, which may affect our profitability and the value of our ADSs.

The fluctuation in Bitcoin price may have a material impact on our business, financial condition and results of operations. The price of Bitcoin has been extremely volatile. The cost to mine a Bitcoin is substantially independent of the then current price of Bitcoin so when prices are low, the cost per coin to mine may still consume much of our available cash, which means that there is less capital with which to invest in future company growth. In addition, we may sell our Bitcoin to pay expenses on an as-needed basis, irrespective of then-current prices. Consequently, our Bitcoin may be sold at a time when the prices are low, which could adversely affect our profitability. Given the volatility of Bitcoin, these factors render us unable to accurately predict in advance what our growth plans may be and accurately forecast any revenue and profitability projections for any reporting period.

In addition, our profitability is directly impacted by changes in the value of Bitcoin because under the value measurement model, both realized and unrealized changes are reflected in our statement of operations. This means that our operating results are subject to swings based upon increases or decreases in the value of Bitcoin.

Furthermore, we currently focus on Bitcoin (as opposed to other crypto assets) and our mining machines are principally utilized for mining Bitcoin and cannot mine other crypto assets, such as Ethereum. If other crypto assets were to achieve acceptance at the expense of Bitcoin, causing the value of Bitcoin to decline, or if Bitcoin were to switch to another algorithm for which our mining machines are not specialized, or the value of Bitcoin was to decline for other reasons, particularly if such decline were significant or over an extended period of time, our operating results would be adversely affected, and there could be a material adverse effect on our business, results of operation and financial performance.

The price of Bitcoin may be influenced by regulatory, commercial, technical and social factors that are highly uncertain.

Bitcoin and other crypto assets are relatively novel and are subject to various risks and uncertainties that may adversely impact their price. For example, the application of securities laws and other regulations to such assets is unclear in certain respects, and it is possible that regulators in the United States or foreign countries may create new regulations or interpret laws in a manner that adversely affects the price of Bitcoin. The growth of the crypto assets industry in general, and the use and acceptance of Bitcoin in particular, may also impact the price of Bitcoin and is subject to a high degree of uncertainty. The pace of worldwide growth in the adoption and use of Bitcoin could depend on the following:

- public familiarity with crypto assets;
- ease of buying and accessing Bitcoin;
- institutional demand for Bitcoin as an investment asset;
- consumer demand for Bitcoin as a means of payment; and
- the availability and popularity of alternatives to Bitcoin.

Even if growth in Bitcoin adoption occurs in the near or medium term, there is no assurance that Bitcoin usage will continue to grow over the long term. Because Bitcoin has no physical existence beyond the record of transactions on the Bitcoin blockchain, a variety of technical factors related to the Bitcoin blockchain could also impact the price of Bitcoin. For example, malicious attacks by miners who validate Bitcoin transactions, inadequate mining fees to incentivize validating of Bitcoin transactions, "hard forks" of the Bitcoin blockchain, and advances in quantum computing could undercut the integrity of the Bitcoin blockchain and negatively affect the price of Bitcoin. The liquidity of Bitcoin may also be reduced and damage to the public perception of Bitcoin may occur, if financial institutions were to deny banking services to businesses that hold Bitcoin, provide Bitcoin-related services or accept Bitcoin as payment, which could also decrease the price of Bitcoin.

Furthermore, renowned persons, including social media influencers, may publicly discuss their holdings (or the holdings of companies with which they are affiliated) of Bitcoin or their intent to buy or sell large quantities of Bitcoin. This may have a dramatic impact on the price of Bitcoin, both up and down. At a minimum, these public statements delivered through social media may cause the price of Bitcoin to experience volatility, which could have a material adverse impact on the value of our Bitcoin holdings as well as the prices of Bitcoin that we may sell.

If we fail to grow our hash rate, we may be unable to compete, and our results of operations could suffer.

Generally, a Bitcoin miner's chance of solving a block on the Bitcoin blockchain and earning a Bitcoin reward is a function of the miner's hash rate (i.e., the amount of computing power devoted to supporting the Bitcoin blockchain), relative to the global network hash rate. As greater adoption of Bitcoin occurs, we expect the demand for Bitcoin will increase further, drawing more mining companies into the industry and thereby increasing the global network hash rate. As new and more powerful mining machines are deployed, the global network hash rate will continue to increase, meaning a miner's chance of earning Bitcoin rewards will decline unless it deploys additional hash rate at pace with the industry.

Accordingly, to maintain our chances of earning new Bitcoin rewards and remaining competitive in our industry, we must seek to continually add new mining machines to grow our hash rate at pace with the growth in the Bitcoin global network hash rate. However, as demand has increased and scarcity in the supply of new mining machines has resulted, the price of new mining machines has increased sharply, and we expect this process to continue in the future as demand for Bitcoin increases. Therefore, if the price of Bitcoin is not sufficiently high to allow us to fund our hash rate growth through acquisitions of new mining machines and if we are otherwise unable to access additional capital to acquire these mining machines, our hash rate may stagnate and we may fall behind our competitors. If this happens, our chances of earning new Bitcoin rewards would decline and, as such, our results of operations and financial condition may suffer.

Our reliance on a third-party mining pool operator to produce Bitcoin mining income may subject our operations to increased risk of mining failure.

We use a third-party mining pool operator to receive our mining rewards from the network. Mining pools allow miners to combine their processing power, increasing their chances of solving a block and getting paid by the network. The rewards are distributed by the pool operator, proportionally to our contribution to the pool's overall mining power, used to generate each block. Should the pool operator's system suffer downtime due to a cyberattack, software malfunction or other similar issues, it will negatively impact our ability to mine and receive revenue. Furthermore, we are dependent on the accuracy of the mining pool operator's record keeping to accurately record the total processing power provided to the pool for a given Bitcoin mining application in order to assess the proportion of that total processing power we provided. While we have internal methods of tracking both our power provided and the total used by the pool, the mining pool operator uses its own record-keeping to determine our proportion of a given reward. We have little means of recourse against the mining pool operator if we determine the proportion of the reward paid out to us by the mining pool operator is incorrect, other than leaving the pool. If we are unable to consistently obtain accurate proportionate rewards from our mining pool operator, we may experience reduced reward for our efforts, which would have an adverse effect on our business and operations.

Our reliance on third-party hosting service providers may subject our operations to increased risk of mining failure.

The performance and reliability of our mining machines and our technology is critical to our reputation and our operations. In connection with our acquisition of Bitcoin mining assets in September 2025 and January 2026, we engaged a number of hosting service providers to provide hosting, operation and maintenance services to our mining machines. Pursuant to the service agreements, all of our hash rate capacity is hosted by such hosting service provider as of the date of this annual report. As a result, our operations and ability to mine Bitcoin could be adversely affected if any hosting service provider experiences general incompetence in performing its duties, experiences financial difficulties or bankruptcy, or otherwise cannot operate our Bitcoin miners in accordance with its contractual obligations. If our service agreement with any hosting service provider terminates for any reason, we may be forced to seek a replacement service provider and there is no guarantee that we will find suitable one on acceptable terms and on time, or at all.

Further significant disruptions in the crypto assets markets may cause further material impairment of the value and use of our mining machines.

The fluctuation in the price of Bitcoin, combined with general market sentiment caused by various Bitcoin company-related bankruptcies and restructurings, could lead to a material decline in the fair value of mining machines. We started our Bitcoin mining operation in September 2025 and any future decrease in the value of Bitcoin may cause us to record impairments in the value of our current and future crypto assets.

In addition, if Bitcoin prices dropped and held at a low level for a significant period of time, it could impact our profitability such that we would possibly need to consider whether it would be prudent to leave certain of our mining machines idle until the price of Bitcoin recovers. Theoretically, there is a minimum Bitcoin price that is so low that we would be incentivized to cease our mining operations, particularly where our operating costs exceed our revenues. However, this is a complex projection involving multiple ever-changing, dynamic variables as we have multiple mining sites in different condition and with different hosting unit price, and these costs would need to be compared to the current revenue being produced by our mining machines.

Geopolitical or economic crises may create increased uncertainty and price changes, or motivate large-scale sales of crypto assets, which could result in a reduction in some or all crypto assets' values and adversely affect an investment in our securities.

As an alternative to fiat currencies that are backed by central governments, crypto assets such as Bitcoin, which are relatively new, are subject to supply and demand forces based upon the desirability of an alternative, decentralized means of buying and selling goods and services. It is unclear how such supply and demand will be impacted by geopolitical events. In addition, geopolitical or economic crises may motivate large-scale acquisitions or sales of crypto assets either globally or locally. Large-scale sales of crypto assets would result in a reduction in their value and could adversely affect an investment in our securities.

In addition, we are subject to price volatility and uncertainty due to geopolitical crises and economic downturns. Such geopolitical crises and global economic downturns may be a result of invasion, or possible invasion, by one nation of another, leading to increased inflation and supply chain volatility. Such crises, as well as inflation, will likely continue to have an effect on our ability to do business in a cost-effective manner.

The development and acceptance of crypto assets networks and other crypto assets, which represent a new and rapidly changing industry, are subject to a variety of factors that are difficult to evaluate. The slowing or stopping of the development or acceptance of crypto assets systems may adversely affect an investment in our securities.

Crypto assets such as Bitcoin, that may be used, among other things, to buy and sell goods and services are a new and rapidly evolving industry. The growth of the crypto assets industry in general, and the crypto assets networks of Bitcoin in particular, are highly uncertain. The factors affecting the further development of the crypto assets industry, as well as the crypto assets networks, include:

- continued worldwide growth in the adoption and use of Bitcoins and other crypto assets;
- government and quasi-government regulation of Bitcoins and other crypto assets and their use, or restrictions on or regulation of access to and operation of the crypto assets network or similar crypto assets systems;
- the maintenance and development of the open-source software protocol of the Bitcoin network;
- changes in consumer demographics and public tastes and preferences;
- the availability and popularity of other forms or methods of buying and selling goods and services, including new means of using fiat currencies;
- general economic conditions and the regulatory environment relating to crypto assets;
- the impact of regulators focusing on crypto assets and digital securities and the costs associated with such regulatory oversight; and
- a decline in the popularity or acceptance of the crypto assets networks of Bitcoin, or similar crypto assets systems, could adversely affect an investment in our securities.

The open-source structure of the Bitcoin network protocol means the contributors to the protocol are generally not directly compensated for their contributions in maintaining and developing the protocol. A failure to properly monitor and upgrade the protocol could damage the Bitcoin network and an investment in our securities.

Crypto assets networks are open-source projects and, although there is an influential group of leaders, there is no official developer or group of developers that formally controls the Bitcoin network. As an open-source project, Bitcoin is not represented by an official organization or authority. The Bitcoin network protocol is not sold and contributors are generally not compensated for maintaining and updating the Bitcoin network protocol. The lack of guaranteed financial incentive for contributors to maintain or develop the Bitcoin network and the lack of guaranteed resources to adequately address emerging issues with the Bitcoin network may reduce incentives to address the issues adequately or in a timely manner. Changes to a crypto assets network in which we are directing our mining efforts may adversely affect an investment in our securities.

A temporary or permanent "fork" could adversely affect our business operations and financial conditions.

Many public blockchain networks, including the Bitcoin network, operate using open-source protocols, meaning that any user can download the software, modify it and then propose that the users and miners of Bitcoin, for example, adopt the modification. The development team for a network might propose and implement amendments to a network's source code through software upgrades altering the original protocol, including fundamental ideas such as the irreversibility of transactions and limitations on the validation of blockchain software distributed ledgers. Such changes to original protocols and software could materially and adversely affect our business, operating results and financial condition.

When a modification is introduced and a substantial majority of users and miners consent to the modification, the change is implemented and the network remains uninterrupted. However, if less than a substantial majority of users and miners consent to the proposed modification, and the modification is not compatible with the software prior to its modification, the consequence would be what is known as a "hard fork" of the Bitcoin network, with one group running the pre-modified software and the other running the modified software. The effect of such a fork would be the existence of two versions of Bitcoin running in parallel, yet lacking interchangeability. Both Bitcoin and ethereum networks have experienced "forks" in recent years. A fork can lead to a disruption of networks and its information technology systems, which can further lead to temporary or even permanent loss of client assets. For example, in August 2017, Bitcoin "forked" into Bitcoin and new crypto assets, "Bitcoin cash", as a result of a several-year dispute over how to increase the rate of transactions that the Bitcoin network can process.

Forks may also occur as a network community's response to a significant security breach. For example, in June 2016, an anonymous hacker exploited a smart contract running on the ethereum network to syphon approximately US$60 million of ethereum held by the DAO, a distributed autonomous organization, into a segregated account. In response to the hack, most participants in the ethereum community elected to adopt a "fork" that effectively reversed the hack. However, a minority of users continued to develop the original blockchain, now referred to as "ethereum classic" with the crypto assets on that blockchain now referred to as ether classic, or ETC. ETC now trades on several crypto assets trading platforms.

A fork may also occur as a result of an unintentional or unanticipated software flaw in the various versions of otherwise compatible software that users run. Such a fork could lead to users and miners abandoning the crypto assets with the flawed software. It is possible, however, that a substantial number of users and miners could adopt an incompatible version of the crypto assets while resisting community-led efforts to merge the two chains. This could result in a permanent fork, as in the case of ethereum and ethereum classic.

In addition, many developers have previously initiated hard forks in the Bitcoin blockchain to launch new crypto assets, such as Bitcoin cash, Bitcoin gold, Bitcoin silver and Bitcoin diamond. Later, the Bitcoin cash blockchain was again forked to launch a new crypto assets, Bitcoin satoshi's vision. To the extent such crypto assets compete with the crypto assets held by us, such competition could impact demand for such crypto assets and could adversely impact our business operations and financial condition. Furthermore, a hard fork can lead to new security concerns. For example, when the ethereum and ethereum classic networks split in July 2016, replay attacks, in which transactions from one network were rebroadcast to nefarious effect on the other network, plagued ethereum trading platforms through at least October 2016. An ethereum trading platform announced in July 2016 that it had lost 40,000 ether classic, worth about US$100,000 at that time, as a result of replay attacks. Another possible result of a hard fork is an inherent decrease in the level of security due to significant amounts of mining power remaining on one network or migrating instead to the new forked network. After a hard fork, it may become easier for an individual miner or mining pool's hashing power to exceed 50% of the processing power of the crypto assets network that retained or attracted less mining power, thereby making crypto assets that rely on proof-of-work more susceptible to attack.

A hard fork may adversely affect the price of the crypto assets at the time of announcement or adoption. For example, the announcement of a hard fork could lead to increased demand for the pre-fork crypto assets, in anticipation that ownership of the pre-fork crypto assets would entitle holders to a new crypto asset following the fork. The increased demand for the pre-fork crypto assets may cause the price of the crypto assets to rise. After the hard fork, it is possible the aggregate price of the two versions of the crypto assets running in parallel would be less than the price of the crypto assets immediately prior to the fork.

Any future forks could adversely affect our business operations and financial conditions.

Transactional fees may decrease demand for Bitcoin and prevent expansion.

Currently, miners receive both rewards of new Bitcoin and transaction fees paid in Bitcoin by persons engaging in Bitcoin transactions on the Bitcoin blockchain for being the first to solve Bitcoin blocks. As the number of Bitcoins currency rewards awarded for solving a block in a blockchain decreases, the incentive for miners to continue to contribute to the Bitcoin network may transition from a set reward and transaction fees to solely transaction fees. This transition could be accomplished by miners independently electing to record in the blocks they solve only those transactions that include payment of the highest transaction fees. If transaction fees paid for Bitcoin transactions become too high, the marketplace may be reluctant to accept Bitcoin as a means of payment and existing users may be motivated to switch from Bitcoin to another crypto assets or to fiat currency. Either the requirement from miners of higher transaction fees in exchange for recording transactions in a blockchain or a software upgrade that automatically charges fees for all transactions may decrease demand for Bitcoin and prevent the expansion of the Bitcoin network to retail merchants and commercial businesses, resulting in a reduction in the price of Bitcoin that could adversely impact an investment in our securities. Decreased use of and demand for Bitcoin may adversely affect its value and result in a reduction in the price of Bitcoin and, consequently, the value of our ADSs.

The decentralized nature of the governance of Bitcoin systems may lead to ineffective decision making that slows development or prevents a network from overcoming emergent obstacles. Governance of many Bitcoin systems is by voluntary consensus and open competition with no clear leadership structure or authority. To the extent lack of clarity in corporate governance of Bitcoin systems leads to ineffective decision making that slows development and growth of such crypto assets, the value of our ADSs may be adversely affected.

To the extent that any miners cease to record transactions in solved blocks, transactions that do not include the payment of a transaction fee will not be recorded on the blockchain until a block is solved by a miner who does not require the payment of transaction fees. Any widespread delays in the recording of transactions could result in a loss of confidence in that crypto assets network, which could adversely impact an investment in our securities.

To the extent that any miners cease to record transaction in solved blocks, such transactions will not be recorded on the blockchain. Currently, there are no known incentives for miners to actively not record transactions in solved blocks. However, to the extent that any such incentives arise (e.g., a collective movement among miners or one or more mining pools forcing Bitcoin users to pay transaction fees as a substitute for or in addition to the award of new Bitcoins upon the solving of a block), actions of miners solving a significant number of blocks could delay the recording and confirmation of transactions on the blockchain. Any systemic delays in the recording and confirmation of transactions on the blockchain could result in greater exposure to double-spending transactions and a loss of confidence in certain or all crypto assets networks, which could adversely impact an investment in our securities.

If a malicious actor or botnet obtains control in excess of 50% of the processing power active on any crypto assets network, including the Bitcoin network, it is possible that such actor or botnet could manipulate the blockchain in a manner that adversely affects an investment in our securities.

If a malicious actor or botnet (a volunteer or hacked collection of computers controlled by networked software coordinating the actions of the computers) obtains a majority of the processing power dedicated to mining on any crypto assets network, it may be able to alter the blockchain by constructing alternate blocks if it is able to solve for such blocks faster than the remainder of the miners on the blockchain. Within the alternate blocks, the malicious actor or botnet could control, exclude or modify the ordering of transaction. However, it could not generate new crypto assets or transactions using such control. Using alternate blocks, the malicious actor or botnet could "double-spend" its own crypto assets (i.e., spend the same crypto assets in more than one transaction) and prevent the confirmation of other users' transactions for so long as it maintains control. To the extent that such malicious actor or botnet does not yield its majority control of the processing power or the crypto assets community does not reject the fraudulent blocks as malicious, reversing any changes made to the blockchain may not be possible. Such changes could adversely affect an investment in our securities.

The approach towards and possible crossing of the 50% threshold indicates a greater risk that a single mining pool could exert authority over the validation of crypto assets transactions. To the extent that the crypto assets ecosystems do not act to ensure greater decentralization of crypto mining processing power, the feasibility of a malicious actor obtaining in excess of 50% of the processing power on any crypto assets network (e.g., through control of a large mining pool or through hacking such a mining pool) will increase, which may adversely impact an investment in our securities.

Bitcoin is subject to halving, and as such the reward for successfully solving a block will halve several times in the future and its value may not adjust to compensate us for the reduction in the rewards we receive from our mining efforts, which could cause us to cease our mining operations altogether and investors could suffer a complete loss of their investment.

Halving is a process designed to control the overall supply and reduce the risk of inflation in crypto assets using a proof-of-work consensus algorithm. In an event referred to as Bitcoin "halving," the Bitcoin reward for mining any block is cut in half. This process is scheduled to occur once every 210,000 blocks. It is estimated that Bitcoin will halve in approximately every four years thereafter, until the total amount of Bitcoin rewards issued reaches 21.0 million, and the theoretical supply of new Bitcoin is exhausted, which is expected to occur in around 2140. Once 21.0 million Bitcoin are generated, the network will stop producing more. While Bitcoin prices have had a history of price fluctuations around halving events, there is no guarantee that any such price change will be favorable or would compensate for the reduction in mining reward. If a corresponding and proportionate increase in the price of Bitcoin does not follow these anticipated halving events, the revenue from our mining operations would decrease, and we may not have an adequate incentive to continue mining and may cease mining operations altogether, which may adversely affect an investment in our securities and investors could suffer a complete loss of their investment.

Furthermore, such reductions in Bitcoin rewards for uncovering blocks may result in a reduction in the aggregate hash rate of the Bitcoin network as the incentive for miners decreases. Miners ceasing operations would reduce the collective processing power on the network, which would adversely affect the confirmation process for transactions and make the Bitcoin network more vulnerable to malicious actors or botnets obtaining control in excess of 50% of the processing power active on the blockchain. Such events may adversely affect our activities and an investment in our securities.

To the extent that the profit margins of crypto mining operations are not high, operators of crypto mining operations are more likely to immediately sell their crypto assets earned by mining in the crypto assets exchange market, resulting in a reduction in the price of crypto assets that could adversely impact an investment in our securities.

Over the years, crypto mining operations have evolved from individual users mining with computer processors, graphics processing units and first-generation mining machines. Currently, new processing power brought onto the crypto assets networks is predominantly added by "professionalized" mining operations. Professionalized mining operations may use proprietary hardware or sophisticated machines.

Professionalized mining operations require:

- the investment of significant capital for the acquisition of such hardware;
- the leasing of operating space (often in data centers or warehousing facilities);
- incurring of electricity costs; and
- the employment of technicians to operate the mining farms.

As a result, professionalized mining operations are of a greater scale than prior miners and have more defined, regular expenses and liabilities. These regular expenses and liabilities require professionalized mining operations to more immediately sell crypto assets earned from mining operations on the crypto assets exchange market. To the contrary, it is believed that past individual miners were more likely to hold mined crypto assets for more extended periods. The immediate selling of newly mined crypto assets greatly increases the supply of crypto assets on the crypto assets exchange market, creating downward pressure on the price of each crypto assets.

The extent to which the value of crypto assets mined by a professionalized mining operation exceeds the allocable capital and operating costs determines the profit margin of such operation. A professionalized mining operation may be more likely to sell a higher percentage of its newly mined crypto assets rapidly if it is operating at a low profit margin and it may partially or completely stop operations if its profit margin is negative.

In a low profit margin environment, a higher percentage could be sold into the crypto assets exchange market more rapidly, potentially reducing crypto assets prices. Lower crypto assets prices may result in further tightening of profit margins, particularly for professionalized mining operations with higher costs and more limited capital reserves, creating a network effect that may further reduce the price of crypto assets until mining operations with higher operating costs become unprofitable and remove mining power from the respective crypto assets network. The network effect of reduced profit margins resulting in greater sales of newly mined crypto assets could result in a reduction in the price of crypto assets that could adversely impact an investment in our securities.

The loss or destruction of a private key required to access a crypto asset may be irreversible. Loss of access to the private keys or a data loss relating to our crypto assets collateralized could adversely affect an investment in our securities.

Crypto assets are controllable only by the possessor of both the unique public key and private key relating to the local or online digital wallet which hold the crypto assets. The operators of crypto assets networks require the publish of public key relating to a digital wallet in use once a spending transaction is verified from that digital wallet and broadcast such information into the respective network. As to the private key, to the extent a private key is lost, destroyed or otherwise compromised and no backup of the private key is accessible, there will be no access to the crypto assets and the private key will not be capable of being restored by the respective crypto assets network. Any loss of private keys relating to digital wallets used to store our crypto assets collateralized could adversely affect an investment in our securities.

Security threats to our crypto mining business could result in a loss of our crypto assets collateralized, or damage to our reputation and our brand, each of which could adversely affect an investment in our securities.

Security breaches, computer malware and computer hacking attacks have been a prevalent concern in the crypto assets exchange markets. A security breach caused by hacking could include, but is not limited to:

- efforts to gain unauthorized access to information or systems;
- efforts to cause intentional malfunctions or loss or corruption of data, software, hardware or other computer equipment; and
- the inadvertent transmission of computer viruses.

A security breach by hacking could harm our crypto mining operations or result in loss of our crypto assets collateralized and stored at wallets held by third parties. Any breach of the related infrastructure could result in reputational harm and erode the trust of our partners and stockholders, which could adversely affect an investment in our securities. Furthermore, as the assets grow, they may become a more appealing target for security threats such as hackers and malware. Notwithstanding the safeguards implemented to protect our crypto assets collateralized, the security systems may not be impenetrable or free from defect, and we may incur loss due to a security breach, software defect or event outside of our or our third-party service providers' control. If we or our third-party service providers experience a security breach or cyberattack and unauthorized parties obtain access to our crypto assets collateralized, we may lose some or all of the Bitcoin and our financial condition and results of operations could be materially adversely affected.

The security system and operational infrastructure may be breached due to the actions of outside parties, error or malfeasance of an employee, or otherwise, and, as a result, an unauthorized party may obtain access to the private keys, data or Bitcoins. Additionally, outside parties may attempt to fraudulently induce our employees to disclose sensitive information in order to gain access to our infrastructure.

Despite our or our third-party service providers' efforts, it may be difficult to anticipate these techniques or implement adequate preventative measures since the hacking techniques used are often not recognized until launched against a target. Ability to adopt technology in response to changing security needs or trends and our reliance on third-party service providers pose a challenge to the safekeeping of our crypto assets collateralized. If an actual or perceived breach of security system occurs, the market perception of the effectiveness of our controls could be harmed, which could adversely affect an investment in our securities. Further, in the event of a security breach, we may be subject to litigation forced to cease operations, or suffer a reduction in assets, the occurrence of each of which could adversely affect an investment in our securities.

Crypto assets transactions are irrevocable and stolen or incorrectly transferred crypto assets may be irretrievable. As a result, any incorrectly executed crypto assets transactions could adversely affect an investment in our securities.

Crypto assets transactions are not, from an administrative perspective, reversible without the consent and active participation of the recipient of the transaction or, in theory, control or consent of a majority of the processing power on that crypto assets network. Once a transaction has been verified and recorded in a block that is added to the blockchain, an incorrect transfer of crypto assets or a theft of crypto assets generally will not be reversible, and we may not be capable of seeking compensation for any such transfer or theft.

The limited rights of legal recourse available to us and our lack of insurance protection expose us and our stockholders to the risk of loss of our crypto assets collateralized.

Our crypto assets collateralized are not insured. If these crypto assets are lost, stolen or destroyed under circumstances rendering a party liable to us, the responsible party, such as our third-party custody provider, may not have the financial resources sufficient to satisfy our claim. Further, banking institutions will not accept these crypto assets and they are therefore not insured by the Federal Deposit Insurance Corporation or the Securities Investor Protection Corporation. As a result, a loss may be suffered with respect to our crypto assets collateralized which is not covered by insurance and we may not be able to recover any of our carried value in these crypto assets if they are lost or stolen or suffer significant and sustained reduction in conversion spot price. If we are not otherwise able to recover damages from a malicious actor in connection with these losses, our business and results of operations may suffer, which may have a material negative impact on our share price.

The properties included in our mining network may experience damage, including damage that is not covered by insurance.

As of December 31, 2025, all of our mining operations are in North America. Our current or future mining sites we may establish are subject to a variety of risks relating to physical condition and operation, including, but not limited to:

- the presence of construction or repair defects or other structural or building damage;
- any non-compliance with or liabilities under applicable environmental, health or safety regulations or requirements or building permit requirements;
- any damage resulting from natural disasters, such as hurricanes, earthquakes, fires, floods and windstorms; and
- claims by employees and others for injuries sustained at our properties.

For example, our mining sites could be rendered inoperable, temporarily or permanently, as a result of a fire or other natural disaster, the coronavirus or another pandemic, or by a terrorist or other attack. The security and other measures taken to protect against these risks may not be sufficient. Additionally, the mining sites could be materially adversely affected by a power outage or loss of access to the electrical grid or loss by the grid of cost-effective sources of electrical power generating capacity. Given the power requirements of our mining operations, it would not be feasible to run our mining machines on back-up power generators in the event of a power outage. In the event of any loss, such mining machines may not be adequately repaired in a timely manner or at all, and we may lose some or all of the future revenues anticipated to be derived from such mining machines.

Banks and other financial institutions may not provide banking services, or may cut off services, to businesses that engage in cryptocurrency-related activities or that accept crypto assets as payment, including financial institutions of investors in our securities.

A number of companies that engage in Bitcoin and/or other Bitcoin-related activities have been unable to find banks or other financial institutions that are willing to provide them with bank accounts and other services. This is particularly true as a result of certain bank failures, which were connected to cryptocurrency activities. In addition, banks and other financial institutions may terminate services to companies that engage in crypto-related activities due to regulatory actions.

Subject to such restrictions, we also may be unable to obtain or maintain these services for our business. The difficulty that many businesses in our industry and in related industries have and may continue to have in finding banks and financial institutions willing to provide them services may now, and in the future, decrease the usefulness of crypto assets as a payment system, harm public perception of crypto assets and decrease their usefulness.

The usefulness of crypto assets as a payment system and the public perception of crypto assets could be damaged if banks or other financial institutions were to close the accounts of businesses engaging in Bitcoin and/or other Bitcoin-related activities. This could occur as a result of compliance risk, cost, government regulation or public pressure. The risk applies to securities firms, clearance and settlement firms, national stock and derivatives on commodities exchanges, the over-the-counter market and the Depository Trust Company, which, if any of such entities adopts or implements similar policies, rules or regulations, could negatively affect our relationships with financial institutions and impede our ability to convert crypto assets to fiat currencies. Such factors could have a material adverse effect on our business, results of operations and financial performance.

There is a lack of liquid markets for crypto assets, and blockchain/Bitcoin-based assets are susceptible to potential manipulation.

Crypto assets that are represented and trade on a ledger-based platform may not necessarily benefit from viable trading markets. Stock exchanges have listing requirements and vet issuers, requiring them to be subjected to rigorous listing standards and rules and monitor investors transacting on such platform for fraud and other improprieties. These conditions may not necessarily be replicated on a distributed ledger platform, depending on the platform's controls and other policies. For example, events like bankruptcies in the crypto assets industry involved platforms which were not publicly listed without regulatory supervision. The laxer a distributed ledger platform is about vetting issuers of Bitcoin assets or users that transact on the platform, the higher the potential risk for fraud or the manipulation of the ledger due to a control event. These factors may decrease liquidity or volume or may otherwise increase volatility of investment securities or other assets trading on a ledger-based system, which may adversely affect us. Such circumstances could have a material adverse effect on our business, prospects or operations and potentially the value of the Bitcoin we mine or otherwise acquire or hold for our own account and harm investors.

Our operations, investment strategies and profitability may be adversely affected by competition from other methods of investing in crypto assets.

We compete with other users and/or companies that are mining crypto assets and other potential financial vehicles, including companies whose securities are backed by or linked to crypto assets. Market and financial conditions, and other conditions beyond our control, may make it more attractive to invest in other financial vehicles, or to invest in crypto assets directly, which could limit the market for our shares and reduce their liquidity. The emergence of other financial vehicles and exchange-traded funds have been scrutinized by regulators and such scrutiny and the negative impressions or conclusions resulting from such scrutiny could be applicable to us and impact our ability to successfully pursue our business strategy or operate at all, or to maintain a public market for our securities. Such circumstances could have a material adverse effect on our business, prospects or operations and potentially the value of any Bitcoin or other crypto assets we mine or otherwise acquire or hold for our own account, and harm investors.

Crypto assets face significant scaling obstacles that can lead to high fees or slow transaction settlement times.

Crypto assets face significant scaling obstacles that can lead to high fees or slow transaction settlement times and attempts to increase the volume of transactions may not be effective. Scaling crypto assets is essential to the widespread acceptance of crypto assets as a means of payment, which widespread acceptance is necessary to the continued growth and development of our business. Many Bitcoin networks face significant scaling challenges. For example, crypto assets are limited with respect to how many transactions can occur per second. Participants in the Bitcoin ecosystem debate potential approaches to increasing the average number of transactions per second that the network can handle and have implemented mechanisms or are researching ways to increase scale, such as increasing the allowable sizes of blocks, and therefore the number of transactions per block and sharding (a horizontal partition of data in a database or search engine), which would not require every single transaction to be included in every single miner's or validator's block. However, there is no guarantee that any of the mechanisms in place or being explored for increasing the scale of settlement of Bitcoin transactions will be effective, or how long they will take to become effective, which could adversely affect an investment in our securities.

There are risks related to technological obsolescence, the vulnerability of the global supply chain for Bitcoin hardware disruption, and difficulty in obtaining new hardware which may have a negative effect on our business.

Our mining operations can only be successful and ultimately profitable if the costs, including hardware and electricity costs, associated with mining crypto assets are lower than the price of a Bitcoin. Our mining machines experience ordinary wear and tear in the course of operation and may also face significant malfunctions caused by a number of extraneous factors beyond our control. We have purchased on-rack mining machines from third parties. The degradation of our mining machines requires us to, over time, replace those mining machines which are no longer functional. Additionally, as the technology evolves, we are required to acquire newer models of miners to remain competitive in the market. Reports have been released which indicate that manufacturers or sellers of mining machines adjust the prices of their mining machines according to Bitcoin prices, so the cost of new machines is unpredictable but could be extremely high. As a result, at times, we may obtain mining machines and other hardware from third parties at premium prices, to the extent they are available. This upgrading process requires substantial capital investment, and we may face challenges. Further, the global supply chain for Bitcoin mining machines is presently heavily dependent on China-based manufacturers. In addition, there have been shortages of the semiconductors which are key components in miner production. Should any disruptions to the China-based global supply chain for Bitcoin hardware on the spot market or otherwise occur, we may not be able to obtain adequate replacement parts for our existing mining machines or to obtain additional mining machines from the manufacturer or third parties on a timely basis. Such events could have a material adverse effect on our ability to pursue our business strategy, which could have a material adverse effect on our business and the value of our ADSs.

We are subject to risks associated with our need for significant electrical power. Government regulators may potentially restrict the ability of electricity suppliers to provide electricity to mining operations, such as ours.

The operation of a Bitcoin mining activity generally requires massive amounts of electrical power. Our Bitcoin mining operations can only be successful and ultimately profitable if the costs, including electrical power costs, associated with mining a Bitcoin are lower than the price of a Bitcoin. As a result, any mine we establish can only be successful if we can obtain sufficient electrical power for that mine on a cost-effective basis, and our establishment of new mines requires us to find locations where that is the case. There may be significant competition for suitable mine locations, and government regulators may potentially restrict the ability of electricity suppliers to provide electricity to mining operations in times of electricity shortage or may otherwise potentially restrict or prohibit the provision or electricity to mining operations.

Any shortage of electricity supply or increase in electricity cost in a jurisdiction may negatively impact the viability and the expected economic return for Bitcoin mining activities in that jurisdiction. In addition, the significant consumption of electricity may have a negative environmental impact, including contribution to climate change, which may give rise to public opinion against allowing the use of electricity for Bitcoin mining activities or government measures restricting or prohibiting the use of electricity for Bitcoin mining activities. Please see "-The regulatory and legislative developments related to climate change may materially adversely affect our brand, reputation, crypto mining business, operating results and financial condition" for impact of regulatory developments on our crypto mining business.

Our mining operating costs may outpace our mining revenues, which could seriously harm our business or increase our losses.

Our mining operations are costly, and our expenses may increase in the future. We may use cash on hand and may seek to obtain credit facilities, issue equity or debt securities to fund our crypto mining operations. An increase in our expense may not be offset by a corresponding increase in revenue. Our expenses may be greater than we anticipate, and our investments to make our business more efficient may not succeed and may outpace monetization efforts. Increases in our costs without a corresponding increase in our revenue would increase our losses and could seriously harm our business and financial performance.

We may not adequately respond to rapidly changing technology, which may negatively affect our crypto mining business.

Competitive conditions within the crypto assets industry require that we use sophisticated technology in the operation of our crypto mining business. The industry for blockchain technology is characterized by rapid technological changes, new product introductions, enhancements and evolving industry standards. New technologies, techniques or products could emerge that might offer better performance than the software and other technologies we currently utilize, and we may have to manage transitions to these new technologies to remain competitive. We may not be successful, generally or relative to our competitors in the crypto assets industry, in timely implementing new technology into our systems, or doing so in a cost-effective manner. During the course of implementing any such new technology into our operations, we may experience system interruptions and failures during such implementation. Furthermore, there can be no assurances that we will recognize, in a timely manner or at all, the benefits that we may expect as a result of our implementing new technology into our operations. As a result, our business and operations may suffer, and there may be adverse effects on the price of our ADSs.

Regulatory changes or actions may restrict the use of Bitcoins or the operation of the Bitcoin network in a manner that adversely affects an investment in our securities.

As Bitcoin has grown in popularity and in market size, the SEC and other regulators have begun to examine the operations of the Bitcoin network, Bitcoin users and the Bitcoin exchange market. Crypto assets currently face an uncertain regulatory landscape in not only the United States but also in many foreign jurisdictions. Many regulatory bodies have not yet issued official statements regarding intention to regulate or determinations on regulation of Bitcoin, the Bitcoin network and Bitcoin users. The effect of any future regulatory change on us, Bitcoins or other crypto assets is impossible to predict, but such change could be substantial and adverse to us and could adversely affect an investment in our securities.

Furthermore, one or more countries may take regulatory actions in the future that severely restricts the right to acquire, own, hold, sell or use crypto assets or to exchange crypto assets for fiat currency. Such an action may also result in the restriction of ownership, holding or trading in our ADSs.

Due to the unregulated nature and lack of transparency surrounding the operations of many Bitcoin trading venues, they may experience fraud, security failures or operational problems, which may adversely affect the value of our Bitcoin.

Bitcoin trading venues are relatively new and, in some cases, unregulated. Furthermore, there are many Bitcoin trading venues which do not provide the public with significant information regarding their ownership structure, management teams, corporate practices and regulatory compliance. As a result, the marketplace may lose confidence in Bitcoin trading venues, including prominent exchanges that handle a significant volume of Bitcoin trading.

Negative perception, a lack of stability in the broader Bitcoin markets and the closure or temporary shutdown of Bitcoin trading venues due to fraud, business failure, hackers or malware, or government-mandated regulation may reduce confidence in Bitcoin and result in greater volatility in the prices of Bitcoin. To the extent investors view our ADSs as linked to the value of our Bitcoin holdings, such a negative perception of Bitcoin trading venues could have a material adverse effect on the market value of our ADSs.

If regulatory changes or interpretations require the regulation of Bitcoins by the SEC, we may be required to register and comply with such regulations, which may result in extraordinary expenses to us.

Current and future legislation and the SEC rulemaking and other regulatory developments, including interpretations released by a regulatory authority, may impact the manner in which Bitcoins are treated for classification and clearing purposes.

For example, to the extent that digital assets including Bitcoins and other digital assets we own or may own are deemed by the SEC to fall within the definition of a security, we may be required to register and comply with additional regulation under the Investment Act, including additional periodic reporting and disclosure standards and requirements and our registration as an investment company. Furthermore, one or more states may conclude Bitcoins and other digital assets we own or may own are a security under state securities laws which would require registration under state laws including merit review laws which would adversely impact us.

There is no authoritative law, rule or binding guidance published by the SEC regarding the status of crypto assets as "securities" or "investment securities" under the Investment Company Act. If we fall within the definition of an investment company under the Investment Company Act, we would be required to register with the SEC. If an investment company fails to register, it likely would have to stop doing almost all business, and its contracts would become voidable. Generally, non-U.S. issuers may not register as an investment company without an SEC order.

There can be no assurances that we will properly characterize any given crypto assets as a security or non-security for purposes of determining which crypto assets to mine, hold and trade, or that the SEC, or a court, if the question was presented to it, would agree with our assessment. We could be subject to judicial or administrative sanctions for failing to offer or sell crypto assets in compliance with the registration requirements, or for acting as a broker or dealer without appropriate registration. Such an action could result in injunctions, cease and desist orders, as well as civil monetary penalties, fines, disgorgement, criminal liability, and reputational harm. Further, if any of our crypto assets collateralized is deemed to be a security under the laws of any U.S. federal, state, or foreign jurisdiction, or in a proceeding in a court of law or otherwise, it may have adverse consequences for such crypto assets. For instance, all transactions in such supported crypto assets would have to be registered with the SEC, or conducted in accordance with an exemption from registration, which could severely limit its liquidity, usability and transactability. Further, it could draw negative publicity and a decline in the general acceptance of the crypto assets. Also, it may make it difficult for such crypto assets to be traded, cleared and custodied as compared to other crypto assets that are not considered to be securities.

We cannot be certain as to how future regulatory developments will impact the treatment of Bitcoins under the securities laws and other applicable laws. Any additional regulatory requirements, such as the registration requirement, may result in extraordinary, non-recurring expenses, thereby materially and adversely impacting an investment in our securities. If we determine not to comply with such additional regulatory requirements, we may seek to cease certain of our operations. Any such action may adversely affect an investment in our securities.

Our Bitcoin holdings could subject us to regulatory scrutiny.

Several Bitcoin investment vehicles have attempted to list their shares on a U.S. national securities exchange to permit them to function in the manner of an exchange-traded fund, or ETF, with continuous share creation and redemption at net asset value, or NAV. The SEC used to cite concerns over the surveillance of trading in markets for the underlying Bitcoin as well as concerns about fraud and manipulation in Bitcoin trading markets. Even though we do not function in the manner of an ETF, nor do we offer continuous share creation and redemption at NAV, it is possible that we could nevertheless face regulatory scrutiny from the SEC, as a company with securities traded on the Nasdaq.

If regulatory changes or interpretations of our activities require us to register as a money services business ("MSB") or "money transmitter" ("MT") under relevant laws and regulations, our compliance with such laws and regulations may result in extraordinary expenses to us.

To the extent that any of our activities cause us to be deemed an MSB, we may be required to comply with the Financial Crimes Enforcement Network, or FinCEN, regulations, including those that would mandate us to implement anti-money laundering programs, make certain reports to FinCEN and maintain certain records.

To the extent that our activities cause us to be deemed an MT or equivalent designation, under the applicable regulations, we may be required to seek a license or otherwise register with a regulator and comply with applicable regulations that may include the implementation of anti-money laundering programs, maintenance of certain records and other operational requirements. Many regulators have proposed or made public statements indicating that virtual currency businesses or virtual currency exchangers may be required to seek licenses as money transmitters. Some regulators also proposed legislation regarding the treatment of Bitcoin and other crypto assets.

Such additional regulatory obligations may cause us to incur extraordinary expenses, possibly affecting an investment to our ADSs in a material and adverse manner. Furthermore, we and our service providers may not be capable of complying with certain regulatory obligations applicable to MSBs and MTs. If we are deemed to be subject to such obligations, and fail to comply with such additional regulatory and registration requirements, we may act to dissolve and liquidate. Any such action may adversely affect an investment in our securities or result in a complete loss for our investors.

Current interpretations require the regulation of Bitcoins under the Commodities Exchange Act of 1936, as amended, or CEA, by the Commodity Futures Trading Commission, or CFTC, which may cause us to incur additional compliance costs.

Current and future legislation, CFTC and other regulatory developments, including interpretations released by a regulatory authority, may impact the manner in which Bitcoins are treated for classification and clearing purposes. In particular, the CFTC's jurisdiction is implicated when a virtual currency is used in a derivatives contract, or if there is fraud or manipulation involving a virtual currency traded in interstate commerce. We cannot be certain as to how future regulatory developments will impact the treatment of Bitcoins under the law.

We may be required to register and comply with additional regulation under the CEA, including additional periodic report and disclosure standards and requirements. Moreover, if in the future we engage in an investment trust, syndicate, or similar form of enterprise (a commodity pool) that solicits, accepts, or receives funds, securities, or property for the purpose of trading futures contracts, commodity options, or swaps or investing in other commodity pools, we may be required to register as a commodity pool operator and to register the Company as a commodity pool with the CFTC through the National Futures Association. Such additional registrations may result in significant expenses, thereby materially and adversely impacting an investment in our ADSs. If we determine not to comply with such additional regulatory and registration requirements, we may seek to cease our Bitcoin operations in the U.S. Any such action may adversely affect an investment in our ADSs.

Our interactions with the Bitcoin network may expose us to specially designated nationals ("SDN") or blocked persons or cause us to violate provisions of law that did not contemplate distributed ledger technology.

The Office of Financial Assets Control ("OFAC") of the U.S. Department of Treasury requires us to comply with its sanction program and not conduct business with persons named on its SDN list. However, because of the pseudonymous nature of blockchain transactions, we may inadvertently and without our knowledge engage in transactions with persons named on OFAC's SDN list. Our policy prohibits any transactions with such SDN individuals, and we take all commercially reasonable steps to avoid such transactions, but we may not be adequately capable of determining the ultimate identity of the individual with whom we transact with respect to selling cryptocurrency assets. Moreover, there is a risk that some bad actors will continue to attempt to use cryptocurrencies, including Bitcoin, as a potential means of avoiding federally imposed sanctions.

We are unable to predict the nature or extent of new and proposed legislation and regulation affecting the cryptocurrency industry, or the potential impact of the use of cryptocurrencies by SDN or other blocked or sanctioned persons, which could have material adverse effects on our business and our industry more broadly. Further, we may be subject to investigation, administrative or court proceedings, and civil or criminal monetary fines and penalties as a result of any regulatory enforcement actions, all of which could harm our reputation and affect the value of our ADSs.

The regulatory and legislative developments related to climate change may materially adversely affect our brand, reputation, crypto mining business, operating results and financial condition.

Our Bitcoin mining operations require a substantial amount of electrical power and can only be successful, and ultimately profitable, if the costs we incur, including for electricity, are lower than the revenue we generate from our operations. As a result, any mine we establish can only be successful if we can obtain sufficient electrical power for that mine on a cost-effective basis, and our establishment of new mines requires us to find locations where that is the case. For instance, our plans and strategic initiatives for expansion are based, in part, on our understanding of current environmental and energy regulations, policies and initiatives enacted by federal and state regulators. If new regulations are imposed, or if existing regulations are modified, the assumptions we made underlying our plans and strategic initiatives may be inaccurate, and we may incur additional costs to adapt our planned business, if we are able to adapt at all, to such regulations.

In addition, there continues to be a lack of consistent climate legislation, which creates economic and regulatory uncertainty for our business because the Bitcoin mining industry, with its high energy demand, may become a target for future environmental and energy regulation. New legislation and increased regulation regarding climate change could impose significant costs on us and our suppliers, including costs related to increased energy requirements, capital equipment, environmental monitoring and reporting, and other costs to comply with such regulations. Further, any future climate change regulations could also negatively impact our ability to compete with companies situated in areas not subject to such limitations.

For example, the U.S. Energy Information Administration (the "EIA") announced in February 2024 that it will conduct a mandatory survey focused on systematically evaluating the electricity consumption associated with cryptocurrency mining activity. It is possible that such mandatory surveys will be used by the EIA to generate negative reports regarding the Bitcoin mining industry's use of power and other resources, which could spur additional negative public sentiment and adverse legislative and regulatory action against us or the Bitcoin mining industry as a whole. Surveys and other regulatory actions could increase our cost of operations or otherwise make it more difficult for us to operate at our current locations. In addition, imposition of a carbon tax or other regulatory fee in a jurisdiction where we operate or on electricity that we purchase could result in substantially higher energy costs, and due to the significant amount of electrical power required to operate crypto mining machines, could in turn put our facilities at a competitive disadvantage.

Given the political significance and uncertainty around the impact of climate change and how it should be addressed, we cannot predict how legislation and regulation will affect our financial condition and results of operations. Further, even without such regulation, increased awareness and any adverse publicity in the global marketplace about potential impacts on climate change by us or other companies in our industry could harm our reputation. Any of the foregoing could result in a material adverse effect on our business and financial condition.

We are subject to an extensive, highly evolving and uncertain regulatory and business landscape and any adverse changes to, or our failure to comply with, any laws and regulations, and adverse business reactions from counterparties could adversely affect our brand, reputation, business, operating results and financial condition.

Our business is subject to extensive laws, rules, regulations, policies, orders, determinations, directives, treaties and legal and regulatory interpretations and guidance. In addition, we face counterparty risk in the markets in which we operate, including regulatory aspects from financial services, federal energy and other regulators, the SEC, the CFTC, credit and crypto assets custody, exchange and transfer, cross-border and domestic money and crypto assets transmission, consumer and commercial lending, usury, foreign currency exchange, privacy, data governance and protection, cybersecurity, fraud detection, antitrust and competition, bankruptcy, tax, anti-bribery, economic and trade sanctions, anti-money laundering and counter-terrorist financing, the same regulatory risks applicable to counterparties which are most notably hosting businesses, and the economic issues and bankruptcies befalling some in this industry.

Many of these legal and regulatory regimes were adopted prior to the advent of the internet, mobile technologies, crypto assets and related technologies. As a result, some applicable laws and regulations do not contemplate or address unique issues associated with the crypto economy, are subject to significant uncertainty, and vary widely across U.S. federal, state, and local and international jurisdictions. These legal and regulatory regimes, including the laws, rules and regulations thereunder, evolve frequently and may be modified, interpreted and applied in an inconsistent manner from one jurisdiction to another, and may conflict with one another. Moreover, the complexity and evolving nature of our business and the significant uncertainty surrounding the regulation of the crypto economy requires us to exercise our judgment as to whether certain laws, rules and regulations apply to us, and it is possible that governmental bodies and regulators may disagree with our conclusions. To the extent we have not complied with such laws, rules and regulations, we could be subject to significant fines, revocation of licenses, limitations on our products and services, reputational harm, and other regulatory consequences, each of which may be significant and could adversely affect our business, operating results and financial condition.

Additionally, various governmental and regulatory bodies, including legislative and executive bodies, in the United States and in other countries may adopt new laws and regulations, the direction and timing of which may be influenced by changes in the governing administrations and major events in the crypto economy. For example, following the failure of several prominent crypto trading venues and lending platforms in 2022, the U.S. Congress expressed the need for both greater federal oversight of the crypto economy and comprehensive cryptocurrency legislation. In the near future, various governmental and regulatory bodies, including in the United States, may introduce new policies, laws and regulations relating to crypto assets, the crypto economy and crypto assets platforms. For example, in January 2025, the Acting Commissioner of the SEC, Mark Uyeda, announced formation of new crypto task force with a purpose to develop a comprehensive and clear regulatory framework for crypto assets. The failures of risk management and other control functions at other companies related to crypto assets could accelerate an existing regulatory trend toward stricter oversight of crypto assets platforms and the crypto economy.

Due to our business activities, we may be subject to potential examinations, oversight and reviews by regulators, many of which have broad discretion to audit and examine our business. Moreover, new laws, regulations or interpretations may result in additional litigation, regulatory investigations and enforcement or other actions, including preventing or delaying us from offering certain products or services offered by our competitors or could impact how we offer such products and services. Adverse changes to, or our failure to comply with, any laws and regulations may have an adverse effect on our reputation, brand, business, operating results and financial condition.

The nature of our business requires the application of complex financial accounting rules, and there is limited guidance from accounting standard setting bodies on certain topics. If financial accounting standards undergo significant changes, our operating results could fluctuate.

The accounting rules and regulations that we must comply with are complex and subject to interpretation by the Financial Accounting Standards Board (the "FASB"), the SEC, and various other bodies formed to promulgate and interpret appropriate accounting principles. Recent actions and public comments from the FASB and the SEC have focused on the integrity of financial reporting and internal controls and many companies' accounting policies are being subjected to heightened scrutiny by regulators and the public. Further, there has been limited precedent for the financial accounting of crypto assets and related valuation and revenue recognition. Moreover, a change in these principles or interpretations could have a significant effect on our reported financial results, and may even affect the reporting of transactions completed before the announcement or effectiveness of a change. For example, in December 2023, the FASB issued Accounting Standards Update No. 2023-08, Intangibles-Goodwill and Other-Crypto Assets (ASU 2023-08): Accounting for and Disclosure of Crypto Assets ("ASU 2023-08"), which represents a significant change in how entities that hold crypto assets will account for certain of those holdings. Previously, crypto assets held were accounted for as intangible assets with indefinite useful lives, which required us to measure crypto assets at cost less impairment. After the adoption of ASU 2023-08, which requires crypto assets held to be measured at fair value at each reporting date, with fair value gains and losses recognized through net income (loss). Fair value gains and losses can increase the volatility of our net income, especially if the underlying crypto asset market is volatile.

Uncertainties in or changes to regulatory or financial accounting standards could result in the need to change our accounting methods and may retroactively affect previously reported results and impair our ability to provide timely and accurate financial information, which could adversely affect our financial statements, result in a loss of investor confidence, and our business, operating results and financial condition.

Risks Related to Our Business Operations

We have incurred losses in the past and we may continue to experience losses in the future.

We incurred loss from operations of US$14.7 million, US$16.9 million and US$248.7 million, and net losses of US$13.3 million, US$12.7 million and US$238.1 million in 2023, 2024 and 2025, respectively. The historical losses reflect the substantial investments we made to grow our business. We cannot assure you that we will be able to generate net profits in the foreseeable future.

We expect to continue to invest in the development and expansion of our business in areas including sales and marketing, and incurring costs associated with general administration, including legal, accounting and other expenses. As a result of these increased expenses, we will have to generate and sustain increased revenue to be profitable in future periods. Further, in future periods, we may not be able to generate sufficient revenue growth to offset higher costs and sustain profitability. If we fail to sustain or increase profitability, our business and operating results could be adversely affected and we may be required to raise additional equity or debt to finance our operations, which may come with dilution effects for our shareholders.

Our business and financial results may be materially and adversely affected if we are unable to maintain our cooperative relationships with financing service providers.

We rely partially on loans provided by commercial banks to fund our general operations. We entered into credit facilities and loan agreement with these commercial banks, pursuant to which we are subject to a number of restrictive covenants. Failure to meet the payment and other obligations, including financial covenants, security coverage requirement and requirements on notifying to or getting approval from banks in case of certain matters, such as restructuring, share transfer or listing, etc., could lead to defaults under these loan agreements. If we default under the loan agreement, we may have to cash the deposit of our working capital, which could have material impact on business and results of operation.

These credit facilities and loan agreements normally become mature in one to three years, and we may not be able to renew the agreement on commercially reasonable terms or at all. These commercial banks have full discretion in deciding whether or not to extend the loans to us. Furthermore, these financing service providers may decrease or eliminate the amount of credit available for us due to various reasons. In addition, if the default rates on the loans provided or arranged by these financing service providers were to increase, they may raise the interest rates on the loans, making such financing options less attractive to us. If our cooperative relationships with the financing service providers are damaged or lost, or if the financing service providers significantly increase their interest rates, our business and financial results would be adversely affected.

We will need capital to, among other things, expand to other geographic regions and titles through acquiring league seats. As we expand to additional game titles, we may also require capital to train, attract and retain our athletes and online entertainers, and such costs may be greater than what we currently anticipate. The fact that we have a limited operating history means we have limited historical financial data. As a result, our future capital requirements may be uncertain and actual capital requirements may be different from what we currently anticipate. We may seek equity or debt financing to finance a portion of our capital expenditures. Such financing might not be available to us in a timely manner or on terms that are acceptable to us, or at all. If we cannot obtain sufficient capital on acceptable terms, our business, financial condition, and prospects may be materially and adversely affected.

If we fail to keep up with industry and technology developments or implement new technologies into our offerings in a timely and cost-effective manner, we may be unable to compete effectively, and our business and prospects could suffer.

The esports industry is subject to rapid technological changes and also evolving quickly in terms of technology innovation. We need to anticipate the emergence of new technologies and assess their market acceptance. Our ability to correctly anticipate the emergence and development of new technologies, including decisions regarding which any such new technologies that should be implemented into our offerings, will be subject to our management teams' assessments and discretion. Our anticipations and decisions relating thereto will be based on the prevailing facts and circumstances at that time, and we cannot assure you that these will be correct or that we have taken every relevant aspect into consideration in making such decisions. We also need to invest significant resources, including financial resources in research and development, to keep pace with technological advances in order to make our development capabilities and our services competitive in the market. Moreover, we are required to upgrade from time to time our internal IT systems to provide support smooth integration of these future advanced functions. However, development activities are inherently uncertain, and we might encounter practical difficulties in commercializing our development results. Our expenditures on research and development may not generate corresponding benefits. If we are unable to develop, adapt, and support the emerging and popular technologies, our revenues and market share will decline.

Our business operations could suffer if we fail to protect adequately our intellectual property rights, and unauthorized parties may infringe upon or misappropriate our intellectual property.

We regard our intellectual property, including trademarks, service marks, patents, domain names, trade secrets, proprietary technologies and similar intellectual property, as critical to our success. We rely on trademark and patent law, trade secret protection and confidentiality and license agreements with our employees and others to protect our proprietary rights.

We have invested significant resources to develop our own intellectual property and acquire licenses to use and distribute the intellectual property of others. Failure to maintain or protect these rights could harm our business. In addition, any unauthorized use of our intellectual property by third parties may adversely affect our current and future revenues and our reputation.

If we are unable to protect our intellectual property, our competitors could use our intellectual property to market offerings similar to ours and our ability to compete effectively would be impaired. Moreover, others may independently develop technologies that are competitive to ours or infringe on our intellectual property. The enforcement of our intellectual property rights depends on our legal actions against these infringers being successful, but we cannot be sure these actions will be successful, even when our rights have been infringed. In addition, defending our intellectual property rights might entail significant expense and diversion of management resources. Any of our intellectual property rights may be challenged by others or invalidated through administrative processes or litigations. We cannot provide assurance that we will prevail in such litigations, and, even if we do prevail, we may not obtain a meaningful relief. Accordingly, despite our efforts, we may be unable to prevent external parties from infringing or misappropriating our intellectual property. Any intellectual property that we own may not provide us with competitive advantages or may be successfully challenged by external parties.

Assertions by third parties of infringement or other violations by us of their intellectual property rights could result in significant costs and harm our business and results of operations.

The validity, enforceability and scope of protection of intellectual property rights in esports industry is uncertain and still evolving. We may in the future be subject to intellectual property infringement claims or other allegations by third parties for services we provide or for information or content displayed on, retrieved from or linked to, recorded, stored or make accessible through our content, or otherwise distributed to viewers, including in connection with the music, movies, video and games played, recorded, stored or make accessible though our content offerings, which may materially and adversely affect our business, financial condition and prospects. Defending these claims is costly and can impose a significant burden on our management and employees, and there can be no assurances that favorable final outcomes will be obtained in all cases. If we fail to defend these claims, we may be subject to payment of substantial damage penalties and fines, or removal of relevant content from our distribution channels. We cannot assure you that any insurance policies of ours will, wholly or partly, cover any such damage penalties or fines. Such claims, even if they do not result in liability, may harm our reputation and brand image. Any resulting liability or expenses, or changes required to reduce the risk of future liability, may have a material adverse effect on our business, financial condition and prospects.

We are subject to laws and regulations worldwide, many of which are still developing which could increase our costs or adversely affect our business.

The global nature of our business requires us to comply with a wide variety of laws and regulations in each of the jurisdictions in which we operate. Such laws and regulations vary significantly from jurisdiction to jurisdiction and accordingly, it is difficult to produce and implement cost-efficient and group uniform systems, policies and practices for our compliance with the various law and regulations that apply to our businesses across the jurisdictions in which we operate or may come to operate. Moreover, the emerging nature of our industry may lead to that laws and regulations to which we must adhere change with short notice, and accordingly, activities historically undertaken by us may become restricted or banned. Our efforts to comply with a wide array of laws and regulations across several jurisdictions may come with significant costs for e.g., seeking appropriate professional advice in relation to the activities we wish to undertake. If we fail to comply with the laws and regulations of a particular jurisdiction, we may be prohibited from or restricted in conducting our business in that jurisdiction or suffer other adverse consequences which, over an extended period of time or in a number of jurisdictions, could lead to a decline in the revenue streams. In particular, our talent management business can be adversely affected by laws and regulations in certain jurisdictions that restrict the advertising of specified products and services. In China, in particular, governmental authorities promulgate and enforce laws and regulations that cover many aspects of our operations, including the organization of events, the scope of permitted business activities, licenses and permits for various activities, and foreign investments. Operators in China are required to obtain various government approvals, licenses and permits to operate. If we fail to obtain and maintain approvals, licenses or permits required for our business, we could be subject to liabilities, penalties and operational disruption and our business could be materially adversely affected. Such failures in China or elsewhere could adversely affect our ability to grow our business in China and other jurisdictions in which we operate. For details, see "— If we fail to obtain and maintain the requisite licenses, permits and approvals applicable to our esports business, or fail to obtain additional licenses that become necessary due to new enactment or promulgation of laws and regulations or our expansion, our business, results of operations and growth prospects may be materially and adversely affected."

Local government has substantial influence on our business operation. It may influence or intervene in our operations at any time as part of its efforts to enforce applicable laws, which could result in a material adverse change in our operations and the value of our securities.

Governments in the regions where we operate may, from time to time, publish new policies that substantially affect certain industries. We cannot rule out the possibility that future regulations or policies could directly or indirectly affect our industry or require us to obtain additional permissions to continue our operations. Such changes could materially and adversely affect our operation and/or the value of our securities. We may incur increased costs necessary to comply with existing and newly adopted laws and regulations or penalties for any failure to comply. Our operations could be adversely affected, directly or indirectly, by existing or future laws and regulations relating to our business or industry.

The success of our business depends partially on the insights, skills and experience of our senior management team and key personnel, the loss of which could have a material adverse impact on our business, financial conditions, and results of operations.

We believe that our future success depends significantly on our continuing ability to attract, develop, motivate and retain our senior management and a sufficient number of esports specialists and other experienced and skilled employees. We benefit from the track record of our senior management team in successfully growing our operations. Our combined team offers deep industry experience throughout the esports ecosystem, as well as in-depth knowledge of the global esports market.

Qualified individuals are in high demand, particularly in the esports ecosystem, and we may have to incur significant costs to attract and retain them. The loss of any member of the senior management team or such specialists could be highly disruptive and adversely affect our business or more broadly impact our future growth. Moreover, if any of these individuals joins a competitor or undertakes a competing business, we may lose crucial business secrets, technological know-how and other valuable resources, notwithstanding our contractual arrangements designed to mitigate this loss.

Our insurance may not sufficiently cover, or may not cover at all, losses and liabilities we may encounter during the ordinary course of operation.

We do not maintain business liability or disruption insurance coverage for our operations, except for certain tournaments in which we purchase insurance for our esports professional athletes, or where the game developer or publisher or event sponsor so requires. Any material or extended business disruption may result in substantial costs and expenses and the diversion of our resources, financial, managerial, or otherwise, which could have an adverse effect on our business, results of operations, financial condition, and prospects.

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

We have adopted a share option plan in July 2021, or the 2021 Plan, to provide additional incentives to employees. As of the date of this annual report, the maximum aggregate number of shares which may be issued under the 2021 Plan is 4,360,799. All share awards for an aggregate of 4,360,799 ordinary shares have been granted pursuant to the 2021 Plan, which have all vested and been exercised.

In June 2024, we adopted the 2024 Share Incentive Plan, or the 2024 Plan, for the purpose of granting share-based compensation awards to employees, directors and consultants to incentivize their performance and align their interests with ours. The maximum aggregate number of Class A ordinary shares which may be issued pursuant to all awards under the 2024 Plan is 11,956,812. As of March 31, 2026, the number of underlying shares pursuant to the outstanding share awards granted under the 2024 Plan amounted to 1,559 Class A ordinary shares. In November 2025, we adopted the 2025 Share Incentive Plan (as amended in December 2025), or the 2025 Plan, for the purpose of granting share-based compensation awards to employees, directors and consultants to incentivize their performance and align their interests with ours. The maximum aggregate number of ordinary shares which may be issued pursuant to all awards under the 2025 Plan is 164,946,296. As of March 31, 2026, the number of shares available for future grant under the 2025 Plan was 119,515,989 ordinary shares. See "Item 6. Directors, Senior Management and Employees —6.B. Compensation—Share Incentive Plans." We recognized substantial share-based compensation expenses in our consolidated financial statements in connection with these grants, and may continue to incur such expenses in the future.

We believe the granting of share-based compensation is of significant importance to our ability to attract and retain key personnel and employees, and we will continue to grant share-based compensation to employees in the future. As a result, our expenses associated with share-based compensation may increase, which may have an adverse effect on our results of operations. We may re-evaluate the vesting schedules, lock-up period, exercise price or other key terms applicable to the grants under our currently effective share incentive plans from time to time. If we choose to do so, our expenses associated with share-based compensation may increase, which may have an adverse effect on our results of operations.

Pending or future litigations, arbitrations, governmental investigations and other legal proceedings could have a material and adverse impact on our financial condition and operating results.

We have been, and may continue to be, subject to lawsuits, arbitrations and other legal proceedings brought by our competitors, individuals, or other entities against us. In addition, we may institute legal actions from time to time which may not lead to successful or favorable outcome to us. For any pending or future litigation or arbitration where we can make a reasonable estimate of the liability relating to pending litigation or arbitration against us and can determine that an adverse liability resulting from such litigation or arbitration is probable, we will record a related contingent liability. As additional information becomes available, we will assess the potential liability and revise estimates as appropriate. However, due to the inherent uncertainties relating to litigation and arbitration, the amount of our estimates may be inaccurate, in which case our financial condition and results of operations may be adversely affected.

Lawsuits involving us may also generate negative publicity that significantly harms our reputation, which in turn may adversely affect our user base and adverting customer base. In addition to the related cost, managing and defending litigation and related indemnity obligations can significantly divert our management's attention from operating our daily business. We may also need to pay damages or settle lawsuits with substantial amounts of cash, which may adversely affect our cash flow and financial conditions. In addition, any insurance or indemnification rights that we may have with respect to such matters may be insufficient or unavailable to protect us against potential loss exposures. While we do not believe that any currently pending proceedings are likely to have a material adverse effect on our business, financial condition, and results of operations, if there were adverse determinations in legal proceedings against us, we could be required to pay substantial monetary damages or to materially alter our business practices, which could have an adverse effect on our financial condition and results of operations, and business prospects.

We may become subject to formal and informal inquiries, investigations and inspections from government authorities and regulators regarding our compliance with laws and regulations, many of which are evolving and subject to interpretation. Most of these administrative actions may be routine in nature and carried out as part of the market monitoring and supervision functions of the regulatory authorities, but some of them may be triggered by our industry position or by complaints from third parties or customers.

The inquiries, inspections, investigations, claims and complaints can be initiated or asserted under or on the basis of a variety of laws in different jurisdictions, including esports-related laws, commercial performance laws, intellectual property laws, unfair competition laws, anti-monopoly laws, data protection and privacy laws, labor and employment laws, securities laws, cybersecurity laws, finance services laws, tort laws, contract laws and property laws. There is no guarantee that we will be successful in defending ourselves in legal and administrative actions or in asserting our rights under various laws. If we fail to defend ourselves in these actions, we may be subject to restrictions, fines or penalties that will materially and adversely affect our operations. Even if we are successful in our attempt to defend ourselves in legal and regulatory actions or to assert our rights under various laws and regulations, the process of communicating with relevant regulators, defending ourselves and enforcing our rights against the various parties involved may be expensive, time-consuming and ultimately futile. These actions could expose us to negative publicity, substantial monetary damages and legal defense costs, injunctive relief and criminal and civil fines and penalties, including but not limited to suspension or revocation of licenses to conduct business. As we have become a public company, we may face additional exposure to claims and lawsuits. These claims could divert management time and attention away from our business and result in significant costs to investigate and defend, regardless of the merits of the claims. In some instances, we may elect or be forced to pay substantial damages if we are unsuccessful in our efforts to defend against these claims, which could harm our business, financial condition and results of operations.

If we fail to develop and maintain an effective system of internal control over financial reporting, we may be unable to accurately report our financial results or prevent fraud, and investor confidence and the market price of our ADSs may be adversely impacted.

In the course of management's preparation and our independent registered public accounting firm's audits of our consolidated financial statements included in this annual report, we identified one material weakness in our internal control over financial reporting as of December 31, 2025, in accordance with the standards established by the Public Company Accounting Oversight Board of the United States (PCAOB). 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 our lack of sufficient and competent accounting and financial reporting personnel with appropriate knowledge of U.S. GAAP and financial reporting requirements set forth by the SEC to design and implement period-end financial reporting policies and procedures for the preparation of our consolidated financial statements and related disclosures in accordance with U.S. GAAP and the SEC reporting requirements. The material weakness resulted in a number of significant management adjustments and amendments to our consolidated financial statements and related disclosures under U.S. GAAP. The material weakness, if not timely remedied, may lead to material misstatements in our consolidated financial statements in the future.

Following the identification of the material weakness, we have taken measures and plan to continue to take measures to remedy the material weakness. See "Item 15. Controls And Procedures— Management's Annual Report on 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 they have been fully remediated. Our failure to remediate the material weakness or our failure to discover and address any other material weakness could result in inaccuracies in our consolidated financial statements and impair our ability to comply with applicable financial reporting requirements and related regulatory filings on a timely basis. Moreover, ineffective internal control over financial reporting could significantly hinder our ability to prevent fraud.

We are a public company in the United States subject to the Sarbanes-Oxley Act of 2002. The Sarbanes-Oxley Act of 2002 requires, among other things, that we maintain effective disclosure controls and procedures and internal controls over financial reporting. Section 404 of the Sarbanes-Oxley Act of 2002, or Section 404, also requires that we include a report from management on the effectiveness of our internal control over financial reporting in our annual report on Form 20-F. 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, operated or reviewed, or if it interprets the relevant requirements differently from us. In addition, as we have become a public company, our reporting obligations may place a significant strain on our management, operational and financial resources and systems for the foreseeable future. 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 material weakness in our internal control over financial reporting.

In addition, if we fail to maintain adequate and effective 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 consolidated 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 consolidated financial statements for prior periods.

Any catastrophe, including natural disasters, public health crises, political crises, or other extraordinary events, could have a negative impact on our business operations.

We are vulnerable to natural disasters and other calamities. Fire, floods, typhoons, earthquakes, power loss, telecommunications failures, wars, riots, terrorist attacks or similar events could cause severe disruption to our daily operations, and may even require a temporary closure of our facilities. Our business could also be adversely affected by the effects of Ebola virus diseases, H1N1 flu, H7N9 flu, avian flu, Severe Acute Respiratory Syndrome (SARS), 2019 Coronavirus Disease (COVID-19) or other epidemics. Our business operation could be disrupted if any of our employees are suspected of having any of the aforementioned epidemics or another contagious disease or condition, since it could require our employees to be quarantined or our offices to be disinfected. In addition, our business, financial condition, results of operations and prospects could be materially and adversely affected to the extent that any of these epidemics harms the economic conditions in the regions where we operate and the business operations of our customers and business partners in general.

Our business is sensitive to economic conditions. Negative global economic conditions and other macroeconomic challenges could materially and adversely affect our business, financial condition and results of operations.

Our business is subject to global economic conditions and their impact on consumer spending. Some of the factors that may negatively influence consumer spending include high levels of unemployment, higher consumer debt levels, reductions in net worth, declines in asset values and related market uncertainty, home foreclosures and reductions in home values, fluctuating interest rates and credit availability, fluctuating fuel and other energy costs, fluctuating commodity prices and general uncertainty regarding the overall future political and economic environment. Consumer spending on discretionary items, including esports game tickets and purchases of the merchandise that we offer, generally decline during periods of economic uncertainty or downturn, when disposable income is reduced or when there is a reduction in consumer confidence. Adverse economic changes could reduce consumer confidence, and thereby could negatively affect our business. These economic difficulties and other macroeconomic challenges change rapidly and are difficult to predict, and if we are unable to adequately address them, our business may be harmed.

Fluctuations in exchange rates could have a material and adverse effect on our results of operations and the value of your investment.

Changes in the value of Renminbi, Euro, Swedish Krona and other foreign currencies against U.S. dollars are affected by, among other things, changes in local political and economic conditions. Any significant revaluation of the Renminbi, Euro or Swedish Krona may have a material adverse effect on our revenues and financial condition, and the value of, and any dividends payable on our shares in U.S. dollar terms. For example, to the extent that we need to convert U.S. dollars we receive from our overseas securities offerings into Renminbi, Euro or Swedish Krona for our operations, appreciation of these currencies against the U.S. dollar would have an adverse effect on the amount we would receive from the conversion. Conversely, if we decide to convert our Renminbi, Euro or Swedish Krona into U.S. dollars for the purpose of paying dividends or for other business purposes, appreciation of the U.S. dollar against these currencies would have a negative effect on the U.S. dollar amount available to us. In addition, fluctuations of the Renminbi, Euro or Swedish Krona against other currencies may increase or decrease the cost of imports and exports, and thus affect the price-competitiveness of our products against products of foreign manufacturers or products relying on foreign inputs. Very limited hedging options are available to reduce our exposure to exchange rate fluctuations. Although from time to time, we may use hedging transactions in an effort to reduce our exposure to foreign currency exchange risk, these hedges may not be effective.

Risks Related to Our Corporate Structure

If the PRC government finds that the contractual arrangements that establish the structure for operating some of our operations in China do not comply with PRC regulations relating to the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in the VIEs.

Foreign ownership of internet-based businesses, such as provision of internet information services, is subject to restrictions under current PRC laws and regulations. For example, foreign investors are not allowed to own more than 50% of the equity interests in a value-added telecommunication enterprise (except for e-commerce, domestic multi-party communications, storage-forwarding, and call centers) in accordance with the Special Administrative Measures (Negative List) for Foreign Investment Access (2024 Edition) which took effect and replaced the previous version on November 1, 2024, by the Ministry of Commerce, the National Development and Reform Commission, and other applicable laws and regulations. In addition, if a company is engaged in the production and operation of radio and television programs, according to the Special Administrative Measures (Negative List) for Foreign Investment Access (2024 Edition), foreign investment in such industry is prohibited.

We are a company incorporated under the laws of the Cayman Islands. To comply with PRC laws and regulations, we may only conduct the business operations currently conducted by the VIEs through a series of contractual arrangements between our PRC subsidiaries on one hand, and the VIEs and their registered shareholders on the other hand. These contractual arrangements have enabled us to receive substantially all of the economic benefits of the VIEs. As a result of these contractual arrangements, we are considered the primary beneficiary of the VIEs for accounting purposes and hence consolidate their financial results under U.S. GAAP.

As advised by our PRC counsel, CM Law Firm, (i) the ownership structures of our wholly foreign-owned enterprise and the VIEs in China are not in violation of provisions of applicable PRC laws and regulations currently in effect; and (ii) subject to the risks as disclosed in "— Risks Related to Our Corporate Structure" and "Item 4. Information on The Company—4.C. Organizational Structure," the contractual arrangements between our wholly foreign-owned enterprise, the VIEs and their respective shareholders governed by PRC laws are not in violation of provisions of applicable PRC laws or regulations currently in effect, and valid and binding upon each party to such arrangements and enforceable against each party thereto in accordance with their terms and applicable PRC laws and regulations currently in effect. However, there are substantial uncertainties regarding the interpretation and application of current and future PRC laws, regulations and rules. The PRC government authorities may take a view contrary to the opinion of our PRC legal counsel. It is uncertain whether any new PRC laws or regulations relating to variable interest entity structure will be adopted or if adopted, what they would provide. If we or the VIEs are found to be in violation of any existing or future PRC laws or regulations, or fail to obtain or maintain any of the required permits or approvals to operate our business, the relevant PRC government authorities would have broad discretion to take action in dealing with such violations or failures, including, without limitation:

- revoking the agreements constituting the contractual arrangements;
- revoking the business licenses and/or operating licenses of such entities;
- imposing fines on us;
- confiscating any of our income that they deem to be obtained through illegal operations;
- requiring us to discontinue or place restrictions or onerous conditions on the operations of the VIEs;
- placing restrictions on our right to collect revenue;
- shutting down our servers or blocking our websites or apps;
- requiring us to restructure our ownership structure or operations; or
- taking other regulatory or enforcement actions that could be harmful to our business.

Any of these events could cause significant disruption to our business operations and severely damage our reputation, which would in turn have a material adverse effect on our financial condition and results of operations. Furthermore, new PRC laws, rules and regulations may be introduced to impose additional requirements that may be applicable to our corporate structure and the VIEs. For details, please see "— Risks Related to Our Corporate Structure — Substantial uncertainties exist with respect to the interpretation and implementation of the Foreign Investment Law and the amended PRC Company Law and how they may impact the viability of our current corporate structure, corporate governance and operations." If occurrences of any of these events result in our inability to direct the activities of the VIEs in China and/or our failure to receive the economic benefits from the VIEs, and we are unable to restructure our ownership structure and operations in a satisfactory manner, we may not be able to consolidate the financial results of the VIEs in our consolidated financial statements in accordance with U.S. GAAP, which could materially and adversely affect our financial condition and results of operations.

Our contractual arrangements may not be as effective in providing operational control as direct ownership, which could adversely affect our business, operating results and financial condition.

We have relied and expect to continue to rely on contractual arrangements with the VIEs and their respective shareholders to conduct a portion of our operations in China. These contractual arrangements, however, may not be as effective as direct ownership in providing us with control over the VIEs. For example, the VIEs and their respective shareholders could breach their contractual arrangements with us by, among other things, failing to conduct the operations of the VIEs in an acceptable manner or taking other actions that are detrimental to our interests. If we had direct ownership of the VIEs in China, we would be able to exercise our rights as a shareholder to effect changes in the board of directors of the VIEs, which in turn could implement changes, subject to any applicable fiduciary obligations, at the management and operational level. However, under the current contractual arrangements, we rely on the performance by the VIEs and their respective shareholders of their obligations under the contracts to exercise control over the VIEs. If any dispute relating to these contracts remains unresolved, we will have to enforce our rights under these contracts through the operations of PRC law and arbitration, litigation and other legal proceedings and therefore will be subject to uncertainties in the PRC legal system. See "— Any failure by the VIEs or their respective shareholders to perform their obligations under our contractual arrangements with them would have an adverse effect on part of our business."

Any failure by the VIEs or their respective shareholders to perform their obligations under our contractual arrangements with them would have an adverse effect on part of our business.

If the VIEs or their respective shareholders fail to perform their respective obligations under the contractual arrangements, we may have to incur substantial costs and expend additional resources to enforce such arrangements. We may also have to rely on legal remedies under PRC law, including seeking specific performance or injunctive relief, and contractual remedies, which we cannot assure you will be sufficient or effective under PRC law. For example, if the registered shareholders were to refuse to transfer their equity interests in the VIEs to us or our designee when we exercise the purchase option pursuant to these contractual arrangements, or if they were otherwise to act in bad faith toward us, then we may have to take legal actions to compel them to perform their contractual obligations.

All the agreements under our contractual arrangements are governed by PRC law and provide for the resolution of disputes through arbitration in China. Accordingly, these contracts would be interpreted in accordance with PRC law and any disputes would be resolved in accordance with PRC legal procedures. As a result, uncertainties in the PRC legal system could limit our ability to enforce these contractual arrangements. See "—Risks Related to Doing Business in China—Any failure by us to meet with the continue developing PRC legal system could adversely affect us." Meanwhile, there are very few precedents and little formal guidance as to how contractual arrangements in the context of a VIE should be interpreted or enforced under PRC law. There remain significant uncertainties regarding the ultimate outcome of such arbitration if legal action becomes necessary. In addition, under PRC law, rulings by arbitrators are final, parties cannot appeal the arbitration results in courts, and if the losing parties fail to carry out the arbitration awards within a prescribed time limit, the prevailing parties may only enforce the arbitration awards in PRC courts through arbitration award recognition proceedings, which would require additional expenses and delay. In the event we are unable to enforce these contractual arrangements, or if we suffer significant delay or other obstacles in the process of enforcing these contractual arrangements, we may not be able to exert effective control over the VIEs, and our business, financial condition and results of operations may be negatively affected.

The registered shareholders of the VIEs may have potential conflicts of interest with us, which may materially and adversely affect part of our business.

The registered shareholders of the VIEs may have potential conflicts of interest with us. These shareholders may breach, or cause the VIEs to breach, or refuse to renew, the existing contractual arrangements we have with them and the VIEs, which would have a material adverse effect on our ability to effectively receive economic benefits from the VIEs. For example, the shareholders may be able to cause our agreements with the VIEs to be performed in a manner adverse to us by, among other things, failing to remit payments due under the contractual arrangements to us on a timely basis. We cannot assure you that when conflicts of interest arise, any or all of these shareholders will act in the best interests of our company or such conflicts will be resolved in our favor.

The PRC laws provides that a director and an executive officer owes a fiduciary duty to the company he or she directs or manages. The directors and executive officers of the VIEs must act in good faith and in the best interests of the VIEs and must not use their respective positions for personal gain. We control the VIEs through contractual arrangements, and the business and operations of the VIEs are closely integrated with the business and operations of our subsidiaries. Nonetheless, conflicts of interests for these persons may arise due to dual roles both as directors and executive officers of the VIEs and as directors or employees of our company, and may also arise due to dual roles both as shareholders of the VIEs and as directors or employees of our company. If we cannot resolve any conflict of interest or dispute between us and the shareholders of the VIEs, we would have to rely on legal proceedings, which could result in disruption of part of our business and subject us to substantial uncertainty as to the outcome of any such legal proceedings.

The registered shareholders of the VIEs may be involved in personal disputes with third parties or other incidents that may have an adverse effect on their respective equity interests in the VIEs and the validity or enforceability of our contractual arrangements with the VIEs and their respective shareholders. For example, in the event that any of the shareholders of the VIEs divorces his or her spouse, the spouse may claim that the equity interest of the VIEs held by such shareholder is part of their community property and should be divided between such shareholder and the spouse. If such claim is supported by the court, the relevant equity interest may be obtained by the shareholder's spouse or another third party who is not subject to obligations under our contractual arrangements, which could result in a loss of the effective control over the VIEs by us. Similarly, if any of the equity interests of the VIEs is inherited by a third party with whom the current contractual arrangements are not binding, we could lose our control over the VIEs or have to maintain such control by incurring unpredictable costs, which could cause significant disruption to part of our business and operations and harm our financial condition and results of operations.

Contractual arrangements we have entered into with the VIEs may be subject to scrutiny by the PRC tax authorities. A finding that we owe additional taxes could negatively affect our financial condition and the value of your investment.

Under applicable PRC laws and regulations, arrangements and transactions among related parties may be subject to audit or challenge by the PRC tax authorities. We could face material and adverse tax consequences if the PRC tax authorities determine that the contractual arrangements in relation to the VIEs were not entered into on an arm's-length basis in such a way as to result in an impermissible reduction in taxes under applicable PRC laws, rules and regulations, and adjust income of the VIEs in the form of a transfer pricing adjustment. A transfer pricing adjustment could, among other things, result in a reduction of expense deductions recorded by the VIEs for PRC tax purposes, which could in turn increase their tax liabilities without reducing our PRC subsidiaries' tax expenses. In addition, the PRC tax authorities may impose late payment fees and other administrative sanctions on the VIEs for the adjusted but unpaid taxes according to the applicable regulations. Our financial position could be materially and adversely affected if the VIEs' tax liabilities increase or if it is required to pay late payment fees and other penalties.

We may lose the ability to use and benefit from assets held by the VIEs that are supplementary to the operation of our business if any of the VIEs goes bankrupt or becomes subject to dissolution or liquidation proceeding.

As part of our contractual arrangements with the VIEs, such entities may in the future hold certain assets that are supplementary to the operation of our business. If any of the VIEs goes bankrupt and all or part of its assets become subject to liens or rights of creditors, we may be unable to continue some or all of our business activities we currently conduct through contractual arrangements, which could adversely affect our business, financial condition and results of operations. Under the contractual arrangements, the VIEs may not, in any manner, sell, transfer, mortgage or dispose of its assets or legal or beneficial interests in the business without our prior consent. If any of the VIEs undergoes voluntary or involuntary liquidation proceeding, third-party creditors may claim rights to some or all of these assets, thereby hindering our ability to operate part of our business, which could adversely affect our business, financial condition and results of operations.

Substantial uncertainties exist with respect to the interpretation and implementation of the Foreign Investment Law and the amended PRC Company Law and how they may impact the viability of our current corporate structure, corporate governance and operations.

The foreign investment restrictions set forth in the Negative List (2024), which was issued by the Ministry of Commerce ("MOFCOM") and the National Development and Reform Commission (the "NDRC") and became effective on November 1, 2024.

On March 15, 2019, the National People's Congress promulgated the Foreign Investment Law, which became effective on January 1, 2020, replaced the Sino-Foreign Equity Joint Venture Enterprise Law, the Sino- Foreign Cooperative Joint Venture Enterprise Law and the Wholly Foreign-Owned Enterprise Law and became the legal foundation for foreign investment in the PRC. As of the date of this annual report, there remain uncertainties in relation to its interpretation and implementation. For instance, under the Foreign Investment Law, "foreign investment" refers to the investment activities directly or indirectly conducted by foreign individuals, enterprises or other entities in China. Though it does not explicitly classify contractual arrangements as a form of foreign investment, there is no assurance that foreign investment via contractual arrangements would not be interpreted as a type of indirect foreign investment activities in the future. In addition, the definition of foreign investment contains a catchall provision that includes investments made by foreign investors through means stipulated in laws, administrative regulations or provisions of the State Council. Therefore, it still leaves leeway for future laws, administrative regulations or provisions promulgated by the State Council to provide for contractual arrangements as a form of foreign investment. In any of these cases, it will be uncertain whether our contractual arrangements will be deemed to be in violation of the market access requirements for foreign investment under the PRC laws and regulations. If further actions shall be taken under future laws, administrative regulations or provisions of the State Council, we may face substantial uncertainties as to whether we can complete such actions. Failure to do so could materially and adversely affect our current corporate structure, corporate governance and operations.

The PRC Company Law (the "Company Law"), promulgated by the Standing Committee of the National People's Congress on December 29, 1993, was recently amended on December 29, 2023 and became effective on July 1, 2024. The Company Law provides new requirements for the time limit for contribution of capital, the company's organizational structure, corporate governance, and the rights and obligations of shareholders, which also apply to foreign investment enterprises in the PRC. Uncertainties exist with respect to the interpretation and implementation of the Company Law and how it may impact the viability of our current corporate structure, corporate governance and business operations.

Risks Related to Doing Business in China

The PRC government has significant oversight and discretion over the conduct of our business, and it may intervene or influence our operations at any time, which could result in a material adverse change in our operations and/or the value of our securities.

We conduct our business primarily in China. Our operations in China are governed by PRC laws and regulations. The PRC government has significant oversight and discretion over the conduct of our business, and may intervene or influence our operations at any time, which could result in a material adverse change in our operations and/or the value of our securities. The PRC government has recently published new policies that significantly affected certain industries and we cannot rule out the possibility that it will in the future release regulations or policies that directly or indirectly affect our industry or require us to seek additional permission to continue our operations. Therefore, investors of our company and our business face potential uncertainty from actions taken by the PRC government affecting our business. In addition, the Chinese government has exerted more oversight and control over offerings that are conducted overseas and foreign investment in China-based issuers. Such actions could significantly limit or completely hinder our ability to offer or continue to offer securities to investors and cause the value of our securities to significantly decline or be worthless. For more details, see "—The approval, filing or other requirements of the China Securities Regulatory Commission or other PRC government authorities may be required to maintain our listing status or conduct future offshore securities offerings. Any failure of fully complying with the approval, filing or other requirements may completely hinder our ability to offer our ordinary shares, cause significant disruption to our business operations, and severely damage our reputation, which would materially and adversely affect our financial condition and results of operations" and "—Any failure by us to meet with the continue developing PRC legal system could adversely affect us."

Changes in China's economic, political or social conditions or government policies could have a material adverse effect on our business, financial conditions and results of operations.

A large portion of our operations are located in China. Accordingly, our business, prospects, financial condition and results of operations may be affected to a significant degree by political, economic and social conditions in China generally.

The PRC government has implemented measures emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of improved corporate governance in business enterprises, and such measures and policies relating to such measures are evolving and subject to change. The PRC government has significant authority to exert influence on the ability of a China-based company, such as us, to conduct its business. Therefore, investors of our company and our business face potential uncertainty from the PRC government.

While the Chinese economy has experienced significant growth over the past decades, growth has been uneven, both geographically and among various sectors of the economy. Any adverse changes in economic conditions in China, in the policies of the PRC government or in the laws and regulations in China could have a material adverse effect on the overall economic growth of China. Such developments could adversely affect our business and operating results, lead to reduction in demand for our services and adversely affect our competitive position.

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 Chinese economy but may have a negative effect on us. For example, our financial condition and results of operations may be adversely affected by government control over capital investments or changes in tax regulations. In addition, in the past the PRC government has implemented certain measures, including interest rate adjustment, to control the pace of economic growth, and the growth rate of the Chinese economy has gradually slowed since 2010. Any prolonged slowdown in the Chinese economy may reduce the demand for our offerings of products and services and materially and adversely affect our business and results of operations. Furthermore, the increased global focus on social, ethical and environmental issues may lead to China's adoption of more stringent standards in these areas, which may adversely impact the operations of China-based companies including us.

The approval, filing or other requirements of the China Securities Regulatory Commission or other PRC government authorities may be required to maintain our listing status or conduct future offshore securities offerings. Any failure of fully complying with the approval, filing or other requirements may completely hinder our ability to offer our ordinary shares, cause significant disruption to our business operations, and severely damage our reputation, which would materially and adversely affect our financial condition and results of operations.

On February 17, 2023, the CSRC issued the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Enterprises, or the Trial Measures, which became effective on March 31, 2023. On the same date of the issuance of the Trial Measures, the CSRC circulated No. 1 to No. 5 Supporting Guidance Rules, the Notes on the Trial Measures, the Notice on Administration Arrangements for the Filing of Overseas Listings by Domestic Enterprises and the relevant CSRC Answers to Reporter Questions on the official website of the CSRC, or collectively, the Guidance Rules and Notice. The Trial Measures stimulate that overseas securities offerings and listing by PRC companies, either in direct or indirect form, shall be filed with the CSRC ("CSRC Filing"). Under the Trial Measures and the Guidance Rules and Notice, no overseas offering and listing shall be made by PRC companies, whether in direct or indirect form, where such offering and listing is explicitly prohibited by provisions in laws, administrative regulations and relevant state rules, including the Market Access Negative List (2022 Edition) issued by the National Development and Reform Commission, or NDRC, and MOFCOM, the Guiding Opinions of the State Council on Establishing a Sound System of Joint Incentives for Honesty and Joint Punishments for Dishonesty to Accelerate the Development of Social Integrity, and other laws, administrative regulations and relevant state provisions that restrict or prohibit listing and financing in the areas of industrial policy, production safety and industry supervision. PRC companies intending overseas offering and listing are required to obtain regulatory opinions, filings or approvals from government authorities of correspondent industries, if applicable, for CSRC Filing. The Trial Measures also stipulate that no overseas offering and listing shall be made where the intended securities offering and listing may endanger national security as reviewed and determined by competent government authorities under the State Council in accordance with PRC law. PRC companies intending overseas offering and listing shall strictly comply with relevant laws, administrative regulations and rules concerning national security in spheres of foreign investment, cybersecurity, data security and etc. If the intended overseas offering and listing necessitates a national security review, relevant security review procedures shall be completed before the application for such offering and listing is submitted to any overseas parties such as securities regulatory agencies and trading venues. A PRC company that seeks to offer and list securities in overseas markets shall, as required by competent government authorities under the State Council, take measures such as timely rectification, commitment and divestiture of relevant business and assets, to eliminate or avert any impact on national security resulting from such overseas offering and listing.

The Trial Measures state that, any post-listing follow-on offering by an issuer in the same overseas market, including issuance of shares, convertible notes and other similar securities, shall be subject to filing requirement within three business days after the completion of the offering. Therefore, any of our future offerings and listings of our securities in an overseas market will be subject to the filing requirements under the Trial Measures. If we fail to complete the filing procedures with the CSRC for any future overseas securities offering, we may face sanctions by the CSRC, which may include fines and penalties, limitations on our operating privileges in the PRC, restrictions on or prohibition of the payments or remittance of dividends by our subsidiaries in the PRC, restrictions on or delays to our future overseas securities offerings, or other actions that could have a material and adverse effect on our business, financial condition, results of operations, reputation and prospects, as well as the trading price of the ADSs.

On February 24, 2023, the CSRC, Ministry of Finance of the PRC, National Administration of State Secrets Protection and National Archives Administration of China jointly issued the Provisions on Strengthening the Confidentiality and Archive Management Work Relating to the Overseas Securities Offering and Listing, or the Confidentiality Provisions, which came into effect on March 31, 2023 with the Trial Measures. The Confidentiality Provisions require that, among other things, (a) a domestic company that plans to, either directly or through its overseas listed entity, publicly disclose or provide to relevant individuals or entities including securities companies, securities service providers and overseas regulators, any documents and materials that contain state secrets or working secrets of government agencies, shall first obtain approval from competent authorities according to law, and file with the secrecy administrative department at the same level; and (b) domestic company that plans to, either directly or through its overseas listed entity, publicly disclose or provide to relevant individuals and entities including securities companies, securities service providers and overseas regulators, any other documents and materials that, if leaked, will be detrimental to national security or public interest, shall strictly fulfill relevant procedures stipulated by applicable national regulations. For more details of the Trail Measures and the Confidentiality Provisions, please refer to "Item 4. Information on The Company—4.B. Business Overview—Regulation—Regulations on M&A and Overseas Listings."

We cannot guarantee that new rules or regulations promulgated in the future will not impose any additional requirement on us. If there are any other approvals, filings and/or other administration procedures to be obtained from or completed with any other PRC regulatory agencies as required by any new laws and regulations for any of our future proposed offering or listing of securities overseas, we cannot assure you that we can obtain the required approval or complete the required filings or other regulatory procedures in a timely manner, or at all. Any failure to obtain the relevant approvals or complete the filings and other relevant regulatory procedures may subject us to regulatory actions or other sanctions from such PRC regulatory agencies, which may have a material adverse effect on our business, financial condition and results of operations, as well as our ability to complete any future offshore securities offering.

Any failure by us to meet with the continue developing PRC legal system could adversely affect us.

The PRC legal system is a civil law system based on written statutes, where prior court decisions have limited precedential value. The PRC legal system is evolving rapidly, and the interpretations of many laws, regulations and rules may contain inconsistencies and enforcement of these laws, regulations and rules involves uncertainties.

In particular, PRC laws and regulations concerning the internet-related industries are developing and evolving. Although we have taken measures to comply with the laws and regulations applicable to our business operations and to avoid conducting any non-compliant activities under these laws and regulations, the PRC governmental authorities may promulgate new laws and regulations regulating internet-related industries. We cannot assure you that our business operations will meet the requirements of governmental authorities in China in a timely manner, or that our business operations would not be deemed to violate any such new PRC laws or regulations. Moreover, developments in the internet-related industries may lead to changes in PRC laws, regulations and policies or in the interpretation and application of existing laws, regulations and policies, which in turn may limit or restrict us, and could materially and adversely affect our business and operations.

Further, we are also subject to a variety of laws and regulations in the PRC regarding our capital raising activities, which may be continuously evolving and under development. For instance, we may be required to file with the CSRC in connection with any of our future offerings and listings of our securities in an overseas market pursuant to the Trial Measures. If we fail to timely complete the relevant filing procedures with the CSRC for any future overseas securities offerings, we may face sanctions by the CSRC or other PRC regulatory agencies, which may include fines and penalties on our operations in China, limitations on our operating privileges in China, restrictions on or prohibition of the payments or remittance of dividends by our subsidiaries in China, restrictions on or delays to our future overseas securities offerings, or other actions that could have a material and adverse effect on our business, financial condition, results of operations, reputation and prospects, as well as the trading price of our ADSs.

From time to time, we may have to resort to administrative and court proceedings to enforce our legal rights. However, since PRC judicial and administrative authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be difficult to predict the outcome of a judicial or administrative proceeding. These uncertainties may impede our ability to enforce the contracts we have entered into and could materially and adversely affect our business and results of operations.

We may not always be aware of any potential violation of government policies and rules that may not be made available to us in a timely manner. Such unpredictability towards our contractual, property (including intellectual property) and procedural rights could adversely affect our business and impede our ability to continue our operations.

We may be adversely affected by the complexity, uncertainties and changes in PRC regulation governing esports related service businesses and companies, and any lack of requisite approvals, licenses or permits applicable to our business may have material adverse effect on our business and results of operations.

Our business is subject to a variety of laws and regulations in the PRC governing the esports related service industry. The application and interpretation as to certain of these laws and regulations involve uncertainties, and may be interpreted and administered inconsistently among different governmental authorities and local bureaus. As a result, in certain circumstances it may be difficult to determine what actions or omissions may be deemed to be in violation of applicable laws and regulations. We have obtained commercial performance permits, and other relevant permits required for operating our business.

However, we cannot assure you that we have obtained all the permits or licenses required for conducting our business in China or will be able to maintain our existing licenses or obtain new ones. If the PRC government considers that we were operating without the proper approvals, licenses or permits or promulgates new laws and regulations that require additional approvals or licenses or imposes additional restrictions on the operation of any part of our business, it may levy fines, confiscate our income, revoke our business licenses, and require us to discontinue our business or impose restrictions on the affected portion of our business.

Any of these actions may have a material adverse effect on our business and results of operations. For details on PRC regulations which may affect our business, see "Item 4. Information on The Company—4.B. Business Overview—Regulation."

You may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing actions in China against us or our management named in this annual report based on foreign laws.

We are an exempted company incorporated under the laws of the Cayman Islands. However, we conduct a large portion of our operations in China and a large portion of our assets are located in China. In addition, most of our senior executive officers reside within China for a significant portion of the time and many of them are PRC nationals. As a result, it may be difficult for you to effect service of process upon us or our management named in this annual report inside mainland China. It may also be difficult for you to enforce in U.S. courts of the judgments obtained in U.S. courts based on the civil liability provisions of the U.S. federal securities laws against us and our officers and directors as none of them currently resides in the United States or has substantial assets located in the United States. In addition, there is uncertainty as to whether the courts of the Cayman Islands or the PRC would recognize or enforce judgments of U.S. courts against us or such persons predicated upon the civil liability provisions of the securities laws of the United States or any state.

The recognition and enforcement of foreign judgments are provided for under the PRC Civil Procedures Law. PRC courts may recognize and enforce foreign judgments in accordance with the requirements of the PRC Civil Procedures Law and other applicable laws, regulations and interpretations based either on treaties between China and the country where the judgment is made or on principles of reciprocity between jurisdictions. In addition, according to the PRC Civil Procedures Law, the PRC courts will not enforce a foreign judgment against us or our directors and officers if they decide that the judgment violates the basic principles of PRC laws or national sovereignty, security or public interest. As a result, it is uncertain whether and on what basis a PRC court would enforce a judgment rendered by a court in the United States. Furthermore, class action lawsuits, which are available in the United States for investors to seek remedies, are generally uncommon in China.

It may be difficult for overseas regulators to conduct investigations or collect evidence within China.

Shareholder claims or regulatory investigation that are common in the United States generally are difficult to pursue as a matter of law or practicality in China. For example, in China, there are significant legal and other obstacles to providing information needed for regulatory investigations or litigation initiated outside China. Although the authorities in China may establish a regulatory cooperation mechanism with the securities regulatory authorities of another country or region to implement cross- border supervision and administration, such cooperation with the securities regulatory authorities in the Unities States may not be efficient in the absence of a mutual and practical cooperation mechanism. Furthermore, according to Article 177 of the PRC Securities Law, which became effective in March 2020, no overseas securities regulator is allowed to directly conduct investigation or evidence collection activities within the territory of the PRC. In addition, entities or individuals are prohibited from providing documents and information in connection with any securities business activities to any organizations and/or persons abroad without the prior consent of the securities regulatory authority of the State Council and the competent departments of the State Council. While detailed interpretation of or implementation rules under Article 177 have yet to be promulgated, the inability for an overseas securities regulator to directly conduct investigation or evidence collection activities within China may further increase difficulties faced by you in protecting your interests. See also "— Risks Related to Our ADSs— 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" for risks associated with investing in us as a Cayman Islands company.

If we are classified as a PRC resident enterprise for PRC income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders or ADS holders.

Under the PRC Enterprise Income Tax Law and its implementation rules, an enterprise established outside of the PRC with "de facto management body" within China is considered a "resident enterprise" and will be subject to the enterprise income tax on its global income at the rate of 25%. The implementation rules define the term "de facto management body" as the body that exercises full and substantial control and overall management over the business, productions, personnel, accounts and properties of an enterprise. The Notice Regarding the Determination of Chinese-Controlled Offshore- Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies, which was amended by the State Administration of Taxation on December 29, 2017, or Circular 82, which provides certain specific criteria for determining whether the "de facto management body" of a PRC-controlled enterprise that is incorporated offshore is located in China. Although Circular 82 only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners, the criteria set forth in the circular may reflect the State Administration of Taxation's general position on how the "de facto management body" text should be applied in determining the tax resident status of all offshore enterprises. According to Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its "de facto management body" in China and will be subject to PRC enterprise income tax on its global income only if all of the following conditions are met: (i) the primary location of the day-to-day operational management is in the PRC; (ii) 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; (iii) the enterprise's primary assets, accounting books and records, company seals, and board and shareholder resolutions, are located or maintained in the PRC; and (iv) at least 50% of voting board members or senior executives habitually reside in the PRC.

We believe 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." If the PRC tax authorities determine that we are a PRC resident enterprise for enterprise income tax purposes, we could be subject to PRC tax at a rate of 25% on our worldwide income, which could materially reduce our net income, and we may be required to withhold a 10% withholding tax from dividends we pay to our shareholders (including our ADS holders) that are non-resident enterprises, subject to any reduction set forth in applicable tax treaties. In addition, non-resident enterprise shareholders (including our ADS holders) may be subject to PRC tax at a rate of 10% on gains realized on the sale or other disposition of ADSs or Class A ordinary shares, if such income is treated as sourced from within the PRC. Furthermore, if we are deemed a PRC resident enterprise, dividends payable to our non-PRC individual shareholders (including our ADS holders) and any gain realized on the transfer of ADSs or Class A ordinary shares by such shareholders may be subject to PRC tax at a rate of 10% in the case of non-PRC enterprises or a rate of 20% in the case of non-PRC individuals unless a reduced rate is available under an applicable tax treaty. It is unclear whether non-PRC shareholders of our company would be able to claim the benefits of any tax treaties between their country or area of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. Any such tax may reduce the returns on your investment in our securities.

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

We face uncertainties regarding the reporting on and consequences of previous private equity financing transactions involving the transfer and exchange of shares in our company by non-resident investors. In February 2015, the State Administration of Taxation issued the Bulletin on Issues of Enterprise Income Tax on Indirect Transfers of Assets by Non-PRC Resident Enterprises or Bulletin 7. Pursuant to Bulletin 7, an "indirect transfer" of PRC assets, including a transfer of equity interests in an unlisted non-PRC holding company of a PRC resident enterprise, by non-PRC resident enterprises may be re-characterized and treated as a direct transfer of the underlying PRC assets, if such arrangement does not have a reasonable commercial purpose and was established for the purpose of avoiding payment of PRC enterprise income tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax, and the transferee or other person who is obligated to pay for the transfer is obligated to withhold the applicable taxes, currently at a rate of 10% for the transfer of equity interests in a PRC resident enterprise.

On October 17, 2017, the State Administration of Taxation issued the Announcement of the State Administration of Taxation on Issues Concerning the Withholding of Non-resident Enterprise Income Tax at Source, or Bulletin 37, which came into effect on December 1, 2017. Bulletin 37 further clarifies the practice and procedure of the withholding of nonresident enterprise income tax.

We face uncertainties on the reporting and consequences of past or future private equity financing transactions, share exchanges or other transactions involving the transfer of shares in our company by investors that are non-PRC resident enterprises. The PRC tax authorities may pursue such non- resident enterprises with respect to a filing or the transferees with respect to withholding obligation, and request our PRC subsidiaries to assist in the filing. As a result, we and non-resident enterprises in such transactions may become at risk of being subject to filing obligations or being taxed under Bulletin 7 and Bulletin 37, and may be required to expend valuable resources to comply with them or to establish that we and our non- resident enterprises should not be taxed under these regulations, which may have a material adverse effect on our financial condition and results of operations.

The PRC tax authorities have the discretion under Bulletin 7 to make adjustments to the taxable capital gains based on the difference between the fair value of the taxable assets transferred and the cost of investment. If the PRC tax authorities make adjustments to the taxable income of the transactions under Bulletin 7, our income tax costs associated with such transactions will be increased, which may have an adverse effect on our financial condition and results of operations. We cannot assure you that the PRC tax authorities will not, at their discretion, adjust any capital gains and impose tax return filing obligations on us or require us to provide assistance to them for the investigation of any transactions we were involved in. Heightened scrutiny over acquisition transactions by the PRC tax authorities may have a negative impact on potential acquisitions we may pursue in the future.

If our preferential tax treatments and government subsidies are revoked or become unavailable or if the calculation of our tax liability is successfully challenged by the PRC tax authorities, we may be required to pay tax, interest and penalties in excess of our tax provisions. Discontinuation of any preferential tax treatments or imposition of any additional taxes could adversely affect our financial condition and results of operations.

The Chinese government has provided tax incentives to our PRC subsidiaries, primarily in the form of reduced enterprise income tax rates. For example, under the Enterprise Income Tax Law and its implementation rules, the statutory enterprise income tax rate is 25%. However, the income tax of an enterprise that has been determined to be a high and new technology enterprise can be reduced to a preferential rate of 15%. In addition, certain of our PRC subsidiaries enjoy local government subsidies. Any increase in the enterprise income tax rate applicable to our PRC subsidiaries in China, or any discontinuation, retroactive or future reduction or refund of any of the preferential tax treatments and local government subsidies currently enjoyed by our PRC subsidiaries in China, could adversely affect our business, financial condition and results of operations.

Further, in the ordinary course of our business, we are subject to complex income tax and other tax regulations, and significant judgment is required in the determination of a provision for income taxes. Although we believe our tax provisions are reasonable, including in the agreements we sign with online entertainers, influencers or distribution platforms, under which the parties thereto shall respectively bear the tax obligations, we cannot guarantee whether these third parties strictly comply with these provisions or relevant tax laws. If our online entertainers, influencers or distribution platforms fail to comply with PRC tax laws and other related laws and regulations, it may lead to negative news, investigation, administrative penalties or legal disputes or proceedings, which may affect their cooperation with us, and thus may adversely affect our reputation. And if the PRC tax authorities successfully challenge our position or our cooperate manner with our online entertainers, influencers or distribution platforms and we are required to pay tax, interest and penalties in excess of our tax provisions, our financial condition and results of operations would be materially and adversely affected. In addition, as certain of our cooperation agreements with live streaming or other distribution platforms prescribe our obligations to supervise the tax compliance of our online entertainers and influencers, failure of our online entertainers and influencers to comply with PRC tax laws may lead to disputes between the distribution platforms and us, which may adversely affect our business and reputation.

Government subsidies and preferential tax treatments are subject to discretions of the relevant governmental authorities and our eligibility for them are therefore out of our control. Discontinuation of any preferential tax treatments or imposition of any additional taxes could adversely affect our financial condition and results of operations.

Failure to make adequate contributions to various employee benefit plans and withhold individual income tax on employees' salaries as required by PRC regulations or comply with laws and regulations on other employment practices may subject us to penalties.

Companies operating in China are required to participate in various government sponsored employee benefit plans, including certain social insurance, housing funds and other welfare-oriented payment obligations, and contribute to the plans in amounts equal to certain percentages of salaries, including bonuses and allowances, of our employees up to a maximum amount specified by the local government from time to time at locations where we operate our businesses. Companies operating in China are also required to withhold individual income tax on employees' salaries based on the actual salary of each employee upon payment. With respect to the underpaid employee benefits, we may be required to complete registrations, make up the contributions for these plans as well as to pay late fees and fines. With respect to the under-withheld individual income tax, we may be required to make up sufficient withholding and pay late fees and fines. If we are subject to late fees or fines in relation to the underpaid employee benefits and under- withheld individual income tax, our financial condition and results of operations may be adversely affected. We may also be subject to regulatory investigations and other penalties if our other employment practices (e.g., engaging third-party human resource service providers to pay social insurance and housing funds for our employees on our behalf) are deemed to be in violation of relevant PRC laws and regulations.

The enforcement of the PRC Labor Contract Law and other labor-related regulations in China may subject us to penalties or liabilities.

The PRC Labor Contract Law, which was amended in 2012, introduced specific provisions related to fixed-term employment contracts, part-time employment, probationary periods, consultation with labor unions and employee assemblies, employment without a written contract, dismissal of employees, severance, and collective bargaining to enhance previous PRC labor laws. Under the Labor Contract Law, an employer is obligated to sign a non-fixed term labor contract with any employee who has worked for the employer for ten consecutive years. Further, if an employee requests or agrees to renew a fixed- term labor contract that has already been entered into twice consecutively, the resulting contract, with certain exceptions, must have a non-fixed term, subject to certain exceptions. With certain exceptions, an employer must pay severance to an employee where a labor contract is terminated or expires. In addition, the PRC governmental authorities have continued to introduce various new labor- related regulations since the effectiveness of the Labor Contract Law.

These laws and regulations designed to enhance labor protection tend to increase our labor costs. In addition, as the interpretation and implementation of these regulations are still evolving, our employment practices may not be at all times deemed to be in compliance with the regulations. As a result, we could be subject to penalties or incur significant liabilities in connection with labor disputes or investigations.

Failure to comply with PRC property laws and relevant regulations regarding certain of our leased properties may adversely affect our business, results of operations and financial condition.

Under the applicable PRC laws and regulations, the parties to a lease agreement are required to register and file such lease agreement with the relevant government authorities. As of the date of this annual report, none of our leased properties had been registered or filed. While as confirmed by our PRC legal counsel, the lack of registration will not affect the validity of the lease agreements nor our rights to use or occupy the leased properties under PRC laws and regulations, we may be ordered by the relevant government authorities to register the relevant lease agreements within a prescribed period, failing which may subject us to a fine ranging from RMB1,000 to RMB10,000 for each non-registered lease. However, we cannot assure you that our lessors will cooperate with us to register such leases due to factors beyond our control or our use of the relevant properties will not be further challenged in the future. Any of these may have an adverse effect on our business, financial condition, results of operation and prospects. As of the date of this annual report, lessors of some of our leased properties had not provided us with their authorization from the legal owners of the relevant properties to sublease such properties to us. If any of the lessors is not the legal owner or has not been duly authorized by the legal owner, the relevant lease agreements may be deemed invalid and, as a result, we may be challenged by the legal owners of the properties or other third parties and may be forced to vacate the relevant properties and relocate our offices. Additionally, we may face administration penalties because the registered addresses of some of our PRC subsidiaries are not consistent with their actual operating offices.

The M&A Rules and certain other PRC regulations may make it more difficult for us to pursue growth through acquisitions, and regulatory uncertainties relating to, or failure to comply with anti-monopoly and competition laws could adversely affect our business, financial condition, or operating result.

The M&A Rules and some other regulations and rules concerning mergers and acquisitions established complex procedures and requirements for acquisition of Chinese companies by foreign investors, including requirements in some instances that the PRC Ministry of Commerce be notified in advance of any change- of-control transaction in which a foreign investor takes control of a PRC domestic enterprise. Moreover, the Anti-Monopoly Law promulgated by the Standing Committee of the National People's Congress, which became effective in 2008, and the latest amendment of which took effect from August 1, 2022, requires that transactions which are deemed concentrations and involve parties with specified turnover thresholds must be cleared by the Anti- Monopoly Law-Enforcement Agency under the State Council before they can be completed. Pursuant to the latest Anti-Monopoly Law, the State Council's anti-monopoly enforcement agency may order business operators to cease illegal concentration, to dispose of shares, assets or businesses within a defined period of time, or to take other necessary measures to restore to the state before the concentration. For details, see "Item 4. Information on The Company—4.B. Business Overview—Regulation — Regulations on Anti-Monopoly." Furthermore, if we failed to report to or get approved by the anti-monopoly law enforcement agency in China on any of our future acquisitions (whether by ourselves or our subsidiaries) or financings that meet the thresholds for clearance in a timely manner or at all, or any of our historical transactions or financings were investigated for failure to make filings in connection with concentration of undertakings by regulatory, we may be subject to penalty including but not limited to a fine of no more than RMB500,000 if we fail to comply with such requirement. In addition, the security review rules issued by the Ministry of Commerce which became effective in September 2011 specify that mergers and acquisitions by foreign investors that raise "national defense and security" concerns and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises that raise "national security" concerns are subject to strict review by the Ministry of Commerce, and the rules prohibit any activities attempting to bypass a security review, including by structuring the transaction through a proxy or contractual control arrangement. On December 19, 2020, the Measures for the Security Review for Foreign Investment was jointly issued by the NDRC and the Ministry of Commerce and took effect from January 18, 2021. The Measures for the Security Review for Foreign Investment specified provisions concerning the security review mechanism on foreign investment, including the types of investments subject to review, review scopes and procedures, among others.

In the future, we may pursue potential strategic acquisitions that are complementary to our business and operations. Complying with the requirements of the above-mentioned regulations and other rules to complete such transactions could be time-consuming, and any required approval processes, including obtaining approval or clearance from the Ministry of Commerce, may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

PRC regulations relating to offshore investment activities by PRC residents may limit our PRC subsidiary's ability to change their registered capital or distribute profits to us or otherwise expose us or our PRC resident beneficial owners to liability and penalties under PRC laws. In addition, any failure to comply with PRC regulations with respect to registration requirements for offshore financing may subject us to legal or administrative sanctions.

In July 2014, the State Administration of Foreign Exchange, or SAFE, promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment Through Special Purpose Vehicles, or SAFE Circular 37. SAFE Circular 37 requires PRC residents (including PRC individuals and PRC corporate entities as well as foreign individuals that are deemed as PRC residents for foreign exchange administration purpose) to register with SAFE or its local branches in connection with their direct or indirect offshore investment activities. SAFE Circular 37 further requires amendment to the SAFE registrations in the event of any changes with respect to the basic information of the offshore special purpose vehicle, such as change of a PRC individual shareholder, name and operation term, or any significant changes with respect to the offshore special purpose vehicle, such as increase or decrease of capital contribution, share transfer or exchange, or mergers or divisions. SAFE Circular 37 is applicable to our shareholders who are PRC residents and may be applicable to any offshore acquisitions that we make in the future.

Under these foreign exchange regulations, PRC residents who make, or have previously made, prior to the implementation of these foreign exchange regulations, direct or indirect investments in offshore companies are required to register those investments. In addition, any PRC resident who is a direct or indirect shareholder of an offshore company is required to update its previously filed SAFE registration, to reflect any material change involving its round-trip investment. If any PRC shareholder fails to make the required registration or update the previously filed registration, the PRC subsidiary of that offshore parent company may be restricted from distributing their profits and the proceeds from any reduction in capital, share transfer or liquidation to their offshore parent company, and the offshore parent company may also be restricted from injecting additional capital into its PRC subsidiary. Moreover, failure to comply with the various foreign exchange registration requirements described above could result in liability under the PRC laws for evasion of applicable foreign exchange restrictions, including (i)the requirement by SAFE to return the foreign exchange remitted overseas or into the PRC within a period of time specified by SAFE, with a fine of up to 30% of the total amount of foreign exchange remitted overseas or into the PRC and deemed to have been evasive or illegal and (ii) in circumstances involving serious violations, a fine of no less than 30% of and up to the total amount of remitted foreign exchange deemed evasive or illegal.

We are committed to complying with and to ensuring that our shareholders who are subject to these regulations will comply with the SAFE rules and regulations. However, due to the inherent uncertainty in the implementation of the regulatory requirements by the PRC authorities, such registration might not be always practically available in all circumstances as prescribed in those regulations. In addition, we may not always be able to compel them to comply with SAFE Circular 37 or other related regulations. We cannot assure you that SAFE or its local branches will not release explicit requirements or interpret the PRC laws and regulations otherwise. We may not be fully informed of the identities of all of our shareholders or beneficial owners who are PRC residents, and we cannot provide any assurance that all of our shareholders and beneficial owners who are PRC residents will comply with our request to make, obtain or update any applicable registrations or comply with other requirements under SAFE Circular 37 or other related rules in a timely manner.

Because there is uncertainty concerning the reconciliation of these foreign exchange regulations with other approval requirements, it is unclear how these regulations, and any future regulation concerning offshore or cross-border transactions, will be interpreted, amended and implemented by the governmental authorities. We cannot predict how these regulations will affect our business operations or future strategy. For example, we may be subject to a more stringent review and approval process with respect to our foreign exchange activities, such as remittance of dividends and foreign-currency- denominated borrowings, which may adversely affect our results of operations and financial condition. This may restrict our ability to implement our acquisition strategy and could adversely affect our business and prospects.

In addition, our offshore financing activities, such as the issuance of foreign debt, are also subject to PRC laws and regulations. In accordance with such laws and regulations, we may be required to complete filing and registration with the NDRC prior to such activities. Failure to comply with the requirements may result in administrative meeting, warning, notification and other regulatory penalties and sanctions.

We may be materially adversely affected if our shareholders and beneficial owners who are PRC entities fail to comply with the PRC overseas investment regulations.

On December 26, 2017, the NDRC promulgated the Administrative Measures on Overseas Investments, which took effect as of March 1, 2018. According to this regulation, non-sensitive overseas investment projects are subject to record-filing requirements with the local branch of the NDRC. On September 6, 2014, the Ministry of Commerce promulgated the Administrative Measures on Overseas Investments, which took effect as of October 6, 2014. According to this regulation, overseas investments of PRC enterprises that involve non-sensitive countries and regions and non-sensitive industries are subject to record-filing requirements with a local branch of Ministry of Commerce. According to the Circular of the State Administration of Foreign Exchange on Issuing the Regulations on Foreign Exchange Administration of the Overseas Direct Investment of Domestic Institutions, which was promulgated by SAFE on July 13, 2009, and took effect on August 1, 2009, PRC enterprises must register for overseas direct investment with a local SAFE branch.

We may not be fully informed of the identities of all of our shareholders or beneficial owners who are PRC entities, and we cannot provide any assurance that all of our shareholders and beneficial owners who are PRC entities will comply with our request to complete the overseas direct investment procedures under the aforementioned regulations or other related rules in a timely manner, or at all. If they fail to complete the filings or registrations required by the overseas direct investment regulations, the authorities may order them to suspend or cease the implementation of such investment and make corrections within a specified time, which may adversely affect our business, financial condition and results of operations.

Any failure to comply with PRC regulations regarding the registration requirements for employee stock incentive plans may subject our plan participants or us to fines and other legal or administrative sanctions.

In February 2012, SAFE promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company, replacing earlier rules promulgated in 2007. Pursuant to these rules, PRC citizens and non- PRC citizens who reside in China for a continuous period of not less than one year and participate in any stock incentive plan of an overseas publicly listed company, subject to a few exceptions, are required to register with SAFE through a domestic qualified agent, which could be the PRC subsidiaries of such overseas-listed company, and complete certain other procedures. In addition, an overseas-entrusted institution must be retained to handle matters in connection with the exercise or sale of stock options and the purchase or sale of shares and interests. We and our executive officers and other employees who are PRC citizens or who reside in China for a continuous period of not less than one year and who have been granted options are subject to these regulations. Failure to complete SAFE registrations may subject them to fines and legal sanctions, and may also limit our ability to contribute additional capital into our PRC subsidiary and limit our PRC subsidiary's ability to distribute dividends to us. We also face regulatory uncertainties that could restrict our ability to adopt additional incentive plans for our directors, executive officers and employees under the PRC laws.

In addition, the State Administration of Taxation has issued certain circulars concerning employee share options and restricted shares. Under these circulars, our employees working in China who exercise share options and/or are granted restricted shares will be subject to PRC individual income tax. Our PRC subsidiaries have obligations to file documents related to employee share options and/or restricted shares with tax authorities and to withhold individual income taxes of those employees who exercise their share options. If our employees fail to pay or we fail to withhold their income taxes according to laws and regulations, we may face sanctions imposed by the tax authorities or other PRC government authorities.

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

NIP Group Inc. is not an operating company but a Cayman Islands holding company with operations primarily conducted through its wholly-owned subsidiaries in Sweden, China and the United States. We rely on dividends and other distributions on equity paid by our WFOE for our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders and service any debt we may incur. To the extent our cash or assets in the business are in mainland China or Hong Kong or a mainland China or Hong Kong entity, the funds or assets may not be available to fund operations or for other use outside of mainland China or Hong Kong due to the imposition of restrictions and limitations on, the ability of NIP Group Inc. or its subsidiaries to transfer cash or assets. Current PRC regulations permit our WFOE to pay dividends to us only out of their accumulated after-tax profits upon satisfaction of relevant statutory conditions and procedures, if any, determined in accordance with Chinese accounting standards and regulations. In addition, our WFOE is required to set aside at least 10% of its accumulated profits each year, after making up previous years' accumulated losses, if any, to fund certain reserve funds until the total amount set aside reaches 50% of its registered capital. As a result of these laws, rules and regulations, our WFOE is restricted in their ability to transfer a portion of their respective net assets to their shareholders as dividends.

While there are currently no such restrictions on foreign exchange and our ability to transfer cash or assets between NIP Group Inc. and our Hong Kong subsidiary, we cannot dismiss the possibility that future developments in PRC laws and regulations may impose new restrictions and limitations on our ability to transfer funds or assets. Should such regulations affect our operations, our cash or assets in Hong Kong might become inaccessible. Furthermore, should new restrictions be imposed on NIP Group Inc. or its subsidiaries regarding the transfer or distribution of cash within the organization, we may encounter limitations or prohibition on making transfers or distributions to entities outside of mainland China and Hong Kong.

Furthermore, if our WFOE incurs debt on their own behalf in the future, the instruments governing their debt may restrict their ability to pay dividends or make other distributions to us. Any limitation on the ability of our WFOE to pay dividends or make other distributions to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business.

The Enterprise Income Tax Law enacted by the National People's Congress, which became effective on January 1, 2008, and its implementation rules provide that a withholding tax at a rate of 10% will be applicable to dividends payable by Chinese companies to non-PRC-resident enterprises unless reduced under treaties or arrangements between the PRC central government and governments of other countries or regions where the non-PRC resident enterprises are tax resident. See "— If we are classified as a PRC resident enterprise for PRC income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders or ADS holders."

Any restriction on currency exchange may limit the ability of our WFOE to use their Renminbi revenues to pay dividends to us. The PRC government may continue to strengthen its capital controls and our WFOE's dividends and other distributions may be subject to tightened scrutiny in the future. Any limitation on the ability of our WFOE to pay dividends or make other distributions to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business.

You may be subject to PRC income tax on dividends from us or on any gain realized on the transfer of our securities.

Under the Enterprise Income Tax Law and its implementation rules, PRC withholding tax at a rate of 10% is generally applicable to dividends from PRC sources paid to investors that are resident enterprises outside of China and that do not have an establishment or place of business in China, or that have an establishment or place of business in China if the income is not effectively connected with the establishment or place of business. Any gain realized on the transfer of shares by such investors is subject to 10% PRC income tax if this gain is regarded as income derived from sources within China. Under the PRC Individual Income Tax Law and its implementation rules, dividends from sources within China paid to foreign individual investors who are not PRC residents are generally subject to a PRC withholding tax at a rate of 20% and gains from PRC sources realized by these investors on the transfer of shares are generally subject to 20% PRC income tax. Any such PRC tax liability may be reduced by the provisions of an applicable tax treaty.

Although a large portion of our business operations are in China, it is unclear whether the dividends NIP Group Inc. pays with respect to the shares or ADSs of NIP Group Inc., or the gains realized from the transfer of the securities of NIP Group Inc., would be treated as income derived from sources within China and as a result be subject to PRC income tax if we are considered a PRC resident enterprise. If PRC income tax is imposed on gains realized through the transfer of our securities or on dividends paid to our non-resident investors, the value of your investment in our securities may be materially and adversely affected. Furthermore, NIP Group Inc.'s shareholders whose jurisdictions of residence have tax treaties or arrangements with China may not qualify for benefits under these tax treaties or arrangements.

In addition, pursuant to the Double Tax Avoidance Arrangement between Hong Kong and China, if a Hong Kong resident enterprise owns more than 25% of the equity interest of a PRC company at all times during the twelve-month period immediately prior to obtaining a dividend from such company, the 10% withholding tax on the dividend is reduced to 5%, provided that certain other conditions and requirements are satisfied at the discretion of the PRC tax authority. However, based on the Notice on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties, issued in 2009 by the State Administration of Taxation, if the PRC tax authorities determine, in their discretion, that a company benefits from the reduced income tax rate due to a structure or arrangement that is primarily tax- driven, the PRC tax authorities may adjust the preferential tax treatment. If our Hong Kong subsidiary is determined by PRC government authorities as receiving benefits from reduced income tax rates due to a structure or arrangement that is primarily tax-driven, the dividends paid by our PRC subsidiary to our Hong Kong subsidiary will be taxed at a higher rate, which will have a material adverse effect on our financial performance.

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

NIP Group Inc. is an offshore holding company conducting its operations in China through its PRC subsidiaries and the VIE. NIP Group Inc. may make loans to its PRC subsidiaries and the VIE, it may make additional capital contributions to its PRC subsidiaries, it may establish new PRC subsidiaries and make capital contributions to these new PRC subsidiaries, or it may acquire offshore entities with business operations in China in an offshore transaction.

Most of these ways are subject to PRC regulations and approvals or registration. For example, loans by us to our wholly-owned PRC subsidiaries to finance their activities cannot exceed statutory limits and must be registered with the local counterpart of SAFE. If we decide to finance our wholly-owned PRC subsidiary by means of capital contributions, these capital contributions are subject to registration with the State Administration for Market Regulation (the "SAMR") or its local branch, reporting of foreign investment information with the PRC Ministry of Commerce, or registration with other governmental authorities in China. Due to the restrictions imposed on loans in foreign currencies extended to PRC domestic companies, we are not likely to make such loans to our PRC domestic subsidiaries. Further, we are not likely to finance the activities of our PRC domestic subsidiaries by means of capital contributions due to regulatory restrictions relating to foreign investment in PRC domestic enterprises engaged in certain businesses.

SAFE promulgated the Notice of the State Administration of Foreign Exchange on Reforming the Administration of Foreign Exchange Settlement of Capital of Foreign-invested Enterprises, or SAFE Circular 19, effective June 2015, in replacement of the Circular on the Relevant Operating Issues Concerning the Improvement of the Administration of the Payment and Settlement of Foreign Currency Capital of Foreign-Invested Enterprises, the Notice from the State Administration of Foreign Exchange on Relevant Issues Concerning Strengthening the Administration of Foreign Exchange Businesses, and the Circular on Further Clarification and Regulation of the Issues Concerning the Administration of Certain Capital Account Foreign Exchange Businesses. According to SAFE Circular 19, the flow and use of the RMB capital converted from foreign currency-denominated registered capital of a foreign- invested company is regulated such that RMB capital may not be used for the issuance of RMB entrusted loans, the repayment of inter- enterprise loans or the repayment of banks loans that have been transferred to a third party. Although SAFE Circular 19 allows RMB capital converted from foreign currency-denominated registered capital of a foreign- invested enterprise to be used for equity investments within China, it also reiterates the principle that RMB converted from the foreign currency- denominated capital of a foreign-invested company may not be directly or indirectly used for purposes beyond its business scope. Thus, it is unclear whether SAFE will permit such capital to be used for equity investments in China in actual practice. SAFE promulgated the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account, or SAFE Circular 16, effective on June 9, 2016, which reiterates some of the rules set forth in SAFE Circular 19, but changes the prohibition against using RMB capital converted from foreign currency-denominated registered capital of a foreign-invested company to issue RMB entrusted loans to a prohibition against using such capital to issue loans to non-associated enterprises. Violations of SAFE Circular 19 and SAFE Circular 16 could result in administrative penalties. SAFE Circular 19 and SAFE Circular 16 may significantly limit our ability to transfer any foreign currency we hold, including the net proceeds from our overseas securities offerings, to our PRC subsidiary, which may adversely affect our liquidity and our ability to fund and expand our business in China. On October 25, 2019, SAFE promulgated the Notice for Further Advancing the Facilitation of Cross-border Trade and Investment, or SAFE Circular 28, which, among other things, allows all foreign-invested companies to use Renminbi converted from foreign currency-denominated capital for equity investments in China, as long as the equity investment is genuine, does not violate applicable laws, and complies with the negative list on foreign investment. However, since SAFE Circular 28 is newly promulgated, it is unclear how SAFE and competent banks will carry this out in practice.

In light of the various requirements imposed by the PRC regulations on loans to and direct investment in PRC entities by offshore holding companies, we cannot assure you that we will be able to complete the necessary government registrations or obtain the necessary government approvals on a timely basis, or at all, with respect to future loans to our PRC subsidiaries or future capital contributions by us to our PRC subsidiaries. As a result, uncertainties exist as to our ability to provide prompt financial support to our PRC subsidiaries when needed. If we fail to complete such registrations or obtain such approvals, our ability to use the proceeds received from our overseas securities offerings and to capitalize or otherwise fund our PRC operations may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

Governmental control of currency conversion may limit our ability to utilize our income effectively and affect the value of your investment.

The PRC government imposes controls on the convertibility of the Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. We receive a large portion of our income in Renminbi. Under our current corporate structure, our Cayman Islands holding company may rely on dividend payments from our PRC subsidiary to fund any cash and financing requirements payable outside of China. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval of SAFE by complying with certain procedural requirements. Specifically, under the existing exchange restrictions, cash generated from the operations of our PRC subsidiaries in China may be used to pay dividends to our company without prior approval of SAFE. However, approval from or registration with appropriate government authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. As a result, we need to obtain SAFE approval to use cash generated from the operations of our PRC subsidiaries to pay any debts they may incur in a currency other than Renminbi owed to entities outside China, or to make other capital expenditure payments outside China in a currency other than Renminbi. In addition, the PRC government may also at its discretion to restrict our access in the future to foreign currencies for current account transactions. If we are prevented from obtaining sufficient foreign currency to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our shareholders, including holders of the ADSs.

Recent litigation and negative publicity surrounding China-based companies listed in the United States may negatively impact the trading price of our ADSs.

We believe that recent litigation and negative publicity surrounding companies with operations in China that are listed in the United States have negatively impacted the stock prices of these companies. Certain politicians in the United States have publicly warned investors to avoid China-based companies listed in the United States. The SEC and the PCAOB also issued a joint statement on April 21, 2020, reiterating the disclosure, financial reporting and other risks involved in the investments in companies that are based in emerging markets as well as the limited remedies available to investors who might take legal action against such companies. Furthermore, various equity-based research organizations have recently published reports on China-based companies after examining their corporate governance practices, related party transactions, sales practices and financial statements, and these reports have led to special investigations and listing suspensions on U.S. national exchanges. Any similar scrutiny on us, regardless of its lack of merit, could cause the market price of our ADSs to fall, divert management resources and energy, cause us to incur expenses in defending ourselves against rumors, and increase the premiums we pay for director and officer insurance.

The Holding Foreign Companies Accountable Act, or the HFCAA, and the related regulations continue to evolve. Further implementations and interpretations of or amendments to the HFCAA or the related regulations, or a PCAOB determination of its lack of sufficient access to inspect our auditor, might pose regulatory risks to and impose restrictions on us because of our operations in mainland China.

Pursuant to the HFCAA, if the SEC determines that we have filed audit reports issued by a registered public accounting firm that has not been subject to inspections by the PCAOB because of a position taken by an authority in the foreign jurisdiction for two consecutive years, the SEC will prohibit our shares or ADSs from being traded on a national securities exchange or in the over-the-counter trading market in the United States.

On December 16, 2021, the PCAOB issued a report to notify the SEC of its determination that the PCAOB was unable to inspect or investigate completely registered public accounting firms headquartered in mainland China and Hong Kong. On December 15, 2022, the PCAOB removed mainland China and Hong Kong from the list of jurisdictions where it is unable to inspect or investigate completely registered public accounting firms.

Each year, the PCAOB will determine whether it can inspect and investigate completely audit firms in mainland China and Hong Kong, among other jurisdictions. If the PCAOB determines in the future that it no longer has full access to inspect and investigate completely accounting firms in mainland China and Hong Kong and we use an accounting firm headquartered in one of these jurisdictions to issue an audit report on our financial statements filed with the SEC, we would be identified as a "Commission-Identified Issuer" following the filing of the annual report on Form 20-F for the relevant fiscal year. In accordance with the HFCAA, our securities would be prohibited from being traded on a national securities exchange or in the over-the-counter trading market in the United States if we are identified as a "Commission-Identified Issuer" for two consecutive years in the future. If our shares and ADSs are prohibited from trading in the United States, there is no certainty that we will be able to list on a non-U.S. exchange or that a market for our shares will develop outside of the United States. A prohibition of being able to trade in the United States would substantially impair your ability to sell or purchase our ADSs when you wish to do so, and the risk and uncertainty associated with delisting would have a negative impact on the price of our ADSs. Also, such a prohibition would significantly affect our ability to raise capital on terms acceptable to us, or at all, which would have a material adverse impact on our business, financial condition, and prospects.

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 has been volatile since our ADSs began to trade on the Nasdaq Global Market on July 26, 2024. The trading price of our ADSs could fluctuate widely due to factors beyond our control. This may happen because of broad market and industry factors, like the performance and fluctuation of the market prices of other companies with business operations located mainly in China that have listed their securities in the United States. A number of Chinese companies have listed or are in the process of listing their securities on U.S. stock markets. The securities of some of these companies have experienced significant volatility, including price declines in connection with their public offerings. The trading performances of these Chinese companies' securities after their offerings may affect the attitudes of investors toward Chinese companies listed in the United States in general and consequently may impact the trading performance of our ADSs, regardless of our actual operating performance.

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:

- variations in our revenues, earnings and cash flow;
- 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;
- changes in financial estimates by securities analysts;
- detrimental adverse publicity about us, our services or our industry;
- additions or departures of key personnel;
- release of lock-up or other transfer restrictions on our outstanding equity securities or sales of additional equity securities; and
- potential litigation or regulatory investigations.

Any of these factors may result in large and sudden changes in the volume and price at which our ADSs will trade.

In the past, shareholders of public companies have often brought securities class action suits against those companies following periods of instability in the market price of their securities. If we were involved in a class action suit, it could divert a significant amount of our management's attention and other resources from our business and operations and require us to incur significant expenses to defend the suit, which could harm our results of operations. Any such class action suit, whether or not successful, could harm our reputation and restrict our ability to raise capital in the future. In addition, if a claim is successfully made against us, we may be required to pay significant damages, which could have a material adverse effect on our financial condition and results of operations.

Our triple-class voting structure will limit your ability to influence corporate matters and could discourage others from pursuing any change of control transactions that holders of our Class A ordinary shares and ADSs may view as beneficial.

Our authorized share capital consists of Class A ordinary shares, Class B1 ordinary shares and Class B2 ordinary shares (with certain shares remaining unissued, with power for our directors to issue such classes of shares as they think fit). Holders of Class A ordinary shares will be entitled to one vote per share, while holders of Class B1 ordinary shares and Class B2 ordinary shares will be entitled to 20 votes per share, subject to the approval conditions for ordinary resolutions, the Weighted Voting Right and certain restrictions. For more information on the voting rights, see "Item 10. Additional Information—10.B. Memorandum and Articles of Association." Each Class B1 ordinary share and Class B2 ordinary share is convertible into one Class A ordinary share at any time at the option of the holder thereof, while Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances. Any future issuances of Class B1 ordinary shares and Class B2 ordinary shares may be dilutive to the voting power of holders of Class A ordinary shares. Any conversions of Class B1 ordinary shares or Class B2 ordinary shares into Class A ordinary shares may dilute the percentage ownership of the existing holders of Class A ordinary shares within their class of ordinary shares. Such conversion may increase the aggregate voting power of the existing holders of Class A ordinary shares. In the event that we have multiple holders of Class B1 ordinary shares or Class B2 ordinary shares and certain of them convert their Class B1 ordinary shares or Class B2 ordinary shares into Class A ordinary shares, the remaining holders who retain their Class B1 ordinary shares or Class B2 ordinary shares may experience increases in their relative voting power when Weighted Voting Rights applies.

As of March 31, 2026, Mr. Mario Yau Kwan Ho and Mr. Liwei "xiaoT" Sun beneficially own all of our issued Class B1 ordinary shares, and Mr. Hicham Chahine beneficially own all of our issued Class B2 ordinary shares. Mr. Mario Ho, Mr. Liwei "xiaoT" Sun and Mr. Hicham Chahine beneficially own 33,451,073 Class B1 ordinary shares, 18,449,048 Class B1 ordinary shares and 31,534,504 Class B2 ordinary shares, respectively, representing 7.5%, 4.1% and 7.0% of our total issued and outstanding ordinary shares, respectively, and 32.9%, 18.1% and 31.0% of the aggregate voting power, respectively, subject to the approval conditions for ordinary resolutions, the Weighted Voting Right and certain restrictions.

As a result of the triple-class share structure and the concentration of ownership, Mr. Mario Yau Kwan Ho, Mr. Liwei "xiaoT" Sun and Mr. Hicham Chahine will continue to have considerable influence over matters such as decisions regarding mergers and consolidations, election of directors and other significant corporate actions. Such holders may take actions that are not in the best interest of us or our other shareholders. This concentration of ownership may discourage, delay or prevent a change in control of our company, which could have the effect of depriving our other shareholders of the opportunity to receive a premium for their shares as part of a sale of our company and may reduce the price of our ADSs. This concentrated control will significantly limit your ability to influence corporate matters and could discourage others from pursuing any potential merger, takeover or other change of control transactions that holders of Class A ordinary shares and ADSs may view as beneficial.

The triple-class structure of our ordinary shares may adversely affect the trading market for our ADSs.

Certain shareholder advisory firms have announced changes to their eligibility criteria for inclusion of shares of public companies on certain indices, including the S&P 500, to exclude companies with multiple classes of shares and companies whose public shareholders hold no more than 5% of total voting power from being added to such indices. In addition, several shareholder advisory firms have announced their opposition to the use of multiple class structures. As a result, the triple-class structure of our ordinary shares may prevent the inclusion of our ADSs representing Class A ordinary shares in such indices and may cause shareholder advisory firms to publish negative commentary about our corporate governance practices or otherwise seek to cause us to change our capital structure. Any such exclusion from indices could result in a less active trading market for our ADSs. Any actions or publications by shareholder advisory firms critical of our corporate governance practices or capital structure could also adversely affect the value of our securities.

If securities or industry analysts do not publish research or reports about our business, or if they adversely change their recommendations regarding our ADSs, the market price for our ADSs and trading volume could decline.

The trading market for the ADSs will be influenced by research or reports that industry or securities analysts publish about our business. If one or more analysts who cover us downgrade the ADSs, the market price for the ADSs would likely decline. If one or more of these analysts cease to cover us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which, in turn, could cause the market price or trading volume for the ADSs to decline.

Substantial future sales or perceived potential sales of the ADSs in the public market could cause the price of the ADSs to decline.

Sales of the ADSs in the public market, or the perception that these sales could occur, could cause the market price of the ADSs to decline. 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.

There can be no assurance that we will not be a passive foreign investment company, or PFIC, for United States federal income tax purposes for any taxable year, which could subject United States investors in our securities to significant adverse United States income tax consequences.

A non-U.S. corporation, such as our company, will be classified as a PFIC for U.S. federal income tax purposes for any taxable year, if either (i) 75% or more of its gross income for such year consists of certain types of "passive" income (the "income test") or (ii) 50% or more of the value of its assets (generally determined on the basis of a quarterly average) during such year is attributable to assets that produce or are held to produce passive income (the "asset test"). For purposes of the asset test, any cash and assets readily convertible into cash are categorized as passive assets, and the company's goodwill and other unbooked intangibles should be treated as an active asset to the extent associated with activities that produce or intended to produce active income. In determining the average percentage value of our gross assets, the aggregate value of our assets will generally be deemed to be equal to our market capitalization (determined by the sum of the aggregate value of our outstanding equity) plus our liabilities. Based upon our current and expected income and assets, including goodwill and other unbooked intangibles not reflected on our balance sheet and the market price of our ADSs, we believe that we were not a PFIC for our 2025 taxable year. However, no assurance can be given in this regard because the determination of whether we will be or become a PFIC for any taxable year is a fact intensive determination made annually after the close of each taxable year that depends, in part, upon the composition and classification of our income and assets.

If we were treated as a PFIC for any taxable year, then U.S. investors could be subject to adverse U.S. federal income tax consequences (regardless of whether we continue to be a PFIC), including increased tax liability on disposition gains and certain "excess distributions" and additional reporting requirements. See "Item 10. Additional Information—10.E. Taxation—United States Federal Income Tax Considerations—Passive Foreign Investment Company Rules" for further information. U.S. investors should consult their tax advisers regarding our PFIC status for any taxable year and the potential application of the PFIC rules to an investment in our securities including the availability and the advisability of making certain elections under the PFIC rules.

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 incorporated under the laws of the Cayman Islands. Our corporate affairs are governed by, among other things, our memorandum and articles of association, as amended from time to time, the Companies Act (as revised) of the Cayman Islands (the "Companies Act") and the common law of the Cayman Islands. The rights of shareholders to take action against our directors, actions by our minority shareholders and the fiduciary duties of our directors to us under the 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 are not as clearly established as they would be under statutes or judicial precedent in some jurisdictions in the United States. In particular, the Cayman Islands has 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, the 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 the Cayman Islands laws to inspect corporate records (other than the memorandum and articles of association and any special resolutions passed by such shareholders, and the registers of mortgages and charges of such companies) or to obtain copies of lists of shareholders of these companies. Under Cayman Islands law, the names of our current directors (without any other information on their directorships) can be obtained from a search conducted at the Registrar of Companies. Our directors have discretion under our currently effective 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 motion or to solicit proxies from other shareholders in connection with a proxy contest.

Certain corporate governance practices in the Cayman Islands, which is our home country, differ significantly from requirements for companies incorporated in other jurisdictions such as the United States. If we choose to follow home country practice, our shareholders may be afforded less protection than they otherwise would under rules and regulations applicable to U.S. domestic issuers.

As a result of all of the above, public shareholders may have more difficulty in protecting their interests in the face of actions taken by our management, members of our board of directors or our 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—10.B. Memorandum and Articles of Association—Differences in Corporate Law."

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

We are a Cayman Islands exempted company and substantially all of our assets are located outside of the United States. A large portion of our current operations are conducted through our PRC subsidiaries in China. In addition, except for Mr. Carl Stuart Agren, Mr. Carter Jack Feldman and Mr. King R.H. Harris, our directors, all of our current directors and officers listed in "Item 6. Directors, Senior Management and Employees—6.A. Directors and Senior Management" are nationals and residents of countries other than the United States. Substantially all of the assets of these persons are located outside the United States. As a result, it may be difficult or impossible for you to bring an action against us or against these individuals in the United States in the event that you believe that 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, China and Sweden may render you unable to enforce a judgment against our assets or the assets of our directors and officers. For more information regarding the relevant laws of the Cayman Islands, China and Sweden, see "Item 6. Directors, Senior Management and Employees—6.E. Share Ownership—Enforceability of Civil Liabilities."

We are a foreign private issuer within the meaning of the rules under the Exchange Act, and as such we are exempt from certain provisions applicable to United States domestic public companies.

Because we are 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 of quarterly reports on Form 10-Q or current reports on Form 8-K with the SEC;
- 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 regulating the liability for insiders who profit from trades made in a short period of time;
- the selective disclosure rules by issuers of material nonpublic information under Regulation FD; and
- the corporate governance requirement that we have a minimum of three members in our audit committee and certain audit committee independence requirements in Rule 10A-3 of the Exchange Act.

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 a quarterly basis through press releases, distributed pursuant to the rules and regulations of the Nasdaq Stock 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 will be less extensive and less timely than 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.

We may face securities class action lawsuits.

Class actions are not recognized in the Cayman Islands, but groups of shareholders with identical interests may bring representative proceedings, which are similar. However, a class action suit could nonetheless be brought in a U.S. court pursuant to an alleged violation of U.S. securities laws and regulations. In the past, shareholders of public companies have often brought securities class action suits against those companies following periods of instability in the market price of their securities. If we were involved in a class action suit, it could divert a significant amount of our management's attention and other resources from our business and operations and require us to incur significant expenses to defend the suit, which could harm our results of operations. Any such class action suit, whether or not successful, could harm our reputation and restrict our ability to raise capital in the future. In addition, if a claim is successfully made against us, we may be required to pay significant damages, which could have a material adverse effect on our financial condition and results of operations.

We incur increased costs as a result of being a public company.

As a public company, we incur significant legal, accounting, and other expenses that we did not incur as a private company. The Sarbanes-Oxley Act of 2002, as well as rules subsequently implemented by the SEC and the Nasdaq Stock Market, impose various requirements on the corporate governance practices of public companies. 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 in the assessment of the emerging growth company's internal control over financial reporting and permission to delay adopting new or revised accounting standards until such time as those standards apply to private companies.

We expect these rules and regulations to increase our legal and financial compliance costs and to make some corporate activities more time-consuming and costly. After we become 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 of the Sarbanes-Oxley Act of 2002 and the other rules and regulations of the SEC. For example, as a result of becoming a public company in the United States, we increased the number of independent directors and adopted policies regarding internal controls and disclosure controls and procedures. We also expect that operating as a public company in the United States makes it more difficult and more 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. In addition, we will incur additional costs associated with our public company reporting requirements. It may also be more difficult for us to find qualified persons to serve on our board of directors or as executive officers. We are currently evaluating and monitoring developments with respect to these rules and regulations, and we cannot predict or estimate with any degree of certainty the amount of additional costs we may incur or the timing of such costs.

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 the Nasdaq corporate governance listing standards; these practices may afford less protection to shareholders than they would enjoy if we complied fully with the Nasdaq corporate governance listing standards.

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

We are permitted to elect to rely on home country practice to be exempted from the corporate governance requirements. If we choose to follow home country practices in the future, 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.

We currently do not expect to pay dividends in the foreseeable future and you must rely on price appreciation of our ADSs for return on your investment.

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

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

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

Except as described in this annual report and in the deposit agreement, holders of our ADSs are not able to exercise voting rights attaching to the Class A ordinary shares evidenced by our ADSs on an individual basis.

Holders of our ADSs will appoint the depositary or its nominee as their representative to exercise the voting rights attaching to the underlying Class A ordinary shares represented by the ADSs. Otherwise, you will not be able to exercise your right to vote unless you withdraw the underlying Class A ordinary shares represented by the ADSs. However, you may not know of the meeting sufficiently in advance to withdraw the Class A ordinary shares. If we ask for instructions from ADS holders, the depositary will notify you of the upcoming vote and arrange to deliver our voting materials to you. We cannot assure you that you will receive voting materials in time to instruct the depositary to vote, and it is possible that you, including persons who hold their ADSs through brokers, dealers or other third parties, will not have the opportunity to exercise a right to vote. The deposit agreement provides that if the depositary does not timely receive valid voting instructions from the ADS holders, then the depositary will, with certain limited exceptions, give a discretionary proxy to a person designated by us to vote such 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 vote and you may have no legal remedy if the shares underlying your ADSs are not voted as you requested. Furthermore, as a Cayman Islands exempted company, we are not obliged by the Companies Act (As Revised) of the Cayman Islands to call shareholders' annual general meetings, and in your capacity as an ADS holder, you will not have any rights to call or requisition a shareholders' meeting.

We are an emerging growth company within the meaning of the Securities Act and may take advantage of certain reduced reporting requirements.

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. Therefore, we have elected to take advantage of specified reduced reporting and other requirements that are otherwise applicable generally to public companies and acknowledge such election is irrevocable pursuant to Section 107 of the JOBS Act. 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 and permission to delay adopting new or revised accounting standards until such time as those standards apply to private companies. As a result, if we elect not to comply with such reporting and other requirements, in particular the auditor attestation requirements, our investors may not have access to certain information they may deem important.

The JOBS Act also provides that an emerging growth company does not need to comply with any new or revised financial accounting standards until such date that a private company is otherwise required to comply with such new or revised accounting standards. We have elected to take advantage of the extended transition period for complying with new or revised accounting standards until those standards would otherwise apply to private companies. As a result, our results of operations and financial statements may not be comparable to the results of operations and financial statements of other companies that have adopted the new or revised accounting standards. If we cease to be an emerging growth company, we will no longer be able to take advantage of these exemptions or the extended transition period for complying with new or revised accounting standards.

The depositary for our ADSs will give us a discretionary proxy to vote our Class A ordinary shares underlying your ADSs if you do not timely provide voting instructions to the depositary in accordance with the deposit agreement, except in limited circumstances, which could adversely affect your interests.

Under the deposit agreement for our ADSs, the depositary will give us (or our nominee) a discretionary proxy to vote the underlying Class A ordinary shares represented by the ADSs at shareholders' meetings if the holders of ADSs do not give voting instructions to the depositary as to how to vote the underlying Class A ordinary shares represented by their ADSs at a meeting and as to a matter, if:

- we gave the depositary timely notice of the meeting and related voting materials;
- we confirmed to the depositary that we wish a discretionary proxy to be given;
- we confirmed to the depositary that we reasonably do not know of any substantial opposition as to a matter to be voted on at the meeting; and
- we have confirmed to the depositary that the matter voted will not have material adverse impact on shareholders.

The effect of this discretionary proxy is that, if the holders of ADSs fail to give voting instructions to the depositary as to how to vote the underlying Class A ordinary shares represented by their ADSs at any particular shareholders' meeting, they cannot prevent such underlying Class A ordinary shares represented by their ADSs from being voted at that meeting, provided the other conditions described above are satisfied, and it may make it more difficult for shareholders to influence our management. Holders of our Class A ordinary shares are not subject to this discretionary proxy.

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 Class A ordinary shares provides that, to the fullest extent permitted by law, ADS holders waive the right to a jury trial of any claim they may have against us or the depositary 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 depositary 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 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, by a federal or state court in the City of New York, which has nonexclusive jurisdiction over matters arising under 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 holders of ADSs consult legal counsel regarding the jury waiver provision before entering into the deposit agreement.

If any holders or beneficial owners of ADSs bring a claim against us or the depositary in connection with matters arising under the deposit agreement or the ADSs, including claims under federal securities laws, such 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 or the depositary. If a lawsuit is brought against us or the depositary 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 permitted by applicable law, an action could 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 or by us or the depositary of compliance with any substantive provision of the U.S. federal securities laws and the rules and regulations promulgated thereunder.

You may not receive dividends or other distributions on our Class A ordinary shares and you may not receive any value for them, if it is illegal or impractical to make them available to you.

The depositary has agreed to pay to ADS holders the cash dividends or other distributions it or the custodian receives on our Class A ordinary shares or other deposited securities underlying our ADSs, after deducting its fees and expenses. ADS holders will receive these distributions in proportion to the number of Class A ordinary shares the ADSs represent. However, the depositary is not responsible if it decides that it is unlawful or impractical to make a distribution available to any holders of ADSs. For example, it would be unlawful to make a distribution to a holder of ADSs if it consists of securities that require registration under the Securities Act but that are not properly registered or distributed under an applicable exemption from registration. The depositary may also determine that it is not feasible to distribute certain property. Additionally, the value of certain distributions may be less than the cost of mailing them. In these cases, the depositary may determine not to distribute such property. We have no obligation to register under U.S. securities laws any ADSs, Class A ordinary shares, rights or other securities received through such distributions. We also have no obligation to take any other action to permit the distribution of ADSs, Class A ordinary shares, rights or anything else to holders of ADSs. This means that ADS holders may not receive distributions we make on our Class A ordinary shares or any value for them if it is illegal or impractical for us to make them available to them. These restrictions may cause a material decline in the value of our ADSs.

Our memorandum and articles of association and the deposit agreement provide that the United States District Court for the Southern District of New York (or, if the United States District Court for the Southern District of New York lacks subject matter jurisdiction over a particular dispute, the state courts in New York County, New York) is the exclusive judicial forum within the U.S. for the resolution of any complaint asserting a cause of action arising out of or relating in any way to the federal securities laws of the United States and any suit, action or proceeding arising out of or relating in any way to the ADSs or the deposit agreement, which could limit the ability of holders of our ordinary shares, the ADSs or other securities to obtain a favorable judicial forum for disputes with us, our directors and officers, the depositary, and potentially others.

Our memorandum and articles of association provide that, unless we consent in writing to the selection of an alterative forum, the United States District Court for the Southern District of New York (or, if the United States District Court for the Southern District of New York lacks subject matter jurisdiction over a particular dispute, the state courts in New York County, New York) is the exclusive forum within the United States for the resolution of any complaint asserting a cause of action arising out of or relating in any way to the federal securities laws of the United States, including the Securities Act and the Exchange Act, regardless of whether such legal suit, action, or proceeding also involves parties other than our company. The enforceability of similar federal court choice of forum provisions in other companies' organizational documents has been challenged in legal proceedings in the United States, and it is possible that a court could find this type of provision to be inapplicable or unenforceable. If a court were to find the federal choice of forum provision contained in our memorandum and articles of association or the deposit agreement to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions. If upheld, the forum selection clause in our memorandum and articles of association, as well as the forum selection provision in the deposit agreement, may limit a security-holder's ability to bring a claim against us, our directors and officers, the depositary, and potentially others in his or her preferred judicial forum, and this limitation may discourage such lawsuits. Holders of our shares or the ADSs will not be deemed to have waived our compliance with the federal securities laws and the regulations promulgated thereunder pursuant to the exclusive forum provision in the memorandum and articles of association and deposit agreement.

Our memorandum and articles of association contain anti-takeover provisions that could discourage a third party from acquiring us and adversely affect the rights of holders of our Class A ordinary shares and the ADSs.

Our tenth amended and restated memorandum and articles of association contain provisions to 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. Our board of directors has the authority, without further action by our 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 Class A 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 the ADSs may fall and the voting and other rights of the holders of our Class A ordinary shares and ADSs may be materially and adversely affected.

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 we indicate that we wish such rights to be made available to holders of ADSs and 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.

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

Our ADSs are transferable on the books of the depositary. However, the depositary may close its transfer books at any time or from time to time when it deems expedient in connection with the performance of its duties. In addition, the depositary may refuse to deliver, transfer or register transfers of ADSs generally when our books or the books of the depositary are closed, or at any time if we or the depositary deems it 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.

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

Our ADSs are listed on the Nasdaq Global Market. We cannot assure you that our ADSs will continue to be listed on the Nasdaq Global Market. In order to maintain our listing on the Nasdaq Global Market, we are required to comply with certain rules of the Nasdaq Global Market, including those regarding minimum stockholders' equity, minimum bid price, minimum market value of publicly held shares, and various additional requirements.

On March 24, 2026, we received a written notification from the staff of the Listing Qualifications Department of the Nasdaq Stock Market LLC ("Nasdaq"), indicating that for the last 32 consecutive business days, the closing bid price of our ADSs was below the minimum bid price requirement of US$1.00 per share set forth in Nasdaq Listing Rule 5450(a)(1). Pursuant to Nasdaq Listing Rule 5810(c)(3)(A), we are provided with a compliance period of 180 calendar days from the date of the notification, or until September 21, 2026, to regain compliance with Nasdaq's minimum bid price requirement. If we are unable to satisfy the Nasdaq Global Market criteria for maintaining our listing, our ADSs could be subject to delisting.

If the Nasdaq Global Market subsequently delists our ADSs from trading, we could face significant consequences, including:

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

ITEM 4. INFORMATION ON THE COMPANY

4.A. History and Development of the Company

Corporate History

In June 2016, Mr. Liwei "xiaOt" Sun, our director and president, founded Wuhan Xingjingweiwu Culture & Sports Development Co., Ltd. (formerly known as Shanghai Xingao Culture Communications Co., Ltd.), or Wuhan ESVF, and commenced our esports team operations in China. In December 2018, Shenzhen Weiwu Esports Internet Technology Co., Ltd., or Shenzhen VF, was established by Mr. Mario Yau Kwan Ho, our co-chief executive officer, and was later merged with Wuhan ESVF in March 2021 with Shenzhen VF becoming a wholly-owned subsidiary of Wuhan ESVF.

NIP Group Inc., formerly known as ESVF Esports Group Inc., was incorporated as an exempted company with limited liability in the Cayman Islands as our holding company on February 5, 2021. We changed our name from ESVF Esports Inc. to our current name, NIP Group Inc., on March 7, 2023.

In March 2021, we established a wholly-owned subsidiary in Hong Kong, namely, ESVF (Hong Kong) Esports Limited, or Hong Kong ESVF, which is our intermediary holding company in Hong Kong. In July 2021, Hong Kong ESVF established a wholly-owned subsidiary, Wuhan Muyecun Internet Technology Co., Ltd., or the WFOE, as the holding company of our business in China. Our WFOE then gained control over Wuhan ESVF by entering into a series of contractual arrangements with Wuhan ESVF and its shareholders. We have completed the Restructuring in June 2023, and in connection therewith, our WFOE, Wuhan ESVF and shareholders of Wuhan ESVF entered into a VIE Termination Agreement, pursuant to which the Wuhan ESVF Contractual Arrangements were terminated, and we acquired the shares of the Wuhan ESVF from its nominee shareholders, after which Wuhan ESVF has become a wholly-owned subsidiary of our company since June 2023.

In January 2023, we completed the merger between NIP Group Inc. and Ninjas in Pyjamas Gaming AB, a Swedish public limited liability company incorporated in January 2014 with a brand history of more than 20 years since 2000 in the esports industry. The merger was completed through a series of share swap transactions, with Ninjas in Pyjamas Gaming AB becoming a wholly-owned subsidiary of NIP Group Inc. upon completion of the transactions, marking our global operation under the name of NIP Group Inc.

On July 26, 2024, our ADSs commenced trading on the Nasdaq Global Market under the symbol "NIPG." We raised, from our initial public offering and from the underwriters' partial exercise of the option to purchase additional ADSs, approximately US$14.8 million in net proceeds after deducting underwriting discounts and commissions and offering expenses paid by us.

In September 2024, our WFOE entered into a series of contractual arrangements with Wuhan Alunyou and its shareholders, through which we obtained control over Wuhan Alunyou and its subsidiary. The acquisition of Wuhan Alunyou marked our entry into the game publishing market and our commitment to creating a fully integrated digital entertainment ecosystem.

In September 2024, we entered into a definitive agreement (the "Agreement") with the beneficial owners of ZSZQ Limited, the Cayman parent company that controls Young Will through contractual arrangements, to effect a series of share exchange transactions. Pursuant to the Agreement, such beneficial owners agreed to sell and transfer to NIP Group Inc. all of the ordinary shares of ZSZQ Limited beneficially owned by them, and in exchange and as consideration therefor, we agreed to issue and allot to such beneficial owners certain number of our Class A ordinary shares. In October 2024, we issued 920,212 Class A ordinary shares to the beneficial owners of ZSZQ Limited in exchange for 61% of the total issued and outstanding share capital of ZSZQ Limited in accordance with the Agreement. We will subsequently acquire an additional 13% of the share capital of ZSZQ Limited each year during 2025, 2026, and 2027, and in exchange issue a corresponding number of our Class A ordinary shares to the beneficial owners of ZSZQ Limited, contingent upon the satisfaction of certain terms and conditions set out in the Agreement. Following a review of the post-closing performance and compliance matters, we determined that certain contractual obligations under the Agreement were not fully satisfied. After discussions with the counterparties, we exercised our contractual right to terminate the transactions contemplated under the Agreement. In July 2025, we and the beneficial owners of ZSZQ Limited entered into a termination agreement, pursuant to which the parties mutually agreed to terminate the Agreement and other ancillary agreements and documents regarding the share swap transactions. As of July 31, 2025, all shares previously issued under the Agreement have been surrendered and cancelled in full. No shares remain outstanding in relation to such transactions. ZSZQ Limited has been deconsolidated from our consolidated financial statements from July 31, 2025, and the subsidiaries and variable interest entity controlled by ZSZQ Limited, namely ZSZQ (HK) Limited, Beijing ZSZQ Network Technology Co., Ltd. and Wuhan Young Will Ltd., have been deconsolidated as well.

In January 2025, we entered into a multi-year partnership with ADIO Holdings Restricted Limited ("ADIO"), an Abu Dhabi incorporated company established by Abu Dhabi Investment Office. Under this agreement, ADIO will provide us with support totaling up to approximately US$40 million to be disbursed in installments over a four-year period, contingent upon our satisfaction of certain conditions precedent and specified performance milestones, including quantitative and qualitative KPIs and revenue targets. Pursuant to the agreement, we will establish an Abu Dhabi company, designate Abu Dhabi as our global headquarters, and expand our presence in the Middle East and worldwide. This collaboration will drive gaming, media and entertainment growth in Abu Dhabi.

In the second half of 2025, we diversified our business operations and expanded into the digital infrastructure and Bitcoin mining sector by acquiring crypto mining machines located outside of China.

Corporate Information

Our principal executive offices are located at Rosenlundsgatan 31, 11 863, Stockholm, Sweden. Our telephone number at this address is +46 8133700. Our registered office in the Cayman Islands is located at the offices of CO Services Cayman Limited, P.O. Box 10008, Pavilion East, Cricket Square, Grand Cayman, KY1-1001, 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 a website at www.sec.gov that contains reports, proxy and information statements, and other information regarding registrants that make electronic filings with the SEC using its EDGAR system. Such information can also be found on our investor relations website at https://ir.nipgroup.gg/.

4.B. Business Overview

We are a global digital entertainment and infrastructure company operating at the intersection of gaming, live experiences and computing infrastructure. We engage digital-native audiences through a combination of esports teams, live events, content platforms and fan communities, while developing scalable infrastructure that supports digital entertainment and emerging technologies.

Our foundation is rooted in esports and digital entertainment. Through globally recognized brands such as Ninjas in Pyjamas and eStar Gaming, we have built a strong global fanbase and brand recognition. Leveraging this foundation, we have expanded into complementary business lines, including event production, content and influencer networks and gaming-themed hospitality, enabling us to engage audiences across both digital and physical environments.

We have developed an integrated platform that connects online engagement with offline experiences. Our digital platforms drive fan participation and content consumption, while our live events and venues provide immersive, real-world experiences that strengthen audience loyalty and community engagement. These businesses generate revenue through diversified monetization channels, including sponsorships, media rights, live streaming, event operations, brand partnerships and content commercialization.

In the second half of 2025, we established our Mining and Digital Assets Division, marking our expansion into digital infrastructure and Bitcoin mining. This business complements our entertainment operations by providing a scalable source of revenue and access to computing capacity and energy resources. Our mining operations are focused on operational efficiency, disciplined capital allocation and long-term infrastructure development.

Our business combines digital entertainment operations with infrastructure capabilities, supported by a diversified revenue model and integrated operational platform.

We experienced steady growth in our net revenues, which increased from US$83.7 million in 2023 to US$85.3 million in 2024 and further to US$126.5 million in 2025. We recorded gross profit of US$7.2 million in 2023 and US$3.0 million in 2024, and gross loss of US$1.5 million in 2025. These translated to gross margins of 8.6%, 3.5% and negative 1.2% for the same years, respectively.

Esports Teams

We operate two brands: Ninjas in Pyjamas and eStar Gaming, both competing in leagues at the highest level across a broad portfolio of video game titles. Through our esports operations, we have unrivaled global brand recognition and an official fanbase of over 45 million, which we actively leverage across our integrated business lines. As of December 31, 2025, our teams had won over 120 tournaments and accumulated more than US$21 million in prize money.

The core asset of our esports teams is our talent pool. As of December 31, 2025, we had 116 athletes on our roster, with 81 based in Greater China and 23 in Europe, and the remainder distributed across South America, North America, Korea and Japan, competing globally across fifteen leagues in sixteen esports titles. We are also the only esports organization in China with home courts in two cities, with our Ninjas in Pyjamas League of Legends team in Shenzhen and eStar Gaming Honor of Kings team in Wuhan.

Ninjas in Pyjamas

Ninjas in Pyjamas, our core PC/console esports brand, was founded in 2000 in Sweden and has pioneered the esports industry over two decades — driving the scene from its grassroots nascency and fielding competitive teams at the highest levels. As of December 31, 2025, we had 40 athletes on the Ninjas in Pyjamas roster, competing globally across eleven leagues in eleven esports titles.

Our esports teams under Ninjas in Pyjamas compete in leagues across a broad portfolio of PC/console game titles, including:

- The LPL, League of Legends professional league. China is widely considered to be one of the most competitive regions in League of Legends, the most popular esports title in the world. As a result, according to the Frost & Sullivan Report, the LPL is the most viewed in League of Legends league in the world. We previously competed in the LPL as Victory 5, until Victory 5 was rebranded to Ninjas in Pyjamas starting from the 2023 LPL season following the merger between ESV5 and Ninjas in Pyjamas in January 2023. Victory 5 secured the first and third place in the 2022 LPL spring and summer splits, respectively.
- winners of ESL One: Cologne in 2014 and Weplay Academy League 2022 in CS:GO.
- winner of 2021 Six Invitational in Rainbow Six.
- winner of EA Sports Cup in 2023 in FIFA.
- top three finish at the Esports World Cup 2025 in Apex Legends.

eStar Gaming

eStar Gaming, founded in 2014 in China, is our leading mobile esports brand and a dominant force in Honor of Kings (KPL), widely recognized as the most successful mobile esports team globally, according to the Frost & Sullivan Report. As of December 31, 2025, the eStar Gaming brand had 76 athletes, competing globally across four leagues in five esports titles.

Our esports teams under eStar Gaming have been top-level contenders in leagues across a broad portfolio of mobile titles, including:

- Our athletes, Siyuan "Huahai" Luo, and Linwei "Tanran" Sun, were selected to represent China in the Honor of Kings Asian Games 2023, and China eventually won the gold medal, which marks the first-ever gold medal in esports at the Asian Games; first place in the inaugural Honor of Kings International Championship in 2022; first place in the 2019 Honor of Kings World Champion Cup; first place in Honor of Kings International Championship 2016 summer; first place in the KPL 2022 spring, 2021 fall and 2019 spring splits; first place in the Honor of Kings Challenger Cup 2022 and 2021.
- QQ Speed — 2018 Wechat Game Championship Cyber Games (WGC) tournament — Prop Group, champion.
- Crossfire (PC) — 2022 China CrossFire Pro League (CFPL) Season 19, second place in China.
- Crossfire (mobile) — 2022 CrossFire Mobile League (CFML) Season 12 Fall, second place in China.
- Delta Force — 2025 Douyu Fish Jump Cup, champion in China.

Talent Development System for Esports Teams

We have developed a comprehensive esports talent development system that combines Eastern and Western training philosophies to support long-term growth, performance, and sustainability. With over two decades of experience through our Ninjas in Pyjamas (NIP) and eStar Gaming brands, we have built structured programs for talent identification, training, and progression.

Our youth training programs, operated through both our Ninjas in Pyjamas and eStar Gaming brands, are designed for players aged 15 to 20 and focus on titles such as CS2, Honor of Kings, and CrossFire, with eStar Gaming's program specifically requiring participants to be over 18 years of age. Qualified candidates undergo tryouts and are assessed on technical skill, game knowledge, and teamwork. Selected participants receive full-time support, including professional coaching, accommodation, nutrition, and mental health services, to foster both performance and well-being.

We recruit top-performing youth players into our pro teams, complemented by experienced external talent. Our coaching staff averages over six years of industry experience. Successful cases include Christopher "GeT_RiGhT" Alesund and Linwei "Tanran" Sun, as well as multiple players and coaches selected for the Asian Games training team. Our development pipeline has also produced record-setting player transfers, such as a RMB 12 million KPL transfer fee.

As of December 31, 2025, we had 44 active participants in our youth training programs. Training durations before pro team promotion typically range from six to 24 months. Our holistic approach strengthens team cohesion and player loyalty while supporting sustainable competitive performance.

Sources of Revenue of Our Esports Teams

Our esports teams currently generate revenue through a combination of sources, including:

- *Prize money*. Our esports teams compete in tournaments across a broad portfolio of video game titles and earn tournament winnings based on performance.
- *Revenue sharing with leagues*. While the specifics of the revenue sharing model vary depending on the specific league and teams involved, we typically share league revenue generated from various channels, such as sponsorships, advertisements, media rights, game props, and ticket sales. The revenue is split between the league and teams within the league, with the league taking a portion for their costs and expenses and the rest distributed to teams generally based on factors such as team performance, popularity, and event location. We also sell season tickets to matches held in our home courts.

- *Athlete transfer and rental fees*. We derive revenue from the transfer and rental of our athletes. The athlete transfer and rental fees can be significant sources of revenue for us, especially for top-level players. Certain transfer or rental agreements may also include performance-related bonuses, such as bonuses for various in-game stat goals or games played, which can generate additional revenue for us.

- *Sponsorship and advertising fees*. Our esports teams partner with brands and advertisers to promote their products and services to our highly engaged and tech-savvy fan base. This includes traditional sponsorships, such as having the brand's logo displayed on our player's jerseys, our websites and social media platforms, as well as more innovative advertising campaigns, such as in-game sponsorships. For example, brands can sponsor our athletes' in-game characters by having such characters wear clothing or use equipment featuring the brand's logo.

- *Live streaming revenue*. Our esports teams collaborate with live streaming platforms from time to time to provide live streaming services featuring our athletes and more. Our esports teams thus receive live streaming revenue from the platforms which primarily includes signing fees and a share of the revenue generated from virtual gifts given to our athletes during live streaming.

- *IP licensing*. We grant a third-party licensee permission to use the Ninjas in Pyjamas brand and related intellectual property to sell digital goods such as game props, skins or stickers in exchange for an agreed IP licensing fee.

- *Sales of branded merchandise*. We offer a wide range of esports branded merchandise featuring our esports teams and athletes to fans.

Talent Management Business

We launched our talent management business in 2021 under the eStar Entertainment brand. We incubate and represent online entertainers and help them create and distribute diversified, engaging esports-and gaming-related content for live streaming and other online entertainment platforms, as well as engage in other commercialization activities. We also provide entertainment marketing and consulting services to global corporate brands.

We have a proven track record of connecting our online entertainers with global brands to create revenue opportunities and successful, sustained partnerships, including endorsements, appearances, peripherals, and digital and equity partnerships. We will continue to leverage and build momentum to further grow our advertising business, offering one-stop shop services to help sponsors and advertisers capture views throughout the esports value chain.

Our Online Entertainers

Our talent management business provides athletes with a career beyond esports. While the average playing career length of esports athletes is typically five to eight years, a career as online entertainer can be substantially longer. The loyalty and strong bond we create with our athletes through their esports careers contribute to their continued cooperation with us as online entertainers. Many of our athletes who choose to sign with our talent management agency have expanded their footprints into the broader entertainment industry.

We focus on developing our esports athletes into successful online entertainers, while also actively recruiting high-potential talents outside our ecosystem, including retired players, amateur streamers, and lifestyle creators. Backed by our strong brand and deep roots in esports, we attract top-tier entertainers and build long-term partnerships. As of December 31, 2025, we had over 36,000 signed online entertainers, reaching more than 33 million audience members and 66 million social media followers across platforms. Our portfolio includes top streamers such as Yilong "Sao Yi" Zhou, with over 1.7 million followers on Douyu, and Yang "Liu Taiyang" Liu, a lifestyle content creator with over 6.8 million followers across platforms. We have also attracted celebrities from the greater entertainment world to our organization. In 2020, Jackson Wang, one of the world's most famous pop idols and one of the most followed male artists on Instagram with approximately 32 million followers as of the date of this annual report, joined us as a partner and beneficial shareholder.

Cross-Platform Reach

Our online entertainers generate a full range of content from live streaming to short videos, covering popular game titles such as Honor of Kings, League of Legends, Crossfire, DNF, Naraka: Bladepoint, and Game for Peace. We have long-term cooperative relationships with major live streaming and other online entertainment platforms, such as Youtube, Douyu, Huya, Douyin and Kuaishou, helping them build vibrant communities where viewers can interact with each other and entertainers. Our online entertainers help platforms grow by attracting new viewers and boosting user engagement through their engaging content. At the same time, they benefit from our strong brand, esports teams, and event production resources to secure brand partnerships and unlock commercial opportunities across the esports ecosystem.

Talent Development System

We offer comprehensive operation and marketing services to support the growth of online entertainers. For newcomers, we provide training on streaming norms and content creation. As they progress, we help them attract fans and build lasting brand partnerships. As of December 31, 2025, our talent development team, with over 80 members, also offers ongoing guidance on public image, social media behavior, and crisis response. In January 2025, we expanded our capabilities through a partnership with Optics Valley Traffic Company to co-develop a digital entertainment hub in Wuhan, featuring live streaming facilities, influencer-themed districts, and esports training centers—further strengthening our infrastructure for talent incubation and growth.

Sources of Revenue of Our Talent Management Business

Our talent management business currently generates revenue from a variety of sources, including:

- *Live streaming revenue*. Live streaming has been one of most popular ways for online entertainers, and in particular esports athletes, to connect with fans. We help our entertainers manage and monetize their streams and share live streaming revenue from platforms with them.

- *Advertising revenue*. Our entertainers can incorporate advertisements or product placement into their videos and other content. We receive a share of the advertising revenue generated from such content.

Event Production Business

Our eStar Event business is our event production arm based in Wuhan, China, offering industry-leading event production services to game developers and publishers, live streaming platforms and other institutions. We operate a broad range of local and nationwide esports events, including esports matches, professional tournaments, and esports-inspired digital art exhibitions, all leveraging state-of-the-art gaming media and technology.

Regional Expansion and ASEAN-Focused Initiatives

We have recently expanded our event production footprint into Southern China, with a focus on Nanning, Guangxi, strengthening our collaboration with local government authorities, educational institutions and industry partners. Building on this presence, we have collaborated with local partners on event execution, talent training and related initiatives in digital entertainment and technology. As part of these efforts, we participated in initiatives such as the China–ASEAN Esports Industry-Education Integration Base, which connects academic resources with industry practices and supports workforce development in relevant fields. We also participated in the 2025 China–ASEAN Esports Industry Week in Nanning, which featured industry forums, esports competitions and digital exhibitions.

Flagship Events and Collaborations

We have organized and supported a range of esports and digital entertainment events across China. Our projects include professional tournaments such as the LPL Summer Split and KPL Spring Split home court matches, which were broadcast on leading live streaming platforms and attracted large-scale online audiences. More recently, we have supported professional esports tournaments. For example, in 2025, we supported the Peacekeeper Elite League, a leading mobile esports tournament in China, which featured professional teams and was broadcast across major live streaming platforms.

Cross-Industry Event Execution

Our capabilities extend beyond esports into a wide range of digital and traditional events for institutional and commercial partners. We have supported projects that integrate esports with broader digital sports, cultural and technology-driven initiatives.

For example, in 2025, we supported the Hubei Digital Sports Games held in Wuhan, which incorporated multiple disciplines including robotics, virtual sports and esports. The event attracted over 1,700 participants and more than 400 teams, and achieved broad audience reach through both on-site activities and online engagement.

Brand Partnerships and Custom Events

We also work closely with consumer brands to design and execute tailored esports events aimed at targeted demographics. In 2023, we partnered with BYD Auto to deliver a nationwide Honor of Kings campus tournament campaign, attracting participants from over 290 universities across China, with more than 2,500 players and over 500 participating teams. Many of these events were held in high-traffic commercial districts to maximize visibility and brand exposure.

Event Planning and Management

Our event production services include event planning and management, live content capturing and production, and full-scale technical support. We handle the complete event lifecycle—from theme development and venue selection to referee coordination, scheduling, and logistics. Our production team uses high-quality equipment to capture gameplay, player interactions, and real-time statistics, enhancing the viewer experience through special effects and commentary.

Live Content Capturing and Production

We operate a full suite of in-house audio, lighting, and video systems, supported by an experienced technical team. Our capabilities include stage design, equipment setup, system testing, and real-time troubleshooting. This ensures seamless execution and immersive on-site and online experiences for spectators.

Sources of Revenue of Our Event Production Business

Our event production business currently generates revenue primarily from service fees for planning, creating, operating and managing a broad spectrum of events. We also generate revenues from brands and advertisers who pay us to sponsor events or advertise during events. This can include product placement, signage, advertising on event websites or social medial channels, and other marketing opportunities associated with an event.

Bitcoin Mining Business

We commenced our Bitcoin mining operations in the second half of 2025 as part of our expansion into digital infrastructure. This business complements our existing operations by adding infrastructure capabilities and an additional source of revenue.

In June 2025, we entered into a definitive asset purchase agreement to acquire on-rack crypto mining machines with an aggregate hash rate of approximately 3.11 EH/s. As consideration for the acquisition, we issued a certain number of our Class A ordinary shares to the sellers. We subsequently entered into a second asset purchase agreement to acquire additional on-rack crypto mining machines and cloud-based computational capacity, further expanding our mining operations. The second acquisition is structured in multiple closings. The initial closing was completed in January 2026 and settled through the issuance of Class A ordinary shares to the sellers. The subsequent closings are expected to be completed in 2026.

Following the initial closing under the second acquisition, we added approximately 4.37 EH/s of installed hash rate, bringing our total operating mining capacity to approximately 7.48 EH/s. Following subsequent deployment activities, our total operating mining capacity increased to approximately 9.66 EH/s as of March 31, 2026. Upon completion of all contemplated closings, our total operating mining capacity is expected to reach approximately 11.3 EH/s.

Mining Operations

Our Bitcoin mining operations are conducted through a combination of owned mining equipment and third-party infrastructure arrangements, including hosting services and mining pools. We primarily rely on third-party hosting service providers to operate our mining equipment.

We deploy our mining equipment and computational capacity in a manner designed to optimize operational efficiency, uptime and energy utilization. We participate in mining pools to enhance the stability of mining rewards.

Sources of Revenue of Our Bitcoin Mining Business

We generate revenue from Bitcoin earned through our mining activities. We provide hash calculation services to mining pool operators and receive Bitcoin as non-cash consideration based on the computing power we contribute.

Our mining rewards are typically determined under a full-pay-per-share (FPPS) model, which allocates block rewards and transaction fees, net of applicable pool fees.

Our mining revenue and operating results are primarily affected by factors such as the market price of Bitcoin, network difficulty, block rewards and operating costs, including electricity and hosting fees.

Other Business Lines

We are also actively exploring additional opportunities to supplement the organic growth of our main businesses, with a particular focus on the following areas:

- ***Gaming-themed Complex***. We are developing a gaming-themed complex that integrates esports hotels, gaming arenas and related facilities. As of March 2026, the esports arena has commenced operations, while the hotel is expected to open in May 2026. These offerings are designed to create immersive experiences that blend technology, comfort and community, serving as physical extensions of our brand, monetizing fandom and fostering deeper community engagement.

- ***Gaming Entertainment***. In 2024, our event production division successfully organized several large-scale music festivals, marking our expansion into broader entertainment formats beyond esports. In April 2025, we established a joint venture focused on music festivals and live events. This move allows us to further engage with younger audiences through high-impact cultural experiences while creating new monetization opportunities across ticketing, sponsorship, and IP licensing. We hosted 3 music festivals across major and regional cities in China in 2025. As music festival attendance grows rapidly in China, we see strong demographic overlap between festivalgoers and our gaming community—presenting meaningful branding synergies across our digital entertainment ecosystem. We are scaling these initiatives with a focus on self-funding to enhance profitability and drive long-term growth.

Growth Strategy & Initiatives

To complement the organic growth of our core business segments, we are executing a clear, multi-pronged strategy focused on geographic expansion, revenue diversification, and strategic investments and acquisitions. These initiatives are designed to scale our ecosystem, unlock new monetization opportunities, and reinforce our leadership across key markets in gaming and esports.

Global Expansion

We are strategically expanding our global footprint, with particular focus on the high-growth markets of the Middle East and North Africa (MENA) and Asia, while continuing our presence in North America and Europe:

- ***MENA.*** In partnership with the Abu Dhabi Investment Office (ADIO), we are establishing our global headquarters in Abu Dhabi, supported by a US$40 million commitment over four years, along with additional subsidies and facilities support. This collaboration has opened up many commercial conversations globally, laying the groundwork for new monetization opportunities. Our headquarters in Abu Dhabi has also helped generate local jobs and fund our broader growth ambitions. As we scale up these initiatives, we've strengthened our emphasis on talent development and competitive excellence, aiming to establish ourselves as the leading esports organization in the region.

- ***Asia.*** China remains a strategic priority, with continued leadership through Ninjas in Pyjamas and eStar Gaming. To enhance our event production capabilities, we have established a company in Guangxi to support our event production operations. This strategic move strengthens our ability to deliver high-quality events while aligning with local development priorities. Beyond China, we are actively exploring growth opportunities in Southeast Asia, particularly in the areas of esports and event production, to extend our presence across the region.

Revenue Diversification Through New Verticals

We continue to diversify our revenue base by expanding into business lines that complement our core digital entertainment operations. In the second half of 2025, we launched our Bitcoin mining business, marking our expansion into digital infrastructure. This business adds a new source of revenue and broadens our operational scope beyond content, events and related services. We are also expanding into additional entertainment-related formats, including gaming-themed complexes and live entertainment events, to extend audience engagement and create new monetization opportunities across our ecosystem.

Our Sponsors and Advertisers

We provide our marketing partners truly global sponsorship opportunities, allowing them to cultivate fans across the world without being limited by geography. Our sponsorship portfolio includes premier brands such as FILA and Red Bull. Our established global presence across Sweden, Brazil and China serves as a strong foothold to provide internationalized marketing solutions in the esports ecosystem in which we operate and beyond. Leveraging our esports competition and event production capabilities and network of game developers and promoters and online entertainers, we can create and execute innovative and diverse solutions to achieve the marketing goals of the brands and sponsors we partner with.

The brand power of Ninjas in Pyjamas and eStar Gaming is particularly important to our marketing initiatives and our ability to gain traction in the industry and engage marketing partners. As we have grown our fan base and brand recognition and expanded our global footprint, we have become an attractive marketing partner for companies around the world. Over the years, we have broadened our sponsorship portfolio from primarily gaming-centric brands to mass-market sponsors spanning across the tech, computer hardware, retail and consumer, and finance industries.

Marketing

We promote our esports-centric services and content and enhance our brand awareness through our website and social media accounts, and by sponsoring and participating in esports events. We also display our logos and play promotional videos for our business at esports tournaments we participate in. Our online entertainers also promote our brand and the esports events we participate in through their own live streams and social media accounts. We also engaged in online marketing and brand promotion activities such as collaborating with other popular brands, search engines, social media platforms and short-form video platforms. In addition, we also participate in various gaming expos and conferences, such as the Tencent esports annual conference and ChinaJoy, or China Digital Entertainment Expo & Conference, the largest gaming and digital entertainment exhibition held in Asia.

Data Security and Privacy

We have access to and store certain data concerning our players, business partners and employees in the ordinary course of business. We also occasionally have access to limited data concerning online and offline viewers of our esports events, which is shared to us by third parties who collected and compiled the data. We have developed an internal policy to govern data security and how we may use and share data, to preserve individual personal information and privacy. We have a team of professionals who are dedicated to the ongoing review and monitoring of data security practices. We encrypt and store any personal data we collect on third-party cloud servers, which are protected by advanced anti-hacking measures and firewalls. We collect personal information in accordance with applicable laws and regulations as well as our own privacy policies, which are amended from time to time. To minimize the risk of data loss, we conduct regular data backup and data recovery tests. We have data disaster recovery procedures in place.

We utilize a variety of technology solutions to detect risks and vulnerabilities in user privacy and data security, such as encryption, firewall, vulnerability scanning and log audits. We have established stringent internal protocols under which we grant classified access to encrypted personal data only to limited number of employees with strictly defined and layered access right, to ensure that data will not be accessed or disclosed improperly. In addition, we conduct regular stress tests performed by our information security department as well as third-party testing agencies. For a discussion of risks relating to data security and privacy, see "Item 3. Key Information—3.D. Risk Factors—Risks Related to Our Esports Business—Our esports business is subject to a variety of laws and regulations of the PRC, the European Union member states, the Cayman Islands and other international jurisdictions, including those regarding cybersecurity, economic substance, data protection and data privacy. Any failure to comply with such current or future laws and regulations, could adversely affect our business and reputation."

Intellectual Property

We rely on a combination of copyright, trademark, domain name, and trade secret laws and restrictions on disclosure to protect our intellectual property rights. As of December 31, 2025, we had 291 registered trademarks, registered copyrights to one piece of creative work and 16 pieces of software, and three domain names.

Competition

Esports is an emerging industry globally. Our business is rapidly evolving and we compete against a vast variety of fragmented firms across multiple industries, including well-established esports clubs, players in the talent management agency industry, traditional sports leagues, providers of event production services, and new entrants challenging our position in the esports and gaming industry. We compete to attract and retain participants in the esports and gaming industry, such as game developers and publishers, brands and sponsors, talented online entertainers, and esports gamers and audience.

Our competitors may compete with us in a variety of ways, including by providing better and more innovative esports services, offering more monetization opportunities, creating high-quality and more diverse content, fulfilling the evolving preferences of our target consumers, as well as conducting brand promotions and other marketing activities. While we believe that we compete favorably across these factors taken as a whole, new competitors will likely continue to emerge, and these competitors may have greater financial resources or brand awareness than we do.

The digital asset mining industry is highly competitive and rapidly evolving. Participants range from individual operators to large-scale mining companies with dedicated infrastructure and access to significant computing power and energy resources. We compete with other mining operators in areas such as access to mining equipment, electricity, hosting resources, and operational efficiency. Many participants also collaborate through mining pools to improve the stability of mining returns. Information relating to competitors in the digital asset mining industry may be limited, as certain market participants do not publicly disclose detailed operational or financial information.

Insurance

We maintain standard benefit plans required by PRC laws and regulations, including pension insurance, medical insurance, workplace injury insurance, unemployment insurance, and maternity insurance. We believe our insurance coverage for our Swedish subsidiary and its representatives to be adequate, taking its business and risks of operations into account. For a discussion of risks relating to our insurance coverage, see "Item 3. Key Information—3.D. Risk Factors—Risks Related to Our Business Operations—Our insurance may not sufficiently cover, or may not cover at all, losses and liabilities we may encounter during the ordinary course of operation."

We consider our insurance coverage to be sufficient for our business operations and is consistent with customary industry practice in Sweden and China. We periodically review our insurance coverage to ensure that it remains to be sufficient.

Corporate Social Responsibility

We regard corporate social responsibility (CSR) as a key pillar of our business strategy. Since our inception, we have implemented a wide range of CSR initiatives to create a positive impact on society and the environment. Our CSR efforts focus on four key areas: environmental stewardship and climate action, community engagement through esports, youth development and empowerment, and diversity, inclusion, and accessibility. Through strategic partnerships and impactful programs, we aim to drive meaningful change across these areas. By actively participating in charitable initiatives aligned with our core values, we strive to contribute to the sustainable growth of the global esports community and society at large.

Environmental Stewardship and Climate Action

As part of our commitment to sustainable development, we actively integrate green operations into our corporate culture and collaborate with professional organizations to protect biodiversity. In 2025, we continued our global participation in the Earth Hour campaign, powering down non-essential lighting across our offices in Abu Dhabi, Stockholm, São Paulo, Wuhan, Shanghai, and Shenzhen, while leveraging our esports players to promote low-carbon lifestyles. To protect endangered species, we entered a strategic partnership with the Hubei Yangtze River Ecological Protection Foundation. We co-hosted the "For the Smile of the Yangtze" charity auction, donating all proceeds to the conservation of the Yangtze finless porpoise. Furthermore, players from our Delta Force team participated in a public welfare event to release endangered fish species back into the Yangtze River. We also engaged our fans in climate action; during the 100th-match celebration at our Shenzhen NIP home venue, we launched a tree-planting initiative, gifting 100 trees to fans and partners to foster a greener future.

Community Engagement through Esports

We actively leverage our global influence to drive meaningful social impact and support vulnerable communities. In 2025, we launched the inaugural "NIPG Charity Week" in alignment with China Charity Day. Players from our Shenzhen NIP, eStar Speed, and eStar CF teams volunteered as store managers at Buy42 charity shops across multiple cities, assisting with charity sales and promoting the concept of inclusive employment. On a global scale, our NIP esports club participated in the Wings for Life World Run for the third consecutive year, mobilizing 169 professional players, coaches, and staff to raise funds for spinal cord injury research. We also deeply engaged in health and wellness advocacy. During World Autism Awareness Day, our players and influencers raised funds for the "Blue Sail Project" and accompanied autistic youth on interactive zoo tours. Furthermore, we supported the "Slow Angels" public welfare art exhibition in Guangxi, establishing a dream fund to support the living conditions and artistic endeavors of youth with cerebral palsy.

Youth Development and Career Empowerment

We empower young people through impactful programs designed to nurture talent, build vocational skills, and open up future career paths in the digital economy. In 2025, we provided comprehensive esports education services to 18 educational institutions nationwide, delivering over 2,600 hours of training to nearly 300 participants. To further bridge the gap between education and employment, we hosted the finals of the 2025 National Esports Vocational Skills Competition, attracting over 500 participants across 90 teams to compete in areas ranging from event commentary to stage design and data analysis. We also continued our "Parents' Inbox" initiative to help families better understand the esports industry and support their children's career aspirations. Demonstrating our commitment to regional youth development, we hosted large-scale study tours at our Wuhan office, including the "Today Esports" study group and the Wuhan Taiwan Youth Internship Group, providing hundreds of young talents with hands-on insights into esports club operations, ecosystem building, and internationalization.

Diversity, Equity, Inclusion and Accessibility

We emphasize diversity and inclusion through structured initiatives, ensuring equal opportunities across gender, background, and physical abilities. In 2025, we proudly joined the "Moss Flower Convention" public initiative to champion disability inclusion. We deepened our partnership with the Wuhan Disabled Persons' Federation by hosting the first "Disabled Esports Vocational Training Class," helping 20 participants explore career opportunities in esports commentary, event operations, and refereeing. On National Special Olympics Day, we utilized our proprietary VR dodgeball technology to create a "Digital Companionship" event, providing youth with intellectual disabilities an innovative platform for social interaction. Furthermore, we remain deeply committed to women's empowerment in the industry through our "Female Esports Player Empowerment" program. This initiative continues to support trailblazers like "Strawberry," the only active female player in the CrossFire professional league, proving that female power is a driving force in the future of esports.

Regulation

Regulations on Esports

The Provisional Regulations on Esports Management, which was promulgated by General Administration of Sport of China and came into effect on July 24, 2015, provided that any international and national esports events that are not organized by the Sports Information Center of the General Administration of Sport of China, including commercial, mass, non-profit esports events, do not need approval or permit, and any legal entity can host such esports events.

Regulations on Commercial Performance

China

In accordance with the Regulations for the Administration of Commercial Performances (Revised in 2020), which was promulgated by State Council on July 7, 2005, and thereafter amended on July 22, 2008, July 18, 2013, February 6, 2016, and November 29, 2020, respectively, foreign investors may legally establish performance brokerage agencies within the territory of the PRC. To engage in commercial performance business activities, a performance brokerage agency shall have three or more full-time performance brokers and funds for the relevant business and shall file an application with the culture administrative department of the people's government of a province, autonomous region or centrally administered municipality. The culture administrative department shall make a decision within 20 days from the receipt of the application; where an approval is given, a commercial performance permit shall be issued. No entity or individual may counterfeit, alter, rent, lend, buy or sell any commercial performance permit, approval document or business license. Furthermore, if a performance brokerage agency engaged in any commercial performance business activity without such permit, the culture administrative department of the people's government at county level shall ban the agency, confiscate its performance equipment and illegal proceeds, and impose a fine in the range of eight to ten times of its illegal proceeds. Where there are no illegal proceeds or the illegal proceeds are less than RMB10,000, a fine from RMB50,000 to RMB100,000 shall be imposed.

On August 28, 2009, the Ministry of Culture promulgated the Implementation Rules to the Administrative Regulations on the Commercial Performance, which was last amended on May 13, 2022 with immediate effect, further provides that the commercial performance provided in the Administrative Regulations on the Commercial Performance refers to the on-site cultural and artistic performances to the public for the purpose of making profits with methods including selling tickets or getting sponsors, paying or remunerating performing entities or individuals, using the performances as a medium for promotions or for promoting sale of products and in other profitable forms.

On August 30, 2021, the MCT published the Internet Performance Brokerage Agencies Measures, according to which an internet performance brokerage agency shall obtain a commercial performance license, not promote their hosts by encouraging virtual gifting with rankings and fake advertisements, and not falsely induce users to consume user tokens or provide virtual gifting. A fine within the range of eight to ten times of the illegal proceeds and confiscation of illegal proceeds might be imposed on agencies engaged in commercial performance activities without approval. The MCT gives a grace period of 18 months, or until February 28, 2023, for online performance talent management agencies to obtain the license. On October 10, 2022, such grace period was further extended to February 29, 2024, according to an announcement by the MCT.

On December 13, 2021, the MCT issued Measures for the Administration of Performance Brokers, which came into effect on March 1, 2022, and provides that performance brokers activities include performance organization, production, marketing, performance intermediary, agency, commission trade, actors' signing, promotion, agency and other activities. Persons engaged in performance brokerage activities within the territory of the PRC shall pass the performance brokerage qualification examination and obtain the performance brokerage qualification certificate.

Sweden

Sweden has enacted the Public Order Act (1993:1617), which contains provisions on public gatherings and events and the conditions for organizing such gatherings or events. The Public Order Act thus imposes restrictions on the fundamental right to organize meetings and to conduct demonstrations guaranteed in the Swedish constitution, with the purpose to ensure the gathering is peaceful and safe for the participants, and to ensure the maintenance of law and order.

Competitions and sports shows are considered to be public events, to the extent such events are held in a public place or a place accessible to the public. The fact that an entrance fee must be paid in order to enter the area where the event is held, does not affect the assessment of whether the place is considered to be accessible to the public. However, if the event is limited to certain invited guests or members of a certain association, such an event would typically not be considered to be a public gathering or assembly.

A license is only required to host public events held in public places. Arenas are typically not considered to be public spaces, and thus do not require any license. Nevertheless, when a public event is held in an area covered by a zoning plan, the police authority must be notified of the event. This notification obligation also applies where a public event is held outside, and where there, due to the high number of expected participants, are risks that public order is disrupted, that safety is jeopardized or that the nearby area or traffic is disturbed. Notifications shall be made orally or in writing no later than five days prior to the public event.

Regulations on Hosting Large-Scale Mass Activities

China

On September 14, 2007, the State Council promulgated the Regulations for the Security Administration of Large-Scale Mass Activities, which became effective from October 1, 2007, regulates that organizers of large-scale mass activities like sports events, concerts and performances are responsible for such activities' security and should apply for security permits in advance if such activities with more than 1,000 participants, a violation of which will cause fine and confiscation of illegal gains by the authorities.

Sweden

There is no legislation in Sweden specifically regulating hosting of large-scale mass activities. With regard to legislations covering public gatherings and events, please refer to the section on "Regulations on Commercial Performance" above.

Regulations on Production and Operation of Radio and Television Programs

China

On August 8, 2022, the National Radio and Television Administration, or the NRTA, promulgated a draft of Regulations on the Administration of Production and Operation of Radio, Television and Internet Programs for public consultations, which expanded the application scope of the license to include brokerage agencies organizing actors, streamers, etc. to engage in program productions. Any foregoing entities that engage in the production of radio and television programs are required to apply for a license from the NRTA or its local level counterparts. Since the Regulations on the Administration of Production and Operation of Radio, Television and Internet Programs has not been formally adopted as of the date of this annual report, the revised draft (especially its operative provisions) and its anticipated adoption or effective date are subject to further changes with substantial uncertainty.

Sweden

The Swedish Press and Broadcasting Authority distinguishes between five different types of internet media: websites and databases, web television and web radio, video on demand, podcast radio, and newsletters. Every type of media comes with its own set of rights and obligations, of which some require registration with the Swedish Press and Broadcasting Authority. Failure to fulfill the registration obligation can result in an injunction subject to penalties. In some cases, when registering, as a provider of any of the categories of internet media, it is also necessary to register a publisher. Failure to comply can result in a fine or, in the most extreme cases, constitute criminal conduct for which monetary fines and imprisonment may be imposed. Additionally, online entertainers and on-demand video providers must ensure that recipients of their services always have easy access to identifying information, such as the name of the organization,geographical as well as e-mail addresses, and information on the competent supervisory authority. Failure to provide the information may result in an injunction possibly combined with penalties.

Streaming and on-demand video services might also fall under the Swedish Radio and Television Act (2010:696), regulating radio and television broadcasts and on-demand television in Sweden, based on where the media service will be considered established. The Swedish Radio and Television Act contains rules on the content of broadcasts, advertising, sponsorships and product placement, as well as rules regarding accessibility for individuals with disabilities. Failure to comply with these rules may result in penalties, ranging from SEK 5,000 to SEK 5,000,000, however, never greater than 10% of the relevant undertaking's annual turnover based on the previous financial year.

Regulations on Cybersecurity and Data Security

China

On July 30, 2021, the State Council issued the Security Protection Regulations of Critical Information Infrastructure (the "CII Regulations"), which came into effect on September 1, 2021. Pursuant to the CII Regulations, "critical information infrastructures" refers to important network facilities and information systems of important industries and sectors such as public communications and information services, energy, transport, water conservation, finance, public services, e-government, and science and technology industry for national defense, as well as other important network facilities and information systems that may seriously endanger national security, national economy and citizen's livelihood and public interests if they are damaged or suffer from malfunctions, or if any leakage of data in relation thereto occurs. Competent authorities as well as the supervision and administrative authorities of the above-mentioned important industries and sectors are responsible for the security protection of critical information infrastructures (the "Protection Authorities"). The Protection Authorities will establish the rules for the identification of critical information infrastructures based on the situations of the industry and report such rules to the public security department of the State Council for record. The following factors must be considered when establishing identification rules: (i) the importance of network facilities and information systems to the core businesses of the industry and the sector; (ii) the harm that may be brought by the damage, malfunction or data leakage of, the network facilities and information systems; and (iii) the associated impact on other industries and sectors. The Protection Authorities are responsible for organizing the identification of critical information infrastructures in their own industries and sectors in accordance with the identification rules, promptly notifying the operators of the identification results and reporting to the public security department of the State Council. These provisions were newly issued, and detailed rules or explanations may be further enacted with respect to the interpretation and implementation of such provisions, including rules on identifying critical information infrastructures in different industries and sectors.

On November 7, 2016, the Standing committee of the NPC, or the SCNPC, promulgated the Cyber Security Law of the PRC, or the Cyber Security Law, which became effective on June 1, 2017. The Cyber Security Law requires network operators to comply with laws and regulations and fulfill their obligations to safeguard security of the network when conducting business and providing services. The Cyber Security Law further requires network operators to take all necessary measures in accordance with applicable laws, regulations, and compulsory national requirements to safeguard the safe and stable operation of the networks, respond to cyber security incidents effectively, prevent illegal and criminal activities, and maintain the integrity, confidentiality and usability of network data.

On December 28, 2021, the CAC published the Revised Measures for Cybersecurity Review (the "Revised CAC Measures"), which became effective on February 15, 2022, and superseded the Measures for Cybersecurity Review promulgated on April 13, 2020. The Revised CAC Measures provides that a critical information infrastructure operator purchasing network products and services, and platform operators carrying out data processing activities which affect or may affect national security, must apply for cybersecurity review. The Revised CAC Measures also provides that a platform operator with more than one million users' personal information aiming to list abroad must apply for cybersecurity review.

On June 10, 2021, the SCNPC promulgated the PRC Data Security Law, which has taken effect in September 2021. The Data Security Law introduces a data classification and hierarchical protection system based on the materiality of data in economic and social development, as well as the degree of harm it will cause to national security, public interests, or legitimate rights and interests of persons or entities when such data is tampered with, destroyed, divulged, or illegally acquired or used. It also provides for a security review procedure for the data activities which may affect national security. On September 24, 2024, the State Council published the Administrative Regulations on Internet Data Security (the "Regulations on Internet Data Security"), which became effective on January 1, 2025. The Regulations on Internet Data Security reiterates the general regulations for cyber data processing activities, rules of personal information protection, important data security protection, network data cross-border transfer management, and the responsibilities of internet platform service providers. The Regulations on Internet Data Security generally provides that cyber data processors whose cyber data processing activities affect or may affect national security shall be subject to national security review in accordance with the relevant regulations. There is no further explanation or interpretation on what kind of activities "affect or may affect national security" under the Regulations on Internet Data Security yet.

On July 6, 2021, the General Office of the CPC Central Committee, and the General Office of the State Council jointly promulgated the Opinions on Strictly Combatting Illegal Securities Activities in Accordance with the Law (the "6 July Opinion"), which called for the enhanced administration and supervision of overseas-listed China-based companies, proposed to revise the relevant regulation governing the overseas issuance and listing of shares by such companies and clarified the responsibilities of competent domestic industry regulators and government authorities. Furthermore, along with the promulgation of the 6 July Opinion, overseas-listed China-based companies are experiencing a heightened scrutiny over their compliance with laws and regulations regarding data security, cross-border data flow and management of confidential information from PRC regulatory authorities. Such laws and regulations are expected to undergo further changes, which may require increased information security responsibilities and stronger cross - border information management mechanism and process. As of the date of this annual report, we have not received any inquiry, notice, warning, or sanctions from the CSRC or any other PRC government authorities in such respect.

On September 24, 2024, the State Council published the Regulation on Network Data Security Administration, or the Regulation on Network Data, which took effect on January 1, 2025. The Regulation on Network Data provides that data processing operators engaging in data processing activities that affect or may affect national security must be subject to network data security review. Network data processing activities refer to the collection, retention, use, processing, transmission, provision, disclosure, deletion, and other activities of network data. However, the Regulation on Network Data provides no further explanation or interpretation as to how to determine what "may affect national security," and there remain uncertainties as to whether we would be subject to the cybersecurity review.

On August 20, 2021, the Standing Committee of the National People's Congress issued the PRC Personal Information Protection Law (the "Personal Information Protection Law"), which became effective on November 1, 2021, and sets forth detailed rules on handling personal information and legal responsibilities, including but not limited to the scope of personal information and the ways of processing personal information, the establishment of rules for processing personal information, and the individual's rights and the processor's obligations in the processing of personal information. The Personal Information Protection Law also strengthens the punishment for those who illegally process personal information.

The Law of the PRC on the Protection of Minors (2024 Revision), which took effect on April 26, 2024, added a new section entitled "Online Protections," which stipulates a series of provisions to further protect minors' interests on the internet, and together with the Opinions of the General Office of the MCT on Strengthening the Protection of Minors in the Online Cultural Market, provide, among others, live streaming service providers are prohibited from providing minors under age 16 with online live streaming publisher account registration services, and that they must obtain the consent from the minors' parents or guardians and verify the identity of the minors before allowing minors aged between 16 and 18 to register a live streaming publisher account, and online service providers for products and services such as video or audio live streaming and social networking are required to establish management systems to manage viewing time, and monitor access authority and consumption for minors. Furthermore, on October 16, 2023, the State Council published the Regulations on the Online Protection of Minors, pursuant to which, cyber service providers that provide minors with information release, instant messaging and other services shall require the minors or their guardians to provide the real identity information of the minors. If the minors or their guardians refuse to provide the real identity information of the minors, cyber service providers shall not provide relevant services for the minors.

On February 12, 2025, the CAC promulgated the Administrative Measures for the Compliance Audit of Personal Information Protection, which came into effective on May 1, 2025, provides that any personal information handler handling the personal information of more than 10 million people shall carry out the personal information protection compliance audits at least once every two years. In addition, for a personal information handler who falls under any of the following circumstances, the CAC and other authorities performing responsibilities of personal information protection may require the personal information handler to entrust a specialized agency with the compliance audit of its personal information handling activities: (1) Where its personal information handling activities involve relatively large risks such as serious impact on personal rights and interests or serious lack of security measures; (2) Where its personal information handling activities may infringe upon the rights and interests of many people; or (3) Where a personal information security incident occurs, resulting in the divulgence, tampering with, loss or damage of the personal information of more than one million people or the sensitive personal information of more than 100,000 people.

Sweden

On May 25, 2018, Regulation 2016/679 of the European Parliament and of the Council on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, otherwise known as the General Data Protection Regulation, or the GDPR, entered into force. The GDPR concerns the protection of personal data of natural persons with respect to its processing, imposing obligations on controllers and processors processing such personal data. The GDPR has a particularly wide scope of application, impacting any controller or processor with an establishment in the European Union, or the EU, and the European Economic Area, or the EEA, as well as controllers and processors outside the EU/EEA offering goods or services or monitoring the behavior of individuals in the EU/EEA. The obligations imposed on controllers and processors pursuant to the GDPR include that processing must be carried out on the basis of specified purposes and an applicable legal basis, implementing technical and organizational measures, providing transparent information on the processing activities to the individuals whose personal data is processed, facilitating these individuals' rights as data subjects pursuant to the GDPR, ensuring that any outsourcing of personal data is held to an equivalent standard of data protection as provided by the GDPR, and to adhere to specific requirements for transmitting personal data to destinations outside the EU/EEA. Non-compliance with the GDPR may incur administrative penalties up to EUR 20,000,000 or 4% of the total worldwide annual turnover of the preceding financial year, whichever is higher. The Swedish Authority for Privacy Protection is the regulatory authority tasked with enforcing the GDPR within Swedish jurisdiction. On May 19 2022, the Swedish Electronic Communications Act, or the ECA, was updated in accordance with Directive 2018/1972 of the European Parliament and of the Council establishing the European Electronic Communications Code, a legislative update of the previously applicable EU directive and the implemented Swedish act. The ECA imposes, amongst other things, privacy-related obligations on organizations placing cookies, pixels and other similar files on websites. The ECA, in combination with the GDPR, thus impacts digital direct marketing to customers and/or presumptive customers, as digital direct marketing activities must be carried out in compliance with both the ECA and the GDPR, as well as the Swedish Marketing Act which contains general rules for marketing practices. The Swedish Post and Telecom Authority is the regulator for the ECA. Penalties for non-compliance with the relevant sections of the ECA may incur monetary fines, in addition to administrative sanctions pursuant to the GDPR.

Regulations on M&A and Overseas Listings

China

In 2006, six PRC regulatory agencies, including the CSRC, jointly adopted the Regulations on Mergers of Domestic Enterprises by Foreign Investors, or the M&A Rules, amended in 2009. The M&A Rules purport, among other things, to require an offshore special purpose vehicle controlled by PRC companies or individuals and formed for overseas listing purposes through acquisitions of PRC domestic interest held by such PRC companies or individuals, to obtain the approval from the CSRC prior to publicly listing their securities on an overseas stock exchange. In 2006, the CSRC published a notice on its official website specifying documents and materials required to be submitted to it by the offshore special purpose vehicle seeking CSRC approval of its overseas listing. If the CSRC or other PRC regulatory agencies subsequently determine that prior CSRC approval was required, we may face regulatory actions or other sanctions from the CSRC or other PRC regulatory agencies.

The M&A Rules also establish procedures and requirements that could make some acquisitions of PRC companies by foreign investors more time-consuming and complex, including requirements in some instances that the anti-monopoly law enforcement agency be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise. In addition, the Rules on Implementation of Security Review System for the Merger and Acquisition of Domestic Enterprises by Foreign Investors issued by the MOFCOM in 2011 specify that mergers and acquisitions by foreign investors that raise "national defense and security" concerns and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises that raise "national security" concerns are subject to strict review by the MOFCOM, and prohibit any activities attempting to bypass such security review, including by structuring the transaction through a proxy or contractual control arrangement.

On February 17, 2023, the CSRC released several regulations regarding the management of filings for overseas offerings and listings by domestic companies, including the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies together with 5 supporting guidelines (together with the Trial Measures, collectively referred to as the "New Regulations on Filing"). The New Regulations on Filing was formally implemented on March 31, 2023. Under New Regulations on Filing, a filing-based regulatory system has been applied to "indirect overseas offering and listing" of PRC domestic companies, which refers to such securities offering and listing in an overseas market made in the name of an offshore entity, but based on the underlying equity, assets, earnings or other similar rights of a domestic company which operates its main business domestically. According to the New Regulations on Filing, if the issuer meets the following conditions at the same time, its offering and listing shall be deemed as an "indirect overseas offering and listing by a domestic company": (i) the revenues, total profits, total assets or net assets of the Chinese operating entities in the most recent financial year accounts and any index accounts for more than 50% of the corresponding data in the issuer's audited consolidated financial statements for the same period; (ii) the main parts of business activities are conducted in PRC or its principal place of business is located in PRC, or the majority of senior management in charge of business operation are Chinese citizens or have domicile in PRC. In case of an overseas initial public offering or listing, it shall file with the CSRC within 3 working days after submitting the application documents for issuance and listing abroad. Domestic companies that have submitted a valid application for an overseas offering and listing but have not received consent from the overseas regulator or overseas stock exchange before implementation date of the New Regulations on Filing, the filing with CSRC shall be completed before the overseas offering and listing.

On February 24, 2023, four PRC regulatory agencies, including the CSRC, jointly promulgated the Provisions on Strengthening the Management of Confidentiality and Archives Related to the Overseas Issuance of Securities and Overseas Listing by Domestic Companies, or the Confidentiality and Archives Management Provisions relating to Overseas Listing, which has taken effect on March 31, 2023. In the overseas listing activities of domestic companies, as well as securities companies and securities service institutions providing relevant securities services hereof, should establish a sound system of confidentiality and archival work, shall not disclose state secrets, or harm the state and public interests.

Sweden

Sweden does not currently have a foreign investment review regime in place. However, the Swedish Protective Security Act (2018:585), implemented on April 1, 2019, contains a specific regulation concerning the protection of infrastructure of potentially sensitive nature for security in Sweden. The Swedish Protective Security Act applies to all transfer of ownership and covers entities conducting security-sensitive activities. The Swedish Protective Security Act includes an explicit obligation on selling companies to examine if the transfer is suitable and thus assess and decide whether the business falls within the scope of the act. Entities falling within the scope of the act are required to proceed with a mandatory consultation process (i.e., filing).

Regulations on Corporation

The SCNPC on December 29, 1993, came into effect on July 1, 1994 and was last revised on December 29, 2023. Under the PRC Company Law, companies are generally classified into two categories, i.e. limited liability companies and companies limited by shares. Each a limited liability company or a company limited by shares is an enterprise legal person, and liable for its debts with all its assets. PRC Company Law is also applicable to foreign-invested companies, except otherwise set out in any other regulations.

Regulations on Anti-Monopoly

Sweden

The Swedish Competition Act (2008:579) (Sw. *Konkurrenslagen*) is the legal framework prohibiting anticompetitive conduct through unlawful cooperation between undertakings and unlawful exploitation of market power by undertakings in a dominant position. Further, the Swedish Competition Act contains rules on the acquisition of undertakings as well as anticompetitive public sales activities. The Swedish Competition Act incorporates the substantive European competition rules into Swedish national law.

The Swedish Competition Authority (Sw. *Konkurrensverket*) applies Articles 101 and 102 of the Treaty on the Functioning of the European Union (Lisbon Treaty) in accordance with the Council Regulation (EC) No 1/2003 of 16 December 2002 on the implementation of the rules on competition laid down in Articles 81 and 82 of the Treaty, and subsequent amending acts. The current version of the Swedish Competition Act entered into force on November 1, 2008 and through this amendment the enforcement of the Swedish Competition Act became more effective and punitive damages became more deterrent. The Swedish Competition Act has subsequently been amended through several supplementary legislations, some of which have substantially extended the Swedish Competition Authority's investigative powers.

The Swedish Competition Act prohibits undertakings from several types of anticompetitive conduct, such as:

- Anticompetitive cooperation, for example when undertakings cooperate to prevent, restrict or distort competition. Agreements which have as their object or effect to fix prices of goods, limit output or sales volume of goods or share markets are typical examples of prohibited cooperation. For such violations, sanctions include the nullification of the agreement in its entirety and a risk of fines up to 10% of the turnover from the previous year of each of the involved groups. Additionally, the EU regulators apply broader EU block exemption regulations which, provided certain conditions are met, automatically exempt specified types of agreements from the prohibition. Importantly, the European Commission adopted the new Vertical Block Exemption Regulation and Vertical Guidelines in 2022, which substantially helps undertakings assess the compatibility of supply and distribution agreements with competition rules;

- Abuse of a dominant market position, which may in particular consist of directly or indirectly imposing unfair purchase or selling prices or limiting production to the prejudice of consumers. Under EU and Swedish competition law, dominance alone is not prohibited, however the abuse of market power is. Sanctions for such violations include the nullification of the agreement in its entirety and a risk of fines up to 10% of each of the involved groups' turnover from the previous year; and

- Anticompetitive mergers that significantly impede effective competition in Sweden as a whole or in part of the country. This can be done in particular as a result of the creation or strengthening of a dominant position. The Swedish Competition Act contain turnover-based thresholds with regard to when an acquisition should be notified to the Swedish Competition Authority: (i) the combined aggregate turnover in Sweden of all the undertakings concerned in the preceding financial year exceeded SEK 1 billion, and (ii) at least two of the undertakings concerned had a turnover in Sweden the preceding financial year which exceeded SEK 200 million. If the turnover thresholds are met, parties are obliged to notify the transaction. The Competition Authority can under certain circumstances order a notification, even when there is no obligation to notify as the above thresholds are not met. The Swedish Competition Act does not contain any penalties directly tied to the failure to meet the mandatory notification obligation, however, the Competition Authority may order an acquiring undertaking to complete their notification under payment of a penalty.

The Swedish Competition Act was amended in early 2021 as a result of Directive (EU) 2019/1, which aims to harmonize the investigative and sanctioning powers of the European Competition Authorities in their enforcement of the EU Competition Rules. Through the amendment the authority is, inter alia, empowered to impose fines if undertakings do not co-operate with an investigation and it can issue infringement decisions.

Regulations on Value-Added Telecommunication Services

China

The Telecommunications Regulations of the PRC, or the Telecommunications Regulations, as promulgated by the State Council in 2000 and most recently amended in 2016, requires telecommunications service providers to obtain operating licenses prior to the commencement of their operations. The Telecommunications Regulations distinguish "infrastructure telecommunications services" from "value-added telecommunications services" and operators of value-added telecommunications services shall obtain value-added telecommunications business operation licenses from the Ministry of Industry and Information Technology, or the MIIT, or its provincial branches prior to the commencement of such services. According to the Catalog of Telecommunications Business, which was promulgated by the MIIT, on February 21, 2003 and amended by the MIIT on December 28, 2015 and June 6, 2019, the information services and the online data processing and transaction processing services fall within the value-added telecommunications services.

The Administrative Measures on Telecommunications Business Permits, which was promulgated by the MIIT on March 1, 2009, and amended on July 3, 2017, sets forth more specific provisions regarding the types of licenses required to operate value-added telecommunications services, the qualifications and procedures for obtaining such licenses and the administration and supervision of such licenses. The Administrative Measures on Internet Information Services, or the Internet Measures, promulgated by the State Council on September 25, 2000, and revised on December 6, 2024, requires that an operator of commercial internet information services must obtain a value-added telecommunications business operating license from the appropriate telecommunications authorities for its provision of such internet information services.

The NDRC and MOFCOM promulgated the Special Administrative Measures (Negative List) for Foreign Investment Access (2024 Edition), on September 6, 2024, to replace the previous negative list thereunder. According to the 2024 Negative List, the value-added telecommunications services (excluding e-commerce business, domestic multi-party communications, store-and-forward and call centers) fall into the "restricted" category. Foreign direct investment in telecommunications companies in mainland China is governed by the Provisions on Administration of Foreign-Invested Telecommunications Enterprises, which was promulgated by the State Council on December 11, 2001, and revised in 2008, 2016, 2022. The Provisions on Administration of Foreign-Invested Telecommunications Enterprises revised in 2022 abolishes the requirements of the main investor who must demonstrate a good track record and experience in operating a value-added telecommunication business and requires foreign-invested value-added telecommunications enterprises in mainland China to be established as Sino-foreign equity joint ventures, which the foreign investors may acquire up to 50% of the equity interests of such enterprise.

Regulations on Intellectual Property Rights

The PRC has adopted comprehensive legislation governing intellectual property rights, including copyrights, trademarks, patents and domain names.

Copyright

China

The Copyright Law of the PRC, adopted in 1990 and revised in 2001, 2010 and 2020 respectively, or the Copyright Law, and its implementing regulations adopted in 2002 and amended in 2011 and 2013, provide that Chinese citizens, legal persons, or other organizations will, whether published or not, enjoy copyright in their works, which include music works. Copyright will generally be conferred upon the authors, or in case of works made for hire, upon the employer of the author. Copyright holders enjoy personal and economic rights. The personal rights of a copyright holder include rights to publish works, right to be named as the author of works, right to amend the works and right to keep the works intact; while economic rights of a copyright holder include, but not limited to, reproduction right, distribution right, performance right, information network dissemination right, etc. In addition, the rights of performers with respect to their performance, rights of publishers with respect to their design of publications, rights of producers with respect to their video or audio productions, and rights of broadcasting or TV stations with respect to their broadcasting or TV programs are classified as copyright-related interest and protected by the Copyright Law. The copyright holders may license others to exercise or assign all or part of their economic rights attached to their works. The license can be made on an exclusive or non-exclusive basis. With a few exceptions, an exclusive license or an assignment of copyright should be evidenced in a written contract. Pursuant to the Copyright Law and its implementing regulations, copyright infringers are subject to various civil liabilities, such as stopping infringing activities, issuing apologies to the copyright owners and compensating the copyright owners for damages resulting from such infringement. The damages should be calculated based on the actual loss suffered by the copyrights owner or the illegal income made by the infringer.

On May 18, 2006, the State Council promulgated the Regulations on the Protection of the Right to Network Dissemination of Information, as amended on January 30, 2013. Under these regulations, an owner of the network dissemination rights with respect to written works or audio or video recordings who believes that information storage, search or link services provided by an internet service provider infringe his or her rights may require that the internet service provider delete, or disconnect the links to, such works or recordings. The internet service provider who provides information storage space to recipients of its services to facilitate the provision by such recipient of works, performances and audio-video content to the public shall not be held liable for losses caused by any alleged infringement, provided that such internet service provider has deleted relevant works, performances and audio-video content after receiving a notice from the purported right holder, and the satisfaction of certain other conditions, including that (i) such internet service provider has specifically indicated that such information storage space is provided for the recipients of its services and the name, contact person information and network address of the of the network service provider have been made public; (ii) the works, performances and audio-video content provided by the recipients are not altered; (iii) the internet service provider is not aware and has no reason to be aware that the works, performances and audio-video content provided by recipients of its services are infringing; and (iv) the internet service provider does not derive economic benefits directly from the works, performances and audio-video content provided by the recipients of its services.

Sweden

The Swedish Copyright Act (1960:729), adopted on December 30, 1960, last revised on January 1, 2023, applies to literary or artistic works, including fictional or descriptive presentation in writing or speech, computer program, musical or scenic work, film works, photographic works or any other work of visual art, articles of construction art of applied art, or works that have been expressed in some other way, as well as maps and other descriptive works in drawing, graphics, or in plastic form. Insofar as computer programs are governed by the Swedish Copyright Act, it also applies to preparatory design material for computer programs. The creator or copyright-holder of any such work enjoys economic and moral rights to created works. Under the Swedish Copyright Act, copyright entails the exclusive right to dispose of the work by creating copies and by making it available to the public, in its original or altered state, in translation or adaption, in another literary or artistic form or in other technology. The Swedish Copyright Act applies e.g., to works created by Swedish citizens or by a person with a usual place of residence in Sweden, to works that were first published in Sweden or simultaneously in Sweden and abroad and film works whose producer has his registered office or his usual place of residence in Sweden. The copyright holders may license others to exercise or assign all or part of their economic rights attached to their works, whereas moral rights have to be addressed by, e.g., attribution of the copyright-holder. The license can be made on an exclusive or non-exclusive basis. With a few exceptions, an exclusive license or an assignment of copyright should be evidenced in a written contract. Pursuant to the Swedish Copyright Act, infringers of copyright are subject to various civil liabilities, such as ceasing infringing activities, indemnifying the copyright owners for damages resulting from infringement, and in the most extreme cases, criminal penalties including monetary fines or even imprisonment. The Swedish Copyright Act also include rules on collective license, which may be viewed as a relatively unique type of licensing. The collective license is a form of license concluded between a user of a copyright-protected work and an organization that represents a number of Swedish copyright-holders. A collective license gives the user the right to use works of the type which any particular collective license refers to, even though the copyright-holders of the works are not represented by the particular collective license organization.

Trademark

China

According to the Trademark Law of the PRC, adopted in 1982 and latest amended in 2019, as well as the Implementation Regulation of the Trademark Law of the PRC adopted by the State Council in 2002 and subsequently amended in 2014, registered trademarks are granted a term of ten years which may be renewed for consecutive ten-year periods upon request by the trademark owner. Trademark license agreements shall be filed with the Trademark Office for record. Conducts that shall constitute an infringement of the exclusive right to use a registered trademark include but not limited to: using a trademark that is identical with or similar to a registered trademark on the same or similar goods without the permission of the trademark registrant, selling goods that violate the exclusive right to use a registered trademark, etc. Pursuant to the Trademark Law of the PRC, in the event of any of the foregoing acts, the infringing party will be ordered to stop the infringement immediately and may be fined; the counterfeit goods will be confiscated. The infringing party may also be held liable for the right holder's damages, which will be equal to gains obtained by the infringing party or the losses suffered by the right holder as a result of the infringement, including reasonable expenses incurred by the right holder for stopping the infringement.

Sweden

According to the Swedish Trademark Act (2010:1877), registered trademarks are granted a term of ten years which may be renewed for consecutive ten years periods by the trademark owner. A trademark license agreement may, upon request, be filed with the Swedish Intellectual Property Office for record - keeping. Conducts that shall constitute an infringement of the exclusive right to use a registered trademark include, but are not limited to, using a trademark that is identical with or similar to a registered trademark on the same or similar goods without the permission of the trademark registrant and selling goods that violate the exclusive right to use a registered trademark. An infringing party may be ordered to cease the infringement immediately at the risk of a fine and any counterfeit goods may be confiscated. The infringing party may also be held liable for the right holder's damages and may also be held criminally liable.

Domain Name

China

In China, the administration of PRC internet domain names is mainly regulated by the MIIT, under supervision of the China Internet Network Information Center, or CNNIC. On August 24, 2017, the MIIT promulgated the Measures on Administration of Internet Domain Names, which became effective as of November 1, 2017 and replaced the Measures on Administration of Domain Names for the Chinese Internet issued by the MII on November 5, 2004, which adopt "first to file" rule to allocate domain names to applicants, and provide that the MIIT shall supervise the domain names services nationwide and publicize PRC's domain name system. On June 18, 2019, the CNNIC issued a circular to authorize a domain name dispute resolution institution acknowledged by the CNNIC to decide relevant disputes. On January 1, 2018, the Circular of the Ministry of Industry and Information Technology on Regulating the Use of Domain Names in Providing Internet-based Information Services issued by the MIIT became effective, which stipulates that an internet access service provider shall, pursuant to requirements stated in the Anti - Terrorism Law of the PRC and the Cybersecurity Law of the PRC, verify the identities of internet -based information service providers, and the internet access service providers shall not provide access services for those who fail to provide their real identity information.

Sweden

In Sweden, the administration of Swedish internet domain names is regulated by the Swedish Act on National Top-level Domains (2006:24) under the regulatory oversight of Swedish Post and Telecom Authority. The regulatory activities are primarily focused on the single Swedish domain name administrator, the Swedish Internet Foundation, the organization responsible for the Swedish top-level domains (.se) and (.nu).

Regulations on Employment

China

The Labor Law of the PRC which was promulgated by the Standing Committee of the National People's Congress on July 5, 1994, effective since January 1, 1995, and were further amended on August 27, 2009 and December 29, 2018, the Labor Contract Law of the PRC which was promulgated by the Standing Committee of the National People's Congress on June 29, 2007 and amended on December 28, 2012, and the Implementing Regulations of the Labor Contract Law of the PRC which was promulgated by the State Council on September 18, 2008, are the principal regulations that govern employment and labor matters in the PRC. Under the above regulations, labor relationships between employers and employees must be executed in written form, and wages shall not be lower than local standards on minimum wages and shall be paid to employees timely. In addition, employers must establish a system for labor safety and sanitation, strictly abide by state standards and provide relevant training to its employees. Employers are also prohibited from forcing employees to work above certain time limit and employers shall pay employees for overtime work in accordance with national regulations.

According to the Social Insurance Law of the PRC promulgated by the Standing Committee of the National People's Congress on October 28, 2010, effective since July 1, 2011 and amended on December 29, 2018, together with other relevant laws and regulations, the PRC establishes a social insurance system including basic pension insurance, basic medical insurance, occupational injury insurance, unemployment insurance and maternity insurance. Any employer shall register with the local social insurance agency within 30 days after its establishment and shall register for the employee with the local social insurance agency within 30 days after the date of hiring. An employer shall declare and make social insurance contributions in full and on time. The occupational injury insurance and maternity insurance shall only be paid by employers while the contributions of basic pension insurance, medical insurance, and unemployment insurance shall be paid by both employers and employees.

According to the Regulation on the Administration of Housing Fund promulgated by the State Council on April 3, 1999 and amended in 2002 and 2019 respectively, employers are required to register at the designated administrative centers, open bank accounts for depositing employees' housing fund and make housing fund contributions for employees in the PRC. Employer who fails to make housing fund contributions may be ordered to rectify the noncompliance and pay the required contributions within a stipulated deadline.

Sweden

In Sweden, a distinction is made between employees and consultants. In order to determine whether a contractual relationship constitutes an employment relationship or whether the individual performing the services is an independent consultant, certain factors are normally considered when making an overall assessment of the relationship. This assessment is normally made upon a claim by the individual providing the services that he/she is a so called de facto employee. Factors that could indicate that an employment relationship is at hand — even if the agreement between the individual performing the services and the company receiving them is labelled as consultancy agreement — include e.g., whether the individual is on equal terms with employees from an economic and social point of view, if compensation for the services is paid in form of a guaranteed fixed remuneration, if there is any entitlement to paid leave, if the individual must carry out the job themselves, if the individual may perform work for other parties, if the individual is subject to specific instructions and close supervision of the company, if the individual is reimbursed for direct expenses, etc. The same factors can be used by the Swedish Tax Agency to reclassify a consultancy relationship into an employment relationship. From a Swedish employment law perspective, if an individual is deemed to be an employee rather than a consultant, the various provisions set forth in e.g., the Swedish Employment Protection Act, apply to the employment relationship, which could entail that the individual could be entitled to employment protection. An employee would also be entitled to vacation pay of 12% on the remuneration paid. From a Swedish tax law perspective, if an individual is deemed to be an employee rather than a consultant, the company retaining the services is required to report and pay social security contributions of 31.42% on the gross remuneration paid, and to withhold income tax on the payments, and Input VAT on the invoiced amounts are not deductible. In the event that the relationship between the individual performing the services and the company is that of an employment relationship (but that the parties have in practice treated it as a consultancy relationship), the company is exposed to tax penalties of 20% on omitted social security contributions and non-deductible input VAT, and of 5% on the amount of withholding tax. The gross remuneration paid to the individual and the social security contributions are however deductible for income tax purposes. Any reclassified payments give rise to a progressive individual tax for the worker and possible tax surcharges at 40% of the additional tax levied.

Regulations on Taxation

China

Enterprise Income Tax

On March 16, 2007, the National People's Congress promulgated the PRC Enterprise Income Tax Law which was amended on February 24, 2017 and December 29, 2018, and on December 6, 2007, the State Council enacted the Implementation Regulations for the Enterprise Income Tax Law of the PRC, which was last amended on December 6, 2024, or collectively, the PRC EIT Law. Under the PRC EIT Law, both resident enterprises and non-resident enterprises are subject to tax in the PRC. Resident enterprises are defined as enterprises that are established in China in accordance with PRC laws, or that are established in accordance with the laws of foreign countries or regions but the actual management institutions are in the PRC. Non-resident enterprises are defined as enterprises that are organized under the laws of foreign countries or regions and whose actual management institutions are outside the PRC, but have established institutions or premises in the PRC, or have no such established institutions or premises but have income generated from the PRC. The Circular Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies promulgated by State Administration of Taxation ("SAT") and latest amended in 2017 (the "Circular 82") also provides certain specific criteria for determining whether the "de facto management body" of a PRC- controlled enterprise that is incorporated offshore 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 EIT on its worldwide income only if all of the following criteria are met: (1) the primary location of the day-to-day operational management is in the PRC; (2) 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; (3) 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 (4) 50% or more of voting board members or senior executives habitually reside in the PRC. Under the PRC EIT Law and relevant implementing regulations, a uniform enterprise income tax rate of 25% is applied. However, if non-resident enterprises have not formed permanent establishments or premises in the PRC, or if they have formed permanent establishment or premises in the PRC but there is no actual relationship between the relevant income derived in the PRC and the established institutions or premises set up by them, enterprise income tax is set at the rate of 10% with respect to their income sourced from the PRC. Pursuant to the PRC EIT Law, the EIT tax rate of a qualified high and new technology enterprise, or HNTE, is 15%.

The Announcement of the State Administration of Taxation on Several Issues Relating to Enterprise Income Tax on Transfer of Assets between Non-resident Enterprises (the "Bulletin 7") was issued by the SAT on February 3, 2015, and latest amended on December 29, 2017. Pursuant to Bulletin 7, an "indirect transfer" of assets, including equity interests in a PRC resident enterprise, by non-PRC resident enterprises may be re-characterized and treated as a direct transfer of PRC taxable assets, if the arrangement does not have a reasonable commercial purpose and was established for the purpose of avoiding payment of PRC EIT. As a result, gains derived from an indirect transfer may be subject to PRC EIT. According to Bulletin 7, "PRC taxable assets" include assets attributed to an establishment or a place of business in China, immovable properties in China, and equity investments in PRC resident enterprises. In respect of an indirect offshore transfer of assets of a PRC establishment or place of business, the relevant gain is to be regarded as effectively connected with the PRC establishment or a place of business and therefore included in its EIT filing, and would consequently be subject to PRC EIT at a rate of 25%. Where the underlying transfer relates to the immovable properties in China or to equity investments in a PRC resident enterprise, which is not effectively connected to a PRC establishment or a place of business of a non-resident enterprise, a PRC EIT at 10% would apply, subject to available preferential tax treatment under applicable tax treaties or similar arrangements, and the party who is obligated to make the transfer payments has the withholding obligation. There is uncertainty as to the implementation details of Bulletin 7.

Value-added Tax

The Provisional Regulations on Value-added Tax of the PRC were promulgated by the State Council on December 13, 1993 and came into effect on January 1, 1994 which were last amended on November 19, 2017. The Detailed Rules for the Implementation of Provisional Regulations on Value-added Tax of the PRC were promulgated by the Ministry of Finance on December 25, 1993 and subsequently amended on December 15, 2008 and October 28, 2011, or collectively, VAT Law. On November 19, 2017, the State Council promulgated the Order on Abolishing the Provisional Regulations of the PRC on Business Tax and Amending the Provisional Regulations on Value-added Tax of the PRC, or Order 691. According to the VAT Law and Order 691, all enterprises and individuals engaged in the sale of goods, processing, repair and replacement services, sales of services, intangible assets, real property and the importation of goods within the territory of the PRC are the taxpayers of VAT. The VAT rates generally applicable are simplified as 17%, 11% and 6%, and the VAT rate applicable to the small-scale taxpayers is 3%.

On April 4, 2018, the Ministry of Finance and the State Administration of Taxation jointly issued the Notice on Adjustment of VAT Rates, which came into effect on May 1, 2018. According to the abovementioned notice, the taxable goods previously subject to VAT rates of 17% and 11% respectively become subject to lower VAT rates of 16% and 10% respectively. On March 20, 2019, the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs issued the Announcement on Relevant Policies on Deepen the Reform of Value-added Tax, pursuant to which that the taxable goods previously subject to VAT rates of 16% and 10% respectively become subject to lower VAT rates of 13% and 9% respectively, effective from April 1, 2019.

On December 25, 2024, the Standing Committee of the National People's Congress promulgated the VAT Law of the PRC, which became effective on January 1, 2026 and replaced the Provisional Regulations on Value-added Tax. The VAT Law provides that VAT rates generally applicable are simplified as 13%, 9% and 6%, and the VAT rate for simplified tax calculation method is 3%.

Dividend Withholding Tax

The PRC EIT Law provides that since January 1, 2008, an enterprise income tax rate of 10% will normally be applicable to dividends declared to non-PRC resident investors which do not have an establishment or place of business in the PRC, or which have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends are derived from sources within the PRC.

Pursuant to the Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Incomes, or the Double Tax Avoidance Arrangement and other applicable PRC laws, if a Hong Kong resident enterprise is determined by the competent PRC tax authority to have satisfied the relevant conditions and requirements under such Double Tax Avoidance Arrangement and other applicable laws, the 10% withholding tax on the dividends the Hong Kong resident enterprise receives from a PRC resident enterprise may be reduced to 5%. However, based on the Circular on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties, or the SAT Circular 81, issued on February 20, 2009 by the State Administration of Taxation if the relevant PRC tax authorities determine, at their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment. According to the Circular on Several Issues regarding the "Beneficial Owner" in Tax Treaties, which was issued on February 3, 2018 by the SAT, effective as of April 1, 2018, when determining the applicant's status of the "beneficial owner" regarding tax treatments in connection with dividends, interests or royalties in the tax treaties, several factors, including without limitation, whether the applicant is obligated to pay more than 50% of its income in twelve months to residents in third country or region, whether the business operated by the applicant constitutes actual business activities, and whether the counterparty country or region to the tax treaties does not levy any tax or grant tax exemption on relevant incomes or levy tax at an extremely low rate, will be taken into account, and such factors will be analyzed according to the actual circumstances of the specific cases. This circular further provides that applicants who intend to prove his or her status of the "beneficial owner" shall submit the relevant documents to the relevant tax bureau according to the Announcement on Issuing the Measures for the Administration of Non-Resident Taxpayers' Enjoyment of Treaty Benefits.

Sweden

Swedish Corporate Taxation

The Swedish Income Tax Act (1999:1229) ("ITA") entered into effect January 1, 2000. It is the main legal act that governs the Swedish taxation of all companies, both resident and non-resident for tax purposes. Apart from this law, Swedish taxation is also affected by the Value Added Tax Act (1994:200), the Tax Procedures Act (2011:1244) and several other tax acts. Swedish companies are generally taxed on their global corporate income, currently at 20.6%. In order to remedy double taxation situations, Sweden has entered into double tax treaties with 85 countries, among them the full scope double tax treaties with the US and the PRC, whereas only a limited double tax treaty has been entered into with the Cayman Islands. The majority of the double tax treaties utilize the credit method to avoid double taxation, including the treaties with the US and the PRC. Non-resident companies are generally not tax liable in Sweden except for income derived from a permanent establishment, income from real estate in Sweden and Swedish sourced dividend or royalty income, as further described below.

Swedish Withholding Tax Aspects

For non-resident corporate shareholders, a tax of 30% is withheld at source on dividends distributed by a Swedish company unless any reduced rate or exemption applies under local law or the applicable double tax treaty. In respect of dividend distributions from a Swedish company to a company tax resident in the Cayman Islands, the flat rate of 30% should apply as there currently should be no available exemption or reduced rate.

In addition, Sweden does not levy withholding taxes on interest nor on royalty income. However, a foreign recipient of Swedish-source royalties is generally deemed to have a Swedish permanent establishment for tax purposes, and is thus subject to Swedish income tax on the royalties received, unless any exemption applies under an applicable double tax treaty.

Foreign Tax Relief

Should foreign sourced income of a Swedish company be subject to foreign taxation, a foreign tax credit is generally available, provided certain conditions are fulfilled. For example, the foreign taxes must be finally assessed or withheld before it can be credited against Swedish taxes. The tax credit allowed for a Swedish company is limited to the amount corresponding to the Swedish tax on the foreign income. Further, any unutilized foreign tax credits may be carried forward for five years.

Interest Deduction Limitation Rules

In general, a Swedish company is entitled to deduct interest on ordinary business debt, however, certain restriction rules apply to interest under the general interest deduction limitation rules, as well as under the intra-group deduction limitation rules.

Under the intra-group deduction limitation rules, any interest expenses recorded on debt to a group company is deductible if the beneficial owner of the interest income within the group is domiciled within the EEA, or in a country with which Sweden has concluded a full scope double tax treaty, or if the beneficial owner of the interest income is subject to a corporate tax of at least 10%. However, no tax deduction should be granted if the underlying purpose of the loan is, exclusively or as good as exclusively, to obtain a substantial tax benefit. Companies are considered to form a group if a company has decisive influence over the other, directly or indirectly, or if the companies are under joint control.

As of January 1, 2019, there is also a general limitation of interest deduction rule under which interest deductions are capped at 30% of earnings before interest, taxes, depreciation, and amortization (EBITDA). Alternatively, without applying the EBITDA rule, a negative net interest income may be deducted up to a maximum of SEK 5 million on a group level. Negative net interest that cannot be deducted in one year may be carried forward for up to six years, but could be forfeited in the event of a change in ownership.

As of January 1, 2021, interest expenses recorded on debt to a company within a jurisdiction which is placed on the European Union list of non-cooperative jurisdictions are generally non-deductible. The prohibition applies to interest payments on loans between affiliated parties as well as third party debts. As of the list adopted by the European Council of the European Union on October 4, 2022, neither Sweden, the U.S., China nor the Cayman Islands are included in the list of non-cooperative jurisdictions.

Anti-Hybrid Rules

Sweden has implemented anti-hybrid rules via the ITA. Apart from the above described interest deduction restrictions, there is also an interest deduction prohibition in respect of hybrid mismatches. This prohibition applies when the recipient does not recognize the corresponding income for taxation due to a different legal classification of the income in two jurisdictions. Hybrid situations involving permanent establishments, hybrid transactions, imported mismatches, and mismatches due to double resident entities are also covered by the current anti-hybrid rules. Certain hybrid situations regarding dividends are also covered. In addition, extended hybrid mismatch rules covering certain transparent companies (so-called reverse hybrid mismatches) have recently entered into force.

Social Security Contributions

Swedish corporate employers pay Swedish employer social security contributions on compensation paid to employees who are covered by the Swedish social security system. Social security contributions are normally levied at 31.42% of the total taxable remuneration (no cap) paid by a Swedish employer.

Contracting subcontractors which have not been granted F-tax could, in general, cause a liability to make preliminary tax deductions and pay social security contributions in Sweden on the remuneration paid to the subcontractor. If the subcontractor has a valid F-tax registration, the risk only applies if there is an obvious employment relationship between the principal and the subcontractor. If a consultant agreement is deemed as an employment relationship, the principal risks are having to pay social security contributions of 31.42% on the paid remuneration, as well as penalties amounting to a maximum of 20% of the unpaid contributions.

Swedish Value-Added Tax

Swedish value added tax (“VAT”) is payable on goods and services at a rate of 25%. A reduced rate of 12% applies to food, catering and restaurant services and “tourism” (hotel accommodation). A reduced rate of 6% applies to newspapers, domestic personal transport and cinema tickets. Exports are zero rated, as are drugs and medical services, among others.

Swedish Transfer Pricing Documentation

A Swedish company with economic relationship with a non-resident company is required to prepare transfer pricing documentation; a Local File and Master File according to The Organization for Economic Co-operation and Development, or the OECD, Transfer Pricing Guidelines, in accordance with the Swedish Tax Procedures Act. Under the arm's length rule, closely related companies should act as if they were independent companies when pricing transactions between them. As such, the Swedish rule requires all cross border transactions between related companies to be priced at arm's length. Small and medium enterprises (where the whole group has less than 250 employees and has a turnover of a maximum of SEK 450 million or maximum total assets of SEK 400 million) are exempt from the requirement to prepare transfer pricing documentation in Sweden.

Regulations on Foreign Exchange

China

General Rules

The core regulations governing foreign currency exchange in China are the Foreign Exchange Administration Regulations of the PRC, promulgated by the State Council in 1996 and most recently amended in August 2008, or the Foreign Exchange Regulations. Under the Foreign Exchange Regulations, payments of current account items, such as profit distributions and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. By contrast, the conversion of Renminbi into other currencies and remittance of the converted foreign currency outside the PRC to pay capital expenses such as the repayment of foreign currency denominated loans, or if foreign currency is to be remitted into China under the capital account such as a capital increase or foreign currency loans to our PRC subsidiaries, prior approval from or registration with appropriate regulatory authorities is required.

Pursuant to the Circular of Further Improving and Adjusting Foreign Exchange Administration Policies on Foreign Direct Investment, or SAFE Circular 59 promulgated by SAFE on November 19, 2012, which became effective on December 17, 2012, and were further amended on May 4, 2015, October 10, 2018 and December 30, 2019, the opening of various special purpose foreign exchange accounts, such as pre-establishment expenses accounts, foreign exchange capital accounts and guarantee accounts, the reinvestment of Renminbi proceeds by foreign investors in the PRC, and remittance of foreign exchange profits and dividends by a foreign invested enterprise to its foreign shareholders no longer require the approval or verification of SAFE.

In February 2015, SAFE promulgated the Circular of Further Simplifying and Improving the Policies of Foreign Exchange Administration Applicable to Direct Investment, or SAFE Circular 13, which became effective on June 1, 2015 and was partially repealed on December 30, 2019. SAFE Circular 13 cancels the administrative approval requirements of foreign exchange registration of foreign direct investment and overseas direct investment, and simplifies the procedure of foreign exchange-related registration, and foreign exchange registrations of foreign direct investment and overseas direct investment will be handled by the qualified banks and their branches instead of SAFE and its branches.

The Circular on the Reforming the Administration of Foreign Exchange Settlement of Capital of Foreign-invested Enterprises, or SAFE Circular 19 which was issued by SAFE on March 30, 2015, effective from June 1, 2015, partially repealed on December 30, 2019, and latest amended on March 23, 2023, allows foreign-invested enterprises, within the scope of business, to settle their foreign exchange capital on a discretionary basis according to the actual needs of their business operation and provides the procedures for foreign-invested enterprises to use Renminbi converted from foreign currency-denominated capital for equity investment.

In January 2017, SAFE promulgated the Circular on Further Improving Reform of Foreign Exchange Administration and Optimizing Genuineness and Compliance Verification, or SAFE Circular 3, which stipulates several capital control measures with respect to the outbound remittance of profit from domestic entities to offshore entities, including (i) under the principle of genuine transaction, banks shall check board resolutions regarding profit distribution, the original of tax filing records and audited financial statements; and (ii) domestic entities shall hold income to account for previous years' losses before remitting the profits. Further, according to SAFE Circular 3, domestic entities shall make detailed explanations of the sources and utilization arrangements of capital, and provide board resolutions, contracts and other proof when applying for the registration in connection with an outbound investment and outbound remittance of capitals.

Offshore Investment

The Circular of SAFE on Issues Concerning the Foreign Exchange Administration over the Overseas Investment and Financing and Round-trip Investment by Domestic Residents via Special Purpose Vehicles, or SAFE Circular 37, which became effective on July 4, 2014, regulates foreign exchange matters in relation to the use of special purpose vehicles, or SPVs, by PRC residents or entities to seek offshore investment and financing or conduct round trip investment in China. Under the Circular 37, an SPV refers to offshore enterprises directly established or indirectly controlled by PRC residents for the purpose of seeking offshore equity financing or making offshore investment, using legitimate domestic or offshore assets or interests, while "round trip investment" refers to the direct investment in China by PRC residents or entities through SPVs, namely, establishing foreign invested enterprises to obtain the ownership, control rights and management rights. SAFE Circular 37 requires that, before making contribution into an SPV, PRC residents or entities are required to register with the local SAFE branch.

Employee Stock Incentive Plan

SAFE issued the Circular on Issues Concerning the Administration of Foreign Exchange Used for Domestic Individuals' Participation in Equity Incentive Plans of Overseas Listed Companies, or SAFE Circular 7 in 2012. Pursuant to SAFE Circular 7, employees, directors, supervisors, and other senior officers who participate in any equity incentive plan of publicly-listed overseas companies and who are PRC citizens or non-PRC citizens residing in China for a consecutive period of no less than one year, subject to a few exceptions, are required to register with SAFE or its local branches through a domestic qualified agent, which could be a PRC subsidiary of such overseas listed companies, and complete other procedures with respect to the equity incentive plan. In addition, the PRC agent is required to amend SAFE registration with respect to the equity incentive plan if there is any material change to the equity incentive plan, the PRC agent or other material changes. The PRC agent must, on behalf of these individuals who have the right to exercise the employee share options, apply to SAFE or its local branches for an annual quota for the payment of foreign currencies in connection with these individuals' exercise of the employee share options. Such individuals' foreign exchange income received from the sale of stocks and dividends distributed by the overseas listed company and any other income shall be fully remitted into a collective foreign currency account in China opened and managed by the PRC subsidiaries of the overseas listed company or the PRC agent before distribution to such individuals.

In addition, the State Administration of Taxation has issued certain notices concerning employee share options and restricted shares. Under these notices, employees working in China who exercise share options or are granted restricted shares will be subject to PRC individual income tax. PRC subsidiaries are required to file documents related to employee share options or restricted shares with relevant tax authorities and to withhold individual income taxes of employees who exercise their share options or purchase restricted shares. If the employees fail to pay or the PRC subsidiaries fail to withhold their income taxes in accordance with relevant laws and regulations, the PRC subsidiaries may face sanctions imposed by the tax authorities or other PRC regulatory authorities.

Loans by Foreign Companies to their PRC Subsidiaries

Loans made by foreign investors as shareholders in foreign invested enterprises established in China are considered to be foreign debts and are mainly regulated by the Regulation of the People's Republic of China on Foreign Exchange Administration, the Interim Provisions on the Management of Foreign Debts, the Statistical Monitoring of Foreign Debts Tentative Provisions, and the Administrative Measures for Registration of Foreign Debts. Pursuant to these regulations and rules, a shareholder loan in the form of foreign debt made to a PRC entity does not require the prior approval of SAFE, but such foreign debt must be registered with and recorded by SAFE or its local branches within 15 days after such foreign debt contract has been entered into. Under these regulations and rules, the balance of the foreign debts of a foreign invested enterprise shall not exceed the difference between the total investment and the registered capital of the foreign invested enterprise, or the Total Investment and Registered Capital Balance.

The Notice of the People's Bank of China on Matters concerning the Macro-Prudential Management of Full-Covered Cross-Border Financing, or PBOC Notice No. 9, issued by the PBOC on January 12, 2017, provides that within a transition period of one year from January 12, 2017, the foreign invested enterprises may adopt the currently valid foreign debt management mechanism, or the Current Foreign Debt Mechanism, or the mechanism as provided in PBOC Notice No. 9, or the Notice No. 9 Foreign Debt Mechanism, at their own discretion. PBOC Notice No. 9 provides that enterprises may conduct independent cross-border financing in RMB or foreign currencies as required. According to the PBOC Notice No. 9, the outstanding cross-border financing of an enterprise (the outstanding balance drawn, here and below) shall be calculated using a risk-weighted approach, or the Risk-Weighted Approach, and shall not exceed the specified upper limit, namely: risk-weighted outstanding cross border financing = the upper limit of risk-weighted outstanding cross-border financing. The upper limit of risk-weighted outstanding cross-border financing of an enterprise = its net assets × the leverage rate of cross-border financing × the macro-prudential adjustment parameter, among which the leverage rate of cross-border financing of an enterprise shall be 2 for enterprises and the macroprudential adjustment parameter shall be 1. Therefore, as of the date hereof, the upper limit of risk weighted outstanding cross-border financing of a PRC enterprise is 200% of its net assets, or Net Asset Limits. Enterprises shall file with SAFE in its capital item information system after entering into a cross-border financing agreement, but no later than three business days before making a withdrawal.

Based on the foregoing, if we provide funding to our wholly foreign owned subsidiaries through shareholder loans, the balance of such loans shall not exceed the Total Investment and Registered Capital Balance and we will need to register such loans with SAFE or its local branches in the event that the Current Foreign Debt Mechanism applies, or the balance of such loans shall be subject to the Risk-Weighted Approach and the Net Asset Limits and we will need to file the loans with SAFE in its information system in the event that the Notice No. 9 Mechanism applies. Under the PBOC Notice No. 9, after a transition period of one year from January 11, 2017, the PBOC and SAFE will determine the cross-border financing administration mechanism for the foreign-invested enterprises after evaluating the overall implementation of PBOC Notice No. 9. As of the date hereof, neither the PBOC nor SAFE has promulgated and made public any further rules, regulations, notices or circulars in this regard. It is uncertain which mechanism will be adopted by the PBOC and SAFE in the future and what statutory limits will be imposed on us when providing loans to our PRC subsidiaries. Despite neither the Foreign Investment Law nor its Implementing Regulation prescribes whether the certain concept "total investment amount" with respect to foreign -invested enterprises will still be applicable, no PRC laws and regulations have been officially promulgated to abolish the Current Foreign Debt Mechanism.

On January 5, 2023, NDRC issued the Administrative Measures for Examination and Registration of Medium and Long-term Foreign Debts of Enterprises, which became effective on February 10, 2023, provides that enterprises borrowing foreign debts must complete formalities for examination and registration of foreign debts and report and disclose relevant information. Enterprises must complete examination and registration and obtain the Certificate of Examination and Registration from NDRC before they could legally borrow foreign debts. In addition, enterprises must submit information of utilization of foreign debts, repayment, planned arrangements and major business indicators to NDRC at the end of each January and July. Further, since this regulation is relatively new, uncertainties exist in relation to its interpretation and implementation.

Sweden

Regulations on Foreign Direct Investments

There is currently no foreign investment review regime in place in Sweden. However, the Swedish Parliament has in 2021 passed amendments to the Swedish Protective Security Act (2018:585) protecting infrastructure of potentially sensitive nature for security of Sweden. In addition, Sweden is in the process of implementing Regulation (EU) 2019/452 establishing a framework for foreign direct investments in the Union, which entered into force on April 11, 2019 and applies since October 11, 2020, with the purpose to create a legal framework for the review of foreign direct investment in the Union with regard to security or public order. As such, Sweden is in the process of implementing the Swedish Foreign Direct Investment Act (2022:000) and it is expected to enter into force late 2023 or early 2024. The proposed Swedish Foreign Direct Investment Act may be subject to changes before being enacted. The proposed Swedish Foreign Direct Investment Act applies to foreign investments in businesses established in Sweden conducting i) vital society functions activities, ii) security-sensitive activities, iii) operations related to materials such as metals and minerals critical to the supply in EU or Sweden, iv) activities related to sensitive personal data or location data, v) activities related to emerging technologies and other technology strategically worth protecting, vi) certain activities related to dual-use products, and vii) certain activities related to military equipment. The proposed Swedish Foreign Direct Investment Act allows the competent authority to prohibit foreign direct investments if it is necessary with regards to Swedish national security. A foreign direct investment may also be prohibited if it is necessary with regard to public order or public safety in Sweden in accordance with articles 52.1 and 65.1(b) of the Treaty on the Functioning of the European Union. Further, the proposed Swedish Foreign Direct Investment Act establishes that a foreign direct investment may be only be carried out if it has been approved or no action has been taken in relation to it by the competent authority. Businesses which intend to invest in an entity covered by the proposed Swedish Foreign Direct Investment Act, are obligated to notify the potential investment to the competent authority in certain cases. This includes the situation in which an investor acquires more than 10% of the ownership of a company. Violations of the proposed Swedish Foreign Direct Investment Act may lead to maximum penalty fee of SEK 50,000,000.

Regulations on Blockchain and Cryptocurrency

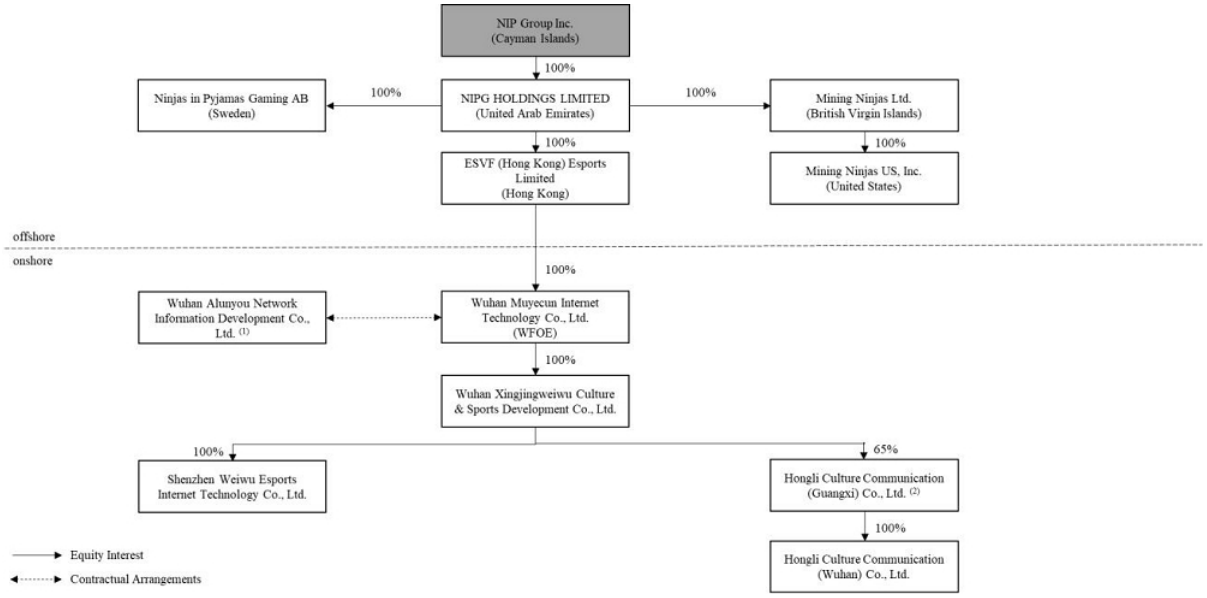
We operate within a complex and rapidly evolving regulatory environment and are subject to a wide range of laws and regulations enacted by U.S. federal, state, and local governments, governmental agencies, and regulatory authorities, including the SEC, the CFTC, the FTC, and the FinCen, as well as similar entities in other countries. Other regulatory bodies have demonstrated an interest in regulating or investigating companies engaged in blockchain or cryptocurrency businesses.

Regulations may substantially change in the future and it is presently not possible to know how regulations will apply to our business, or when they may be effective. While we anticipate that Bitcoin mining will be an area of focus for regulators in the future, we cannot predict with certainty the impact regulations may have on our business or operations. As the regulatory and legal environment evolves, we may become subject to new laws and regulations by the SEC and other agencies, which may affect our mining operations and other activities. For example, in January 2025, the Acting Commissioner of the SEC, Mark Uyeda, announced formation of new crypto task force with a purpose to develop a comprehensive and clear regulatory framework for crypto assets. Additionally, state and local regulation of Bitcoin mining is important with respect to where we conduct our mining operations.

For additional discussion regarding our belief about the potential risks existing and future regulation pose to our business, please see “Item 3. Key Information—3.D. Risk Factors—Risks Related to Our Crypto Mining Business.”

4.C. Organizational Structure

The following diagram illustrates our corporate structure, including our significant subsidiaries, the VIEs and certain other entities as of the date of this annual report.



Note:

(1) Wuhan Alunyou is wholly owned by Heng Tang, our executive vice president.

(2) Lei Zhang, our chief experience officer, holds 35% of the equity interests in Hongli Culture Communication (Guangxi) Co., Ltd.

Contractual Arrangements with the VIEs and Their Shareholders

The contractual arrangements between Wuhan Muyecun, on the one hand, and Wuhan Alunyou and its shareholders, on the other hand, were entered into in September 2024. The contractual arrangements between Beijing ZSZQ Network Technology Co., Ltd., or Beijing ZSZQ, on the one hand, and Young Will and its shareholders, on the other hand, were entered into in September 2024. Beijing ZSZQ and Young Will have been deconsolidated from our consolidated financial statements from July 31, 2025, following a termination of acquisition of ZSZQ Limited, the Cayman parent company that controls Young Will. For details, see "—4.A. History and Development of the Company."

Current PRC laws and regulations impose certain restrictions or prohibitions on foreign ownership of companies that engage in radio and television program production and operation services and certain other businesses. To comply with PRC laws and regulations, we conduct certain of our business in the PRC through the VIEs based on a series of contractual arrangements by and among our PRC subsidiaries, the VIEs and their respective shareholders. These contractual arrangements have enabled us to receive substantially all of the economic benefits of the VIEs. As a result of these contractual arrangements, we are considered the primary beneficiary of the VIEs for accounting purposes and hence consolidate their financial results under U.S. GAAP.

The following is a summary of these contractual arrangements.

Exclusive Business Cooperation Agreements

Pursuant to the exclusive business cooperation agreement between Wuhan Muyecun and Wuhan Alunyou, Wuhan Muyecun has the exclusive right to provide technical support, consulting services and other services to Wuhan Alunyou. In exchange, Wuhan Alunyou pays service fees to Wuhan Muyecun in an amount consisting of management fee and fee for services provided, which shall be reasonably determined by Wuhan Muyecun based on the factors as provided in the exclusive business cooperation agreement. Without the prior written consent of Wuhan Muyecun, Wuhan Alunyou cannot assign its rights and obligations to any third party. Wuhan Muyecun has the exclusive and proprietary ownership of all intellectual property rights created as a result of the performance of this agreement. The exclusive business cooperation agreement continues to be effective unless it is terminated by written notice of Wuhan Muyecun or according to the provisions of this agreement.

Pursuant to the exclusive technology and consulting service agreement between Beijing ZSZQ and Young Will, Beijing ZSZQ has the exclusive right to provide Young Will with technology development, consultation, and related services. In exchange, Young Will pays Beijing ZSZQ service fees, which in principle represent 100% of the annual audited consolidated profits of Young Will and may be determined through separate negotiations. Such agreement contains terms substantially similar to the exclusive business cooperation agreement described above. The exclusive technology and consulting service agreement remains valid and effective for 20 years, unless it is terminated by written notice of Beijing ZSZQ or according to the provisions of this agreement.

Exclusive Option Agreements

Under the exclusive option agreement among Wuhan Muyecun, Wuhan Alunyou and its shareholders, each of the shareholders of Wuhan Alunyou has irrevocably granted Wuhan Muyecun or its designee(s) an exclusive option to purchase, at any time and to the extent permitted under PRC laws, all or any part of their equity interests in Wuhan Alunyou at the price specified in the exclusive option agreement, or the lowest price permitted under applicable PRC laws if there is any statutory requirement about the consideration under PRC laws. Wuhan Alunyou and/or its shareholders covenant that, without Wuhan Muyecun's prior written consent, they will not, among other things, sell, transfer, mortgage or otherwise dispose of their equity interests in Wuhan Alunyou, or create any encumbrance on their equity interests in Wuhan Alunyou, except for those encumbrances created under the equity interest pledge agreement, the powers of attorney of Wuhan Alunyou's shareholders, and the exclusive option agreement. The exclusive option agreement will be terminated when the entire equity interests in Wuhan Alunyou have been transferred to Wuhan Muyecun or its designee(s) pursuant to this agreement.

The exclusive option agreement among Beijing ZSZQ, Young Will and its shareholders contains terms substantially similar to the exclusive option agreement described above.

Powers of Attorneys

Pursuant to the powers of attorney granted by the shareholders of Wuhan Alunyou, each of the shareholders of Wuhan Alunyou irrevocably appointed Wuhan Muyecun as their exclusive agent and attorney- in-fact to act on their behalf on all shareholder matters of Wuhan Alunyou and exercise all rights as shareholders of Wuhan Alunyou. The powers of attorney remain irrevocably effective as long as such shareholders remain as Wuhan Alunyou's shareholders, unless otherwise instructed by Wuhan Muyecun.

Each of the shareholders of Young Will has executed a powers of attorney to irrevocably appointed Beijing ZSZQ as their exclusive agent and attorney-in-fact to act on their behalf on all shareholder matters of Young Will and exercise all rights as shareholders of Young Will. These powers of attorney contain terms substantially similar to the powers of attorney described above.

Equity Interest Pledge Agreements

Pursuant to the equity interest pledge agreement among Wuhan Muyecun, Wuhan Alunyou and the shareholders of Wuhan Alunyou, the shareholders of Wuhan Alunyou pledged their equity interests in Wuhan Alunyou to Wuhan Muyecun to secure their obligations under the exclusive business cooperation agreement, exclusive option agreement and powers of attorney. The shareholders of Wuhan Alunyou further agreed to not transfer, create or allow any encumbrance on the pledged equity interests without the prior written consent of Wuhan Muyecun. The equity interest pledge agreement shall remain binding until the contractual obligations under the associated contractual agreements are fully fulfilled, and the service fees and other expenses incurred for the fulfillment of such agreements have been fully paid.

The equity interest pledge agreement among Beijing ZSZQ, Young Will and its shareholders contains terms substantially similar to the equity interest pledge agreement described above.

As the date of this annual report, we have completed the registration of all equity pledges under each of the equity interest pledge agreements with competent PRC regulatory authority.

Spouse Consent

Pursuant to the spouse consent, the spouse of the individual shareholder of Wuhan Alunyou unconditionally and irrevocably agreed that the equity interests in Wuhan Alunyou held by and registered in the name of such shareholder be disposed of in accordance with the equity interest pledge agreement, the exclusive option agreement and the powers of attorney described above, and that such shareholder may perform, amend or terminate such agreements without such spouse's additional consent. Additionally, such spouse unconditionally and irrevocably waived any rights or interests in the equity interests in Wuhan Alunyou and undertook not to assert any rights over the equity interests in Wuhan Alunyou held by such shareholder. In addition, in the event that such spouse obtains any equity interests in Wuhan Alunyou held by such shareholder for any reason, such spouse agrees to be bound by and sign any legal documents substantially similar to the contractual arrangements described above, as may be amended from time to time.

In the opinion of CM Law Firm, our PRC legal counsel:

- the ownership structures of the VIEs and our PRC subsidiaries are not in violation of any explicit provision of applicable PRC laws and regulations currently in effect; and
- the contractual arrangements described above governed by PRC laws are valid, binding, and enforceable, and are not in any violation of any explicit provisions of applicable PRC laws and regulations currently in effect.

However, our PRC legal counsel has also advised us that there are uncertainties regarding the interpretation and application of current and future PRC laws, regulations, and rules. Accordingly, the PRC regulatory authorities may take a view that is contrary to the opinion of our PRC legal counsel. It is uncertain whether any new PRC laws or regulations relating to variable interest entity structures will be adopted or if adopted, what they would provide. If we or the VIEs are found to be in violation of any existing or future PRC laws or regulations, or fail to obtain or maintain any of the required permits or approvals, the relevant PRC regulatory authorities would have broad discretion to take action in dealing with such violations or failures. See "Item 3. Key Information—3.D. Risk Factors—Risks Related to Our Corporate Structure—If the PRC government finds that the contractual arrangements that establish the structure for operating some of our operations in China do not comply with PRC regulations relating to the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in the VIEs," "Item 3. Key Information—3.D. Risk Factors—Risks Related to Our Corporate Structure—Substantial uncertainties exist with respect to the interpretation and implementation of the Foreign Investment Law and the amended PRC Company Law and how they may impact the viability of our current corporate structure, corporate governance and operations," and "Item 3. Key Information—3.D. Risk Factors—Risks Related to Doing Business in China—Any failure by us to meet with the continue developing PRC legal system could adversely affect us."

4.D. Property, Plants and Equipment

Our principal business operations are located in Stockholm, Sweden, Shenzhen and Wuhan, China, Sao Paolo, Brazil, Dover, Delaware, the United States, and Abu Dhabi, the United Arab Emirates. We also have office facilities in Shanghai, China. As of December 31, 2025, we leased over 20 properties mainly in Wuhan, Shenzhen, Shanghai and Chengdu in China, and Stockholm in Sweden, with an aggregate gross floor area of approximately 13,000 square meters, accommodating our general and administrative activities. We believe our existing facilities are generally adequate to meet our current needs, but we expect to seek additional space as needed to accommodate future growth.

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 consolidated 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—3.D. Risk Factors" and elsewhere in this annual report.

5.A. Operating Results

Key Factors Affecting Our Results of Operations

The following are the principal factors that have affected and will continue to affect our business, financial condition, results of operations and prospects.

The quality of our athletes and our competitive results, as well as our ability to obtain more league seats

For our esports teams business, we derive revenues from league revenue sharing, prize money, athlete transfer and rental fees, as well as sponsorship and advertising fees, all of which are largely dependent on the quality of our athletes, our competitive results, and the number of league seats we hold. We earn prize money based on tournament performance across various game titles and leagues, and league revenue shares based on factors such as team performance and popularity. Athlete transfer and rental fees for popular game titles can also be a significant source of revenues, especially for those with top tournament performance. As we have grown our roster of talent, we have also established a solid talent development system designed for growth, longevity and performance. At the same time, we will also continue to identify popular esports titles with a visible path to sustainability to expand into, which will also affect our revenues.

Our ability to make, attract and retain star online entertainers

We generate revenues from our talent management business from advertising fees, sponsorship fees and live streaming service fees. As such, our revenues depend significantly on our ability to make, attract and retain online entertainers with sufficient popularity to attract advertisers and sponsorships, and live streaming views. We focus on developing our roster of esports athletes to become successful online entertainers, as well as identifying and recruiting high-potential candidates from major entertainment platforms and competitive esports games. In addition, we do not rely on star individuals, but rather to aim offer comprehensive operation and marketing services to incubate our talent to become successful online entertainers, support their career development, and empower them to grow their own audience within our ecosystem.

Our ability to produce more esports events

We operate a broad range of local and nationwide esports events and generate revenues from service fees, sponsorship and advertising fees. The number of events have been and will continue to be key drivers of our revenue growth. We are always looking to produce a more diverse range of esports events across titles, organizers and geographies to grow our revenues and expand our business.

Our ability to innovate and diversify our revenue streams

Our continued, sustainable growth is dependent on our ability to engage the growing esports community and develop new avenues for monetization. With our continuous development of talent management and event production businesses since 2022, we enhanced our ability to engage directly with our fans, and empowered upstream game developers, promoters and brands with our proprietary IPs and resources. In light of the development in blockchain technology and increasing prevalence of crypto assets, we decided to expand our operation into the crypto assets market. We commenced our Bitcoin mining business in September 2025. In 2025, net revenues from our esports teams operation, talent management, events production and Bitcoin mining businesses accounted for 9.3%, 49.6%, 25.2% and 15.9% of our net revenues, respectively. We will continue to extend revenue realization opportunities as we grow along the esports+ model, and expect to have increasing revenue contribution from new areas such as our specialized content creation and advertising offerings.

Our ability to effectively execute strategic acquisitions and investments

We will invest in mergers and acquisitions through a targeted strategy that focuses on targets that fit well with our target audience and support the strength of our brand. We anticipate that the acquisition of new companies will drive our long-term growth while potentially exerting short-term pressure on our financial results. For example, acquisitions of targets can present short-term challenges, such as the addition of employees and associated integration costs and expenses, which may not necessarily result in a proportional revenue increase, thereby affecting our margin profile.

In January 2023, we merged with Ninjas in Pyjamas Gaming AB, a Swedish public limited liability company incorporated in January 2014 with a brand history of more than 20 years since 2000 in the esports industry. The merger was completed through a series of share swap transactions, with Ninjas in Pyjamas becoming a wholly-owned subsidiary of NIP Group Inc. We anticipate that our merger with Ninjas in Pyjamas may enhance our ability to be profitable in the future. Ninjas in Pyjamas has been included in our consolidated results of operations since January 2023. We recorded gross profit of US$7.2 million in 2023 and US$3.0 million in 2024, and gross loss of US$1.5 million in 2025. These translated to gross margins of 8.6%, 3.5% and negative 1.2% for the same years, respectively.

Our Ability to Grow Our Hash Rate

Our ability to mine Bitcoin and generate profits is directly tied to our mining machine's hash rate, which is its computational power relative to the global network hash rate-the aggregate computing power supporting the Bitcoin blockchain. As demand for Bitcoin increases, the global network hash rate rapidly increases, and as more adoption of Bitcoin occurs, we expect the demand for new Bitcoin will likewise increase as more mining companies are drawn into the industry by this increase in demand. Further, as more and increasingly powerful mining machines are deployed, the network difficulty for Bitcoin increases. Network difficulty is a measure of how difficult it is to solve a block on the Bitcoin blockchain, which is adjusted every 2,016 blocks, or approximately every two weeks. A higher difficulty means more computing power is needed to solve a block and earn Bitcoin rewards, directly impacting a miner's profitability. To remain competitive, we must continually improve our hash rate in line with industry growth. If we fail to upgrade our mining machines or deploy additional hash rate, our share of the global network hash rate and consequently, our chances of earning Bitcoin rewards will diminish, reducing overall profitability.

Market Conditions of Bitcoin

Our Bitcoin mining business is heavily dependent on the price of Bitcoin. The prices of crypto assets, including Bitcoin, have historically experienced substantial volatility, and crypto assets prices have in the past and may in the future be driven by speculation and incomplete information, subject to rapidly changing investor sentiment, and influenced by factors such as technology, macroeconomic conditions, regulatory void or changes, fraudulent actors, manipulation, and media reporting. Further, the value of Bitcoin and other crypto assets may be significantly impacted by factors beyond our control, including consumer trust in the market acceptance of Bitcoin as a means of exchange by consumers and producers. The halving is an important part of the Bitcoin ecosystem, and it is closely watched by miners, investors and other participants in the crypto assets market. Each halving event has historically been associated with significant price movements in the value of Bitcoin.

Key Components of Results of Operations

Net Revenues

We derive net revenues primarily from: (i) esports teams operation, (ii) talent management service, (iii) event production, and (iv) Bitcoin mining. For the years ended December 31, 2023, 2024 and 2025, our net revenues were US$83.7 million, US$85.3 million and US$126.5 million, respectively.

The following table sets forth a breakdown of our net revenues by business segments for the periods indicated.

	NIP Group Inc.					
	For the Year Ended December 31,					
	2023		2024		2025	
	US$	%	US$	%	US$	%
	(US$ in thousands, except for %)					
Net revenues:						
Esports teams operation	21,656	25.9	14,716	17.3	11,810	9.3
Talent management service	52,611	62.9	47,278	55.4	62,763	49.6
Event production	9,401	11.2	23,272	27.3	31,890	25.2
Bitcoin mining	—	—	—	—	20,064	15.9
Total	**83,668**	**100.0**	**85,266**	**100.0**	**126,527**	**100.0**

Esports teams operation. For the years ended December 31, 2023, 2024 and 2025, the revenues we generated from our esports teams primarily consisted of: (i) tournament participation reward and league revenue shares, (ii) player transfer and rental fees, (iii) sponsorship and advertising fees, (iv) IP licensing for the sales of game props, skins and athlete cards, (v) sales of branded merchandise, (vi) talent management service of esports and (vii) revenues from reality show service fees.

Talent management service. We expanded into our talent management business through acquiring agency contract rights to online entertainers in August 2021, and derived revenues mainly through live streaming service fees.

Event production. We merged with Wuhan ESVF in March 2021, after which its event production business has been included in our consolidated results of operation. We produced a series of esports related events, music festivals and receive our revenues primarily through event organization and execution fees.

Bitcoin mining. We entered the crypto asset sector in September 2025 and generate Bitcoin mining income by providing hash calculation to mining pool operators based on cooperation agreements.

Cost of Revenues

Our cost of revenues consists primarily of: (i) salaries and bonus paid to professional esports athletes, (ii) live streaming service fees paid to online entertainers, (iii) cost of venue set-up and service fee paid to other parties for event production, (iv) depreciation of property and equipment and amortization of intangible asset related to our esports teams and talent management service, (v) cost of merchandise sold, (vi) cost of mining machines' depreciation and hosting expenses of Bitcoin mining business, and (vii) other costs attributable to our principal operations. For the years ended December 31, 2023, 2024 and 2025, our cost of revenues was US$76.5 million, US$82.3 million and US$128.0 million, respectively.

The following table sets forth a breakdown of our cost of revenues by business segments for the periods indicated.

	NIP Group Inc.					
	For the Year Ended December 31,					
	2023		2024		2025	
	US$	%	US$	%	US$	%
	(US$ in thousands, except for %)					
Cost of revenues:						
Esports teams operation	15,037	19.7	12,193	14.8	11,003	8.6
Talent management service	53,438	69.8	49,144	59.7	64,412	50.3
Event production	7,995	10.5	20,919	25.5	29,897	23.4
Bitcoin mining	—	—	—	—	22,697	17.7
Total	**76,470**	**100.0**	**82,256**	**100.0**	**128,009**	**100.0**

Operating Expenses

Our operating expenses consist of: (i) selling and marketing expenses, (ii) general and administrative expenses, (iii) impairment of goodwill and intangible assets, (iv) changes in fair value of receivable for Bitcoin collateral, and (v) realized gain on sale of Bitcoin. The following table sets forth a breakdown of our operating expenses for the periods indicated.

	NIP Group Inc.					
	For the Year Ended December 31,					
	2023		2024		2025	
	US$	%	US$	%	US$	%
	(US$ in thousands, except for %)					
Operating expenses:						
Selling and marketing expenses	6,577	30.1	8,131	40.9	6,990	2.7
General administrative expenses	15,273	69.9	11,768	59.1	50,339	20.4
Impairment of goodwill	—	—	—	—	122,519	49.6
Impairment of intangible assets	—	—	—	—	64,406	26.1
Changes in fair value of receivable for Bitcoin collateral	—	—	—	—	2,931	1.2
Realized gain on sale of Bitcoin	—	—	—	—	(5)	—
Total	**21,850**	**100.0**	**19,899**	**100.0**	**247,180**	**100.0**

Selling and Marketing Expenses. Our selling and marketing expenses mainly consist of: (i) staff costs, and (ii) advertising costs and market promotion expenses.

General and Administrative Expenses. Our general and administrative expenses mainly consist of: (i) professional service fees, (ii) staff costs, (iii) rental and depreciation expenses related to general and administrative functions, (iv) share-based compensation for our management and administrative employees, and (v) provision for credit losses and other corporate expenses.

Impairment of goodwill and intangible assets. We recorded non-cash goodwill impairment of US$122.5 million and intangible asset impairment of US$64.4 million for the year ended December 31, 2025, primarily associated with the Ninjas in Pyjamas's brand name and league tournament seat. These impairment charges were recorded following a comprehensive quantitative and qualitative impairment assessment, driven by Ninjas in Pyjamas's underperforming operating results and a deterioration in the fair value of its underlying business.

Changes in fair value of receivable for Bitcoin collateral. We recorded gain from changes in fair value of receivable for Bitcoin collateral of US$2.9 million for the year ended December 31, 2025, which represented the change in fair value of the collateralized Bitcoin as of December 31, 2025 from the value of Bitcoin received from our mining activity.

Taxation

Cayman Islands

Under the current laws of the Cayman Islands, the Company is not subject to tax on income or capital gain. Additionally, upon payments of dividends by the Company or its subsidiaries in the Cayman Islands to their shareholders, no withholding tax in the Cayman Islands will be imposed.

Hong Kong

Our subsidiary in Hong Kong is subject to a two-tiered income tax rate for taxable income. The first HK$2 million of profits earned by a company is subject to be taxed at an income tax rate of 8.25%, while the remaining profits will continue to be taxed at the existing tax rate, 16.5%. Under the Hong Kong tax law, our subsidiary in Hong Kong is exempted from income tax on their foreign derived income and there are no withholding taxes in Hong Kong on remittance of dividends.

United States

Our subsidiaries incorporated in the United States are subject to the federal corporate income tax rate in the United States at the rate of 21%. Unlike the uniform federal rate, state corporate income tax rates vary from as low as 0% to as high as 5.19%.

China

Effective from January 1, 2008, the PRC's statutory, Enterprise Income Tax ("EIT") rate is 25%.

If our holding company in the Cayman Islands or any of our subsidiaries outside of China were deemed to be a "resident enterprise" under the PRC Enterprise Income Tax Law, it would be subject to enterprise income tax on its worldwide income at a rate of 25%. See "Item 3. Key Information—3.D. Risk Factors—Risks Related to Doing Business in China—If we are classified as a PRC resident enterprise for PRC income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders or ADS holders."

Sweden

Swedish companies are subject to a corporate tax at a rate of 20.6% on the worldwide income, reduced by allowable deductions. All income, profits and taxable gains are treated as derived from a single source, the business of the company, and are taxed at the applicable corporate tax rate of 20.6%. Tax losses that cannot be offset during the years they are incurred are carried forward indefinitely. There are certain restrictions on tax losses carried forward in case of change of ownership. There is a general limitation of interest deduction amounting to 30% of EBITDA. In addition, there are strict limitations on interest on intra- group loans. The limitation implies that interest on intra-group loans is deductible only if the beneficial owner of the interest income is domiciled within the EEA, or in a country with which Sweden has concluded a full scope double tax treaty or if the beneficial owner is subject to a corporate tax of at least 10%.

However, no tax deduction should be granted if the underlying purpose of the loan is exclusively or as good as exclusively, to obtain a substantial tax benefit. There are anti-hybrid mismatch rules in place covering situations leading to double deduction, double non-taxation or imported mismatches due to hybrid financial instruments and hybrid entities. Sweden does not levy withholding tax on interest payments or royalties.

Under the main rule, dividend distribution to a foreign shareholder is subject to Swedish withholding tax at a rate of 30%. There are several exemptions for corporate shareholders whereby withholding tax is not levied or levied at a lower rate. There is also an anti-abuse rule in place implying that the full rate of 30% applies if the recipient acts as a nominee or intermediary, and holds shares under such circumstances that the rightful (beneficial) owner unwarrantedly gains relief from withholding tax.

Dividend distributions to NIP Group Inc. would be subject to a 30% withholding tax on the dividend amount. Sweden and the Cayman Islands do not have a double tax treaty for legal persons and there are no other mechanisms to reduce the withholding tax rate.

Results of Operations of Our Group

The following table sets forth a summary of our consolidated results of operations for the periods indicated, both in absolute amounts and as percentages of our net revenues. This information should be read together with our consolidated financial statements and related notes included elsewhere in this annual report. The operating results in any period are not necessarily indicative of the results that may be expected for any future period.

	For the Year Ended December 31,					
	2023		2024		2025	
	US$	%	US$	%	US$	%
			(US$ in thousands, except for %)			
Net revenue	83,668	100.0	85,266	100.0	126,527	100.0
Cost of revenue	(76,470)	(91.4)	(82,256)	(96.5)	(128,009)	(101.2)
Gross profit (loss)	**7,198**	**8.6**	**3,010**	**3.5**	**(1,482)**	(1.2)
Operating expenses:						
Selling and marketing expenses	(6,577)	(7.9)	(8,131)	(9.5)	(6,990)	(5.5)
General and administrative expenses	(15,273)	(18.3)	(11,768)	(13.8)	(50,339)	(39.8)
Impairment of goodwill	—	—	—	—	(122,519)	(96.8)
Impairment of intangible assets	—	—	—	—	(64,406)	(50.9)
Changes in fair value of receivable for Bitcoin collateral	—	—	—	—	(2,931)	(2.3)
Realized gain on sale of Bitcoin	—	—	—	—	5	—
Total operating expenses	**(21,850)**	**(26.2)**	**(19,899)**	**(23.3)**	**(247,180)**	**(195.4)**
Operating loss	**(14,652)**	**(17.6)**	**(16,889)**	**(19.8)**	**(248,662)**	**(196.6)**
Other income (expense):						
Other income (expense), net	716	0.9	2,371	2.8	(683)	(0.5)
Interest expense, net	(523)	(0.6)	(537)	(0.6)	(2,239)	(1.8)
Total other income (expense)	**193**	**0.3**	**1,834**	**2.2**	**(2,922)**	**(2.3)**
Loss before income tax expenses	**(14,459)**	**(17.3)**	**(15,055)**	**(17.7)**	**(251,584)**	**(198.9)**
Income tax benefit	1,201	1.4	2,370	2.8	13,465	10.6
Net loss	**(13,258)**	**(15.9)**	**(12,685)**	**(14.9)**	**(238,119)**	**(188.3)**
Net income (loss) attributable to non-controlling interests	0	—	4	—	(639)	(0.5)
Net loss attributable to NIP Group Inc	(13,258)	(15.9)	(12,690)	(14.9)	(237,480)	(187.7)
Preferred shares redemption value accretion	(43,915)	(52.5)	(35,931)	(42.1)	—	—
Accretion on redeemable non-controlling interest					(30)	0.0
Net loss attributable to NIP Group Inc.'s shareholders	(57,173)	(68.4)	(48,621)	(57.0)	(237,510)	(187.7)
Other comprehensive (loss) income:						
Foreign currency translation (loss) income attributable to non-controlling interest, net of nil tax	(0)	—	2	—	186	0.1
Foreign currency translation income (loss) attributable to ordinary shareholders, net of nil tax	5,253	6.3	(15,948)	(18.7)	35,247	27.9
Total comprehensive loss	**(8,005)**	**(9.6)**	**(28,631)**	**(33.6)**	**(202,686)**	**(160.3)**

Year Ended December 31, 2025 Compared to Year Ended December 31, 2024

Net Revenues

Our net revenues increased from US$85.3 million in 2024 to US$126.5 million in 2025, as we recorded increase in revenues generated from our talent management, event production and Bitcoin mining businesses.

- *Esports teams operation*. Net revenues from esports teams operation in 2025 were US$11.8 million, representing a change of 19.8% from US$14.7 million in 2024. This change was primarily due to a decrease in sponsorships and league revenue share.
- *Talent management*. Net revenues from talent management services were US$62.8 million in 2025, representing a change of 32.8% from US$47.3 million in 2024, reflecting the strategic shift within our talent management service operations to expand our online advertising and promotion services.
- *Event production.* Net revenues from event production increased by 37.0% from US$23.3 million in 2024 to US$31.9 million in 2025. The increase was primarily driven by an increase in the number of large-scale events we organized in 2025.
- *Bitcoin mining.* Net revenues from Bitcoin mining business were US$20.1 million in 2025, representing a total of 193.19 Bitcoins mined in the second half of 2025.

Cost of Revenues

Our cost of revenues increased from US$82.3 million in 2024 to US$128.0 million in 2025, primarily due to the increase in cost of revenues of our talent management, event production and Bitcoin mining businesses.

- *Esports teams operation*. Cost of revenues from esports teams operation decreased by 9.8% from US$12.2 million in 2024 to US$11.0 million in 2025. The decline was primarily driven by the lower cost of esports players.
- *Talent management*. Cost of revenues from talent management service increased by 31.1% from US$49.1 million in 2024 to US$64.4 million in 2025. The increase was mainly due to higher costs for online advertising and promotion services, which were generally in line with our revenue growth.
- *Event production.* Cost of revenues from event production increased by 42.9% from US$20.9 million in 2024 to US$29.9 million in 2025. The increase reflects the increase in revenues recognized from our event production business.
- *Bitcoin mining.* Cost of revenue from Bitcoin mining was US$22.7 million in 2025, primarily representing cost of mining machines' depreciation and cost of hosting expenses of mining machines.

Gross Profit/Loss and Gross Margin

As a result of the foregoing, we recorded gross profit of US$3.0 million and gross loss of US$1.5 million in 2024 and 2025, respectively. We recorded gross margin of 3.5% in 2024 and negative 1.2% in 2025.

- *Esports teams operation.* Gross profit from esports teams operation was US$0.8 million in 2025, compared with US$2.5 million in 2024. Gross profit margin decreased from 17.1% in 2024 to 6.8% in 2025, primarily due to a decrease in high-margin sponsorships revenues and league revenue share.
- *Talent management.* Gross loss from talent management service changed from US$1.9 million in 2024 to US$1.6 million in 2025. Gross margin was negative 2.6% in 2025, compared with negative 3.9% in 2024, primarily due to a change in revenue mix following our strategic shift to reduce the proportion of lower-margin online live-streaming services.
- *Event production.* Gross profit from event production was US$2.0 million in 2025, compared with US$2.4 million in 2024. Gross profit margin was 6.2% in 2025, compared with 10.1% in 2024, mainly due to a shift in event mix toward lower-margin large-scale events with higher production and labor costs.
- *Bitcoin mining.* Gross loss from Bitcoin mining was US$2.6 million with gross margin of negative 13.1% in 2025.

Selling and Marketing Expenses

Our selling and marketing expenses in 2025 were US$7.0 million, representing a decrease of 14.0% from US$8.1 million in 2024. This was mainly attributable to a decrease in marketing and promotion expenses for the game publishing business.

General and Administrative Expenses

Our general and administrative expenses increased by 327.8% from US$11.8 million in 2024 to US$50.3 million in 2025. The increase was primarily due to the non-cash incremental share-based compensation expenses and provision for credit losses recognized during the year.

Goodwill and Intangible Asset Impairment

We recorded non-cash goodwill impairment of US$122.5 million and intangible asset impairment of US$64.4 million in 2025, primarily associated with the Ninjas in Pyjamas's brand name and league tournament seat. These impairment charges were recorded following a comprehensive quantitative and qualitative impairment assessment, driven by Ninjas in Pyjamas's underperforming operating results and a deterioration in the fair value of its underlying business.

Changes in fair value of receivable for Bitcoin collateral

We recorded loss from changes in fair value of receivable for Bitcoin collateral of US$2.9 million in 2025, which represented the change in fair value of the collateralized Bitcoin as of December 31, 2025 from the value of Bitcoin received from our mining activity.

Other Income/Expenses

We recorded other expenses of US$2.9 million in 2025, compared with other income of US$1.8 million in 2024. The change was primarily due to losses recognized on the disposal of subsidiaries and higher interest expenses on borrowings.

Net Loss

As a result of the foregoing, we recorded net loss of US$238.1 million in 2025, compared with net loss of US$12.7 million in 2024.

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

For the discussion covering items for the fiscal year ended December 31, 2024 and a comparison between the fiscal year ended December 31, 2024 and 2023, please refer to "Item 5.—Operating and Financial Review and Prospects —5.A. Operating Results—Results of Operations of Our Group" of our annual report on Form 20-F for the fiscal year ended December 31, 2024 filed with SEC on May 12, 2025.

Non-GAAP Financial Measure

To supplement our consolidated financial statements, which are prepared and presented in accordance with U.S. GAAP, we use the following non-GAAP financial measure to understand and evaluate our core operating performance: adjusted EBITDA, which is calculated as net loss excluding interest expense, net, income tax benefit, depreciation and amortization, share-based compensation expense, change in fair value of acquisition contingent consideration, goodwill and intangible asset impairment, provisions for credit losses and loss from disposal of subsidiaries. The non-GAAP financial measure is presented to enhance investors' overall understanding of our financial performance and should not be considered a substitute for, or superior to, the financial information prepared and presented in accordance with U.S. GAAP. Investors are encouraged to review the reconciliation of the historical non-GAAP financial measure to the most directly comparable GAAP financial measure. As non-GAAP financial measure his material limitations as an analytical metric and may not be calculated in the same manner by all companies, it may not be comparable to other similarly titled measures used by other companies. In light of the foregoing limitations, you should not consider non-GAAP financial measure as a substitute for, or superior to, such metrics prepared in accordance with GAAP. We encourage investors and others to review our financial information in its entirety and not rely on any single financial measure.

	For the Year Ended December 31,		
	2023	2024	2025
		(US$ in thousands, except for %)	
Net loss	**(13,258)**	**(12,685)**	**(238,119)**
Add:			
Interest expense, net	523	537	2,239
Income tax benefit	(1,201)	(2,370)	(13,465)
Depreciation and amortization[(1)]	6,083	5,048	10,849
Share-based compensation expense	6,122	—	36,724
Change in fair value of acquisition contingent consideration	—	(394)	—
Goodwill and intangible asset impairment	—	—	186,925
Provisions for credit losses			1,608
Loss from disposal of subsidiaries	—	—	1,912
Adjusted EBITDA	**(1,731)**	**(9,864)**	**(11,327)**
Adjusted EBITDA margin[(2)]	**(2.1)**	**(11.6)**	**(9.0)**

Notes:

(1) Depreciation and amortization primarily consists of depreciation related to property and equipment, as well as amortization related to intangible assets.

(2) Adjusted EBITDA margin is calculated by dividing adjusted EBITDA by net revenues.

5.B. Liquidity and Capital Resources

Cash Flows and Working Capital

Our principal sources of liquidity have been cash from financing activities. As of December 31, 2023, 2024 and 2025, our cash and cash equivalents were US$7.6 million, US$9.6 million and US$7.1 million, respectively. Cash and cash equivalents consisted of cash on hand placed with banks or other financial institutions and highly liquid investment which are unrestricted as to withdrawal and use and have original maturities of three months or less when purchased. Our cash and cash equivalents are primarily denominated in Renminbi.

Based on our current level of operations and available cash, we believe our available cash, committed funding from bank and credit facilities, and proceeds from our initial public offering will provide sufficient liquidity to fund our current obligations, projected working capital requirements, debt service requirements and capital spending requirements at least for the next 12 months. We may, however, require additional cash resources due to changing business conditions or other future developments, including any investments or acquisitions we may decide to selectively pursue. If our existing cash resources are insufficient to meet our requirements, we may seek to sell equity or equity-linked securities, sell debt securities or borrow from banks. We cannot assure you that financing will be available in the amounts we need or on terms acceptable to us, if at all. The sale of additional equity securities would result in additional dilution to our shareholders. The incurrence of indebtedness and issuance of debt securities would result in debt service obligations and could result in operating and financial covenants that restrict our operations and our ability to pay dividends to our shareholders.

We do not have any present plan to pay any cash dividends on our ordinary shares in the foreseeable future. We currently intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business.

As a holding company with no material operations of our own, we are a corporation separate and apart from our subsidiaries and, therefore, must provide for our own liquidity. We conduct our business in China primarily through our wholly-owned PRC subsidiaries, and to a lesser extent through contractual arrangements with the VIEs in China. We are permitted under applicable laws and regulations to provide funding to our PRC subsidiaries through loans or capital contributions, and to the VIEs through loans, subject to applicable regulatory approvals. We cannot assure you that we will be able to obtain these regulatory approvals on a timely basis, if at all. The ability of our subsidiaries in China to make dividends or other cash payments to us is subject to various restrictions under PRC laws and regulations. See "Item 3. Key Information—3.D. Risk Factors—Risks Related to Doing Business in China—If we are classified as a PRC resident enterprise for PRC income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders or ADS holders."

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

	For the Year Ended December 31,		
	2023	2024	2025
	(US$ in thousands)		
Net cash used in operating activities	(5,154)	(16,543)	(15,686)
Net cash provided by (used in) investing activities	2,171	(4,959)	(918)
Net cash provided by financing activities	1,364	23,458	13,611
Effect of exchange rate changes	(374)	8	572
Net (decrease) increase in cash and cash equivalents	(1,993)	1,964	(2,421)
Cash and cash equivalents at the beginning of the period	9,588	7,595	9,559
Cash and cash equivalents at the end of the period	7,595	9,559	7,138

Net cash used in operating activities

Net cash used in operating activities was US$15.7 million in 2025, primarily attributable to (i) our net loss of US$238.1 million, as adjusted by the reconciliation of net loss to cash used in operating activities, which primarily comprised (a) impairment of goodwill and intangible assets of US$186.9 million, (b) share-based compensation expense of US$36.7 million, and (c) depreciation and amortization of US$10.8 million, partially offset by deferred tax benefits of US$14.8 million, and (ii) changes in operating assets and liabilities, which was primarily the result of (a) an increase in accounts receivable of US$7.9 million, and (b) an increase in advances to suppliers of US$2.6 million, partially offset by (i) an increase in accounts payable of US$7.4 million, and (ii) an increase in accrued expenses and other current liabilities of US$1.7 million.

Net cash used in operating activities was US$16.5 million in 2024, primarily attributable to (i) our net loss of US$12.7 million, as adjusted by the reconciliation of net loss to cash used in operating activities, which primarily comprised depreciation and amortization of US$5.0 million, partially offset by deferred tax benefits of US$2.5 million, and (ii) changes in operating assets and liabilities, which was primarily the result of an increase in accounts receivable of US$10.8 million, partially offset by an increase in accounts payable of US$6.0 million.

Net cash used in operating activities was US$5.2 million in 2023, primarily attributable to (i) our net loss of US$13.3 million, as adjusted by the reconciliation of net loss to net cash used in operating activities, which primarily comprised (a) share-based compensation expense of US$6.1 million, and (b) depreciation and amortization of US$6.1 million, partially offset by deferred tax benefits of US$1.4 million, and (ii) changes in operating assets and liabilities, which was primarily the result of (a) an increase in accounts receivable of US$3.3 million, (b) an increase in prepaid expenses and other current assets of US$1.1 million, and (c) a decrease in amount due to related parties of US$1.0 million, partially offset by an increase in accounts payable of US$2.9 million.

Net cash provided by (used in) investing activities

Net cash used in investing activities was US$0.9 million in 2025, which was primarily attributable to (i) acquisitions of cost method investees of US$2.4 million, (ii) purchase of intangible asset of US$1.0 million, and (iii) proceeds from sale of crypto asset of US$2.0 million, partially offset by disposal of intangible asset of US$1.0 million.

Net cash used in investing activities was US$5.0 million in 2024, which was primarily attributable to (i) purchase of short-term investments of US$3.0 million, (ii) loan to a former third party of US$2.8 million, and (iii) purchase of intangible asset of US$1.3 million and purchase of property and equipment of US$0.7 million, partially offset by (i) disposal of intangible asset of US$1.4 million, (ii) cash acquired from acquisition of Jinyuanbao of US$1.1 million and (iii) cash acquired from acquisition of Young Will of US$0.3 million.

Net cash provided by investing activities was US$2.2 million in 2023, which was primarily attributable to (i) disposal of intangible asset of US$4.2 million, and (ii) cash acquired from acquisition of Ninjas in Pyjamas of US$1.7 million, partially offset by purchase of intangible asset of US$3.5 million.

Net cash provided by financing activities

Net cash provided by financing activities was US$13.6 million in 2025, which primarily comprised (i) proceeds from borrowings of US$21.2 million, (ii) contribution from non-controlling interest of US$2.6 million and (iii) loan from third parties of US$2.1 million, partially offset by repayments of borrowings of US$13.5 million.

Net cash provided by financing activities was US$23.5 million in 2024, which primarily comprised (i) proceeds from our initial public offering of US$20.3 million, (ii) proceeds from borrowings of US$11.7 million, and (iii) loan from a third party of US$2.8 million, partially offset by (i) repayments of borrowings of US$7.2 million and (ii) payment of deferred offering cost of US$4.2 million.

Net cash provided by financing activities was US$1.4 million in 2023, which primarily comprised (i) proceeds from borrowings of US$9.5 million, and (ii) collection of shareholder investment fund receivable of US$3.0 million, partially offset by (i) repayments of borrowings of US$6.4 million, (ii) repayment of loans from related parties of US$3.6 million, and (iii) payment of deferred offering cost of US$0.9 million.

Material Cash Requirements

Our material cash requirements as of December 31, 2025 and any subsequent period primarily include our capital expenditures.

Capital Expenditures

Our capital expenditures are incurred primarily in connection with the acquisition of professional athletes and league seats. Our capital expenditures were US$3.6 million, US$2.0 million and US$1.2 million in 2023, 2024 and 2025. We intend to fund our future capital expenditures with our existing cash balance. We will continue to make capital expenditures to meet the expected growth of our business.

We have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative contracts that are indexed to our shares and classified as shareholder's equity or that are not reflected in our consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity or any contractual arrangement that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or product development services with us.

Holding Company Structure

NIP Group Inc. is a holding company with no material operations of its own. We conduct our China business primarily through our PRC subsidiaries and, prior to the Restructuring, also through our former VIE, Wuhan ESVF. As of the date of this annual report, we also conduct an insignificant portion of our business through the VIEs incorporated in China with which we have maintained contractual arrangements. As a result, our ability to pay dividends depends upon dividends paid by our PRC subsidiaries and the service fees paid by the VIEs. We expect that the amounts of such dividends will increase in the foreseeable future as our China business continues to grow. If our existing subsidiaries or any newly formed subsidiaries incur debt on their own behalf in the future, the instruments governing their debt may restrict their ability to pay dividends to us.

In addition, our subsidiaries in China are permitted to pay dividends to us only out of their retained earnings, if any, as determined in accordance with the Accounting Standards for Business Enterprise as promulgated by the Ministry of Finance of the PRC, or PRC GAAP. In accordance with PRC company laws, each of our PRC subsidiaries and the VIEs must make appropriations from their after-tax profit to non-distributable reserve funds including (i) statutory surplus fund and (ii) discretionary surplus fund. The appropriation to the statutory surplus fund must be at least 10% of the after-tax profits calculated in accordance with PRC GAAP. Appropriation is not required if the statutory surplus fund has reached 50% of the registered capital of our PRC subsidiaries. Appropriation to discretionary surplus fund is made at the discretion of our PRC subsidiaries and the VIEs.

As an offshore holding company, we are permitted under PRC laws and regulations to provide funding to our PRC subsidiaries through loans or capital contributions, and to the VIEs only through loans, subject to applicable regulatory approvals. We cannot assure you that we will be able to obtain these regulatory approvals on a timely basis, if at all. As a result, there is uncertainty with respect to our ability to provide prompt financial support to our PRC subsidiaries or the VIEs when needed.

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

See “Item 4. Information on The Company—4.B. Business Overview—Intellectual Property.”

5.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 December 31, 2025 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 condition.

5.E. Critical Accounting Estimates

We prepare our consolidated financial statements in accordance with U.S. GAAP. The preparation of financial statements in conformity with U.S. GAAP requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. We continually evaluate these judgments and estimates based on our own experience, knowledge and assessment of current business and other conditions, and our expectations regarding the future based on available information and assumptions that we believe to be reasonable. Since the use of estimates is an integral component of the financial reporting process, our actual results could differ from those estimates. Some of our accounting policies require a higher degree of judgment than others in their application.

When reading our consolidated financial statements, you should consider our selection of critical accounting policies, the judgment and other uncertainties affecting the application of such policies and the sensitivity of reported results to changes in conditions and assumptions. Our critical accounting policies and practices include the following: (i) revenue recognition; (ii) business combination; (iii) The fair value measurement of asset acquisition and (iv) impairment of long-lived assets and goodwill. We believe the following accounting estimates involve the most significant judgments used in the preparation of our financial statements.

Valuation in the purchase price allocation associated with business combination and impairment of intangible assets and goodwill

We used the following valuation methodologies to value assets acquired, liabilities assumed and intangible assets identified in the business combination and the impairment of intangible assets and goodwill:

- League tournament rights were valued using the multi-period excess earning method under income approach, which represents the excessive earnings generated by the asset that remains after a deduction for a return on other contributory assets;
- Brand names were valued using the relief from royalty method under income approach, which represents the benefits of owning the intangible asset rather than paying royalties for its right of use;
- Goodwill was valued by estimating the fair value of the reporting unit using the discounted cash flow method under the income approach and impairment was recorded as the carrying amount of the reporting unit exceeding its fair value.
- Other assets and liabilities carrying value approximated fair value at the time of acquisition.

The estimation involves significant assumptions that might not be observable in the market, and a number of complex and subjective variables, such as revenue growth rate, discount rate, risk-free interest rate, royalty rates and subjective judgments regarding the management's projected financial and operating results, its unique business risks.

Valuation of fair value of mining machines acquired

We used the following valuation methodology to value the fair value of mining machines acquired:

Mining machines were valued using the market approach, which represents the market participant transaction prices for comparable mining equipment. This methodology considers the quoted prices of machines with similar specifications, such as hash rate and power efficiency, adjusted for factors including but not limited to the age, condition, hashprice index and producer price index.

The estimation involves significant assumption and a number of complex and subjective variables, such as market transaction prices for comparable hardware, and subjective judgments regarding the remaining useful life of the machines and volatility in the market for cryptocurrency mining equipment.

Allowance for credit losses

Allowance for credit loss represents management's best estimate of probable losses inherent in the portfolio. ASC 326 requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The guidance requires financial assets to be presented at the net amount expected to be collected. The allowance for credit losses is a valuation account that is deducted from the cost of the financial asset to present the net carrying value at the amount expected to be collected on the financial asset.

We considered various factors, including nature, historical collection experience, the age of the accounts receivable balances, credit quality and specific risk characteristics of its customers, current economic conditions, forward-looking information including economic, regulatory, technological, environmental factors (such as industry prospects, GDP, employment, etc.), reversion period, and qualitative and quantitative adjustments to develop an estimate of credit losses. We have adopted loss rate method to calculate the credit loss and considered the reverent factors of our historical and future conditions to make reasonable estimation of the risk rate. Because estimating expected credit losses requires a number of assumptions about matters that are uncertain, expected credit losses can vary substantially over time. The amounts of allowance over deferred tax assets were US$1,703,274, US$1,940,958 and US$7,842,308 of December 31, 2023, 2024 and 2025, respectively.

Deferred tax assets allowance

Deferred tax assets and liabilities are recognized for expected future tax consequences of temporary differences between the financial reporting and tax bases of assets and liabilities, and for operating losses and tax credit carry forwards. A valuation allowance is recorded when it is more likely than not that some of the deferred tax assets will not be realized. When we determine and quantify the valuation allowances, we consider such factors as projected future taxable income, the availability of tax planning strategies, the historical taxable income/losses in prior years, and future reversals of existing taxable temporary differences. The assumptions used in determining projected future taxable income require significant judgment. Actual operating results in future years could differ from current assumptions, judgements and estimates. Changes in these estimates and judgements may result in material increase or decrease in the provision for income tax expenses, which could be material to financial position and results of operations.

Recently Issued Accounting Pronouncements

A list of recently issued accounting pronouncements that are relevant to us is included in Note 2 to our consolidated financial statements included elsewhere in this annual report on Form 20-F.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

6.A. Directors and Senior Management

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

Directors and Executive Officers	Age	Position/Title
Mario Yau Kwan Ho	31	Chairman and Co-Chief Executive Officer
Hicham Chahine	37	Director and Co-Chief Executive Officer
Liwei Sun	40	Director and President
Yanjun Xu	38	Director and Financial Director
Felix Granander	29	Director
Carl Stuart Agren	49	Director
Simon Ming Yeung Tang	41	Director
Kee Wee Kiang Kenneth	34	Director
Carter Jack Feldman	29	Independent Director
King R.H. Harris	35	Independent Director
Zhiyong Li	42	Chief Financial Officer
Lei Zhang	40	Chief Experience Officer
Heng Tang	40	Executive Vice President

Mr. Mario Yau Kwan Ho is our co-founder, co-chief executive officer and the chairman of our board of directors. He currently serves as the chief executive officer of our Asia business. Mario founded Victory Five (V5) esports club and the Macau Esports Federation in 2018, serving as the chairman for both entities. As the partner of iDreamSky Technology Holdings Limited (01119.HK), Mario led the games publishing company to a successful listing on the Hong Kong Stock Exchange. In 2021, Mario led the merger between V5 and eStar Esports, creating then the largest Chinese esports company. In 2023, he led the merger between ESV5 and Ninjas in Pyjamas. Mario received his bachelor's degree in management science from the Massachusetts Institute of Technology in 2016.

Mr. Hicham Chahine is our co-founder, co-chief executive officer and director. He currently serves as the chief executive officer of our Western and MENA businesses. Hicham acquired Ninjas in Pyjamas in 2016, and has served as its chief executive officer since then. Prior to joining Ninjas in Pyjamas, Hicham had extensive experiences ranging from financial industry to entrepreneurship. From May 2008 to June 2016, he was the managing director of hedge funds at Formue, the largest wealth management firm in the Nordics. In February 2010, Hicham founded and served as chairman of DIGLIFE AS, a private equity firm with investment portfolios in lifestyle, gaming and other technology-related companies. Hicham graduated from BI Norwegian Business School with a bachelor's degree in business and economics in 2013.

Mr. Liwei "*xiaOt*" *Sun* is our president. He has served as our director since February 2021. xiaOt was one of China's most famous esports athletes with renown and success in titles such as Warcraft III, Starcraft II and Heroes of the Storm. xiaOt co-founded and served as the chief executive officer of Invictus Gaming esports club in 2012. He founded eStar Gaming in 2014 and led the team to win numerous world and national championships across multiple titles. xiaOt was the co-founder of Wuhan Xingjing Interactive Entertainment Co., Ltd., which later became a subsidiary of Wuhan ESVF. He has also served as the vice-president of the Hubei Esports Association since 2022.

Ms. Yanjun Xu has served as our director since March 2022. Yanjun has also been our financial director since June 2020. From 2017 to 2020, she worked as a financial director of a subsidiary of Wuhan Tourism and Sports Group. Yanjun received her bachelor's degree in management from the Hubei University of Technology in 2013. She was qualified as an intermediate-level accounting professional in 2014 and a CPA professional in 2018.

Mr. Felix Granander has served as our director since January 2023 and brings a wealth of experience from the hospitality, technology and healthcare sectors. Felix has a number of investments in the marketing and technology space, informed by his extensive financial background.

Mr. Carl Stuart Agren has served as our director and the chief operating officer of our mining and digital asset division since August 2025, bringing over two decades of leadership in cryptocurrency mining and data center operations. Most recently, Carl served as chief executive officer of Phoenix Technology, where he oversaw global cryptocurrency mining operations and led corporate strategy, operations, and expansion initiatives. Prior to Phoenix, Carl co-founded and served as chief operating officer of G42 Cloud (now Core42), developing data center capacity for AI and high-performance computing in the Middle East. Carl received his bachelor's degree from the University of Idaho and master's degree from University of Phoenix.

Mr. Simon Ming Yeung Tang has served as our director since September 2025. He also currently serves as a director and chief financial officer at Cango Inc. (Nasdaq: CANG). Simon is an experienced corporate finance professional with over 15 years of expertise across investment banking, corporate law and senior finance leadership roles. Simon was chief financial officer of two new economy companies in the Internet and new energy vehicle sectors in China. From 2010 to 2021, he was part of the APAC TMT investment banking team at Credit Suisse, and before that practiced as an English law and Hong Kong law qualified corporate lawyer at Linklaters. Simon holds a Bachelor of Arts in Jurisprudence from the University of Oxford.

Mr. Kee Wee Kiang Kenneth has served as our director since September 2025. Kenneth has been active in the Bitcoin mining industry since 2022, with investments and operational experience across multiple jurisdictions. He has played an important role in scaling mining projects internationally and brings hands-on expertise in digital asset infrastructure and global mining operations. Prior to joining us, he accumulated extensive experience in digital asset mining projects, including cross-border project development, mining operations and the management of mining infrastructure.

Mr. Carter Jack Feldman has served as our independent director since January 2023. He has also been the chairman of the board of directors and chief executive officer of Zero Knowledge Labs Limited since 2022. From 2018 to 2023, Carter served as the chief technology officer at Dreamwalk Technologies Limited. He is otherwise known for creating the first Minecraft modding engine for mobile devices, ModPE, which has been installed on over 20,000,000 devices around the world

Mr. King R.H. Harris has served as our independent director since September 2024. Randy has a wealth of experience in sports business. He is a founder at 3V Sports Management, a U.S -based basketball agency specializing in advancing the professional careers of athletes. As a seasoned investor in real estate, technology, and AI ventures, he also has a deep understanding of economic sectors. Randy received his bachelor's degree from Loyola Marymount University in Los Angeles.

Mr. Zhiyong (*Ben*) *Li* has served as our chief financial officer since August 2022. Prior to that, Ben served as our financial advisor for approximately eight months. From 2019 to 2021, he was the chief financial officer of BlueCity Holdings Limited (Nasdaq: BLCT). He also served multiple positions in GDS Holdings Limited (Nasdaq: GDS) from 2007 to 2019, with the last position held as finance vice president from 2014 to 2019. Ben worked as an associate at PricewaterhouseCoopers Zhong Tian LLP, Beijing Branch from 2005 to 2007. He received his bachelor's degree in national economic management from the Renmin University of China in 2005.

Mr. Lei Zhang has served as our chief experience officer since September 2024, and our senior vice president since January 2021. He also served as our director from February 2021 to July 2024. Prior to joining us, Lei had served as the general manager for Hongli Culture Communication (Wuhan) Co., Ltd., the operating entity of MAG Studio, since 2017. From 2015 to 2017, he served as general manager of Koi Network Technology (Wuhan) Co., Ltd. He worked as the assistant to the general manager at Yimin Pharmaceuticals from 2013 to 2016, and worked in BGA Division of Airchina Media Co., Ltd. in 2013. Lei has served as the vice president of the Hubei Esports Association since 2022. He received his master's degree in multimedia from Nottingham Trent University in 2012.

Mr. Heng (Donald) Tang joined us in 2019 and currently serves as our executive vice president. Donald has extensive experiences in investment banking, auditing, investment and fund management. From 2019 to 2022, he served as the chief financial officer of Shenzhen Weiwu Esports Internet Technology Co., Ltd., a subsidiary of Wuhan ESVF. He also served as the investment director of iDreamSky from 2016 to 2019. Donald worked as a senior project manager at Huarong Securities Co. Ltd. from 2015 to 2016, a project manager at Century Securities from 2014 to 2015, and a senior auditor at PricewaterhouseCoopers, Shenzhen Branch, from 2011 to 2014. Donald received his master's degree in finance and management from the University of Exeter in 2010 and is a Senior Member of ACCA.

6.B. Compensation

Compensation of Directors and Executive Officers

For the year ended December 31, 2025, we paid an aggregate of US$1.1 million in cash and benefits to our directors and executive officers. We have not set aside or accrued any amount to provide pension, retirement or other similar benefits to our directors and executive officers. Our PRC subsidiaries and the VIEs are required by law to make contributions equal to certain percentages of each employee's salary for his or her pension insurance, medical insurance, unemployment insurance and other statutory benefits and a housing provident fund.

Employment Agreements and Indemnification Agreements

We have entered into employment agreements with each of our executive officers. Under these agreements, each of our executive officers is employed for a specified time period. We may terminate employment for cause, at any time, without advance notice or remuneration, for certain acts of the executive officer, such as conviction or plea of guilty to a felony or any crime involving moral turpitude, negligent or dishonest acts to our detriment, or misconduct or a failure to perform agreed duties. We may also terminate an executive officer's employment without cause upon 60-day advance written notice. In such case of termination by us, we will provide severance payments to the executive officer as may be agreed between the executive officer and us. The executive officer may resign at any time with a 60-day advance written notice.

Each executive officer has agreed to hold, both during and after the termination or expiry of his or her employment agreement, in strict confidence and not to use, except as required in the performance of his or her duties in connection with the employment or pursuant to applicable law, any of our confidential information or trade secrets, any confidential information or trade secrets of our customers or prospective customers, or the confidential or proprietary information of any third-party received by us and for which we have confidential obligations. The executive officers have also agreed to disclose in confidence to us all inventions, designs and trade secrets which they conceive, develop or reduce to practice during the executive officer's employment with us and to assign all right, title and interest in them to us, and assist us in obtaining and enforcing patents, copyrights and other legal rights for these inventions, designs and trade secrets.

In addition, each executive officer has agreed to be bound by non-competition and non-solicitation restrictions during the term of his or her employment and typically for one year following the last date of employment. Specifically, each executive officer has agreed not to (i) approach our suppliers, clients, direct or end customers or contacts or other persons or entities introduced to the executive officer in his or her capacity as a representative of us for the purpose of doing business with such persons or entities that will harm our business relationships with these persons or entities; (ii) assume employment with or provide services to any of our competitors, or engage, whether as principal, partner, licensor or otherwise, any of our competitors, without our express consent; or (iii) seek directly or indirectly, to solicit the employment or services of, or hire or engage, any person who is known to be employed or engaged by us; or (iv) otherwise interfere with our business or accounts.

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

Share Incentive Plans

2021 Share Incentive Plan

In 2021, we adopted 2021 Share Incentive Plan, or 2021 Plan, to attract and retain the best available personnel, to provide additional incentives to employees and to promote the success of our business. The maximum aggregate number of ordinary shares of NIP Group Inc. which may be issued under the 2021 Plan is 4,360,799, which has been proportionately adjusted under the Restructuring.

All share awards for an aggregate of 4,360,799 ordinary shares have been granted pursuant to the 2021 Plan, which have all vested and been exercised.

The following paragraphs summarize the terms of the 2021 Plan.

Plan Administration. Our board of directors or a committee appointed by our board of directors acts as the plan administrator. The board of directors or the committee may also delegate its powers under the 2021 Plan to one or more officers of the Company to grant or amend awards or take other general administrative actions.

Type of Awards. The 2021 Plan permits the awards of options, restricted shares, restricted share units, or any other type of awards approved by the plan administrator.

Award Agreement. Awards granted under the 2021 Plan shall be evidenced by an award agreement between the award recipient and the Company, which may be any written notice, agreement, terms and conditions, contract or other instrument or document evidencing the grant of such awards.

Eligibility. We may grant awards to employees of our company and our subsidiaries.

Term of Awards. Each award under the 2021 Plan shall vest or be exercised not more than ten years after the date of grant unless extended by the plan administrator. Each share award is subject to earlier termination as set forth in the 2021 Plan. The award is only exercisable before the eligible individual's termination of service with us, except as determined otherwise by the plan administrator or set forth in the award agreement. Any awards that are outstanding on the tenth anniversary of the 2021 Plan shall lapse automatically.

Vesting Schedule and Other Restrictions. The plan administrator has discretion in determining the individual vesting schedules and other restrictions applicable to the awards granted under the 2021 Plan. The vesting schedule is set forth in the award agreement.

Exercise Price. The plan administrator has discretion in determining the price of the awards, which can be a fixed or variable price related to the fair market value of the underlying ordinary shares and are subject to a number of limitations.

Termination. Unless terminated earlier, the 2021 Plan has a term of ten years from its date of effectiveness.

Amendment, Suspension or Termination. Our board of directors may at any time terminate, amend or modify the 2021 Plan, except where shareholder approval is required to comply with applicable laws or where the amendment relates to (i) any increases in the number of shares available under the 2021 Plan (other than any adjustment permitted under the 2021 Plan), or (ii) an extension of the term of the 2021 Plan or the exercise period for an option beyond ten years from the date of grant. To the extent permissible under the applicable laws, our board of directors may decide to follow home country practice not to seek shareholder approval for any amendment or modification of the 2021 Plan. However, no amendment, suspension or termination of the 2021 Plan shall, without the consent of the award recipients, adversely affect in any material way any award that has been granted or awarded prior to such amendment, suspension or termination.

Transfer Restriction. Awards may not be transferred in any manner by the eligible employees other than in accordance with the exceptions provided in the 2021 Plan, such as by will or by the laws of descent or distribution.

2024 Share Incentive Plan

In June 2024, we adopted the 2024 Share Incentive Plan, or the 2024 Plan, for the purpose of granting share-based compensation awards to employees, directors and consultants to incentivize their performance and align their interests with ours. The maximum aggregate number of Class A ordinary shares which may be issued pursuant to all awards under the 2024 Plan is 11,956,812.

As of March 31, 2026, the number of underlying shares pursuant to the outstanding share awards granted under the 2024 Plan amounted to 1,559 Class A ordinary shares. As of March 31, 2026, the number of shares available for future grant under the 2024 Plan was 8,945,618 Class A ordinary shares.

The following paragraphs describe the principal terms of the 2024 Plan.

Type of awards. The 2024 Plan permits the awards of options, restricted shares, and restricted share units or other types of awards approved by our board of directors or a committee appointed by our board of directors.

Plan administration. The 2024 Plan shall be administered by our board of directors or a committee appointed by the board of directors.

Award agreement. Awards under the 2024 Plan are evidenced by an award agreement that set forth the terms, conditions and limitations for each award which may include the term of an award, the provisions applicable in the event the participant's employment or service terminates, and our authority to unilaterally or bilaterally amend, modify, suspend, cancel or rescind an award.

Eligibility. We may grant awards to employees, consultants, and directors of our company and our subsidiaries.

Vesting schedule. In general, our board of directors or a committee appointed by the board of directors determines the vesting schedule, which is specified in the relevant award agreement.

Exercise of awards. The exercise price per share subject to an option is determined by the board of directors or a committee appointed by the board of directors and set forth in the award agreement which may be a fixed price or a variable price related to the fair market value of the shares.

Transfer restrictions. Awards may not be transferred in any manner by the eligible participant other than in accordance with the limited exceptions provided in the 2024 Plan, such as transfers to our company or a subsidiary of ours, transfers by gift to "immediate family" as that term is defined in SEC Rule 16a-1(e) promulgated under the Exchange Act, the designation of a beneficiary to receive benefits if the participant dies, permitted transfers or exercises on behalf of the participant by the participant's duly authorized legal representative if the participant has suffered a disability, or, subject to the prior approval of our board of directors, a committee appointed by the board of directors or our executive officer or director duly authorized by the relevant committee, transfers to one or more natural persons who are the participant's family members or entities owned and controlled by the participant and/or the participant's family members, including but not limited to trusts or other entities whose beneficiaries or beneficial owners are the participant and/or the participant's family members, or to such other persons or entities as may be expressly approved by our board of directors or a committee appointed by the board of directors, pursuant to such conditions and procedures as our board of directors or a committee appointed by the board of directors may establish.

Termination and amendment. Unless terminated earlier, the 2024 Plan has a term of ten years. Our board of directors may terminate, amend or modify the 2024 Plan at any time. However, to comply with applicable laws or stock exchange rules, shareholder approval is required for any amendment unless we opt to follow home country practice. Specifically, unless we opt to follow home country practice, shareholder approval is necessary for any amendment that (i) increases the number of shares available under the 2024 Plan, except for certain exemptions as stipulated in the 2024 Plan, or (ii) allows our board of directors or a committee appointed by the board of directors to extend the term of the 2024 Plan or the exercise period for an option beyond ten years from the date of grant.

2025 Share Incentive Plan

In November 2025, we adopted the 2025 Share Incentive Plan, or the 2025 Plan, for the purpose of granting share-based compensation awards to employees, directors and consultants to incentivize their performance and align their interests with ours. We subsequently amended our 2025 Plan in December 2025. Following the amendment, the maximum aggregate number of ordinary shares which may be issued pursuant to all awards under the 2025 Plan is 164,946,296.

As of March 31, 2026, the number of shares available for future grant under the 2025 Plan was 119,515,989 ordinary shares.

The following paragraphs describe the principal terms of the 2025 Plan.

Type of awards. The 2025 Plan permits the awards of options, restricted shares, and restricted share units or other types of awards approved by the compensation committee of our board of directors or a committee appointed by our board of directors.

Plan administration. The 2025 Plan shall be administered by the compensation committee or a committee appointed by the board of directors.

Award agreement. Awards under the 2025 Plan are evidenced by an award agreement that set forth the terms, conditions and limitations for each award which may include the term of an award, the provisions applicable in the event the participant's employment or service terminates, and our authority to unilaterally or bilaterally amend, modify, suspend, cancel or rescind an award.

Eligibility. We may grant awards to employees, consultants, and directors of our company and our subsidiaries.

Vesting schedule. In general, the compensation committee or a committee appointed by the board of directors determines the vesting schedule, which is specified in the relevant award agreement.

Exercise of awards. The exercise price per share subject to an option is determined by the compensation committee or a committee appointed by the board of directors and set forth in the award agreement which may be a fixed price or a variable price related to the fair market value of the shares.

Transfer restrictions. Awards may not be transferred in any manner by the eligible participant other than in accordance with the limited exceptions provided in the 2025 Plan, such as transfers to our company or a subsidiary of ours, transfers by gift to "immediate family" as that term is defined in SEC Rule 16a-1(e) promulgated under the Exchange Act, the designation of a beneficiary to receive benefits if the participant dies, permitted transfers or exercises on behalf of the participant by the participant's duly authorized legal representative if the participant has suffered a disability, or, subject to the prior approval of the compensation committee, a committee appointed by the board of directors or our executive officer or director duly authorized by the relevant committee, transfers to one or more natural persons who are the participant's family members or entities owned and controlled by the participant and/or the participant's family members, including but not limited to trusts or other entities whose beneficiaries or beneficial owners are the participant and/or the participant's family members, or to such other persons or entities as may be expressly approved by the compensation committee or a committee appointed by the board of directors, pursuant to such conditions and procedures as the compensation committee or a committee appointed by the board of directors may establish.

Termination and amendment. Unless terminated earlier, the 2025 Plan has a term of ten years. The compensation committee may terminate, amend or modify the 2025 Plan at any time. However, to comply with applicable laws or stock exchange rules, shareholder approval is required for any amendment unless we opt to follow home country practice. Specifically, unless we opt to follow home country practice, shareholder approval is necessary for any amendment that (i) increases the number of shares available under the 2025 Plan, except for certain exemptions as stipulated in the 2025 Plan, or (ii) allows the compensation committee or a committee appointed by the board of directors to extend the term of the 2025 Plan or the exercise period for an option beyond ten years from the date of grant.

Equity Incentive Trust

The ESVF Trust was established under a trust deed between our Company as settlor and Vistra Trust (Hong Kong) Limited, or the VTHK, as trustee, on January 20, 2023. Through the ESVF Trust, our ordinary shares and other rights and interests under awards granted pursuant to our 2021 Plan may be provided to certain award recipients. As of the date of this annual report, some of the award recipients under the 2021 Plan participated in the ESVF Trust.

Participants in the ESVF Trust transfer their awards to Vistra Trust to be held for their benefit. Upon satisfaction of vesting conditions and request by award recipients, the VTHK as trustee of the ESVF Trust will exercise the awards and transfer the relevant ordinary shares and other rights and interests under the awards to the relevant participants upon written instructions by an advisory committee established by the plan administrator. The advisory committee is authorized by the plan administrator to make all determinations and provide directions to the VTHK in relation to the administration of the ESVF Trust and the 2021 Plan. The trust deed provides that the VTHK as trustee of the ESVF Trust shall not exercise the voting rights attached to such ordinary shares unless otherwise directed by the advisory committee.

As of March 31, 2026, our employees and other qualified individuals other than members of our senior management as a group held outstanding share awards to purchase 1,559 Class A ordinary shares.

6.C. Board Practices

Board of Directors

Our board of directors consists of seven directors. A director is not required to hold any shares in our company by way of qualification. A director who is in any way, whether directly or indirectly, interested in a contract or transaction or proposed contract or transaction with our company is required to declare the nature of his or her interest at a meeting of our directors. Subject to the Nasdaq rules and disqualification by the chairman of the relevant board meeting, a director may vote with respect to any contract or transaction, or proposed contract or transaction notwithstanding that he or she may be interested therein, and if he or she does so his or her vote shall be counted and he or she may be counted in the quorum at any meeting of our directors at which any such contract or transaction or proposed contract or transaction is considered. Our directors may exercise all the powers of our company to raise or borrow money, and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof, and to issue debentures or other securities whenever money is borrowed or as security for any debt, liability or obligation of our company or of any third-party. None of our non-executive directors has a service contract with us that provides for benefits upon termination of service.

Committees of the Board of Directors

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

Audit Committee. Our audit committee consists of Mr. Carter Jack Feldman and Mr. King R.H. Harris. Mr. Carter Jack Feldman is the chairperson of our audit committee. We have determined that each of Mr. Carter Jack Feldman and Mr. King R.H. Harris satisfies the "independence" requirements of Rule 5605(a)(2) of the Listing Rules of the Nasdaq Stock Market and Rule 10A-3 under the Exchange Act. We have determined that Mr. Carter Jack Feldman qualifies as an "audit committee financial expert." The audit committee oversees our accounting and financial reporting processes and the audits of the financial statements of our company. The audit committee is responsible for, among other things:

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

Compensation Committee. Our compensation committee consists of Mr. Mario Yau Kwan Ho, Mr. Hicham Chahine and Mr. Liwei Sun. Mr. Mario Yau Kwan Ho is the chairperson of our compensation committee. The compensation committee assists the board in reviewing and approving the compensation structure, including all forms of compensation, relating to our directors and executive officers. Our chief executive officer may not be present at any committee meeting during which his compensation is deliberated. The compensation committee is responsible for, among other things:

- reviewing and approving, or recommending to the board for its approval, the compensation for our chief executive officer and other executive officers;
- reviewing and recommending to the board for determination with respect to the compensation of our non-employee directors;
- reviewing periodically and approving any incentive compensation or equity plans, programs or similar arrangements; and
- selecting a compensation consultant, legal counsel or other adviser only after taking into consideration all factors relevant to that person's independence from management.

Nominating and Corporate Governance Committee. Our nominating and corporate governance committee consists of Mr. Mario Yau Kwan Ho and Mr. Hicham Chahine. Mr. Mario Yau Kwan Ho is the chairperson of our nominating and corporate governance committee. The nominating and corporate governance committee assists the board of directors in selecting individuals qualified to become our directors and in determining the composition of the board and its committees. The nominating and corporate governance committee is responsible for, among other things:

- selecting and recommending to the board nominees for election by the shareholders or appointment by the board;
- reviewing annually with the board the current composition of the board with regards to characteristics such as independence, knowledge, skills, experience and diversity;
- making recommendations on the frequency and structure of board meetings and monitoring the functioning of the committees of the board; and
- advising the board periodically with regards to significant developments in the law and practice of corporate governance as well as our compliance with applicable laws and regulations, and making recommendations to the board on all matters of corporate governance and on any remedial action to be taken.

Duties of Directors

Under Cayman Islands law, our directors owe fiduciary duties to our company, including a duty of loyalty, a duty to act honestly, and a duty to act in what they consider in good faith to be in our best interests. Our directors must also exercise their powers only for a proper purpose. Our directors also owe to our company a duty to exercise the skill they actually possess and such care and diligence that a reasonably prudent person would exercise in comparable circumstances. It was previously considered that a director need not exhibit in the performance of his or her duties a greater degree of skill than may reasonably be expected from a person of his or her knowledge and experience. However, English and Commonwealth courts have moved towards an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands. In fulfilling their duty of care to us, our directors must ensure compliance with our memorandum and articles of association, as amended and restated from time to time, and the class rights vested thereunder in the holders of the shares. In certain 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:

- convening shareholders' annual and extraordinary 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 register of members.

Terms of Directors and Officers

Our directors may be appointed by an ordinary resolution of our shareholders. Alternatively, our board of directors may, by the affirmative vote of a simple majority of the directors present and voting at a board meeting appoint any person as a director to fill a casual vacancy on our board or as an addition to the existing board. Our directors are not automatically subject to a term of office and hold office until such time as their office is vacated or where they are removed from office by an ordinary resolution of our shareholders. The service of our independent directors may be terminated by the director or by us with a 30-day advance written notice or such other shorter period of notice as mutually agreed. In addition, a director will cease to be a director if, among other things, the director (i) becomes bankrupt or makes any arrangement or composition with his or her creditors; (ii) dies or is found to be or becomes of unsound mind; (iii) resigns his or her office by notice in writing to our company, or (iv) without special leave of absence from our board, is absent from three consecutive board meetings and our directors resolve that his or her office be vacated; or (v) is removed from office pursuant to any other provision of our articles of association.

Our officers are appointed by and serve at the discretion of the board of directors, and may be removed by our board of directors.

6.D. Employees

As of December 31, 2025, we had 247 employees. The following tables set forth the breakdown of our full-time employees as of December 31, 2025 by function and location, respectively:

Function	Number of Employees
Esports teams	17
Talent management	35
Event production	94
Sales and marketing	29
General administrative and others	72
Total	247

Location	Number of Employees
China	232
Sweden	10
United Arab Emirates	5
Total	**247**

Our employees and our culture are critical to our success. We strive to maintain a collegial and creative corporate culture. We have various recruiting channels and do our best to provide our recruits with great career development possibilities. In addition to on-the-job training, we also have established various onsite and online training programs to keep our employees abreast of industry trends. Our training program topics cover professional and leadership skills, technology, and regulatory developments, focusing on both our daily business operations and each employee's individual career development. We believe that our compensation and benefits packages are competitive within our industry. We have not experienced any significant labor disputes. We believe that we maintain good relationships with our employees. None of our employees in China are represented by labor unions.

We generally enter into standard confidentiality and employment agreements with our employees to cover matters such as salaries, benefits and grounds for termination. The contracts with our key personnel typically include a non-solicitation covenant, as well as a standard non-compete covenant that prohibits the employee from competing with us, directly or indirectly, during his or her employment and for two years, or such other period agreed between the employee and us, after the termination of his or her employment, provided that we pay a certain amount of compensation during the restriction period.

As required by local regulations in the country where we operate, we participate in various employee social security plans that are administered by municipal and provincial governments for our full-time employees. In China, such required social security plans include housing, pension, medical insurance, unemployment insurance, injury insurance and maternity insurance. We are required under PRC law to make contributions to employee benefit plans for our PRC-based full-time employees at specified percentages of the total salaries, bonuses and certain allowance of our employees, up to a maximum amount specified by the relevant local governments in China from time to time. We are also required to make contributions to mandated employee provident fund schemes required by local laws for our employees in other jurisdictions.

6.E. Share Ownership

The following table sets forth information concerning the beneficial ownership of our ordinary shares as of March 31, 2026 by:

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

The calculations in the table below are based on 448,715,515 ordinary shares issued and outstanding as of March 31, 2026, including 365,280,890 Class A ordinary shares, 51,900,121 Class B1 ordinary shares and 31,534,504 Class B2 ordinary shares.

Beneficial ownership is determined in accordance with the rules and regulations of the SEC. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, we have included shares that the person has the right to acquire within 60 days, including through the exercise of any option, warrant or other right or the conversion of any other security. These shares, however, are not included in the computation of the percentage ownership of any other person.

	Ordinary Shares Beneficially Owned					
	Class A Ordinary Shares	**Class B1 Ordinary Shares**	**Class B2 Ordinary Shares**	**Total Ordinary Shares on an As-Converted Basis**	**% of Beneficial Ownership***	**% of Aggregate Voting Power****
Directors and Executive Officers†:						
Mario Yau Kwan Ho [1]	—	33,451,073	—	33,451,073	7.5	32.9
Hicham Chahine [2]	—	—	31,534,504	31,534,504	7.0	31.0
Liwei Sun [3]	—	18,449,048	—	18,449,048	4.1	18.1
Yanjun Xu	—	—	—	—	—	—
Felix Granander [4]	12,268,258	—	—	12,268,258	2.7	0.6
Carl Stuart Agren [5]	276	—	—	276	0.0	0.0
Simon Ming Yeung Tang	—	—	—	—	—	—
Kee Wee Kiang Kenneth	—	—	—	—	—	—
Carter Jack Feldman	—	—	—	—	—	—
King R.H. Harris	—	—	—	—	—	—
Zhiyong Li [6]	143,000	—	—	143,000	0.0	0.01
Lei Zhang [7]	875,247	—	—	875,247	0.2	0.04
Heng Tang [8]	753,018	—	—	753,018	0.2	0.04
All Directors and Executive Officers as a Group	**14,039,799**	**51,900,121**	**31,534,504**	**97,474,424**	**21.7**	**82.7**
Principal Shareholders						
Seventh Hokage Management Limited [1]	—	33,451,073	—	33,451,073	7.5	32.9
Apex Cyber Capital Limited [9]	61,587,787	—	—	61,587,787	13.7	3.0
Prosperity Oak Holdings Limited [10]	57,965,652	—	—	57,965,652	12.9	2.9
Silver Crest Limited [11]	28,653,405	—	—	28,653,405	6.4	1.4
Alpha Giant Limited [12]	26,128,044	—	—	26,128,044	5.8	1.3
Ascentia Capital Limited [13]	26,128,044	—	—	26,128,044	5.8	1.3
Veridian Prosperity Group Limited [14]	26,123,281	—	—	26,123,281	5.8	1.3
Prosperity Peak Limited [15]	26,122,897	—	—	26,122,897	5.8	1.3
Nexus ConsultTech Limited [16]	26,074,457	—	—	26,074,457	5.8	1.3

Notes:

† Except as otherwise indicated below, the business address of our directors and executive officers is Rosenlundsgatan 31, 11863, Stockholm, Sweden. The business address of Mario Yau Kwan Ho, Liwei "xiaOt" Sun, Yanjun Xu, Zhiyong Li, Lei Zhang and Heng Tang is No. 26, Gaoxin 2nd Road, East Lake High-tech Development Zone, Wuhan, Hubei, 430000, The People's Republic of China.

* For each person and group included in this table, percentage ownership is calculated by dividing the number of shares beneficially owned by such person or group by the sum of (i) the total number of ordinary shares outstanding and (ii) the number of ordinary shares that such person or group has the right to acquire upon exercise of options or other right within 60 days after the date of this annual report.

** For each person or group included in this column, percentage of total voting power is calculated by dividing the voting power beneficially owned by such person or group by the voting power of all of our Class A, Class B1 and Class B2 ordinary shares as a single class. Each holder of Class A ordinary shares is entitled to one vote per share. Each holder of Class B1 and Class B2 ordinary shares (collectively referred to as "Class B ordinary shares") is entitled to 20 votes per share, subject to the approval conditions for ordinary resolutions, the Weighted Voting Right and certain restrictions. Our Class B ordinary shares are convertible at any time by the holder into Class A ordinary shares on a one-for-one basis, while Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances. For more information about the voting rights of our Class A and Class B ordinary shares, see "Item 10. Additional Information—10.B. Memorandum and Articles of Association."

(1) Represents 33,451,073 Class B1 ordinary shares directly held by Seventh Hokage Management Limited (formerly known as Mario Ho Holdings Limited), a limited liability company established in the British Virgin Islands. Seventh Hokage Management Limited is wholly owned by Seventh Hokage Holdings Limited, a limited liability company established in the British Virgin Islands, which is beneficially owned by Mario Yau Kwan Ho through a trust. Mario Yau Kwan Ho and his family are the trust's beneficiaries. The registered address of Seventh Hokage Management Limited is Start Chambers, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, British Virgin Islands.

(2) Represents (i) 13,362,381 Class B2 ordinary shares directly held by DIGLIFE AS, a company registered under the laws of Norway and is 95.61% owned by Hicham Chahine; and (ii) 18,172,123 Class B2 ordinary shares directly held by Hicham Chahine. The registered address of DIGLIFE AS is Tors gate 2B, 0260 Oslo, Norway.

(3) Represents 18,449,048 Class B1 ordinary shares directly held by xiaOt Sun Holdings Limited, a limited liability company established in the British Virgin Islands. xiaOt Sun Holdings Limited is wholly owned by Liwei Sun. The registered address of xiaOt Sun Holdings Limited is Start Chambers, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, British Virgin Islands.

(4) Represents 12,268,258 Class A ordinary shares held by Tolsona Ltd., a company incorporated in the Republic of Cyprus. Tolsona Ltd. is wholly owned by Felix Granander. The registered address of Tolsona Ltd. is Naxou, 4, 1st Floor, Flat/Office 101, 1070, Nicosia, the Republic of Cyprus.

(5) Represents 276 Class A ordinary shares in the form of ADSs beneficially owned by Carl Stuart Agren.

(6) Represents 143,000 Class A ordinary shares in the form of ADSs beneficially owned by Zhiyong Li.

(7) Represents 875,247 Class A ordinary shares held by RayZ Holdings Limited, a limited liability company established in the British Virgin Islands. RayZ Holdings Limited is wholly owned by Lei Zhang. The registered address of RayZ Holdings Limited is Start Chambers, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, British Virgin Islands.

(8) Represents 753,018 Class A ordinary shares in the form of ADSs beneficially owned by Heng Tang.

(9) Represents 61,587,787 Class A ordinary shares directly held by Apex Cyber Capital Limited, a limited liability company established in the British Virgin Islands, as reported on the Schedule 13D/A filed by Apex Cyber Capital Limited on January 15, 2026. Kee Wee Kiang, Kenneth, FANG Wenwen and SHEN Yue Lei each indirectly holds one-third of the shares of Apex Cyber Capital Limited. The registered address of Apex Cyber Capital Limited is Trinity Chambers, PO Box 4301, Road Town, Tortola, British Virgin Islands.

(10) Represents 57,965,652 Class A ordinary shares directly held by Prosperity Oak Holdings Limited, a limited liability company established in the British Virgin Islands, as reported on the Schedule 13D/A filed by Prosperity Oak Holdings Limited on January 15, 2026. CHIU Chang-Wei holds 100% of the voting power of the shares of Prosperity Oak Holdings Limited. The registered address of Prosperity Oak Holdings Limited is Commerce House, Wickhams Cay 1, P.O. Box 3140, Road Town, Tortola, British Virgin Islands VG1110.

(11) Represents 28,653,405 Class A ordinary shares directly held by Silver Crest Limited, a limited liability company established in the British Virgin Islands. The registered address of Silver Crest Limited is Ritter House, Wickhams Cay II, PO Box 3170, Road Town, Tortola, British Virgin Islands VG1110.

(12) Represents 26,128,044 Class A ordinary shares directly held by Alpha Giant Limited, a limited liability company established in the British Virgin Islands. The registered address of Alpha Giant Limited is Trinity Chambers, PO Box 4301, Road Town, Tortola, British Virgin Islands VG1110.

(13) Represents 26,128,044 Class A ordinary shares directly held by Ascentia Capital Limited, a limited liability company established in the British Virgin Islands. The registered address of Ascentia Capital Limited is Craigmuir Chambers, Road Town, Tortola, British Virgin Islands VG1110.

(14) Represents 26,123,281 Class A ordinary shares directly held by Veridian Prosperity Group Limited, a limited liability company established in the British Virgin Islands. The registered address of Veridian Prosperity Group Limited is Craigmuir Chambers, Road Town, Tortola, British Virgin Islands VG1110.

(15) Represents 26,122,897 Class A ordinary shares directly held by Prosperity Peak Limited, a limited liability company established in the British Virgin Islands. The registered address of Prosperity Peak Limited is Craigmuir Chambers, Road Town, Tortola, British Virgin Islands VG1110.

(16) Represents 26,074,457 Class A ordinary shares directly held by Nexus ConsultTech Limited, a limited liability company established in the British Virgin Islands. The registered address of Nexus ConsultTech Limited is Asia Leading Chambers, Road Town, Tortola, British Virgin Islands VG1110.

To our knowledge, as of March 31, 2026, a total of 44,735,728 Class A ordinary shares were held by one record holder in the United States, which is the depositary of our ADS program for the benefit of holders of ADRs. The number of beneficial owners of the ADSs in the United States is likely to be much larger than the number of record holders of our ordinary shares in the United States. None of our outstanding Class B ordinary shares are held by record holders in the United States.

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

Enforceability of Civil Liabilities

We are incorporated under the laws of the Cayman Islands as an exempted company with limited liability. We are incorporated in the Cayman Islands to take advantage of certain benefits associated with being a Cayman Islands exempted company, such as:

- political and economic stability;
- an effective judicial system;
- a favorable tax system;
- the absence of exchange control or currency restrictions; and
- the availability of professional and support services.

However, certain disadvantages accompany incorporation in the Cayman Islands. These disadvantages include but are not limited to:

- the Cayman Islands has a less developed body of securities laws as compared to the United States and these securities laws provide significantly less protection to investors as compared to the United States; and
- Cayman Islands companies may not have standing to sue before the federal courts of the United States.

Our constituent documents do not contain provisions requiring that disputes, including those arising under the securities laws of the United States, between us, our officers, directors and shareholders, be arbitrated.

Most of our operations are conducted in Sweden, China and the United States, and substantially all of our assets are located in Sweden, China and the United States. In addition, except for Mr. Carl Stuart Agren, Mr. Carter Jack Feldman and Mr. King R.H. Harris, our directors, the rest of our current directors and officers listed in "Item 6. Directors, Senior Management and Employees—6.A. Directors and Senior Management" are nationals and residents of countries other than the United States. Substantially all of the assets of these persons are located outside the United States. For example, Mr. Mario Yau Kwan Ho is a Hong Kong resident, while Mr. Liwei Sun, Ms. Yanjun Xu, Mr. Zhiyong Li, Mr. Lei Zhang and Mr. Heng Tang reside in mainland China. As a result, it may be difficult for a shareholder to effect service of process within the United States upon these individuals, or to bring an action against us or these individuals in the United States, or to enforce against us or them judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States.

We have been informed by Carey Olsen Singapore LLP, our counsel as to Cayman Islands law, that there is uncertainty as to whether the courts of the Cayman Islands would (i) recognize or enforce judgments of U.S. courts obtained against us or our directors or officers that are predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States, or (ii) entertain original actions brought in the Cayman Islands against us or our directors or officers that are predicated upon the securities laws of the United States or any state in the United States. We have also been advised by Carey Olsen Singapore LLP that although there is no statutory enforcement in the Cayman Islands of judgments obtained in a U.S. court (and the Cayman Islands are not a party to any treaties for the reciprocal enforcement or recognition of such judgments), the courts of the Cayman Islands will, at common law, recognize and enforce a foreign money judgment of a foreign court of competent jurisdiction without any re-examination of the merits of the underlying dispute based on the principle that a judgment of a competent foreign court imposes upon the judgment debtor an obligation to pay the liquidated sum for which such judgment has been given, provided such judgment, provided such judgment (i) is given by a foreign court of competent jurisdiction, (ii) imposes on the judgment debtor a liability to pay a liquidated sum for which the judgment has been given, (iii) is final and conclusive, (iv) is not in respect of taxes, a fine or a penalty, and (v) was not obtained in a manner and is not of a kind the enforcement of which is contrary to natural justice or the public policy of the Cayman Islands.

However, the Cayman Islands courts are unlikely to enforce a judgment obtained from the United States courts under the civil liability provisions of the securities laws if such judgment is determined by the courts of the Cayman Islands to give rise to obligations to make payments that are penal or punitive in nature. A Cayman Islands court may stay enforcement proceedings if concurrent proceedings are being brought elsewhere.

CM Law Firm, our counsel as to PRC law, has advised us that there is uncertainty as to whether the courts of China would:

- recognize or enforce judgments of United States courts obtained against us or our directors or officers predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States; or
- entertain original actions brought in each respective jurisdiction against us or our directors or officers predicated upon the securities laws of the United States or any state in the United States.

CM Law Firm has further advised us that the recognition and enforcement of foreign judgments are provided for under the PRC Civil Procedures Law. PRC courts may recognize and enforce foreign judgments in accordance with the requirements of the PRC Civil Procedures Law and other applicable laws and regulations based either on treaties between China and the country where the judgment is made or on principles of reciprocity arrangement between jurisdictions. China does not have any treaties or other form of reciprocity with the United States or the Cayman Islands that provide for the reciprocal recognition and enforcement of foreign judgments. In addition, according to the PRC Civil Procedures Law, courts in the PRC will not enforce a foreign judgment against us or our directors and officers if they decide that the judgment violates the basic principles of PRC law or national sovereignty, security or public interest. As a result, it is uncertain whether and on what basis a PRC court would enforce a judgment rendered by a court in the United States or in the Cayman Islands. Under the PRC Civil Procedures Law, foreign shareholders may originate actions based on PRC law against a company in China for disputes if they can establish sufficient nexus to the PRC for a PRC court to have jurisdiction, and meet other procedural requirements, including, among others, the plaintiff must have a direct interest in the case, and there must be a concrete claim, a factual basis and a cause for the suit. It will be, however, difficult for U.S. shareholders to originate actions against us in the PRC in accordance with PRC laws because we are incorporated under the laws of the Cayman Islands and it will be difficult for U.S. shareholders, by virtue only of holding the ADSs or ordinary shares, to establish a connection to the PRC for a PRC court to have jurisdiction as required under the PRC Civil Procedures Law.

As to Swedish law, the issue of enforcement and recognition of foreign judgments is exhaustively governed in statutory law and Swedish courts and judicial agencies may not enforce a foreign judgment without statutory provisions allowing them to. As of the date of this annual report, judgments of courts in the United States cannot be recognized or enforced in Sweden. This means that the obligations concerned in any such judgments would have to be re-litigated before a Swedish court, which includes the Swedish court ruling on the merits. In such case the judgment from the United States is based on a choice of law agreement, Swedish courts will generally give deference to it, as per Swedish case law. Such deference is contingent on the judgment being the result of proceedings that meet minimum legal certainty and due process requirements.

Sweden is a contracting state to, and has incorporated, the Convention of June 30, 2005 on Choice of Court Agreements. The convention allows Swedish courts to recognize and enforce foreign judgments where the foreign court was designated as the proper venue by virtue of a choice of court agreement between the parties and also is a court of another contracting state. In such case the United States, that is a signatory to the aforementioned convention, would ratify it, Swedish courts would recognize and enforce judgments from courts in the United States that have been chosen as proper venue by the parties. The same applies for the Convention of July 2, 2019 on the Recognition and Enforcement of Foreign Judgments in Civil or Commercial Matters, which Sweden has acceded to and adopted through the European Union. Under said convention, money judgments are generally eligible for recognition and enforcement, but with some exceptions such as judgments concerning intellectual property.

Judgment of United States courts will not be directly enforced in Hong Kong. There are currently no treaties or other arrangements providing for reciprocal enforcement of foreign judgments between Hong Kong and the United States. However, subject to certain conditions, including but not limited to when the judgment is for a liquidated amount in a civil matter and not in respect of taxes, fines, penalties or similar charges, the judgment is final and conclusive and has not been stayed or satisfied in full, the proceedings in which the judgment was obtained were not contrary to natural justice and the enforcement of the judgment is not contrary to public policy of Hong Kong, Hong Kong courts may accept such judgment obtained from a United States court as a debt due under the rules of common law enforcement. However, a separate legal action for debt must be commenced in Hong Kong in order to recover such debt from the judgment debtor.

6.F. Disclosure of A Registrant's Action to Recover Erroneously Awarded Compensation

None.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

7.A. Major Shareholders

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

7.B. Related Party Transactions

Employment Agreements and Indemnification Agreements

See "Item 6. Directors, Senior Management and Employees—6.B. Compensation—Employment Agreements and Indemnification Agreements."

Share Incentive Plans

See "Item 6. Directors, Senior Management and Employees—6.B. Compensation—Share Incentive Plans."

Other Related Party Transactions

Transactions with Mario Yau Kwan Ho

In 2023, we recorded repayment of reality show services provided by Mr. Ho of US$667,994 and reality show service provided by Mr. Ho of US$146,822. In 2024, we recorded reality show service provided by Mr. Ho of US$224,528 and repayment of reality show services provided by Mr. Ho of US$39,048. We also had amounts due to Mr. Ho of US$146,429, US$325,277 and US$148,665, as of December 31, 2023, 2024 and 2025, respectively, representing reality show service fee.

Tianjin Mingren Enterprise Management Partnership (Limited Partnership), or Tianjin Mingren, is an entity ultimately controlled by Mr. Ho. We had amounts due from Tianjin Mingren of US$141, nil and nil as of December 31, 2023, 2024 and 2025, respectively.

Transactions with Hicham Chahine

We had amounts due to Mr. Chahine of US$4,035, nil and nil as of December 31, 2023, 2024 and 2025, respectively.

Transactions with Liwei Sun

In 2023, we recorded loan to Mr. Sun of US$49,429 and collection of loan to Mr. Sun of US$49,429. We had amounts due from Mr. Sun of US$37,165, US$36,150 and US$37,733 as of December 31, 2023, 2024 and 2025, respectively, representing interest-free loans provided to Mr. Sun, which were due on demand.

Wuhan Xingjing Culture Media Co., Ltd., or Xingjing Culture Media, is an entity controlled by Mr. Sun. In 2023, we recorded US$282,507 of loan from Xingjing Culture Media and loan repayment of US$3.6 million to Xingjing Culture Media. We had amounts due to Xingjing Culture Media of US$88,650, US$86,228 and US$90,003 as December 31, 2023, 2024 and 2025, respectively, representing interest-free loan for daily operations, which were due on demand.

Tianjin Xingjingweiwu Management Consulting LLP, or Tianjin LLP, is an entity controlled by Mr. Sun. In 2024, we recorded payment to Tianjin LLP for Wuhan ESVF's share purchase of US$62,702, and collection of loan to Tianjin LLP in the amount of US$278. We also had amounts due from Tianjin LLP of US$282, nil and nil as of December 31, 2023, 2024 and 2025, respectively, representing represented interest-free loans provided to Tianjin LLP, which were due on demand.

Transactions with Wuhan Tourism and Sports Group

In 2023, we provided sponsorships and advertising services to Wuhan Tourism and Sports Group of US$666,156. In 2024, we provided sponsorships and advertising services to Wuhan Tourism and Sports Group of US$600,898. We also had amounts due to Wuhan Tourism and Sports Group of US$609,009, nil and nil as of December 31, 2023, 2024 and 2025, respectively.

Wuhan Linyu Ecological Group Co., Ltd., or Wuhan Linyu, is a company indirectly wholly owned by Wuhan Tourism and Sports Group. In 2023, we purchased landscaping services of US$6,758 from Wuhan Linyu and made the repayment of services provided by Wuhan Linyu of US$8,106. In 2024, we purchased landscaping services of US$5,489 from Wuhan Linyu and made the repayment of services provided by Wuhan Linyu of US$5,489. In 2025, we purchased landscaping services of US$5,187 from Wuhan Linyu and made the repayment of services provided by Wuhan Linyu of US$5,187.

Transactions with Shenzhen Media Group

We provided sponsorships and advertising services to Shenzhen Media Group, an affiliate of Shenzhen Media Group (International Limited) which is one of our shareholders, in exchange for the use of stadium and dormitories owned by Shenzhen Media Group. In 2023, we provided sponsorships and advertising services to Shenzhen Media Group of US$423,675, and recorded rental expenses of US$610,092 and government subsidies that should be distributed to Shenzhen Media Group of US$423,675. We also purchased event production services from Shenzhen Media Group of US$14,687, and recorded repayment of government subsidies distributed to Shenzhen Media Group of US$282,450 in 2023. In 2024, we recorded rental expenses of US$16,579 and government subsidies that should be distributed to Shenzhen Media Group of US$416,914. We also purchased event production services of US$2,622 and event operation services of US$119,571 from Shenzhen Media Group, and provided event production services to Shenzhen Media Group of US$437,891 in 2024. In 2025, we recorded government subsidies that should be distributed to Shenzhen Media Group of US$413,644. We had amounts due to Shenzhen Media Group of US$422,540, US$946,944 and US$1,417,402 as of December 31, 2023, 2024 and 2025, respectively, representing government subsidies we received and should pay to Shenzhen Media Group pursuant to a cooperation agreement, as well as event operation services provided by Shenzhen Media Group. As of December 31, 2024 and 2025, we had amounts due from Shenzhen Media Group of US$252,079 and US$263,117, respectively, representing the accounts receivable for providing esports service to Shenzhen Media Group.

Transactions with Shenzhen Xingjing Weiwu Education Technology Co., Ltd.

In 2023, we provided loan to Shenzhen Xingjing Weiwu Education Technology Co., Ltd., or Shenzhen Xingjing Weiwu Education, an entity in which we have a minority equity interest, of US$152,304. In the same year, we also provided event production services to Shenzhen Xingjing Weiwu Education of US$75,988. As of December 31, 2023, we had amounts due from Shenzhen Xingjing Weiwu Education of US$232,229, and amounts due to Shenzhen Xingjing Weiwu Education of US$131,017. In 2024, we provided loan of US$1,042 and event production services of US$25,297 to Shenzhen Xingjing Weiwu Education. As of December 31, 2024, we had amounts due from Shenzhen Xingjing Weiwu Education of US$196,437, and amounts due to Shenzhen Xingjing Weiwu Education of US$131,017. Beginning in 2025, Shenzhen Xingjing has become a subsidiary of our company through consolidation and is no longer considered a related party of our company..

Transactions with Shengjie Huang

As of December 31, 2024, we had amounts due from Mr. Huang, a shareholder of us, of US$411,511, representing interest-free loans provided to Mr. Huang. Mr. Huang is no longer considered a related party due to disposal of Young Will in 2025.

Transactions with Wuhan Yingyi Culture Media Co., Ltd.

In 2024, we provided talent management service to Wuhan Yingyi Culture Media Co., Ltd., or Wuhan Yingyi, an entity in which we have a minority equity interest, of US$14,967. In 2025, we provided talent management service to Wuhan Yingyi of US$32,690. As of December 31, 2024 and 2025, we had amounts due to Wuhan Yingyi of US$9,006 and nil, respectively.

Transactions with Wuhan Lingsheng Culture and Technology Co., Ltd.

In 2024, we provided talent management service to Wuhan Lingsheng Culture and Technology Co., Ltd., or Wuhan Lingsheng, an entity in which we have a minority equity interest, of US$7,258. In 2025, we provided talent management service to Wuhan Lingsheng of US$12,345. As of December 31, 2024 and 2025, we had amounts due to Wuhan Lingsheng of US$5,353 and nil, respectively.

Transactions with Wuhan Suran Culture Media Co., Ltd.

In 2024, we provided talent management service to Wuhan Suran Culture Media Co., Ltd., an entity in which we have a minority equity interest, of US$37,586. In 2025, we provided talent management service to Wuhan Suran of US$60,818.

Transactions with Phase Two Limited

As of December 31, 2025, we had amounts due from Phase Two Limited, an entity in which we have a minority equity interest, of US$17,151, representing the advance payment we made on behalf of Phase Two Limited for the company's registration expenses.

Transactions with Haoming Yu

In 2025, we recorded loan to Mr. Haoming Yu, our senior vice president, of US$33,391 and collection of loan to Mr. Yu of US$33,391.

7.C. Interests of Experts and Counsel

Not applicable.

ITEM 8. FINANCIAL INFORMATION

8.A. Consolidated Statements and Other Financial Information

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

Legal Proceedings

We may from time to time be subject to various legal or administrative claims and proceedings arising in the ordinary course of our business. We are currently not a party to any material legal or administrative proceedings.

Litigation or any other legal or administrative proceeding, regardless of the outcome, is likely to result in substantial costs and diversion of our resources, including our management's time and attention. For potential impact of legal or administrative proceedings on us, see "Item 3. Key Information—3.D. Risk Factors—Risks Related to Our Business Operations—Pending or future litigations, arbitrations, governmental investigations and other legal proceedings could have a material and adverse impact on our financial condition and operating results."

Dividend Policy

Our board of directors has discretion on whether to distribute dividends, subject to certain requirements of Cayman Islands law. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our board of directors. In either case, all dividends are subject to certain restrictions under Cayman Islands law, namely that our company may only pay dividends out of profits or share premium, and provided always that in no circumstances may a dividend be paid if this would result in our company being unable to pay its debts as they fall due in the ordinary course of business. Even if we decide to pay dividends, the form, frequency and amount will depend upon 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.

We do not have any present plan to pay any cash dividends on our ordinary shares in the foreseeable future. We currently intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business.

We are a holding company incorporated in the Cayman Islands. We may rely on dividends from our subsidiaries in China for our cash requirements, including any payment of dividends to our shareholders. PRC regulations may restrict the ability of our PRC subsidiary to pay dividends to us.

If we pay any dividends on our ordinary shares, we will pay those dividends which are payable in respect of the underlying Class A ordinary shares represented by the ADSs to the depositary, as the registered holder of such Class A ordinary shares, and the depositary then will pay such amounts to the ADS holders in proportion to the underlying Class A ordinary shares represented by the ADSs held by such ADS holders, 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—12.D. American Depositary Shares." Cash dividends on our ordinary shares, if any, will be paid in U.S. dollars.

8.B. Significant Changes

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

ITEM 9. THE OFFER AND LISTING

9.A. Offering and Listing Details

The ADSs, each representing two of our Class A ordinary shares, have been listed on the Nasdaq Global Market under the symbol "NIPG" since July 26, 2024.

9.B. Plan of Distribution

Not applicable.

9.C. Markets

The ADSs, each representing two of our Class A ordinary shares, have been listed on the Nasdaq Global Market under the symbol "NIPG" since July 26, 2024.

9.D. Selling Shareholders

Not applicable.

9.E. Dilution

Not applicable.

9.F. Expenses of the Issue

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

10.A. Share Capital

Not applicable.

10.B. Memorandum and Articles of Association

We are a Cayman Islands exempted company incorporated with limited liability and our affairs are governed by our memorandum and articles of association, as amended from time to time, and the Companies Act (As Revised) of the Cayman Islands, which we refer to as the Companies Act below, and the common law of the Cayman Islands.

Our tenth amended and restated memorandum and articles of association is filed as Exhibit 1.1 to this annual report. Our shareholders adopted our tenth amended and restated memorandum and articles of association by a special resolution on December 29, 2025.

The following are summaries of material provisions of our tenth 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.

Objects of Our Company. Under our tenth amended and restated memorandum and articles of association, the objects of our company are unrestricted and we have the full power and authority to carry out any object not prohibited by the Cayman Islands law.

Shares. Our shares are issued in registered form and are issued when registered in our register of members (shareholders). We may not issue shares to bearer. Our shareholders who are nonresidents of the Cayman Islands may freely hold and vote their shares.

Dividends. The holders of our shares are entitled to such dividends as may be declared by our board of directors or declared by our shareholders by ordinary resolution (provided that no dividend may be declared by our shareholders which exceeds the amount recommended by our directors). Our tenth amended and restated memorandum and articles of association provide that dividends may be declared and paid out of our profits, realized or unrealized, or from any reserve set aside from profits which our board of directors determine is no longer needed. Under the laws of the Cayman Islands, our company may pay a dividend out of either profit or share premium account, provided that in no circumstances may a dividend be paid if this would result in our company being unable to pay its debts as they fall due in the ordinary course of business.

Voting Rights. Each Class A ordinary share is entitled to one vote per share and each Class B1 ordinary share and Class B2 ordinary shares is entitled to 20 votes per share subject to any Weighted Voting Rights.

Ordinary Resolutions. Ordinary resolutions of the Company should be passed, at a general meeting of the Company, by: (i) a simple majority of votes entitled to be exercised by the shareholders; (ii) a simple majority of votes entitled to be exercised by Class B1 Shareholders; and (iii) a simple majority of votes entitled to be exercised by Class B2 Shareholders. Alternatively, ordinary resolutions can be approved in writing by all shareholders entitled to vote.

Weighted Voting Rights. At any general meeting of our Company convened to consider any Special Resolution (which require the vote of two-thirds of the votes cast), the voting power permitted to be exercised by the holders of Class B Shares will be weighted such that the Class B ordinary shares shall represent, in the aggregate, 67% of the voting power of all shareholders.

Where there is more than one holder of Class B ordinary shares that is subject to a Weighted Voting Right for the purposes of passing a special resolution, then the voting power entitled to be exercised in respect of such Class B ordinary shares, shall be divided equally between the Class B1 majority holder who holds the highest number of the issued Class B1 ordinary shares and the Class B2 majority holder who holds the highest number of the issued Class B2 ordinary shares, provided always that: (i) in the event that a Class B majority holder votes "against" a special resolution (the "Relevant Class B Majority Holder"), then all of the voting power entitled to be exercised in respect of such Class B ordinary shares shall be exercised by that Relevant Class B Majority Holder only, and (ii) if there is only one Class B majority holder then the voting power entitled to be exercised in respect of such Class B ordinary shares shall be exercised by that Class B majority holder alone. Under the Companies Act, a special resolution will be required for important matters such as a change of name or making changes to our tenth amended and restated memorandum and articles of association.

Class B Share Conversion. Each Class B share is convertible into one Class A ordinary share at any time at the option of the holder thereof. In addition, our Class B1 ordinary shares and Class B2 ordinary shares will automatically convert into shares of Class A ordinary shares upon certain transfers and other events, in particular when a holder of Class B1 ordinary shares or holder of Class B2 ordinary shares holds less than 2% of our total issued shares, all of the Class B1 ordinary shares or the Class B2 ordinary shares held by the relevant holder and its Affiliates shall automatically convert into an equivalent number of Class A ordinary shares respectively. However, Class A ordinary shares are not convertible into Class B Shares under any circumstances.

General Meetings of Shareholders. As a Cayman Islands exempted company, we are not obliged by the Companies Act to call shareholders' annual general meetings. Our tenth amended and restated 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 in which case we shall specify the meeting as such in the notices calling it, and the annual general meeting shall be held at such time and place as may be determined by our directors.

Shareholders' general meetings may be convened by a majority of our board of directors. Advance notice of at least seven calendar days is required for the convening of our annual general shareholders' meeting (if any) and any other general meeting of our shareholders. A quorum required for any general meeting of shareholders consists of at least one shareholder present or by proxy, representing not less than one-third of all votes attaching to the issued and outstanding shares in our company entitled to vote at general meeting.

The Companies Act does not provide shareholders with a general statutory right 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 tenth amended and restated memorandum and articles of association provide that upon the requisition of any one or more of our shareholders who together hold shares which carry in aggregate not less than one-third of all votes attaching to the issued and outstanding shares of our company entitled 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, our tenth amended and restated 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.

Our tenth amended and restated memorandum and articles of association provide that at any meeting of shareholders a resolution put to the vote of the meeting must be decided on a poll vote.

Transfer of Ordinary Shares. Subject to the restrictions set out in our tenth amended and restated memorandum and articles of association as 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 ordinary 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
- a fee of such maximum sum as the Nasdaq Stock 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 three months after the date on which the instrument of transfer was lodged, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, after compliance with any notice required of the Nasdaq Stock 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 as our board may determine.

Transfer of our Shares represented by Depository Interests. We may register the transfer of any of our shares represented by depositary interests (i.e. ADSs) in accordance with the rules or regulations of a "Relevant System" (meaning any computer-based system and procedures permitted by Nasdaq, which enable title to interests in a security to be evidenced and transferred without a written instrument, and which facilitate supplementary and incidental matters) and any other applicable laws and regulations.

Where permitted by the rules or regulations of the Relevant System and any other applicable laws and regulations, our board of directors may, in its absolute discretion and without giving any reason for their decision, refuse to register any transfer of any share represented by an ADS.

Liquidation. On the winding up of our company, if the assets available for distribution amongst our shareholders shall be more than sufficient to repay the whole of the share capital at the commencement of the winding up, the surplus shall be distributed amongst our shareholders in proportion to the par value of the shares held by them at the commencement of the winding up, subject to a deduction from those shares in respect of which there are monies due, of all monies payable to our company for unpaid calls or otherwise. If our assets available for distribution are insufficient to repay all of the paid-up capital, the assets will be distributed so that the losses are borne by our shareholders in proportion to the par value of the shares held by them.

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 Shares. We may issue shares on terms that such shares are subject to redemption, at our option or at the option of the holders of these shares, on such terms and in such manner as may be determined by our board of directors. Our company may also repurchase any of our shares on such terms and in such manner as have been approved by our board of directors may determine or agree with the shareholder(s). 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 new issue of shares made for the purpose of such redemption or repurchase, or out of capital (including share premium account and capital redemption reserve) if our 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 issued and 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.

Variations of Rights of Shares. If at any time, our share capital is divided into different classes or series of shares, all or any the rights attached to any class or series of shares, may be varied in such manner as those rights may provide for or, if no such provision is made, either with the consent in writing of two-thirds of the holders of the issued shares of that class or series or with the sanction of a resolution passed by two-thirds majority of the votes cast at a separate meeting of the holders of the shares of the 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 pari passu with such existing class of shares.

Issuance of Additional Shares. Our tenth amended and restated memorandum and articles of association authorize 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.

Our tenth amended and restated memorandum and articles of association also authorize our board of directors to establish from time to time one or more series of preference shares and to determine, with respect to any series of preference 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 preference shares without action by our shareholders to the extent authorized but unissued, but any amendment of our memorandum and articles of association would require approval by shareholders by special resolution. Issuance of shares may dilute the voting power of holders of our 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. However, we will provide our shareholders with annual audited financial statements.

Anti-Takeover Provisions. Some provisions of our tenth 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 preference 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 tenth amended and restated 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.

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. The requirements for an exempted company are essentially the same as for an ordinary company except that an exempted company:

- does not have to file an annual return of its shareholders with the Registrar of Companies;
- is not required to open its register of members for inspection;
- does not have to hold an annual general meeting;
- may issue negotiable or bearer shares or shares with no par value;
- may obtain an undertaking against the imposition of any future taxation (such undertakings are usually given for 20 years in the first instance);
- 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).

Exclusive Forum. For the avoidance of doubt and without limiting the jurisdiction of the Cayman courts to hear, settle and/or determine disputes related to our Company, the courts of the Cayman Islands shall be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of our Company, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer, or other employee of our Company to our Company or our shareholders, (iii) any action asserting a claim arising pursuant to any provision of the Companies Act or these Articles including but not limited to any purchase or acquisition of shares, security, or guarantee provided in consideration thereof, or (iv) any action asserting a claim against our Company which if brought in the United States of America would be a claim arising under the internal affairs doctrine (as such concept is recognized under the laws of the United States from time to time).

Unless the Company consents in writing to the selection of an alternative forum, the United States District Court for the Southern District of New York (or, if the United States District Court for the Southern District of New York lacks subject matter jurisdiction over a particular dispute, the state courts in New York County, New York) shall be the exclusive forum within the United States for the resolution of any complaint asserting a cause of action arising out of or relating in any way to the federal securities laws of the United States, regardless of whether such legal suit, action, or proceeding also involves parties other than our Company. Any person or entity purchasing or otherwise acquiring any share or other securities in our Company, or purchasing or otherwise acquiring ADSs issued pursuant to deposit agreements, shall be deemed to have notice of and consented to the provisions of our articles of association.

Differences in Corporate Law

The Companies Act (as revised) of the Cayman Islands is derived, to a large extent, from the older Companies Acts of England but does not follow recent English statutory enactments and, accordingly, there are significant differences between the Companies Act and the current Companies Act of England. In addition, the Companies Act differs from laws applicable to U.S. corporations and their shareholders. Set forth below is a summary of certain 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 permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (i) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (ii) a "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by (a) a special resolution of the shareholders of each constituent company, and (b) such other authorization, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the surviving or consolidated company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

A merger between a Cayman 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 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.

Save in certain limited circumstances, a shareholder of a Cayman constituent company who dissents from the merger or consolidation is entitled to payment of the fair value of his shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) upon dissenting to the merger or consolidation; provided that the dissenting shareholder complies strictly with the procedures set out in the Companies Act. The exercise of dissenter rights will preclude the exercise by the dissenting shareholder of any other rights to which he or she might otherwise be entitled by virtue of holding shares, save for the right to seek relief on the grounds that the merger or consolidation is void or unlawful.

Separate from the statutory provisions relating to mergers and consolidations, the Companies Act also contains statutory provisions that facilitate the reconstruction and amalgamation of companies by way of schemes of arrangement; provided that the arrangement is approved by a majority in number of each class of shareholders and creditors with whom the arrangement is to be made, and who must in addition represent three-fourths in value of each such class of shareholders or creditors, as the case may be, that are present and voting either in person or by proxy at a meeting, or meetings, convened for that purpose. The convening of the meetings and subsequently the arrangement must be sanctioned by the Grand Court of the Cayman Islands. While a dissenting shareholder has the right to express to the court the view that the transaction ought not to be approved, the court can be expected to approve the arrangement if it determines that:

- 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.

The Companies Act also contains a statutory power of compulsory acquisition which may facilitate the "squeeze out" of dissentient minority shareholder upon a tender offer. When a tender offer is made and accepted by holders of 90.0% 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 to the offeror on the terms of the offer. An objection can be made to the Grand Court of the Cayman Islands but this is unlikely to succeed in the case of an offer which has been so approved unless there is evidence of fraud, bad faith or collusion.

If an arrangement and reconstruction by way of scheme of arrangement is thus approved and sanctioned, or if a tender offer is made and accepted in accordance with the foregoing statutory procedures, a dissenting shareholder would have no rights comparable to appraisal rights, which would otherwise ordinarily be available to dissenting shareholders of Delaware corporations, providing rights to receive payment in cash for the judicially determined value of the shares.

Shareholders' Suits. In principle, we will normally be the proper plaintiff to sue for a wrong done to us as a company, and as a general rule a derivative action may not be brought by a minority shareholder. However, based on English authorities, which would in all likelihood be of persuasive authority in the Cayman Islands, the Cayman Islands court can be expected to follow and apply the common law principles (namely the rule in Foss v. Harbottle and the exceptions thereto) so that a non-controlling shareholder may be permitted to commence a class action against or derivative actions in the name of the company to challenge actions where:

- 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. 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 civil fraud or the consequences of committing a crime. Our tenth amended and restated memorandum and articles of association provide that we shall indemnify our officers and directors against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by such directors or officer, other than by reason of such person's dishonesty, willful 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 our directors and executive officers that provide such persons with additional indemnification beyond that provided in our tenth amended and restated 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 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, 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 owes the following duties to the company — a duty to act bona fide in the best interests of the company, a duty not to make a profit based on his position as director (unless the company permits him to do so), a duty not to put himself in a position where the interests of the company conflict with his personal interest or his 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 exercise the skill they actually possess and such care and diligence that a reasonably prudent person would exercise in comparable circumstances. It was previously considered that a director need not exhibit in the performance of his duties a greater degree of skill than may reasonably be expected from a person of his knowledge and experience. However, English and Commonwealth courts have moved towards an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands.

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 tenth amended and restated memorandum and articles of association provide that our 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 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 do not provide shareholders with any general statutory 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 tenth amended and restated memorandum and articles of association allow any one or more of our shareholders holding shares which carry in aggregate not less than one-third of the total number votes attaching to all issued and outstanding shares of our company entitled to vote at general meetings to requisition an extraordinary general meeting of our shareholders, in which case our board is obliged to convene an extraordinary general meeting and to put the resolutions so requisitioned to a vote at such meeting. Other than this right to requisition a shareholders' meeting, our tenth amended and restated 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. As a Cayman Islands exempted 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 on 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 our tenth amended and restated memorandum and articles of association do not provide for cumulative voting. As a result, our shareholders are not afforded any less protections or rights on this issue than shareholders of a Delaware corporation.

Removal of Directors. Under the Delaware General Corporation Law, a director of a corporation with a classified board may be removed only for cause with the approval of a majority of the issued and outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under our tenth amended and restated memorandum and articles of association, directors may be removed with or without cause, by an ordinary resolution of our shareholders, except for a Member Appointed Director or the Chairman. A director will also cease to be a director if he (i) becomes bankrupt or makes any arrangement or composition with his creditors; (ii) dies or is found to be or becomes of unsound mind; (iii) resigns his office by notice in writing; (iv) without special leave of absence from our board, is absent from meetings of our board for three consecutive meetings and our board resolves that his office be vacated; (v) only holds office as a Director for a fixed term and such term expires or (vi) is removed from office pursuant to any other provision of our articles of association.

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 either an order of the courts of the Cayman Islands or by the board of directors.

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 tenth 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 written consent of the two-thirds holders of the issued shares of that class or with the sanction of a resolution passed at a separate meeting of the holders of the shares of that class by a two-thirds majority of the holders of the shares of that class present and voting at such meeting (whether in person or by proxy).

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 and our tenth amended and restated memorandum and articles of association, our memorandum and articles of association may only be amended by a special resolution of our shareholders.

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

10.C. Material Contracts

We have not entered into any material contracts other than in the ordinary course of business and other than those described in this annual report.

10.D. Exchange Controls

The Cayman Islands currently has no exchange control regulations or currency restrictions. See "Item 4. Information of the Company—4.B. Business Overview—Regulation—Regulations on Foreign Exchange."

10.E. Taxation

The following summary of Cayman Islands, PRC, Swedish and U.S. federal income tax considerations of an investment in the ADSs or Class A ordinary shares is based upon laws and relevant interpretations thereof in effect as of the date of this registration statement, all of which are subject to change. This summary does not deal with all possible tax considerations relating to an investment in the ADSs or Class A ordinary shares, such as the tax considerations under U.S. state and local tax laws or under the tax laws of jurisdictions other than the Cayman Islands, the People's Republic of China, Sweden and the United States. To the extent that the discussion relates to matters of Cayman Islands tax law, it represents the opinion of Carey Olsen Singapore LLP, our Cayman Islands counsel; to the extent it relates to PRC tax law, it represents the opinion of CM Law Firm, our PRC counsel.

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. The Cayman Islands is not party to any double tax treaties that are applicable to any payments made to or by our company. There are no exchange control regulations or currency restrictions in the Cayman Islands.

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

People's Republic of China Taxation

Under the PRC Enterprise Income Tax Law and its implementation rules, an enterprise established outside of the PRC with a "de facto management body" within the PRC is considered a resident enterprise and will be subject to the enterprise income tax at the rate of 25% on its global income. The implementation rules define the term "de facto management body" as the body that exercises full and substantial control over and overall management of the business, production, personnel, accounts and properties of an enterprise. In April 2009, the State Administration of Taxation issued a circular, known as Circular 82, which provides certain specific criteria for determining whether the "de facto management body" of a PRC-controlled enterprise that is incorporated offshore is located in China. Although this circular only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners, the criteria set forth in the circular may reflect the State Administration of Taxation's general position on how the "de facto management body" test should be applied in determining the tax resident status of all offshore enterprises. According to Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its "de facto management body" in China only if all of the following conditions are met: (i) the primary location of the day-to-day operational management is in the PRC; (ii) 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; (iii) the enterprise's primary assets, accounting books and records, company seals, and board and shareholder resolutions are located or maintained in the PRC; and (iv) at least 50% of the enterprise's voting board members or senior executives habitually reside in the PRC.

We believe that NIP Group Inc. is not a PRC resident enterprise for PRC tax purposes. NIP Group Inc. is a company incorporated outside of the PRC. NIP Group Inc. is not controlled by a PRC enterprise or PRC enterprise group, and we do not believe that NIP Group Inc. meets all of the conditions above. For the same reasons, we believe our other entities outside of China are not PRC resident enterprises either. 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." There can be no assurance that the PRC government will ultimately take a view that is consistent with us.

If the PRC tax authorities determine that NIP Group Inc. is a PRC resident enterprise for enterprise income tax purposes, we may be required to withhold a 10% withholding tax from dividends we pay to our shareholders that are non-resident enterprises, including the holders of the ADSs. In addition, non-resident enterprise shareholders (including the ADS holders) may be subject to a 10% PRC tax on gains realized on the sale or other disposition of ADSs or ordinary shares, if such income is treated as sourced from within the PRC. It is unclear whether our non-PRC individual shareholders (including the ADS holders) would be subject to any PRC tax on dividends or gains obtained by such non-PRC individual shareholders in the event we are determined to be a PRC resident enterprise. If any PRC tax were to apply to such dividends or gains, it would generally apply at a rate of 20%. Any PRC tax imposed on dividends or gains may be subject to a reduction if a reduced rate is available under an applicable tax treaty. It is also unclear whether non - PRC shareholders of NIP Group Inc. would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that NIP Group Inc. is treated as a PRC resident enterprise.

Provided that our Cayman Islands holding company, NIP Group Inc., is not deemed to be a PRC resident enterprise, holders of the ADSs and ordinary shares who are not PRC residents will not be subject to PRC income tax on dividends distributed by us or gains realized from the sale or other disposition of our ordinary shares or ADSs. However, under SAT Bulletin 7 and SAT Bulletin 37, where a non-resident enterprise conducts an "indirect transfer" by transferring taxable assets, including, in particular, equity interests in a PRC resident enterprise, indirectly by disposing of the equity interests of an overseas holding company, the non-resident enterprise, being the transferor, or the transferee or the PRC entity which directly owned such taxable assets may report to the relevant tax authority such indirect transfer. Using a "substance over form" principle, the PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding or deferring PRC tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax, and the transferee or other person who is obligated to pay for the transfer is obligated to withhold the applicable taxes, currently at a rate of 10% for the transfer of equity interests in a PRC resident enterprise. We and our non-PRC resident investors may be at risk of being required to file a return and being taxed under SAT Bulletin 7 and SAT Bulletin 37, and we may be required to expend valuable resources to comply with SAT Bulletin 7 and SAT Bulletin 37, or to establish that we should not be taxed under these bulletins.

Sweden Taxation

The following is a summary of certain material Swedish tax issues for holders of ordinary shares or ADSs that are resident in Sweden for tax purposes. The summary is based on current legislation and is intended to provide general information only. Each person considering an investment in ordinary shares or ADSs is advised to consult an independent tax advisor as to the tax consequences that could arise from the acquisition, ownership and disposition of the ordinary shares or ADSs.

Taxation of individual holders

An individual holder is generally considered to be tax resident in Sweden based on domicile, continuous stay exceeding 183 days or essential ties to Sweden. Swedish nationals and foreign individuals who have been tax resident in Sweden for at least 10 years are generally presumed to have maintained essential ties with Sweden, and so are deemed resident in the 5 years following their departure, unless they can prove that they have not maintained essential ties with Sweden, also known as the 5-year rule. After the first five years, the burden of proof shifts to the Swedish Tax Agency.

Individual tax residents in Sweden would generally be subject to income tax on dividend income or capital gains realized at the disposal of ADSs and ordinary shares in a foreign company, such as NIP Group Inc. Any dividend income derived from, or capital gains realized at the disposal of, ordinary shares or ADSs in companies listed on a stock exchange such as the Nasdaq Stock Market ("Nasdaq") would be fully taxable at 30%, since no reduction or exemption would be available under Swedish law or the limited double tax treaty between Sweden and the Cayman Islands. Further, any capital losses realized at the disposal of ADSs or ordinary shares in NIP Group Inc. would normally be fully deductible against any capital gains realized at the disposal of shares, including in ADSs and ordinary shares, otherwise 70% of such capital losses would generally be deductible.

Taxation of company holders

In respect of company holders, a company is generally deemed tax resident in Sweden under local law if it is incorporated in Sweden under the Swedish Companies Act (e.g. a limited liability company). Although a great number of double tax treaties which Sweden has entered into regards the place of effective management as one of the key factors when determining tax residency of a company, double tax treaties can only limit and not extend taxation right under Swedish law. As such, Sweden does not generally apply the concept of place of effective management as a basis for taxation of a foreign company. Any dividend income or capital gains realized by a Swedish tax resident company attributable to a company tax resident in the Cayman Islands would normally be subject to corporate income tax at 20.6% applying the current tax rate (FY 2023). No exemption or reduction is currently available under Swedish law or the limited double tax treaty between Sweden and the Cayman Islands in respect of an investment in NIP Group Inc., a company that is tax resident in the Cayman Islands. Further, any capital losses realized at the disposal of ADSs or ordinary shares in NIP Group Inc. should be fully deductible against any capital gains realized at the disposal of shares, including ADSs and ordinary shares. Unused capital losses may be carried forward and should be deductible against any such capital gains realized at the disposal of shares during the next financial year, without time limitation.

Controlled foreign company regime

Under the controlled foreign company regime, or the CFC rules, a Swedish tax resident company or individual or any nonresident with a permanent establishment in Sweden that holds certain interest in certain foreign legal entities is subject to immediate taxation on its proportionate share of the foreign legal entity's profits if the foreign entity is not taxed or taxed at a rate lower than 11.33%, i.e., 55% of the Swedish corporate income tax rate 20.6%. To trigger the CFC rules, the shareholder must at the end of the financial year control at least 25% of the capital or voting rights in the foreign legal entity, either alone or together with persons who have a community of interest with the shareholder. However, if the foreign legal entity is resident in an "approved" country, CFC taxation should not arise. The Cayman Islands is currently not listed as an approved country, why CFC taxation could arise for certain holders of ADSs or ordinary shares under circumstances described above.

Stamp duty and other transfer taxes

Sweden does not levy stamp duty or other transfer taxes at the disposal of ADSs or ordinary shares in a Swedish or foreign company.

United States 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 Class A ordinary shares by a U.S. Holder (as defined below) that acquires our ADSs and holds our ADSs as "capital assets" (generally, property held for investment) under the U.S. Internal Revenue Code of 1986, as amended (the "Code"). This discussion is based upon existing U.S. federal income tax law, which is subject to differing interpretations or change, possibly with retroactive effect, and there can be no assurance that the Internal Revenue Service (the "IRS") or a court will not take a contrary position. This discussion, moreover, does not address the U.S. federal estate, gift or other non-income tax considerations, alternative minimum tax, the Medicare tax on certain net investment income, or any state, local or non-U.S. tax considerations relating to the ownership or disposition of our ADSs or Class A ordinary shares. The following summary does not address all aspects of U.S. federal income taxation that may be important to particular investors in light of their individual circumstances or to persons in special tax situations such as:

- banks and other financial institutions;
- insurance companies;
- pension plans;
- cooperatives;
- regulated investment companies;

- real estate investment trusts;
- grantor trusts;
- broker-dealers;
- traders that elect to use a mark-to-market method of accounting;
- certain former U.S. citizens or long-term residents of the United States subject to Section 877 or 877A of the Code;
- tax-exempt entities (including private foundations);
- holders who acquire their ADSs or Class A ordinary shares pursuant to any employee share option or otherwise as compensation;
- investors that will hold their ADSs or Class A ordinary shares as part of a straddle, hedge, conversion, constructive sale or other integrated transaction for U.S. federal income tax purposes;
- investors that have a functional currency other than the U.S. dollar;
- persons that actually or constructively own ADSs or Class A ordinary shares representing 10% or more of our stock (by vote or value); or
- partnerships or other entities taxable as partnerships for U.S. federal income tax purposes, or persons holding ADSs or Class A ordinary shares through such entities,

all of whom may be subject to tax rules that differ significantly from those discussed below.

Each U.S. Holder (as defined below) is urged to consult its tax advisor regarding the application of U.S. federal taxation to its particular circumstances, and the state, local, non-U.S. and other tax considerations of the ownership and disposition of our ADSs or Class A ordinary shares.

General

For purposes of this discussion, a "U.S. Holder" is a beneficial owner of our ADSs or Class A ordinary shares that is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created in, or organized under the law of the United States or any state thereof or the District of Columbia;
- an estate the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source; or
- 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 validly elected to be treated as a U.S. person under the Code.

If a partnership (or other entity treated as a partnership for U.S. federal income tax purposes) is a beneficial owner of our ADSs or Class A 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 partner and the partnership. Partnerships holding our ADSs or Class A ordinary shares and their partners are urged to consult their tax advisors regarding an investment in our ADSs or Class A ordinary shares.

For U.S. federal income tax purposes, it is generally expected that a U.S. Holder of ADSs will be treated as the beneficial owner of the underlying shares represented by the ADSs. Accordingly, deposits or withdrawals of Class A ordinary shares for ADSs are not expected to be subject to U.S. federal income tax. The remainder of this discussion assumes that a U.S. Holder of our ADSs will be treated in this manner.

Passive Foreign Investment Company Considerations

A non-U.S. corporation, such as our company, will be classified as a PFIC for U.S. federal income tax purposes for any taxable year, if either (i) 75% or more of its gross income for such year consists of certain types of "passive" income (the "income test") or (ii) 50% or more of the value of its assets (generally determined on the basis of a quarterly average) during such year is attributable to assets that produce or are held for the production of passive income (the "asset test"). For this purpose, cash and assets readily convertible into cash are categorized as passive assets and the company's goodwill and other unbooked intangibles should be treated as an active asset to the extent associated with activities that produce or intended to produce active income. 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 in which we own, directly or indirectly, at least 25% (by value) of the stock.

Based upon our current and expected income and assets, including goodwill and other unbooked intangibles not reflected on our balance sheet and the market price of our ADSs, we believe that we were not a PFIC for our 2025 taxable year. However, no assurance can be given in this regard because the determination of whether we will be or become a PFIC for any taxable year is a fact intensive determination made annually after the close of each taxable year that depends, in part, upon the composition and classification of our income and assets. Fluctuations in the market price of our ADSs may cause us to be or become classified as a PFIC for the current or future taxable years because the value of our assets for purposes of the asset test, including the value of our goodwill and unbooked intangibles, may be determined by reference to the market price of our ADSs from time to time (which may be volatile). If our market capitalization is less than anticipated or subsequently declines, we may be or become classified as a PFIC for the current taxable year or future taxable years. Furthermore, the composition of our income and assets may also be affected by how, and how quickly, we use our liquid assets and the cash raised in our initial public offering. Under circumstances where revenues from activities that produce passive income significantly increase relative to our revenues from activities that produce non-passive income, or where we determine not to deploy significant amounts of cash for active purposes, our risk of being or becoming classified as a PFIC may substantially increase. Because there are uncertainties in the application of the relevant rules, and because PFIC status is a factual determination made annually after the close of each taxable year, there can be no assurance that we will not be a PFIC for the current taxable year or any future taxable year.

The discussion below under "— Dividends" and "— Sale or Other Disposition" is written on the basis that we will not be or become classified as a PFIC for U.S. federal income tax purposes. If we are classified as a PFIC for any taxable year during which a U.S. Holder holds our ADSs or Class A ordinary shares, the PFIC rules discussed below under "— Passive Foreign Investment Company Rules" generally will apply to such U.S. Holder for such taxable year, and unless the U.S. Holder makes certain elections, will apply in future years even if we cease to be a PFIC.

Dividends

Any cash distributions (including the amount of any PRC tax withheld) paid on our ADSs or Class A ordinary shares 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 Class A ordinary shares, or by the depositary, 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, the full amount of any distribution we pay will generally be treated as a "dividend" for U.S. federal income tax purposes. Dividends received on our ADSs or Class A ordinary shares will not be eligible for the dividends received deduction generally allowed to corporations. Dividends received by individuals and certain other non-corporate U.S. Holders may 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 or Class A ordinary shares on which the dividends are paid are readily tradeable on an established securities market in the United States, or, we are eligible for the benefits of a comprehensive tax treaty with the United States which the Secretary of Treasury of the United States determines is satisfactory for purposes of this provision and which includes an exchange of information program, (2) we are neither a PFIC nor treated as such with respect to such a U.S. Holder for the taxable year in which the dividend was paid and the preceding taxable year, and (3) certain holding period requirements are met. We expect our ADSs (but not our Class A ordinary shares), which we intend to apply to list on the Nasdaq, will be considered readily tradeable on an established securities market in the United States, although there can be no assurance in this regard.

In the event that we are deemed to be a PRC resident enterprise under the PRC EIT Law (see "—People's Republic of China Taxation"), we may be eligible for the benefits of the United States-PRC income tax treaty (the "Treaty") (which the Secretary of the Treasury of the United States has determined is satisfactory for this purpose).

Dividends paid on our ADSs or Class A ordinary shares, if any, will generally be treated as income from foreign sources and will generally constitute passive category income for U.S. foreign tax credit purposes. In the event that we are deemed to be a PRC resident enterprise under the PRC EIT Law, a U.S. Holder may be subject to PRC withholding taxes on dividends paid, if any, on the ADSs or Class A ordinary shares. In that case, depending on the U.S. Holder's individual facts and circumstances, a U.S. Holder may be eligible, subject to a number of complex limitations, to claim a foreign tax credit in respect of any nonrefundable foreign withholding taxes imposed on dividends received on our ADSs or Class A ordinary shares. However, absent an election to apply the benefits of an applicable income tax treaty, certain non-U.S. taxes may not be creditable if the relevant foreign income tax rules are not consistent with certain U.S. federal income tax principles, and we have not determined whether the PRC income tax system meets all these requirements. A U.S. Holder who does not elect to claim a foreign tax credit for foreign taxes withheld may instead claim a deduction, for U.S. federal income tax purposes, in respect of such withholding, but only for a year in which such holder elects to do so for all creditable foreign income taxes. The rules governing the foreign tax credit are complex and their outcome depends in large part on the U.S. Holder's individual facts and circumstances. Accordingly, U.S. Holders are urged to consult their tax advisors regarding the availability of the foreign tax credit under their particular circumstances.

Sale or Other Disposition

A U.S. Holder will generally recognize capital gain or loss upon the sale or other disposition of our ADSs or Class A ordinary shares in an amount equal to the difference between the amount realized upon the disposition and the holder's adjusted tax basis in such ADSs or Class A ordinary shares. Any capital gain or loss will be long-term if the ADSs or Class A ordinary shares have been held for more than one year. Long-term capital gain of individuals and certain other non-corporate U.S. Holders will generally be eligible for a reduced rate of taxation.

Capital gain or loss of U.S. persons will generally be U.S.-source gain or loss for U.S. foreign tax credit purposes. However, in the event that gain from the disposition of the ADSs or Class A ordinary shares is subject to tax in the PRC, a U.S. Holder that is eligible for the benefits of the Treaty may treat such gain as PRC-source gain under the Treaty. If a U.S. Holder is not eligible for the benefits of the Treaty or fails to treat any such gain as PRC-source, then such U.S. Holder would generally not be able to use any foreign tax credit arising from any PRC tax imposed on the disposition of the ADSs or Class A ordinary shares. The deductibility of a capital loss may be subject to limitations. U.S. Holders are urged to consult their tax advisors regarding the tax consequences if a foreign tax is imposed on a disposition of our ADSs or Class A ordinary shares, including the availability of the foreign tax credit under their particular circumstances.

Passive Foreign Investment Company Rules

If we are classified as a PFIC for any taxable year during which a U.S. Holder holds our ADSs or Class A ordinary shares, and unless the U.S. Holder makes a mark-to-market election (as described below), the U.S. Holder will generally be subject to special tax rules 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 percent 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 Class A ordinary shares), and (ii) any gain realized on the sale or other disposition of ADSs or ordinary shares. Under the PFIC rules:

- the excess distribution or gain will be allocated ratably over the U.S. Holder's holding period for the ADSs or Class A ordinary shares;

- the 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 classified as a PFIC (each a "pre-PFIC year") will be taxable as ordinary income;

- the 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 individuals or corporations, as appropriate, for that year; and

- an additional tax equal to the 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 Class A ordinary shares and any of our 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 urged 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 such stock, provided that such stock is regularly traded on a qualified exchange or other market, as defined in applicable United States Treasury Regulations. For those purposes, we expect that our ADSs, but not our Class A ordinary shares, will be treated as marketable stock upon their listing on the Nasdaq, which is a qualified exchange for these purposes. We anticipate that our ADSs should qualify as being regularly traded, but no assurances may be given in this regard. If a U.S. Holder makes a mark-to-market election, the holder will generally (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 such deduction will only be allowed to the extent of the 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. If a U.S. Holder makes a mark-to-market election in a year when we are classified as a PFIC and we subsequently cease to be classified as a PFIC, the holder will not be required to take into account the gain or loss described above during any period that we are not classified as a PFIC. If a U.S. Holder makes a mark-to-market election, any gain such U.S. Holder recognizes upon the sale or other disposition of our ADSs in a year when we are a PFIC will be treated as ordinary income and any loss will be treated as ordinary loss, but such loss will only be treated as ordinary loss to the extent of the net amount previously included in income as a result of the mark-to-market election.

Because a mark-to-market election cannot be made for any lower-tier PFICs that we may own, a U.S. Holder that makes the mark-to-market election may continue to be subject to the PFIC 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.

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 Class A ordinary shares during any taxable year that we are a PFIC, the holder must generally file an annual IRS Form 8621 or such other forms required by the United States Treasury Department. A failure to file one or more of these forms as required may toll the running of the statute of limitations in respect of each of the taxable years for which such form is required to be filed. Each U.S. Holder should consult its tax advisors regarding the U.S. federal income tax consequences of owning and disposing of our ADSs or Class A ordinary shares if we are or become a PFIC.

Backup Withholding and Information Reporting

Dividends paid on, and proceeds from the sale or other disposition of, the ADSs or Class A ordinary shares to a U.S. Holder generally may be subject to the information reporting requirements of the Code and may be subject to backup withholding (currently at a rate of 24%) unless the U.S. Holder provides an accurate taxpayer identification number and makes any other required certification or otherwise establishes an exemption. Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a refund or credit against the U.S. Holder's U.S. federal income tax liability, provided the required information is furnished to the IRS in a timely manner.

Information with Respect to Foreign Financial Assets

U.S. Holders who are individuals (and certain entities closely held by individuals) generally will be required to report the name, address and such information relating to an interest in the ADSs or Class A ordinary shares as is necessary to identify the class or issue of which the ADSs or ordinary shares are a part. These requirements are subject to exceptions, including an exception for ADSs or Class A ordinary shares held in accounts maintained by certain financial institutions and an exception applicable if the aggregate value of all "specified foreign financial assets" (as defined in the Code) does not exceed $50,000.

U.S. Holders should consult their tax advisors regarding the application of these information reporting rules.

10.F. Dividends and Paying Agents

Not applicable.

10.G. Statement by Experts

Not applicable.

10.H. Documents on Display

We are subject to the periodic reporting and other informational requirements of the Exchange Act as applicable to foreign private issuers. Under the Exchange Act, we are required to file reports and other information with the SEC. Specifically, we are required to file annually a Form 20-F within four months after the end of each fiscal year. Copies of reports and other information, when so filed with the SEC, can be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. You can request copies of these documents, upon payment of a duplicating fee, by writing to the SEC. The public may obtain information regarding the Washington, D.C. Public Reference Room by calling the Commission at 1-800-SEC-0330. The SEC also maintains a website at www.sec.gov that contains reports, proxy and information statements, and other information regarding registrants that make electronic filings with the SEC using its EDGAR system. As a foreign private issuer, we are exempt from the rules of the Exchange Act prescribing the furnishing and content of quarterly reports and proxy statements. Our principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act, and our executive officers and directors are exempt from the short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we are not required under the Exchange Act to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act.

We will furnish Citibank, N.A., the depositary 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 depositary 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 depositary from us.

10.I. Subsidiary Information

Not applicable.

10.J. Annual Report to Security Holders

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Foreign Currency Exchange Rate Risk

It is difficult to predict how market forces or PRC, European Union or U.S. government policy may impact the exchange rate between RMB and the U.S. dollar, and between SEK and the U.S. dollar in the future. To the extent that we need to convert the U.S. dollar into RMB and SEK for capital expenditures and working capital and other business purposes, appreciation of RMB and SEK against U.S. dollar would have an adverse effect on the RMB and SEK amount we would receive from the conversion. Conversely, if we decide to convert RMB and SEK into the U.S. dollar for the purpose of making payments for dividends on ordinary shares, strategic acquisitions or investments or other business purposes, appreciation of the U.S. dollar against RMB and SEK would have a negative effect on the U.S. dollar amount available to us. In addition, a significant depreciation of RMB and SEK against the U.S. dollar may significantly reduce the U.S. dollar equivalent of our earnings or losses.

Interest Rate Risk

Our exposure to interest rate risk primarily relates to the interest income generated by excess cash, which is mostly held in interest-bearing bank deposits and wealth management products. Interest-earning instruments carry a degree of 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.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

12.A. Debt Securities

Not applicable.

12.B. Warrants and Rights

Not applicable.

12.C. Other Securities

Not applicable.

12.D. American Depositary Shares

Fees and Charges Our ADS Holders May Have to Pay

Service	Fees
● Issuance of ADSs (e.g., an issuance of ADS upon a deposit of Class A ordinary shares, upon a change in the ADS(s)-to-Class A ordinary shares ratio, ADS conversions, or for any other reason), excluding ADS issuances as a result of distributions of Class A ordinary shares)	Up to U.S. 5¢ per ADS issued
● Cancellation of ADSs (e.g., a cancellation of ADSs for delivery of deposited property, upon a change in the ADS(s)-to-Class A ordinary shares ratio, ADS conversions, upon termination of the Deposit Agreement, or for any other reason)	Up to U.S. 5¢ per ADS cancelled
● Distribution of cash dividends or other cash distributions (e.g., upon a sale of rights and other entitlements)	Up to U.S. 5¢ per ADS held
● Distribution of ADSs pursuant to (i) stock dividends or other free stock distributions, or (ii) exercise of rights to purchase additional ADSs	Up to U.S. 5¢ per ADS held
● Distribution of financial instruments, including, without limitation, securities other than ADSs or rights to purchase additional ADSs (e.g., upon a spin-off and contingent value rights)	Up to U.S. 5¢ per ADS held
● ADS Services	Up to U.S. 5¢ per ADS held on the applicable record date(s) established by the depositary
● Registration of ADS transfers (e.g., upon a registration of the transfer of registered ownership of ADSs, upon a transfer of ADSs into DTC and *vice versa*, or for any other reason)	Up to U.S. 5¢ per ADS (or fraction thereof) transferred
● Conversion of ADSs of one series for ADSs of another series (e.g., upon conversion of Partial Entitlement ADSs for Full Entitlement ADSs, or upon conversion of Restricted ADSs (each as defined in the Deposit Agreement) into freely transferable ADSs, and *vice versa* or conversion of ADSs for unsponsored American Depositary Shares (e.g., upon termination of the Deposit Agreement)).	Up to U.S. 5¢ per ADS (or fraction thereof) converted

As an ADS holder you will also be responsible to pay certain charges (some of which may be cumulative) such as:

- taxes (including applicable interest and penalties) and other governmental charges;
- the registration fees as may from time to time be in effect for the registration of Class A ordinary shares on the share register and applicable to transfers of Class A ordinary shares to or from the name of the custodian, the depositary or any nominees upon the making of deposits and withdrawals, respectively;
- certain cable, telex and facsimile transmission and delivery expenses;
- the fees, expenses, spreads, taxes and other charges of the depositary and/or service providers (which may be a division, branch or affiliate of the depositary) in the conversion of foreign currency;
- the reasonable and customary out-of-pocket expenses incurred by the depositary in connection with compliance with exchange control regulations and other regulatory requirements applicable to the Class A ordinary shares, ADSs and ADRs;
- the fees, charges, costs and expenses incurred by the depositary, the custodian, or any nominee in connection with the ADR program; and
- the amounts payable to the depositary by any party to the deposit agreement pursuant to any ancillary agreement to the deposit agreement in respect of the ADR program, the ADSs, and the ADRs.

ADS fees and charges for (i) the issuance of ADSs, and (ii) the cancellation of ADSs are charged to the person for whom the ADSs are issued (in the case of ADS issuances) and to the person for whom ADSs are cancelled (in the case of ADS cancellations). In the case of ADSs issued by the depositary into DTC, the ADS issuance and cancellation fees and charges may be deducted from distributions made through DTC, and may be charged to the DTC participant(s) receiving the ADSs being issued or the DTC participant(s) holding the ADSs being cancelled, as the case may be, on behalf of the beneficial owner(s) and will be charged by the DTC participant(s) to the account of the applicable beneficial owner(s) in accordance with the procedures and practices of the DTC participants as in effect at the time. ADS fees and charges in respect of distributions and the ADS service fee are charged to the holders as of the applicable ADS record date. In the case of distributions of cash, the amount of the applicable ADS fees and charges is deducted from the funds being distributed. In the case of (i) distributions other than cash and (ii) the ADS service fee, holders as of the ADS record date will be invoiced for the amount of the ADS fees and charges and such ADS fees and charges may be deducted from distributions made to holders of ADSs. For ADSs held through DTC, the ADS fees and charges for distributions other than cash and the ADS service fee may be deducted from distributions made through DTC, and may be charged to the DTC participants in accordance with the procedures and practices prescribed by DTC and the DTC participants in turn charge the amount of such ADS fees and charges to the beneficial owners for whom they hold ADSs. In the case of (i) registration of ADS transfers, the ADS transfer fee will be payable by the ADS Holder whose ADSs are being transferred or by the person to whom the ADSs are transferred, and (ii) conversion of ADSs of one series for ADSs of another series (which may entail the cancellation, issuance and transfer of ADSs and the conversion of ADSs from one series to another series), the applicable ADS issuance, cancellation, transfer and conversion fees will be payable by the Holder whose ADSs are converted or by the person to whom the converted ADSs are delivered.

In the event of refusal to pay the depositary fees, the depositary 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. Certain depositary fees and charges (such as the ADS services fee) may become payable shortly after the closing of an ADS offering. Note that the fees and charges you may be required to pay may vary over time and may be changed by us and by the depositary. You will receive prior notice of such changes. The depositary may reimburse us for certain expenses incurred by us in respect of the ADR program, by making available a portion of the ADS fees charged in respect of the ADR program or otherwise, upon such terms and conditions as we and the depositary agree from time to time.

Fees and Other Payments Made by the Depositary to Us

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. For the year ended December 31, 2025, we received approximately US$0.5 million from the depositary.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

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

14.A. - 14.D. Material Modifications to the Rights of Security Holders

See "Item 10. Additional Information" for a description of the rights of shareholders, which remain unchanged.

14.E. Use of Proceeds

The following "Use of Proceeds" information relates to the registration statement on Form F-1 (File No. 333-280135), as amended, for our initial public offering, which registered 4,500,000 Class A ordinary shares represented by 2,250,000 ADSs issued and sold by us, and the underwriters' exercise of their option to purchase from us 182,526 additional ADSs representing 365,052 Class A ordinary shares, at a public offering price of US$9.00 per ADS. The registration statement was declared effective by the SEC on July 25, 2024, for our initial public offering, which closed in July 2024. US Tiger Securities, Inc. was the representative of the underwriters.

We received net proceeds of approximately US$14.8 million from our initial public offering and the underwriters' exercise of over-allotment option. Our expenses incurred and paid to others in connection with the issuance and distribution of the ADSs in our offering totaled US$7.1 million, which included US$1.6 million for underwriting discounts and commissions and US$5.4 million for other expenses. None of the transaction expenses included payments to directors or officers of our company or their associates, persons owning 10% or more of our equity securities or our affiliates. None of the net proceeds we received 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 the date that the registration statement on Form F-1 was declared effective by the SEC to the date of this annual report, we have fully utilized the net proceeds from our initial public offering for working capital, operating expenses, capital expenditures and other general corporate purposes. .

ITEM 15. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Our management, with the participation of our co-chief executive officer and our chief financial officer, has performed an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this annual report, as required by Rule 13a-15(b) under the Exchange Act. Based upon that evaluation, our management has concluded that, due to the outstanding material weakness in internal control over financial reporting described below, as of December 31, 2025, our disclosure controls and procedures were not effective in ensuring that the 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 that the 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 co-chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Notwithstanding such material weakness, we believe that our consolidated financial statements included in this annual report fairly present our financial position, results of operations and cash flows for the fiscal years covered thereby in all material respects. We have implemented and plan to implement a number of measures to address and remediate the material weakness identified and improve the effectiveness of our disclosure controls and procedures, see "Management's Plan for Remediation of Material Weakness."

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934).

Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP and includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of our company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with U.S. GAAP, and that receipts and expenditures of our company are being made only in accordance with authorizations of our management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of the unauthorized acquisition, use or disposition of our company's assets that could have a material effect on the consolidated financial statements.

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

As required by Section 404 of the Sarbanes-Oxley Act of 2002 and related rules as promulgated by the SEC, our management, including our co-chief executive officer and our chief financial officer, assessed the effectiveness of our internal control over financial reporting as of December 31, 2025 using the criteria set forth in *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, our management concluded that our internal control over financial reporting was not effective as of December 31, 2025, due to the material weakness in internal control over financial reporting described below. 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 Company's annual or interim financial statements will not be prevented or detected on a timely basis.

The material weakness identified is our lack of sufficient and competent accounting and financial reporting personnel with appropriate knowledge of U.S. GAAP and financial reporting requirements set forth by the SEC to design and implement period-end financial reporting policies and procedures for the preparation of our consolidated financial statements and related disclosures in accordance with U.S. GAAP and the SEC reporting requirements.

Management's Plan for Remediation of Material Weakness

Our management's ongoing remediation efforts related to the above identified material weaknesses include (but are not limited to):

- hiring additional accounting and financial reporting personnel with U.S. GAAP and SEC reporting experience;
- expanding the capabilities of existing accounting and financial reporting personnel through continuous training and education in the accounting and reporting requirements under U.S. GAAP, and SEC rules and regulations;
- developing, communicating and implementing an accounting policy manual for our accounting and financial reporting personnel for recurring transactions and period-end closing processes; and
- establishing effective monitoring and oversight controls for non-recurring and complex transactions to ensure the accuracy and completeness of our company's consolidated financial statements and related disclosures.

Our management, with oversight from the audit committee, is continually and actively engaging in efforts towards remediating the identified material weakness described above. The material weakness will not be considered remediated until the applicable remedial controls have operated for a sufficient period of time and management has concluded through testing that these controls are operating effectively. The process of designing and implementing an effective financial reporting system is a continuous effort that requires us to anticipate and react to changes in our business and the economic and regulatory environments and to expend significant resources to maintain a financial reporting system that is adequate to satisfy our reporting obligation. However, we cannot assure you that all of these measures will be sufficient to remediate our material weaknesses in time, or at all. See "Item 3. Key Information—3.D. Risk Factors—Risks Related to Our Business Operations—If we fail to develop and maintain an effective system of internal control over financial reporting, we may be unable to accurately report our financial results or prevent fraud, and investor confidence and the market price of our ADSs may be adversely impacted."

As a company with less than US$1.235 billion in revenue 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, in the assessment of the emerging growth company's internal control over financial reporting.

Attestation Report of the Registered Public Accounting Firm

Since we are an "emerging growth company" as defined under the JOBS Act, we are exempt from the requirement to comply with the auditor attestation requirements that our independent registered public accounting firm attest to and report on the effectiveness of our internal control structure and procedures for financial reporting.

Changes in Internal Control over Financial Reporting

Other than as described above, there were no changes in our internal control over financial reporting that occurred during the period covered by this annual report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 16. [RESERVED]

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

We have determined that Mr. Carter Jack Feldman, an independent director and a member of our audit committee, qualifies as an "audit committee financial expert" within the meaning of the SEC rules and possesses financial sophistication within the meaning of Listing Rules of the Nasdaq Stock Market. Mr. Carter Jack Feldman satisfies the "independence" requirements of Rule 5605(a)(2) of the Listing Rules of the Nasdaq Stock Market and Rule 10A-3 under the Exchange Act.

ITEM 16B. CODE OF ETHICS

Our board of directors has adopted a code of business conduct and ethics that applies to all of our directors, officers, employees, including certain provisions that specifically apply to our principal executive officer, principal financial officer, principal accounting officer or controller and any other persons who perform similar functions for us. We have filed our code of business conduct and ethics as Exhibit 99.1 of our registration statement on Form F-1 (File No. 333-280135), as amended, initially filed with the SEC on June 12, 2024, and posted a copy of our code of business conduct and ethics on our website at *https://ir.nipgroup.gg/*. We hereby undertake to provide to any person without charge, a copy of our code of business conduct and ethics within ten working days after we receive such person's written request.

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 Marcum Asia CPAs LLP, our former independent registered public accounting firm, and Guangdong Prouden CPAs GP, our current independent registered public accounting firm, for the periods indicated.

	For the Year Ended December 31,	
	2024	**2025**
	(*USD in thousands*)	
Audit Fees[(1)]	721.0	350.6
Audit-Related Fees[(2)]	—	20.0
Tax Fees[(3)]	—	—
Other Fees[(4)]	—	—
Total	721.0	370.6

(1) Audit Fees. Audit fees mean the aggregate fees billed in each of the fiscal years listed for professional services rendered by our auditor for the audit of our annual consolidated financial statements and audit of our internal control over financial reporting, review of the interim financial information and review of documents filed with the SEC.

(2) Audit-related Fees. Audit-related fees mean the financial due diligence services rendered by our auditor, which were not included under Audit Fees above.

(3) Tax Fees. Tax fees mean the aggregate fees incurred from professional tax services rendered by our auditor.

(4) Other Fees. Other fees mean the aggregate fees incurred from professional services rendered by our auditor other than services included under Audit Fees, Audit-Related Fees and Tax Fees.

The policy of our audit committee is to pre-approve all audit and non-audit services provided by Marcum Asia CPAs LLP and Guangdong Prouden CPAs GP, including audit services, audit-related services, tax services and all 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

Engagement of Guangdong Prouden CPAs GP

We dismissed Marcum Asia CPAs LLP ("Marcum Asia") as our independent registered public accounting firm on March 13, 2025, and engaged Guangdong Prouden CPAs GP ("Prouden") as our independent registered public accounting firm on March 14, 2025. This change in independent registered public accounting firm was approved by our audit committee of the board of directors and our board of directors.

Each of the audit reports of Marcum Asia on our consolidated financial statements as of and for the fiscal years ended December 31, 2022 and 2023 and on the financial statements of Ninjas in Pyjamas Gaming AB, a material acquired entity of us, as of and for the fiscal years ended December 31, 2021 and 2022 did not contain an adverse opinion or disclaimer of opinion and was not qualified or modified as to uncertainty, audit scope, or scope of accounting principles.

During the fiscal years ended December 31, 2022 and 2023, and the subsequent interim period through March 13, 2025, there were no: (1) "disagreements" (as that term is defined in Item 16F(a)(1)(iv) of Form 20-F and the related instructions) between us and Marcum Asia on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of Marcum Asia, would have caused Marcum Asia to make reference to the subject matter of the disagreements in connection with its report on the consolidated financial statements, or (2) reportable events as set forth in Item 16F(a)(1)(v)(A) through (D) of Form 20-F, other than the material weaknesses as reported in its prospectus filed under Rule 424(b)(4) with the SEC on July 26, 2024. Such material weaknesses related to our lack of sufficient and competent accounting and financial reporting personnel with appropriate knowledge of U.S. GAAP and financial reporting requirements set forth by the SEC to design and implement period-end financial reporting policies and procedures for the preparation of our consolidated financial statements and related disclosures in accordance with U.S. GAAP and the SEC reporting requirements.

During the fiscal years ended December 31, 2022 and 2023 and until the engagement of Prouden, neither we nor anyone on behalf of us consulted with Prouden 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 our consolidated financial statements, and neither a written report nor oral advice was provided to us by Prouden which Prouden concluded as an important factor considered by us in reaching a decision as to any accounting, auditing 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.

We provided Marcum Asia with a copy of this disclosure in Item 16F and requested that Marcum Asia furnish a letter addressed to the SEC stating whether or not it agrees with the above statements. A copy of Marcum Asia's letter, dated March 17, 2025, is incorporated by reference as Exhibit 16.1 to this annual report.

ITEM 16G. CORPORATE GOVERNANCE

As an exempted company with limited liability incorporated in the Cayman Islands and listed on the Nasdaq, we are subject to corporate governance listing standards of Nasdaq. However, Nasdaq rules permit a foreign private issuer like us to follow the corporate governance practices of its home country. Certain corporate governance practices in the Cayman Islands, which is our home country, may differ significantly from the Nasdaq corporate governance listing standards. We currently follow and intend to continue to follow Cayman Islands corporate governance practices in lieu of the Nasdaq corporate governance listing standards that listed companies must: (i) have a majority of independent directors; (ii) have an audit committee of at least three members comprised solely of independent directors; (iii) have a nominations committee comprised solely of independent directors; (iv) have a compensation committee comprised solely of independent directors; (v) have regularly scheduled executive sessions with only independent directors each year; and (vi) hold an annual meeting of shareholders no later than one year after the end of the issuer's fiscal year-end. To the extent that we choose to follow additional home country practice in the future, our shareholders may be afforded less protection than they otherwise would enjoy under Nasdaq corporate governance listing standards applicable to U.S. domestic issuers. See "Item 3. Key Information—3.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 that differ significantly from the Nasdaq corporate governance listing standards; these practices may afford less protection to shareholders than they would enjoy if we complied fully with the Nasdaq corporate governance listing standards."

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

ITEM 16I. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

ITEM 16J. INSIDER TRADING POLICIES

We have adopted insider trading policies and procedures governing the purchase, sale, and other dispositions of our securities by directors, senior management, and employees. A copy of the policies is filed as Exhibit 11.2 to this annual report.

ITEM 16K. CYBERSECURITY

Cybersecurity Risk Management and Strategy

We have implemented comprehensive cybersecurity risk assessment procedures to ensure effectiveness in cybersecurity management, strategy and governance and reporting cybersecurity risks. We have also integrated cybersecurity risk management into our overall enterprise risk management system.

We have developed a comprehensive cybersecurity threat defense system to address both internal and external threats. We strive to manage cybersecurity risks and protect sensitive information through various means, such as technical safeguards, procedural requirements, close monitoring on our corporate network, continuous testing and assessment of aspects of our security posture internally and with outside vendors, regular independent cybersecurity audits and regular cybersecurity awareness training. In addition, we conduct regular stress tests performed by our information security department as well as third-party testing agencies.

As of the date of this annual report, we have not experienced any material cybersecurity incidents or identified any material cybersecurity threats that have materially affected or are reasonably likely to materially affect us, our business strategy, results of operations or financial condition.

Governance

Our board of directors is responsible for overseeing the cybersecurity risk management and be informed on risks from cybersecurity threats. The co-chief executive officers and the chief operating officer are responsible for discussing material cybersecurity incidents or threats with specific constituencies before sign-off, ensuring thorough review of information and disclosures. The co-chief executive officers and the chief operating officer are also responsible for assessing, identifying and managing material risks from cybersecurity threats to our company and monitoring the prevention, detection, mitigation and remediation of material cybersecurity incident, maintaining oversight of the disclosure in Form 6-K for material cybersecurity incidents (if any) and meeting with the board of directors (i) in connection with each interim results earnings release, update the status of any material cybersecurity incidents or material risks from cybersecurity threats to our company, if any, and the relevant disclosure issues and (ii) in connection with each annual report, present the disclosure concerning cybersecurity matters in Form 20-F, along with a report highlighting particular disclosure issues, if any, and hold a Q&A session. Our board of directors is responsible for maintaining oversight of the disclosure related to cybersecurity matters in the periodic reports of our company.

PART III

ITEM 17. FINANCIAL STATEMENTS

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

ITEM 18. FINANCIAL STATEMENTS

The consolidated financial statements of NIP Group Inc. are included at the end of this annual report.

ITEM 19. EXHIBITS

Exhibit Number	Description of Document
1.1*	Tenth Amended and Restated Memorandum and Articles of Association of the Registrant, as currently effective
2.1	Form of Specimen American Depositary Receipt (included in Exhibit 2.3)
2.2	Registrant's Specimen Certificate for Class A Ordinary Shares (incorporated herein by reference to Exhibit 4.2 to the registration statement on Form S-8 (File No. 333-284101) filed with the Securities and Exchange Commission on December 31, 2024)
2.3	Deposit Agreement, dated as of July 25, 2024, among the Registrant, the depositary and the holders and beneficial owners of American Depositary Shares issued thereunder (incorporated herein by reference to Exhibit 2.3 to the Annual Report on Form 20-F (File No. 001-42160) filed with the Securities and Exchange Commission on May 12, 2025)
2.4	Fifth Amended and Restated Shareholders Agreement between the Registrant and other parties thereto dated June 30, 2023 (incorporated herein by reference to Exhibit 4.4 to the registration statement on Form F-1 (File No. 333-280135), as amended, initially filed with the Securities and Exchange Commission on June 12, 2024)
2.5*	Description of Securities
4.1	2021 Share Incentive Plan (incorporated herein by reference to Exhibit 10.1 to the registration statement on Form F-1 (File No. 333-280135), as amended, initially filed with the Securities and Exchange Commission on June 12, 2024)
4.2	2024 Share Incentive Plan (incorporated herein by reference to Exhibit 10.4 to the registration statement on Form F-1 (File No. 333-280135), as amended, initially filed with the Securities and Exchange Commission on June 12, 2024)
4.3	Amended and Restated 2025 Share Incentive Plan (incorporated herein by reference to Exhibit 99.1 to the report on Form 6-K (File No. 001-42160) furnished to the Securities and Exchange Commission on January 16, 2026)
4.4	Form of Indemnification Agreement between the Registrant and its directors and executive officers (incorporated herein by reference to Exhibit 10.2 to the registration statement on Form F-1 (File No. 333-280135), as amended, initially filed with the Securities and Exchange Commission on June 12, 2024)
4.5	Form of Employment Agreement between the Registrant and its executive officers (incorporated herein by reference to Exhibit 10.3 to the registration statement on Form F-1 (File No. 333-280135), as amended, initially filed with the Securities and Exchange Commission on June 12, 2024)
4.6†	English translation of the Exclusive Business Cooperation Agreement between Wuhan Muyecun and Wuhan Alunyou, dated September 23, 2024 (incorporated herein by reference to Exhibit 4.5 to the Annual Report on Form 20-F (File No. 001-42160) filed with the Securities and Exchange Commission on May 12, 2025)
4.7†	English translation of the Exclusive Option Agreement among Wuhan Muyecun, Wuhan Alunyou and shareholders of Wuhan Alunyou, dated September 23, 2024 (incorporated herein by reference to Exhibit 4.6 to the Annual Report on Form 20-F (File No. 001-42160) filed with the Securities and Exchange Commission on May 12, 2025)
4.8†	English translation of the Powers of Attorney granted by shareholders of Wuhan Alunyou, dated September 23, 2024 (incorporated herein by reference to Exhibit 4.7 to the Annual Report on Form 20-F (File No. 001-42160) filed with the Securities and Exchange Commission on May 12, 2025)
4.9†	English translation of the Equity Interest Pledge Agreement among Wuhan Muyecun, Wuhan Alunyou and shareholders of Wuhan Alunyou, dated September 23, 2024 (incorporated herein by reference to Exhibit 4.8 to the Annual Report on Form 20-F (File No. 001-42160) filed with the Securities and Exchange Commission on May 12, 2025)
4.10†	English translation of the Spouse Consent granted by the spouse of shareholder of Wuhan Alunyou, as currently in effect (incorporated herein by reference to Exhibit 4.9 to the Annual Report on Form 20-F (File No. 001-42160) filed with the Securities and Exchange Commission on May 12, 2025)
4.11	English translation of the Exclusive Technology and Consulting Service Agreement between Beijing ZSZQ and Young Will, dated September 25, 2024 (incorporated herein by reference to Exhibit 4.10 to the Annual Report on Form 20-F (File No. 001-42160) filed with the Securities and Exchange Commission on May 12, 2025)
4.12†	English translation of the Exclusive Option Agreement among Beijing ZSZQ, Young Will and shareholders of Young Will, dated September 25, 2024 (incorporated herein by reference to Exhibit 4.11 to the Annual Report on Form 20-F (File No. 001-42160) filed with the Securities and Exchange Commission on May 12, 2025)
4.13†	English translation of the Powers of Attorney granted by shareholders of Young Will, dated September 25, 2024 (incorporated herein by reference to Exhibit 4.12 to the Annual Report on Form 20-F (File No. 001-42160) filed with the Securities and Exchange Commission on May 12, 2025)
4.14†	English translation of the Equity Interest Pledge Agreement among Beijing ZSZQ, Young Will and shareholders of Young Will, dated September 25, 2024 (incorporated herein by reference to Exhibit 4.13 to the Annual Report on Form 20-F (File No. 001-42160) filed with the Securities and Exchange Commission on May 12, 2025)
4.15†	On-rack Sales and Purchase Agreement between NIP Group Inc. and Persons Listed in Section 1 of Appendix A, dated June 27, 2025 (incorporated herein by reference to Exhibit 99.2 to the report on Form 6-K (File No. 001-42160) furnished to the Securities and Exchange Commission on July 1, 2025)
4.16	Amendment to On-rack Sales and Purchase Agreement, dated September 5, 2025 (incorporated herein by reference to Exhibit 99.2 to the report on Form 6-K (File No. 001-42160) furnished to the Securities and Exchange Commission on September 9, 2025)
4.17	On-rack Sales and Purchase Agreement between NIP Group Inc. and Persons Listed in Section 1.1 of Appendix A, dated November 3, 2025 (incorporated herein by reference to Exhibit 99.2 to the report on Form 6-K (File No. 001-42160) furnished to the Securities and Exchange Commission on November 3, 2025)
4.18*	Amendment to On-rack Sales and Purchase Agreement, dated January 9, 2026
8.1*	Significant Subsidiaries and VIE of the Registrant
11.1	Code of Business Conduct and Ethics of the Registrant (incorporated herein by reference to Exhibit 99.1 to the registration statement on Form F-1 (File No. 333-280135), as amended, initially filed with the Securities and Exchange Commission on June 12, 2024)
11.2	Statement of Policies Governing Material Non-public Information and the Prevention of Insider Trading of the Registrant (incorporated herein by reference to Exhibit 11.2 to the Annual Report on Form 20-F (File No. 001-42160) filed with the Securities and Exchange Commission on May 12, 2025)
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 CM Law Firm
15.2*	Consent of Carey Olsen Singapore LLP
15.3*	Consent of Guangdong Prouden CPAs GP, an independent registered public accounting firm
16.1	Letter of Marcum Asia CPAs LLP to the U.S. Securities and Exchange Commission dated March 17, 2025 (incorporated herein by reference to Exhibit 16.1 to the Form 6-K filed by the Registrant with the Securities and Exchange Commission on March 17, 2025)
97.1	Clawback Policy of the Registrant (incorporated herein by reference to Exhibit 97.1 to the Annual Report on Form 20-F (File No. 001-42160) filed with the Securities and Exchange Commission on May 12, 2025)
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 herewith.

** Furnished herewith.

† Certain confidential portions of this exhibit were omitted by means of marking such portions with brackets and asterisks because the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.

SIGNATURES

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

NIP Group Inc.

By: */s/ Mario Yau Kwan Ho*
Name: Mario Yau Kwan Ho
Title: Co-Chief Executive Officer

By: */s/ Hicham Chahine*
Name: Hicham Chahine
Title: Co-Chief Executive Officer

Date: April 30, 2026

NIP GROUP INC.
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of
NIP Group Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of NIP Group Inc. (the "Company") as of December 31, 2024 and 2025, the related consolidated statements of operations and comprehensive loss, changes in equity (deficit) and redeemable non-controlling interests and cash flows for each of the three years in the period ended December 31, 2025, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2024 and 2025, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2025, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These 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 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 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 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 financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Guangdong Prouden CPAs GP

Guangdong Prouden CPAs GP

We have served as the Company's auditor since 2025.
Guangzhou, China
April 30, 2026

NIP GROUP INC.
CONSOLIDATED BALANCE SHEETS
(In U.S. dollars, except for share and per share data, or otherwise noted)

	Notes	As of December 31, 2024	As of December 31, 2025
ASSETS			
Current assets:			
Cash and cash equivalents		$ 9,559,298	$ 7,138,436
Short-term investments	**4**	2,995,607	3,208,458
Accounts receivable, net	**5**	28,379,548	36,295,683
Receivable for bitcoin collateral	**6**	-	16,807,916
Crypto asset receivable		-	111,180
Crypto asset held	**7**	-	571,762
Advance to suppliers		1,066,329	7,014,413
Amounts due from related parties	**23**	896,177	318,001
Prepaid expenses and other current assets, net	**8**	1,518,143	6,068,279
Total current assets		**44,415,102**	**77,534,128**
Non-current assets:			
Property and equipment, net	**9**	3,043,272	18,215,748
Intangible assets, net	**10**	127,981,521	68,578,910
Right-of-use assets, net	**16**	1,965,772	3,910,184
Goodwill	**11**	131,909,760	30,363,234
Deferred tax assets, net	**14**	2,088,820	1,527,673
Other non-current assets		1,162,119	2,247,507
Total non-current assets		**268,151,264**	**124,843,256**
Total assets		**$ 312,566,366**	**$ 202,377,384**
LIABILITIES			
Current liabilities:			
Short-term borrowings	**12**	$ 10,550,327	$ 38,795,458
Long-term borrowing, current	**12**	273,998	3,586,427
Accounts payable		19,070,470	32,422,596
Payable related to league tournaments rights, current		732,236	801,748
Accrued expenses and other liabilities	**13**	6,527,390	9,172,731
Deferred revenue		1,038,307	1,609,908
Operating lease liabilities, current	**16**	768,955	571,939
Amount due to related parties, current	**23**	1,372,808	1,656,070
Total current liabilities		**40,334,491**	**88,616,877**
Non-current liabilities:			
Long-term borrowing, non-current	**12**	3,376,519	1,047,247
Amount due to related parties, non-current	**23**	131,017	-
Payable related to league tournaments rights, non-current		1,546,701	783,871
Operating lease liabilities, non-current	**16**	1,093,079	3,377,486
Deferred tax liabilities	**13**	23,661,207	11,190,472
Other long-term liability	**17**	-	2,144,971
Total non-current liabilities:		**29,808,523**	**18,544,047**
Total liabilities		**$ 70,143,014**	**$ 107,160,924**

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

NIP GROUP INC.
CONSOLIDATED BALANCE SHEETS
(In U.S. dollars, except for share and per share data, or otherwise noted)

	Notes	As of December 31, 2024	As of December 31, 2025
Commitments and contingencies	**25**		
MEZZANINE EQUITY	**18**		
Redeemable non-controlling interests		$ 2,958,555	$ 2,296,805
Total mezzanine equity		**$ 2,958,555**	**$ 2,296,805**
EQUITY:			
Class A Ordinary Shares (US$0.0001 par value; 461,995,682 and 1,756,459,263 shares authorized as of December 31, 2024 and December 31, 2025, respectively, 75,392,253 and 197,363,156 issued and 75,392,253 and 197,020,222 outstanding as of December 31, 2024 and December 31, 2025, respectively)		7,539	19,702
Class B Ordinary Shares (US$0.0001 par value; 38,004,318 and 243,540,737 shares authorized as of December 31, 2024 and December 31, 2025, respectively, 38,004,318 and 83,434,625 issued and outstanding as of December 31, 2024 and December 31, 2025, respectively)		3,800	8,343
Subscription receivable		(3,808)	(20,514)
Additional paid-in capital		373,890,499	429,905,870
Statutory reserve		72,420	153,317
Accumulated deficit		(128,921,657)	(366,482,327)
Accumulated other comprehensive (loss) income		(10,522,210)	24,724,566
Total equity attributable to the shareholders of NIP Group Inc.		**234,526,583**	**88,308,957**
Non-controlling interests		**4,938,214**	**4,610,698**
Total equity		**239,464,797**	**92,919,655**
Total liabilities, mezzanine equity and equity		**$ 312,566,366**	**202,377,384**

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

NIP GROUP INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(In U.S. dollars, except for share and per share data, or otherwise noted)

	Notes	For the years ended December 31, 2023	2024	2025
Net revenue - third parties	**2(n)**	$ 82,502,622	$ 84,142,409	$ 126,420,693
Net revenue - related parties	**22**	1,165,819	1,123,897	105,853
Total net revenue		**83,668,441**	**85,266,306**	**126,526,546**
Cost of revenue - third parties		(75,884,571)	(82,028,621)	(128,003,347)
Cost of revenue - related parties	**23**	(585,184)	(227,150)	(5,187)
Total cost of revenue		**(76,469,755)**	**(82,255,771)**	**(128,008,534)**
Gross profit (loss)		**7,198,686**	**3,010,535**	**(1,481,988)**
Operating expenses:				
Selling and marketing expenses		(6,577,396)	(8,130,777)	(6,989,501)
General and administrative expenses		(15,273,231)	(11,768,315)	(50,338,759)
Impairment of goodwill		-	-	(122,519,218)
Impairment of intangible assets		-	-	(64,406,302)
Changes in fair value of receivable for bitcoin collateral		-	-	(2,931,287)
Realized gain on sale of Bitcoin		-	-	4,578
Total operating expenses		**(21,850,627)**	**(19,899,092)**	**(247,180,489)**
Operating loss		**(14,651,941)**	**(16,888,557)**	**(248,662,477)**
Other income (expense):				
Other income (expense), net		716,554	2,370,956	(682,737)
Interest expense, net		(523,317)	(537,479)	(2,238,830)
Total other income (expense), net		**193,237**	**1,833,477**	**(2,921,567)**
Loss before income tax expenses		**(14,458,704)**	**(15,055,080)**	**(251,584,044)**
Income tax benefits	**14**	1,200,855	2,369,759	13,465,207
Net loss		**(13,257,849)**	**(12,685,321)**	**(238,118,837)**
Net (loss) income attributable to non-controlling interest		(180)	4,464	(639,064)
Net loss attributable to NIP Group Inc.		**(13,258,029)**	**(12,689,785)**	**(237,479,773)**
Preferred shares redemption value accretion		(43,914,707)	(35,930,979)	-
Accretion on redeemable non-controlling interest				(30,304)
Net loss attributable to NIP Group Inc.'s shareholders		**(57,172,736)**	**(48,620,764)**	**(237,510,077)**
Other comprehensive (loss) income:				
Foreign currency translation (loss) income attributable to non-controlling interest, net of nil tax		(1)	1,628	185,995
Foreign currency translation income (loss) attributable to ordinary shareholders, net of nil tax		5,253,255	(15,947,580)	35,246,776
Total comprehensive loss		**$ (8,004,595)**	**$ (28,631,273)**	**$ (202,686,066)**
Total comprehensive income (loss) attributable to non-controlling interest		179	6,092	(453,069)
Total comprehensive loss attributable to NIP Group Inc.		(8,004,774)	(28,637,365)	(202,232,997)
Net loss per ordinary share				
Basic and Diluted		(1.54)	(0.69)	(1.48)
Weighted average number of ordinary shares outstanding*				
Basic and Diluted		37,160,593	70,200,374	160,497,641
Share-based compensation expense as follows (Note 21):		6,122,348	-	36,723,969
General and administrative expenses		6,122,348	-	36,723,969

* The shares and per share data are presented on a retroactive basis to reflect the reorganization and stock split (Note 19).

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

NIP GROUP INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIT) AND REDEEMABLE NON-CONTROLLING INTERESTS
(In U.S. dollars, except for share and per share data, or otherwise noted)

	Ordinary Shares		Class A Ordinary Shares		Class B Ordinary Shares		Treasury Shares		Subscription receivable	Additional paid in capital	Statutory reserve	Accumulated deficit	Accumulated other comprehensive (loss) income	Total shareholders' equity (deficit)	Non-controlling interests	Total equity (deficit)	Redee no contr inte
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount									
Balance as of December 31, 2022	**37,163,379**	**$ 3,716**	**-**	**$ -**	**-**	**$ -**	**(3,488,639)**	**$ (436)**	**$ (3,280)**	**$ -**	**$ 72,420**	**$ (29,250,505)**	**$ 172,115**	**$ (29,005,970)**	**$ 4,999,766**	**$ (24,006,204)**	
Share-based compensation	-	-	-	-	-	-	-	-	-	6,122,348	-	-	-	6,122,348	-	6,122,348	
Net (loss) income	-	-	-	-	-	-	-	-	-	-	-	(13,258,029)	-	(13,258,029)	180	(13,257,849)	
Accretion of mezzanine equity	-	-	-	-	-	-	-	-	-	(6,122,348)	-	(37,792,359)	-	(43,914,707)	-	(43,914,707)	
Exercise of share options	-	-	-	-	-	-	3,488,639	436	(436)	-	-	-	-	-	-	-	
Foreign currency translation adjustment	-	-	-	-	-	-	-	-	-	-	-	-	5,253,255	5,253,255	(1)	5,253,254	
Balance as of December 31, 2023	**37,163,379**	**$ 3,716**	**-**	**$ -**	**-**	**$ -**	**-**	**$ -**	**$ (3,716)**	**$ -**	**$ 72,420**	**$ (80,300,893)**	**$ 5,425,370**	**$ (74,803,103)**	**$ 4,999,945**	**$ (69,803,158)**	
Net loss	-	-	-	-	-	-	-	-	-	-	-	(12,689,785)	-	(12,689,785)	(114,659)	(12,804,444)	
Accretion on Preferred Shares to redemption value	-	-	-	-	-	-	-	-	-	-	-	(35,930,979)	-	(35,930,979)	-	(35,930,979)	
Conversion of ordinary shares to Class A ordinary shares and Class B ordinary shares upon closing of initial public offering	(37,163,379)	(3,716)	12,521,442	1,252	24,641,937	2,464	-	-	-	-	-	-	-	-		-	
Conversion of convertible preferred stock to common stock upon closing of initial public offering	-	-	57,085,547	5,708	13,362,381	1,336	-	-	-	355,739,391	-	-	-	355,746,435	-	355,746,435	
Issuance of common stock upon closing of initial public offering	-	-	4,865,052	487	-	-	-	-	-	20,259,756	-	-	-	20,260,243	-	20,260,243	
Initial public offering costs	-	-	-	-	-	-	-	-	-	(5,420,369)	-	-	-	(5,420,369)	-	(5,420,369)	
Acquisition of subsidiaries	-	-	920,212	92	-	-	-	-	(92)	3,311,721	-	-	-	3,311,721	(90,419)	3,221,302	2
Contribution from non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	283,668	283,668	
Capital refund of non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(141,949)	(141,949)	
Foreign currency translation adjustment	-	-	-	-	-	-	-	-	-	-	-	-	**(15,947,580)**	(15,947,580)	1,628	(15,945,952)	
Balance as of December 31, 2024	**-**	**$ -**	**75,392,253**	**$ 7,539**	**38,004,318**	**$ 3,800**	**-**	**$ -**	**$ (3,808)**	**$373,890,499**	**$ 72,420**	**$(128,921,657)**	**$ (10,522,210)**	**$ 234,526,583**	**$ 4,938,214**	**$ 239,464,797**	2
Net loss	-	-	-	-	-	-	-	-	-	-	-	(237,479,773)		(237,479,773)	(541,885)	(238,021,658)	
Share-based compensation	-	-	3,337,676	334	45,430,307	4,543	(342,934)	(34)	(4,843)	36,723,969	-	-	-	36,723,969	-	36,723,969	
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(107,202)	(107,202)	
Acquisition of mining assets	-	-	119,553,439	11,955	-	-	-	-	(11,955)	20,298,900	-		-	20,298,900	-	20,298,900	
Acquisition of non-controlling interest										3,506				3,506	(3,506)	-	
Contribution from non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	400,395	400,395	2
Accretion on redeemable non-controlling interest	-	-	-	-	-	-	-	-	-	(30,304)	-	-	-	(30,304)	-	(30,304)	
Disposal of subsidiaries	-	-	(920,212)	(92)	-	-	-	-	92	(980,700)	-	-	-	(980,700)	(261,313)	(1,242,013)	(2
Provision for statutory reserve	-	-	-	-	-	-	-	-	-	-	80,897	(80,897)	-	-	-	-	
Foreign currency translation adjustment	-	-	-	-	-	-	-	-	-	-	-	-	35,246,776	35,246,776	185,995	35,432,771	
Balance as of Dec 31, 2025	**-**	**-**	**197,363,156**	**19,736**	**83,434,625**	**8,343**	**(342,934)**	**(34)**	**(20,514)**	**429,905,870**	**153,317**	**(366,482,327)**	**24,724,566**	**88,308,957**	**4,610,698**	**92,919,655**	2

* The shares and per share data are presented on a retroactive basis to reflect the reorganization and stock split (Note 19).

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

NIP GROUP INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In U.S. dollars, except for share and per share data, or otherwise noted)

	For the years ended December 31,		
	2023	**2024**	**2025**
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	$ (13,257,849)	$ (12,685,321)	$ (238,118,837)
Adjustments to reconcile net loss to net cash used in operating activities:			
Bitcoin mining income	-	-	(20,064,258)
Bitcoin mining cost paid by crypto asset	-	-	17,927,259
Changes in fair value of receivable for bitcoin collateral	-	-	2,931,287
Share-based compensation expense	6,122,348	-	36,723,969
Depreciation and amortization	6,083,094	5,047,672	10,849,308
Amortization of operating lease right-of-use assets	451,018	626,087	1,117,086
Provision for credit losses	109,436	-	1,607,934
Loss on disposal of intangible assets	129,561	117,424	189,984
Interest expense paid by crypto asset	-	-	306,776
Loss on disposal of subsidiaries	-	-	1,911,840
Impairment of goodwill	-	-	122,519,218
Impairment of intangible assets	-	-	64,406,302
Change in fair value of contingent considerations	-	(394,401)	-
Change in fair value of short-term investments	-	4,393	(212,851)
Waiver of payable related to league tournaments rights	-	(856,965)	(913,993)
Share of loss in equity method investment	85,942	56,285	326,434
Deferred tax benefit	(1,382,822)	(2,495,899)	(14,829,357)
Changes in operating assets and liabilities:			
Accounts receivable	(3,286,086)	(10,818,047)	(7,897,293)
Advance to suppliers	14,596	76,974	(2,582,391)
Amount due from related parties	(80,548	(111,129)	404,276
Amount due to related parties	(1,046,317)	45,091	(181,857)
Other non-current assets	-	(410,998)	417,390
Prepaid expenses and other current assets	(1,115,558)	743,436	(1,141,032)
Operating lease liabilities	(554,928)	(671,631)	(899,443)
Accounts payable	2,868,156	6,024,970	7,398,697
Deferred revenue	(310,000)	(167,623)	512,864
Accrued expenses and other liabilities	15,968	(673,262)	1,735,582
Other non-current liabilities	-	-	(131,017)
Net cash used in operating activities	**(5,153,989)**	**(16,542,944)**	**(15,686,123)**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash acquired from acquisition of Ninjas in Pyjamas	1,707,373	-	-
Cash acquired from acquisition of Young Will	-	296,139	-
Cash acquired from acquisition of Jinyuanbao	-	1,100,196	-
Purchase of short-term investments	-	(3,000,000)	-
Payments for acquisition of Jinyuanbao	-	(128,251)	-
Purchase of property and equipment	(95,923)	(714,009)	(235,255)
Purchase of intangible assets	(3,496,596)	(1,329,923)	(998,992)
Disposal of property and equipment	-	233,337	60,915
Disposal of intangible asset	4,207,979	1,421,874	1,017,750
Disposal of subsidiaries			(363,367)
Acquisitions of cost method investees	-	-	(2,362,872)
Proceeds from sale of crypto asset	-	-	1,964,249
Loan to related parties	(201,733)	(63,744)	(33,391)
Loan to former third parties	-	(2,779,428)	-
Collection of loan to related parties	49,429	4,586	33,391
Net cash provided by (used in) investing activities	**2,170,529**	**(4,959,223)**	**(917,572)**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of Class A ordinary shares upon the completion of IPO	-	20,260,243	-
Contribution from non-controlling shareholders	-	283,668	2,631,182
Capital refund of non-controlling shareholders	-	(141,949)	-
Collection of shareholder investment fund receivable	2,999,845	-	-
Proceeds from borrowings	9,485,123	11,673,597	21,234,531
Repayments of borrowings	(6,397,492)	(7,198,718)	(13,471,293)
Loans from related parties	282,507	-	-
Repayment of loans from related parties	(3,588,153)	-	-
Loan from third parties	-	2,790,972	2,086,944
Acquisition of non-controlling interests	(564,900)	-	(261,313)
Payment of deferred offering cost	(852,471)	(4,209,692)	-
Collection of capital fund from a third party	-	-	1,391,296
Net cash provided by financing activities	**1,364,459**	**23,458,121**	**13,611,347**
Effect of exchange rate changes	**(374,027)**	**8,743**	**571,486**
Net increase (decrease) in cash and cash equivalents	**(1,993,028)**	**1,964,697**	**(2,420,862)**
Cash and cash equivalents, beginning of the year	**9,587,629**	**7,594,601**	**9,559,298**
Cash and cash equivalents, end of the year	**$ 7,594,601**	**$ 9,559,298**	**$ 7,138,436**
Income tax paid	(31,799)	(162,380)	(77,456)
Interest paid	(373,415)	(552,671)	(793,114)
SUPPLEMENTAL SCHEDULE OF INVESTING AND FINANCING NON-CASH ACTIVITIES			
Accretion on Preferred Shares to redemption value	(43,914,707)	(35,930,979)	-
Right-of-use assets obtained in exchange for new lease liabilities	266,061	92,554	3,110,329
Consideration of acquisition of Ninjas in Pyjamas	168,000,000	-	-
Consideration of acquisition of Young Will	-	3,716,139	-
Net settlement of revenue from tournament participation of esports and payable related to league tournaments rights	1,259,822	1,111,771	-
Waiver of payable related to league tournaments rights	-	856,965	913,993
Acquisition of mining machines	-	-	20,298,900
Disposal of bitcoin for other crypto assets			156,719

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

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

Principal activities

NIP Group Inc. (the "Company") was incorporated under the laws of the Cayman Islands on February 5, 2021. The Company through its wholly-owned subsidiaries (collectively, the "Group"), primarily engages in esports teams' operation, talent management service, event production and Bitcoin mining in the People's Republic of China ("PRC" or "China"), Sweden, United States ("US") and other countries and regions. The Company completed its initial public offering (the "IPO") on the NASDAQ Stock Exchange in the United States of America in July 2024.

History of the Group and Basis of Presentation

Business acquisition and termination of Young Will

In order to complete the business acquisition of Wuhan Young Will Ltd ("Young Will") as disclosed in Note 3.2, a series of restructuring transaction have been completed, and upon the completion of such restructuring, (i) 100% issued and outstanding share capital of ZSZQ Limited ("Young Cayman") is collectively owned by the shareholders of Young Will, (ii) 100% share capital of ZSZQ (HK) Limited.("Young HK") is owned by Young Cayman, (iii) 100% equity interest of Beijing ZSZQ Network Technology Co., Ltd. ("Young WFOE") is owned by Young HK, (iv) Young WFOE entered into Share Swap Arrangements with Young Will and its shareholders.

On July 31, 2025, the Company entered into a termination arrangement with Young Will and its shareholders to terminate the Share Swap Arrangement for the restructuring transaction above. As of July 31, 2025, all Class A Ordinary Shares previously issued under the Share Swap Agreement have been surrendered and cancelled in full. No Class A Ordinary Shares remain outstanding in relation to the transaction.

Business acquisition of Jinyuanbao

On September 23, 2024, Wuhan Alunyou Network Information Development Co., Ltd. ("Wuhan Alunyou") entered into a Share Transfer Agreement ("Jinyuanbao Agreement") with the beneficial owners of Shanghai Jinyuanbao Duoduo Entertainment Development Co., Ltd. ("Jinyuanbao"). According to the "Agreement", Wuhan Alunyou acquired 90% of Jinyuanbao's equity. Before the business combination, Wuhan Alunyou and its shareholders signed contractual arrangements with Wuhan Muyecun.

Asset acquisition of Bitcoin mining machines

On June 27, 2025, the Company entered into a definitive Asset Purchase Agreement (the "APA") to acquire on-rack crypto mining machines from Fortune Peak Limited and Apex Cyber Capital Limited (together, the "Sellers"). These mining machines are used for Bitcoin mining. Pursuant to the APA, the consideration was priced at USD 8.00 per TH/s and the issue price of each American Depositary Share (ADS) was fixed at USD 0.4165234. Based on the aforesaid terms, the aggregate consideration for the total 3.1EH/s hash rate under the APA amounted to approximately USD 25 million.

On September 5, 2025, upon the closing of the transaction, the Company issued 119,553,439 Class A ordinary shares of the Company to the sellers. In connection with the consummation of the proposed transactions contemplated by the Agreement, the Company and the Sellers entered into an investor rights agreement to define certain rights and obligations among them with respect to the Company.

(In U.S. dollars, except share and per share data)

1. ORGANIZATION AND PRINCIPAL ACTIVITIES – Continued

As of December 31, 2025, details of the Company's subsidiaries, VIEs and VIEs' subsidiaries were as follows:

Name	Place and date of Incorporation	Percentage of effective ownership	Principal Activities
Subsidiaries			
Ninjas in Pyjamas Gaming AB ("Ninjas in Pyjamas")	Sweden, January, 2014	100%	Esports teams operation
NIPG FZ LLC	Abu Dhabi, January 16, 2024	100% owned by Ninjas in Pyjamas	Esports teams operation
ESVF (HONG KONG) Esports Limited ("ESVF HK")	Hong Kong, March 4, 2021	100%	Investment holding
Wuhan Muyecun Internet Technology Co., Ltd. ("Wuhan Muyecun" or "WFOE")	Wuhan, July 9, 2021	100% owned by ESVF HK	Investment holding
Wuhan Xingjingweiwu Culture & Sports Development Co., Ltd. ("Wuhan ESVF")	Wuhan, June 1, 2016	100% owned by WFOE	Esports teams operation and talent management service
Shenzhen Weiwu Esports Internet Technology Co., Ltd. ("Shenzhen VF")	Shenzhen, December 20, 2018	100% owned by Wuhan ESVF	Esports teams operation
Shenzhen Dawei Xianglong Sports Co., Ltd ("Dawei Xianglong")	Shenzhen, January 15, 2021	60% owned by Shenzhen VF	Event production
Wuhan Xingjing Interactive Entertainment Co., Ltd ("Xingjing Entertainment")	Wuhan, October 23, 2019	100% owned by Wuhan ESVF	Esports teams operation and talent management service
Chengdu Xingjing Weiwu Culture Media Co., Ltd ("Chengdu Xingjing Weiwu")	Sichuan, January 5, 2023	100% owned by Wuhan ESVF	Esports teams operation
Shanghai Xingzhi Culture Media Co., Ltd ("Xingzhi Media")	Shanghai, May 5, 2017	100% owned by Wuhan ESVF	Esports teams operation
Wuhan Xinghui Culture Media Co., Ltd. ("Xinghui Media")	Wuhan, February 4, 2021	100% owned by Wuhan ESVF	Esports teams operation and talent management service
Taicang Xingjingweiwu Culture Media Co., Ltd ("Taicang Xingjing")	Taicang, September 8, 2021	100% owned by Wuhan ESVF	Esports teams operation
Zhoushan Xingjing Internet Technology Co., Ltd ("Zhoushan Xingjing")	Zhoushan, August 2, 2021	80% owned by Wuhan ESVF	Talent management service
Zhoushan Jingxi Internet Technology Co., Ltd ("Zhoushan Jingxi")	Zhoushan, August 2, 2021	80% owned by Wuhan ESVF	Talent management service
Hongli Culture Communication (Wuhan) Co., Ltd ("Hongli Culture")	Wuhan, December 26, 2017	60.67% owned by Wuhan ESVF	Event production
Wuhan Yingciyuan Information Technology Co., Ltd ("Wuhan Yingciyuan")	Wuhan, November 17, 2022	51% owned by Hongli Culture	Event production
Xiamen Yingciyuan Education Technology Co., Ltd. ("Xiamen Yingciyuan")	Xiamen, April 4, 2023	51% owned by Hongli Culture	Event production
Changsha Liyao Cultural Communication Co., Ltd ("Changsha Liyao")	Changsha, May 19, 2023	75% owned by Hongli Culture	Event production
Hongli Culture Communication (Beijing) Co., Ltd ("Hongli Culture Beijing")	Beijing, March 25, 2024	51% owned by Hongli Culture	Event production
Hongxiaoli Culture Communication (Hangzhou) Co., Ltd ("Hangzhou Hongxiaoli Culture")	Hangzhou, April 8, 2024	51% owned by Hongli Culture	Event production
HongXiaoli Culture Communication (Wuhan) Co., Ltd("Wuhan HongXiaoli Culture")	Wuhan, February 11, 2025	100% owned by Hongli Culture	Event production
HongDali Culture Communication (Shanghai) Co., Ltd("Wuhan HongXiaoli Culture")	Shanghai, March 10, 2025	70% owned by Hongli Culture	Event production
Wuhan Xingyao Future Culture Media Co., Ltd("Xingyao Future")	Wuhan, March 5, 2025	60% owned by Wuhan ESVF	Talent management service
Xingjing Entertainment (Beijing) Cultural Development Co., Ltd("Beijing Xingjing Entertainment")	Beijing, April 30, 2025	49.94% owned by Wuhan ESVF	Event production
Shenzhen Xingjing Weiwu Technology Co., Ltd("Shenzhen Xingjing")	Shenzhen, January 5, 2023	99% owned by WFOE	Talent management service
NIPG HOLDINGS LIMITED("NIPG HOLDINGS")	Abu Dhabi, May 27, 2025	100%	Investment holding
Hongli Culture Communication (Guangxi) Co., Ltd.("Guangxi Hongli Culture")	Guangxi, June 5, 2025	65% owned by Wuhan ESVF	Event production
Shanghai Xingyu Culture Communication Co., Ltd.("Shanghai Xingyu Culture")	Shanghai, June 26, 2025	100% owned by Beijing Xingjing Entertainment	Event production
Chengdu Qiyuhai Culture and Entertainment Co., Ltd.("Chengdu Qiyuhai")	Chengdu, May 23, 2025	100% owned by Beijing Xingjing Entertainment	Event production
Mining Ninjas Ltd. ("Mining BVI")	British Virgin Islands, July 4, 2025	100% owned by NIPG HOLDINGS	Mining Business
Mining Ninjas US, Inc.("Mining US")	US, July 16, 2025	100% owned by Mining BVI	Mining Business
Mining Ninjas Kazakh Limited("Mining Kazakh")	Kazakhstan, September 11, 2025	100% owned by Mining BVI	Mining Business
Hainan Huanju Commercial Investment Co., Ltd.("Hainan Huanju")	Hainan, October 31, 2025	70% owned by WFOE	Investment holding
Hainan Xingjing Weiwu Cultural and Sports Development Co., Ltd.	Hainan, November 03, 2025	100% owned by ESVF HK	Investment holding
VIEs			
Wuhan Alunyou Network Information Development Co., Ltd.("Wuhan Alunyou")	Wuhan,August 21, 2024	VIE	Game Publishing
VIEs' Subsidiaries			
Shanghai Jinyuanbao Duoduo Entertainment Development Co., Ltd.("Jinyuanbao")	Shanghai, February 5, 2024	90% owned by Wuhan Alunyou	Game Publishing
Hangzhou Yinyuan Entertainment Development Co., Ltd.("Hangzhou Yinyuan")	Hangzhou, July 8, 2024	100% owned by Jinyuanbao	Game Publishing

1. ORGANIZATION AND PRINCIPAL ACTIVITIES – Continued

The contractual arrangements between Wuhan Muyecun, Wuhan Alunyou and its shareholders were entered into in September 2024. The contractual arrangements between Young WFOE, Young Will and its shareholders were entered into in September 2024. These contractual agreements include, Exclusive Business Cooperation Agreement, Equity Interest Pledge Agreement, Powers of Attorney, Exclusive Option Agreement and Spousal Consent Letter (collectively the "VIE Agreements"). Pursuant to the VIE Agreements between Wuhan Muyecun and Wuhan Alunyou and its shareholders, WFOE, which is Wuhan Muyecun, has the exclusive right to provide to Wuhan Alunyou consulting services related to business operations including technical and management consulting services. The VIE Agreements are designed to provide WFOE with the power, rights, and obligations equivalent in all material respects to those it would possess as the sole equity holder of Wuhan Alunyou, including absolute control rights and the rights to the assets, property, and revenue of Wuhan Alunyou. Pursuant to the VIE Agreements between Young WFOE and Young Will and its shareholders, Young WFOE has the exclusive right to provide to Young Will consulting services related to business operations including technical and management consulting services. The VIE Agreements are designed to provide Young WFOE with the power, rights, and obligations equivalent in all material respects to those it would possess as the sole equity holder of Young Will, including absolute control rights and the rights to the assets, property, and revenue of Young Will. As a result of direct ownership in the Young WFOE and WFOE through the VIE Agreements, Wuhan Alunyou and Young Will should be treated as variable interest entity under the Statement of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 810 Consolidation and the Company is regarded as the primary beneficiary of VIE. The Company treats VIE as its consolidated entities under U.S. GAAP.

The contractual arrangements between Young WFOE, Young Will and its shareholders have been terminated on July 31, 2025.

Exclusive Business Cooperation Agreement

Pursuant to the exclusive business cooperation agreement between Wuhan Muyecun and Wuhan Alunyou, Wuhan Muyecun has the exclusive right to provide, among other things, technological development, technological support, consultation and related services to Wuhan Alunyou. In exchange, Wuhan Alunyou pays service fees at any time agreed by the parties to Wuhan Muyecun in an amount consisting of management fee and fee for services provided, which shall be reasonably determined by Wuhan Muyecun based on the factors as provided in the exclusive business cooperation agreement. Without the prior written consent of Wuhan Muyecun, Wuhan Alunyou cannot assign its rights and obligations to any third party. Wuhan Muyecun has the exclusive and complete ownership of all intellectual property rights created as a result of the performance of this agreement. The exclusive business cooperation agreement continues to be effective unless it is terminated by written notice of Wuhan Muyecun or according to the provisions of this agreement.

The exclusive technology and consulting service agreement between Beijing ZSZQ and Young Will contains terms substantially similar to the exclusive business cooperation agreement described above.

Exclusive Option Agreement

Under the exclusive option agreement among Wuhan Muyecun, Wuhan Alunyou and its shareholders, each of the shareholders of Wuhan Alunyou has irrevocably granted Wuhan Muyecun or its designee(s) an exclusive option to purchase, at any time and to the extent permitted under PRC laws, all or any part of their equity interests in Wuhan Alunyou at the price specified in the exclusive option agreement, or the lowest price permitted under applicable PRC laws if there is any statutory requirement about the consideration under PRC laws. Wuhan Alunyou and/or its shareholders covenant that, without Wuhan Muyecun's prior written consent, they will not, among other things, sell, transfer, mortgage or otherwise dispose of their equity interests in Wuhan Alunyou, or create any encumbrance on their equity interests in Wuhan Alunyou, except for those encumbrances created under the equity interest pledge agreement, the powers of attorney of Wuhan Alunyou's shareholders, and the exclusive option agreement. The exclusive option agreement will be terminated when the entire equity interests in Wuhan Alunyou have been transferred to Wuhan Muyecun or its designee(s) pursuant to this agreement.

1. ORGANIZATION AND PRINCIPAL ACTIVITIES – Continued

The exclusive option agreement among Beijing ZSZQ, Young Will and its shareholders contains terms substantially similar to the exclusive option agreement described above.

Powers of Attorney

Pursuant to the powers of attorney granted by the shareholders of Wuhan Alunyou, each of the shareholders of Wuhan Alunyou irrevocably appointed Wuhan Muyecun as their exclusive agent and attorney- in-fact to act on their behalf on all shareholder matters of Wuhan Alunyou and exercise all rights as shareholders of Wuhan Alunyou. The powers of attorney remain irrevocably effective as long as such shareholders remain as Wuhan Alunyou's shareholders, unless otherwise instructed by Wuhan Muyecun.

Each of the shareholders of Young Will has executed a powers of attorney to irrevocably appointed Beijing ZSZQ as their exclusive agent and attorney-in-fact to act on their behalf on all shareholder matters of Young Will and exercise all rights as shareholders of Young Will. These powers of attorney contain terms substantially similar to the powers of attorney described above.

Equity Interest Pledge Agreement

Pursuant to the equity interest pledge agreement among Wuhan Muyecun, Wuhan Alunyou and the shareholders of Wuhan Alunyou, the shareholders of Wuhan Alunyou pledged their equity interests in Wuhan Alunyou to Wuhan Muyecun to secure their obligations under the exclusive business cooperation agreement, exclusive option agreement and powers of attorney. The shareholders of Wuhan Alunyou further agreed to not transfer, create or allow any encumbrance on the pledged equity interests without the prior written consent of Wuhan Muyecun. The equity interest pledge agreement shall remain binding until the contractual obligations under the associated contractual agreements are fully fulfilled, and the service fees and other expenses incurred for the fulfillment of such agreements have been fully paid.

The equity interest pledge agreement among Beijing ZSZQ, Young Will and its shareholders contains terms substantially similar to the equity interest pledge agreement described above.

Spousal Consent Letter

Pursuant to the spouse consent, the spouse of the individual shareholder of Wuhan Alunyou unconditionally and irrevocably agreed that the equity interests in Wuhan Alunyou held by and registered in the name of such shareholder be disposed of in accordance with the equity interest pledge agreement, the exclusive option agreement and the powers of attorney described above, and that such shareholder may perform, amend or terminate such agreements without such spouse's additional consent. Additionally, such spouse unconditionally and irrevocably waived any rights or interests in the equity interests in Wuhan Alunyou and undertook not to assert any rights over the equity interests in Wuhan Alunyou held by such shareholder. In addition, in the event that such spouse obtains any equity interests in Wuhan Alunyou held by such shareholder for any reason, such spouse agrees to be bound by and sign any legal documents substantially similar to the contractual arrangements described above, as may be amended from time to time.

Risks in relation to the VIE structure

The Company believes that the contractual arrangements with its VIEs and their respective shareholders are in compliance with PRC laws and regulations and are legally enforceable. However, uncertainties in the PRC legal system could limit the Company's ability to enforce the contractual arrangements. If the legal structure and contractual arrangements were found to be in violation of PRC laws and regulations, the PRC government could, among others:

- revoking the business licenses and/or operating licenses of the Company;
- discontinuing or placing restrictions or onerous conditions on the operations;
- imposing fines, confiscating the income from WFOE, Young WFOE or the VIEs, or imposing other requirements with which the Company or the VIEs may not be able to comply;
- requiring the Company to restructure the ownership structure or operations, including terminating the contractual arrangements with the VIEs and deregistering the equity pledges of the VIEs, which in turn would affect our ability to consolidate, derive economic interests from, or exert effective control over the VIEs, or imposing restrictions on the Company's right to collect revenues;
- imposing additional conditions or requirements with which the Company may not be able to comply;
- requiring the Company to restructure the operations in such a way as to compel the Company to establish a new enterprise, re-apply for the necessary licenses or relocate our businesses, staff and assets; or
- restricting or prohibiting the Company use of the proceeds of overseas offering to finance the business and operations in China.

(In U.S. dollars, except share and per share data)

1. ORGANIZATION AND PRINCIPAL ACTIVITIES – Continued

The Company's ability to conduct its business may be negatively affected if the PRC government were to carry out of any of the aforementioned actions. As a result, The Company may not be able to consolidate its VIEs in its consolidated financial statements as it may lose the ability to exert effective control over the VIEs and their respective shareholders and it may lose the ability to receive economic benefits from the VIEs. The Company, however, does not believe such actions would result in the liquidation or dissolution of the Company, its PRC subsidiaries and VIEs.

The interests of the shareholders of VIEs may diverge from that of the Company and that may potentially increase the risk that they would seek to act contrary to the contractual terms, for example by influencing VIE not to pay the service fees when required to do so. The Company cannot assure that when conflicts of interest arise, shareholders of VIE will act in the best interests of the Company or that conflicts of interests will be resolved in the Company's favor. The Company believes the shareholders of VIE will not act contrary to any of the contractual arrangements and the exclusive option agreements provide the Company with a mechanism to remove the current shareholders of VIE should they act to the detriment of the Company. The Company relies on certain current shareholders of VIE to fulfill their fiduciary duties and abide by laws of the PRC and act in the best interest of the Company. If the Company cannot resolve any conflicts of interest or disputes between the Company and the shareholders of VIE, the Company would have to rely on legal proceedings, which could result in disruption of its business, and there is substantial uncertainty as to the outcome of any such legal proceedings.

The following financial information of the VIEs and VIEs' subsidiaries were included in the accompanying consolidated financial statements as of December 31, 2025:

	As of December 31, 2024	As of December 31, 2025
ASSETS		
Current assets:		
Cash and cash equivalents	$ 436,302	$ 186
Accounts receivable	1,182,352	7,286
Advance to suppliers	398,467	394,128
Amounts due from related parties	411,511	-
Prepaid expenses and other current assets, net	309,184	161,587
Total current assets	**2,737,816**	**563,187**
Non-current assets:		
Property and equipment, net	73,076	4,633
Intangible assets, net	942,410	646,414
Right-of-use assets	379,083	-
Other non-current assets	638,106	-
Total non-current assets	**2,032,675**	**651,047**
Total assets	**$ 4,770,491**	**$ 1,214,234**
LIABILITIES		
Current liabilities:		
Short-term borrowings	$ 1,372	$ -
Accounts payable	981,004	3,503
Accrued expenses and other liabilities	737,386	440
Deferred revenue	670,064	456,799
Operating lease liabilities, current	265,623	-
Amount due to related parties-current	14,360	-
Amounts due to subsidiaries of the Group	3,822,831	3,364,617
Total current liabilities	**6,492,640**	**3,825,359**
Non-current liabilities:		
Amount due to a related party-non-current	58,996	-
Total non-current liabilities:	**58,996**	**-**
Total liabilities	**$ 6,551,636**	**$ 3,825,359**

	For the year ended December 31, 2024	For the year ended December 31, 2025
Total net revenue	$ 2,047,005	$ 4,943,778
Net (loss) income	$ (1,790,687)	$ 177,738

	For the year ended December 31, 2024	For the year ended December 31, 2025
Net cash used in operating activities	$ (958,084)	$ (10,080)
Net cash used in investing activities	$ -	$ -
Net cash provided by financing activities	$ -	$ 12,522

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

The accompanying consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

(b) Principles of consolidation

The accompanying consolidated financial statements include the financial statements of the Company and its subsidiaries, its consolidated subsidiaries or its VIEs and VIEs' subsidiaries, of which the Company is the primary beneficiary, from the dates they were acquired or incorporated. All inter-company balances and transactions are eliminated upon consolidation. The results of subsidiaries acquired are recorded in the consolidated income statements from the effective date of acquisition, as appropriate.

For consolidated subsidiaries where the Group's ownership in the subsidiary is less than 100%, the equity interest not held by the Group is shown as noncontrolling interests.

(c) Use of estimates

The preparation of the consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, related disclosures of contingent assets and liabilities at the balance sheet date, and the reported revenues and expenses during the reported periods in the consolidated financial statements and accompanying notes. Significant accounting estimates include, but not limited to, fair value of crypto assets, fair value related to mining machines, receivable for bitcoin collateral, impairment of long-lived assets and goodwill, the valuation of the consideration transferred and the purchase price allocation associated with business combination, valuation of share-based compensation, valuation of ordinary shares and preferred shares, the allowance for credit losses of accounts receivable and receivable for bitcoin collateral, amounts due from related parties, estimated useful life, valuation allowance of deferred tax assets. Changes in facts and circumstances may result in revised estimates. Actual results could differ from those estimates, and as such, differences may be material to the consolidated financial statements.

(d) Business Combination

The Group accounts for its business combinations using the acquisition method of accounting in accordance with ASC 805 "Business Combinations." The cost of an acquisition is measured as the aggregate of the acquisition date fair value of the assets transferred to the sellers, liabilities incurred by the Group and equity instruments issued by the Group. Transaction costs directly attributable to the acquisition are expensed as incurred. Identifiable assets acquired and liabilities assumed are measured separately at their fair values as of the acquisition date, irrespective of the extent of any noncontrolling interests. The excess of (i) the total costs of acquisition, fair value of the noncontrolling interests and acquisition date fair value of any previously held equity interest in the acquiree over (ii) the acquisition date amounts of the identifiable net assets of the acquiree is recorded as goodwill.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

(e) Cash and cash equivalents

Cash and cash equivalents consist of cash in bank and highly liquid investments which are unrestricted as to withdrawal and use and have original maturities of less than three months.

(f) Crypto asset held

During 2025, the Group conducted transactions involving the receipt and disbursement of crypto assets in the ordinary course of business. As of December 31, 2025, USDT represented the primary component of the Group's crypto assets held balance. The Group adopted ASC 350-60, Intangibles — Goodwill and Other, on January 1, 2024. In accordance with ASC 350-60, crypto assets held are measured at fair value at each reporting date, with changes in fair value recognized as gains or losses from changes in the fair value of crypto assets held in the consolidated statements of comprehensive income (loss).

(g) Short-term and long-term investment

Short-term investments mainly include investments in financial instruments with a variable interest rate indexed to performance of underlying assets. In accordance with ASC 825 — "Financial Instruments", the Group elected the fair value method at the date of initial recognition and carried these investments at fair value. Changes in the fair value are reflected in the consolidated statements of operations and comprehensive loss as other income/(expense).

The Group measures long-term equity investments other than equity method investments at fair value through earnings along with Accounting Standards Update ("ASU") 2016-01. For the investments without readily determinable fair values, the Group elected to record these investments at cost, less impairment, and plus or minus subsequent adjustments for observable price changes ("measurement alternative"). Under this measurement alternative, changes in the carrying value of the equity investment will be required to be made whenever there are observable price changes in orderly transactions for the identical or similar investment of the same issuer. The Group makes reasonable efforts to identify price changes that are known or that can reasonably be known.

(h) Accounts receivable, net

Accounts receivable, net are stated at the original amount less an allowance for credit losses.

Accounts receivable, net are recognized in the period when the Group has provided services to its customers and when its right to consideration is unconditional. On January 1, 2023, the Group adopted ASU 2016-13, "Financial Instruments — Credit Losses (Accounting Standards Codification ("ASC" Topic 326): Measurement on Credit Losses on Financial Instruments", including certain subsequent amendments, transitional guidance and other interpretive guidance within ASU 2018-19, ASU 2019-04, ASU 2019-05, ASU2019-11, ASU 2020-02 and ASU 2020-03 (collectively, including ASU 2016-13, "ASC 326"). ASC 326 introduces an approach based on expected losses to estimate the allowance for credit losses, which replaces the previous incurred loss impairment model.

The Group evaluates its accounts receivable for expected credit losses on a regular basis. The Group maintains an estimated allowance for credit losses to reduce its accounts receivable to the amount that it believes will be collected. The Group's estimation of allowance for credit losses considers factors such as historical credit loss experience, age of receivable balances, current market conditions, reasonable and supportable forecasts of future economic conditions, as well as an assessment of receivables due from specific identifiable counterparties to determine whether these receivables are considered at risk or uncollectible. The Group adjusts the allowance percentage periodically when there are significant differences between estimated bad debts and actual bad debts. If there is strong evidence indicating that the accounts receivables are likely to be unrecoverable, the Group also makes specific allowance in the period in which a loss is determined to be probable. Accounts receivable balances are written off after all collection efforts have been exhausted.

There were $188,432 and $1,607,934 provisions for credit losses as of December 31, 2024 and 2025.

(i) receivable for bitcoin collateral, net

The receivable for bitcoin collateral represents the bitcoin posted as collateral to the lender who has the rights to, among other activities, lend or re-hypothecate such bitcoin at the sole discretion of the lender and for which the lender has an obligation to return to the Group at maturity of the loan. The receivable is recorded at fair value and changes in fair value are recorded as gain or loss from change in fair value of receivable for bitcoin collateral on the consolidated statements of comprehensive income (loss). The receivable for bitcoin collateral is classified as current due to that no contractual maturity is specified for the related loan, and the Group estimates the bitcoin collateral will be released within twelve months following the balance sheet date. The value and activity involving this asset are discussed in detail in Note 6. As all of the Group's bitcoins are posted to the lender as collateral, the Group does not have any assets associated with bitcoin holdings as of December 31, 2025.

At commencement and throughout the term of the arrangement, the Group considers and accounts for the credit risk associated with the bitcoin receivable collateral in accordance with the principles outlined in ASC 326. The receivable for bitcoin collateral is presented net of any allowance for credit losses. No such allowance was recognized this year.

(In U.S. dollars, except share and per share data)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

(j) Property and equipment, net

Property and equipment are stated at cost less accumulated depreciation and impairment, if any, and depreciated on a straight-line basis over the estimated useful lives of the assets. Cost represents the purchase price of the asset and other costs incurred to bring the asset into its intended use. Estimated useful lives are as follows:

Category	Estimated useful lives
Mining machine	1~3 years
Electronic equipment	3-5 years
Furniture	3-5 years
Vehicles or canteen equipment	4-5 years
Leasehold improvement	Shorter of the lease term or the estimated useful life of the assets

Repair and maintenance costs are charged to expenses as incurred, whereas the cost of renewals and betterment that extends the useful lives of property and equipment are capitalized as additions to the related assets. Retirements, sales and disposals of assets are recorded by removing the costs, accumulated depreciation and impairment with any resulting gain or loss recognized in the consolidated statements of operation.

(k) Intangible assets

Estimated useful lives by intangible asset classes are as follows:

Category	Estimated useful lives
League tournaments rights	Indefinite
Brand names	Indefinite/5 years
Customer relationships	6 years
Agency contract rights	2-5 years
Talent acquisition costs	1-5 years
Game copyright	3 years
Software	2.5-3 years

The estimated useful lives of intangible assets with definite lives are reassessed if circumstances occur that indicate the original estimated useful lives may have changed.

Intangible assets that have indefinite useful lives included the league tournaments rights and brand name of Ninjas in Pyjamas and Wuhan ESVF, and brand name of Young Will as of December 31, 2024, and the league tournaments rights and brand name of Ninjas in Pyjamas, Wuhan ESVF as of December 31, 2025. The Group expects that the league tournaments rights and brand name of Ninjas in Pyjamas, Wuhan ESVF are unlikely to be terminated based on industry experience and will continue to contribute revenue in the future. Therefore, the Group considers the useful life of such intangible assets to be indefinite.

For the year ended December 31, 2025, the Group recorded aggregate impairment charges of $64.4 million in relation to its intangible assets. Such impairments were recognized as a result of management's impairment review, which identified underperformance of Ninjas in Pyjamas's underlying business operations and a reduction in the recoverable amount of the relevant reporting unit when compared with the key valuation assumptions adopted at the original acquisition date. In accordance with disclosure requirements under ASC 350-20-50 and ASC 350-30-50, the fair value of intangible assets for impairment testing was measured utilizing discounted cash flow ("DCF") driven valuation techniques. Specifically, the relief-from-royalty method was adopted to measure the fair value of the brand name, while the multi-excess earnings method was applied in valuing league tournament seats. Critical significant judgment and key assumptions incorporated in the DCF valuation model include a weighted average cost of capital (WACC) of 12% and a long-term terminal growth rate of 2%. Management updated future cash flow projections to incorporate current market dynamics, updated operational trends and the deteriorated financial outlook of the underlying business as of the reporting date.

The Group capitalizes costs associated with the acquisition of certain members of talent and online entertainers and amortizes these costs straight-line over their estimated useful lives, which reflect the contractual term of the associated talent agreement. The fair value of brand name of Hongli Culture is amortized on a straight-line basis over its estimated useful life.

Definite-lived intangible assets are carried at cost less accumulated amortization and impairment if any.

The Definite-lived intangible assets are amortized over their estimated useful lives, which is the period over which the assets are expected to contribute directly or indirectly to the future cash flows of the Group. These intangible assets are tested for impairment at the time of a triggering event, if one were to occur. Definite- lived intangible assets may be impaired when the estimated discounted future cash flows generated from the assets are less than their carrying amounts. No impairment of definite-lived intangible assets was recognized for the years ended December 31, 2023, 2024 and 2025.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

The Group evaluates indefinite-lived intangible assets as at each reporting period to determine whether events and circumstances continue to support indefinite useful lives. The value of indefinite-lived intangible assets is not amortized, but tested for impairment annually or whenever events or changes in circumstances indicate that it is more likely than not that the asset is impaired in accordance with ASC 350. The Group first performs a qualitative assessment to assess all relevant events and circumstances that could affect the significant inputs used to determine the fair value of the indefinite-lived intangible asset. If after performing the qualitative assessment, the Group determines that it is more likely than not that the indefinite-lived intangible asset is impaired, the Group calculates the fair value of the intangible asset and performs the quantitative impairment test by comparing the fair value of the asset with its carrying amount. If the carrying amount of an indefinite-lived intangible asset exceeds its fair value, the Group recognizes an impairment loss in an amount equal to that excess. In consideration of the growing esports industry in China, the Group's improving financial performance, the stable macroeconomic conditions in China and the Group's future plans, the Group determined that it is not likely that the league tournaments rights and brand name were impaired as of December 31, 2024. Otherwise, there were impairment indicators for the league tournaments rights and brand name of Ninjas in Pyjamas as of December 31, 2025 considering its unsatisfactory financial performance. As such, the impairment amount of indefinite-lived intangible assets recognized for the years ended December 31, 2024, and December 31, 2025 were nil and $64,406,302 respectively.

(l) Goodwill

Goodwill represents the future economic benefits arising from other assets acquired in a business combination or an acquisition by an entity that are not individually identified and separately recognized. Goodwill acquired in a business combination is tested for impairment at least annually or more frequently when events and circumstances occur indicating that the recorded goodwill may be impaired. The Group performed impairment analysis on goodwill as of December 31 every year either beginning with a qualitative assessment, or starting with the quantitative assessment instead. The quantitative goodwill impairment test compares the fair value of each reporting unit to its carrying amount, including goodwill. A reporting unit constitutes a business for which discrete profit and loss financial information is available. The fair value of each reporting unit is established using a combination of expected present value of future cash flows. If the fair value of each reporting unit exceeds its carrying amount, goodwill is not considered to be impaired. If the carrying amount of a reporting unit exceeds its fair value, an impairment loss shall be recognized in an amount equal to that excess, limited to the total amount of goodwill allocated to that reporting unit.

Determining when to test for impairment, the Group's reporting units, the fair value of a reporting unit and the fair value of assets and liabilities within a reporting unit, requires judgment and involves the use of significant estimates and assumptions. These estimates and assumptions include revenue growth rates and operating margins used to calculate projected future cash flows, risk-adjusted discount rates, future economic and market conditions and determination of appropriate market comparable. The Group bases fair value estimates on assumptions it believes to be reasonable but that are unpredictable and inherently uncertain.

Significant changes in the economic characteristics of components or reorganization of an entity's reporting structure can sometimes result in a re-assessment of the affected operating segment and its components to determine whether reporting units need to be redefined where the components are no longer economically similar.

Future changes in the judgments and estimates underlying the Group's analysis of goodwill for possible impairment, including expected future cash flows and discount rate, could result in a significantly different estimate of the fair value of the reporting units and could result in additional impairment of goodwill. The Group determined that it is not likely that the goodwill was impaired as of December 31, 2024. Otherwise, there were impairment indicators for the goodwill of Ninjas in Pyjamas as of December 31, 2025 considering its unsatisfactory financial performance. As such, the impairment amount of goodwill recognized for the years ended December 31, 2024, and December 31, 2025 were nil and $122,519,218 respectively.

(m) Impairment of long-lived assets

The Group reviews for the impairment of long-lived assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Group measures the carrying amount of the asset against the estimated discounted future cash flows associated with it. Should the sum of the expected future net cash flows be less than the carrying value of the asset being evaluated, an impairment loss would be recognized for the amount by which the carrying value of the asset exceeds its fair value. The evaluation of asset impairment requires the Group to make assumptions about future cash flows over the life of the asset being evaluated. These assumptions require significant judgment and actual results may differ from assumed and estimated amounts. The Group did not record any impairment charge for the years ended December 31, 2023, 2024 and 2025.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

(n) Fair value measurement

Accounting guidance defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Group considers the principal or most advantageous market in which it would transact and it considers assumptions that market participants would use when pricing the asset or liability.

Accounting guidance establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels of inputs are:

● Level 1—Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

● Level 2—Applies to assets or liabilities for which there are inputs other than quoted prices included within Level 1 that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

● Level 3—Applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

Accounting guidance also describes three main approaches to measuring the fair value of assets and liabilities: (1) market approach; (2) income approach and (3) cost approach. The market approach uses prices and other relevant information generated from market transactions involving identical or comparable assets or liabilities. The income approach uses valuation techniques to convert future amounts to a single present value amount. The measurement is based on the value indicated by current market expectations about those future amounts. The cost approach is based on the amount that would currently be required to replace an asset.

Financial assets and liabilities of the Group primarily consist of cash and cash equivalents, short-term investments, accounts receivable, amounts due from related parties, prepaid expenses and other current assets, accounts payable, short-term borrowings, long term borrowings, current portion, amounts due to related parties, payable related to league tournaments rights, current, other long-term liability and accrued expenses and other current liabilities. The short-term investment is valued based on broker quotes. The receivable for bitcoin collateral and other digital assets denominated assets and liabilities are carried at fair value based on the primary market (e.g., Binance) price of the underlying bitcoins.

Short-term investments

As of December 31, 2025, the Group's short-term investments consisted of private fund products (see Note (4)), and the variable returns indexed to the performance of underlying assets. The Group classifies the valuation techniques that use these inputs as Level 3 of fair value measurement. And the Group elected the fair value method at the date of initial recognition and carried these investments at fair value. Changes in the fair value are reflected in the consolidated statements of operations and comprehensive loss as other income/(expense).

Contingent consideration payables

The Group's estimated liability for contingent consideration payables for acquisitions measured at fair value (see Note (3)). The contingent consideration payables are included in other current liabilities on the consolidated balance sheets. The Group estimated the fair value of contingent consideration payables using a discounted expected cash flow method with unobservable inputs of probabilities of successful achievements of certain specified conditions post-acquisition, and accordingly the Group classifies the valuation techniques that use these inputs as Level 3. For the year ended December 31, 2024, the Group recognized a gain of $394,401 of fair value changes for the contingent consideration payables and recorded in fair value change of financial instruments in the statement of operations and comprehensive loss. For the year ended December 31, 2025, there was no balance amount of this account with the disposal of Young Will.

The Group's non-financial assets, such as property and equipment, intangible asset, would be measured at fair value only if they were determined to be impaired.

(In U.S. dollars, except share and per share data)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

(o) Revenue recognition

The Group recognizes revenue under Accounting Standards Codification ("ASC") 606, Revenue from Contracts with Customers. The core principle of the new revenue standard is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The following five steps are applied to achieve that core principle:

Step 1: Identify the contract with the customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when the Company satisfies a performance obligation

These criteria as they relate to each of the following major revenue generating activities are described below. Revenue is presented net of value added taxes ("VAT") and surcharges.

	For the years ended December 31,		
	2023	**2024**	**2025**
Tournament participation of esports	$ 7,699,506	$ 8,549,677	$ 6,397,578
Player transfer and rental fee	849,768	1,036,416	2,101,544
Sales of branded merchandise	184,337	113,536	1,000,059
Talent management service of esports	1,115,057	544,639	848,418
Sponsorships and advertising	8,147,298	3,860,800	847,073
Others	3,668,655	620,435	623,425
Subtotal of Esports teams operation	**21,664,621**	**14,725,503**	**11,818,097**
Event production	**9,409,795**	**23,285,775**	**31,922,001**
Talent management service of third-party online entertainers	**52,650,550**	**47,307,158**	**62,825,921**
Bitcoin mining	**-**	**-**	**20,064,258**
Total revenue	**83,724,966**	**85,318,436**	**126,630,277**
Less: surcharge tax	56,525	52,130	103,731
Net revenue	**$ 83,668,441**	**$ 85,266,306**	**$ 126,526,546**

(In U.S. dollars, except share and per share data)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

(o) Revenue recognition - continued

The following table summarizes disaggregated revenue from contracts with customers by service type and by segment:

	For the years ended December 31,		
	2023	**2024**	**2025**
PRC and other subsidiaries			
Talent management service of third-party online entertainers	$ 52,650,550	$ 47,307,158	$ 62,825,921
Event production	9,409,795	23,285,775	31,922,001
Tournament participation of esports	5,457,029	6,120,350	4,723,662
Player transfer and rental fee	389,881	832,124	1,982,072
Sales of branded merchandise	143,260	70,053	971,380
Talent management service of esports	1,115,057	544,639	848,418
Sponsorships and advertising	5,638,612	3,093,051	113,404
Others	431,479	470,444	352,858
Subtotal	**$ 75,235,663**	**$ 81,723,594**	**$ 103,739,716**
Ninjas in Pyjamas			
Tournament participation of esports	2,242,477	2,429,327	1,673,916
Sponsorships and advertising	2,508,686	767,749	733,669
Player transfer and rental fee	459,887	204,292	119,472
Others	3,237,176	149,991	270,567
Sales of branded merchandise	41,077	43,483	28,679
Subtotal	**$ 8,489,303**	**$ 3,594,842**	**$ 2,826,303**
Bitcoin mining	**-**	**-**	**20,064,258**
Total revenues	**$ 83,724,966**	**$ 85,318,436**	**$ 126,630,277**

	For the years ended December 31,		
	2023	**2024**	**2025**
Timing of revenue recognition			
At a point in time	990,626	2,977,125	5,466,113
Over time	82,734,340	82,341,311	121,164,164
Total revenue	**$ 83,724,966**	**$ 85,318,436**	**$ 126,630,277**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

(o) Revenue recognition - continued

Esports teams operation

Tournament participation of esports

The Group enters into contracts with esports event organizer, to have players participate in esports tournament such as Honor of Kings Pro League ("KPL"), League of Legends Pro League ("LPL"), Counter-Strike: Global Offensive ("CS: GO") and Rainbow Six, etc.

The Group's promises mainly consist of a) providing coaching, training and monitoring for esports players; b) selecting or arranging and monitoring the esports players to participate in tournaments and to participate in market events to promote the league and tournament. All the promises are not separately identifiable and are related to operate and participate in the overall esports event. All the promises are accounted for as a single performance obligation.

Although the final contract consideration is unpredictable, league operators usually promise a fixed consideration, also known as Minimum Guarantee promised in the agreement only for PRC and other subsidiaries. For ESVF teams, a fixed amount of RMB3 million (only for League of Legends) is promised. Thus, the transaction price consideration consists of fixed consideration plus variable consideration, the variable consideration is mainly determined by two factors, one is the amount of prize pool collected by esports event organizer during each competition season and proportion agreed in the contract, the other is based on the ranking of the Group in each competition season. No amount of variable consideration should be included in the transaction price, since it is not probable that a significant reversal of cumulative revenue recognized will not occur resulting from a change in estimate of the consideration the Group will receive upon finalized prize pool and its ranking. The Group will recognize the revenue of the prize money at each reporting date when the uncertainty is resolved.

Esports event organizer could simultaneously receive and consume the benefits provided by the Group in the contract period, thus, the Group satisfies the performance obligation to esports event organizer over the contract period. Furthermore, the main cost to operate an esports team is the salary of players, hence, the Group uses input method to measure progress, and recognizes revenue on a straight-line basis during the tournament period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

(o) Revenue recognition - continued

Player transfer and rental fee

The Group enters into contracts with customer, mainly other esports team, to transfer or lease the players right owned by the Group. Player transfer and rental fee is a fixed amount as stated in the contract. The Group recognizes player transfer revenue at a point in time from transfer fees upon satisfaction of the performance obligation, which coincides with the time that the esports player is registered on the league transfer registration platform. The Group uses output method to measure progress, and recognizes player rental revenue on a straight-line basis over the contract period when the performance obligation is satisfied.

Sponsorships and advertising

The Group offers advertisers or companies which like to be promoted a full range of promotional services, including but not limited to livestream announcements, content generation, social media posts, esports players to participate in the recording of advertising videos as customer spokesmen. In most of the cases, the sponsorship agreements may include multiple services that are capable of being individually distinct, however the intended benefit is an association with the Group's brand and the services are not distinct within the context of the contracts. Customers could simultaneously receive and consume the benefits provided by the Group in the contract period, thus, the Group satisfies the performance obligation to the customers over the contract period. The Group uses input method to measure progress, since what the major inputs is the labor cost and expended evenly throughout the performance period. Thus, the Company recognizes revenue on a straight-line basis, revenues from sponsorship agreements are recognized rateably over the contract term. The contract payment is not subject to any variable consideration or subsequent adjustment. In instances where the timing of revenue recognition differs from the timing of billing, the Group has determined the agreements generally do not include a significant financing component.

Others

The Group provides other service including IP licensing service (The Group enters contract with customer, and grants the customer a right-to-access license of the Group's intellectual property in selling game props, skins, stickers and player cards) and Reality show service (The Group provides service to the reality show hosted by customer in exchange for a fixed transaction price. The service includes seeking and engaging suitable guests to participate in the reality show, and providing planning and execution services for the reality show). The Company recognizes revenue on a straight-line basis, revenues are recognized rateably over the contract term.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

(o) Revenue recognition - continued

The Group acts as the principal in providing the service to customers and recognizes revenue on gross basis because the Group acts as the main obligor in the arrangement and has the discretion to set up the contract price with customers.

Sales of branded merchandise

The Group also sells branded merchandise such as mouse, keyboard, hoodie etc. at official online store. The transaction price is fixed. The Group recognizes revenues from sales of branded merchandise at a point of time when the merchandise is delivered to the customer in sound condition.

Event production

Event production

The Group provides customized esports or other event production upon requests from its customers in exchange for a fixed transaction price stated on the contract with no variable consideration generally. The services generally entail design, logistics, layout of events, and coordination and supervision of the actual event set-up and implementation. These services are not distinct within the context of the contracts and are considered as a single performance obligation.

The Group satisfies the performance obligation to customers over the contract period as the service rendered and recognizes the revenue over the contract period using the output method, which is based on the development milestones periodically confirmed by customers. The service consideration is reconciled and settled based on the development milestones periodically confirmed by customers. The contract payment is not subject to any variable consideration or subsequent adjustment, and the Group has determined the agreements generally do not include a significant financing component.

The Group regards itself as a principal and recognizes revenue on a gross basis as it controls the services based on i) the Group is the primary obligator in the service contract with the customers, including The Group are in charge of negotiating the specific requirements of each contract with customers, and organizing matches, tournaments and other events for a variety of game titles, musical festivals and other activities; ii) the inventory risk to bear the consequence of any breach of contract caused by the Group; and iii) the Group negotiates the contract price with customers independently and the Group has a strong bargaining power with suppliers.

Talent management service

There are three types of talent management service. One type is provided by esports players which is recorded in talent management service of esports, one type is provided by third-party online entertainers which is recorded in talent management service of third-party online entertainers, and the other type is online advertising and promotion service provided by the group.

Provided by esports players-live stream service

The Group cooperates with online platform operator, to arrange its owned esports players to provide live streaming of esports games on an online platform. Through this means, online platform operator attracts more audience to their platform and pays service fee to the Group accordingly.

Provided by third-party online entertainer-live stream service

The Group establishes a live streaming talent agency, seeks and engages third party online entertainers to register as members of the talent agency. The Group provides training to these online entertainers, and recommends them to provide live streaming on the online platforms. Online platform operator enters tripartite business contract with the Group and the online entertainer. The Group provides talent management service to online platform operator inclusive of the recommendation of online entertainers to deliver live stream, management of online entertainers, training of online entertainers and monitoring of live stream content, etc. The Group charges service fee from online platform operator. The Group pays the online entertainers according to the supplier contract signed with him/her.

For both types of talent management service of live-stream service, the Group regards itself as a principal and recognizes revenue on a gross basis as it controls the services based on i) the primary responsibility for the integrated talent management service in the aspect of establishing the talent agency where the online entertainers register, reserving the right to recommend online entertainers, designate third-party online entertainers' live content and duration, the provision of management and training of online entertainers; ii) the inventory risk to bear the consequence of any breach of contract caused by the Group as well as online entertainers; and iii) discretion in setting up the price, rather than accepting a fixed percentage of transaction amount imposed by the online platforms and third party online entertainers.

The consideration of live stream service is variable that determined by the agreed online entertainers' popularity ranking, and virtual gifts rewarded from the audience. The variable bonus shall be paid by online platform operators after the ranking agreed in the contract is reached. The variable amount related to virtual currencies shall be confirmed by online platform operators at the end of each month, and paid by next month. For talent management service provided by esports players, the variable service fee also depends on the rank of esports team on tournament.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

(o) Revenue recognition - continued

The Group provides live stream services to online platform operators, the service including a) recommending its live streaming talent agency online entertainers to provide live stream on platform; b) providing live stream management service to online entertainers, including training online entertainers and monitoring the live stream content. Online platform operators could not benefit from these services separately, these services are not distinct and combined as a performance obligation. The Group satisfies the performance obligation to customer over the contract period and recognizes revenue when the variable consideration is expected to be entitled and a significant future reversal of cumulative revenue under the contract will not occur, that is the date on which the Group and customer agrees the service fee monthly. Therefore, the service consideration is reconciled and settled on a monthly basis.

Provided by third-party online entertainer- short-form videos production and releasing service

Apart from the live stream service on the online platforms, the Group seeks for cooperation opportunities with customers such as advertising agents and brand public relationships. Such customers place purchase orders of advertising and promotion in online platform, then the Group carries out content creation and arranges talents to shoot short-form videos implanted advertising and promotion contents. After video releasing, the service fee will be paid to the Group via online platform after deducting a small portion of services fee charged by online platform. The Group pays the talents according to the supplier contracts signed with him/her. The revenue stream to which the above revenue recognition policy relates was discontinued in July 2025; accordingly, such policy is no longer applied by the Group.

The Group provides short-form videos releasing service in online platform operators to customers, the service mainly including a) producing creative and attractive short-form videos implanted advertising and promotion contents, and releasing the short-form videos in required timepoint and talent account; b) retaining the released videos in platform for a certain period. The Group determines that retaining the released videos in platform for a certain period is immaterial and does not account for it as a separate performance obligation considering such obligation is minimal in the total value of the goods and services in the contract and not important for the customers. The Group charged service fee from customers in online platform operator case by case. The service fee was fixed price on the purchase order which the customers placed in online platform operator. After the Group releasing the short-form videos in online platform, the customers will check and give acceptance to the videos. Once the acceptance is issued by the customers, the payment has been successfully completed to the Group's agent account in the online platform automatically, and there is no recourse from neither the Group nor the customers. The Group satisfies the performance obligation to customer once the customer gave acceptance to the video, and recognizes revenue when the short-form videos have been accepted by the customers in the online platform. The consideration will be paid to the account of the Group in platform immediately once customers providing acceptance.

The Group regards itself as a principal and recognizes revenue on a gross basis as it controls the services based on i) the Group is the primary obligator in the service contract with the customers, including designating the talents to act in the short-form videos designed by the internal professional team, to provide service to customers in the online platforms.; ii) the inventory risk to bear the consequence of any breach of contract caused by the Group as well as talents; and iii) discretion in setting up the price, rather than accepting a fixed percentage of transaction amount imposed by the online platforms and talents.

Talent management service of online advertising and promotion service

At the end of 2024, the Group launched online advertising and promotion service. It primarily concentrates on online promotion activities. It leverages the accounts of online talents, influencers, and content creators to carry out promotional campaigns. These activities are mainly conducted in digital spaces such as social media platforms, live-streaming channels, and short-video apps, aiming to reach target audiences through personalized and interactive online content. According to the contract, the Group deliver comprehensive, integrated promotion and operation services on internet-based paid advertising platforms.

The Group provides comprehensive end-to-end online promotion and operation services on internet paid advertising platforms, including platform selection, account management, content and strategy formulation, and performance tracking. The Group identifies a single performance obligation, which is to provide integrated online advertising and promotion services. As the performance obligation is satisfied over time as services are delivered, the Group recognizes revenue progressively throughout the service period.

In determining whether the Group acts as a principal and recognizes revenue on a gross basis, the Group assesses indicators including control over services before transfer to customers, exposure to inventory risk related to advertising traffic, and discretion in establishing transaction prices. The Group controls the overall provision of services, including platform selection, account management, budget allocation, content creation, campaign execution, and performance reporting, with its cooperation partner only providing limited support for account opening and traffic recharging. The Group bears traffic inventory risk through prepayments to media platforms and temporary funding of campaigns. The Group also retains independent pricing authority through direct customer contracts and the provision of integrated marketing solutions. Based on these factors, the Group has concluded that it acts as a principal and recognizes revenue from online advertising and promotion services on a gross basis.

For all the revenue streams, the contract payment is not subject to any refund, cancellation or termination provision. No significant financing component, noncash payment identified in the arrangements with customers.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Bitcoin Mining

The Group enters into a contract with a mining pool operator to provide hash calculation services to the mining pool operator using the Group's own mining machines or purchased hash rate. The Group considers the mining pool operator the customer under this type of arrangement and can decide when to start providing services. The Group's enforceable right to consideration begins when, and continues as long as, the Group provides hash calculation services to the mining pool operator. Each party to the contract has the unilateral right to terminate the contract at any time without any compensation to the other party for such a termination. As such, the duration of a contract is less than a day and the contract continuously renew throughout the day. The implied renewal option is not a material right because there are no upfront or incremental fees in the initial contract and the terms, conditions, and compensation amount for the renewal options are at the then market rates.

In exchange for providing hash calculation service to the mining pool operators, the Group is entitled to non-cash compensation, cryptocurrency, from the mining pool operator, which is a variable consideration based on the mining pool operator's distribution mechanism, which is Full-Pay-Per-Share ("FPPS"). Under the FPPS distribution mechanism, the mining pool pays block rewards and transaction fees, less mining pool fees. The Group is entitled to non-cash consideration even if a block is not successfully validated by the mining pool operator. For the applicable period presented, the Group participated in Bitcoin mining to generate its mining revenues under the FPPS distribution mechanism.

FPPS Mining Pool

The Group participates in the mining pool that uses the FPPS distribution mechanism. The Group is entitled to compensation once it begins to perform hash calculations for the mining pool operator in accordance with the operator's specifications over a 24-hour period beginning mid-night UTC and ending at 23:59:59 UTC on a daily basis. The non-cash consideration that the Group is entitled to for providing hash calculations to the mining pool operator under the FPPS payment mechanism is made up of block rewards and transaction fees less pool operator fees determined as follows:

- The non-cash consideration referred as the block reward is based on the total blocks expected to be generated on the bitcoin network for the daily 24-hour period beginning midnight UTC and ending 23:59:59 UTC in accordance with the following formula: the daily hash calculations that the Group provides to the pool operator as a percent of the bitcoin network's implied hash calculations as determined by the network difficulty, multiplied by the total bitcoin network block rewards expected to be generated for the same daily period.

- The non-cash consideration referred as the transaction fees is based on the share of total actual fees paid by the transaction requestor to each block placed in the bitcoin blockchain over the daily 24-hour period beginning midnight UTC and ending 23:59:59 UTC in accordance with the following formula: total actual transaction fees generated on the bitcoin network during the daily 24-hour period as a percent of the total block rewards the bitcoin network actually generated during the same 24-hour period, multiplied by the block rewards the Group earned for the same 24-hour period.

- The gross non-cash compensation, consisting of the block reward and transaction fees, earned by the Group is reduced by the mining pool fees charged by the operator for operating the pool based on a rate schedule per the mining pool contract. The mining pool fee is only incurred to the extent the Group performs hash calculations and generates revenue in accordance with the pool operator's payout formula during the same daily period as discussed above.

The above non-cash consideration is variable since the amount of block reward earned depends on the amount of hash calculations the Group provides; the amount of transaction fees depends on the total actual fees paid by the transaction requestor to each block placed in the Bitcoin Blockchain under FPPS and the operator fees for the same period are variable since it is determined based on the total block rewards and transaction fees in accordance with the pool operator's agreement.

While the non-cash consideration is variable, the Group has the ability to estimate the variable consideration when the Group begins to provide hash calculation service with reasonable certainty without the risk of significant revenue reversal. The Group recognizes the non-cash consideration on the same day that control of the contracted service transfers to the mining pool operator and measures the non-cash consideration based on the spot rate of the underlying cryptocurrency determined using the quoted price of such cryptocurrency at midnight UTC, on the date the Group provides the hash calculation service.

Although the non-cash consideration the mining pool operators receive from the blockchain networks includes both the block rewards and the transaction fees, the transaction price the Group receives is an aggregate amount and primarily includes the block rewards. As a result, the Group does not present disaggregated revenue information on block rewards and transaction fees.

There is no significant financing component in these transactions, due to the performance obligations and settlement of the transactions being on a daily basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Contract Balances

The Group applies the practical expedient in Topic 606 that permits the recognition of incremental costs of obtaining contracts as an expense when incurred if the amortization period of such costs is one year or less. These costs are included in cost of revenues.

Payment terms are established on the Group's pre-established credit requirements based upon an evaluation of customers' credit.

Deferred revenue, which representing a contract liability, represents mostly unrecognized revenue amount received from customers. The balance of deferred revenue is recognized as revenue upon the completion of performance obligations. The Group's deferred revenue amounted to $1,038,307 and $1,609,908 as of December 31, 2024 and 2025, respectively. Revenue recognized in the period that was included in the beginning of the period contract liability balance were $758,410, $664,169 and $266,769 for the years ended December 31, 2023, 2024 and 2025, respectively.

Contract cost accounted in the account of prepaid expenses and other current assets, represented the incurred cost associated with event production whose revenues have not been recognized yet. The Group's contract cost amounted to $372,309 and $153,533 as of December 31, 2024 and 2025, respectively.

Other than accounts receivable, deferred revenue and contract cost, the Group had no other material contract assets, contract liabilities recorded on its consolidated balance sheets as of December 31, 2024 and 2025.

Transaction price allocated to remaining performance obligation

Revenue allocated to remaining performance obligations represents contracted revenue that has not yet been recognized, which includes deferred revenue and amounts that will be invoiced and recognized as revenue in future periods.

As of December 31, 2024, the aggregate amount of the transaction price allocated to the remaining performance obligation is $668,932, and the Group will recognize this revenue related to sponsorships and advertising over the remaining contract periods over 0.5 to 2.4 years. As of December 31, 2025, the aggregate amount of the transaction price allocated to remaining performance obligation over the remaining contract periods over more than one year is $826,135, and the Group will recognize this revenue related to sponsorships, advertising and game publishing over the remaining contract periods over 0.8 to 1.5 years.

The Group has elected, as a practical expedient, not to disclose the transaction price allocated to unsatisfied or partially unsatisfied performance obligations that are part of a contract that has an original expected duration of one year or less. These performance obligations are related to the revenue of sponsorships and advertising, event production and game publishing.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

(p) Value added tax ("VAT")

The Group is subject to VAT and related surcharges on revenue generated from sales. The Group records revenue net of VAT. This VAT may be offset by qualified input VAT paid by the Group to suppliers. Net VAT balance between input VAT and output VAT is recorded in the line item of other current assets on the consolidated balance sheets.

The PRC VAT rate is 6% or 1% for taxpayers providing services and 13% for product sales for the years ended December 31, 2023, 2024 and 2025. For revenue generated from services, the VAT rate is 6% for the entities that qualified as general tax payers, which are allowed to offset qualified input VAT paid to suppliers against their output VAT liabilities. The VAT rate is 1% for the entities that qualified as small-scale taxpayers, which are not allowed to offset qualified input VAT paid to suppliers against their output VAT.

The standard VAT rate is 25% in Sweden, applicable to all the goods and services provided in Sweden for the years ended December 31, 2024 and 2025. Entities with a Swedish VAT number are allowed to offset qualified input VAT, paid to suppliers against their output VAT.

(q) Cost of revenues

Cost of revenues consists primarily of hosting fee and maintenance fee of Bitcoin mining, salaries and bonus of esports player, talent management service fee paid to online entertainers, the cost of venue set-up and service fee paid to other parties for event production, depreciation of long-lived assets and amortization of intangible asset related to esports, talent management service and Bitcoin mining, cost of merchandise sold, as well as related costs that are directly attributable to the Group's principal operations.

(r) Selling and marketing expenses

Selling and marketing expenses mainly consist of (i) staff cost, (ii) advertising costs and market promotion expenses.

(s) General and administrative expenses

General and administrative expenses mainly consist of (i) professional service fees; (ii) staff cost, rental and depreciation related to general and administrative personnel, (iii) share-based compensation and (iv) other corporate expenses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

(t) Share-based compensation

The Group periodically grants share-based awards to the Group's eligible employees, which are subject to service conditions.

Share-based awards are measured at the grant date fair value of the equity instrument issued and are recognized as general and administrative expense with graded-vesting schedules over the requisite service period for each separately vesting portion (or tranche) of the award. The Group elects to recognize the effect of forfeitures in general and administrative expense when they occur. To the extent the required vesting conditions are not met resulting in the forfeiture of the share-based awards, previously recognized general and administrative expense relating to those awards is reversed.

(u) Employee defined contribution plan

According to the regulations of the PRC, full-time eligible employees of the Group in the PRC are entitled to various government statutory employee benefit plans, including medical insurance, maternity insurance, workplace injury insurance, unemployment insurance and pension benefits through a PRC government-mandated multi-employer defined contribution plan. The Group is required to make contributions to the plan and accrues for these benefits based on certain percentages of the qualified employees' salaries. The Group has no further commitments beyond its required contribution.

(v) Income taxes

The Group accounts for income taxes under ASC 740. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases.

Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period including the enactment date. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized. Current income taxes are provided for in accordance with the laws of the relevant taxing authorities.

The provisions of ASC 740-10-25, "Accounting for Uncertainty in Income Taxes," prescribe a more-likely-than-not threshold for consolidated financial statement recognition and measurement of a tax position taken (or expected to be taken) in a tax return. This interpretation also provides guidance on the recognition of income tax assets and liabilities, classification of current and deferred income tax assets and liabilities, accounting for interest and penalties associated with tax positions, and related disclosures. Penalties and interest incurred related to underpayment of income tax are classified as income tax expense in the period incurred. The Group's operating subsidiaries in PRC are subject to examination by the relevant tax authorities.

The Group did not accrue any liability, interest or penalties related to uncertain tax positions in its provision for income taxes line of its consolidated statements of operation for the years ended December 31, 2023, 2024 and 2025, respectively.

The Group does not expect that its assessment regarding unrecognized tax positions will materially change over the next 12 months.

(In U.S. dollars, except share and per share data)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

(w) Non-controlling Interest

A non-controlling interest in a subsidiary of the Group represents the portion of the equity (net assets) in the subsidiary not directly or indirectly attributable to the Group. Non-controlling interests are presented as a separate component of equity on the consolidated balance sheets and net income and other comprehensive income attributable to non-controlling shareholders are presented as a separate component on the consolidated statements of operations.

(x) Foreign currency transactions and translations

The functional currency of the Group's PRC subsidiaries is RMB, which is the local currency used by the subsidiaries to determine financial position and operation result.

The functional currency of Ninjas in Pyjamas is SEK, which is the local currency used by the subsidiary to determine financial position and operation result.

The Group's financial statements are reported using U.S. Dollars ("$"). The results of operations and the consolidated statements of cash flows denominated in functional currency is translated at the average rate of exchange during the reporting period. Assets and liabilities denominated in functional currencies at the balance sheet date are translated at the applicable rates of exchange in effect at that date. The equity denominated in the functional currency is translated at the historical rate of exchange at the time of capital contribution. Because cash flows are translated based on the average translation rate, amounts related to assets and liabilities reported on the consolidated statements of cash flows will not necessarily agree with changes in the corresponding balances on the consolidated balance sheets. Translation adjustments arising from the use of different exchange rates from period to period are included as a separate component of accumulated other comprehensive income included in consolidated statements of changes in equity (deficit). Gains or losses from foreign currency transactions are included in the results of operations.

The value of RMB and SEK against $ and other currencies may fluctuate and is affected by, among other things, changes in political and economic conditions of the PRC and Sweden. Any significant revaluation of RMB and SEK may materially affect the Group's financial condition in terms of $ reporting. The following table outlines the currency exchange rates that were used in creating the consolidated financial statements:

	As of December 31,	
	2024	**2025**
Balance sheet items, except for equity accounts		
RMB against $	7.2993	6.9931
SEK against $	11.0676	9.2227

	For the Years Ended December 31,	
	2024	**2025**
Items in the statements of operation and comprehensive loss, and statements of cash flows		
RMB against $	7.1957	7.1875
SEK against $	10.5747	9.8058

No representation is made that the RMB amounts and SEK amounts could have been, or could be, converted into U.S. dollars at the rates used in translation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

(x) Foreign currency transactions and translations - continued

For RMB against U.S. dollar, there was appreciation of approximately 4.2% during the year ended December 31, 2025. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between the RMB and the U.S. dollar in the future.

For SEK against U.S. dollar, there was appreciation of approximately 16.7% during the year ended December 31, 2025. It is difficult to predict how market forces or European Union or U.S. government policy may impact the exchange rate between the SEK and the U.S. dollar in the future.

To the extent that the Group needs to convert U.S. dollar into RMB and SEK for capital expenditures and working capital and other business purposes, appreciation of RMB and SEK against the U.S. dollar would have an adverse effect on the RMB and SEK amount of the Group would receive from the conversion. Conversely, if the Group decides to convert RMB and SEK into U.S. dollar for the purpose of making payments for working capital, dividends on ordinary shares, strategic acquisitions or investments or other business purposes, appreciation of U.S. dollar against RMB and SEK would have a negative effect on the U.S. dollar amount available to the Group. In addition, a significant depreciation of the RMB and SEK against the U.S. dollar may significantly reduce the U.S. dollar equivalent of the Group's earnings or losses.

Currency convertibility risk

The PRC government imposes controls on the convertibility of RMB into foreign currencies. The Group's cash and cash equivalents denominated in RMB that are subject to such government controls. The value of RMB is subject to changes in the central government policies and to international economic and political developments affecting supply and demand in the PRC foreign exchange trading system market. In the PRC, certain foreign exchange transactions are required by law to be transacted only by authorized financial institutions at exchange rates set by the People's Bank of China (the "PBOC"). Remittances in currencies other than RMB by the Group in the Chinese mainland must be processed through the PBOC or other Chinese foreign exchange regulatory bodies which require certain supporting documentation in order to process the remittance.

Foreign currency exchange rate risk

The RMB and SEK has fluctuated against the US$, at times significantly and unpredictably during the reporting periods. The depreciation of the RMB against the US$ was approximately 2.8% for the years ended December 31, 2024 and the appreciation of the RMB against the US$ was approximately 0.1% for the years ended December 31, 2025, respectively. The depreciation of the SEK against the US$ was approximately 10.1% for the years ended December 31, 2024 and the appreciation of the SEK against the US$ was approximately 7.3% for the years ended December 31, 2025. It is difficult to predict how market forces or the PRC, Swedish or U.S. government policy may impact the exchange rate between the RMB, SEK and the US$ in the future.

(y) Loss per share

Basic loss per share is computed by dividing net loss attributable to ordinary shareholders, taking into consideration the deemed dividends to preferred shareholders (if any), by the weighted average number of ordinary shares outstanding during the year using the two-class method. Under the two-class method, net income is allocated between ordinary shares and other participating securities based on their participating rights. Class A ordinary share and Class B ordinary share have the same rights in dividend. Therefore, basic and diluted loss per share are the same for both classes of ordinary shares. Shares issuable for little to no consideration upon the satisfaction of certain conditions are considered as outstanding shares and included in the computation of basic loss per share as of the date that all necessary conditions have been satisfied. Net losses are not allocated to other participating securities if based on their contractual terms they are not obligated to share the losses.

Diluted loss per share is calculated by dividing net loss attributable to ordinary shareholders, as adjusted for the effect of dilutive ordinary equivalent shares, if any, by the weighted average number of ordinary and dilutive ordinary equivalent shares outstanding during the year. Ordinary equivalent shares consist of ordinary shares issuable upon the exercise of share options using the treasury stock method. Ordinary equivalent shares are not included in the denominator of the diluted loss per share calculation when inclusion of such share would be anti-dilutive.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

(z) Segment reporting

Operating segments are defined as components of an enterprise engaging in businesses activities for which separate financial information is available that is regularly evaluated by the Group's chief operating decision makers ("CODM") in deciding how to allocate resources and assess performance. The Group's chief operating decision makers, CEOs, reviews segment results when making decisions about allocating resources and assessing performance of the Group.

As a result of the assessment made by CODM, the Group has three operating segments: Bitcoin mining business which operated mainly in US, Ninjas in Pyjamas, and entities registered in PRC, Hong Kong and Cayman Island, which operates in PRC ("PRC and other entities"). The Group considers a "management approach" concept as the basis for identifying reportable segments. The management approach considers the internal organization and reporting used by the Group's chief operating decision maker for making operating decisions and assessing performance as the source for determining the Group's reportable segments. The Group's reportable segments are business units that operate in different countries. Ninjas in Pyjamas, mainly operates in Sweden, and Bitcoin mining business, mainly operates in US, which are subject to different regulatory environment than other entities which operate in the PRC.

(aa) Operating lease

On January 1, 2022, the Group adopted Accounting Standards Update ("ASU") 2016-02, Lease (FASB ASC Topic 842), using the non-comparative transition option pursuant to ASU 2018-11. Therefore, the Group has not restated comparative period financial information for the effects of ASC 842, and will not make the new required lease disclosures for comparative periods beginning before January 1, 2022. The adoption of Topic 842 resulted in the presentation of operating lease right-of-use ("ROU") assets and operating lease liabilities on the consolidated balance sheet. The Group has elected the package of practical expedients, which allows the Group not to reassess (1) whether any expired or existing contracts as of the adoption date are or contain a lease; (2) lease classification for any expired or existing leases as of the adoption date; and (3) initial direct costs for any expired or existing leases as of the adoption date. Lastly, the Group elected the short-term lease exemption for all contracts with lease terms of 12 months or less. The Group recognizes lease expense for short-term leases on a straight-line basis over the lease term.

Right-of-use assets represent the Group's right to use an underlying asset for the lease term and lease liabilities represent the Group's obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the commencement date based on the present value of the remaining future minimum lease payments. As the interest rate implicit in the Group's leases is not readily determinable, the Group utilizes its incremental borrowing rate, determined by class of underlying asset, to discount the lease payments. The operating lease right-of-use assets also include lease payments made before commencement and exclude lease incentives. Some of the Group's lease agreements contained renewal options; however, the Group did not recognize right-of-use assets or lease liabilities for renewal periods unless it was determined that the Group was reasonably certain of renewing the lease at inception or when a triggering event occurred. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Group's lease agreements did not contain any material residual value guarantees or material restrictive covenants.

(ab) Recent accounting pronouncements

New Accounting Pronouncements Not Yet Adopted

In November 2024, the FASB issued ASU No. 2024-03, Income Statement (Topic 220)- Reporting Comprehensive Income-Expense Disaggregation Disclosures (Subtopic 220-40). ASU No. 2024-03 requires publicly-traded business entities to disclose specified information about the components of certain costs and expenses that are currently disclosed in the financial statements. The guidance 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 Group does not expect to adopt this guidance early and does not expect the adoption of this ASU to have a material impact on its future consolidated financial statements.

In July 2025, the FASB issued ASU No. 2025-05, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets ("ASU 2025-05"). ASU 2025-05 simplifies credit loss calculations and permits the election of a practical expedient to assume that conditions as of the balance sheet date do not change for the remaining life of the asset when estimating credit losses on current accounts receivable and current contract assets under ASC 606, Revenue from Contracts with Customers. ASU 2025-05 is effective for annual reporting periods beginning after December 15, 2025. Early adoption is permitted. The Group is evaluating the effects, if any, of the adoption of these guidance on its consolidated financial statements and related disclosure.

In September 2025, the FASB issued ASU No. 2025-06, Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software ("ASU 2025-06"). ASU 2025-06 updates the accounting for costs related to the development of internal-use software to reflect the evolution of software development from a sequential to an agile development method by removing references to project stages in the existing guidance and requiring capitalization of software costs when management has authorized and committed to funding a software project and it is probable that the project will be completed and the software will be used as intended. ASU 2025-06 is effective for annual reporting periods beginning after December 15, 2027. Early adoption is permitted as of the beginning of a fiscal year. The Group is evaluating the effects, if any, of the adoption of these guidance on its consolidated financial statements and related disclosure.

In December 2025, the FASB issued ASU No. 2025-11, Interim Reporting (Topic 270): Narrow-Scope Improvements, which provides clarifications intended to improve the consistency and usability of interim disclosure requirements, including a comprehensive listing of required interim disclosures and a new disclosure principle for reporting material events occurring after the most recent annual period. ASU 2025-11 is effective for public business entities for fiscal years beginning after December 15, 2027, including interim periods within those fiscal years. For entities other than public business entities, this amendment is effective for fiscal years beginning after December 15, 2028, including interim periods within those fiscal years. Early adoption is permitted. The Group is currently evaluating the impact of this accounting standard update on its consolidated financial statements and related disclosures.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

(ab) Recent accounting pronouncements - continued

Other accounting standards that have been issued by FASB that do not require adoption until a future date are not expected to have a material impact on the consolidated financial statements upon adoption. The Group does not discuss recent standards that are not anticipated to have an impact on or are unrelated to its consolidated financial condition, results of operations, cash flows or disclosures.

3. ACQUISITIONS

3.1 BUSINESS ACQUISITION of YOUNG WILL

On September 30, 2024, the Company entered into a definitive agreement ("Young Will agreement") with the shareholders of Young Cayman, the Cayman parent company that controls Young Will through contractual arrangements, to effect a series of share exchange transactions. Pursuant to the Young Will agreement, such shareholders agreed to sell and transfer to the Company all of the ordinary shares of Young Cayman beneficially owned by them, and in exchange and as consideration therefor, the Company agreed to issue and allot to such beneficial owners certain number of Class A ordinary shares. In October 2024, the Company issued 920,212 Class A ordinary shares to the beneficial owners of Young Cayman in exchange for 61% of the total issued and outstanding share capital of Young Cayman ("First Closing") in accordance with the Young Will agreement. After the First Closing, if the 2024 performance target of Young Will set out in the Young Will agreement have been met, the Company shall issue and sell to shareholders of Young Cayman additional number shares of the Company. The Company estimated liability for contingent consideration payables at fair value.

Besides, the Company will subsequently acquire an additional 13% of the share capital of Young Cayman each year during 2025, 2026, and 2027, and in exchange issue a corresponding number of the Company's Class A ordinary shares to the beneficial owners of Young Cayman, contingent upon the satisfaction of certain terms and conditions set out in the Young Will agreement.

In accordance with ASC 805, (i) the transaction was identified as business combination with third party; (ii) the Company was identified as accounting acquirer and the acquisition date was October 2, 2024; (iii) the Company conducted the acquisition by issuing 920,212 Class A ordinary shares to original shareholders of Young Will and the Company elected to use fair value of the acquirer's equity interest and the acquisition-date fair value of contingent consideration as the consideration transferred. Since the Company is a listed company in Nasdaq, therefore, the management determined the acquisition date fair value of the consideration by using acquirer's equity interests. The excess of consideration over the fair value of assets and liabilities of businesses acquired shall be recognized as goodwill. The Company engaged an independent valuation appraiser to assist in identification and evaluation of fair value of contingent consideration for acquisition and identifiable assets acquired and liabilities assumed as of the acquisition date. Pursuant to ASC 830-30-45-3 and ASC 830-30-45-11, after the initial recognition, the Company recognized the fair values of the acquired assets and liabilities and translated the individual assets (including goodwill) of Young Will from RMB to USD, the Company elects not to apply pushdown accounting in Young Will' separate financial statements and maintains the records necessary to adjust the consolidated amounts to what they would have been had the amounts been recorded in the Young Will' books and records.

(In U.S. dollars, except share and per share data)

3. BUSINESS ACQUISITION – Continued

3.1 BUSINESS ACQUISITION of YOUNG WILL – Continued

The Company used the following valuation methodologies to value assets acquired, liabilities assumed and intangible assets identified:

— Intangible assets – Customer relationships were valued using the multi-period excess earning method under income approach, which represents the excessive earnings generated by the asset that remains after a deduction for a return on other contributory assets;
— Intangible assets – Brand name were valued using the relief from royalty method under income approach, which represents the benefits of owning the intangible asset rather than paying royalties for its right of use;
— Intangible assets —Talent relationships were valued using the with-and-without approach, which comparing two scenarios: one is the situation "with" a particular intervention, policy, or activity, and the other is the situation "without" it. By comparing these two scenarios, the impact of the intervention can be estimated;
— Other assets and liabilities carrying value approximated fair value at the time of acquisition.

On the acquisition date of October 2, 2024, the allocation of the consideration of the assets acquired and liabilities assumed based on their fair value was as follows:

		Amount
Fair value of consideration transferred	$	3,311,721
Fair value of contingent consideration payables		404,418
Fair value of consideration transferred		**3,716,139**
Fair value of the assets acquired and the liabilities assumed		
Net working capital [(3)]		149,294
Intangible assets – Customer relationships		3,904,524
Intangible assets – Agency contract rights		1,809,761
Intangible assets – Brand name		669,754
Non-operating asset/liability		866,642
Deferred tax liability[(4)]		(1,596,010)
Less: Redeemable non-controlling interests		(2,841,123)
Total identifiable assets		**2,962,842**
Goodwill	**$**	**753,297**

(3) Among which, cash acquired from acquisition of Young Will was $296,139.

(4) Deferred tax liabilities were calculated based on appreciation fair value of all intangible assets multiplied by income tax rate.

(In U.S. dollars, except share and per share data)

3. BUSINESS ACQUISITION – Continued

3.1 BUSINESS ACQUISITION of YOUNG WILL – Continued

The goodwill acquired resulted primarily from Young Will' expected synergies and assembled workforce from the integration of businesses acquired into the Company's existing business.

Net revenue of $1,935,611 and net income of $305,443 arising from acquisition of Young Will made in period from acquisition date to December 31, 2024 that are included in the Group's consolidated statements of operations and comprehensive loss for the year ended December 31, 2024.

In July 2025, the Company entered into a termination agreement with the shareholders of ZSZQ Limited, pursuant to which the parties mutually agreed to terminate the share swap agreement and all related ancillary agreements and instruments in respect of the share swap transactions. The transaction constituted a disposal of the Company's interest in Young Will, for which no consideration was received. The Company recognized a loss on disposal of $ 1,911,840 in the consolidated statements of operations. As of July 31, 2025, all shares previously issued pursuant to the share swap agreement had been fully surrendered and cancelled, with no shares remaining outstanding in connection with such transactions. As of the disposal date, Young Will had total assets of $ 2,504,050, and a net loss of $249,177 for the seven months ended July 31, 2025.

3.2 BUSINESS ACQUISITION of JINYUANBAO

On September 23, 2024, Wuhan Alunyou Network Information Development Co., Ltd. ("Wuhan Alunyou") entered into a Share Transfer Agreement (the "Jinyuanbao Agreement") with the beneficial owners of Jinyuanbao. According to Jinyuanbao Agreement, Wuhan Alunyou acquired 90% of Jinyuanbao's equity with cash consideration of RMB 900,000, and Wuhan Alunyou has fully paid the consideration on October 1, 2024 which was the acquisition date. Under this business acquisition, no intangible assets were identified, and the goodwill was recognized at the amount of $942,021.

3.3 ASSETS ACQUISITION OF MINING MACHINES

On June 27, 2025, the Company entered into a definitive Asset Purchase Agreement (the "APA") to acquire on-rack crypto mining machines from Fortune Peak Limited and Apex Cyber Capital Limited (together, the "Sellers"). On September 5, 2025, upon the closing of the transaction, the Company issued 119,553,439 Class A ordinary shares of the Company to the sellers. These mining machines are currently used for Bitcoin mining.

The acquired set of mining machines did not meet the definition of a business as defined in ASC 805, Business Combinations, as no substantive processes or inputs that together significantly contribute to the ability to create outputs were acquired. The assets acquired consisted primarily of bitcoin mining machines, which are included in Property and equipment, net on the Consolidated Balance Sheets. The fair value of the mining machines acquired was initially recorded at the fair value of $20.3 million and was determined using the market approach, adjusted by relevant market factors and specific characteristics of the mining machines, in exchange for the issuance of contracted share number of 119,553,439 ordinary shares. No identifiable intangible assets were acquired, no goodwill was recognized, and no liabilities were assumed in connection with the transaction.

4. SHORT-TERM INVESTMENTS

As of December 31, 2025, the Group's short-term investments consisted of Right Time Third Fund SP, was issued by a private fund with variable returns indexed to the performance of underlying assets. The investment can be redeemed at any time after the 12 months lock-up period. Fair value is estimated according to the net asset value provided by the private fund based on the fair value of its underlying investments (e.g., principal, interest income) minus operational expenses (e.g., legal fees, administrative costs). The Group classifies the valuation techniques that use these inputs as Level 3 of fair value measurement.

	As of December 31,	
	2024	**2025**
Fund	$ 3,000,000	$ 2,995,607
Fair value change	(4,393)	212,851
Total short-term investments	**$ 2,995,607**	**$ 3,208,458**

In December 2024, the Group paid $3,000,000 in cash to invest in private investment fund of Right Time SPC. During the year ended December 31, 2024 and 2025, the Group recognized a fair value loss of USD 4,393 and fair value gain of USD 212,851 respectively.

(In U.S. dollars, except share and per share data)

5. ACCOUNTS RECEIVABLE, NET

Accounts receivable, net consists of the following:

	As of December 31,	
	2024	**2025**
Accounts receivable*	$ 28,567,980	$ 37,903,617
Provision for credit losses	(188,432)	(1,607,934)
Accounts receivable, net	**$ 28,379,548**	**$ 36,295,683**

* $4,025,547 and $ 8,805,611 in accounts receivable were pledged as collateral for short-term borrowing as of December 31, 2024 and December 31, 2025 (Note 12).

The Group recorded provision for credit losses of nil, $188,432 and $1,607,934 for the years ended December 31, 2023, 2024 and 2025 respectively.

Reversal of provision for credit losses were $11,041, nil and nil for the years ended December 31, 2023, 2024 and 2025, respectively. The Group did not incur any accounts receivable write-offs during the years ended December 31, 2023, 2024, and 2025.

6. RECEIVABLE FOR BITCOIN COLLATERAL, NET

Receivable for bitcoin collateral, net consists of the following:

	As of December 31,	
	2024	**2025**
Receivable for bitcoin collateral	$ -	$ 19,739,203
Changes in fair value of receivable for bitcoin collateral	-	(2,931,287)
Total Receivable for bitcoin collateral, net	**$ -**	**$ 16,807,916**

At December 31, 2025, the Group reported receivable for bitcoin collateral related to 189.93 Bitcoin with a fair value of $16,807,916.

The Group recorded provision for credit losses for bitcoin collateral of nil for the years ended December 31, 2025.

(In U.S. dollars, except share and per share data)

7. CRYPTO ASSESTS HELD

The following table presents a summary of the crypto assets held at fair value by the Group:

	As of December 31,					
	2024			2025		
	Units	Cost Basis	Fair value	Units	Cost Basis	Fair value
USDT	-	$ -	$ -	571,907	$ 570,275	$ 571,278
Others[1]	-	-	-	1,383	484	484
Total Crypto assets held	**-**	**$ -**	**$ -**	**573,290**	**$ 570,759**	**$ 571,762**

(1) Includes various other crypto currency asset balances, none of which individually represented more than 5% of total crypto currency assets as of December 31, 2024 and 2025.

The following table is a fair value roll-forward of the Group's crypto assets held at fair value:

	For the year ended December 31, 2025		
	USDT	Others	Total
Crypto assets held January 1, 2025	$ -	-	-
Additions[1]	20,420,416	603	20,421,019
Dispositions[2]	(19,849,138)	(119)	(19,849,257)
Crypto assets held December 31, 2025	**$ 571,278**	**484**	**571,762**

(1) Additions represented the crypto assets received as borrowings from Antalpha Digital Pte Ltd described in Note 12 and crypto assets received from disposal of BTC for USDT.
(2) Dispositions represent crypto asset payments for costs and expenses.

As of December 31, 2025, the Group held $571,762 of Crypto assets for paying the hosting service fee. The Group paid hosting service fee in Crypto assets which were funded through borrowings from Antalpha Digital Pte. Ltd. Crypto assets are held by self-custodial MPC wallet without involving on-chain staking or unstaking arrangements on public blockchains such as Ethereum.

8. PREPAID EXPENSES AND OTHER CURRENT ASSETS, NET

Prepaid expenses and other current assets, net consist of the following:

	As of December 31,	
	2024	2025
Deposit[1]	193,777	4,587,250
VAT prepayment	561,482	678,487
Contract cost	372,309	153,533
Employee Reserve	227,444	184,421
Inventories	135,585	170,826
Prepaid expenses	35,249	22,075
Others	102,906	384,029
Total prepayments and other current assets	**1,628,752**	**6,180,621**
Less: provision for doubtful accounts	110,609	112,342
Total prepayments and other current assets, net	**$ 1,518,143**	**$ 6,068,279**

(1) The balance mainly consists of deposits paid to mining sites.

The Group recorded provision for credit losses of $71,048, nil and nil for the years ended December 31, 2023, 2024 and 2025, respectively. The Group did not incur any accounts receivable write-offs during the years ended December 31, 2023, 2024, and 2025.

(In U.S. dollars, except share and per share data)

9. PROPERTY AND EQUIPMENT, NET

Property and equipment, net, consists of the following:

	As of December 31,	
	2024	**2025**
Mining machines[(1)]	$ -	$ 20,298,900
Leasehold improvement	3,976,224	4,128,007
Electronic equipment	620,261	569,462
Furniture	404,188	427,748
Vehicles and canteen equipment	227,745	218,840
Subtotal	**5,228,418**	**25,642,957**
Less: accumulated depreciation	2,185,146	7,427,209
Property and equipment, net	**$ 3,043,272**	**$ 18,215,748**

(1) As of December 31, 2025, the Group pledged all of its mining machines as collateral under its debt arrangements with Antalpha Digital Pte. Ltd., to maintain compliance with the loan-to-value ratio requirements (refer to Note 12).

In June 2025, the Company entered into agreements with multiple sellers to purchase mining machines with an aggregate hash rate of 3.14 Exahash through the issuance of ordinary shares. The transaction was closed on September 5, 2025, and the acquisition was initially measured at the fair value of the mining machines of $20,298,900 as of the acquisition date. Such fair value was derived from an independent external valuation, with the market approach adopted as the key valuation technique to assess market participant transaction prices for comparable mining equipment. As of December 31, 2025, no impairment loss was recognized in respect of these mining machines, as their carrying value did not exceed their fair value amount.

Depreciation expenses were $592,345, $353,788 and $5,422,902 for the years ended December 31, 2023, 2024 and 2025, respectively.

10. INTANGIBLE ASSETS, NET

Intangible assets, net, consists of the following:

	As of December 31,	
	2024	**2025**
Indefinite useful lives:		
League tournaments rights*	$ 76,263,589	$ 86,366,829
Brand name of Ninjas in Pyjamas	22,642,669	27,172,086
Brand name of Wuhan ESVF	14,220,542	14,843,203
Brand name of Young Will	643,897	-
Subtotal	**113,770,697**	**128,382,118**
Less: Impairment loss provision for Brand name of Ninjas in Pyjamas	-	23,149,403
Less: Impairment loss provision for League tournaments rights of Ninjas in Pyjamas	-	41,256,899
Indefinite useful lives, net	**113,770,697**	**63,975,816**
Definite useful lives		
Agency Contract Rights	18,928,983	18,103,617
Talent acquisition costs	3,102,781	1,606,704
Game copyright	969,336	1,011,779
Brand name of Hongli Culture	794,597	829,389
Software	282,954	295,344
Customer relationship	3,753,785	-
Subtotal	**27,832,436**	**21,846,833**
Less: accumulated amortization	13,621,612	17,243,739
Definite useful lives, net	**14,210,824**	**4,603,094**
Intangible Assets, net	**$ 127,981,521**	**$ 68,578,910**

* League tournaments rights derived from business acquisition were $65,879,725 and $75,528,298 as of December 31, 2024 and 2025, respectively.

Amortization expenses were $4,764,034, $4,693,884 and $5,426,406 for the years ended December 31, 2023, 2024 and 2025, respectively.

The following is a schedule, by fiscal years, of amortization amount of intangible asset as of December 31, 2025:

2026	$ 2,896,456
2027	855,318
2028	365,835
2029	155,654
2030	64,757
Thereafter	265,074
Total	**$ 4,603,094**

(In U.S. dollars, except share and per share data)

10. INTANGIBLE ASSETS, NET – Continued

The Group entered into contracts with several third-parties to purchase league tournaments rights of KPL, LPL and CFPL, the Group is allowed to pay the purchase price on installment for a period of time exceeding one year. when league tournaments rights are purchased on installment terms that exceeds one year, the contract contains a significant financing component, and therefore the payable is recorded at the present value of the payments. The difference between the present value of the payable and the nominal or principal value of the contract amount is recognized as interest expense over the contractual repayment period using the effective interest rate method. The interest rate used to determine the present value of total amount receivable is the rate subject to management decision on the date of the transaction and it reflects the rate that the Group can obtain financing of a similar nature from other sources at the date of the transaction. During the years ended December 31, 2023, 2024 and 2025, the payable related to league tournaments rights of amounting to $1,259,822, $1,111,771 and nil was settled through netting off with the revenue from tournament participation of esports, respectively and the payable related to league tournaments rights of amounting to nil, $856,965 and $885,967 was waived, respectively.

Pursuant to contract term, the amount due within one year as of December 31, 2024 and as of December 31, 2025 were $732,236 and $801,748, respectively. The remaining portion due after one year as of December 31, 2024 and as of December 31, 2025 were $1,546,701 and $783,871, respectively.

11. GOODWILL

The changes in the carrying amount of goodwill during the years ended December 31, 2023, 2024 and 2025 are as follows:

	PRC and other Subsidiaries	Ninjas in Pyjamas	Consolidated
Balance at December 31, 2023	$ 28,975,408	$ 112,426,919	$ 141,402,327
Addition	1,695,318	-	1,695,318
Exchange difference	(856,993)	(10,330,892)	(11,187,885)
Balance at December 31, 2024	$ 29,813,733	$ 102,096,027	$ 131,909,760
Addition			
Exchange difference	1,284,975	20,423,191	21,708,166
Provisions for impairment[(i)]	-	(122,519,218)	(122,519,218)
Disposal of subsidiaries	(735,474)	-	(735,474)
Balance at December 31, 2025	**$ 30,363,234**	**$ -**	**$ 30,363,234**

(i) In view of unsatisfactory financial performance, the management of the Group consider there is impairment indicators in respect of the goodwill of Ninjas in Pyjamas. Goodwill is tested for impairment at the reporting unit level, where a reporting unit represents an operating segment or one level below an operating segment. During the year ended December 31, 2025, the Group have performed an impairment assessment of goodwill by estimating the fair value of the reporting unit using the discounted cash flow method under the income approach and consequently determined an impairment loss of $122,519,218 based on discounted cashflow.

(In U.S. dollars, except share and per share data)

12. BORROWINGS

Interest expenses related to borrowing were $373,415, $552,671 and $917,000 for the years ended December 31, 2023, 2024 and 2025, respectively. As of December 31, 2024 and 2025, the weighted average interest rate of the short-term borrowings was 3.92% % and 5.97% per annum, respectively. As of December 31, 2024 and 2025, the weighted average interest rate of the long-term borrowing was 4.40% and 3.90% per annum, respectively.

Borrowing as of December 31, 2024 and 2025 represented the following:

Lender	Interest rate	Issuance Date	Maturity Date	As of December 31, 2024	As of December 31, 2025
Short-term borrowings					
Antalpha Digital Pte Ltd (i)	8.00%	(i)	(i)	-	12,709,572
Antalpha Digital Pte Ltd (i)	9.00%	(i)	(i)	-	7,492,391
China Merchants Bank (ii)	3.40%	February 8, 2025	February 8, 2026	-	4,289,943
Wuhan Rural Commercial Bank (iii)	4.00%	March 25, 2025	March 13, 2026	-	1,429,981
Bank of China (iv)	3.00%	October 28, 2025	October 28, 2026	-	1,429,981
China Zheshang bank (v)	3.00%	March 12, 2025	March 9, 2026	-	1,429,981
SPD Bank (vi)	3.00%	December 4, 2025	November 9, 2026	-	1,429,981
HanKou Bank (vii)	3.40%	October 14, 2025	October 14, 2026	-	1,429,981
Industrial Bank (viii)	2.80%	June 28, 2025	June 24, 2026	-	1,429,981
China CITIC Bank (ix)	3.00%	June 26, 2025	June 25, 2026	-	1,429,981
China CITIC Bank (x)	3.00%	June 26, 2025	June 25, 2026	-	857,989
SEB Bank (xi)	6.14%	August 27, 2025	August 26, 2026	-	861,731
China Zheshang bank (xii)	3.60%	June 10, 2025	June 9, 2026	-	714,990
China Everbright Bank (xiii)	3.45%	March 25, 2025	March 24, 2026	-	714,990
Bank of Beijing (xiv)	2.50%	December 26, 2025	December 21, 2026	-	714,990
Bank of China (xv)	3.10%	February 28, 2025	February 28, 2026	-	428,995
HanKou Bank	4.50%	February 23, 2024	February 22, 2025	684,997	-
Industrial Bank	3.90%	May 24, 2024	May 23, 2025	684,997	-
China CITIC Bank	3.45%	June 27, 2024	June 26, 2025	684,997	-
China CITIC Bank	3.45%	June 27, 2024	June 26, 2025	410,998	-
China Construction Bank	4.05%	May 7, 2024	May 6, 2025	1,372	-
China Merchants Bank	3.90%	January 26, 2024	January 26, 2025	4,109,983	-
Wuhan Rural Commercial Bank	4.81%	March 26, 2024	March 20, 2025	1,232,995	-
Bank of China	3.45%	September 25, 2024	September 25, 2025	1,369,994	-
China Everbright Bank	3.75%	January 22, 2024	January 21, 2025	684,997	-
China Zheshang bank	3.80%	April 10, 2024	April 7, 2025	684,997	-
Total				**$ 10,550,327**	**$ 38,795,458**
Long-term borrowings, current portion					
Hua Xia Bank (xvi)	3.85%	March 29, 2023	March 28, 2026	-	3,564,835
HanKou Bank (xvii)	4.50%	March 25, 2025	September 17, 2026	-	14,300
Bank of China (xviii)	4.80%	June 29, 2025	June 21, 2026	-	7,292
Hua Xia Bank	4.40%	March 29, 2023	September 21, 2025	136,999	-
Hua Xia Bank	4.40%	March 29, 2023	March 21, 2025	136,999	-
Subtotal				**273,998**	**3,586,427**
Long-term borrowings					
HanKou Bank (xvii)	4.50%	March 25, 2025	March 17, 2027	-	693,541
Bank of China (xviii)	4.80%	June 29, 2025	June 27, 2028	-	353,706
Hua Xia Bank	4.40%	March 29, 2023	March 28, 2026	3,376,519	-
Total				**$ 3,650,517**	**$ 4,633,674**

12. BORROWINGS – Continued

(i) On September 10, 2025, the Company signed a Master Loan Agreement with a lender in which the lender agreed to grant a credit line to the Company to lend the Company fiat money or cryptocurrency for the purpose of paying off the Company's mining machines hosting expenses. The loans are denoted in USDT and typically paid directly to the service provider. The amount the Company is able to draw from the credit line is determined by the monetary value of the cryptocurrency collateral the Company posted at the lender-designated wallets. Based on the agreement, there is no specific limit in the amount the Company is able to borrow within the first twelve months since the inception of the agreement. Subsequently, the amount the Company could draw from the credit line is limited at 60% of the market value of the collateralized cryptocurrency. There is no expiration date indicated in such agreement. In addition, the amount drawn typically does not have maturity as long as sufficient collateralization has been maintained. As of December 31, 2025, all of the Company's bitcoins were posted as collateral.

(ii) The principal of the loan is RMB30,000,000 (approximately $4,289,943). The loan is pledged by existing and potential account receivables of Wuhan ESVF, Shenzhen VF and Xinghui Culture due from Tengjing Sports Culture Development (Shanghai) Co., Ltd., Shenzhen Tencent Computer Systems Co., Ltd., Tencent Technology (Chengdu) Co., Ltd., Tencent Technology (Shenzhen) Co., Ltd and guaranteed by Shenzhen VF and the Group's shareholders, Liwei Sun and Rui Zhou.

(iii) The principal of the loan is RMB10,000,000 (approximately $1,429,981). The loan is guaranteed by Wuhan ESVF ,and the Group's director and senior vice president, and minority shareholder of Hongli Culture, Lei Zhang.

(iv) The principal of the loan is RMB10,000,000 (approximately $1,429,981). The loan is guaranteed by Xinghui Media and the Group's shareholder, Liwei Sun and Rui Zhou.

(v) The principal of the loan is RMB10,000,000 (approximately $1,429,981). The loan is guaranteed by Xinghui Media, ShenZhen VF and the Group's shareholder, Liwei Sun and Rui Zhou.

(vi) The principal of the loan is RMB10,000,000 (approximately $1,429,981). The loan is guaranteed by Xinghui Media and the Group's shareholder, Liwei Sun and Rui Zhou.

(vii) The principal of the loan is RMB10,000,000 (approximately $1,429,981). The loan is guaranteed by the Group's shareholder, Liwei Sun and Rui Zhou.

(viii) The principal of the loan is RMB10,000,000 (approximately $1,429,981). The loan is guaranteed by Wuhan ESVF and the Group's shareholder, Liwei Sun and Rui Zhou.

(ix) The principal of the loan is RMB10,000,000 (approximately $1,429,981). The loan is guaranteed by the Group's shareholder, Liwei Sun and Rui Zhou.

(x) The principal of the loan is RMB6,000,000 (approximately $857,989). The loan is guaranteed by Wuhan ESVF ,and the Group's director and senior vice president, and minority shareholder of Hongli Culture, Lei Zhang.

(xi) NIP Gaming AB maintains a revolving credit facility of SEK 8,000,000 with SKANDINAVISKA ENSKILDA BANKEN AB, with no pledges, collateral or guarantees required. As of 31 December 2025, the utilized portion of the facility amounts to SEK 7,588,463, equivalent to USD 861,731.

(xii) The principal of the loan is RMB5,000,000 (approximately $714,990). The loan is guaranteed by Wuhan ESVF, and the Group's director and senior vice president, and minority shareholder of Hongli Culture, Lei Zhang. And The loan is pledged by all accounts receivable generated by Tencent Technology (Shenzhen) Co., Ltd. from June 4, 2025, over the following three years.

(xiii) The principal of the loan is RMB5,000,000 (approximately $714,990). The loan is guaranteed by Shenzhen VF and the Group's shareholders, Liwei Sun and Rui Zhou. And The loan is pledged by existing account receivables of Wuhan ESVF due from Shanghai Dianding CO., LTD.

(xiv) The principal of the loan is RMB5,000,000 (approximately $714,990). The loan is guaranteed by Wuhan ESVF.

(xv) The principal of the loan is RMB3,000,000 (approximately $428,995). The loan is guaranteed by Wuhan ESVF ,and the Group's director and senior vice president, and minority shareholder of Hongli Culture, Lei Zhang.

(xvi) The principal of the loan is RMB30,000,000 (approximately $4,289,943). The loan is guaranteed by Wuhan Zhongzhe Financing Guarantee Co., LTD., Hongli Culture and the Group's shareholders, Liwei Sun and Rui Zhou. As of December 31, 2025, the outstanding loan principal of RMB25,000,000 (approximately $3,574,952) is due within twelve months, which is classified as current portion of long-term borrowing. And debt issuance costs of RMB70,755(approximately $10,118) were deducted from the proceeds from the loan.

(xvii) The principal of the loan is RMB5,000,000 (approximately $714,990). The loan is guaranteed by Wuhan ESVF ,and the Group's director and senior vice president, and minority shareholder of Hongli Culture, Lei Zhang and Wuhan Optics Valley Technology Financing Guarantee Co., Ltd who charged a financing guarantee fee of 0.4% per annum on the principal amount of the financing guarantee. As of December 31, 2025, the outstanding loan principal of RMB100,000 (approximately $14,300) is due within twelve months, which is classified as current portion of long-term borrowing and the remaining portion of principal of RMB4,850,000 (approximately $693,541) is presented as a long-term borrowing.

(xviii) The principal of the loan is RMB2,550,000 (approximately $360,998). The loan is guaranteed by Wuhan ESVF and Shenzhen VF.

Certain borrowings outstanding as of December 31, 2025 matured subsequent to the balance sheet date and prior to the issuance date of the consolidated financial statements.

(In U.S. dollars, except share and per share data)

13. ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued expenses and other liabilities consist of the following:

	As of December 31,	
	2024	**2025**
Loan from third parties[(1)]	3,057,563	3,577,117
Tax payable	1,168,921	1,708,295
Accrued expenses[(2)]	590,940	1,554,574
Collection of capital fund from third parties [(3)]	-	1,429,981
Payroll payable	1,337,620	902,764
Professional service fees payable	372,346	-
Total	**$ 6,527,390**	**$ 9,172,731**

(1) The balance represented the unsecured borrowings with a maturity less than one year and an interest rate of 15% per annum from third parties for daily business operation.

(2) The balance mainly consisted of deposit payable to event suppliers, reimbursement payable to employees and miscellaneous fees payable to third parties.

(3) Pursuant to the capital increase agreement dated June 16, 2025, an individual shareholder subscribed for the equity of Hongli Culture with a total consideration of RMB 10.00 million, in exchange for approximately 2.78% equity interest of Hongli Culture. As of December 31, 2025, the full equity subscription proceeds of RMB 10.00 million had been fully received by the Group. However, the equity delivery conditions had not been satisfied as of the reporting date, and accordingly, the relevant equity interest had not been delivered and registered.

14. TAXATION

Cayman Islands

The Company was 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 withholdings tax in the Cayman Islands.

United States

Under the current laws, the federal corporate income tax rate in the United States is generally assessed at the rate of 21%.

Unlike the uniform federal rate, state corporate income tax rates vary significantly. The rates range from as low as 0% to as high as 5.19%.

Sweden

Generally, Ninjas in Pyjamas is considered Sweden resident enterprises under Sweden tax law, and is subject to enterprise income tax on their worldwide taxable income as determined under Sweden tax laws. The applicable statutory income tax rate for the year ended 2024 is 20.6%, unless otherwise specified.

Hong Kong

ESVF HK was established in Hong Kong and is subject to a two-tiered income tax rate for taxable income earned in Hong Kong effectively since April 1, 2018. The first HKD2 million of profits earned by a company is subject to be taxed at an income tax rate of 8.25%, while the remaining profits will continue to be taxed at the existing tax rate, 16.5%. No provision for Hong Kong profits tax has been made in the consolidated financial statements as it has no assessable profit for the years ended December 31, 2023 and 2024.

(In U.S. dollars, except share and per share data)

14. TAXATION - Continued

PRC

Generally, the Group's WFOE and its subsidiaries, which are considered as PRC resident enterprises under PRC tax law, are subject to enterprise income tax on their worldwide taxable income as determined under PRC tax laws and accounting standards at a rate of 25%.

The State Administration of Taxation further announced that from January 1, 2021 to December 31, 2022, for the portion of taxable income not exceeding RMB1 million, the amount of taxable income can be halved from 25% to 12.5%, and the corporate income tax will be levied at 20%, for small and low-profit enterprises, and from January 1, 2022 to December 31, 2024, small and low-profit enterprises can enjoy a 20% corporate income tax rate on 25% of the taxable income amount for the portion of taxable income more than RMB1 million but not exceeding RMB3 million. In accordance with announcement of the Ministry of Finance and the State Taxation Administration [2023] No. 6, which was effective from January 1, 2023 to December 31, 2024, preferential tax rate became 5% on taxable income below RMB1 million. According to announcement of the Ministry of Finance and the State Taxation Administration [2023] No.12, which became effective on August 2, 2023 and until to December 31, 2027, small, low profit enterprises is subject to the preferential income tax rate of 5% (only 25% of such taxable income shall be subject to enterprises income tax at a tax rate of 20%).

For the year ended December 31, 2025, Dawei Xianglong, Changsha Liyao, Wuhan Yingciyuan, Xiamen Yingciyuan, Beijing Hongli, Hangzhou Hongxiaoli, Wuhan Hongxiaoli, Shanghai Hongdali, Xingzhi Media, Xingjing Entertainment, Xinghui Media, Taicang Xingjing, Chengdu Xingjing Weiwu, Zhoushan Xingjing, Zhoushan Jingxi, Wuhan Muyecun, Shanghai Rujing, Jinyuanbao, Hangzhou Yinyuan, Wuhan Alunyou, Xingyao Future, Guangxi Hongli, Shanghai Xingyu, Chengdu Qiyuhai, Beijing Xingjing Entertainment and Shenzhen Xingjing were recognized as small-scale and low-profit enterprises.

The components of the (loss)/income before income taxes are as follows:

	For the years ended December 31,		
	2023	**2024**	**2025**
PRC	$ (13,842,300)	$ (10,225,125)	$ (200,522,409)
Cayman Islands	-	-	(40,144,182)
Sweden	232,644	(2,548,228)	(4,683,148)
US	-	-	(5,511,073)
Others	(849,048)	(2,281,727)	(723,232)
Total	**$ (14,458,704)**	**$ (15,055,080)**	**$ (251,584,044)**

The income tax provision consists of the following components:

	For the years ended December 31,		
	2023	**2024**	**2025**
Current income tax expense	$ 181,967	$ 126,140	$ 1,364,150
Deferred income tax benefits	(1,382,822)	(2,495,899)	(14,829,357)
Total income tax benefits	**$ (1,200,855)**	**$ (2,369,759)**	**$ (13,465,207)**

(In U.S. dollars, except share and per share data)

14. TAXATION - Continued

A reconciliation between the Group's actual provision for income taxes and the provision at the PRC, mainland statutory rate is as follows:

	For the years ended December 31,	
	2023	2024
Loss before income tax expense	$ (14,458,704)	$ (15,055,080)
Income tax benefit at the PRC statutory rate	(3,614,676)	(3,763,770)
Effect of preferential tax rates	192,365	390,029
Impact of different tax rates in other jurisdictions	187,136	493,254
Tax effect on share-based compensation, nil of tax	1,530,587	-
Tax effect on charitable donations	-	-
Tax effect of non-deductible items	159,573	145,890
Prior year true up	(27,019)	76,534
Change in valuation allowance	371,179	288,304
Income tax benefits	**$ (1,200,855)**	**$ (2,369,759)**

The table below provides the updated requirements of ASU 2023-09 for 2025.

The reconciliation of effective income tax rate computed by applying the PRC statutory tax rate of 25% is as follows:

	For the year ended December 31, 2025	
Net loss before income tax expense	**$ (251,584,044)**	
Income tax benefit at the PRC statutory rate	**(62,896,011)**	**25.0%**
Foreign tax effects		
Cayman Islands		
Statutory tax rate difference between Cayman Islands and PRC	10,036,046	-4.0%
United States		
Statutory tax rate difference between United States and PRC	220,443	-0.1%
Changes in valuation allowance	1,157,325	-0.5%
Sweden		
Statutory tax rate difference between Sweden and PRC	8,430,781	-3.4%
Tax effect of non-deductible items	25,278,277	-10.0%
Other foreign jurisdictions		
Statutory tax rate difference between other foreign jurisdictions and PRC	150,927	-0.1%
Changes in valuation allowance	44,551	0.0%
Changes in valuation allowance	**4,496,499**	**-1.8%**
Effect of preferential tax rates	**(123,723)**	**0.0%**
Non-deductible expenses	**51,362**	**0.0%**
Prior year true up	**(311,684)**	**0.1%**
Income tax expenses (benefit)	**(13,465,207)**	**5.4%**

As of December 31, 2024 and 2025, the significant components of the deferred tax assets and deferred tax liability are summarized below:

	As of December 31,	
	2024	2025
Deferred tax assets:		
Net operating loss carried forward	$ 4,029,778	$ 7,941,587
Allowance for credit loss	-	334,526
Temporary differences on property, plant and equipment depreciation	-	681,991
Temporary differences on fair value adjustment of Bitcoin	-	411,877
Deferred tax assets, gross	**4,029,778**	**9,369,981**
Valuation allowance	(1,940,958)	(7,842,308)
Deferred tax assets, net of valuation allowance	**$ 2,088,820**	**$ 1,527,673**
Deferred tax liabilities:		
Intangible assets acquired from business combination [(i)]	$ 22,408,835	$ 10,687,700
Intangible assets acquired from asset acquisition [(ii)]	1,252,372	502,772
Total deferred tax liabilities	**$ 23,661,207**	**$ 11,190,472**

(i) The Group initial recognized $8,798,807, $14,427,828 and $1,596,010 of deferred tax liability from reverse acquisition on March 18, 2021, business acquisition on January 10, 2023 and business acquisition on October 2, 2024 due to appreciation fair value of intangible assets acquired. The Group reverse due to amortization of related intangible assets and disposal of subsidiaries.

(ii) The Group initial recognized $4,413,819 of deferred tax liability from asset acquisition in 2021 and reverse $770,690 and $804,436 due to amortization of related intangible assets during the years end December 31, 2024 and 2025, respectively.

(In U.S. dollars, except share and per share data)

14. TAXATION - Continued

As of December 31, 2024 and 2025, the Group had net operating loss carryforwards of approximately $16,113,739 and $25,021,110 respectively, which arose from the Group's subsidiaries established in the PRC. As of December 31, 2025, net operating loss carry forwards will expire, if unused, in the following amounts:

2026	$ 589,137
2027	3,901,196
2028	4,079,582
2029	8,518,300
2030	7,932,895
Total	**$ 25,021,110**

As of December 31, 2025, the Group had net operating loss carryforwards of $5,166,745 which can be carried forward indefinitely.

Movement of valuation allowance is as follow:

	As of December 31,		
	2023	**2024**	**2025**
Valuation allowance			
Balance at beginning of the year	1,372,267	$ 1,703,274	$ 1,940,958
Additions	377,624	341,046	5,921,187
Utilization	(6,445)	(52,742)	(222,811)
Exchange rate effect	(40,172)	(50,620)	202,974
Balance at end of the year	**$ 1,703,274**	**$ 1,940,958**	**$ 7,842,308**

The Group considers positive and negative evidence to determine whether some portion or all of the deferred tax assets will more likely than not be realized. This assessment considers, among other matters, the nature, frequency and severity of recent losses, forecasts of future profitability, the duration of statutory carry forward periods, the Group's experience with tax attributes expiring unused and tax planning alternatives. Valuation allowances have been established for deferred tax assets based on a more-likely-than-not threshold. Under the applicable accounting standards, management has considered the Group's history of losses and concluded that it is more likely than not that some subsidiaries of the Group will not generate future taxable income prior to the expiration of the majority of net operating losses for $27,624,549. Accordingly, as of December 31, 2024 and 2025, $1,940,958 and $7,842,308 valuation allowance has been established respectively.

Uncertain tax positions

The Group evaluates each uncertain tax position (including the potential application of interest and penalties) based on the technical merits, and measure the unrecognized benefits associated with the tax positions. As of December 31, 2024 and 2025, the Group did not have any significant unrecognized uncertain tax positions. The Group does not believe that its uncertain tax benefits position will materially change over the next twelve months.

For the years ended December 31, 2023, 2024 and 2025, the Group incurred no interest or penalties in connection with potentially underpaid income taxes. As of December 31, 2025, the tax years ended December 31, 2019 through 2024 for the Group's subsidiaries in the PRC are generally subject to examination by the PRC tax authorities. As of December 31, 2025, the tax year ended December 31, 2025 for the Group's subsidiaries incorporated in 2025 in the United States are generally subject to examination by the United States tax authorities.

(In U.S. dollars, except share and per share data)

15. SEGMENT INFORMATION

The CODMs review financial information of operating segments based on internal management report when making decisions about allocating resources and assessing the performance of the Group. As a result of the assessment made by CODMs, the Group has three reportable segments, including PRC and other entities, Ninjas in Pyjamas and Bitcoin mining business. The CODMs, comprising the Group's Chairman and Co-Chief Executive Officer and the Director and Co-Chief Executive Officer, collectively make operating decisions, assess financial performance, and allocate resources across all reportable segments.

The Group manages and assesses the performance of its reportable segments by their revenue and operating profit. As part of the CODM's review of segment-level performance, the CODMs review these measures of income of each reportable segment, which drives the evaluation of the performance of the Group's reportable segments and allocation of resources to those segments. The significant segment expense categories included in the table below augment the Group's understanding of operating results:

	For the year ended December 31, 2023			
	PRC and other subsidiaries	Ninjas in Pyjamas	Mining Business	Consolidated
Revenue	$ 75,179,138	$ 8,489,303	-	$ 83,668,441
Cost of revenue	(72,014,675)	(4,455,080)	-	(76,469,755)
Gross profit	3,164,463	4,034,223	-	7,198,686
Selling and marketing expenses	(5,079,314)	(1,498,082)	-	(6,577,396)
General and administrative expenses	(13,027,899)	(2,245,332)	-	(15,273,231)
Other income(loss)	251,402	(58,165)	-	193,237
(Loss) profit before tax	(14,691,348)	232,644	-	(14,458,704)

	For the year ended December 31, 2024			
	PRC and other subsidiaries	Ninjas in Pyjamas	Mining Business	Consolidated
Revenue	$ 81,671,464	$ 3,594,842	-	$ 85,266,306
Cost of revenue	(79,086,246)	(3,169,525)	-	(82,255,771)
Gross profit	2,585,218	425,317	-	3,010,535
Selling and marketing expenses	(6,731,281)	(1,399,496)	-	(8,130,777)
General and administrative expenses	(9,947,933)	(1,820,382)	-	(11,768,315)
Other income	1,587,144	246,333	-	1,833,477
Loss before tax	(12,506,852)	(2,548,228)	-	(15,055,080)

	For the year ended December 31, 2025			
	PRC and other subsidiaries	Ninjas in Pyjamas	Mining Business	Consolidated
Revenue	$ 103,635,985	2,826,303	20,064,258	126,526,546
Cost of revenue	(101,179,388)	(4,131,892)	(22,697,254)	(128,008,534)
Gross profit	2,456,597	(1,305,589)	(2,632,996)	(1,481,988)
Selling and marketing expenses	(5,780,199)	(1,209,302)	-	(6,989,501)
General and administrative expenses	(34,288,425)	(15,950,274)	(100,060)	(50,338,759)
Changes in fair value of receivable for bitcoin collateral	-	-	(2,931,287)	(2,931,287)
Realized gain on sale of Bitcoin	-	-	4,578	4,578
Impairment of goodwill	-	(122,519,218)	-	(122,519,218)
Impairment of intangible assets	-	(64,406,302)	-	(64,406,302)
Other loss	(2,574,725)	(37,997)	(308,845)	(2,921,567)
Loss before tax	(40,186,753)	(205,428,682)	(5,968,609)	(251,584,044)

(In U.S. dollars, except share and per share data)

15. SEGMENT INFORMATION - Continued

The total assets by segments as of December 31, 2024 and 2025 were as follows:

	As of December 31,	
	2024	**2025**
Segment assets		
PRC and other subsidiaries	$ 140,834,100	$ 145,039,427
Ninjas in Pyjamas	171,732,266	18,145,297
Mining Business	-	39,192,660
Total segment assets	**$ 312,566,366**	**$ 202,377,384**

The intangible assets by segments as of December 31, 2024 and 2025 were as follows:

	As of December 31,	
	2024	**2025**
Intangible assets, net		
PRC and other subsidiaries	$ 61,913,339	$ 53,865,214
Ninjas in Pyjamas	66,068,182	14,713,696
Mining Business	-	-
Total intangible assets, net	**$ 127,981,521**	**$ 68,578,910**

The goodwill by segments as of December 31, 2024 and 2025 were as follows:

	As of December 31,	
	2024	**2025**
Goodwill		
PRC and other subsidiaries	$ 29,813,733	$ 30,363,234
Ninjas in Pyjamas	102,096,027	-
Mining Business	-	-
Total goodwill	**$ 131,909,760**	**$ 30,363,234**

16. LEASES

The Group leases offices space under non-cancellable operating leases. The Group considers those renewal options that are reasonably certain to be exercised or termination options that are reasonably certain not to be exercised by the lessee in the determination of the lease term and initial measurement of right of use assets and lease liabilities.

The Group determines whether a contract is or contains a lease at inception of the contract and whether that lease meets the classification criteria of a finance or operating lease.

As of December 31, 2024 and 2025, the Group had no long-term leases that were classified as a financing lease, and the Group's lease contracts only contain fixed lease payments and do not contain any residual value guarantee.

The Group's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

A summary of lease cost recognized in the Group's consolidated statements of operations and comprehensive loss is as follows:

	For the Years Ended December 31,		
	2023	**2024**	**2025**
Operating leases cost excluding short-term rental expense	$ 545,166	$ 712,280	$ 772,687
Short-term lease cost	966,084	498,296	345,877
Total	$ 1,511,250	$ 1,210,576	$ 1,118,564

The Group's lease agreements do not have a discount rate that is readily determinable. The incremental borrowing rate is determined at lease commencement or lease modification and represents the rate of interest the Group would have to pay to borrow on a collateralized basis over a similar term and an amount equal to the lease payments in a similar economic environment.

Cash paid for amounts included in the measurement of lease liabilities was $641,400, $770,267 and $743,194 for the year ended December 31, 2023, 2024 and 2025, respectively.

As of December 31, 2023, 2024 and 2025, the weighted average remaining lease term was 4.75, 3.68 and 8.35 years, and the weighted average discount rate was 4.37%, 4.31% and 3.49% for the Group's operating leases, respectively.

The following table summarizes the maturity of lease liabilities under operating leases as of December 31, 2025:

For the year ending December 31,	Operating Leases
2026	$ 699,132
2027	684,829
2028	695,161
2029	569,950
2030 and thereafter	1,848,334
Total lease payments	4,497,406
Less: imputed interest	547,981
Total	3,949,425
Less: current portion	571,939
Non-current portion	$ 3,377,486

(In U.S. dollars, except share and per share data)

17. OTHER LONG-TERM LIABILITY

On March 18, 2025, Shenzhen Xingjing, a subsidiary of the Group, signed a two-year interest-free loan agreement with a third party in the principal of the loan of RMB15,000,000 (approximately $2,144,971) for its daily business operations.

18. MEZZANINE EQUITY

The Group's preferred shares and redeemable non-controlling interests activities for the years ended December 31, 2023, 2024 and 2025 are summarized below:

	Class A		Class B		Class B-1		Redeemable non-controlling interests	Total	
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount	Amount	No. of shares	Amount
Balances at December 31, 2022	**24,709,527**	**97,400,393**	**2,693,877**	**16,062,314**	**-**	**-**	**-**	**27,403,404**	**113,462,707**
Acquisition of Ninjas in Pyjamas	-	-	-	-	43,044,524	168,000,000	-	43,044,524	168,000,000
Accretion on Preferred Shares to redemption value	-	20,327,824	-	704,422	-	22,882,461	-	-	43,914,707
Exchange rate difference	-	(2,835,151)	-	-	-	-	-	-	(2,835,151)
Balances at December 31, 2023	**24,709,527**	**114,893,066**	**2,693,877**	**16,766,736**	**43,044,524**	**190,882,461**		**70,447,928**	**322,542,263**
Accretion on Preferred Shares to redemption value	-	11,381,375	-	209,445	-	24,340,159	-	-	35,930,979
Exchange rate difference	-	(2,726,807)	-	-	-	-	-	-	(2,726,807)
Conversion of Preferred Shares to ordinary shares upon the completion of the IPO	(24,709,527)	(123,547,634)	(2,693,877)	(16,976,181)	(43,044,524)	(215,222,620)	-	(70,447,928)	(355,746,435)
Initial fair value of redeemable non-controlling interests	-	-	-	-	-	-	2,841,123	-	2,841,123
Net income attributed to redeemable non-controlling interests	-	-	-	-	-	-	119,123	-	119,123
Exchange rate difference	-	-	-	-	-	-	(1,691)	-	(1,691)
Balances at December 31, 2024	**-**	**-**	**-**	**-**	**-**	**-**	**2,958,555**	**-**	**2,958,555**
Initial fair value of redeemable non-controlling interests	-	-	-	-	-	-	2,230,787		2,230,787
Net loss attributed to redeemable non-controlling interests	-	-	-	-		-	(97,179)		(97,179)
Accretion on Preferred Shares to redemption value							30,304		30,304
Disposal of redeemable non-controlling interests	-	-	-	-	-	-	(2,861,547)		(2,861,547)
Exchange rate difference	-	-	-	-	-	-	35,886	-	(35,886)
Balances at December 31, 2025	**-**	**-**	**-**	**-**		**-**	**2,296,805**		**2,296,805**

Upon the completion of the IPO in July 2024, all of issued and outstanding preferred shares automatically converted into ordinary shares on a one-for-one basis.

***** The shares are presented on a retroactive basis to reflect the stock split (Note 17)

18. MEZZANINE EQUITY- Continued

Class A redeemable preferred shares

During fiscal year 2019, Shenzhen VF issued a total of 8,199,662 preferred shares for cash consideration of US$15,923,336.

During the Reverse Acquisition, each preferred shareholder of Shenzhen VF was changed to the preferred shareholder of Wuhan ESVF, certain redemption features and liquidation preference were modified simultaneously ("Modification"). Meanwhile, 15,764,427 preferred shares issued by Wuhan ESVF with carrying value of US $37,448,928 at the close of Reverse Acquisition was included in the consolidated balance sheets.

The Group had undergone a Reorganization on July 30, 2021. As part of the Reorganization, on June 8, 2021, each issuer of the preferred shares was changed to the reporting entity through share swaps. The major terms and number of shares of the preferred shares remained the same. Thus, there is no accounting impact on the preferred shares as a result of the Reorganization at the consolidated level. The Group determined all the preferred shares was re-designed as Class A preferred shares. Since the Reorganization were transactions under common control, the equity section of the Group after the Reorganization was assumed to have existed from the earliest period presented in the consolidated financial statements.

On September 30, 2021, the Company issued 745,438 Class A preferred shares to Shenzhen Media Group (International) Limited ("Shenzhen Media-HK") for a total investment amount in the U.S. dollar equivalent amount of RMB 10 million. The terms of the Class A preferred shares issued to Shenzhen Media-HK were same as the terms of the Class A preferred shares after the reorganization as mentioned above.

18. MEZZANINE EQUITY - Continued

Below presents the key original and amended terms of the Class A redeemable preferred shares during the reporting period:

Conversion Features

There were no conversion rights granted to holders of preferred shares upon the issuance of the preferred shares to preferred shareholders of Shenzhen VF or on the Reverse Acquisition.

Along with the Reorganization on July 30, 2021, as stated in the amended Article of Association, all outstanding preferred shares can be automatically converted into ordinary shares of the Company after its listing in US capital market.

Voting Rights

Each holder of preferred shares before and after the Reverse Acquisition and is entitled to vote together with the holders of ordinary shares on all matters submitted to a vote of the shareholders of the Company or the Group on an as-if-converted basis.

Dividend Rights

Each holder of preferred shares before and after the Reverse Acquisition is entitled to receive non-cumulative dividends, payable out of funds or assets when and as such funds or assets become legally available therefor pari passum with ordinary shares, on an as-converted basis, when, as, and if declared by the Board of Directors.

Liquidation Preferences

In the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer, or in the event of a trade sale (include, among other things, a merger, share exchange, amalgamation or consolidation resulting in a change of control), collectively defined as “Deemed Liquidation Events”, all assets and funds legally available for distribution to the members (after satisfaction of all creditors’ claims and claims that may be preferred by law) shall be distributed to the holders of the preferred shares prior and in preference to any distribution to the investors of any other class, an amount shall be the higher of (i) 100% of the preferred shares issuance price plus accrued daily interest at a rate of 8% per annum; and (ii) on a pro rata basis, percentage of each shareholders held multiplying with net assets available for distribution (collectively the “Preferred Shares Preference Amount”).

Amendment in Liquidation Preferences

During the Reverse Acquisition, the Preferred Shares Preference Amount was amended to an amount equal to 100% of the preferred shares issue price, and the following terms were added.

If there are any assets or funds remaining after the Preferred Shares Preference Amount has been distributed or paid in full to the applicable holders of the preferred shares, the remaining assets and funds of the Group available for distribution shall be distributed ratably among all members according to the relative number held by such member (including preferred shares on as-converted basis).

If the Preferred Shares Preference Amount cannot be paid in full, the holders of the preferred shares shall be entitled to the payment in proportion to their initial investment amount. If all assets and funds of the Company legally available for distribution to the members upon liquidation, dissolution or winding up of the Company exceed RMB 2 billion, the distribution shall be ratably among all members according to the relative number of ordinary shares held by such member (treating all outstanding preferred shares on as-converted basis).

18. MEZZANINE EQUITY - Continued

Redemption Rights

The preferred shares can be redeemed at any time and from time to time on or after the earlier date of the occurrence of (1) the issuer's failure to complete the transaction as mutually agreed in the Preferred Share Purchase Agreement, or (2) (i) the issuer fails to obtain an receipt from the China Securities Regulatory Commission, the Hong Kong Securities Regulatory Commission, the SEC or any other exchange of recognized international reputation and standing duly approved by the shareholders ("Qualified Exchange") accepting the Company's application for IPO by January 31 2024; or (ii) the Company fails to achieve the IPO on a Qualified Exchange on or before 31 January 2025, or (3) a material breach of any of the warranties, undertakings or covenants specified under the Preferred Share Purchase Agreement or certain other agreements entered into in connection with such preferred shares financing.

Upon the occurrence of any Redemption Event, each holder of the then outstanding preferred shares is entitled to, by written request to the Company, request the Company to redeem all or part of the preferred shares then outstanding held by such holder at a redemption price (higher of (i) 100% of the preferred shares issue price plus accrued daily interest at a rate of 8% per annum minus any declared but unpaid dividends on such preferred shares; (ii) % of shareholding multiplying with the Company's most recent fair value of net assets).

Amendment in Redemption Rights

During the Reverse Acquisition, the events that triggered the redemption of any of the preferred shares has been amended to the same term, where the preferred shares can be redeemed at any time of the occurrence of a material breach of any of the warranties, undertakings or covenants specified under the New Preferred Share Purchase Agreement (the "New Preferred Share Purchase Agreement") or certain other agreements entered into in connection with such preferred shares financing.

The redemption price for each preferred share that is redeemed has been amended to the same price, which shall be the higher of (a) an amount equal to 100% of such preferred shares issuance price plus accrued daily interest at a simple rate of 8% per annum, and any accrued or declared but unpaid dividend on such preferred shares, and (b) the result of multiplying the as-converted shareholding percentage with the issuer's most recent fair value of net assets.

18. MEZZANINE EQUITY - Continued

Class B redeemable preferred shares

On May 23, 2022, the Group entered into a share subscription purchase agreement with Digital WD., Ltd. ("Digital WD"). On September 5, 2022, the Group issued 1,718,691 Class B Preferred Shares to Digital WD, for an aggregate purchase price of $10,000,000.

On July 29, 2022, the Group entered into a subscription agreement with Maison Investment Holding Limited ("Maison"), a third-party investor, to sell 459,578 of the Group's Class B preferred shares to Maison in exchange of $2,674,000 cash consideration. The Group has received the full investment fund of $2,673,970 (after deduction of commission charges) from Maison in advance as of September 30, 2022 and recorded as subscription fees advance from shareholder, and thereafter recognized as equity when the Group completed the issuance of 459,578 Class B preferred shares on December 20, 2022.

On July 29, 2022, the Group entered into a subscription agreement with AER Capital SPC ("AER"), to sell 515,608 of the Group's Class B preferred shares to Maison in exchange of $3,000,000 cash consideration. As of December 31, 2022, the Group accounted the fund receivable from AER as shareholder investment fund receivable included in balance statement item prepaid expenses and other current assets, net (Note 5). In March 2023, the Group has received the full investment fund from AER.

Below presents the key original and amended terms of the Class B redeemable preferred shares during the reporting period:

Liquidation Preferences

Upon any liquidation event, all assets and funds of the Company thereafter legally available for distribution to the shareholders shall be distributed as follows: After any distribution or payment to the Class B-1 Preferred Shares held by all former shareholders of Ninjas in Pyjamas, and prior to any distribution or payment to the Class A preferred shareholders and the Ordinary shareholders, each Class B preferred shareholder shall be entitled to receive on a pro rata basis, an amount equal to the aggregate total of the initial subscription price with respect to each preferred share held by such Class B preferred shareholder.

Redemption Rights

If the Company is unable to settle the redemption obligations to the redemption shareholders in full, all available redemption funds shall be paid first to the Class B preferred shareholders on a pro-rata basis. The redemption price of Class B Preferred Share calculation is same as Class A preferred shares. The other terms of the Class B Preferred Shares issued were same as the terms of the Class A preferred shares.

18. MEZZANINE EQUITY - Continued

Class B-1 redeemable preferred shares

On January 10, 2023, the Company completed an acquisition through a series of agreements with the shareholders of Ninjas in Pyjamas. The Company issued to Ninjas in Pyjamas former shareholders 43,044,524 Class B-1 Preferred Shares in exchange of 100% shares in Ninjas in Pyjamas (Note 1).

Below presents the key terms of the Class B-1 redeemable preferred shares during the reporting period:

Redemption Rights

In the case of a NIP redemption trigger event, Ninjas in Pyjamas former shareholders entitle to request the Company to redeem Class B-1 Preferred Shares held by them, and the Founder Shareholders ("Mario Ho Holdings Limited, xiaOt Sun Holdings Limited, Ayisia Zhou Holdings Limited and RayZ Holdings Limited") shall be jointly and severally liable to take all necessary actions permissible under applicable laws to procure that the Company shall have the required funding. The terms of NIP redemption trigger event include:

a) (i) the Company fails to obtain a receipt from the China Securities Regulatory Commission, the Hong Kong Securities Regulatory Commission, the SEC or any other exchange of recognized international reputation and standing duly approved by shareholders accepting the Company's application for IPO by January 31, 2024; or (ii) the Company fails to achieve the IPO on or before January 31, 2025 based on a pre-money valuation of the Company exceeding US$100,000,000;

b) the valuation of the Company, as determined by an independent valuer, does not exceed USD 250 million by December 31, 2023;

c) the Group fail to obtain the formal league approvals for the change of ownership in respect of the league slots related to League of Legends LOL, Honor of Kings and/or CrossFire Pro League, which results in the loss or suspension of any of such league slots or otherwise materially impacts the financial performance of the Group;

18. MEZZANINE EQUITY — (continued)

d) the implementation of the restructuring plan or the failure of the Company to implement the dismantling of its VIE structure in accordance with the Restructuring Plan has resulted in or might reasonably be expected to material impact on the financial performance of the Group;

e) the amount of the Company's revenue for the year ended December 31, 2022 based on the audit by an independent certified public accounting firm of internationally recognized standing according to the US GAAP for the purpose of the application for IPO is lower than USD 41,400,000.

As of December 31, 2023, redemption trigger event c, d and e have been determined to be satisfied.

Except the above terms of NIP redemption trigger event, others redemption terms of Class B-1 Preferred Shares were similar with Class A and Class B Preferred Shares:

In the case of a NIP special redemption trigger event, the Founder Shareholders entitle to request the Company to redeem Class B-1 Preferred Shares held by Ninjas in Pyjamas former shareholders. The terms of NIP special redemption trigger event include:

a) any material breach by any of the Ninjas in Pyjamas former shareholders of its obligations under the shareholders agreement;

b) Ninjas in Pyjamas conducting any off-account sales and causing material impacts on the financial performance of the Group and damage to the interests of the Group or any preferred shareholders accordingly;

c) material violation of any applicable laws by the operation of Ninjas in Pyjamas which in turn materially impacts the financial performance of the Group;

d) sale of the whole or a substantial part of the business, undertaking, property or assets of the Ninjas in Pyjamas without the requisite approvals by the board and/or the shareholders;

e) any act of dishonesty, fraud, willful default, or gross negligence committed by any Ninjas in Pyjamas former shareholders which in turn materially impacts the financial performance of the Group;

f) (A) Ninjas in Pyjamas fails to acquire 51% or more of the total issued shares of (i) anyone of appointed target companies, or (ii) any other target company engaging in similar type of business, having a projected annual revenue of not less than the agreed upon amount in the financial year of 2023, by no later than December 31, 2023; or (B) the equity ratio of the former shareholders of the Company have been diluted due to the implementation of the aforesaid acquisition (unless such dilution has been agreed by the former shareholders of the Company).

The total redemption price for all Class B-1 Preferred Shares requested for redemption by the Company (the "NIP Redemption Price") shall be equivalent to the then net asset value (shall be "equity fair value" base on practical expedient provided by an independent valuer) of all Ninjas in Pyjamas in aggregate as of the redemption date. Payment of the NIP Redemption Price shall be settled by way of redemption in kind of all the shares held by the Company in the Ninjas in Pyjamas to the Ninjas in Pyjamas former shareholders. For the avoidance of doubt, the Ninjas in Pyjamas share distribution constitutes full settlement of the NIP Redemption Price, and no cash, other assets or funds of the Company shall be payable by the Company whatsoever to satisfy the payment of the NIP Redemption Price.

18. MEZZANINE EQUITY — Continued

Liquidation Preferences

Upon any liquidation, the Company shall redeem all of the outstanding Class B-1 Preferred Shares held by all Ninjas in Pyjamas former shareholders at NIP Redemption Price. All assets and funds of the Company thereafter legally available for distribution to the remaining Shareholders shall be distributed to Ninjas in Pyjamas former shareholders prior to Class B Preferred Shareholders, Class A Preferred Shareholders and Ordinary Shareholders.

Conversion Features

There were no conversion rights granted to holders of Class B-1 Preferred Shares upon the issuance of the preferred shares to preferred shareholders.

All outstanding Class B-1 Preferred Shares can be automatically converted into ordinary shares of the Company after its listing in US capital market.

Voting Rights

Each holder of Class B-1 Preferred Shares is entitled to vote together with the holders of ordinary shares on all matters submitted to a vote of the shareholders of the Company or the Group on an as-if-converted basis.

Dividend Rights

Each holder of Class B-1 Preferred Shares is entitled to receive non-cumulative dividends, payable out of funds or assets when and as such funds or assets become legally available therefor pari passum with ordinary shares, on an as-converted basis, when, as, and if declared by the board of directors.

Accounting for the preferred shares

The Company classifies the preferred shares as mezzanine equity in the consolidated balance sheets because they are redeemable upon the occurrence of an event not solely within the control of the Company. The preferred shares are recorded initially at fair value, net of issuance costs. The Company did not incur material issuance costs for any preferred shares issued. There were no declared or undeclared dividends in arrears on redeemable preferred shares as of December 31, 2023.

For each reporting period, the Company assesses whether the preferred shares are currently redeemable and if the preferred shares are not currently redeemable, the Company further assesses whether it is probable that preferred shares will become redeemable. Except Class B-1 Preferred Shares which the redemption value were determined by the NIP Redemption Price, for any other preferred shares that are not currently redeemable and it is probable that preferred shares will become redeemable, the Company recognizes changes in the redemption value immediately as they occur over the period from the date of issuance to the earliest redemption date to equal the redemption value at the end of each reporting period based on the higher of (i) the issuance price plus a pre-determined annualized return set forth in the agreements and (ii) fair market value (estimated using the equity allocation model based on option pricing model with probability- weighted scenario analysis with the assistance from a valuation report prepared by an independent valuation firm using management's estimates and assumptions).

An instrument that is redeemable currently will be remeasured under EITF Topic No. D-98 each period and translated based on current exchange rates. In contrast, an instrument presented as temporary equity but for which redemption is not probable will be translated based on the historical exchange rate in effect when the instrument was last measured, which would likely have been its issuance date.

18. MEZZANINE EQUITY - Continued

In accordance with ASC 480-10-S99, the accretion is recorded against retained earnings, or in the absence of retained earnings, by charges against additional paid-in-capital, or in the absence of additional paid-in-capital, by charges to accumulated deficit. The accretion of the preferred shares was $43,914,707 and $35,930,979 and nil for the years ended December 31, 2023, 2024 and 2025, respectively.

Upon the completion of the IPO, all of issued and outstanding preferred shares automatically converted into ordinary shares on a one-for-one basis. Upon conversion of the convertible preferred stock, the Company reclassified the carrying value of the convertible preferred stock to common stock and additional paid-in capital.

Redeemable non-controlling interests

According to Young Will agreement, the Company will subsequently acquire an additional 13% of the share capital of Young Cayman each year during 2025, 2026, and 2027, respectively, and in exchange issue a corresponding number of Class A ordinary shares to the beneficial owners of Young Cayman, contingent upon the satisfaction of certain terms and conditions set out in the Agreement.

The redeemable non-controlling interests include 39% of the fair value of Young Cayman and its subsidiaries. The Company has a call option that it may redeem each year from the first closing of the transaction to year 2027, and minority shareholders of Young Cayman and its subsidiaries have a put option to sell its interest to the Company concurrently. The put and call option price is based on multiples of actual revenue and net profit, subject to the terms of Young Will Agreement. Subsequent to the stated date of the initial options, the options become available to be exercised every year thereafter. The Group estimated the preliminary fair value of the put and call options using a Monte Carlo simulation. We evaluated the put and call option for the redeemable non-controlling interests under ASC 480, Distinguishing Liabilities from Equity, and classified the redeemable non-controlling interests as mezzanine equity based on the redemption features.

Based on the historical financial results of Young Cayman and its subsidiaries., the Company estimated that the performance targets from 2025 to 2027 is not probable to be met, so non-controlling interests is not currently redeemable, and it is not probable that the instrument will become redeemable in the future. The Redeemable non-controlling interests will not be remeasured at each reporting date.

In July 2025, the Company entered into a termination agreement with the former shareholders of ZSZQ Limited, pursuant to which the parties mutually agreed to terminate the share swap agreement and all related ancillary agreements and instruments in respect of the share swap transactions. As of July 31, 2025, all shares previously issued pursuant to the share swap agreement had been fully surrendered and cancelled, with no shares remaining outstanding in connection with such transactions. Accordingly, the balance of redeemable non-controlling interests related to these transactions was nil as of December 31, 2025.

In March 2025, Wuhan ESVF and Wuhan Optics Valley Transportation Investment Group Co., Ltd. (“Wuhan Optics Valley Transportation”) jointly established Xingyao Future, with ownership interests of 60% and 40%, respectively. Wuhan ESVF and Wuhan Optics Valley Transportation have made capital contributions of RMB 9.0 million and RMB 6.0 million, respectively. Pursuant to the investment agreement entered into in January 2025, Xingyao Future is required to satisfy certain performance targets and other assessment criteria. If such targets are not met, Wuhan Optics Valley Transportation has the right to require Wuhan ESVF to repurchase its equity interest in Xingyao Future at a predetermined price. The Group has assessed that the triggering events for such repurchase obligation are not probable to occur. Accordingly, the related non-controlling interest is not currently redeemable, and it is not probable that the instrument will become redeemable in the future. As a result, the redeemable non-controlling interest is not remeasured at each reporting date.

In July 2025, Beijing Xingjing Entertainment entered into a capital subscription agreement with Beijing Changping Cultural Tourism Development Group Co., Ltd. (“Beijing Changping”). Under the agreement, Beijing Changping made a capital contribution of RMB 10 million to subscribe for a 2.08% equity interest in Beijing Xingjing Entertainment. The agreement provides that if any redemption trigger event occurs within five years upon completion of the transaction, Beijing Xingjing Entertainment shall repurchase the equity interest held by Beijing Changping at the contractually agreed price. Same as the preferred shares above, for each reporting period, the Group assesses whether the non-controlling interest are currently redeemable and if the non-controlling interest are not currently redeemable, the Group further assesses whether it is probable that non-controlling interest will become redeemable. in accordance with ASC 480-10-S99, and the accretion is recorded against retained earnings, or in the absence of retained earnings, by charges against additional paid-in-capital, or in the absence of additional paid-in-capital, by charges to accumulated deficit. The accretion of the redeemable non-controlling interests was $30,304 for the year ended December 31, 2025.

19. ORDINARY SHARES

In June 2022, in connection with the issuance of Class B preferred shares, the capital of the Company is 500,000,000 shares consist of 467,163,996 ordinary shares, 24,709,527 Class A preferred shares and 8,126,477 Class B preferred shares.

In connection to the Reorganization (Note 1), on June 30, 2023, the Company issued shares at a fixed ratio 5.75% in relation to current shares to all the present shareholders without extra consideration, including 2,019,516 of ordinary shares, 1,342,752 of Class-A preferred shares, 146,389 of Class-B preferred shares and 2,339,106 of Class-B-1 preferred shares. Pursuant to ASC 505, the issuance of shares on June 30, 2023 was stock dividend in form, in the case of deficit position of retained earnings, the Company recorded this issuance of shares similar with a stock split and retrospectively adjust the historical financial statements included in the registration statement for all periods presented.

The effect of the ordinary shares issued in the Reorganization has been treated similarly to a share split and have been presented retrospectively as of the all period presented on the consolidated financial statements.

In July 2024, the Company completed the IPO. Immediately prior to the completion of this IPO, our authorized share capital was changed into US$50,000 divided into 500,000,000 shares comprising (i) 461,995,682 Class A ordinary shares of a par value of US$0.0001 each, (ii) 24,641,937 Class B1 ordinary shares of a par value of US$0.0001 each, and (iii) 13,362,381 Class B2 ordinary share of a par value of US$0.0001. Class B1 ordinary shares and Class B2 ordinary shares are collectively referred to as “Class B ordinary shares.” All of our shares issued and outstanding prior to the completion of the offering were fully paid, and all of our shares in the offering were issued and fully paid.

19. ORDINARY SHARES - Continued

The rights of the holders of Class A ordinary shares, Class B1 ordinary shares and Class B2 ordinary shares are identical, except with respect to voting and conversion. Each Class A ordinary share is entitled to one vote per share and is not convertible into any other shares of the Company's capital stock. Each Class B1 ordinary share and Class B2 ordinary shares is entitled to 20 votes per share and is convertible into one Class A ordinary share at any time. In addition, Class B1 ordinary shares and Class B2 ordinary shares will automatically convert into shares of Class A ordinary shares upon certain transfers and other events, in particular when a holder of Class B1 ordinary shares or holder of Class B2 ordinary shares holds less than 5% of total issued shares, all of the Class B1 ordinary shares or the Class B2 ordinary shares held by the relevant holder and its Affiliates shall automatically convert into an equivalent number of Class A ordinary shares respectively. Ordinary resolutions of the Company should be passed, at a general meeting of the Company, by: (i) a simple majority of votes entitled to be exercised by the shareholders; (ii) a simple majority of votes entitled to be exercised by Class B1 Shareholders; and (iii) a simple majority of votes entitled to be exercised by Class B2 Shareholders. Alternatively, ordinary resolutions can be approved in writing by all shareholders entitled to vote. For special resolutions (which are required for certain important matters including mergers and changes to the Company's governing documents), which require the vote of two-thirds of the votes cast, the voting power permitted to be exercised by the holders of the Class B ordinary shares will be weighted such that the Class B ordinary shares shall represent, in the aggregate, 67% of the voting power of all shareholders. Where there is more than one holder of Class B ordinary shares that is subject to a Weighted Voting Right for the purposes of passing a special resolution, then the voting power entitled to be exercised in respect of such Class B ordinary shares, shall be divided equally between the Class B1 majority holder who holds the highest number of the issued Class B1 ordinary shares and the Class B2 majority holder who holds the highest number of the issued Class B2 ordinary shares, provided always that: (i) in the event that a Class B majority holder votes "against" a special resolution (the "Relevant Class B Majority Holder"), then all of the voting power entitled to be exercised in respect of such Class B ordinary shares shall be exercised by that Relevant Class B Majority Holder only, and (ii) if there is only one Class B majority holder then the voting power entitled to be exercised in respect of such Class B ordinary shares shall be exercised by that Class B majority holder alone.

During the initial public offering, the Company issued and sold a total of 4,500,000 Class A ordinary shares represented by 2,250,000 ADSs, and the underwriters exercised their option to purchase from us 182,526 additional ADSs representing 365,052 Class A ordinary shares, at a public offering price of US$9.00 per ADS. Thus the Company issued and sold a total of 4,865,052 Class A ordinary shares during the initial public offering.

In October 2024, the Company issued 920,212 Class A ordinary shares to the beneficial owners of Young Cayman in exchange for 61% of the total issued and outstanding share capital of Young Cayman in accordance with Young Will Agreement.

In July 2025, the Company and the shareholders of ZSZQ Limited entered into a termination agreement, pursuant to which the parties mutually agreed to terminate the share swap agreement and other ancillary agreements and documents regarding the share swap transactions. As of July 31, 2025, all shares previously issued under the share swap agreement have been surrendered and cancelled in full. No shares remain outstanding in relation to such transactions.

In June 2025, the Company entered into a definitive asset-purchase agreement, pursuant to which the Company acquired on-rack crypto mining machines with an aggregate hash rate of approximately 3.11 EH/s. As consideration for the acquisition, the Company issued a total of 119,553,439 Class A ordinary shares to the sellers in September 2025.

20. RESTRICTED NET ASSETS

A significant portion of the Group's operations are conducted through its PRC (excluding Hong Kong) subsidiaries, the Group's ability to pay dividends is primarily dependent on receiving distributions of funds from subsidiaries. Relevant PRC statutory laws and regulations permit payments of dividends by our subsidiaries only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations, and after it has met the PRC requirements for appropriation to statutory reserves. The Group is required to make appropriations to certain reserve funds, comprising the statutory surplus reserve and the discretionary surplus reserve, based on after-tax net income determined in accordance with generally accepted accounting principles of the PRC ("PRC GAAP"). Appropriations to the statutory surplus reserve are required to be at least 10% of the after-tax net income determined in accordance with PRC GAAP until the reserve is equal to 50% of the entity's registered capital. Appropriations to the discretionary surplus reserve are made at the discretion of the shareholders. Paid-in capital of our subsidiaries included in the Company's consolidated net assets are also non-distributable for dividend purposes.

As a result of these PRC laws and regulations, the Group's PRC subsidiaries are restricted in their ability to transfer a portion of their net assets to the Company. As of December 31, 2024 and 2025, net assets restricted in the aggregate, which include paid-in capital and statutory reserve funds of the Group's PRC subsidiaries, that are included in the consolidated net assets were $71,658,818 and $47,897,393, respectively.

21. SHARE-BASED COMPENSATION

Share options granted by NIP Group Inc. to optionees

In June 2024, the Company adopted the 2024 Share Incentive Plan, or the 2024 Plan, for the purpose of granting share-based compensation awards to employees, directors and consultants to incentivize their performance and align their interests with the Company. The maximum aggregate number of Class A ordinary shares which may be issued pursuant to all awards under the 2024 Plan is 11,956,812.

In November 2025, the Company adopted the 2025 Share Incentive Plan, or the 2025 Plan, for the purpose of granting share-based compensation awards to selected directors, employees, consultants and other eligible individuals to motivate superior performance and to attract and retain their services. Under the 2025 Plan, up to 45,430,307 ordinary shares may be issued pursuant to awards granted thereunder, subject to adjustment in accordance with the terms of the 2025 Plan.

Share-based compensation is measured based on the fair value of the Company's ordinary shares at the grant date of the award, which is estimated using the income approach and equity allocation method. Estimation of the fair value of the Company's ordinary shares involves significant assumptions that might not be observable in the market, and a number of complex and subjective variables, discount rate, risk-free interest rate and subjective judgments regarding the Company's projected financial and operating results, its unique business risks, the liquidity of its ordinary shares and its operating history and prospects at the time the grants are made. Share-based compensation in relation to the share options is estimated using the equity allocation model based on option pricing model with probability-weighted scenario analysis with respect to the fair value of 100% equity interest estimated using the discounted cash flow method under income approach. The fair value of these awards was determined by management with the assistance from a valuation report prepared by an independent valuation firm using management's estimates and assumptions.

Subsequent to the completion of the Company's IPO in July 2024, the Company's ordinary shares are listed and traded on the NASDAQ Stock Market. For all share-based payment awards granted on or after the IPO date, share-based compensation is measured based on the quoted closing market price of the Company's ordinary shares on NASDAQ as of the respective grant date.

(In U.S. dollars, except share and per share data)

21. SHARE-BASED COMPENSATION - Continued

A summary of the share options activity for the year ended December 31, 2023, 2024 and 2025 is presented below:

	Number of shares	Weighted average exercise price	Weighted average remaining contractual term	Aggregate intrinsic value	Weighted average grant date fair value
		USD	In years	USD	USD
Outstanding, December 31, 2022	1,763,507	-	1	6,252,693	1.54
Granted	1,725,132	-	-	-	3.55
Exercised	(3,488,639)	-	-	-	2.53
Forfeited	-	-	-	-	-
Outstanding, December 31, 2023	-	-	-	-	-
Granted	-	-	-	-	-
Exercised	-	-	-	-	-
Forfeited	-	-	-	-	-
Outstanding at December 31, 2024	-	-	-	-	-
Granted	48,877,024	-	-	-	0.76
Exercised	(48,425,049)	-	-	-	0.76
Forfeited	(415,739)	-	-	-	0.81
Outstanding at December 31, 2025	36,236	-	2	18,118	0.81
Exercisable at December 31, 2025	-	-			

* The shares are presented on a retroactive basis to reflect the stock split (Note 19)

The Group recognized compensation expense for the years ended December 31, 2023, 2024 and 2025 were $6,122,348, nil and $36,723,969 respectively.

As of December 31, 2025, there was $8,927 unrecognized compensation cost related to unvested share options.

(In U.S. dollars, except share and per share data)

22. LOSS PER SHARE

The following table sets forth the basic and diluted net loss per share computation and provides a reconciliation of the numerator and denominator for the years ended December 31, 2023, 2024 and 2025 presented:

	As of December 31,		
	2023	**2024**	**2025**
Numerator:			
Net loss attributable to NIP Group Inc.'s shareholders	(57,172,736)	(48,620,764)	(237,510,077)
Denominator:			
Weighted average number of ordinary shares outstanding-basic and diluted*	37,160,593	70,200,374	160,497,641
Denominator for basic and diluted net loss per share calculation	37,160,593	70,200,374	160,497,641
Basic and diluted net loss per share attributable to ordinary shareholders of NIP Group Inc.'s shareholders	(1.54)	(0.69)	(1.48)

* The shares and per share data are presented on a retroactive basis to reflect the stock split (Note 16)

Basic and diluted loss per ordinary share is computed using the weighted average number of ordinary shares outstanding during the year. Both Class A and Class B ordinary shares are included in the calculation of the weighted average number of ordinary shares outstanding, basic and diluted.

The weighted-average numbers of non-vested share options excluded from the calculation of diluted net loss per share of the Group were nil, nil and 27,301 as of December 31, 2023, 2024 and 2025, respectively.

The nil, nil and nil stock options were vested but unexercised as of December 31, 2023, 2024 and 2025, respectively. The Group included these stock options to calculate the denominator because they are exercisable at RMB nil.

Holders of the preferred shares are entitled to receive non-cumulative dividends pari passum with ordinary shares, on an as-converted basis, hence the preferred shares meet the definition of participating securities pursuant to the definition under ASC 260-10-20. However, net loss available to ordinary shareholders were not adjusted due to the following: 1) the holders of the preferred shares are entitled to non-cumulative dividends and there was no declared non-cumulative dividends during the presented periods; 2) there was no undistributed earnings during the presented periods and the holders are not entitled to bear any loss (e.g. make additional contribution to the Group in case of significant losses) of the Group; and 3) the contractual principal or mandatory redemption amount of the holder is not reduced as a result of losses incurred by the Group. Therefore, there was no adjustment from undistributed earnings allocated to participating securities.

(In U.S. dollars, except share and per share data)

23. RELATED PARTY TRANSACTIONS

The following is a list of related parties which the Group has transactions with:

No.	Name of Related Parties	Relationship with the Group
1	Wuhan Linyu Ecological Group Co., Ltd.("Wuhan Linyu")	Entity controlled by Wuhan Tourism&Sports Group
2	Shenzhen Media Group ("Shenzhen Media")	Shareholder of the Group and minority shareholder of Dawei Xianglong
3	Wuhan Suran Culture Media Co., Ltd.("Wuhan Suran") (1)	(1)
4	Wuhan Yingyi Culture Media Co., Ltd. ("Wuhan Yingyi") (1)	(1)
5	Wuhan Lingsheng Culture and Technology Co., Ltd.("Wuhan Lingsheng") (1)	(1)
6	HaoMing Yu	Vice President
7	Liwei Sun	Director and President
8	Phase Two Limited(2)	Entity which the Group holds 40% beneficial ownership.
9	Mario Yau Kwan Ho	Chairman and Co-Chief Executive Officer
10	Xingjing Culture Media	Entity controlled by Liwei Sun

(1) Wuhan Suran, Wuhan Yingyi and Wuhan Lingsheng is no longer considered related parties due to disposal of Young Will.
(2) Phase Two Limited was established on December 4, 2025, with NIP Group Inc. holding a 40% beneficial ownership;

Amounts due from related parties

Amounts due from related parties consisted of the following for the periods indicated.

	As of December 31,	
	2024	2025
Shenzhen Media (1)	252,079	263,117
Liwei Sun (2)	36,150	37,733
Phase Two Limited(3)	-	17,151
Shenzhen Xingjing (4)	196,437	-
Shengjie Huang (5)	$ 411,511	$ -
Total	**$ 896,177**	**$ 318,001**

(1) The balance represented the accounts receivable for providing esports service to related parties.

(2) The balance represented interest-free loan to related parties, which were due on demand.

(3) Phase Two Limited was established on December 4, 2025; The balance represents the advance payment we made on behalf of the related party for the company's registration expenses.

(4) Beginning in 2025, Shenzhen Xingjing has become a subsidiary of the Group through consolidation and is no longer considered a related party.

(5) Shengjie Huang is no longer considered related parties due to disposal of Young Will.

(In U.S. dollars, except share and per share data)

23. RELATED PARTY TRANSACTIONS - Continued

Amounts due to related parties

Amount due to related parties consisted of the following for the periods indicated:

	As of December 31,	
	2024	**2025**
Shenzhen Media [1]	$ 946,944	$ 1,417,402
Mario Yau Kwan Ho [2]	325,277	148,665
Xingjing Culture Media [3]	86,228	90,003
Wuhan Lingsheng	5,353	-
Wuhan Yingyi	9,006	-
Subtotal of amount due to related parties-current	**1,372,808**	**1,656,070**
Shenzhen Xingjing [4]	131,017	-
Subtotal of amount due to related parties-non-current	**131,017**	**-**
Total	**$ 1,503,825**	**$ 1,656,070**

(1) In April 2021, the Group entered into a cooperation agreement with the related party and agreed to allocate 60% of the government subsidies received to the related party. As of December 31, 2024 and December 31, 2025, the balance represents government subsidies the Group received and should pay to the related party.

(2) The balances represented the service fee for Mario Yau Kwan Ho who provided services to the reality show that hosted by the customers.

(3) The balances represented interest-free loan from related parties for daily operations, which were due on demand.

(4) Beginning in 2025, Shenzhen Xingjing has become a subsidiary of the Group through consolidation and is no longer considered a related party.

(In U.S. dollars, except share and per share data)

23. RELATED PARTY TRANSACTIONS - Continued

The following is a list of related parties which the Group has major transactions with:

Nature	For the years ended December 31,		
	2023	2024	2025
Shenzhen Media			
Government subsidies that should be distributed to Shenzhen Media [1]	423,675	416,914	413,644
Sponsorships and advertising services provided by the Group [2]	423,675	-	-
Rental expense	610,092	16,579	-
Event production service provided by Shenzhen Media	14,687	2,622	-
Repayment of government subsidies distributed to Shenzhen Media	282,450	-	-
Event production service provided by the Group	-	437,891	-
Event operation service provided by Shenzhen Media	-	119,571	-
			-
Wuhan Suran [2]			
Talent management service provided by the Group	-	37,586	60,818
Wuhan Yingyi [2]			
Talent management service provided by Group	-	14,967	32,690
Wuhan Lingsheng [2]			
Talent management service provided by Group	-	7,258	12,345
Wuhan Linyu			
Services provided by Wuhan linyu	6,758	5,489	5,187
Repayment of services provided by Wuhan Linyu	8,106	5,489	5,187
Interest expenses paid to Wuhan Linyu	-	-	-
Phase Two Limited			
Prepaid expenses paid by the Group	-	-	17,151
HaoMing Yu			
Loan to HaoMing Yu	-	-	33,391
Collection of loan to HaoMing Yu	-	-	33,391
Wuhan Tourism&Sports Group			
Sponsorships and advertising services provided by the Group	666,156	600,898	-
Mario Yau Kwan Ho			
Reality show service provided by Mario Yau Kwan Ho	146,822	224,528	-
Repayment of reality show service provided by Mario Yau Kwan Ho	667,994	39,048	-
Tianjin LLP			
Payment to Tianjin LLP for Wuhan ESVF's share purchase	-	62,702	-
Collection of loan to Tianjin LLP	-	278	-
Shenzhen Xingjing Weiwu Education Technology Co., Ltd. [3]			
Event production services provided by the Group	75,988	25,297	-
Loan to Shenzhen Xingjing Weiwu Education Technology Co., Ltd.	152,304	1,042	-
Xingjing Culture Media			
Loan from Xingjing Culture Media	282,507	-	-
Loan repayment to Xingjing Culture Media	3,588,153	-	-
Liwei Sun			
Loan to Liwei Sun	49,429	-	-
Collection of loan to Liwei Sun	49,429	-	-

(1) The Group entered into a cooperation agreement with the related party and agreed to allocate 60% of the government subsidies received to the related party.

(2) Wuhan Suran, Wuhan Yingyi and Wuhan Lingsheng is no longer considered related parties due to disposal of Young Will.

(3) Beginning in 2025, Shenzhen Xingjing has become a subsidiary of the Group through consolidation and is no longer considered a related party.

(In U.S. dollars, except share and per share data)

24. CONCENTRATION OF CREDIT RISK

Financial instruments that potentially expose the Group to concentrations of credit risk consist primarily of accounts receivable. The Group conducts credit evaluations of its customers, and generally does not require collateral or other security from them. The Group evaluates its accounts receivable for expected credit losses on a regular basis and maintains an estimated allowance for credit losses to reduce its accounts receivable to the amount that it believes will be collected. The Group conducts periodic reviews of the financial condition and payment practices of its customers to minimize collection risk on accounts receivable.

The following table sets forth a summary of single customers who represent 10% or more of the Group's total revenue:

	For the years ended December 31,		
	2023	2024	2025
Percentage of the Group's revenue			
Customer A	*	*	16%
Customer B	49%	45%	*
Customer C	13%	*	*
Total	**62%**	**45%**	**16%**

The following table sets forth a summary of single customers who represent 10% or more of the Group's total accounts receivable:

	As of December 31,	
	2024	2025
Percentage of the Group's accounts receivable		
Customer D	26%	21%
Total	**26%**	**21%**

* Represent percentage less than 10%

25. COMMITMENTS AND CONTINGENCIES

Contingencies

In the ordinary course of business, the Group may be subject to legal proceedings regarding contractual and employment relationships and a variety of other matters. The Group records contingent liabilities resulting from such claims, when a loss is assessed to be probable and the amount of the loss is reasonably estimable. In the opinion of management, there were no pending or threatened claims and litigation as of December 31, 2025 and through the issuance date of these consolidated financial statements.

(In U.S. dollars, except share and per share data)

26. CONDENSED FINANCIAL INFORMATION OF THE PARENT COMPANY

The condensed financial information of the parent company, the Company, has been prepared using the same accounting policies as set out in the Group's consolidated financial statements except that the parent company has used equity method to account for its investment in its subsidiaries.

The Company and its subsidiaries are included in the consolidated financial statements where the inter-company balances and transactions are eliminated upon consolidation. For the purpose of the Company's stand-alone financial statements, its investments in subsidiaries are reported using the equity method of accounting. The Company's share of losses from its subsidiaries is reported as loss from subsidiaries in the accompanying condensed financial information of parent company.

The Company did not have significant capital and other commitments, long-term obligations, or guarantees as of December 31, 2024 and 2025.

Parent Company Balance Sheets:

	As of December 31,	
	2024	2025
Assets		
Current Assets		
Cash and cash equivalents	$ 2,121,423	$ 2,056
Amounts due from subsidiaries	15,431,911	9,325,733
Advance to suppliers	-	32,142
Total current assets	**17,553,334**	**9,359,931**
Non-current Assets		
Investment in subsidiaries	221,178,395	80,022,001
Total non-current assets	**221,178,395**	**80,022,001**
Total Assets	**$ 238,731,729**	**$ 89,381,932**
Accrued expenses and other liabilities	1,246,591	1,072,975
Current Liabilities	**1,246,591**	**1,072,975**
Total liabilities	**$ 1,246,591**	**$ 1,072,975**
Mezzanine equity:		
Redeemable non-controlling interests	2,958,555	-
Total mezzanine equity	**2,958,555**	**-**
Equity		
Class A Ordinary Shares (US$0.0001 par value; 461,995,682 and 1,756,459,263 shares authorized as of December 31, 2024 and December 31, 2025, respectively, 75,392,253 and 197,363,156 issued and 75,392,253 and 197,020,222 outstanding as of December 31, 2024 and December 31, 2025, respectively)	7,539	19,702
Class B Ordinary Shares (US$0.0001 par value; 38,004,318 and 243,540,737 shares authorized as of December 31, 2024 and December 31, 2025, respectively, 38,004,318 and 83,434,625 issued and outstanding as of December 31, 2024 and December 31, 2025, respectively)	3,800	8,343
Subscription receivable	(3,808)	(20,514)
Accumulated deficit	(128,849,237)	(366,329,010)
Additional paid-in capital	373,890,499	429,905,870
Accumulated other comprehensive loss	(10,522,210)	24,724,566
Total equity attributable to the shareholders of NIP Group Inc.	**234,526,583**	**88,308,957**
Total liabilities, mezzanine equity and equity	**$ 238,731,729**	**$ 89,381,932**

(In U.S. dollars, except share and per share data)

26. CONDENSED FINANCIAL INFORMATION OF THE PARENT COMPANY - Continued

Parent Company Statements of Operations and Comprehensive Loss:

	For the years ended December 31,		
	2023	**2024**	**2025**
Loss from operations:			
Financial income(expense), net	$ 26,175	$ 34,650	$ (124,654)
General and administrative expenses	(694,745)	(1,215,614)	(38,562,989)
loss on disposal of subsidiaries	-	-	(1,911,840)
Equity in loss of subsidiaries	(12,589,459)	(11,508,821)	(196,880,290)
Net loss	**(13,258,029)**	**(12,689,785)**	**(237,479,773)**
Total comprehensive loss	**$ (8,004,774)**	**$ (28,637,365)**	**$ (202,232,997)**

Parent Company Statements of Cash Flows:

	As of December 31,		
	2023	**2024**	**2025**
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	$ (13,258,029)	$ (12,689,785)	$ (237,479,773)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Equity in loss of subsidiaries	12,589,459	11,508,821	196,880,290
Share-based compensation expense	-	-	36,723,969
loss on disposal of subsidiaries	-	-	1,911,840
Change in operating assets and liabilities:			
Amounts due from subsidiary	(5,721,562)	(4,388,269)	6,106,178
Advance to suppliers			(32,143)
Other receivables	(78,364)	-	-
Accrued expenses and other liabilities	(697,955)	511,654	1,371,272
Net cash (used in) provided by operating activities	**(7,166,451)**	**(5,057,579)**	**5,481,633**
Investment in equity investees	(17,400,000)	(10,950,000)	(7,601,000)
Net cash used in investing activities	(17,400,000)	**(10,950,000)**	**(7,601,000)**
Collection of subscription receivable	2,999,845	-	-
Payment of deferred offering cost	(418,351)	(3,514,703)	-
Proceeds from issuance of Class A ordinary shares upon the completion of IPO, net of issuance cost	-	20,260,243	-
Capital injection in Reorganization	16,309,641	-	-
Net cash provided by financing activities	**18,891,135**	**16,745,540**	**-**
Net increase (decrease) in cash and cash equivalents	**(5,675,316)**	**737,961**	**(2,119,367)**
Cash and cash equivalents, at beginning of year	**7,058,778**	**1,383,462**	**2,121,423**
Cash and cash equivalents, at end of year	**$ 1,383,462**	**$ 2,121,423**	**$ 2,056**
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Acquisition of mining machines	-	-	20,298,900
Disposal of subsidiaries	-	-	2,892,540

27. SUBSEQUENT EVENTS

On January 9, 2026, the Company entered into an amendment to its second tranche asset purchase agreement (the "Amended Asset Purchase Agreement"). As revised under this amendment, the proposed asset acquisition transaction will be completed in multiple closings. The initial closing was completed on January 9, 2026 and settled through the issuance of 167,917,734 Class A ordinary shares of the Company to the sellers and/or their assignees. The subsequent closings are expected to be completed in 2026. There can be no assurance that the closing conditions will be satisfied, nor that the proposed asset purchase will be completed. The total mining capacity contemplated under, and the maximum aggregate number of Class A ordinary shares being issued as consideration of, the asset purchase remains the same as set out in the Amended Asset Purchase Agreement.

In January 2026, the Company amended and restated its previously adopted 2025 Share Incentive Plan, as approved and authorized by the board of directors of the Company, effective on December 31, 2025. The maximum aggregate number of ordinary shares of the Company available for grant of awards increased from 45,430,307 under the original 2025 Share Incentive Plan to 164,946,296 under the Amended and Restated 2025 Share Incentive Plan. Other terms of the original 2025 Share Incentive Plan remain substantially the same.

The Group has evaluated other subsequent events through the date of issuance of the consolidated financial statements, the Group did not identify any other subsequent events with material financial impact on the Group's consolidated financial statements.

THE COMPANIES ACT (AS REVISED) OF THE CAYMAN ISLANDS

EXEMPTED COMPANY LIMITED BY SHARES

TENTH AMENDED AND RESTATED

MEMORANDUM AND ARTICLES OF ASSOCIATION

OF

NIP GROUP INC.

CAREY OLSEN

THE COMPANIES ACT (AS REVISED) OF THE CAYMAN ISLANDS

EXEMPTED COMPANY LIMITED BY SHARES

TENTH AMENDED AND RESTATED

MEMORANDUM OF ASSOCIATION

OF

NIP GROUP INC.

(adopted by Special Resolution passed on 29 December 2025)

1. The name of the Company is NIP Group Inc.

2. The registered office of the Company shall be at the office of CO Services Cayman Limited, P.O. Box 10008, Pavilion East, Cricket Square, Grand Cayman, KY1-1001, Cayman Islands, or at such other place as the Directors may from time to time decide.

3. The objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Act or any other law of the Cayman Islands.

4. The liability of each Member is limited to the amount from time to time unpaid on such Member's Shares.

5. The authorized share capital of the Company is US$200,000 divided into 2,000,000,000 shares comprising (i) 1,756,459,263 Class A ordinary shares of a par value of US$0.0001 each, (ii) 148,331,658 Class B1 ordinary shares of a par value of US$0.0001 each, (iii) 95,209,079 Class B2 ordinary shares of a par value of US$0.0001 each, each of such class or classes (however designated) as the board of directors may determine in accordance with the Articles. Subject to the Companies Act and the Articles, the Company shall have power to redeem or purchase any of its Shares and to increase or reduce its authorized share capital and to sub-divide or consolidate the said Shares or any of them and to issue all or any part of its capital whether original, redeemed, increased or reduced with or without any preference, priority, special privilege or other rights or subject to any postponement of rights or to any conditions or restrictions whatsoever and so that unless the conditions of issue shall otherwise expressly provide every issue of shares whether stated to be ordinary, preference or otherwise shall be subject to the powers on the part of the Company hereinbefore provided.

6. The Company has the power to register by way of continuation outside of the Cayman Islands in accordance with the Companies Act and to de-register as an exempted company in the Cayman Islands.

7. Capitalised terms that are not defined in this Memorandum of Association have the same meaning as those given in the Articles of Association of the Company.

THE COMPANIES ACT (AS REVISED) OF THE CAYMAN ISLANDS

EXEMPTED COMPANY LIMITED BY SHARES

TENTH AMENDED AND RESTATED

ARTICLES OF ASSOCIATION

OF

NIP GROUP INC.

(adopted by Special Resolution passed on 29 December 2025)

CONTENTS

1. PRELIMINARY

1.1 Table A not to apply

The regulations contained or incorporated in Table A in the First Schedule to the Companies Act shall not apply to the Company and these Articles shall apply in place thereof.

1.2 Definitions

"ADS"	means an American Depositary Share representing Class A Ordinary Shares;
"Affiliate"	in respect of a person, means any other person that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such person, and (a) in the case of a natural person, shall include, without limitation, such person's spouse, civil partner, parents, children, siblings, mother-in-law and father-in-law and brothers and sisters-in-law, whether by blood, marriage or adoption or anyone residing in such person's home, a trust for the benefit of any of the foregoing, a company, partnership or any natural person or entity wholly or jointly owned by any of the foregoing and (b) in the case of an entity, shall include a partnership, a corporation or any natural person or entity which directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such entity;
"**Articles**"	means these articles of association of the Company, as amended or substituted from time to time;
"**Auditor**"	means the person (if any) for the time being performing the duties of auditor of the Company;
"**Beneficial Ownership**"	means, with respect to a security, sole or shared voting power (which includes the power to vote, or to direct the voting of, such security) and/or investment power (which includes the power to acquire (or an obligation to acquire) or dispose, or to direct the acquisition or disposal of, such security) and/or a long economic exposure, whether absolute or conditional, to changes in the price of such security, in each case, whether direct or indirect, and whether though any contract, arrangement, understanding, relationship, or otherwise and "**beneficial owner**" shall mean a person entitled to such Interest;
"**Board**"	means, the board of Directors of the Company;
"**business day**"	means any day on which the Exchange is open for the business of dealing in

securities;

"**certificated**"	means, in relation to a Share, a Share which is recorded in the Register of Members as being held in certificated form;
"**Class**" or "**Classes**"	means any class or classes of Shares as may from time to time be issued by the Company;
"**Class A Share**"	means a Class A ordinary share of a par value of US$0.0001 in the share capital of the Company;
"**Class B Share**"	means a Class B1 Share or a Class B2 Share;
"**Class B1 Share**"	means a Class B1 ordinary share of a par value of US$0.0001 in the share capital of the Company;
"**Class B2 Share**"	means a Class B2 ordinary share of a par value of US$0.0001 in the share capital of the Company;
"**Class B Majority Holder**"	means a Class B1 Majority Holder or a Class B2 Majority Holder;
"**Class B1 Majority Holder**"	means a Member who holds the highest number of the issued Class B1 ordinary share of a par value of US$0.0001 in the share capital of the Company;
"**Class B2 Majority Holder**"	means a Member who holds the highest number of the issued Class B2 ordinary share of a par value of US$0.0001 in the share capital of the Company;
"**clear days**"	in relation to the period of a notice means that period excluding the day when the notice is served or deemed to be served and the day for which it is given or on which it is to take effect;
"**Clearing House**"	means a clearing house recognised by the laws of the jurisdiction in which the Shares (or any Interests in Shares) are listed or quoted on an Exchange.
"**Companies Act**"	means the Companies Act (as revised) of the Cayman Islands, as amended or revised from time to time;
"**Company**"	means the above-named company;
"**Depository**"	means any person who is a Member by virtue of its holding Shares as trustee or otherwise on behalf of those who have elected to hold Shares in

	dematerialised form through a Depository Interest.
"**Depository Interest**"	means a dematerialised depository receipt representing the underlying Share in the capital of the Company to be issued by a Depository nominated by the Company.
"**Directors**"	means the directors for the time being of the Company or as the case may be, the Directors assembled as a board or as a committee thereof;
"**Dollar**" or "**US$**"	means the lawful currency of the United States of America;
"**Electronic Record**"	has the same meaning as in the Electronic Transactions Act;
"**Electronic Transactions Act**"	means the Electronic Transactions Act (as revised) of the Cayman Islands, as amended or revised from time to time;
"**Exchange**"	means the Nasdaq Stock Market or the Nasdaq Global Select Market for so long as any Shares or Interests in Shares are there listed or quoted and any other recognised securities exchange(s) on which any Shares or Interests in Shares are listed or quoted for trading from time to time;
"**Exchange Rules**"	means any relevant code, rules and regulations, as amended, from time to time, applicable as a result of the original and continued listing or quotation of any Shares (or any Interests in Shares) on an Exchange;
"**Group**"	means the group comprising the Company and its subsidiary undertakings (not including any parent undertaking of the Company);
"**Group Undertaking**"	means any undertaking in the Group, including the Company;
"**Interest**"	in securities or in a person means any form of Beneficial Ownership (including, for the avoidance of doubt, any derivative, contractual or economic right or contract for difference) of securities of such person;
"**Listed Share**"	means a Share that is listed or admitted to trading on an Exchange;
"**Listed Share Register**"	means the register of members which registers the holdings of Listed Shares;
"**Member**"	means any person from time to time entered in the Register of Members as a holder of one or more Shares (and may also be referred to as Shareholder);
"**Member Appointed**	has the meaning given to that term in Article 29.2 (a);

Director"

"**Memorandum**"	means the memorandum of association of the Company, as amended or substituted from time to time;
"**Ordinary Resolution**"	means a resolution: (a) passed by (i) a simple majority of such Members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of the Company and where a poll is taken regard shall be had in computing a majority to the number of votes to which each Member is entitled by the Articles; and (ii) a simple majority of such holders of Class B1 Shares as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of the Company and where a poll is taken regard shall be had in computing a majority to the number of votes to which each holder of Class B1 Shares is entitled by the Articles, and further (iii) a simple majority of such holders of Class B2 Shares as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of the Company and where a poll is taken regard shall be had in computing a majority to the number of votes to which each holder of Class B2 Shares is entitled by the Articles; or (b) approved in writing by all of the Members entitled to vote at a general meeting of the Company, passed in accordance with these Articles;
"**Register of Members**"	means the Listed Share Register, the Unlisted Share Register and any branch register(s) in each case as the context requires;
"**Registered Office**"	means the registered office for the time being of the Company in the Cayman Islands;
"**Relevant System**"	means any computer-based system and procedures permitted by the Exchange Rules, which enable title to Interests in a security to be evidenced and transferred without a written instrument, and which facilitate supplementary and incidental matters;
"**Seal**"	means the common seal of the Company (if any) and includes every duplicate seal;

"**Secretary**"	means any person or persons appointed by the Directors to perform any of the duties of the secretary of the Company;
"**Share**"	means a Class A Share, a Class B1 Share or a Class B2 Share in the capital of the Company and includes a fraction of a Share;
"**Special Resolution**"	means a special resolution passed in accordance with the Companies Act, being a resolution: (a) passed by a majority of not less than two-thirds of such Members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of the Company of which notice specifying the intention to propose the resolution as a Special Resolution has been duly given and where a poll is taken regard shall be had, subject to any Weighted Voting Right, in computing a majority to the number of votes to which each Member is entitled; or (b) approved in writing by all of the Members entitled to vote at a general meeting of the Company, passed in accordance with these Articles;
"**subsidiary undertaking**"	a company or undertaking is a subsidiary of a parent undertaking if the parent undertaking (i) holds a majority of the voting rights in it, or (ii) is a member of it and has the right to appoint or remove a majority of its board of directors, or (iii) is a member of it and controls alone, pursuant to an agreement with other shareholders or members, a majority of the voting rights in it;
"**Treasury Shares**"	means Shares held in treasury pursuant to the Companies Act and these Articles;
"**uncertificated**"	means, in relation to a Share, a Share to which title is recorded in the Register of Members as being in uncertificated form and title to which may be transferred by means of a Relevant System;
"**Uncertificated Proxy Instruction**"	means a properly authenticated dematerialised instruction and/or other instruction or notification, which is sent by means of the Relevant System concerned and received by such participant in that system acting on behalf of the Company as the Directors may prescribe, in such form and subject to such terms and conditions as may from time to time be prescribed by the Directors (subject always to the facilities and requirements of the Relevant System concerned);

"**Unlisted Share Register**"	means the register of members that registers the holdings of Unlisted Shares and which, for the purposes of the Companies Act, constitutes the Company's "principal register";
"**Unlisted Shares**"	means a Share that is not listed or admitted to trading on an Exchange; and
"**Weighted Voting Right**"	any provision pursuant to which the voting power that any Member is entitled to exercise with respect to any Shares registered in the name of the Member is increased or decreased, as the case may be.

1.3 Interpretation

Unless the contrary intention appears, in these Articles:

(a) singular words include the plural and vice versa;

(b) a word of any gender includes the corresponding words of any other gender;

(c) references to "persons" include natural persons, companies, partnerships, firms, joint ventures, associations or other bodies of persons (whether or not incorporated);

(d) a reference to a person includes that person's successors and legal personal representatives;

(e) "writing" and "written" includes any method of representing or reproducing words in a visible form, including in the form of an Electronic Record;

(f) a reference to "shall" shall be construed as imperative and a reference to "may" shall be construed as permissive;

(g) in relation to determinations to be made by the Directors and all powers, authorities and discretions exercisable by the Directors under these Articles, the Directors may make those determinations and exercise those powers, authorities and discretions in their sole and absolute discretion, either generally or in a particular case, subject to any qualifications or limitations expressed in these Articles or imposed by law;

(h) any reference to the powers of the Directors shall include, when the context admits, the service providers or any other person to whom the Directors may, from time to time, delegate their powers;

(i) the term "and/or" is used in these Articles to mean both "and" as well as "or". The use of "and/or" in certain contexts in no respects qualifies or modifies the use of the terms "and" or "or" in others. "Or" shall not be interpreted to be exclusive, and "and" shall not be interpreted to require the conjunctive, in each case unless the context requires otherwise;

(j) any phrase introduced by the terms "including", "includes", "in particular" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms;

(k) headings are inserted for reference only and shall not affect construction;

(l) a reference to a law includes regulations and instruments made under that law;

(m) a reference to a law or a provision of law includes amendments, re-enactments, consolidations or replacements of that law or the provision;

(n) "fully paid" and "paid up" means paid up as to the par value and any premium payable in respect of the issue or re-designation of any Shares and includes credited as fully paid;

(o) where an Ordinary Resolution is expressed to be required for any purpose, a Special Resolution is also effective for that purpose;

(p) sections 8 and 19(3) of the Electronic Transactions Act are hereby excluded;

(q) references to the Exchange Rules shall only apply if the Company is listed on the Exchange; and

(r) a reference to the exercise by a Member of "voting power" or words to that effect, shall be construed as a reference to the percentage of the votes permitted to be cast by such Member at the relevant meeting of Members as a percentage of the aggregate number of votes permitted to be cast by Members entitled to attend and vote at such meeting. Where there is more than one Member holding Class B Shares that is subject to a Weighted Voting Right for the purposes of passing a Special Resolution, then the voting power entitled to be exercised in respect of such Class B Shares, shall be divided equally between the Class B1 Majority Holder and the Class B2 Majority Holder, provided always that:

(i) in the event that a Class B Majority Holder votes "against" a Special Resolution (the "**Relevant Class B Majority Holder**"), then all of the voting power entitled to be exercised in respect of such Class B Shares, shall be exercised by that Relevant Class B Majority Holder only, and

(ii) if there is only one Class B Majority Holder then the voting power entitled to be exercised in respect of such Class B Shares, shall be exercised by that Class B Majority Holder alone.

2. COMMENCEMENT OF BUSINESS

2.1 The business of the Company may be commenced as soon after incorporation as the Directors shall see fit.

2.2 The Directors may pay, out of the capital or any other monies of the Company, all expenses incurred in connection with the formation and operation of the Company, including the expenses of registration and any

expenses relating to the offer of, subscription for, or issuance of Shares.

2.3 Expenses may be amortised over such period as the Directors may determine.

3. REGISTERED OFFICE AND OTHER OFFICES

3.1 Subject to the provisions of the Companies Act, the Company may by resolution of the Directors change the location of its Registered Office.

3.2 The Directors, in addition to the Registered Office, may in their discretion establish and maintain such other offices, places of business and agencies whether within or outside of the Cayman Islands.

4. SERVICE PROVIDERS

The Directors may appoint any person to act as a service provider to the Company and may delegate to any such service provider any of the functions, duties, powers and discretions available to them as Directors, upon such terms and conditions (including as to the remuneration payable by the Company) and with such powers of sub-delegation, but subject to such restrictions, as they think fit.

5. ISSUE OF SHARES

5.1 Power of Directors to issue Shares

(a) The issue of Shares is under the control of the Directors who may:

(i) offer, issue, allot or otherwise dispose of them to such persons, in such manner, on such terms and having such rights and being subject to such restrictions, as they may from time to time determine; and

(ii) grant options over such Shares and issue warrants, convertible securities or similar instruments with respect thereto, subject to the Companies Act, the Memorandum, these Articles, the Exchange Rules (where applicable), any resolution that may be passed by the Company in general meeting and any rights attached to any Shares or Class of Shares.

save that the Directors shall not allot, issue, grant options over or otherwise dispose of Shares (including fractions of a Share) to the extent that it may affect the ability of the Company to carry out a conversion of Class B Shares pursuant to Article 6.3.

(b) The Directors may authorise the division of Shares into any number of Classes and the different Classes shall be authorised, established and designated (or re-designated as the case may be) and the variations in the relative rights (including, without limitation, voting, dividend, conversion, return of capital and redemption rights), restrictions, powers, preferences, privileges and payment obligations as between the different Classes (if any) shall be fixed and determined by the Directors. The Directors

may issue Shares with such preferred or other rights, all or any of which may be greater than the rights of Ordinary Shares, at such time and on such terms as they may think appropriate. Notwithstanding Article 19.1, the Directors may issue from time to time, out of the authorised share capital of the Company (other than the authorised but unissued Ordinary Shares), series of preferred shares in their absolute discretion and without approval of the Members; provided, however, before any preferred shares of any such series are issued, the Directors shall by resolution of Directors determine, with respect to any series of preferred shares, the terms and rights of that series, including:

(i) the designation of such series, the number of preferred shares to constitute such series and the subscription price thereof if different from the par value thereof;

(ii) whether the preferred shares of such series shall have voting rights, in addition to any voting rights provided by law, and, if so, the terms of such voting rights, which may be general or limited;

(iii) the dividends, if any, payable on such series, whether any such dividends shall be cumulative, and, if so, from what dates, the conditions and dates upon which such dividends shall be payable, and the preference or relation which such dividends shall bear to the dividends payable on any shares of any other class or any other series of shares;

(iv) whether the preferred shares of such series shall be subject to redemption by the Company, and, if so, the times, prices and other conditions of such redemption;

(v) whether the preferred shares of such series shall have any rights to receive any part of the assets available for distribution amongst the Members upon the liquidation of the Company, and, if so, the terms of such liquidation preference, and the relation which such liquidation preference shall bear to the entitlements of the holders of shares of any other class or any other series of shares;

(vi) whether the preferred shares of such series shall be subject to the operation of a retirement or sinking fund and, if so, the extent to and manner in which any such retirement or sinking fund shall be applied to the purchase or redemption of the preferred shares of such series for retirement or other corporate purposes and the terms and provisions relative to the operation thereof;

(vii) whether the preferred shares of such series shall be convertible into, or exchangeable for, shares of any other class or any other series of preferred shares or any other securities and, if so, the price or prices or the rate or rates of conversion or exchange and the method, if any, of adjusting the same, and any other terms and conditions of conversion or exchange;

(viii) the limitations and restrictions, if any, to be effective while any preferred shares of such series

are outstanding upon the payment of dividends or the making of other distributions on, and upon the purchase, redemption or other acquisition by the Company of, the existing shares or shares of any other class of shares or any other series of preferred shares;

(ix) the conditions or restrictions, if any, upon the creation of indebtedness of the Company or upon the issue of any additional shares, including additional shares of such series or of any other class of shares or any other series of preferred shares; and

(x) any other powers, preferences and relative, participating, optional and other special rights, and any qualifications, limitations and restrictions thereof;

and, for such purposes, the Directors may reserve an appropriate number of Shares for the time being unissued.

(c) The Directors may refuse to accept any application for Shares, and may accept any application in whole or in part, for any reason or for no reason.

5.2 Payment of commission or brokerage

Subject to the provisions of the Companies Act, the Company may pay a commission or brokerage in connection with the subscription for or issue of any Shares. The Company may pay the commission or brokerage in cash or by issuing fully or partly paid Shares or by a combination of both.

5.3 No Shares to bearer

The Company shall not issue Shares to bearer.

5.4 Fractional Shares

The Directors may issue fractions of a Share of any Class, and, if so issued, a fraction of a Share (calculated to such decimal points as the Directors may determine) shall be subject to and carry the corresponding fraction of liabilities (whether with respect to any unpaid amount thereon, contribution, calls or otherwise), limitations, preferences, privileges, qualifications, restrictions, rights (including, without limitation, voting and participation rights) and other attributes of a whole Share of the same Class. If more than one fraction of a Share of the same Class is issued to or acquired by the same Shareholder such fractions shall be accumulated.

5.5 Treasury Shares

(a) Shares that the Company purchases, redeems or acquires by way of surrender in accordance with the Companies Act shall be held as Treasury Shares and not treated as cancelled if:

(i) the Directors so determine prior to the purchase, redemption or surrender of those shares; and

(ii) the relevant provisions of the Memorandum and Articles, the Companies Act and the Exchange Rules are otherwise complied with.

(b) No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made to the Company in respect of a Treasury Share.

(c) The Company shall be entered in the Register of Members as the holder of the Treasury Shares. However:

(i) the Company shall not be treated as a Member for any purpose and shall not exercise any right in respect of the Treasury Shares, and any purported exercise of such a right shall be void; and

(ii) a Treasury Share shall not be voted, directly or indirectly, at any general meeting of the Company and shall not be counted in determining the total number of issued Shares at any given time, whether for the purposes of these Articles or the Companies Act.

(d) Nothing in paragraph (c) above prevents an allotment of Shares as fully paid up bonus Shares in respect of a Treasury Share and Shares allotted as fully paid up bonus Shares in respect of a Treasury Share shall be treated as Treasury Shares.

(e) Treasury Shares may be disposed of by the Company in accordance with the Companies Act and otherwise on such terms and conditions as the Directors determine.

6. SPECIAL RIGHTS ATTACHING TO CLASS B SHARES

6.1 Special Voting Rights

(a) The Class A Shares shall confer upon such Members the right to receive notice of and to attend and to vote at any general meeting of the Company, and at any such meeting, subject to any Weighted Voting Right, the holders of Class A Shares shall have one vote per Class A Share held.

(b) The Class B1 Shares shall confer upon such Members the right to receive notice of and to attend and to vote at any general meeting of the Company, and at any such meeting, subject to any Weighted Voting Provision, the holders of Class B1 Shares shall have twenty (20) votes per Class B1 Share held.

(c) The Class B2 Shares shall confer upon such Members the right to receive notice of and to attend and to vote at any general meeting of the Company, and at any such meeting, subject to any Weighted Voting Provision, the holders of Class B2 Shares shall have twenty (20) votes per Class B2 Share held.

6.2 Weighted Voting Rights

At any general meeting of the Company convened to consider any Special Resolution, the voting power permitted to be exercised by the holders of Class B Shares shall be weighted in respect of such Special Resolution such that the Class B Shares shall be entitled to exercise, in the aggregate, sixty-seven per cent. (67%) of the voting power of all Members entitled to receive notice of, attend and vote at any such general meeting of the Company.

6.3 Class B Share Conversion

(a) Each Class B Share is convertible into one (1) Class A Share at any time at the option of the holder thereof (the "**Initial Conversion Ratio**"). The right to convert shall be exercisable by the holder of the Class B Share delivering a written notice to the Company that such holder elects to convert a specified number of Class B Shares into Class A Shares.

(b) Class B1 Shares shall automatically convert into Class A Shares at the Initial Conversion Ratio upon the occurrence of any of the following:

(i) any direct or indirect sale, transfer, assignment or disposition of such number of Class B1 Shares by the holder thereof or the direct or indirect transfer to any person that is neither an Affiliate of such holder nor another holder of the same class of Shares or an Affiliate of such another holder;

for the avoidance of doubt, the creation of any pledge, charge, encumbrance or other third party right of whatever description on any of Class B1 Shares to secure contractual or legal obligations shall not be deemed as a sale, transfer, assignment or disposition under this clause (i) unless and until any such pledge, charge, encumbrance or other third party right is enforced and results in a third party, which is neither an Affiliate of such holder nor another holder of the same class of Shares or an Affiliate of such another holder, holding directly or indirectly beneficial ownership or voting power through voting proxy or otherwise to the related Class B1 Shares, in which case all the related Class B1 Shares shall be automatically converted into the same number of Class A Shares; or

(ii) any direct or indirect sale, transfer, assignment or disposition of a majority of the issued and voting securities of, or the direct or indirect transfer, or the direct or indirect sale, transfer, assignment or disposition of all or substantially all of the assets of, a holder of Class B1 Shares that is an entity to any person that is neither an Affiliate of such holder nor another holder of the same class of Shares or an Affiliate of such holder;

for the avoidance of doubt, the creation of any pledge, charge, encumbrance or other third party right of whatever description on the issued and outstanding voting securities or the assets of a holder of Class B1 Shares that is an entity to secure contractual or legal obligations

shall not be deemed as a sale, transfer, assignment or disposition under this clause (b) unless and until any such pledge, charge, encumbrance or other third party right is enforced and results in a third party, which is neither an Affiliate of such holder nor another holder of the same class of Shares or an Affiliate of such another holder, holding directly or indirectly beneficial ownership or voting power through voting proxy or otherwise to the related issued and outstanding voting securities or the assets.

(iii) If a holder of Class B1 Shares holds less than two percent (2%) of the issued Shares, all of the Class B1 Shares held by the relevant holder and its Affiliates shall automatically convert into an equivalent number of Class A Shares.

(c) Class B2 Shares shall automatically convert into Class A Shares at the Initial Conversion Ratio upon the occurrence of any of the following:

(i) any direct or indirect sale, transfer, assignment or disposition of such number of Class B2 Shares by the holder thereof or the direct or indirect transfer to any person that is neither an Affiliate of such holder nor another holder of the same class of Shares or an Affiliate of such another holder;

for the avoidance of doubt, the creation of any pledge, charge, encumbrance or other third party right of whatever description on any of Class B2 Shares to secure contractual or legal obligations shall not be deemed as a sale, transfer, assignment or disposition under this clause (i) unless and until any such pledge, charge, encumbrance or other third party right is enforced and results in a third party, which is neither an Affiliate of such holder nor another holder of the same class of Shares or an Affiliate of such another holder, holding directly or indirectly beneficial ownership or voting power through voting proxy or otherwise to the related Class B2 Shares, in which case all the related Class B2 Shares shall be automatically converted into the same number of Class A Shares; or

(ii) any direct or indirect sale, transfer, assignment or disposition of a majority of the issued and voting securities of, or the direct, or the direct or indirect sale, transfer, assignment or disposition of all or substantially all of the assets of, a holder of Class B2 Shares that is an entity to any person that is neither an Affiliate of such holder nor another holder of the same class of Shares or an Affiliate of such holder;

for the avoidance of doubt, the creation of any pledge, charge, encumbrance or other third party right of whatever description on the issued and outstanding voting securities or the assets of a holder of Class B2 Shares that is an entity to secure contractual or legal obligations shall not be deemed as a sale, transfer, assignment or disposition under this clause (b) unless and until any such pledge, charge, encumbrance or other third party right is enforced and results in a third party, which is neither an Affiliate of such holder nor another holder of the

same class of Shares or an Affiliate of such another holder, holding directly or indirectly beneficial ownership or voting power through voting proxy or otherwise to the related issued and outstanding voting securities or the assets.

(iii) If a holder of Class B2 Shares holds less than two percent (2%) of the issued Shares, all of the Class B2 Shares held by the relevant holder and its Affiliates shall automatically convert into an equivalent number of Class A Shares.

(d) The Initial Conversion Ratio shall be adjusted to account for any subdivision (by share split, subdivision, exchange, capitalisation, rights issue, reclassification, recapitalisation or otherwise) or combination (by reverse share split, share consolidation, exchange, reclassification, recapitalisation or otherwise) or similar reclassification or recapitalisation of the Class A Shares in issue into a greater or lesser number of shares occurring after the original filing of the Articles without a proportionate and corresponding subdivision, combination or similar reclassification or recapitalisation of the Class B1 Shares and Class B2 Shares in issue.

(e) Any conversion of Class B Shares into Class A Shares pursuant to these Articles shall be effected by means of the re-designation of each relevant Class B Share as a Class A Share. Such conversion shall become effective (i) in the case of any conversion effected pursuant to Article 6.3(a), forthwith upon the receipt by the Company of the written notice delivered to the Company as described therein (or at such later date as may be specified in such notice), or (ii) in the case of any automatic conversion effected pursuant to Article 6.3 (b) or Article 6.3(c), forthwith upon occurrence of the event specified therein which triggers such automatic conversion, and the Company shall make entries in the Register to record the re-designation of the relevant Class B Shares as Class A Shares at the relevant time.

(f) References in this Article to "converted", "conversion" or "exchange" shall mean the compulsory redemption without notice of Class B1 Shares or Class B2 Shares of any Member and, on behalf of such Members, automatic application of such redemption proceeds in paying for such new Class A Shares into which the Class B1 Shares and Class B2 Shares have been converted or exchanged at a price per Class B1 Share or Class B2 Share necessary to give effect to a conversion or exchange calculated on the basis that the Class A Shares to be issued as part of the conversion or exchange will be issued at par. The Class A Shares to be issued on an exchange or conversion shall be registered in the name of such Member or in such name as the Member may direct.

(g) Notwithstanding anything to the contrary in this Article, in no event may any Class B1 Share or Class B2 Share convert into Class A Shares at a ratio that is less than one-for-one.

(h) The Company shall at all times keep available out of its authorised but unissued Class A Shares solely for the purpose of effecting the conversion of the Class B Shares such number of its Class A Shares as shall from time to time be sufficient to effect the conversion of all issued Class B Shares, and if at any time the number of authorized but unissued Class A Shares shall not be sufficient to effect the

conversion of all then issued Class B Shares, in addition to such other remedies as shall be available to the holder of such Class B Shares, the Company and its Members will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued Class A Shares to such number of shares as shall be sufficient for such purposes.

(i) Class A Shares are not convertible into Class B Shares under any circumstances.

6.4 Other Special Rights

Save and except for voting rights and conversion rights as set out in this Article 6, Class A Shares, the Class B1 Shares and the Class B2 Shares shall rank *pari passu* with one another and shall have the same rights, preferences, privileges and restrictions.

7. REGISTER OF MEMBERS

7.1 Duty to establish and maintain a Register of Members

(a) The Directors shall cause the Company to keep at its Registered Office, or at any other place within or outside the Cayman Islands they think fit, the Register of Members (which, for the avoidance of doubt, comprises the Listed Share Register, the Unlisted Share Register and any branch register(s) maintained from time to time) in which shall be entered:

(i) the particulars of the Members;

(ii) the particulars of the Shares issued to each of them; and

(iii) other particulars required under the Companies Act and the Exchange Rules (as appropriate).

(b) If the recording complies with the Companies Act, the Exchange Rules and any other applicable law, the Listed Share Register may be kept by recording the particulars required under the Companies Act in a form otherwise than in a physically written form. However, to the extent the Listed Share Register is kept in a form otherwise than in a physically written form, it must be capable of being reproduced in a legible form.

7.2 Power to establish and maintain branch registers

(a) Subject to the Exchange Rules, the rules and regulations of the Relevant System and any other applicable laws, if the Directors consider it necessary or desirable, whether for administrative purposes or otherwise, they may cause the Company to establish and maintain a branch register or registers of members of such category or categories and at such location or locations within or outside the Cayman Islands as they think fit.

(b) The Company shall cause to be kept at the place where the Unlisted Share Register is kept, a duplicate

of any branch register duly entered up from time to time. Subject to this Article, with respect to a duplicate of any branch register:

(i) the Unlisted Shares registered in the branch register shall be distinguished from those registered in the Unlisted Share Register; and

(ii) no transaction with respect to any Unlisted Shares registered in a branch register shall, during the continuance of that registration, be registered in any other register.

(c) The Company may discontinue keeping any branch register and thereupon all entries in such branch register shall be transferred to another branch register kept by the Company or to the Unlisted Share Register.

8. CLOSING REGISTER OF MEMBERS AND FIXING RECORD DATE

8.1 Power of Directors to close the Register of Members

For the purpose of determining Members entitled to notice of, or to vote at any meeting of Members or any adjournment of a meeting, or Members entitled to receive payment of any dividend or distribution, or in order to make a determination of Members for any other proper purpose, the Directors may provide that the Register of Members shall be closed for transfers for a stated period which shall not in any case exceed thirty (30) days.

8.2 Power of Directors to fix a record date

In lieu of, or apart from, closing the Register of Members, the Directors may fix in advance or arrear a date as the record date for any such determination of Members entitled to notice of or to vote at a meeting of the Members, and for the purpose of determining the Members entitled to receive payment of any dividend or distribution, or in order to make a determination of Members for any other purpose.

8.3 Circumstances where Register of Members is not closed and no fixed record date

If the Register of Members is not closed and no record date is fixed for the determination of Members entitled to notice of, or to vote at, a meeting of Members or Members entitled to receive payment of a dividend or distribution, the date on which notice of the meeting is sent or the date on which the resolution of the Directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of Members. When a determination of Members entitled to vote at any meeting of Members has been made as provided in this Article, such determination shall apply to any adjournment of that meeting.

9. CERTIFICATED SHARES

9.1 Right to certificates

Subject to the Companies Act, the requirements of (to the extent applicable) the Exchange Rules and/or the Exchange, and these Articles, every person, upon becoming the holder of a certificated Share is entitled, without charge, to one certificate for all the certificated Shares of a Class in his name, or in the case of certificated Shares of more than one Class being registered in his name, to a separate certificate for each Class of Shares, unless the terms of issue of the Shares provide otherwise.

9.2 Form of share certificates

Share certificates, if any, shall be in such form as the Directors may determine and shall be signed by one or more Directors or other person authorised by the Directors. The Directors may authorise share certificates to be issued with the authorised signature(s) affixed by mechanical process. All share certificates shall be consecutively numbered or otherwise identified and shall specify the number and Class of Shares to which they relate and the amount paid up thereon or the fact that they are fully paid, as the case may be. All share certificates surrendered to the Company for transfer shall be cancelled and subject to these Articles no new certificate shall be issued until the former certificate evidencing a like number of relevant Shares shall have been surrendered and cancelled. Where only some of the certificated Shares evidenced by a share certificate are transferred, the old certificate shall be surrendered and cancelled and a new certificate for the balance of the certificated Shares shall be issued in lieu without charge.

9.3 Certificates for jointly-held Shares

If the Company issues a share certificate in respect of certificated Shares held jointly by more than one person, delivery of a single share certificate to one joint holder shall be a sufficient delivery to all of them.

9.4 Replacement of share certificates

If a share certificate is defaced, worn-out or alleged to have been lost, stolen or destroyed, a new share certificate shall be issued on the payment of such expenses reasonably incurred by the Company and the person requiring the new share certificate shall first surrender the defaced or worn-out share certificate or give such evidence of the loss, theft or destruction of the share certificate and such indemnity to the Company as the Directors may require.

10. UNCERTIFICATED SHARES

10.1 Uncertificated Shares held by means of a Relevant System

(a) The Directors may permit Shares to be held in uncertificated form and shall have power to implement such arrangements as they may, in their absolute discretion, think fit in order for any Class of Shares

to be transferred by means of a Relevant System of holding and transferring Shares (subject always to any applicable law and the requirements of the Relevant System concerned).

(b) (For the purpose of this Article 10, the expression "Shares", where the context permits, also includes Interests in such Shares).

10.2 Disapplication of inconsistent Articles

Where the arrangements described in this Article 10 are implemented, no provision of these Articles shall apply or have effect to the extent that it is in any respect inconsistent with:

(a) the holding of Shares of that Class in uncertificated form; and

(b) the facilities and requirements of the Relevant System.

10.3 Arrangements for uncertificated Shares

Notwithstanding anything contained in these Articles (but subject always to the Companies Act, any other applicable laws and regulations and the facilities and requirements of any Relevant System):

(a) unless the Directors otherwise determine, Shares held by the same holder or joint holder in certificated form and uncertificated form shall be treated as separate holdings;

(b) conversion of Shares held in certificated form into Shares held in uncertificated form, and vice versa, may be made in such a manner as the Directors may in their absolute discretion think fit and in accordance with applicable regulations;

(c) shares may be changed from uncertificated to certificated form, and from certificated to uncertificated form, in such manner as the Directors may in their absolute discretion, think fit;

(d) Article 14.2 shall not apply in respect of Shares recorded on the Register of Members as being held in uncertificated form to the extent that Article 14.2 requires or contemplates the effecting of a transfer by an instrument in writing and the production of a certificate for the Share to be transferred;

(e) a Class of Share shall not be treated as two Classes by virtue only of that Class comprising both certificated and uncertificated Shares or as a result of any provision of these Articles or any other applicable law or regulation which applies only in respect of certificated and uncertificated Shares;

(f) where the Company is entitled under applicable law or these Articles to sell, transfer or otherwise dispose of, redeem, repurchase, re-allot, accept the surrender of, forfeit or enforce a lien over, a Share in the Company, the Directors shall, subject to such applicable laws, these Articles and the facilities and requirements of the Relevant System be entitled (without limitation):

(i) to require the holder of that Share by notice to convert that Share into certificated form within the period specified in the notice and to hold that Share in certificated form so long as required by the Company;

(ii) to require the operator of the Relevant System to convert that Share into certificated form;

(iii) to require the holder of that Share by notice to give any instructions necessary to transfer title to that Share by means of the Relevant System within the period specified in the notice;

(iv) to require the holder of that Share by notice to appoint any person to take any step, including without limitation the giving of any instructions by means of the Relevant System, necessary to transfer that Share within the period specified in the notice;

(v) to take any other action that the Directors consider necessary or expedient to achieve the sale, transfer, disposal, re-allotment, forfeiture or surrender of that Share or otherwise to enforce a lien in respect of that Share;

(vi) to require the deletion of any entries in the Relevant System reflecting the holding of such Share in uncertificated form; and

(vii) to require the operator of the Relevant System to alter the entries in the Relevant System so as to divest the holder of the relevant Share of the power to transfer such Share other than to a person selected or approved by the Directors for the purposes of such transfer.

(g) Article 9 shall not apply so as to require the Company to issue a certificate to any person holding Shares in uncertificated form.

11. DEPOSITORY INTERESTS

11.1 Depository Interests held by means of a Relevant System

The Directors may permit Shares of any Class to be represented by Depository Interests and to be transferred or otherwise dealt with by means of a Relevant System and may revoke any such permission.

11.2 Disapplication of inconsistent Articles

Where the arrangements described in this Article 11 are implemented, no provision of these Articles shall apply or have effect to the extent that it is in any respect inconsistent with:

(a) the holding of Depository Interests; and

(b) the facilities and requirements of the Relevant System.

11.3 Arrangements for Depository Interests

(a) The Directors may make such arrangements or regulations (if any) as they may from time to time in their absolute discretion think fit in relation to the evidencing, issue and transfer of Depository Interests and otherwise for the purpose of implementing and/or supplementing the provisions of this Article 11 and the Exchange Rules and the facilities and requirements of the Relevant System.

(b) The Company may use the Relevant System in which any Depository Interests are held to the fullest extent available from time to time in the exercise of any of its powers or functions under the Companies Act, the Exchange Rules or these Articles or otherwise in effecting any actions.

(c) For the purpose of effecting any action by the Company, the Directors may determine that Depository Interests held by a person shall be treated as a separate holding from certificated Shares held by that person.

11.4 Not separate Class

Shares in a particular Class shall not form a separate Class of Shares from other Shares in that Class because they are dealt with as Depository Interests.

11.5 Power of sale

(a) Where the Company is entitled under applicable law or these Articles to sell, transfer or otherwise dispose of, redeem, repurchase, re-allot, accept the surrender of, forfeit or enforce a lien over, any Share represented by a Depository Interest, the Directors shall, subject to such applicable laws, these Articles and the facilities and requirements of the Relevant System be entitled (without limitation):

(b) to require the holder of that Depository Interest by notice to convert that Share represented by the Depository Interest into certificated form within the period specified in the notice and to hold that Share in certificated form so long as required by the Company;

(c) to require the holder of that Depository Interest by notice to give any instructions necessary to transfer title to that Share by means of the Relevant System within the period specified in the notice;

(d) to require the holder of that Depository Interest by notice to appoint any person to take any step, including without limitation the giving of any instructions by means of the Relevant System, necessary to transfer that Share within the period specified in the notice; and

(e) to take any other action that the Directors consider necessary or expedient to achieve the sale, transfer, disposal, re-allotment, forfeiture or surrender of that Share or otherwise to enforce a lien in respect of that Share.

12. CALLS ON SHARES

12.1 Calls, how made

(a) Subject to the terms on which Shares are allotted, the Directors may make calls on the Members (and any persons entitled by transmission) in respect of any amounts unpaid on their Shares (whether in respect of nominal value or premium or otherwise) and not payable on a date fixed by or in accordance with the allotment terms. Each such Member or other person shall pay to the Company the amount called, subject to receiving at least fourteen (14) clear days' notice specifying when and where the payment is to be made, as required by such notice.

(b) A call may be made payable by instalments. A call shall be deemed to have been made when the resolution of the Directors authorising it is passed. A call may, before the Company's receipt of any amount due under it, be revoked or postponed in whole or in part as the Directors may decide. A person upon whom a call is made will remain liable for calls made on him notwithstanding the subsequent transfer of the Shares in respect of which the call was made.

12.2 Liability of joint holders

The joint holders of a Share shall be jointly and severally liable to pay all calls in respect of it.

12.3 Interest

If the whole of the sum payable in respect of any call is not paid by the day it becomes due and payable, the person from whom it is due shall pay all costs, charges and expenses that the Company may have incurred by reason of such non-payment, together with interest on the unpaid amount from the day it became due and payable until it is paid at the rate fixed by the terms of the allotment of the Share or in the notice of the call or, if no rate is fixed, at such rate as the Directors shall determine. The Directors may waive payment of such costs, charges, expenses or interest in whole or in part.

12.4 Differentiation

Subject to the allotment terms, the Directors may make arrangements on or before the issue of Shares to differentiate between the holders of Shares in the amounts and times of payment of calls on their Shares.

12.5 Payment in advance of calls

(a) The Directors may receive from any Member (or any person entitled by transmission) all or any part of the amount uncalled and unpaid on the Shares held by him (or to which he is entitled). The liability of each such Member or other person on the Shares to which such payment relates shall be reduced by such amount. The Company may pay interest on such amount from the time of receipt until the time when such amount would, but for such advance, have become due and payable at such rate as the

Directors may decide.

(b) No sum paid up on a Share in advance of a call shall entitle the holder to any portion of a dividend subsequently declared or paid in respect of any period prior to the date on which such sum would, but for such payment, become due and payable.

12.6 Restrictions if calls unpaid

Unless the Directors decide otherwise, no Member shall be entitled to receive any dividend or to be present or vote at any meeting or to exercise any right or privilege as a Member until he has paid all calls due and payable on every Share held by him, whether alone or jointly with any other person, together with interest and expenses (if any) to the Company.

12.7 Sums due on allotment treated as calls

Any sum payable in respect of a Share on allotment or at any fixed date, whether in respect of the nominal value of the Share or by way of premium or otherwise or as an instalment of a call, shall be deemed to be a call. If such sum is not paid, these Articles shall apply as if it had become due and payable by virtue of a call.

13. FORFEITURE OF SHARES

13.1 Forfeiture after notice of unpaid call

(a) If a call or an instalment of a call remains unpaid after it has become due and payable, the Directors may give to the person from whom it is due not less than fourteen (14) days' notice requiring payment of the amount unpaid together with any interest which may have accrued and any costs, charges and expenses that the Company may have incurred by reason of such non-payment. The notice shall state the place where payment is to be made and that if the notice is not complied with the Shares in respect of which the call was made will be liable to be forfeited. If the notice is not complied with, any Shares in respect of which it was given may, before the payment required by the notice has been made, be forfeited by a resolution of the Directors. The forfeiture will include all dividends and other amounts payable in respect of the forfeited Shares which have not been paid before the forfeiture.

(b) The Directors may accept the surrender of a Share which is liable to be forfeited in accordance with these Articles. All provisions in these Articles which apply to the forfeiture of a Share also apply to the surrender of a Share.

13.2 Notice after forfeiture

When a Share has been forfeited, the Company shall give notice of the forfeiture to the person who was before forfeiture the holder of the Share or the person entitled by transmission to the Share. An entry that such notice

has been given and of the fact and date of forfeiture shall be made in the Register of Members. Notwithstanding the above, no forfeiture will be invalidated by any omission to give such notice or make such entry.

13.3 Consequences of forfeiture

(a) A Share shall, on its forfeiture, become the property of the Company.

(b) All interest in and all claims and demands against the Company in respect of a Share and all other rights and liabilities incidental to the Share as between its holder and the Company shall, on its forfeiture, be extinguished and terminate except as otherwise stated in these Articles.

(c) The holder of a Share (or the person entitled to it by transmission) which is forfeited shall:

(i) on its forfeiture cease to be a Member (or a person entitled) in respect of it;

(ii) if a certificated Share, surrender to the Company for cancellation the share certificate for the Share;

(iii) remain liable to pay to the Company all monies payable in respect of the Share at the time of forfeiture, with interest from such time of forfeiture until the time of payment, in the same manner in all respects as if the Share had not been forfeited; and

(iv) remain liable to satisfy all (if any) claims and demands which the Company might have enforced in respect of the Share at the time of forfeiture without any deduction or allowance for the value of the Share at the time of forfeiture or for any consideration received on its disposal.

13.4 Disposal of forfeited Share

(a) A forfeited Share may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the Directors may decide either to the person who was before the forfeiture the holder or to any other person. At any time before the disposal, the forfeiture may be cancelled on such terms as the Directors may decide. Where for the purpose of its disposal a forfeited Share is to be transferred to any transferee, the Directors may:

(i) in the case of certificated Shares, authorise a person to execute an instrument of transfer of Shares in the name and on behalf of their holder to the purchaser or as the purchaser may direct;

(ii) in the case of uncertificated Shares, exercise any power conferred on them by Article 10.3(f) to effect a transfer of the Shares; and

(iii) if the Share is represented by a Depository Interest, exercise any of the Company's powers

under Article 11.5 to effect the sale of the Share to, or in accordance with the directions of, the buyer.

(b) The purchaser will not be bound to see to the application of the purchase monies in respect of any such sale. The title of the transferee to the Shares will not be affected by any irregularity in or invalidity of the proceedings connected with the sale or transfer. Any instrument or exercise referred to at paragraph (a) of this Article shall be effective as if it had been executed or exercised by the holder of, or the person entitled by transmission to, the Shares to which it relates.

13.5 Proof of forfeiture

A statutory declaration by a Director or any other officer that a Share has been forfeited on a specified date shall be conclusive evidence of the facts stated in it against all persons claiming to be entitled to the Share. The declaration shall (subject to the execution of any necessary instrument of transfer) constitute good title to the Share. The person to whom the Share is disposed of shall not be bound to see to the application of the consideration (if any) given for it on such disposal. His title to the Share will not be affected by any irregularity in, or invalidity of, the proceedings connected with the forfeiture or disposal.

14. TRANSFER OF SHARES

14.1 Form of transfer

Subject to these Articles, a Member may transfer all or any of his Shares:

(a) in the case of certificated Shares, by an instrument of transfer in writing in any usual form or in another form approved by the Directors or prescribed by the Exchange, which must be executed by or on behalf of the transferor and (in the case of a transfer of a Share which is not fully paid) by or on behalf of the transferee; or

(b) in the case of uncertificated Shares, without a written instrument in accordance with the rules or regulations of any Relevant System in which the Shares are held, or may be by an instrument of transfer in the usual or common form or any other form approved by the Directors.

14.2 Registration of Share transfer

(a) Subject to these Articles, the Directors may, in their absolute discretion and without giving a reason, refuse to register the transfer of a Share unless:

(i) it is in respect of a Share which is fully paid;

(ii) it is in respect of a Share on which the Company has no lien;

(iii) the instrument of transfer is lodged with the Company, accompanied by the certificate for the

ordinary shares (if any) to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;

(iv) it is in respect of only one class of ordinary shares;

(v) it is properly stamped, if required;

(vi) 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

(vii) fee of such maximum sum as the Exchange may determine to be payable or such lesser sum as the Directors may from time to time require is paid to the Company in respect thereof.

(b) If the Directors refuse to register a transfer pursuant to this Article, they shall, within three (3) months after the date on which the transfer was delivered to the Company, send notice of the refusal to the transferee and the transferor. An instrument of transfer which the Directors refuse to register shall (except in the case of suspected fraud) be returned to the person delivering it. All instruments of transfer which are registered may, subject to these Articles, be retained by the Company.

(c) The registration of transfers may, after compliance with any notice required of the Exchange, be suspended at such times and for such periods as the Directors may from time to time determine, provided, however, that the registration of transfers shall not be suspended for more than 30 days in any year as the Directors may determine.

14.3 Transfers of Depository Interests

(a) The Company may register the transfer of any Shares represented by Depository Interests in accordance with the rules or regulations of the Relevant System and any other applicable laws and regulations.

(b) Where permitted by the rules or regulations of the Relevant System and any other applicable laws and regulations, the Directors may, in their absolute discretion and without giving any reason for their decision, refuse to register any transfer of any Share represented by a Depository Interest.

14.4 No fee on registration

No fee shall be charged for the registration of a transfer of a Share or other document relating to or affecting the title to any Share.

14.5 Renunciations of Shares

Nothing in these Articles shall preclude the Directors from recognising the renunciation of any Share by the allottee thereof in favour of some other person.

14.6 Enforceability of and interpretation/administration of this Article

(a) If any provision of this Article 14 or any part of such provision is held under any circumstances to be invalid or unenforceable in any jurisdiction, then:

(i) the invalidity of unenforceability of such provision shall not affect the validity or enforceability of such provision or part thereof under any other circumstances or in any other jurisdiction; and

(ii) the invalidity or unenforceability of such provision or part thereof shall not affect the validity or enforceability of the remainder of such provision or the validity or enforceability of any other provision of these Articles.

(b) The Directors shall have the exclusive power and authority to administer and interpret the provisions of this Article 14 and to exercise all rights and powers specifically granted the Directors and the Company or as may be necessary or advisable in the administration of this Article 14. All such actions, calculations, determinations and interpretations which are done or made by the Directors in good faith shall be final, conclusive, and binding on the Company and the beneficial and registered owners of the Shares and shall not subject the Directors to any liability.

14.7 No transfers to an infant etc

No transfer shall be made to an infant or to a person of whom an order has been made by competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs or under other legal disability.

14.8 Effect of registration

The transferor shall be deemed to remain the holder of the Share transferred until the name of the transferee is entered in the Register of Members in respect of that Share.

15. TRANSMISSION OF SHARES

15.1 Transmission of Shares

If a Member dies, becomes bankrupt, commences liquidation or is dissolved, the only person that the Company will recognise as having any title to, or interest in, that Member's Share (other than the Member) are:

(a) if the deceased Member was a joint holder, the survivor;

(b) if the deceased Member was a sole or the only surviving holder, the personal representative of that Member; or

(c) any trustee in bankruptcy or other person succeeding to the Member's interest by operation of law,

but nothing in these Articles releases the estate of a deceased Member, or any other successor by operation of law, from any liability in respect of any Share held by that Member solely or jointly.

15.2 Election by persons entitled on transmission

Any person becoming entitled to a Share as a result of the death, bankruptcy, liquidation or dissolution of a Member (or in any other way than by transfer) may, upon such evidence being produced as may from time to time be required by the Directors, elect either to become registered as the holder of the Share or nominate another person to be registered as the holder of that Share. If he elects to be registered as the holder of the Share himself, he shall give written notice to the Company to that effect. If he elects to have some other person registered as the holder of the Share, he shall:

(a) in the case of a certificated Share, execute an instrument of transfer of such Share to such person;

(b) in the case of an uncertificated Share, either:

(i) procure that all the appropriate instructions are given by means of the Relevant System to effect the transfer of such Share to such person; or

(ii) change the uncertificated Share to certified form and then execute a transfer of such Share to such person; and

(c) in the case of a Share represented by a Depository Interest, take any action the Directors may require (including, without limitation, the execution of any document and the giving of any instruction by means of the Relevant System) to effect the transfer of the Share to that person.

15.3 Rights of persons entitled by transmission

A person becoming entitled to a Share by reason of the death, bankruptcy, liquidation or dissolution of a Member (or in any other case than by transfer) shall be entitled to the same Dividends and other rights to which he would be entitled if he were the registered holder of the Share. However, the person shall not, before being registered as a Member in respect of the Share, be entitled in respect of it to attend or vote at any meeting of the Company and the Directors may at any time give notice requiring any such person to elect either to be registered himself or to have some person nominated by him registered as the holder (and the Directors shall, in either case, have the same right to refuse registration as they would have had in the case of a transfer of the Share by that Member before his death, bankruptcy, liquidation or dissolution, as the case may be). If the notice is not complied with within ninety (90) days the Directors may withhold payment of all Dividends, bonuses or other monies payable in respect of the Share until the requirements of the notice have been complied with.

16. REDEMPTION, PURCHASE AND SURRENDER OF SHARES

16.1 Subject to the Companies Act, the Memorandum, these Articles, the Exchange Rules (where applicable) and any rights conferred on the holders of any Shares or attaching to any Class of Shares, the Company may:

(a) issue Shares on terms that they are to be redeemed or are liable to be redeemed at the option of one or both of the Company or the Member on such terms and in such manner as the Directors may determine before the issue of the Shares;

(b) purchase, or enter into a contract under which it will or may repurchase, any of its own Shares of any Class (including any redeemable Shares) on such terms and in such manner as the Directors may determine or agree with the Member;

(c) make a payment in respect of the redemption or purchase of its own Shares in any manner authorised by the Companies Act, including out of capital; and

(d) accept the surrender for no consideration of any paid up Share (including any redeemable Share) on such terms and in such manner as the Directors may determine.

16.2 Any Share in respect of which notice of redemption has been given shall not be entitled to participate in the profits of the Company in respect of the period after the date specified as the date of redemption in the notice of redemption.

16.3 The redemption or purchase of any Share shall not be deemed to give rise to the redemption or purchase of any other Share.

16.4 The holder of the Shares being purchased shall be bound to deliver up to the Company the certificate(s) (if any) thereof for cancellation and thereupon the Company shall pay to him the purchase or redemption monies or consideration in respect thereof.

16.5 The Directors may when making payments in respect of the redemption or purchase of Shares, if authorised by the terms of issue of the Shares being redeemed or purchased or with the agreement of the holder of such Shares, make such payment either in cash or in specie. The Directors may accept the surrender for no consideration of any fully paid Share.

16.6 The Directors may hold any repurchased, redeemed or surrendered Shares as Treasury Shares in accordance

with the provisions of the Companies Act and these Articles.

17. FINANCIAL ASSISTANCE

Any financial assistance given by the Company in connection with a purchase made or to be made by any person of any Shares or Interests in Shares in the Company shall only be made in accordance with the Companies Act, applicable law and the Exchange Rules (where applicable).

18. REGISTRATION OF EMPOWERING INSTRUMENTS

The Company shall be entitled to charge a fee not exceeding one U.S. dollar (US$1.00) on the registration of every probate, letters of administration, certificate of death or marriage, power of attorney, notice in lieu of distringas, or other instrument.

19. CLASS RIGHTS AND CLASS MEETINGS

19.1 Variation of class rights

Subject to the Companies Act, if at any time the share capital of the Company is divided into different Classes of Shares, all or any of the rights attached to any Class of Shares may be varied in such manner as those rights may provide or, if no such provision is made either:

(a) with the consent in writing of holders of two-thirds holders of the issued Shares of that Class, or

(b) with the sanction of a resolution passed at a separate meeting of the holders of the Shares of that Class by a two-thirds majority of the holders of the Shares of that Class present and voting at such meeting (whether in person or by proxy).

19.2 Treatment of classes of Shares by Directors

The Directors may treat two or more or all of the Classes of Shares as forming one class of Shares if the Directors consider that such Classes of Shares would be affected by the proposed variation in the same way.

19.3 Effect of Share issue on class rights

The rights attached to any Class of Shares are not taken to be varied by:

(a) the creation or issue of further Shares ranking equally with them unless expressly provided by the terms of the issue of the Shares of that Class; or

(b) the reduction of capital paid up on such Shares or by the repurchase, redemption or surrender of any Shares in accordance with the Companies Act and these Articles.

19.4 Class meetings

The provisions of these Articles relating to general meetings of the Company shall apply mutatis mutandis to any Class meeting, except that (i) the quorum shall be one or more Members that together hold at least one-third of the Shares of that Class and (ii) subject to Article 19.1, no separate class meeting shall be required to be held to facilitate the votes of the holders of a Class B Share at a general meeting (including for the purpose of passing an Ordinary Resolution or a Special Resolution).

20. NO RECOGNITION OF TRUSTS OR THIRD PARTY INTERESTS

Except as otherwise expressly provided by these Articles or as required by law or as ordered by a court of competent jurisdiction, the Company:

(a) is not required to recognise a person as holding any Share on any trust, even if the Company has notice of the trust; and

(b) is not required to recognise, and is not bound by, any interest in or claim to any Share, except for the registered holder's absolute legal ownership of the Share, even if the Company has notice of that interest or claim.

21. LIEN ON SHARES

21.1 Lien on Shares generally

The Company shall have a first and paramount lien on all Shares registered in the name of a Member (whether solely or jointly with others). The Company's lien on a Share extends to any amount payable in respect of it, including but not limited to dividends. The Company's lien on a Share is released if a transfer of that Share is registered.

21.2 Enforcement of lien by sale

The Company may sell, on such terms and in such manner as the Directors think fit, any Share on which the Company has a lien, if a sum in respect of which the lien exists is presently payable, and is not paid within fourteen (14) clear days after notice has been given by the Company to the holder of the Share (or to any other person entitled by transmission to the Shares) demanding payment of that amount and giving notice of intention to sell the Share if such payment is not made.

21.3 Completion of sale under lien

(a) To give effect to a sale of Shares under a lien the Directors may:

(i) in the case of certificated Shares, authorise any person to execute an instrument of transfer in respect of the Shares to be sold to, or in accordance with the directions of, the relevant

purchaser;

(ii) in the case of uncertificated Shares, exercise any power conferred on them by Article 10.3(f) to effect a transfer of Shares; and

(iii) if the Shares are represented by a Depository Interest, exercise any of the Company's powers under Article 11.5 to effect the sale of such Shares to, or in accordance with the directions of the purchaser.

(b) The purchaser or his nominee shall be registered as the holder of the Shares comprised in any such transfer, and he shall not be bound to see to the application of any consideration provided for the Shares, nor will the purchaser's title to the Shares be affected by any irregularity or invalidity in connection with the sale or the exercise of the Company's power of sale under these Articles.

21.4 Application of proceeds of sale

The net proceeds of a sale made under a lien after payment of costs, shall be applied in payment of such part of the amount in respect of which the lien exists as is presently payable and any balance shall (subject to a like lien for sums not presently payable as existed upon the Shares before the sale) be paid to the person who was entitled to the Shares immediately prior to the sale.

22. UNTRACED MEMBERS

22.1 Sale of Shares

(a) The Company may sell at the best price reasonably obtainable any Share of a Member, or any Share to which a person is entitled by transmission, if:

(i) during the period of six (6) years prior to the date of the publication of the advertisements referred to in this paragraph (a) (or, if published on different dates, the earlier or earliest of them):

(A) no cheque, warrant or money order in respect of such Share sent by or on behalf of the Company to the Member or to the person entitled by transmission to the Share, at his address in the Register of Members or other address last known to the Company has been cashed; and

(B) no cash dividend payable on the Shares has been satisfied by the transfer of funds to a bank account of the Member (or person entitled by transmission to the share) or by transfer of funds by means of the Relevant System, and the Company has received no communication (whether in writing or otherwise) in respect of such Share from such Member or person, provided that during such six year period the Company has

paid at least three cash dividends (whether interim or final) in respect of Shares of the Class in question and no such dividend has been claimed by the person entitled to such Share;

(ii) on or after the expiry of such six year period the Company has given notice of its intention to sell such Share by advertisements in a national newspaper published in the country in which the Registered Office is located and in a newspaper circulating in the area in which the address in the Register of Members or other last known address of the member or the person entitled by transmission to the Share or the address for the service of notices on such member or person notified to the Company in accordance with these Articles is located;

(iii) such advertisements, if not published on the same day, are published within thirty (30) days of each other;

(iv) during a further period of three months following the date of publication of such advertisements (or, if published on different dates, the date on which the requirements of this paragraph (a) concerning the publication of newspaper advertisements are met) and prior to the sale the Company has not received any communication (whether in writing or otherwise) in respect of such Share from the Member or person entitled by transmission.

(b) If during such six year period, or during any subsequent period ending on the date when all the requirements of paragraph (a) of this Article have been met in respect of any Shares, any additional Shares have been issued in respect of those held at the beginning of, or previously so issued during, any such subsequent period and all the requirements of paragraph (a) of this Article have been satisfied with regard to such additional Shares, the Company may also sell the additional Shares.

(c) To give effect to a sale pursuant to paragraph (a) or paragraph (b) of this Article, the Directors may:

(i) in the case of certificated Shares, authorise a person to execute an instrument of transfer of Shares in the name and on behalf of the holder of, or the person entitled by transmission to, them to the purchaser or as the purchaser may direct;

(ii) in the case of uncertificated Shares, exercise any power conferred on them by Article 10.3(f) to effect a transfer of the Shares; and

(iii) if the Share is represented by a Depository Interest, exercise any of the Company's powers under Article 11.5 to effect the sale of the Share to, or in accordance with the directions of, the purchaser.

(d) The purchaser will not be bound to see to the application of the purchase monies in respect of any such sale. The title of the transferee to the Shares will not be affected by any irregularity in or invalidity of the proceedings connected with the sale or transfer. Any instrument or exercise referred to at

paragraph (c) of this Article shall be effective as if it had been executed or exercised by the holder of, or the person entitled by transmission to, the Shares to which it relates.

22.2 Application of sale proceeds

The Company shall account to the Member or other person entitled to such Share for the net proceeds of such sale by carrying all monies in respect of the sale to a separate account. The Company shall be deemed to be a debtor to, and not a trustee for, such Member or other person in respect of such monies. Monies carried to such separate account may either be employed in the business of the Company or invested as the Directors may think fit. No interest shall be payable to such Member or other person in respect of such monies and the Company shall not be required to account for any money earned on them.

23. ALTERATION OF SHARE CAPITAL

23.1 Increase, consolidation, subdivision and cancellation

(a) The Company may by Ordinary Resolution:

(i) increase its share capital by such sum, to be divided into Shares of such Classes and amounts as the resolution shall prescribe;

(ii) consolidate, or consolidate and divide all or any of its share capital into Shares of a larger amount than its existing Shares;

(iii) subdivide its Shares, or any of them, into Shares of a smaller amount than is fixed by the Memorandum; and

(iv) 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 its share capital by the amount of the Shares so cancelled.

(b) All new Shares created in accordance with the provisions of this Article shall be subject to the same provisions of these Articles with reference to liens, transfer, transmission and otherwise as the Shares in the original share capital.

23.2 Dealing with fractions resulting from consolidation or subdivision of Shares

(a) Whenever, as a result of a consolidation or subdivision of Shares, any Members would become entitled to fractions of a Share the Directors may on behalf of those Members deal with the fractions as they think fit, including (without limitation):

(i) selling the Shares representing the fractions for the best price reasonably obtainable to any person (including, subject to the provisions of the Companies Act, the Company); and

(ii) distributing the net proceeds in due proportion among those Members (except that if the amount due to a person is less than US$5.00, or such other sum as the Directors may decide, the Company may retain such sum for its own benefit).

(b) For the purposes of this Article, the Directors may:

(i) in the case of certificated Shares, authorise some person to execute an instrument of transfer of the Shares to, or in accordance with the directions of, the purchaser;

(ii) in the case of uncertificated Shares, exercise any power conferred on it by Article 10.3(f) to effect a transfer of the Shares; and

(iii) if the Share is represented by a Depository Interest, exercise any of the Company's powers under Article 11.5 to effect the sale of the Share to, or in accordance with the directions of, the purchaser.

(c) The transferee shall not be bound to see to the application of the purchase money nor shall the transferee's title to the Shares be affected by any irregularity in, or invalidity of, the proceedings in respect of any sale undertaken pursuant to this Article.

23.3 Reduction of Share Capital

Subject to the provisions of the Companies Act and to any rights attached to any Shares, the Company may by Special Resolution reduce its share capital, any capital redemption reserve, any share premium account or any other undistributable reserve in any way.

24. GENERAL MEETINGS

24.1 Annual general meetings and general meetings

(a) The Company may, but shall not be obliged to, hold an annual general meeting in each calendar year, which shall be convened by the Directors, in accordance with these Articles and held at such time and place as may be determined by the Directors.

(b) All general meetings other than annual general meetings shall be called general meetings.

24.2 Convening of general meetings

The Directors may convene a general meeting of the Company whenever the Directors think fit, and must do so if required to do so pursuant to a valid Members' requisition. The Company may (but shall not be obliged to) in each calendar year hold a general meeting as its annual general meeting and shall specify the meeting as such in the notices calling it. At these meetings the report of the Directors (if any) shall be presented. The annual general meeting shall be held at such time and place as may be determined by the Directors. The Chairman of

a majority of the Directors may call general meetings, and they shall on a Members' requisition forthwith proceed to convene a general meeting of the Company.

24.3 Members' requisition

A Members' requisition is a requisition of Members of the Company holding, at the date of deposit of the requisition at the Registered Office, not less than one-third of all votes attaching to the issued Shares in the Company entitled to vote at the general meeting.

24.4 Requirements of Members' requisition

(a) The requisition must state the objects of the general meeting and must be signed by the requisitionists and deposited at the Registered Office, and may consist of several documents in like form each signed by one or more requisitionists.

(b) If the Directors do not within twenty-one (21) days from the date of the deposit of the requisition duly proceed to convene a general meeting to be held within a further twenty-one (21) days, the requisitionists, or any of them representing a majority of the total voting rights of all of them, may themselves convene a general meeting of the Company, but any meeting so convened shall not be held after the expiration of three months after the expiration of such twenty-one (21) day period.

(c) A general meeting convened in accordance with this Article by requisitionists shall be convened (insofar as is possible) in the same manner as that in which general meetings are to be convened by Directors.

25. NOTICE OF GENERAL MEETINGS

25.1 Length and form of notice and persons to whom notice must be given

(a) At least seven (7) calendar days' notice shall be given of any annual general meeting or general meeting of the Company.

(b) Subject to the Companies Act and notwithstanding that it is convened by shorter notice than that specified in paragraph (a) of this Article, a general meeting shall be deemed to have been duly convened if it is so agreed:

(i) in the case of an annual general meeting, by all the Members (or their proxies) entitled to attend and vote thereat; and

(ii) in the case of a general meeting, by a majority of the Members having a right to attend and vote at the meeting and Present at the meeting.

(c) The notice of meeting shall specify:

(i) whether the meeting is an annual general meeting or a general meeting;

(ii) the place, the day and the time of the meeting;

(iii) subject to the requirements of (to the extent applicable) the Exchange Rules and/or the Exchange, the general nature of the business to be transacted;

(iv) if the meeting is convened to consider a Special Resolution, the intention to propose the resolution as such; and

(v) with reasonable prominence, that a Member entitled to attend and vote is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him and that a proxy need not also be a Member.

(d) The notice of meeting:

(i) shall be given to the Members (other than a Member who, under these Articles or any restrictions imposed on any Shares, is not entitled to receive notice from the Company), to each Director and alternate Director, to the Auditor and to such other persons as may be required by the Exchange Rules and/or the Exchange; and

(ii) may specify a time by which a person must be entered on the Register of Members in order for such person to have the right to attend or vote at the meeting.

(e) The Directors may determine that the Members entitled to receive notice of a meeting are those persons entered on the Register of Members at the close of business on a day determined by the Directors.

25.2 Omission or non-receipt of notice or instrument of proxy

The accidental omission to send or give notice of meeting or, in cases where it is intended that it be sent out or given with the notice, an instrument of proxy or other document to, or the non-receipt of any such item by, any person entitled to receive such notice shall not invalidate the proceedings at that meeting.

26. PROCEEDINGS AT GENERAL MEETINGS

26.1 Requirement and number for a quorum

No business may be transacted at a general meeting unless a quorum is present. A quorum is those Members present in person or by proxy or by a duly authorised representative holding shares entitled to vote on the business to be transacted which represent not less than one-third of all votes, unless the Company has only one Member in which case that Member alone constitutes a quorum The absence of a quorum will not prevent the

appointment of a chairman of the meeting. Such appointment shall not be treated as being part of the business of the meeting.

26.2 General meetings by telephone or other communications device

A general meeting may be held by means of any telephone, electronic or other communications facilities that permit all persons in the meeting to communicate with each other and participation in such a meeting shall constitute presence in person at such meeting. Unless otherwise determined by resolution of the Members present, the meeting shall be deemed to be held at the place where the chairman is physically present.

26.3 Adjournment if quorum not present

If within thirty (30) minutes after the time appointed for a general meeting a quorum is not present (or if during such a meeting a quorum ceases to be present), the meeting:

(a) if convened upon the requisition of Members, shall be dissolved; and

(b) in any other case, stands adjourned to the same day in the next week at the same time and place or to such other day, time and place as the Directors may determine, and if at the adjourned meeting a quorum is not present within thirty (30) minutes from the time appointed for the meeting the Members present shall be a quorum.

26.4 Appointment of chairman of general meeting

(a) If the Directors have elected one of their number as chairman of their meetings that person shall preside as chairman at every general meeting of the Company. If there is no such chairman, or if the elected chairman is not present within fifteen (15) minutes after the time appointed for the holding of the meeting, or is unable or unwilling to act, the Directors present shall elect one of their number to be chairman of the meeting.

(b) If no Director is willing to act as chairman or if no Director is present within fifteen (15) minutes after the time appointed for holding the meeting, the Members present shall choose one of their number to be chairman of the meeting.

26.5 Orderly conduct

The chairman shall take such action or give directions for such action to be taken as he thinks fit to promote the orderly conduct of the business of the meeting. The chairman's decision on points of order, matters of procedure or arising incidentally from the business of the meeting shall be final as shall be his determination as to whether any point or matter is of such a nature.

26.6 Entitlement to attend and speak

Each Director shall be entitled to attend and speak at any general meeting of the Company. The chairman may invite any person to attend and speak at any general meeting of the Company where he considers that this will assist in the deliberations of the meeting.

26.7 Adjournment of general meeting

The chairman may, with the consent of a meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a general meeting is adjourned for fourteen (14) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Otherwise it shall not be necessary to give any such notice.

26.8 Voting on a poll

At any general meeting a resolution put to the vote of the meeting must be decided on a poll vote.

26.9 No Casting vote for chairman

If there is an equality of votes on a poll, the chairman is not entitled to a second or casting vote in addition to any other vote he may have or be entitled to exercise.

27. VOTES OF MEMBERS

27.1 Written resolutions of Members

A resolution (including a Special Resolution) in writing (in one or more counterparts) signed by or on behalf of all Members for the time being entitled to receive notice of and to attend and vote at general meetings of the Company shall be as valid and effective as if the resolution had been passed at a general meeting of the Company duly convened and held. A resolution in writing is adopted when all Members entitled to do so have signed it.

27.2 Registered Members to vote

No person shall be entitled to vote at any general meeting unless he is registered as a Member in the Register of Members on the record date for such meeting.

27.3 Default Voting rights (absent any Special Voting Rights)

(a) Subject to these Articles (including Article 6) and to any rights or restrictions and any Weighted Voting Right for the time being attached to any Class or Classes of Shares on a poll, each Member present in

person has one vote for each Share held by the Member and each person present as a proxy or duly authorised representative of a Member has one vote for each Share held by the Member that the person represents. Each fractional Share shall carry the applicable fraction of one vote.

(b) If there are any rights and restrictions for the time being attached to any Class or Classes of Shares or any applicable Weighted Voting Right, then in effect, then such rights, restrictions or Weighted Voting Right shall be applied and given effect to on any vote.

27.4 Voting rights of joint holders

If a Share is held jointly and more than one of the joint holders votes in respect of that Share, only the vote of the joint holder whose name appears first in the Register of Members in respect of that Share counts.

27.5 Voting rights of Members incapable of managing their affairs

A Member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in matters concerning mental disorder, may vote a poll by his receiver, curator bonis, or other person on such Member's behalf appointed by that court, and any such receiver, curator bonis or other person may vote by proxy.

27.6 Voting restriction on an outstanding call

Unless the Directors decide otherwise, no Member shall be entitled to be present or vote at any general meeting either personally or by proxy until he has paid all calls due and payable on every Share held by him whether alone or jointly with any other person together with interest and expenses (if any) to the Company.

27.7 Objection to error in voting

(a) An objection to the right of a person to attend or vote at a general meeting or adjourned general meeting:

(i) may not be raised except at that meeting or adjourned meeting; and

(ii) must be referred to the chairman of the meeting whose decision is final.

(b) If any objection is raised to the right of a person to vote and the chairman disallows the objection then the vote cast by that person is valid for all purposes.

28. REPRESENTATION OF MEMBERS AT GENERAL MEETINGS

28.1 How Members may attend and vote

(a) Subject to these Articles, each Member entitled to vote at a general meeting may attend and vote at

the general meeting:

(i) in person, or where a Member is a company or non-natural person, by a duly authorised representative; or

(ii) by one or more proxies.

(b) A proxy or a duly authorised representative may, but not need be, a Member of the Company.

28.2 Appointment of proxies

(a) The instrument appointing a proxy shall be in writing and be executed by or on behalf of the Member appointing the proxy.

(b) A corporation may execute an instrument appointing a proxy either under its common seal (or in any other manner permitted by law and having the same effect as if executed under seal) or under the hand of a duly authorised officer, attorney or other person.

(c) A Member may appoint more than one proxy to attend on the same occasion, but only one proxy may be appointed in respect of any one Share.

(d) The appointment of a proxy shall not preclude a Member from attending and voting at the meeting or any adjournment of it.

28.3 Form of instrument of proxy

The instrument appointing a proxy may be in any usual or common form (or in any other form approved by the Directors or prescribed by the Exchange) and may be expressed to be for a particular general meeting (or any adjournment of a general meeting) or generally until revoked.

28.4 Authority under instrument of proxy

The instrument appointing a proxy shall be deemed (unless the contrary is stated in it) to confer authority to demand or join in demanding a poll and to vote, on a poll, on a resolution as a motion or an amendment of a resolution put to, or other business which may properly come before, the meeting or meetings for which it is given or any adjournment of any such meeting, as the proxy thinks fit.

28.5 Receipt of proxy appointment

The instrument appointing a proxy and any authority under which it is executed shall be deposited at the Registered Office or at such other place as is specified in the notice convening the meeting (or in any instrument of proxy sent out by the Company) prior to the time set out in such notice or instrument (or if no such time is specified, no later than forty-eight (48) hours before the time appointed for holding the meeting or adjourned

meeting). Notwithstanding the foregoing, the chairman may, in any event, at his discretion, direct that an instrument of proxy shall be deemed to have been duly deposited.

28.6 Uncertificated Proxy Instruction

In relation to any Shares which are held by means of a Relevant System, the Directors may from time to time permit appointments of a proxy to be made by means of an electronic communication in the form of an Uncertificated Proxy Instruction. The Directors may in a similar manner permit supplements to, or amendments or revocations of, any such Uncertificated Proxy Instruction to be made by like means. The Directors may in addition prescribe the method of determining the time at which any such properly authenticated dematerialised instruction (and/or other instruction or notification) is to be treated as received by the Company or such participant. Notwithstanding any other provision in these Articles, the Directors may treat any such Uncertificated Proxy Instruction which purports to be or is expressed to be sent on behalf of a holder of a Share as sufficient evidence of the authority of the persons sending that instruction to send it on behalf of the holder.

28.7 Validity of votes cast by proxy

Votes given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the instrument of proxy or of the authority under which the instrument of proxy was executed, or the transfer of the Share in respect of which the proxy is appointed unless notice in writing of such death, insanity, revocation or transfer was received by the Company at the Registered Office before the commencement of the general meeting, or adjourned meeting at which the proxy voted.

28.8 Corporate representatives

A corporation which is a Member may, by resolution of its directors or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of the Company or at any separate meeting of the holders of any Class of Shares. Any person so authorised shall be entitled to exercise the same powers on behalf of the corporation (in respect of that part of the corporation's holdings to which the authority relates) as the corporation could exercise if it were an individual Member. The corporation shall for the purposes of these Articles be deemed to be present in person at any such meeting if a person so authorised is present at it. All references in these Articles to attendance and voting in person shall be construed accordingly. A Director, the Secretary or some other person authorised for the purpose by a Director may require the representative to produce a certified copy of the resolution so authorising him or such other evidence of his authority reasonably satisfactory to such person before permitting him to exercise his powers.

28.9 Clearing Houses and Depositories

If a Clearing House or a Depository (or its nominee(s)), being a corporation, is a Member, it may authorise such persons as it thinks fit to act as its representatives at any meeting of the Company or at any separate meeting of the holders of any Class of Shares provided that, if more than one person is so authorised, the authorisation shall specify the number and Class of Shares in respect of which each such representative is so authorised. Each

person so authorised under the provisions of this Article shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Clearing House or the Depository (or its nominee(s)) as if such person was the registered holder of the Shares of the Company held by the Clearing House or the Depository (or its nominee(s)).

28.10 Termination of proxy or corporate authority

A vote given or poll demanded by proxy or by the duly authorised representative of a corporation shall be valid notwithstanding the previous termination of the authority of the person voting or demanding a poll, unless notice of the termination was received by the Company at the Registered Office, or at such other place at which the instrument of proxy was duly deposited, or, where the appointment of proxy was contained in an electronic communication, at the address at which such appointment was duly received, at least one hour before the commencement of the meeting or adjourned meeting at which the vote Is given or the poll demanded or (in the case of a poll not taken on the same day as the meeting or adjourned meeting) at least one hour before the time appointed for taking the poll.

28.11 Amendment to resolution

(a) If an amendment shall be proposed to any resolution but shall in good faith be ruled out of order by the chairman of the meeting, any error in such ruling shall not invalidate the proceedings on the substantive resolution.

(b) In the case of a resolution duly proposed as a Special Resolution, no amendment to it (other than an amendment to correct a patent error) may be considered or voted on and in the case of a resolution duly proposed as an Ordinary Resolution no amendment to it (other than an amendment to correct a patent error) may be considered or voted on unless either at least forty-eight (48) hours prior to the time appointed for holding the meeting or adjourned meeting at which such Ordinary Resolution is to be proposed notice in writing of the terms of the amendment and intention to move it has been lodged at the Registered Office or the chairman of the meeting in his absolute discretion decides that it may be considered or voted on.

28.12 Shares that may not be voted

Shares that are beneficially owned by the Company shall not be voted, directly or indirectly, at any general meeting or Class meeting (as applicable) and shall not be counted in determining the total number of outstanding Shares at any given time.

29. APPOINTMENT, RETIREMENT AND REMOVAL OF DIRECTORS

29.1 Number of Directors

(a) The Company may from time to time by Special Resolution establish or vary a maximum and/or minimum number of Directors. Unless otherwise determined by the Company by Special Resolution the number of Directors shall not be less than three (3) Directors, and there shall be no maximum number of Directors.

29.2 Appointment of Directors

(a) Notwithstanding anything to the contrary in these Articles, each Class B Majority Holder shall be entitled to appoint, designate, remove and replace one (1) Director each (a "**Member Appointed Director**") by delivering a written notice to the Company, and such appointment, designation, removal or replacement as specified therein shall be valid and effective automatically and forthwith upon delivery of such written notice to the Company (without the requirement for any further approval or action on the part of the Members or the Directors), and the Company shall update the Register of Directors and Officers accordingly.

(b) The Company may by Ordinary Resolution appoint any person to be a Director that is not a Member Appointed Director. Subject to the terms of these Articles, the Directors may appoint any person to be a Director, either to fill a vacancy or as an additional Director.

(c) The Company may by Ordinary Resolution remove any Director from office, with or without cause (except with regard to (i) the removal of a Member Appointed Director, who may only be removed from office pursuant to Article 29.2 (a) , or (ii) the Chairman, who may only be removed from office by Special Resolution), notwithstanding anything in these Articles or in any agreement between the Company and such Director (but without prejudice to any claim for damages under such agreement). The notice of any meeting at which a resolution to remove a Director shall be proposed or voted upon must contain a statement of the intention to remove that Director and such notice must be served on that Director not less than ten (10) calendar days before the meeting. Such Director is entitled to attend the meeting and be heard on the motion for his removal. A vacancy on the Board created by the removal of a Director under the previous sentence may be filled by Ordinary Resolution or by the affirmative vote of a simple majority of the remaining Directors present and voting at a Board meeting.

29.3 Appointment of executive Directors

(a) The Directors may appoint one or more of its members to an executive office or other position of employment with the Company for such term and on any other conditions the Directors think fit. Subject to Article 29.3(b) below, the Directors may revoke, terminate or vary the terms of any such appointment, without prejudice to a claim for damages for breach of contract between the Director and the Company.

(b) Notwithstanding Article 29.3(a), with respect to the Company's chief executive officer (or any co- chief executive officer), the terms of such appointment may only be revoked or terminated by (a) Ordinary Resolution, and (b) by (i) a resolution passed by a majority of not less than eighty percent (80)% of such Members holding Class A Shares as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of the Company and where a poll is taken regard shall be had computing a majority to the number of votes to which each holder of Class A Share is entitled, and (ii) the unanimous consent of the holders of either Class B1 Shares or Class B2 Shares.

29.4 No age limit

(a) No person shall be disqualified from being appointed or re-appointed as a Director and no Director shall be requested to vacate that office by reason of his attaining the age of seventy or any other age.

(b) It shall not be necessary to give special notice of any resolution appointing, re-appointing or approving the appointment of a Director by reason of his age.

29.5 Other circumstances in which a Director ceases to hold office

(a) Without prejudice to the provisions in these Articles, a Director ceases to hold office as a Director if:

(i) he resigns as Director by notice in writing delivered to the Directors or to the Registered Office or tendered at a meeting of Directors;

(ii) he is not present personally or by proxy or represented by an alternate Director at meetings of the Directors for three consecutive board meetings without special leave of absence from the Directors, and the Directors pass a resolution that he has by reason of such absence vacated office;

(iii) he only held office as a Director for a fixed term and such term expires;

(iv) he dies, becomes bankrupt or makes any arrangement or composition with his creditors generally;

(v) he is removed from office pursuant to these Articles or the Companies Act or becomes prohibited by law from being a Director;

(vi) an order is made by any court of competent jurisdiction on the ground (however formulated) of mental disorder or unsound mind for his detention or for the appointment of a guardian or receiver or other person to exercise powers with respect to his property or affairs or he is admitted to hospital in pursuance of an application for admission for treatment under any legislation relating to mental health or unsound mind and the Directors resolve that his office be vacated;

(vii) in the case of a Director who holds executive office, his appointment to such office is terminated or expires and the Directors resolve that his office be vacated;

(viii) in the case of independent Director, with 30-day advance written notice from the Company or the independent Director, or such other shorter period of notice as mutually agreed between the Company and that Director.

(b) A Resolution of the Directors declaring a Director to have vacated office pursuant to this Article shall be conclusive as to the fact and grounds of vacation stated in the resolution.

30. ALTERNATE DIRECTORS

30.1 Appointment

(a) A Director (other than an alternate Director) may appoint any other Director or any person approved for that purpose by the Directors and willing to act, to be his alternate by notice in writing delivered to the Directors or to the Registered Office, or in any other manner approved by the Directors.

(b) The appointment of an alternate Director who is not already a Director shall require the approval of either a majority of the Directors or the Directors by way of a Directors' resolution.

(c) An alternate Director need not hold a Share qualification and shall not be counted in reckoning any maximum or minimum number of Directors allowed by these Articles.

30.2 Responsibility

Every person acting as an alternate Director shall be an officer of the Company, shall alone be responsible to the Company for his own acts and defaults and shall not be deemed to be the agent of the Director appointing him.

30.3 Participation at Directors' meetings

An alternate Director shall (subject to his giving to the Company an address at which notices may be served on him) be entitled to receive notice of all meetings of the Directors and all committees of the Directors of which his appointor is a member and, in the absence from such meetings of his appointor, to attend and vote at such meetings and to exercise all the powers, rights, duties and authorities of his appointor (other than the power to appoint an alternate Director). A Director acting as alternate Director shall have a separate vote at Directors' meetings for each Director for whom he acts as alternate Director, but he shall count as only one for the purpose of determining whether a quorum is present.

30.4 Interests

An alternate Director shall be entitled to contract and be interested in and benefit from contracts or arrangements with the Company and to be repaid expenses and to be indemnified in the same way and to the same extent as a Director. However, he shall not be entitled to receive from the Company any fees for his services as alternate, except only such part (if any) of the fee payable to his appointor as such appointor may by notice in writing to the Company direct. Subject to this Article, the Company shall pay to an alternate Director such expenses as might properly have been paid to him if he had been a Director.

30.5 Termination of appointment

(a) An alternate Director shall cease to be an alternate Director:

(b) if his appointor revokes his appointment by notice delivered to the Directors or to the Registered Office or in any other manner approved by the Directors; or

(c) if his appointor ceases for any reason to be a Director, provided that if any Director retires but is re-appointed or deemed to be re-appointed at the same meeting, any valid appointment of the alternate Director which was in force immediately before his retirement shall remain in force; or

(d) if any event happens in relation to him which, if he were a Director, would cause his office as Director to be vacated.

31. POWERS OF DIRECTORS

31.1 General powers to manage the Company's business

(a) Subject to the provisions of the Companies Act, the Memorandum and these Articles and to any directions given by Special Resolution, the business of the Company shall be managed by the Directors, who may exercise all the powers of the Company. No alteration of the Memorandum or Articles and no such direction shall invalidate any prior act of the Directors which would have been valid if that alteration had not been made or that direction had not been given.

(b) The powers given by this Article shall not be limited by any special power given to the Directors by these Articles and a duly convened meeting of Directors at which a quorum is present may exercise all powers exercisable by the Directors.

31.2 Signing of cheques

All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments and all receipts for monies paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed as the case may be in such manner as the Directors shall determine.

31.3 Retirement payments and other benefits

The Directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any Director who has held any other salaried office or place of profit with the Company or to his widow or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

31.4 Borrowing powers of Directors

The Directors may from time to time at their discretion exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of its undertaking and property and to issue debentures, debenture stock, mortgages, bonds and other such securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

32. PROCEEDINGS OF DIRECTORS

32.1 Directors' meetings

Subject to the provisions of these Articles, the Directors may regulate their proceedings as they think fit.

32.2 Voting

Questions arising at any Directors' meeting shall be decided by more than two-thirds of votes. In the case of an equality of votes (if relevant), the chairman shall not have a second or casting vote. A Director who is also an alternate Director shall be entitled in the absence of his appointor to a separate vote on behalf of his appointor in addition to his own vote.

32.3 Notice of a Directors' meeting

A Director or an alternate Director may, or any other officer of the Company at the request of a Director or alternate Director shall, call a meeting of the Directors by not less than twenty-four (24) hours' notice. Notice of a meeting of the Directors must specify the time and place of the meeting and the general nature of the business to be considered, and shall be deemed to be given to a Director if it is given to him personally or by word of mouth or sent in writing to his last known address given to the Company by him for such purpose or given by electronic communications to an address for the time being notified to the Company by the Director. A Director may waive the requirement that notice of any Directors' meeting be given to him, either at, before or after the meeting.

32.4 Failure to give notice

A Director or alternate Director who attends any Directors' meeting waives any objection that he or she may have to any failure to give notice of that meeting. The accidental failure to give notice of a Directors' meeting

to, or the non-receipt of notice by, any person entitled to receive notice of that meeting does not invalidate the proceedings at that meeting or any resolution passed at that meeting.

32.5 Quorum

No business shall be transacted at any meeting of the Directors unless a quorum is present. The quorum shall be a majority of Directors then in office, which shall include each Director who is also a holder (either directly or indirectly) of Class B Shares; provided, however, a quorum shall nevertheless exist at a meeting at which a quorum would exist but for the fact that any Director who is also a holder (either directly or indirectly) of Class B Shares is voluntarily absent from the meeting and notifies the Board of his decision to be absent from that meeting, before or at the meeting. A Director represented by proxy or by an alternate Director at any meeting shall be deemed to be present for the purposes of determining whether or not a quorum is present.

32.6 Power to act notwithstanding vacancies

The continuing Directors or sole continuing Director may act notwithstanding any vacancies in their number, but if the number of Directors is less than the number fixed as the quorum, the continuing Directors or Director may act only for the purpose of filling vacancies in that number, or for calling a general meeting of the Company.

32.7 Chairman to preside

The Directors may elect a chairman of their board and determine the period for which he is to hold office, but if no such chairman is elected, or if at any meeting the chairman is not present within five minutes after the time appointed for the meeting, the Directors present may appoint one of their number to be chairman of the meeting.

32.8 Validity of acts of Directors in spite of a formal defect

All acts done by a meeting of the Directors or of a committee of Directors (including any person acting as an alternate Director) shall, notwithstanding that it be afterwards discovered that there was a defect in the appointment of any Director or alternate Director, or that they or any of them were disqualified from holding office (or had vacated office) or were not entitled to vote, be as valid as if every such person had been duly appointed and qualified to be a Director or alternate Director as the case may be and had been entitled to vote.

32.9 Directors' meetings by telephone or other communication device

A meeting of the Directors (or committee of Directors) may be held by means of any telephone, electronic or such other communications facilities that permit all persons in the meeting to communicate with each other simultaneously and instantaneously and participation in such a meeting shall constitute presence in person at such meeting. Unless otherwise determined by the Directors the meeting shall be deemed to be held at the place where the chairman is physically present.

32.10 Written resolutions of Directors

A resolution in writing (in one or more counterparts) signed by all the Directors or all the members of a committee of Directors (an alternate Director being entitled to sign such a resolution on behalf of his appointor) shall be as valid and effective as if it had been passed at a meeting of the Directors, or committee of Directors as the case may be, duly convened and held. A resolution in writing is adopted when all the Directors (whether personally, by an alternate Director or by a proxy) have signed it.

32.11 Appointment of a proxy

A Director but not an alternate Director may be represented at any meeting of the Directors by a proxy appointed in writing by him. The proxy shall count towards the quorum and the vote of the proxy shall for all purposes be deemed to be that of the appointing Director. The authority of any such proxy shall be deemed unlimited unless expressly limited in the written instrument appointing him.

32.12 Presumption of assent

A Director (or alternate Director) present at a meeting of Directors is taken to have cast a vote in favour of a resolution of the Directors unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent from such action with the chairman or secretary of the meeting before the adjournment of the meeting or shall forward such dissent by registered post to such person immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favour of a resolution of the Directors.

32.13 Directors' interests

(a) Subject to the provisions of the Companies Act and provided that he has declared to the Directors the nature and extent of any personal interest of his in a matter, transaction or arrangement, a Director or alternate Director notwithstanding his office may:

(i) hold any office or place of profit in the Company, except that of Auditor;

(ii) hold any office or place of profit in any other company or entity promoted by the Company or in which it has an interest of any kind;

(iii) enter into any contract, transaction or arrangement with the Company or in which the Company is otherwise interested;

(iv) act in a professional capacity (or be a member of a firm which acts in a professional capacity) for the Company, except as Auditor;

(v) sign or participate in the execution of any document in connection with matters related to

that interest;

(vi) participate in, vote on and be counted in the quorum at any meeting of the Directors that considers matters relating to that interest; and

(vii) do any of the above despite the fiduciary relationship of the Director's office:

(viii) without any liability to account to the Company for any direct or indirect benefit accruing to the Director; and

(ix) without affecting the validity of any contract, transaction or arrangement.

(b) For the purposes of this Article, a general notice given to the Directors that a Director is to be regarded as having an interest of the nature and extent specified in the notice in any matter, transaction or arrangement for which a specified person or class of persons is interested shall be deemed to be a disclosure that the Director has an interest in any such matter, transaction or arrangement of the nature and extent so specified.

32.14 Minutes of meetings to be kept

The Directors shall cause minutes to be made in books kept for the purpose of all appointments of officers made by the Directors, all resolutions and proceedings at general and Class meetings of the Company and meetings of the Directors or committees of the Directors, including the names of the Directors or alternate Directors present at each meeting.

33. DELEGATION OF DIRECTORS' POWERS

33.1 Power of Directors to delegate

The Directors may:

(a) delegate any of their powers, authorities and discretions to any person or committee consisting of one or more Directors and (if the Directors think fit) to one or more other persons in each case to such extent, by such means (including by power of attorney) and on such terms and conditions as the Directors think fit;

(b) authorise any person or committee to whom powers, authorities and discretions are delegated under this Article by the Directors to further delegate some or all of those powers, authorities and discretions;

(c) delegate their powers, authorities and discretions under this Article either collaterally with or to the exclusion of their own powers, authorities and discretions; and

(d) at any time revoke any delegation made under this Article by the Directors in whole or in part or vary

its terms and conditions.

33.2 Delegation to Committees

A committee to which any powers, authorities and discretions have been delegated under the preceding Article must exercise those powers, authorities and discretions in accordance with the terms of delegation and any other regulations that may be imposed by the Directors on that committee. The proceedings of a committee of the Directors must be conducted in accordance with any regulations imposed by the Directors, and, subject to any such regulations, to the provisions of these Articles dealing with proceedings of Directors insofar as they are capable of applying.

33.3 Delegation to executive Directors

The Directors may delegate to a Director holding executive office any of its powers, authorities and discretions for such time and on such terms and conditions as it shall think fit. The Directors may grant to a Director the power to sub-delegate, and may retain or exclude the right of the Directors to exercise the delegated powers, authorities or discretions collaterally with the Director. The Directors may at any time revoke the delegation or alter its terms and conditions.

33.4 Delegation to local boards

(a) The Directors may establish any local or divisional board or agency for managing any of the affairs of the Company whether in the Cayman Islands or elsewhere and may appoint any persons to be members of a local or divisional board, or to be managers or agents, and may fix their remuneration.

(b) The Directors may delegate to any local or divisional board, manager or agent any of its powers and authorities (with power to sub-delegate) and may authorise the members of any local or divisional board or any of them to fill any vacancies and to act notwithstanding vacancies.

(c) Any appointment or delegation under this Article may be made on such terms and subject to such conditions as the Directors think fit and the Directors may remove any person so appointed, and may revoke or vary any delegation.

33.5 Appointing an attorney, agent or authorised signatory of the Company

(a) The Directors may by power of attorney or otherwise appoint any person to be the attorney, agent or authorised signatory of the Company for such purpose and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these Articles) and for such period and subject to such conditions as they think fit.

(b) Any such power of attorney or other appointment may contain such provisions for the protection and convenience of persons dealing with any such attorney, agent or authorised signatory as the Directors

think fit and may also authorise any such attorney, agent or authorised signatory to delegate all or any of the powers, authorities and discretions vested in such person.

33.6 Officers

Subject to Articles 29.2(c) and 29.3: (i) the Directors may appoint such officers (including a Secretary) as they consider necessary on such terms, at such remuneration and to perform such duties, and subject to such provisions as to disqualification and removal as the Directors think fit, and (ii) unless otherwise specified in the terms of his appointment an officer may be removed from that office by resolution of the Directors or by Ordinary Resolution.

34. DIRECTORS' RENUMERATION, EXPENSES AND BENEFITS

34.1 Fees

The Company shall pay to the Directors (but not alternate Directors) for their services as Directors such aggregate amount of fees as the Directors may decide. The aggregate fees shall be divided among the Directors in such proportions as the Directors may decide or, if no decision is made, equally. A fee payable to a Director pursuant to this Article shall be distinct from any salary, remuneration or other amount payable to him pursuant to other provisions of these Articles and accrues from day to day.

34.2 Expenses

A Director may also be paid all travelling, hotel and other expenses properly incurred by him in connection with his attendance at meetings of the Directors or of committees of the Directors or general meetings or separate meetings of the holders of any Class of Shares or otherwise in connection with the discharge of his duties as a Director, including (without limitation) any professional fees incurred by him (with the approval of the Directors or in accordance with any procedures stipulated by the Directors) in taking independent professional advice in connection with the discharge of such duties.

34.3 Remuneration of executive Directors

The salary or remuneration of a Director appointed to hold employment or executive office in accordance with the Articles may be a fixed sum of money, or wholly or in part governed by business done or profits made, or as otherwise decided by the Directors (including, for the avoidance of doubt, by the Directors acting through a duly authorised Directors' committee), and may be in addition to or instead of a fee payable to him for his services as Director pursuant to these Articles.

34.4 Special remuneration

A Director who, at the request of the Directors, goes or resides abroad, makes a special journey or performs a special service on behalf of or for the Company (including, without limitation, services as a chairman of the

board of Directors, services as a member of any committee of the Directors and services which the Directors consider to be outside the scope of the ordinary duties of a Director) may be paid such reasonable additional remuneration (whether by way of salary, bonus, commission, percentage of profits or otherwise) and expenses as the Directors (including, for the avoidance of doubt, the Directors acting through a duly authorised Directors' committee) may decide.

34.5 Pensions and other benefits

The Directors may exercise all the powers of the Company to provide pensions or other retirement or superannuation benefits and to provide death or disability benefits or other allowances or gratuities (by insurance or otherwise) for a person who is or has at any time been a Director, an officer or a director or an employee of a company which is or was a Group Undertaking, a company which is or was allied to or associated with the Company or with a Group Undertaking or a predecessor in business of the Company or of a Group Undertaking (and for any member of his family, including a spouse or former spouse, or a person who is or was dependent on him). For this purpose the Directors may establish, maintain, subscribe and contribute to any scheme, trust or fund and pay premiums. The Directors may arrange for this to be done by the Company alone or in conjunction with another person. A Director or former Director is entitled to receive and retain for his own benefit any pension or other benefit provided in accordance with this Article and is not obliged to account for it to the Company.

35. SEAL

35.1 Directors to determine use of Seal

The Company may, if the Directors so determine, have a Seal. The Seal shall only be used with the authority of the Directors or a committee of the Directors established for such purpose. Every document to which the Seal is affixed shall be signed by at least one person who shall be either a Director or some officer or other person appointed by the Directors for that purpose unless the Directors decide that, either general or in a particular case, that a signature may be dispensed with or affixed by mechanical means.

35.2 Duplicate Seal

The Company may have for use in any place or places outside the Cayman Islands a duplicate Seal or Seals each of which shall be a facsimile of the common Seal of the Company and, if the Directors so determine, with the addition on its face of the name of every place where it is to be used.

36. DIVIDENDS, DISTRIBUTIONS AND RESERVES

36.1 Declaration

Subject to the Companies Act and these Articles, the Directors or the Company by Ordinary Resolution may declare dividends and distributions on any one or more Classes of Shares in issue and authorise payment of the

dividends or distributions out of the funds of the Company lawfully available therefor, (provided that no dividend may be declared by Company at a meeting of Members which exceeds the amount recommended by the Directors). No dividend or distribution shall be paid except out of the realised or unrealised profits of the Company or from any reserve set aside from profits which the Directors determine is no longer needed, or out of the share premium account, or as otherwise permitted by the Companies Act.

36.2 Interim dividends

Subject to the Companies Act, the Directors may pay such interim dividends (including any dividend payable at a fixed rate) as appears to the Directors to be available for distribution. If at any time the share capital of the Company is divided into different Classes, the Directors may pay such interim dividends on Shares which rank after Shares conferring preferential rights with regard to dividend as well as on Shares conferring preferential rights, unless at the time of payment any preferential dividend is in arrears. If the Directors act in good faith, they shall not incur any liability to the holders of Shares conferring preferential rights for any loss that they may suffer by the lawful payment of an interim dividend on any Shares ranking after those with preferential rights.

36.3 Entitlement to dividends

(a) Except as otherwise provided by these Articles or the rights attached to Shares:

(i) a dividend shall be declared and paid according to the amounts paid up (otherwise than in advance of calls) on the nominal value of the Shares on which the dividend is paid; and

(ii) dividends shall be apportioned and paid proportionately to the amounts paid up on the nominal value of the Shares during any portion or portions of the period in respect of which the dividend is paid, but if any Share is issued on terms that it shall rank for dividend as from a particular date, it shall rank for dividend accordingly.

(b) Except as otherwise provided by these Articles or the rights attached to Shares:

(i) a dividend may be paid in any currency or currencies decided by the Directors; and

(ii) the Company may agree with a Member that any dividend declared or which may become due in one currency will be paid to the Member in another currency, for which purpose the Directors may use any relevant exchange rate current at any time as the Directors may select for the purpose of calculating the amount of any Member's entitlement to the dividend.

36.4 Payment methods

(a) The Company may pay a dividend, interest or other amount payable in respect of a Share in cash or by cheque, warrant or money order or by a bank or other funds transfer system or (in respect of any uncertificated Share or any Share represented by a Depository Interest) through the Relevant System

in accordance with any authority given to the Company to do so (whether in writing, through the Relevant System or otherwise) by or on behalf of the Member in a form or in a manner satisfactory to the Directors. Any joint holder or other person jointly entitled to a Share may give an effective receipt for a dividend, interest or other amount paid in respect of such Share.

(b) The Company may send a cheque, warrant or money order by post:

(i) in the case of a sole holder, to his registered address;

(ii) in the case of joint holders, to the registered address of the person whose name stands first in the Register of Members;

(iii) in the case of a person or persons entitled by transmission to a Share, as if it were a notice given in accordance with Article 15; or

(iv) in any case, to a person and address that the person or persons entitled to the payment may in writing direct.

(c) Every cheque, warrant or money order shall be sent at the risk of the person or persons entitled to the payment and shall be made payable to the order of the person or persons entitled or to such other person or persons as the person or persons entitled may in writing direct. The payment of the cheque, warrant or money order shall be a good discharge to the Company. If payment is made by a bank or other funds transfer or through the Relevant System, the Company shall not be responsible for amounts lost or delayed in the course of transfer. If payment is made by or on behalf of the Company through the Relevant System:

(i) the Company shall not be responsible for any default in accounting for such payment to the Member or other person entitled to such payment by a bank or other financial intermediary of which the Member or other person is a customer for settlement purposes in connection with the Relevant System; and

(ii) the making of such payment in accordance with any relevant authority referred to in paragraph (a) above shall be a good discharge to the Company.

(d) The Directors may:

(i) lay down procedures for making any payments in respect of uncertificated Shares through the Relevant System;

(ii) allow any holder of uncertificated Shares to elect to receive or not to receive any such payment through the Relevant System; and

(iii) lay down procedures to enable any such holder to make, vary or revoke any such election.

(e) The Directors may withhold payment of a dividend (or part of a dividend) payable to a person entitled by transmission to a Share until he has provided any evidence of his entitlement that the Directors may reasonably require.

36.5 Deductions

The Directors may deduct from any dividend or other amounts payable to any person in respect of a Share all such sums as may be due from him to the Company on account of calls or otherwise in relation to any Shares.

36.6 Interest

No dividend or other money payable in respect of a Share shall bear interest against the Company, unless otherwise provided by the rights attached to the Share.

36.7 Unclaimed dividends

All unclaimed dividends or other monies payable by the Company in respect of a Share may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed. The payment of any unclaimed dividend or other amount payable by the Company in respect of a Share into a separate account shall not constitute the Company a trustee in respect of it. Any dividend unclaimed after a period of three (3) years from the date the dividend became due for payment shall be forfeited and shall revert to the Company.

36.8 Uncashed dividends

(a) If, in respect of a dividend or other amount payable in respect of a Share:

(b) a cheque, warrant or money order is returned undelivered or left uncashed; or

(c) a transfer made by or through a bank transfer system and/or other funds transfer system(s) (including, without limitation, the Relevant System in relation to any uncertificated Shares) fails or is not accepted, on two consecutive occasions, or one occasion and reasonable enquiries have failed to establish another address or account of the person entitled to the payment, the Company shall not be obliged to send or transfer a dividend or other amount payable in respect of such Share to such person until he notifies the Company of an address or account to be used for such purpose.

36.9 Dividends in kind

The Directors may direct that any dividend or distribution shall be satisfied wholly or partly by the distribution of assets (including, without limitation, paid up Shares or securities of any other body corporate). Where any difficulty arises concerning such distribution, the Directors may settle it as it thinks fit. Ln particular (without limitation), the Directors may:

(a) issue fractional certificates or ignore fractions;

(b) fix the value for distribution of any assets, and may determine that cash shall be paid to any Member on the footing of the value so fixed in order to adjust the rights of Members; and

(c) vest any assets in trustees on trust for the persons entitled to the dividend.

36.10 Scrip dividends

(a) The Directors may offer any holders of ordinary Shares the right to elect to receive ordinary Shares, credited as fully paid, instead of cash in respect of the whole (or some part, to be determined by the Directors) of any dividend specified by the Ordinary Resolution, subject to the Companies Act and to the provisions of this Article.

(b) The Directors may make any provision they consider appropriate in relation to an allotment made or to be made pursuant to this Article (whether before or after the passing or the Ordinary Resolution referred to in paragraph (a) of this Article), including (without limitation):

(i) the giving of notice to holders of the right of election offered to them;

(ii) the provision of forms of election and/or a facility and a procedure for making elections through the Relevant System (whether in respect of a particular dividend or dividends generally);

(iii) determination of the procedure for making and revoking elections;

(iv) the place at which, and the latest time by which, forms of election and other relevant documents must be lodged in order to be effective;

(v) the disregarding or rounding up or down or carrying forward of fractional entitlements, in whole or in part, or the accrual of the benefit of fractional entitlements to the Company (rather than to the holders concerned); and

(vi) the exclusion from any offer of any holders of ordinary Shares where the Directors consider that the making of the offer to them would or might involve the contravention of the laws of any territory or that for any other reason the offer should not be made to them.

(c) The dividend (or that part of the dividend in respect of which a right of election has been offered) shall not be payable on ordinary Shares in respect of which a valid election has been made ("the elected ordinary Shares"). Instead additional ordinary Shares shall be allotted to the holders of the elected ordinary Shares on the basis of allotment determined under this Article. For such purpose, the Directors may capitalise out of any amount for the time being standing to the credit of any reserve or

fund of the Company (including any share premium account, capital redemption reserve and profit and loss account), whether or not available for distribution, a sum equal to the aggregate nominal amount of the additional ordinary Shares to be allotted on that basis and apply it in paying up in full the appropriate number of unissued ordinary Shares for allotment and distribution to the holders of the elected ordinary Shares on that basis.

(d) The additional ordinary Shares when allotted shall rank equally in all respects with the fully paid ordinary Shares in issue on the record date for the dividend in respect of which the right of election has been offered, except that they will not rank for any dividend or other entitlement which has been declared, paid or made by reference to such record date.

(e) The Directors may:

(i) do all acts and things which it considers necessary or expedient to give effect to any such capitalisation, and may authorise any person to enter on behalf of all the Members interested into an agreement with the Company providing for such capitalisation and incidental matters and any agreement so made shall be binding on all concerned;

(ii) establish and vary a procedure for election mandates in respect of future rights of election and determine that every duly effected election in respect of any ordinary Shares shall be binding on every successor in title to the holder of such Shares; and

(iii) terminate, suspend or amend any offer of the right to elect to receive ordinary Shares in lieu of any cash dividend at any time and generally implement any scheme in relation to any such offer on such terms and conditions as the Directors may from time to time determine and take such other action as the Directors may deem necessary or desirable from time to time in respect of any such scheme.

36.11 Reserves

The Directors may set aside out of the profits of the Company and carry to reserve such sums as it thinks fit. Such sums standing to reserve may be applied, at the Directors' discretion, for any purpose to which the profits of the Company may properly be applied and, pending such application, may either be employed in the business of the Company or be invested in such investments as the Directors thinks fit. The Directors may divide the reserve into such special funds as it thinks fit and may consolidate into one fund any special funds or any parts of any special funds into which the reserve may have been divided as it thinks fit. The Directors may also carry forward any profits without placing them to reserve.

36.12 Capitalisation of profits and reserves

The Directors may, with the authority of an Ordinary Resolution:

(a) subject to this Article, resolve to capitalise any undivided profits of the Company not required for paying any preferential dividend (whether or not available for distribution) or any sum standing to the credit of any reserve or fund of the Company (including any share premium account, capital redemption reserve and profit and loss account), whether or not available for distribution;

(b) appropriate the sum resolved to be capitalised to the holders of ordinary Shares in proportion to the nominal amounts of the Shares (whether or not fully paid) held by them respectively which would entitle them to participate in a distribution of that sum if the Shares were fully paid and the sum were then distributable and were distributed by way of dividend and apply such sum on their behalf either in or towards paying up the amounts, if any, unpaid on any Shares held by them respectively, or in paying up in full unissued Shares or debentures of the Company of a nominal amount equal to that sum, and allot the Shares or debentures credited as fully paid to those holders of ordinary Shares or as the Directors may direct, in those proportions, or partly in one way and partly in the other, but so that the share premium account, the capital redemption reserve and any profits or reserves which are not available for distribution may, for the purposes of this Article, only be applied in paying up unissued Shares to be allotted to Members credited as fully paid;

(c) resolve that any Shares so allotted to any Member in respect of a holding by him of any partly paid Shares shall, so long as such Shares remain partly paid, rank for dividend only to the extent that such partly paid Shares rank for dividend;

(d) make such provision by the issue of fractional certificates (or by ignoring fractions or by accruing the benefit of fractions to the Company rather than to the holders concerned) or by payment in cash or otherwise as the Directors may determine in the case of Shares or debentures becoming distributable in fractions;

(e) authorise any person to enter on behalf of all the Members concerned into an agreement with the Company providing for either:

(i) the allotment to them respectively, credited as fully paid, of any further Shares or debentures to which they are entitled upon such capitalisation; or

(ii) the payment up by the Company on behalf of such Members by the application thereto of their respective proportions of the reserves or profits resolved to be capitalised, of the amounts or any part of the amounts remaining unpaid on their existing Shares,

and so that any such agreement shall be binding on all such Members; and

(f) generally do all acts and things required to give effect to such resolution.

37. SHARE PREMIUM ACCOUNT

37.1 Directors to maintain share premium account

The Directors shall establish a share premium account in accordance with the Companies Act. They shall carry to the credit of that account from time to time an amount equal to the amount or value of the premium paid on the issue of any Share or capital contributed or such other amounts required by the Companies Act.

37.2 Debits to share premium account

(a) The following amounts shall be debited to any share premium account:

(i) on the redemption or purchase of a Share, the difference between the nominal value of that Share and the redemption or purchase price; and

(ii) any other amount paid out of a share premium account as permitted by the Companies Act.

(b) Notwithstanding paragraph (a) above, on the redemption or purchase of a Share, the Directors may pay the difference between the nominal value of that Share and the redemption purchase price out of the profits of the Company or, as permitted by the Companies Act, out of capital.

38. DISTRIBUTION PAYMENT RESTRICTIONS

Notwithstanding any other provision of these Articles, the Company shall not be obliged to make any payment to a Member in respect of a dividend, repurchase, redemption or other distribution if the Directors suspect that such payment may result in the breach or violation of any applicable laws or regulations (including, without limitation, any anti-money laundering laws or regulations) or such refusal is required by the laws and regulations governing the Company or its service providers.

39. BOOKS OF ACCOUNT

39.1 Books of account to be kept

The Directors shall cause proper books of account to be kept with respect to all sums of money received and expended by the Company and the matters in respect of which the receipt or expenditure takes place, all sales and purchases of goods by the Company and the assets and liabilities of the Company. Proper books shall not be deemed to be kept if there are not kept such books of account as are necessary to give a true and fair view of the state of the affairs of the Company and to explain its transactions.

39.2 Inspection by Members

The Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them will be open to

the inspection of Members (not being Directors). No Member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by the Companies Act by order of the court or authorised by the Directors or by Ordinary Resolution.

39.3 Accounts required by law

The Directors shall cause to be prepared and to be laid before the Company at each annual general meeting profit and loss accounts, balance sheets, group accounts (if any) and such other reports and accounts as may be required by law.

39.4 Retention of records

All books of account maintained by the Company shall be retained for a period of at least five years, or such longer period required by any applicable law or regulation from time to time.

40. AUDITOR

40.1 Appointment of Auditor

The Directors may appoint an Auditor who shall hold office until removed from office by a resolution of the Directors, and may fix the Auditor's remuneration.

40.2 Rights of Auditor

The Auditor shall have a right of access at all times to the books and accounts and vouchers of the Company and shall be entitled to require from the Directors and officers of the Company such information and explanation as may be necessary for the performance of the duties of the Auditor.

40.3 Reporting requirements of Auditor

Auditors shall, if so required by the Directors, make a report on the accounts of the Company during their tenure of office at the next general meeting following their appointment, and at any other time during their term of office, upon request of the Directors or any general meeting of the Company.

41. NOTICES

41.1 Forms of notices

(a) Any notice to be given to or by any person pursuant to these Articles (other than a notice calling a meeting of the Directors) shall be in writing or shall be given using electronic communications to an address for the time being notified for that purpose to the person giving the notice, except that a notice to a holder of any uncertificated Shares or given in respect of any such Shares may be given electronically through the Relevant System (if permitted by, and subject to, the facilities and

requirements of the Relevant System and subject to compliance with any relevant requirements of the Exchange Rules and/or the Exchange).

(b) (In this Article "address", in relation to electronic communications, includes any number or address used for the purposes of such communications).

41.2 Service on Members

(a) A notice or other document may be given by the Company to any Member either personally or by sending it by post in a pre-paid envelope addressed to such Member at his registered address or by leaving it at that address or by giving it using electronic communications to an address for the time being notified to the Company by the Member, or by any other means authorised in writing by the Member concerned or (in the case of a notice to a Member holding uncertificated Shares) by transmitting the notice through the Relevant System.

(b) In the case of joint holders of a Share, all notices and documents shall be given to the person whose name stands first in the Register of Members in respect of that Share. Notice so given shall be sufficient notice to all the joint holders.

(c) Any notice or other document to be given to a Member may be given by reference to the Register of Members as it stands at any time within the period of 21 days before the day that the notice is given or (where and as applicable) within any other period permitted by, or in accordance with the requirements of, (to the extent applicable) the Exchange Rules and/or the Exchange. No change in the Register of Members after that time shall invalidate the giving of such notice or document or require the Company to give such item to any other person.

(d) If on three consecutive occasions notices or other documents have been sent through the post to any Member at his registered address or his address for the service of notices but have been returned undelivered, such Member shall not be entitled to receive notices or other documents from the Company until he shall have communicated with the Company and supplied in writing a new registered address for the service of notices.

(e) If on three consecutive occasions notices or other documents have been sent using electronic communications to an address for the time being notified to the Company by the Member and the Company becomes aware that there has been a failure of transmission, the Company shall revert to giving notices and other documents to the Member by post or by any other means authorised in writing by the Member concerned. Such Member shall not be entitled to receive notices or other documents from the Company using electronic communications until he shall have communicated with the Company and supplied in writing a new address to which notices or other documents may be sent using electronic communications.

41.3 Evidence of giving notice

(a) A notice or other document addressed to a Member at his registered address shall be, if sent by post or airmail, deemed to have been served five (5) calendar days after the time when the letter containing the same is posted.

(b) A notice or other document addressed to a Member at his registered address shall be, if sent by facsimile, deemed to have been served upon production by the transmitting facsimile machine of a report confirming transmission of the facsimile in full to the facsimile number of the recipient.

(c) A notice or other document addressed to a Member at his registered address shall be, if sent by recognized courier service, deemed to have been 48 hours after the time when the letter containing the same is delivered to the courier service.

(d) A notice or other document address to a Member at an address to which notices may be sent using electronic communications shall be, if sent by electronic communications, deemed to have been served immediately (i) upon the time of the transmission to the electronic mail address supplied by the Member to the Company or (ii) upon the time of its placement on the Company's Website.

(e) In proving service by post or courier service it shall be sufficient to prove that the letter containing the notice or documents was properly addressed and duly posted or delivered to the courier service.

(f) A notice or document not sent by post but:

(i) left at a registered address or address for giving notice in jurisdictions(s) where Exchange(s) located shall be deemed to be given on the day it is left; and

(ii) given through the Relevant System shall be deemed to be given when the Company or other relevant person acting on the Company's behalf sends the relevant instruction or other relevant message in respect of such notice.

(g) A Member present either in person or by proxy, or in the case of a corporate Member by a duly authorised representative, at any meeting of the Company or of the holders of any Class of Shares shall be deemed to have received due notice of such meeting and, where required, of the purposes for which it was called.

41.4 Notice binding on transferees

A person who becomes entitled to a Share by transfer, transmission or otherwise shall be bound by any notice in respect of that Share which, before his name is entered in the Register of Members, has been given to the person from whom he derives his title.

41.5 Notice to persons entitled by transmission

A notice or other document may be given by the Company to a person entitled by transmission to a Share in consequence of the death or bankruptcy of a Member or otherwise by sending or delivering it in any manner authorised by these Articles for the giving of notice to a Member, addressed to that person by name, or by the title of representative of the deceased or trustee of the bankrupt or by any similar or equivalent description, to the address to which notices have been requested to be sent for that purpose by the person claiming to be so entitled. Until such an address has been supplied, a notice or other document may be given in any manner in which it might have been given if the event giving rise to the transmission had not occurred. The giving of notice in accordance with this Article shall be sufficient notice to all other persons interested in the Share.

42. WINDING UP

42.1 Method of winding up

(a) If the Company shall be wound up, and the assets available for distribution amongst the Members shall be insufficient to repay the whole of the share capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Members in proportion to the par value of the Shares held by them.

(b) If in a winding up the assets available for distribution amongst the Members shall be more than sufficient to repay the whole of the share capital at the commencement of the winding up, the surplus shall be distributed amongst the Members in proportion to the par value of the Shares held by them at the commencement of the winding up subject to a deduction from those Shares in respect of which there are monies due, of all monies payable to the Company.

(c) This Article is without prejudice to the rights of the holders of Shares issued upon special terms and conditions.

42.2 Distribution of assets in a winding up

Subject to any rights or restrictions for the time being attached to any Class of Shares, on a winding up of the Company the liquidator may, with the sanction of a Special Resolution of the Company and any other sanction required by the Companies Act, distribute among the Members the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may for that purpose:

(a) decide how the assets are to be distributed as between the Members or different Classes of Members;

(b) value the assets to be distributed in such manner as the liquidator thinks fit; and

(c) vest the whole or any part of any assets in such trustees and on such trusts for the benefit of the Members entitled to the distribution of those assets as the liquidator sees fit, but so that no Member

shall be obliged to accept any assets in respect of which there is any liability.

43. INDEMNITY AND INSURANCE

43.1 Indemnity and limitation of liability of Directors and officers

(a) To the maximum extent permitted by law, every current and former Director and officer of the Company (excluding an Auditor) (each an "Indemnified Person"), shall be entitled to be indemnified out of the assets of the Company against any liability, action, proceeding, claim, demand, costs, damages or expenses, including legal expenses (each a "Liability"),which such Indemnified Person may incur in that capacity unless such Liability arose as a result of the dishonesty, actual fraud or wilful default of such person.

(b) No Indemnified Person shall be liable to the Company for any loss or damage resulting (directly or indirectly) from such Indemnified Person carrying out his or her duties unless that liability arises through the actual fraud or wilful default of such Indemnified Person.

(c) For the purpose of these Articles, no Indemnified Person shall be deemed to have committed "actual fraud" or "wilful default" until a court of competent jurisdiction has made a final, non-appealable finding to that effect.

43.2 Advance of legal fees

The Company shall advance to each Indemnified Person reasonable legal fees and other costs and expenses incurred in connection with the defence of any action, suit, proceeding or investigation involving such Indemnified Person for which indemnity will or could be sought. In connection with any such advance of expenses, the Indemnified Person shall execute an undertaking to repay the advanced amount to the Company if it is determined that the Indemnified Person was not entitled to indemnification under these Articles.

43.3 Indemnification to form part of contract

The indemnification and exculpation provisions of these Articles are deemed to form part of the employment contract or terms of appointment entered into by each Indemnified Person with the Company and accordingly are enforceable by such persons against the Company.

43.4 Insurance

The Directors may purchase and maintain insurance for or for the benefit of any Indemnified Person including (without prejudice to the generality of the foregoing) insurance against any Liability incurred by such persons in respect of any act or omission in the actual or purported execution or discharge of their duties or the exercise or purported exercise of their powers or otherwise in relation to or in connection with their duties, powers or offices in relation to the Company.

44. REQUIRED DISCLOSURE

If required to do so under the laws of any jurisdiction to which the Company (or any of its service providers) is subject, or in compliance with Exchange Rules of any Exchange, or to ensure the compliance by any person with any anti-money laundering legislation in any relevant jurisdiction, any Director, officer or service provider (acting on behalf of the Company) shall be entitled to release or disclose any information in its possession regarding the affairs of the Company or a Member, including, without limitation, any information contained in the Register of Members or subscription documentation of the Company relating to any Member.

45. FINANCIAL YEAR

Unless the Directors resolve otherwise, the financial year of the Company shall end on 31 December in each year and, following the year of incorporation, shall begin on 1 January in each year.

46. TRANSFER BY WAY OF CONTINUATION

The Company shall, with the approval of a Special Resolution, have the power to register by way of continuation to a jurisdiction outside of the Cayman Islands in accordance with the Companies Act.

47. MERGERS AND CONSOLIDATIONS

The Company shall, with the approval of a Special Resolution, have the power to merge or consolidate with one or more constituent companies (as defined in the Companies Act), upon such terms as the Directors may determine.

48. AMENDMENT OF MEMORANDUM AND ARTICLES

48.1 Power to change name or amend Memorandum

Subject to the Companies Act, the Company may, by Special Resolution:

(a) change its name; or

(b) change the provisions of its Memorandum with respect to its objects, powers or any other matter specified in the Memorandum.

48.2 Power to amend these Articles

Subject to the Companies Act and as provided in these Articles, the Company may, by Special Resolution, amend these Articles in whole or in part.

49. TAX TRANSPARENCY REPORTING

49.1 Each Member shall provide the Company on a timely basis with any documents, tax certifications, financial and other information (collectively "Tax Reporting Information") as the Company may request in connection with the Company's compliance with any legal and tax information reporting and exchange obligations applicable to it under the laws of the Cayman Islands or any other applicable jurisdiction (collectively, "Tax Reporting Obligations"), including, without limitation, any Tax Reporting Obligations under any Cayman Islands laws, regulations or guidance notes that give effect to: (i) the United States' Foreign Account Tax Compliance Act; (ii) the Organisation for Economic Co-operation and Development's Common Reporting Standard; and (iii) any additional inter-governmental agreement or treaty entered into by, or otherwise binding upon the Cayman Islands that provides for the exchange of tax information with another jurisdiction.

49.2 The Company shall have the power to release, report or otherwise disclose to the Department for International Tax Cooperation in the Cayman Islands (or any other authority as may be required under the Tax Reporting Obligations) any Tax Reporting Information provided by a Member to the Company and any other information held by the Company in respect of the Member's investment in the Company, in connection with the Tax Reporting Obligations, including, without limitation, in relation to the identity, address, tax identification number, tax status and interest in the Company of the Member (and any of its direct or indirect owners or affiliates).

49.3 If a Member fails to provide the Company with any requested Tax Reporting Information on a timely basis and such failure results, or may result, in the Company's inability to comply with its Tax Reporting Obligations or if the Company is otherwise unable to comply with its Tax Reporting Obligations as a result of the direct or indirect action (or inaction) of a Member, the Company may:

(a) compulsorily repurchase some or all of such Member's Shares without notice at a price per Share equal to the fair value of such Shares (as determined by the Directors) and may deduct or withhold from such redemption proceeds any penalty, debt, withholding or back up tax, costs, expenses, obligations, liabilities or other adverse consequences (collectively, "Tax Reporting Liabilities") imposed on the Company, its Members and/or any of their respective directors, officers, employees, agents, managers, shareholders and/or partners as a result of such failure, action or inaction by such Member; and/or

(b) re-designate, immediately and without consent, such Member's Shares as belonging to a separate class and create a separate internal account in respect of such Shares so that any Tax Reporting Liabilities may be allocated solely to that class and debited from such class.

50. EXCLUSIVE FORUM

50.1 For the avoidance of doubt and without limiting the jurisdiction of the Cayman Courts to hear, settle and/or determine disputes related to the Company, the courts of the Cayman Islands shall be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Company, (ii) any action asserting a

claim of breach of a fiduciary duty owed by any Director, officer, or other employee of the Company to the Company or the Members, (iii) any action asserting a claim arising pursuant to any provision of the Companies Act or these Articles including but not limited to any purchase or acquisition of Shares, security, or guarantee provided in consideration thereof, or (iv) any action asserting a claim against the Company which if brought in the United States of America would be a claim arising under the internal affairs doctrine (as such concept is recognized under the laws of the United States from time to time).

50.2 Unless the Company consents in writing to the selection of an alternative forum, the United States District Court for the Southern District of New York (or, if the United States District Court for the Southern District of New York lacks subject matter jurisdiction over a particular dispute, the state courts in New York County, New York) shall be the exclusive forum within the United States for the resolution of any complaint asserting a cause of action arising out of or relating in any way to the federal securities laws of the United States, regardless of whether such legal suit, action, or proceeding also involves parties other than the Company. Any person or entity purchasing or otherwise acquiring any Share or other securities in the Company, or purchasing or otherwise acquiring ADSs issued pursuant to deposit agreements, shall be deemed to have notice of and consented to the provisions of this Article. Without prejudice to the foregoing, if the provision in this Article is held to be illegal, invalid or unenforceable under applicable law, the legality, validity or enforceability of the rest of these Articles shall not be affected and this Article shall be interpreted and construed to the maximum extent possible to apply in the relevant jurisdiction with whatever modification or deletion may be necessary so as best to give effect to the intention of the Company.

Exhibit 2.5

Description of Registrant's Securities

Registered under Section 12 of the Securities Exchange Act of 1934 (the "Exchange Act")

Each American Depositary Share ("ADS") representing two Class A ordinary shares (or a right to receive two (2) Class A ordinary shares) of NIP Group Inc. ("we," "our," "our company," or "us") are listed and traded on the Nasdaq Global Market and in connection therewith, the Class A 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 Class A ordinary shares and (ii) the holders of the ADSs. The Class A ordinary shares underlying the ADSs are held by Citibank, N.A., as depositary, and holders of ADSs will not be treated as holders of Class A ordinary shares.

Description of Class A Ordinary Shares

The following are summaries of material provisions of our currently effective tenth amended and restated memorandum and articles of association (the "Memorandum and Articles of Association") and the Companies Act (as amended) 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 is filed as Exhibit 1.1 to this annual report on Form 20-F.

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

Our shareholders do not have preemptive rights.

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

Each Class A ordinary share has a par value of US$0.0001 each. The number of Class A ordinary shares issued and outstanding as of the last day of each fiscal year is provided on the cover of the annual report on Form 20-F filed for such fiscal year (the "Form 20-F") of our company. Our Class A ordinary shares may be held in either certificated or uncertificated form.

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

We have a triple-class voting structure such that our ordinary shares consist of Class A ordinary shares, Class B1 ordinary shares and Class B2 ordinary shares (with certain shares remaining unissued, with power for our directors to issue such classes of shares as they think fit). Holders of Class A ordinary shares are entitled to one vote per share, while holders of Class B1 ordinary shares and Class B2 ordinary shares are entitled to 20 votes per share, subject to any Weighted Voting Rights (as defined in the Memorandum and Articles of Association). Due to the voting powers granted to holders of Class B1 ordinary shares and Class B2 ordinary shares, the voting power of holders of Class A ordinary shares may be materially limited.

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

Not applicable.

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

See "Item 10. Additional Information—10.B. Memorandum and Articles of Association" of the Form 20-F.

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

See "Item 10. Additional Information—10.B. Memorandum and Articles of Association" of the Form 20-F.

Limitations on the Rights of Holders of Class A Ordinary Shares (Item 10.B.6 of Form 20-F)

There are no limitations under the laws of the Cayman Islands or the Memorandum and Articles of Association that limit the rights of non-resident or foreign shareholders to hold or exercise voting rights on the Class A ordinary shares.

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

See "Item 10. Additional Information—10.B. Memorandum and Articles of Association" of the Form 20-F.

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

There are no provisions under the Memorandum and Articles of Association that govern the ownership threshold above which shareholder ownership must be disclosed.

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

The Companies Act (as revised) of the Cayman Islands is derived, to a large extent, from the older Companies Acts of England but does not follow recent English statutory enactments and, accordingly, there are significant differences between the Companies Act and the current Companies Act of England. In addition, the Companies Act differs from laws applicable to U.S. corporations and their shareholders. Set forth below is a summary of certain 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 permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (i) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (ii) a "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by (a) a special resolution of the shareholders of each constituent company, and (b) such other authorization, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the surviving or consolidated company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

A merger between a Cayman 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 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.

Save in certain limited circumstances, a shareholder of a Cayman constituent company who dissents from the merger or consolidation is entitled to payment of the fair value of his shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) upon dissenting to the merger or consolidation; provided that the dissenting shareholder complies strictly with the procedures set out in the Companies Act. The exercise of dissenter rights will preclude the exercise by the dissenting shareholder of any other rights to which he or she might otherwise be entitled by virtue of holding shares, save for the right to seek relief on the grounds that the merger or consolidation is void or unlawful.

Separate from the statutory provisions relating to mergers and consolidations, the Companies Act also contains statutory provisions that facilitate the reconstruction and amalgamation of companies by way of schemes of arrangement; provided that the arrangement is approved by a majority in number of each class of shareholders and creditors with whom the arrangement is to be made, and who must in addition represent three-fourths in value of each such class of shareholders or creditors, as the case may be, that are present and voting either in person or by proxy at a meeting, or meetings, convened for that purpose. The convening of the meetings and subsequently the arrangement must be sanctioned by the Grand Court of the Cayman Islands. While a dissenting shareholder has the right to express to the court the view that the transaction ought not to be approved, the court can be expected to approve the arrangement if it determines that:

- 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.

The Companies Act also contains a statutory power of compulsory acquisition which may facilitate the "squeeze out" of dissentient minority shareholder upon a tender offer. When a tender offer is made and accepted by holders of 90.0% 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 to the offeror on the terms of the offer. An objection can be made to the Grand Court of the Cayman Islands but this is unlikely to succeed in the case of an offer which has been so approved unless there is evidence of fraud, bad faith or collusion.

If an arrangement and reconstruction by way of scheme of arrangement is thus approved and sanctioned, or if a tender offer is made and accepted in accordance with the foregoing statutory procedures, a dissenting shareholder would have no rights comparable to appraisal rights, which would otherwise ordinarily be available to dissenting shareholders of Delaware corporations, providing rights to receive payment in cash for the judicially determined value of the shares.

Shareholders' Suits

In principle, we will normally be the proper plaintiff to sue for a wrong done to us as a company, and as a general rule a derivative action may not be brought by a minority shareholder. However, based on English authorities, which would in all likelihood be of persuasive authority in the Cayman Islands, the Cayman Islands court can be expected to follow and apply the common law principles (namely the rule in Foss v. Harbottle and the exceptions thereto) so that a non-controlling shareholder may be permitted to commence a class action against or derivative actions in the name of the company to challenge actions where:

- 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

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 civil fraud or the consequences of committing a crime. Our Memorandum and Articles of Association provide that we shall indemnify our officers and directors against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by such directors or officer, other than by reason of such person's dishonesty, willful 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 our directors and executive officers that provide such persons with additional indemnification beyond that provided in our 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 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, 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 owes the following duties to the company — a duty to act bona fide in the best interests of the company, a duty not to make a profit based on his position as director (unless the company permits him to do so), a duty not to put himself in a position where the interests of the company conflict with his personal interest or his 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 exercise the skill they actually possess and such care and diligence that a reasonably prudent person would exercise in comparable circumstances. It was previously considered that a director need not exhibit in the performance of his duties a greater degree of skill than may reasonably be expected from a person of his knowledge and experience. However, English and Commonwealth courts have moved towards an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands.

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 Memorandum and Articles of Association provide that our 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 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 do not provide shareholders with any general statutory 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 any one or more of our shareholders holding shares which carry in aggregate not less than one-third of the total number votes attaching to all issued and outstanding shares of our company entitled to vote at general meetings to requisition an extraordinary general meeting of our shareholders, in which case our board is obliged to convene an extraordinary general meeting and to put the resolutions so requisitioned to a vote at such meeting. Other than this right to requisition a shareholders' meeting, our 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. As a Cayman Islands exempted 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 on 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 our Memorandum and Articles of Association do not provide for cumulative voting. As a result, our shareholders are not afforded any less protections or rights on this issue than shareholders of a Delaware corporation.

Appointment of Directors

Under our Memorandum and Articles of Association, each Class B Majority Holder shall be entitled to appoint, designate, remove and replace one (1) director each (a "Member Appointed Director") by delivering a written notice to our company, and such appointment, designation, removal or replacement as specified therein shall be valid and effective automatically and forthwith upon delivery of such written notice to our company (without the requirement for any further approval or action on the part of the shareholders or the directors).

We may by an ordinary resolution appoint any person to be a director that is not a Member Appointed Director. Subject to the terms of our Memorandum and Articles of Association, the board of directors may appoint any person to be a director, either to fill a vacancy or as an additional director.

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 issued and outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under our Memorandum and Articles of Association, directors may be removed with or without cause, by an ordinary resolution of our shareholders, except for a Member Appointed Director, who may only be removed by each Class B Majority Holder, or the Chairman, who may only be removed from office by special resolution. A director will also cease to be a director if he (i) becomes bankrupt or makes any arrangement or composition with his creditors; (ii) dies or is found to be or becomes of unsound mind; (iii) resigns his office by notice in writing; (iv) without special leave of absence from our board, is absent from meetings of our board for three consecutive meetings and our board resolves that his office be vacated; (v) only holds office as a Director for a fixed term and such term expires or (vi) is removed from office pursuant to any other provision of our articles of association.

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 either an order of the courts of the Cayman Islands or by the board of directors.

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 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 written consent of the two-thirds holders of the issued shares of that class or with the sanction of a resolution passed at a separate meeting of the holders of the shares of that class by a two-thirds majority of the holders of the shares of that class present and voting at such meeting (whether in person or by proxy).

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 and our Memorandum and Articles of Association, our memorandum and articles of association may only be amended by a special resolution of our shareholders.

Rights of Non-resident or Foreign Shareholders

There are no limitations imposed by our Memorandum and Articles of Association on the rights of nonresident or foreign shareholders to hold or exercise voting rights on our shares. In addition, there are no provisions in our Memorandum and Articles of Association governing the ownership threshold above which shareholder ownership must be disclosed.

Changes in Capital (Item 10.B.10 of Form 20-F)

Subject to the provisions of the Companies Act and Memorandum and Articles of Association, the Company may from time to time by ordinary resolutions:

- increase our share capital by such sum, to be divided into shares of such classes and amount, as the resolution shall prescribe;
- consolidate, or consolidate and divide all or any of our share capital into shares of larger amounts than our existing shares;
- subdivide our shares, or any of them, into shares of smaller amount than is fixed by the 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.

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)

Citibank, N.A., as depositary, registers and delivers the ADSs. Each ADS represents the right to receive, and exercise the beneficial ownership interest in, two (2) Class A ordinary shares, that are on deposit with Citibank, N.A., as depositary, or Citibank, N.A. — Hong Kong, as custodian for the depositary. Each ADS will also represent the right to receive, and to exercise the beneficial interests in, any other property received by the depositary or the custodian on behalf of the owner of the ADS. The depositary office is located at 388 Greenwich Street, New York, New York 10013.

We do not treat ADS holders as our shareholders and accordingly, you, as an ADS holder, do not have shareholder rights. Cayman Islands law governs shareholder rights. The depositary is the holder of the Class A ordinary shares underlying your ADSs. As a holder of ADSs, you 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.

The following is a summary of the material terms of the ADSs and of your material rights as an owner of ADSs. The rights and obligations of an owner of ADSs will be determined by the terms of the deposit agreement and not by this summary. For more complete information, you should read the entire deposit agreement and the form of American Depositary Receipt.

Holding the ADSs

The manner in which you own the ADSs (e.g., in a brokerage account vs. as registered holder, or as holder of certificated vs. uncertificated ADSs) may affect your rights and obligations, and the manner in which, and extent to which, the depositary's services are made available to you. As an owner of ADSs, you may hold your ADSs either by means of an ADR registered in your name, through a brokerage or safekeeping account, or through an account established by the depositary in your name reflecting the registration of uncertificated ADSs directly on the books of the depositary (commonly referred to as the "direct registration system" or "DRS"). The direct registration system reflects the uncertificated (book-entry) registration of ownership of ADSs by the depositary. Under the direct registration system, ownership of ADSs is evidenced by periodic statements issued by the depositary to the holders of the ADSs. The direct registration system includes automated transfers between the depositary and The Depository Trust Company ("DTC"), the central book-entry clearing and settlement system for equity securities in the United States. If you decide to hold your ADSs through your brokerage or safekeeping account, you must rely on the procedures of your broker or bank to assert your rights as ADS owner. Banks and brokers typically hold securities such as the ADSs through clearing and settlement systems such as DTC. The procedures of such clearing and settlement systems may limit your ability to exercise your rights as an owner of ADSs. Please consult with your broker or bank if you have any questions concerning these limitations and procedures. All ADSs held through DTC will be registered in the name of a nominee of DTC. This summary description assumes you have opted to own the ADSs directly by means of an ADS registered in your name and, as such, we will refer to you as the "holder." When we refer to "you," we assume the reader owns ADSs and will own ADSs at the relevant time.

The registration of the Class A ordinary shares in the name of the depositary or the custodian shall, to the maximum extent permitted by applicable law, vest in the depositary or the custodian the record ownership in the applicable Class A ordinary shares with the beneficial ownership rights and interests in such Class A ordinary shares being at all times vested with the beneficial owners of the ADSs representing the Class A ordinary shares. The depositary or the custodian shall at all times be entitled to exercise the beneficial ownership rights in all deposited property, in each case only on behalf of the holders and beneficial owners of the ADSs representing the deposited property.

Dividends and Distributions

As a holder of ADSs, you generally have the right to receive the distributions we make on the securities deposited with the custodian. Your receipt of these distributions may be limited, however, by practical considerations and legal limitations. Holders of ADSs will receive such distributions under the terms of the deposit agreement in proportion to the number of ADSs held as of the specified record date, after deduction of the applicable fees, taxes and expenses.

Distributions of Cash

Whenever we make a cash distribution for the securities on deposit with the custodian, we will deposit the funds with the custodian. Upon receipt of confirmation of the deposit of the requisite funds, the depositary will arrange for the funds received in a currency other than U.S. dollars to be converted into U.S. dollars and for the distribution of the U.S. dollars to the holders, subject to the laws and regulations of the Cayman Islands.

The conversion into U.S. dollars will take place only if practicable and if the U.S. dollars are transferable to the United States. The depositary will apply the same method for distributing the proceeds of the sale of any property (such as undistributed rights) held by the custodian in respect of securities on deposit.

The distribution of cash will be made net of the fees, expenses, taxes and governmental charges payable by holders under the terms of the deposit agreement. The depositary will hold any cash amounts it is unable to distribute in a non-interest bearing account for the benefit of the applicable holders and beneficial owners of ADSs until the distribution can be effected or the funds that the depositary holds must be escheated as unclaimed property in accordance with the laws of the relevant states of the United States.

Distributions of Shares

Whenever we make a free distribution of Class A ordinary shares for the securities on deposit with the custodian, we will deposit the applicable number of Class A ordinary shares with the custodian. Upon receipt of confirmation of such deposit, the depositary will either distribute to holders new ADSs representing the Class A ordinary shares deposited or modify the ADS-to-Class A ordinary shares ratio, in which case each ADS you hold will represent rights and interests in the additional Class A ordinary shares so deposited. Only whole new ADSs will be distributed. Fractional entitlements will be sold and the proceeds of such sale will be distributed as in the case of a cash distribution.

The distribution of new ADSs or the modification of the ADS-to-Class A ordinary shares ratio upon a distribution of Class A ordinary shares will be made net of the fees, expenses, taxes and governmental charges payable by holders under the terms of the deposit agreement. In order to pay such taxes or governmental charges, the depositary may sell all or a portion of the new Class A ordinary shares so distributed.

No such distribution of new ADSs will be made if it would violate a law (*e.g.*, the U.S. securities laws) or if it is not operationally practicable. If the depositary does not distribute new ADSs as described above, it may sell the Class A ordinary shares received upon the terms described in the deposit agreement and will distribute the proceeds of the sale as in the case of a distribution of cash.

Distributions of Rights

Whenever we intend to distribute rights to subscribe for additional Class A ordinary shares, we will give prior notice to the depositary and we will assist the depositary in determining whether it is lawful and reasonably practicable to distribute rights to subscribe for additional ADSs to holders.

The depositary will establish procedures to distribute rights to subscribe for additional ADSs to holders and to enable such holders to exercise such rights if it is lawful and reasonably practicable to make the rights available to holders of ADSs, and if we provide all of the documentation contemplated in the deposit agreement (such as opinions to address the lawfulness of the transaction). You may have to pay fees, expenses, taxes and other governmental charges to subscribe for the new ADSs upon the exercise of your rights. The depositary is not obligated to establish procedures to facilitate the distribution and exercise by holders of rights to subscribe for new Class A ordinary shares other than in the form of ADSs.

The depositary will not distribute the rights to you if:

- We do not timely request that the rights be distributed to you or we request that the rights not be distributed to you; or
- We fail to deliver satisfactory documents to the depositary; or
- It is not reasonably practicable to distribute the rights.

The depositary will sell the rights that are not exercised or not distributed if such sale is lawful and reasonably practicable. The proceeds of such sale will be distributed to holders as in the case of a cash distribution. If the depositary is unable to sell the rights, it will allow the rights to lapse.

Elective Distributions

Whenever we intend to distribute a dividend payable at the election of shareholders either in cash or in additional shares, we will give prior notice thereof to the depositary and will indicate whether we wish the elective distribution to be made available to you. In such case, we will assist the depositary in determining whether such distribution is lawful and reasonably practicable.

The depositary will make the election available to you only if it is reasonably practicable and if we have provided all of the documentation contemplated in the deposit agreement. In such case, the depositary will establish procedures to enable you to elect to receive either cash or additional ADSs, in each case as described in the deposit agreement.

If the election is not made available to you, you will receive either cash or additional ADSs, depending on what a shareholder in the Cayman Islands would receive upon failing to make an election, as more fully described in the deposit agreement.

Other Distributions

Whenever we intend to distribute property other than cash, Class A ordinary shares or rights to subscribe for additional Class A ordinary shares, we will notify the depositary in advance and will indicate whether we wish such distribution to be made to you. If so, we will assist the depositary in determining whether such distribution to holders is lawful and reasonably practicable.

If it is reasonably practicable to distribute such property to you and if we provide to the depositary all of the documentation contemplated in the deposit agreement, the depositary will distribute the property to the holders in a manner it deems practicable.

The distribution will be made net of fees, expenses, taxes and governmental charges payable by holders under the terms of the deposit agreement. In order to pay such taxes and governmental charges, the depositary may sell all or a portion of the property received.

The depositary will *not* distribute the property to you and will sell the property if:

- We do not request that the property be distributed to you or if we request that the property not be distributed to you; or
- We do not deliver satisfactory documents to the depositary; or
- The depositary determines that all or a portion of the distribution to you is not reasonably practicable.

The proceeds of such a sale will be distributed to holders as in the case of a cash distribution.

Redemption

Whenever we decide to redeem any of the securities on deposit with the custodian, we will notify the depositary in advance. If it is practicable and if we provide all of the documentation contemplated in the deposit agreement, the depositary will provide notice of the redemption to the holders.

The custodian will be instructed to surrender the shares being redeemed against payment of the applicable redemption price. The depositary will convert into U.S. dollars upon the terms of the deposit agreement the redemption funds received in a currency other than U.S. dollars and will establish procedures to enable holders to receive the net proceeds from the redemption upon surrender of their ADSs to the depositary. You may have to pay fees, expenses, taxes and other governmental charges upon the redemption of your ADSs. If less than all ADSs are being redeemed, the ADSs to be retired will be selected by lot or on a *pro rata* basis, as the depositary may determine.

Changes Affecting Class A Ordinary Shares

The Class A ordinary shares held on deposit for your ADSs may change from time to time. For example, there may be a change in nominal or par value, split-up, cancellation, consolidation or any other reclassification of such Class A ordinary shares or a recapitalization, reorganization, merger, consolidation or sale of assets of the Company.

If any such change were to occur, your ADSs would, to the extent permitted by law and the deposit agreement, represent the right to receive the property received or exchanged in respect of the Class A ordinary shares held on deposit. The depositary may in such circumstances deliver new ADSs to you, amend the deposit agreement, the ADRs and the applicable Registration Statement(s) on Form F-6, call for the exchange of your existing ADSs for new ADSs and take any other actions that are appropriate to reflect as to the ADSs the change affecting the Shares. If the depositary may not lawfully distribute such property to you, the depositary may sell such property and distribute the net proceeds to you as in the case of a cash distribution.

Issuance of ADSs upon Deposit of Class A Ordinary Shares

The depositary may create ADSs on your behalf if you or your broker deposit Class A ordinary shares with the custodian. The depositary will deliver these ADSs to the person you indicate only after you pay any applicable issuance fees and any charges and taxes payable for the transfer of the Class A ordinary shares to the custodian. Your ability to deposit Class A ordinary shares and receive ADSs may be limited by U.S. and Cayman Islands legal considerations applicable at the time of deposit.

The issuance of ADSs may be delayed until the depositary or the custodian receives confirmation that all required approvals have been given and that the Class A ordinary shares have been duly transferred to the custodian. The depositary will only issue ADSs in whole numbers.

When you make a deposit of Class A ordinary shares, you will be responsible for transferring good and valid title to the depositary. As such, you will be deemed to represent and warrant that:

- The Class A ordinary shares are duly authorized, validly issued, fully paid, non-assessable and legally obtained.
- All preemptive (and similar) rights, if any, with respect to such Class A ordinary shares have been validly waived or exercised.
- You are duly authorized to deposit the Class A ordinary shares.
- The Class A ordinary shares presented for deposit are free and clear of any lien, encumbrance, security interest, charge, mortgage or adverse claim, and are not, and the ADSs issuable upon such deposit will not be, "restricted securities" (as defined in the deposit agreement).
- The Class A ordinary shares presented for deposit have not been stripped of any rights or entitlements.

If any of the representations or warranties are incorrect in any way, we and the depositary may, at your cost and expense, take any and all actions necessary to correct the consequences of the misrepresentations.

Transfer, Combination and Split Up of ADRs

As an ADR holder, you will be entitled to transfer, combine or split up your ADRs and the ADSs evidenced thereby. For transfers of ADRs, you will have to surrender the ADRs to be transferred to the depositary and also must:

- ensure that the surrendered ADR is properly endorsed or otherwise in proper form for transfer;
- provide such proof of identity and genuineness of signatures as the depositary deems appropriate;
- provide any transfer stamps required by the State of New York or the United States; and
- pay all applicable fees, charges, expenses, taxes and other government charges payable by ADR holders pursuant to the terms of the deposit agreement, upon the transfer of ADRs.

To have your ADRs either combined or split up, you must surrender the ADRs in question to the depositary with your request to have them combined or split up, and you must pay all applicable fees, charges and expenses payable by ADR holders, pursuant to the terms of the deposit agreement, upon a combination or split up of ADRs.

Withdrawal of Class A Ordinary Shares Upon Cancellation of ADSs

As a holder, you will be entitled to present your ADSs to the depositary for cancellation and then receive the corresponding number of underlying Class A ordinary shares at the custodian's offices. Your ability to withdraw the Class A ordinary shares held in respect of the ADSs may be limited by U.S. and Cayman Islands legal considerations applicable at the time of withdrawal. In order to withdraw the Class A ordinary shares represented by your ADSs, you will be required to pay to the depositary the fees for cancellation of ADSs and any charges and taxes payable upon the transfer of the Class A ordinary shares. You assume the risk for delivery of all funds and securities upon withdrawal. Once canceled, the ADSs will not have any rights under the deposit agreement.

If you hold ADSs registered in your name, the depositary may ask you to provide proof of identity and genuineness of any signature and such other documents as the depositary may deem appropriate before it will cancel your ADSs. The withdrawal of the Class A ordinary shares represented by your ADSs may be delayed until the depositary receives satisfactory evidence of compliance with all applicable laws and regulations. Please keep in mind that the depositary will only accept ADSs for cancellation that represent a whole number of securities on deposit.

You will have the right to withdraw the securities represented by your ADSs at any time except for:

- Temporary delays that may arise because (i) the transfer books for the Class A ordinary shares or ADSs are closed, or (ii) Class A ordinary shares are immobilized on account of a shareholders' meeting or a payment of dividends.
- Obligations to pay fees, taxes and similar charges.
- Restrictions imposed because of laws or regulations applicable to ADSs or the withdrawal of securities on deposit.

The deposit agreement may not be modified to impair your right to withdraw the securities represented by your ADSs except to comply with mandatory provisions of law.

Voting Rights

As a holder, you generally have the right under the deposit agreement to instruct the depositary to exercise the voting rights for the Class A ordinary shares represented by your ADSs. The voting rights of holders of Class A ordinary shares are described in "Description of Share Capital."

At our request, the depositary will distribute to you any notice of shareholders' meeting received from us together with information explaining how to instruct the depositary to exercise the voting rights of the securities represented by ADSs. In lieu of distributing such materials, the depositary may distribute to holders of ADSs instructions on how to retrieve such materials upon request.

If the depositary timely receives voting instructions from a holder of ADSs, it will endeavor to vote the securities (in person or by proxy) represented by the holder's ADSs in accordance with the voting instructions received from the holders of ADSs.

Securities for which no voting instructions have been received will not be voted (except as otherwise contemplated in the deposit agreement). Please note that the ability of the depositary to carry out voting instructions may be limited by practical and legal limitations and the terms of the securities on deposit. We cannot assure you that you will receive voting materials in time to enable you to return voting instructions to the depositary in a timely manner.

Fees and Charges

As an ADS holder, you will be required to pay the following fees (some of which may be cumulative) under the terms of the deposit agreement:

Service	Fees
● Issuance of ADSs (e.g., an issuance of ADS upon a deposit of Class A ordinary shares, upon a change in the ADS(s)-to-Class A ordinary shares ratio, ADS conversions, or for any other reason), excluding ADS issuances as a result of distributions of Class A ordinary shares)	Up to U.S. 5¢ per ADS issued
● Cancellation of ADSs (e.g., a cancellation of ADSs for delivery of deposited property, upon a change in the ADS(s)-to-Class A ordinary shares ratio, ADS conversions, upon termination of the Deposit Agreement, or for any other reason)	Up to U.S. 5¢ per ADS cancelled
● Distribution of cash dividends or other cash distributions (e.g., upon a sale of rights and other entitlements)	Up to U.S. 5¢ per ADS held
● Distribution of ADSs pursuant to (i) stock dividends or other free stock distributions, or(ii) exercise of rights to purchase additional ADSs	Up to U.S. 5¢ per ADS held
● Distribution of financial instruments, including, without limitation, securities other than ADSs or rights to purchase additional ADSs (e.g., upon a spin-off and contingent value rights)	Up to U.S. 5¢ per ADS held
● ADS Services	Up to U.S. 5¢ per ADS held on the applicable record date(s) established by the depositary
● Registration of ADS transfers (e.g., upon a registration of the transfer of registered ownership of ADSs, upon a transfer of ADSs into DTC and *vice versa*, or for any other reason)	Up to U.S. 5¢ per ADS (or fraction thereof) transferred
● Conversion of ADSs of one series for ADSs of another series (e.g., upon conversion of Partial Entitlement ADSs for Full Entitlement ADSs, or upon conversion of Restricted ADSs (each as defined in the Deposit Agreement) into freely transferable ADSs, and *vice versa* or conversion of ADSs for unsponsored American Depositary Shares (e.g., upon termination of the Deposit Agreement)).	Up to U.S. 5¢ per ADS (or fraction thereof) converted

As an ADS holder you will also be responsible to pay certain charges (some of which may be cumulative) such as:

- taxes (including applicable interest and penalties) and other governmental charges;
- the registration fees as may from time to time be in effect for the registration of Class A ordinary shares on the share register and applicable to transfers of Class A ordinary shares to or from the name of the custodian, the depositary or any nominees upon the making of deposits and withdrawals, respectively;
- certain cable, telex and facsimile transmission and delivery expenses;

- the fees, expenses, spreads, taxes and other charges of the depositary and/or service providers (which may be a division, branch or affiliate of the depositary) in the conversion of foreign currency;
- the reasonable and customary out-of-pocket expenses incurred by the depositary in connection with compliance with exchange control regulations and other regulatory requirements applicable to the Class A ordinary shares, ADSs and ADRs;
- the fees, charges, costs and expenses incurred by the depositary, the custodian, or any nominee in connection with the ADR program; and
- the amounts payable to the depositary by any party to the deposit agreement pursuant to any ancillary agreement to the deposit agreement in respect of the ADR program, the ADSs, and the ADRs.

ADS fees and charges for (i) the issuance of ADSs, and (ii) the cancellation of ADSs are charged to the person for whom the ADSs are issued (in the case of ADS issuances) and to the person for whom ADSs are cancelled (in the case of ADS cancellations). In the case of ADSs issued by the depositary into DTC, the ADS issuance and cancellation fees and charges may be deducted from distributions made through DTC, and may be charged to the DTC participant(s) receiving the ADSs being issued or the DTC participant(s) holding the ADSs being cancelled, as the case may be, on behalf of the beneficial owner(s) and will be charged by the DTC participant(s) to the account of the applicable beneficial owner(s) in accordance with the procedures and practices of the DTC participants as in effect at the time. ADS fees and charges in respect of distributions and the ADS service fee are charged to the holders as of the applicable ADS record date. In the case of distributions of cash, the amount of the applicable ADS fees and charges is deducted from the funds being distributed. In the case of (i) distributions other than cash and (ii) the ADS service fee, holders as of the ADS record date will be invoiced for the amount of the ADS fees and charges and such ADS fees and charges may be deducted from distributions made to holders of ADSs. For ADSs held through DTC, the ADS fees and charges for distributions other than cash and the ADS service fee may be deducted from distributions made through DTC, and may be charged to the DTC participants in accordance with the procedures and practices prescribed by DTC and the DTC participants in turn charge the amount of such ADS fees and charges to the beneficial owners for whom they hold ADSs. In the case of (i) registration of ADS transfers, the ADS transfer fee will be payable by the ADS Holder whose ADSs are being transferred or by the person to whom the ADSs are transferred, and (ii) conversion of ADSs of one series for ADSs of another series (which may entail the cancellation, issuance and transfer of ADSs and the conversion of ADSs from one series to another series), the applicable ADS issuance, cancellation, transfer and conversion fees will be payable by the Holder whose ADSs are converted or by the person to whom the converted ADSs are delivered.

In the event of refusal to pay the depositary fees, the depositary 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. Certain depositary fees and charges (such as the ADS services fee) may become payable shortly after the closing of the ADS offering. Note that the fees and charges you may be required to pay may vary over time and may be changed by us and by the depositary. You will receive prior notice of such changes. The depositary may reimburse us for certain expenses incurred by us in respect of the ADR program, by making available a portion of the ADS fees charged in respect of the ADR program or otherwise, upon such terms and conditions as we and the depositary agree from time to time.

Amendments and Termination

We may agree with the depositary to modify the deposit agreement at any time without your consent. We undertake to give holders 30 days' prior notice of any modifications that would materially prejudice any of their substantial rights under the deposit agreement. We will not consider to be materially prejudicial to your substantial rights any modifications or supplements that are reasonably necessary for the ADSs to be registered under the Securities Act or to be eligible for book-entry settlement, in each case without imposing or increasing the fees and charges you are required to pay. In addition, we may not be able to provide you with prior notice of any modifications or supplements that are required to accommodate compliance with applicable provisions of law.

You will be bound by the modifications to the deposit agreement if you continue to hold your ADSs after the modifications to the deposit agreement become effective. The deposit agreement cannot be amended to prevent you from withdrawing the Class A ordinary shares represented by your ADSs (except as permitted by law).

We have the right to direct the depositary to terminate the deposit agreement. Similarly, the depositary may in certain circumstances on its own initiative terminate the deposit agreement. In either case, the depositary must give notice to the holders at least 30 days before termination. Until termination, your rights under the deposit agreement will be unaffected.

After termination, the depositary will continue to collect distributions received (but will not distribute any such property until you request the cancellation of your ADSs) and may sell the securities held on deposit. After the sale, the depositary will hold the proceeds from such sale and any other funds then held for the holders of ADSs in a non-interest bearing account. At that point, the depositary will have no further obligations to holders other than to account for the funds then held for the holders of ADSs still outstanding (after deduction of applicable fees, taxes and expenses).

In connection with any termination of the deposit agreement, the depositary may make available to owners of ADSs a means to withdraw the Class A ordinary shares represented by ADSs and to direct the depositary of such Class A ordinary shares into an unsponsored American depositary share program established by the depositary. The ability to receive unsponsored American depositary shares upon termination of the deposit agreement would be subject to satisfaction of certain U.S. regulatory requirements applicable to the creation of unsponsored American depositary shares and the payment of applicable depositary fees.

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 ADSs and the deposit agreement.

The depositary will maintain in New York facilities to record and process the issuance, cancellation, combination, split-up and transfer of ADSs. These facilities may be closed from time to time, to the extent not prohibited by law.

Limitations on Obligations and Liabilities

The deposit agreement limits our obligations and the depositary's obligations to you. Please note the following:

- We and the depositary are obligated only to take the actions specifically stated in the deposit agreement without negligence or bad faith.
- The depositary disclaims any liability for any failure to carry out voting instructions, for any manner in which a vote is cast or for the effect of any vote, provided it acts in good faith and in accordance with the terms of the deposit agreement.
- The depositary disclaims any liability for any failure to determine the lawfulness or practicality of any action, for the content of any document forwarded to you on our behalf or for the accuracy of any translation of such a document, for the investment risks associated with investing in the Class A ordinary shares, for the validity or worth of the Class A ordinary shares, for any financial transaction entered into by any person in respect of the ADSs or any Deposited Property, for any tax consequences that result from the ownership of, or any transaction involving, ADSs, for the credit-worthiness of any third party, for allowing any rights to lapse under the terms of the deposit agreement, for the timeliness of any of our notices or for our failure to give notice.

- We and the depositary will not be obligated to perform any act that is inconsistent with the terms of the deposit agreement.
- We and the depositary disclaim any liability if we or the depositary are prevented or forbidden from or subject 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, by reason of any provision, present or future of any law or regulation, or by reason of present or future provision of any provision of our memorandum and articles of association, or any provision of or governing the securities on deposit, or by reason of any act of God or war or other circumstances beyond our control.
- We and the depositary disclaim any liability 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 in any provisions of or governing the securities on deposit.
- We and the depositary further disclaim any liability for any action or inaction in reliance on the advice or information received from legal counsel, accountants, any person presenting Shares for deposit, any holder of ADSs or authorized representatives thereof, or any other person believed by either of us in good faith to be competent to give such advice or information.
- We and the depositary also disclaim liability for the inability by a holder to benefit from any distribution, offering, right or other benefit that is made available to holders of the Class A ordinary shares but is not, under the terms of the deposit agreement, made available to you.
- We and the depositary may rely without any liability upon any written notice, request or other document believed to be genuine and to have been signed or presented by the proper parties.
- We and the depositary also disclaim liability for any consequential or punitive damages for any breach of the terms of the deposit agreement.
- No disclaimer of any Securities Act liability is intended by any provision of the deposit agreement.
- Nothing in the deposit agreement gives rise to a partnership or joint venture, or establishes a fiduciary relationship, among us, the depositary and you as ADS holder.
- Nothing in the deposit agreement precludes Citibank (or its affiliates) from engaging in transactions in which parties adverse to us or the ADS owners have interests, and nothing in the deposit agreement obligates Citibank to disclose those transactions, or any information obtained in the course of those transactions, to us or to the ADS owners, or to account for any payment received as part of those transactions.

As the above limitations relate to our obligations and the depositary's obligations to you under the deposit agreement, we believe that, as a matter of construction of the clause, such limitations would likely to continue to apply to ADS holders who withdraw the Class A ordinary shares from the ADS facility with respect to obligations or liabilities incurred under the deposit agreement before the cancellation of the ADSs and the withdrawal of the Class A ordinary shares, and such limitations would most likely not apply to ADS holders who withdraw the Class A ordinary shares from the ADS facility with respect to obligations or liabilities incurred after the cancellation of the ADSs and the withdrawal of the Class A ordinary shares and not under the deposit agreement.

In any event, you will not be deemed, by agreeing to the terms of the deposit agreement, to have waived our or the depositary's compliance with U.S. federal securities laws and the rules and regulations promulgated thereunder. In fact, you cannot waive our or the depositary's compliance with U.S. federal securities laws and the rules and regulations promulgated thereunder.

Taxes

You will be responsible for the taxes and other governmental charges payable on the ADSs and the securities represented by the ADSs. We, the depositary and the custodian may deduct from any distribution the taxes and governmental charges payable by holders and may sell any and all property on deposit to pay the taxes and governmental charges payable by holders. You will be liable for any deficiency if the sale proceeds do not cover the taxes that are due.

The depositary may refuse to issue ADSs, to deliver, transfer, split and combine ADRs or to release securities on deposit until all taxes and charges are paid by the applicable holder. The depositary and the custodian may take reasonable administrative actions to obtain tax refunds and reduced tax withholding for any distributions on your behalf. However, you may be required to provide to the depositary and to the custodian proof of taxpayer status and residence and such other information as the depositary and the custodian may require to fulfill legal obligations. You are required to indemnify us, the depositary and the custodian for any claims with respect to taxes based on any tax benefit obtained for you.

Foreign Currency Conversion

The depositary will arrange for the conversion of all foreign currency received into U.S. dollars if such conversion is practical, and it will distribute the U.S. dollars in accordance with the terms of the deposit agreement. You may have to pay fees and expenses incurred in converting foreign currency, such as fees and expenses incurred in complying with currency exchange controls and other governmental requirements.

If the conversion of foreign currency is not practical or lawful, or if any required approvals are denied or not obtainable at a reasonable cost or within a reasonable period, the depositary may take the following actions in its discretion:

- Convert the foreign currency to the extent practical and lawful and distribute the U.S. dollars to the holders for whom the conversion and distribution is lawful and practical.
- Distribute the foreign currency to holders for whom the distribution is lawful and practical.
- Hold the foreign currency (without liability for interest) for the applicable holders.

Governing Law/Waiver of Jury Trial

The deposit agreement, the ADRs and the ADSs will be interpreted in accordance with the laws of the State of New York. The rights of holders of Class A ordinary shares (including Class A ordinary shares represented by ADSs) are governed by the laws of the Cayman Islands.

As an owner of ADSs, you irrevocably agree that any legal action arising out of the Deposit Agreement, the ADSs or the ADRs, involving the Company or the Depositary, may only be instituted in a state or federal court in the city of New York.

As a party to the deposit agreement, you irrevocably waive, to the fullest extent permitted by applicable law, your right to trial by jury in any legal proceeding arising out of the deposit agreement or the ADRs against us and/or the depositary.

The deposit agreement provides that, to the extent permitted by law, ADS holders waive the right to a jury trial of any claim they may have against us or the depositary arising out of or relating to our Class A ordinary shares, the ADSs or the deposit agreement, including any claim under U.S. federal securities laws. If we or the depositary opposed a jury trial demand based on the waiver, the court would determine whether the waiver was enforceable in the facts and circumstances of that case in accordance with applicable case law. However, you will not be deemed, by agreeing to the terms of the deposit agreement, to have waived our or the depositary's compliance with U.S. federal securities laws and the rules and regulations promulgated thereunder.

AMENDMENT TO THE ON-RACK SALES AND PURCHASE AGREEMENT

This AMENDMENT (this "Amendment"), dated as of January 9, 2026 (the "Effective Date"), amends that certain On-Rack Sales and Purchase Agreement dated November 3, 2025 (the "Agreement"), by and between NIP Group Inc. (the "Purchaser") and the Persons listed in Section 1.1 of Schedule A thereto (the "Sellers"). Capitalized terms used but not defined herein have the meanings set forth in the Agreement.

RECITALS

WHEREAS, the Purchaser and the Sellers entered into the Agreement pursuant to which the Purchaser agrees to purchase the Purchased Assets and engage Cloud Mining Services on the terms set forth therein;

WHEREAS, the Parties desire to amend the Agreement as set forth herein, and this Amendment shall be binding on all Parties to the Agreement;

NOW, THEREFORE, in consideration of the mutual covenants herein and intending to be legally bound, the Parties agree as follows:

Section 1. Definitions.

(a) The following definition should be added to Clause 1.1 of the Agreement:

"**Product Purchase Price**" of a Seller means the product of USD8.00 per T, multiplied by the Product Hashrate of such Seller.

(b) The following definition in Clause 1.1 of the Agreement shall be deleted in its entirety and replaced with the following:

"**Transaction Documents**" means this Agreement, Investor Rights Agreement, the Hosting Service Agreements, the Cloud Mining Services Agreements, the Notes, and any other agreements documents, certificate or writing delivered in connection with this Agreement.

(c) The "**Long Stop Date**" as defined in the Agreement shall be changed to March 31, 2026.

Section 2. Closing Deliverables.

(a) Clauses 2.3(a)(i) of the Agreement shall be deleted in its entirety and replaced with the following:

"the Issued Shares (as defined blow) of such Seller in the name of such Seller, as evidenced by a copy of relevant extracts of the register of members of the Purchaser reflecting such Seller as the legal owner of the Issued Shares;"

(b) The following closing deliverable of the Purchaser shall be added to Clause 2.4(a) of the Agreement:

"the original executed Note in the principal amount of the Product Purchase Price of such Seller issued to such Seller;"

Section 3. Consideration. Clauses 3.1 to 3.2 of the Agreement shall be deleted in its entirety and replaced with the following:

"3.1 The aggregate consideration for the Purchased Assets of a Seller in connection with the Proposed Transaction as set forth in this Clause 3 shall be the Notes (as defined below), and the aggregate consideration for the Cloud Mining Services of a Seller in connection with the Proposed Transaction as set forth in this Clause 3 shall be the Issued Shares (as defined below).

3.2 At the Closing, subject to each Seller's fulfillment of its obligations under Clause 4,

(a) in consideration of the Purchased Assets of such Seller, the Purchaser shall issue unlisted interest-free convertible notes (the "**Notes**") in an aggregate principal amount of the Product Purchase Price of such Seller (the "**Principal Amount**") to such Seller in the form to be agreed by the relevant Seller and the Purchaser, which the Notes, subject to the terms and conditions therein, is convertible, in whole or in part, into certain number of Class A Ordinary Shares at an initial conversion price of US$0.2082617 per Class A Ordinary Share (subject to adjustment) (the "**Conversion Price**") (such Class A Ordinary Shares so converted, the "**Conversion Shares**"). Upon the Seller's exercise of its right attaching to the Conversion Shares, against payment of the conversion price therefor (being the aggregate Conversion Price of the Conversion Shares), the Purchaser shall promptly issue to the Seller all of the Conversion Shares free and clear of all Encumbrances (other than (i) Encumbrances pursuant to the constitutional documents of the Purchaser or Applicable Laws and (ii) Encumbrances created by the Seller or its Affiliates), and deliver to the Seller a copy of the relevant extracts of the register of members of the Purchaser reflecting the Seller as the legal owner of the Conversion Shares; and

(b) in consideration of the Cloud Mining Services of such Seller, the Purchaser shall issue to such Seller, and such Seller shall subscribe for from the Purchaser, in a private placement transaction and in consideration of the Cloud Mining Services of such Seller, such Seller's Issued Shares, free and clear of all Encumbrances (other than (i) Encumbrances pursuant to the constitutional documents of the Purchaser or Applicable Laws and (ii) Encumbrances created by such Seller or its Affiliates). For purposes hereof, "**Issued Shares**" of a Seller shall mean a number of Class A Ordinary Shares equal to the product of Issued Shares per T multiplied by the Service Hashrate of such Seller (rounded down to the next whole share).

"**Consideration Shares**" mean, collectively, the Conversion Shares and the Issued Shares."

Section 4. Representations and Warranties. The following representation and warranty shall be added before Clause 6.1(v) of the Agreement:

"The Notes (when issued) shall constitute direct, unconditional and unsubordinated obligations of the Purchaser and will at all times rank pari passu and without any preference or priority among themselves and at least equally with all other present and future direct, unconditional and unsubordinated obligations of the Purchaser other than those preferred by Applicable Laws and except as expressly set forth in this Agreement and the other Transaction Documents. The issue of the Consideration Shares shall not be subject to any pre-emptive or similar rights."

Section 5. Covenants. The following covenant shall be added as Clause 6.8 of the Agreement:

"From and after the date hereof and until the Closing, except as expressly set forth in this Agreement and the other Transaction Documents, (i) neither the Purchaser nor any person acting on its behalf will take, directly or indirectly, any action that is designed to cause or result in an adjustment of the initial Conversion Price of the Notes that will impair the economic benefits of the holder of the Notes; and (ii) the Purchaser will not take any action that would reduce the Conversion Price of the Notes below a level that may be prescribed by Applicable Laws from time to time (if any)."

Section 6. Further Assurance. The following covenant shall be added as Clause 6.8 of the Agreement:

"If at any time the number of authorized but unissued Class A Ordinary Shares shall not be sufficient to effect the issue of the Consideration Shares in full, the Purchaser will take such corporate actions as may be necessary to seek further approval from its shareholders to authorize the board of directors of the Purchaser to allot, issue and deal with additional Class A Ordinary Shares to such number of Class A Ordinary Shares as shall be sufficient for such purpose."

Section 7. Appendices.

(a) The "Investor Rights Agreement" attached as Exhibit B to the Agreement is hereby deleted in its entirety and replaced with the form attached to this Amendment as Exhibit B (*New Investor Rights Agreement*).

(b) The "Cloud Mining Services Agreement" attached as Exhibit C to the Agreement is hereby deleted in its entirety and replaced with the form attached to this Amendment as Exhibit C (*New Cloud Mining Services Agreement*).

Section 8. Certain Arrangements. The parties acknowledge and agree that:

(a) the Closing with respect to the Cloud Mining Services and the Purchased Assets may take place separately, in which event, the relevant provisions in the Agreement should apply to these Closings respectively, *mutatis muntandis*; and

(b) as set forth in greater details in Exhibit A attached hereto, Mining Ninjas Kazakh Limited (hereinafter "Mining Ninjas KZ") and Armada Technologies Kazakhstan Limited (hereinafter "Armada Technologies KZ") shall enter into the KZ SPA, pursuant to which Mining Ninjas KZ shall purchase the relevant machines from Armada Technologies KZ for the agreed sum of KZT1,921,875,041, which consists of KZT1,715,959,858 in the form of KZ Payable, which will be subsequently assigned to Prosperity Oak and KZT205,915,183, which represents value added tax associated with such sale, which remains payable by Mining Ninjas KZ to Armada Technologies KZ. As set forth in greater details in Exhibit A attached hereto, at the Closing, Prosperity Oak will cause the KZ Payable to be transferred to the Purchaser (which shall be deemed as Prosperity Oak, in its capacity as a Seller under the Agreement, having sold, assigned, transferred, conveyed and delivered to the Purchaser the KZ Purchased Assets pursuant to the terms of the Agreement at the Closing), in which event, the Company shall issue the relevant Note as consideration to Prosperity Oak, with the relevant provisions in the Agreement applying, *mutatis muntandis*. The steps set forth in Exhibit A shall be deemed incorporated by reference herein.

Section 9. No Other Amendment. The parties hereto hereby confirm that, (a) all references to "this Agreement" in the Agreement and any other Transaction Document shall be deemed to mean the Agreement, as amended by this Amendment, and (b) except as expressly set forth herein, the terms and conditions of the Agreement shall not be or be deemed to be amended, modified or waived by this Amendment and shall continue in full force and effect.

Section 10. Miscellaneous. Clause 11 (*Confidentiality and Communications*), Clause 13 (*Notices*), Clause 21 (*Governing Law and Dispute Resolution*), Clause 23 (*Counterparts and Electronic Signatures*) and Clause 24 (*Specific Performance*) of the Agreement shall apply to this Amendment *mutatis mutandis*.

Section 11. Transaction Document. This Amendment shall constitute a Transaction Document for purposes of the Sales and Purchase Agreement and each other Transaction Document. In the event of any conflict between the terms of this Amendment and the terms of the Agreement, the terms of this Amendment shall prevail.

** REMAINDER OF PAGE INTENTIONALLY LEFT BLANK **

(*Signature page for the Amendment to On-Rack Sales and Purchase Agreement*)

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as a deed as of the date first written above.

Prosperity Oak Holdings Limited

Signature: */s/ Chang-Wei Chiu*

Name: Chang-Wei Chiu

Title: Director

(*Signature page for the Amendment to On-Rack Sales and Purchase Agreement*)

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as a deed as of the date first written above.

Apex Cyber Capital Limited

Signature: */s/ KEE WEE KIANG, KENNETH*

Name: KEE WEE KIANG, KENNETH

Title: Director

(*Signature page for the Amendment to On-Rack Sales and Purchase Agreement*)

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as a deed as of the date first written above.

Noveau Jumpstar Limited

Signature: */s/ Sheng JIANG*

Name: Sheng JIANG

Title: Director

(*Signature page for the Amendment to On-Rack Sales and Purchase Agreement*)

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as a deed as of the date first written above.

NIP Group Inc.

Signature: */s/ Hicham Chahine*

Name: Hicham Chahine

Title: Director

Exhibit A

Kazakhstan Transaction Steps

Exhibit B

New Investor Rights Agreement

AMENDED AND RESTATED INVESTOR RIGHTS AGREEMENT

THIS AMENDED AND RESTATED INVESTOR RIGHTS AGREEMENT (this "Agreement"), dated as of January ____, 2026, is made and entered into by and among NIP Group Inc., an exempted company limited by shares established under the Laws of the Cayman Islands (the "Company"), each of the Holders set forth in Schedule A hereto, and, for the sole purpose of Article VI, each of the parties set forth in Schedule B hereto (each, a "Founder Party" and collectively, the "Founder Parties").

RECITALS

WHEREAS, the Company and the Original Holders entered into an Investor Rights Agreement dated June 27, 2025 (the "**Original IRA**") to define certain rights and obligations among them with respect to the Company.

WHEREAS, the Company and certain Holders are parties to an On-Rack Sales and Purchase Agreement dated as of November 3, 2025, as amended by that certain Amendment to On-Rack Sales and Purchase Agreement dated on or around the date hereof (as may be further amended or restated, the "Sales and Purchase Agreement").

WHEREAS, upon and after the closing of the transactions contemplated by the Sales and Purchase Agreement, the New Holders will receive (i) certain class A ordinary shares of the Company, with a par value of $0.0001 each (the "Company Ordinary Shares"), or (ii) certain unlisted interest-free convertible notes which, subject to the terms and conditions therein, are convertible, in whole or in part, into certain number of Company Ordinary Shares, as applicable.

WHEREAS, in connection with the consummation of the transactions contemplated by the Sales and Purchase Agreement, the parties hereto desire to enter into this Agreement to amend and restate the Original IRA in their entirety and to define certain rights and obligations among them with respect to the Company.

NOW, **THEREFORE**, in consideration of the representations, covenants and agreements contained herein, and certain other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

ARTICLE I
DEFINITIONS

1.1. Definitions. The terms defined in this Article I shall, for all purposes of this Agreement, have the respective meanings set forth below:

"Additional Securities" shall have the meaning given in subsection 6.1.

"Adverse Disclosure" shall mean any public disclosure of material non-public information, which disclosure, in the good faith judgment of the Board or the Chairman, Chief Executive Officer or principal financial officer of the Company (a) would be required to be made in any Registration Statement or Prospectus in order for the applicable Registration Statement or Prospectus not to contain any untrue statement of a material fact or omit to state a material fact

required to be stated therein or necessary to make the statements contained therein (in the case of any Prospectus and any preliminary Prospectus, in the light of the circumstances under which they were made) not misleading, (b) would not be required to be made at such time if the Registration Statement were not being filed, and (c) the Company has a bona fide business purpose for not making such information public.

"ADS(s)" means the American depositary shares of the Company, one (1) American depositary share representing two (2) Company Ordinary Shares, as may be adjusted by the Company from time to time.

"Affiliate" shall mean (a) with respect to any Person, any other Person directly or indirectly Controlling, Controlled by, or under common Control with such Person, and (b) with respect to any individual, his or her spouse, child, brother, sister, parent, the relatives of such spouse, trustee of any trust in which such individual or any of his immediate family members is a beneficiary or a discretionary object, or any entity or company Controlled by any of the aforesaid Persons.

"Agreement" shall have the meaning given in the Preamble hereto.

"Beneficially Owned" or "Beneficial Ownership" shall have the meaning given in subsection 6.1.

"Board" shall mean the Board of Directors of the Company.

"Business Day" means a day (other than Saturday or Sunday) on which banking institutions in Hong Kong, the PRC, New York, and the Cayman Islands are open generally for normal banking business.

"Commission" shall mean the Securities and Exchange Commission.

"Company" shall have the meaning given in the Preamble hereto.

"Company Ordinary Shares" shall have the meaning given in the Recital hereto.

"Control" shall mean with respect to any Person, the power or authority, whether exercised or not, to direct the business, management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, provided that in the case of a Person that is an entity, such power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than fifty percent (50%) of the votes entitled to be cast at a meeting of the holders of the shares or other equity interests or registered capital of such Person or power to control the composition of a majority of the board of directors or similar governing body of such Person. The terms "Controlled" and "Controlling" have meanings correlative to the foregoing.

"Demand Exercise Notice" shall have the meaning given in subsection 2.1.2.

"Demanding Holder" shall have the meaning given in subsection 2.1.1.

"Demand Registration" shall have the meaning given in subsection 2.1.2.

"Demand Registration Period" shall have the meaning given in subsection 2.1.2.

"Demand Registration Request" shall have the meaning given in subsection 2.1.2.

"Director Cap" shall have the meaning given in subsection 5.1.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as it may be amended from time to time.

"Filing Date" shall have the meaning given in subsection 2.1.1(a).

"Founder Parties" shall have the meaning given in the Preamble hereto.

"Holders" means collectively, the Original Holders and the New Holders, whether holding Company Ordinary Shares, convertible bonds, or any other convertible securities, and each of them, a "Holder". For the avoidance of doubt, holders of convertible notes or other convertible securities shall have the same rights under this Agreement as holders of issued Company Ordinary Shares, with all ownership calculations made on an as-converted basis.

"Initiating Holder" shall have the meaning given in subsection 2.1.2.

"Investor Director" shall have the meaning given in subsection 5.1.

"Investor Director Notice" shall have the meaning given in subsection 5.1.

"Law" or "Laws" means any and all provisions of any applicable constitution, treaty, orders, statute, law, regulation, ordinance, code, rule, or rule of common law, any governmental approval, concession, grant, franchise, license, agreement, directive, requirement, or other governmental restriction or any similar form of decision of, or determination by, or any formally issued written interpretation or administration of any of the foregoing by, any Governmental Authority, in each case as amended.

"Maximum Number of Securities" shall have the meaning given in subsection 2.1.3.

"Minimum Demand Threshold" shall mean $15,000,000.

"Misstatement" shall mean an untrue statement of a material fact or an omission to state a material fact required to be stated in a Registration Statement, preliminary Prospectus or Prospectus, or necessary to make the statements in a Registration Statement, preliminary Prospectus or Prospectus, in the case of the preliminary Prospectus or Prospectus, in light of the circumstances under which they were made, not misleading.

"Original Holders" means the persons set forth under the column "Original Holders" of Schedule A hereto.

"Person" shall mean any individual, corporation, partnership, limited partnership, proprietorship, association, limited liability company, firm, trust, estate or other enterprise or entity (whether or not having separate legal personality).

"Piggy-back Registration" shall have the meaning given in subsection 2.2.1.

"Pro Rata" shall have the meaning given in subsection 2.1.3.

"Prospectus" shall mean the prospectus included in any Registration Statement, as supplemented by any and all prospectus supplements and as amended by any and all post-effective amendments and including all materials incorporated by reference in such prospectus.

"Registrable Security" shall mean (a) any Company Ordinary Shares held by a Holder from time to time and (b) any other equity security of the Company issued or issuable with respect to any such Company Ordinary Shares by way of a stock dividend or stock split or in connection with a combination of stock, acquisition, recapitalization, consolidation, reorganization, stock exchange, stock reconstruction and amalgamation or contractual Control arrangement with, purchasing all or substantially all of the assets of, or engagement in any other similar transaction; provided, however, that, as to any particular Registrable Security, such securities shall cease to be Registrable Securities when: (i) if a Registration Statement with respect to the sale of such securities shall have become effective under the Securities Act, at the earlier of (A) one year following the date the Registration Statement is declared effective or (B) the date that such securities shall have been sold, transferred, disposed of or exchanged in accordance with such Registration Statement; (ii) such securities may be sold without registration pursuant to Rule 144 promulgated under the Securities Act (or any successor rule promulgated thereafter by the Commission) (but with no volume or other restrictions or limitations including as to current public information or manner or timing of sale); (iii) such securities shall have ceased to be outstanding; or (iv) such securities have been sold to, or through, a broker, dealer or underwriter in a public distribution or other public securities transaction.

"Registration" shall mean a registration effected by preparing and filing a Registration Statement or similar document in compliance with the requirements of the Securities Act, and the applicable rules and regulations promulgated thereunder, and such Registration Statement becoming effective.

"Registration Expenses" shall mean the out-of-pocket expenses of a Registration, including, without limitation, the following:

(A) all registration and filing fees (including fees with respect to filings required to be made with the Financial Industry Regulatory Authority and any securities exchange on which the Company Ordinary Shares are then listed);

(B) fees and expenses of compliance with securities or blue sky laws (including reasonable fees and disbursements of counsel for the Underwriters in connection with blue sky qualifications of Registrable Securities);

(C) printing, messenger, telephone and delivery expenses;

(D) reasonable fees and disbursements of counsel for the Company; and

(E) reasonable fees and disbursements of all independent registered public accountants of the Company incurred specifically in connection with such Registration.

"Registration Statement" shall mean any registration statement that covers the Registrable Securities pursuant to the provisions of this Agreement, including the Prospectus included in such

registration statement, amendments (including post-effective amendments) and supplements to such registration statement, and all exhibits to and all materials incorporated by reference in such registration statement.

"Requesting Holder" shall have the meaning given in subsection 2.1.3.

"Sales and Purchase Agreement" shall have the meaning set forth in the Recitals hereto.

"New Holders" means the persons set forth under the column "New Holders" of Schedule A hereto.

"Securities Act" shall mean the Securities Act of 1933, as amended from time to time.

"Shelf Registrable Securities" shall have the meaning given in subsection 2.1.1(a).

"Shelf Registration Statement" shall have the meaning given in subsection 2.1.1(a).

"Shelf Underwriting" shall have the meaning given in subsection 2.1.1(a).

"Shelf Underwriting Notice" shall have the meaning given in subsection 2.1.1(a).

"Shelf Underwriting Request" shall have the meaning given in subsection 2.1.1(a).

"Underwriter" shall mean a securities dealer who purchases any Registrable Securities as principal in an Underwritten Offering and not as part of such dealer's market-making activities.

"Underwritten Block Trade" shall have the meaning given in subsection 2.1.1(a).

"Underwritten Registration" or "Underwritten Offering" shall mean a Registration in which securities of the Company are sold to an Underwriter in a firm commitment underwriting for distribution to the public.

"Voting Shares" shall have the meaning given in subsection 6.1.

Capitalized terms used but not defined herein shall have the meanings as set forth in the Sales and Purchase Agreement.

ARTICLE II
REGISTRATIONS

2.1. Demand Registration.

2.1.1. Shelf Registration Statement. At any time and from time to time, each Holder (each, the "Demanding Holder") shall have the right to make a request in writing for the Company to prepare and file with (or confidentially submit to) the Commission a shelf registration statement under Rule 415 of the Securities Act (such registration statement, a "Shelf Registration Statement") covering the resale of the Registrable Securities (determined as of two (2) Business Days prior to such filing) on a delayed or continuous basis and the Company shall use its commercially reasonable efforts to have such Shelf Registration Statement declared effective as soon as practicable after the filing thereof. Such Shelf Registration Statement shall provide for the

resale of the Registrable Securities included therein pursuant to any method or combination of methods legally available to, and requested by, any Holder named therein. The Company shall maintain the Shelf Registration Statement in accordance with the terms hereof, and shall prepare and file with the Commission such amendments, including post-effective amendments, and supplements as may be necessary to keep a Shelf Registration Statement continuously effective, available for use to permit all Holders named therein to sell their Registrable Securities included therein and in compliance with the provisions of the Securities Act until such time as there are no longer any Registrable Securities. If at any time the Company shall have qualified for the use of a Registration Statement on Form F-3 or any other form that permits incorporation of substantial information by reference to other documents filed by the Company with the Commission and at such time the Company has an outstanding Shelf Registration Statement on Form F-1, then the Company shall use its commercially reasonably efforts to convert such outstanding Shelf Registration Statement on Form F-1 into a Shelf Registration Statement on Form F-3.

(a) Following the declaration by the Commission of the effectiveness of a Shelf Registration Statement as described above, and subject to subsection 2.3 and subsection 2.4, the Demanding Holder may make a written demand from time to time to elect to sell all or any part of their Registrable Securities, with a total offering price reasonably expected to exceed, in the aggregate, the Minimum Demand Threshold, through an Underwritten Offering pursuant to the Shelf Registration Statement, which written demand shall describe the amount and type of securities to be included in such Registration and the intended method(s) of distribution thereof. The Demanding Holder shall make such election by delivering to the Company a written request (a "Shelf Underwriting Request") for such Underwritten Offering specifying the number of Registrable Securities that the Demanding Holder desire to sell pursuant to such Underwritten Offering (the "Shelf Underwriting"). As promptly as practicable, but no later than ten (10) Business Days after receipt of a Shelf Underwriting Request, the Company shall give written notice (the "Shelf Underwriting Notice") of such Shelf Underwriting Request to the Holders of record of other Registrable Securities registered on such Shelf Registration Statement ("Shelf Registrable Securities"). The Company, subject to subsection 2.1.3, shall include in such Shelf Underwriting (x) the Registrable Securities of the Demanding Holder and (y) the Shelf Registrable Securities of any other Holder of Shelf Registrable Securities which shall have made a written request to the Company for inclusion in such Shelf Underwriting (which request shall specify the maximum number of Shelf Registrable Securities intended to be disposed of by such Holder) within ten (10) days after the receipt of the Shelf Underwriting Notice. The Company shall promptly, but subject to subsection 2.3, use its commercially reasonable efforts to effect such Shelf Underwriting. The Company shall, at the request of the Demanding Holder or any other Holder of Registrable Securities registered on such Shelf Registration Statement, file any prospectus supplement or, if the applicable Shelf Registration Statement is an automatic shelf registration statement, any post-effective amendments and otherwise take any action necessary to include therein all disclosure and language deemed necessary or advisable by the Demanding Holder or any other Holder of Shelf Registrable Securities to effect such Shelf Underwriting. Once a Shelf Registration Statement has been declared effective, the Demanding Holder may request, and the Company shall be required to facilitate, an aggregate of no more than five (5) Shelf Underwritings pursuant to this subsection 2.1.1(a) with respect to any or all Registrable Securities; provided, however, that a Shelf Underwriting shall not be counted for such purposes unless a Registration Statement has become effective and all of the Registrable Securities requested by the Demanding Holder to be registered on behalf of the Demanding Holder in such Shelf Underwriting have been sold; and provided, further, that the number of Shelf

Underwritings the Demanding Holder shall be entitled to request shall be reduced by each Demand Registration effected for the Demanding Holder pursuant to subsection 2.1.2. Notwithstanding the foregoing, if the Demanding Holder wishes to engage in an underwritten block trade or similar transaction or other transaction with a 2-day or less marketing period (collectively, "Underwritten Block Trade") off of a Shelf Registration Statement, then notwithstanding the foregoing time periods, the Demanding Holder only needs to notify the Company of the Underwritten Block Trade two (2) Business Days prior to the day such offering is to commence and the Holders of record of other Registrable Securities shall not be entitled to notice of such Underwritten Block Trade and shall not be entitled to participate in such Underwritten Block Trade; provided, however, that the Demanding Holder shall use commercially reasonable efforts to work with the Company and the underwriters prior to making such request in order to facilitate preparation of the registration statement, prospectus and other offering documentation related to the Underwritten Block Trade.

2.1.2. Other Demand Registration. At any time that a Shelf Registration Statement provided for in subsection 2.1.1(a) is not available for use by the Holders following such Shelf Registration Statement being declared effective by the Commission (a "Demand Registration Period"), subject to this subsection 2.1.2, subsection 2.3 and subsection 2.4, at any time and from time to time, the Demanding Holder shall have the right to make a written demand from time to time to effect one or more registration statements under the Securities Act covering all or any part of their Registrable Securities, with a total offering price reasonably expected to exceed, in the aggregate, the Minimum Demand Threshold, by delivering a written demand therefor to the Company, which written demand shall describe the amount and type of securities to be included in such Registration and the intended method(s) of distribution thereof. Any such request by the Demanding Holder pursuant to this subsection 2.1.2 is referred to herein as a "Demand Registration Request," and the registration so requested is referred to herein as a "Demand Registration" (with respect to any Demand Registration, the Demanding Holder making such demand for registration being referred to as the "Initiating Holder"). Subject to subsection 2.3, the Demanding Holder shall be entitled to request (and the Company shall be required to effect) an aggregate of no more than five (5) Demand Registrations pursuant to this subsection 2.1.2 with respect to any or all Registrable Securities; provided, however, that a Demand Registration shall not be counted for such purposes unless a Registration Statement has become effective and all of the Registrable Securities requested by the Demanding Holder to be registered on behalf of the Demanding Holder in such Demand Registration have been sold; and provided, further, that the number of Demand Registrations the Demanding Holder shall be entitled to request shall be reduced by each Shelf Underwriting effected for the Demanding Holder pursuant to subsection 2.1.1(a). The Company shall give written notice (the "Demand Exercise Notice") of such Demand Registration Request to each of the Holders of record of Registrable Securities as promptly as practicable but no later than ten (10) Business Days after receipt of the Demand Registration Request. The Company, subject to subsections 2.3 and 2.4, shall include in a Demand Registration (x) the Registrable Securities of the Initiating Holder and (y) the Registrable Securities of any other Holder of Registrable Securities which shall have made a written request to the Company for inclusion in such registration pursuant to this subsection 2.1.2 (which request shall specify the maximum number of Registrable Securities intended to be disposed of by such Holder) within ten (10) days following the receipt of any such Demand Exercise Notice. The Company shall promptly, but subject to subsection 2.3, use its commercially reasonable efforts to (x) file or confidentially submit with the Commission (no later than (A) sixty (60) days from the Company's receipt of the applicable Demand Registration Request if the Demand Registration is

on Form F-1 or similar long-form registration or (B) thirty (30) days from the Company's receipt of the applicable Demand Registration Request if the Demand Registration is on Form F-3 or any similar short-form registration), (y) cause to be declared effective as soon as reasonably practicable such registration statement under the Securities Act that includes the Registrable Securities which the Company has been so requested to register, for distribution in accordance with the intended method of distribution and (z) if requested by the Initiating Holder, obtain acceleration of the effective date of the registration statement relating to such registration.

2.1.3. Reduction of Underwritten Offering. If the managing Underwriter or Underwriters in an Underwritten Registration pursuant to a Shelf Underwriting or Demand Registration, in good faith, advises the Company, the Demanding Holder and any other Holders participating in the Underwritten Registration (if any) (the "Requesting Holders") in writing that the dollar amount or number of Registrable Securities that such Holders desire to sell, taken together with all other Company Ordinary Shares or other equity securities that the Company desires to sell and the Company Ordinary Shares, if any, as to which a Registration has been requested pursuant to separate written contractual piggy-back registration rights held by any other shareholders who desire to sell, exceeds the maximum dollar amount or maximum number of equity securities that can be sold in the Underwritten Offering without adversely affecting the proposed offering price, the timing, the distribution method, or the probability of success of such offering (such maximum dollar amount or maximum number of such securities, as applicable, the "Maximum Number of Securities"), then the Company shall include in such Underwritten Offering, as follows: (i) first, the Registrable Securities of the Demanding Holder and the Requesting Holders (if any) (pro rata based on the respective number of Registrable Securities that the Demanding Holder and Requesting Holder (if any) has requested be included in such Underwritten Registration and the aggregate number of Registrable Securities that the Demanding Holder and Requesting Holders have collectively requested be included in such Underwritten Registration (such proportion is referred to herein as "Pro Rata")) that can be sold without exceeding the Maximum Number of Securities; (ii) second, to the extent that the Maximum Number of Securities has not been reached under the foregoing clause (i), the shares of the Company Ordinary Shares or other equity securities that the Company desires to sell that can be sold without exceeding the Maximum Number of Securities; (iii) third, to the extent that the Maximum Number of Securities has not been reached under the foregoing clauses (i) and (ii), the shares of the Company Ordinary Shares or other equity securities of other Persons or entities that the Company is obligated to register in a Registration pursuant to separate written contractual arrangements with such Persons and that can be sold without exceeding the Maximum Number of Securities.

2.1.4. Demand Registration Withdrawal. A majority-in-interest of the Demanding Holder initiating a Shelf Underwriting or Demand Registration, pursuant to a Registration under subsection 2.1.1 or 2.1.2 shall have the right in their sole discretion to withdraw from a Registration pursuant to such Shelf Underwriting or Demand Registration upon written notification to the Company and the Underwriter or Underwriters (if any) of their intention to withdraw from such Registration prior to (i) in the case of a Shelf Underwriting, the filing of a preliminary prospectus supplement setting forth the terms of the Underwritten Offering with the Commission and (ii) in the case of a Demand Registration, the effectiveness of the Registration Statement filed with the Commission with respect to the Registration of their Registrable Securities pursuant to such Demand Registration. Notwithstanding anything to the contrary in this Agreement, the Company shall be responsible for the Registration Expenses

incurred in connection with a Registration pursuant to a Shelf Underwriting or Demand Registration prior to its withdrawal under this subsection 2.1.4.

2.2. Piggy-back Registration.

2.2.1. Piggy-back Rights. If, at any time on or after the date hereof, the Company proposes to file a Registration Statement under the Securities Act with respect to an offering of equity securities, or securities or other obligations exercisable or exchangeable for, or convertible into equity securities, for its own account or for the account of shareholders of the Company (or by the Company and by the shareholders of the Company including, without limitation, pursuant to subsection 2.1 hereof), other than a Registration Statement (i) filed in connection with any employee stock option or other benefit plan, (ii) for an exchange offer, as part of a merger, consolidation or similar transaction or for an offering of securities solely to the Company's existing shareholders, (iii) for an offering of debt that is convertible into equity securities of the Company, or (iv) for a dividend reinvestment plan, then the Company shall give written notice of such proposed filing to all of the Holders of Registrable Securities as soon as practicable but not less than ten (10) Business Days before the anticipated filing date of such Registration Statement, which notice shall (A) describe the amount and type of securities to be included in such offering, the intended method(s) of distribution, and the name of the proposed managing Underwriter or Underwriters, if any, in such offering, and (B) offer to all of the Holders of Registrable Securities the opportunity to register the sale of such number of Registrable Securities as such Holders may request in writing within ten (10) Business Days after receipt of such written notice (such Registration a "Piggy-back Registration"). The Company shall, in good faith, cause such Registrable Securities to be included in such Piggy-back Registration and shall use its best efforts to cause the managing Underwriter or Underwriters of a proposed Underwritten Offering to permit the Registrable Securities requested by the Holders pursuant to this subsection 2.2.1 to be included in a Piggy-back Registration on the same terms and conditions as any similar securities of the Company included in such Registration and to permit the sale or other disposition of such Registrable Securities in accordance with the intended method(s) of distribution thereof. All such Holders proposing to distribute their Registrable Securities through an Underwritten Offering under this subsection 2.2.1 shall enter into an underwriting agreement in customary form with the Underwriter(s) selected for such Underwritten Offering by the Company. The Company may postpone or withdraw the filing or the effectiveness of a Piggyback Registration at any time in its sole discretion. If any Holder decides not to include all or any of its Registrable Shares in such registration by the Company, such Holder shall nevertheless continue to have the right to include any Registrable Shares in any subsequent registration statement as may be filed by the Company, all upon the terms and conditions set forth herein.

2.2.2. Reduction of Piggy-back Registration. If the managing Underwriter or Underwriters in an Underwritten Registration that is to be a Piggy-back Registration, in good faith, advises the Company and the Holders of Registrable Securities participating in the Piggy-back Registration in writing that the dollar amount or number of the Company Ordinary Shares that the Company desires to sell, taken together with (i) the Company Ordinary Shares, if any, as to which Registration has been demanded pursuant to separate written contractual arrangements with Persons or entities other than the Holders of Registrable Securities hereunder, (ii) the Registrable Securities as to which registration has been requested pursuant to subsection 2.2.1 hereof, and (iii) the Company Ordinary Shares, if any, as to which Registration has been requested pursuant to

separate written contractual piggy-back registration rights of other shareholders of the Company, exceeds the Maximum Number of Securities, then:

(a) If the Registration is undertaken for the Company's account, the Company shall include in any such Registration (A) first, the Company Ordinary Shares or other equity securities that the Company desires to sell, which can be sold without exceeding the Maximum Number of Securities; (B) second, to the extent that the Maximum Number of Securities has not been reached under the foregoing clause (A), the Registrable Securities of Holders exercising their rights to register their Registrable Securities pursuant to subsection 2.2.1 hereof, Pro Rata, which can be sold without exceeding the Maximum Number of Securities; and (C) third, to the extent that the Maximum Number of Securities has not been reached under the foregoing clauses (A) and (B), the Company Ordinary Shares, if any, as to which Registration has been requested pursuant to written contractual piggy-back registration rights of other shareholders of the Company, which can be sold without exceeding the Maximum Number of Securities; and

(b) If the Registration is pursuant to a request by Persons or entities other than the Holders of Registrable Securities, then the Company shall include in any such Registration (A) first, the Company Ordinary Shares or other equity securities, if any, of such requesting Persons or entities, which can be sold without exceeding the Maximum Number of Securities; (B) second, to the extent that the Maximum Number of Securities has not been reached under the foregoing clause (A), the Registrable Securities of Holders exercising their rights to register their Registrable Securities pursuant to subsection 2.2.1, Pro Rata, which can be sold without exceeding the Maximum Number of Securities (C) third, to the extent that the Maximum Number of Securities has not been reached under the foregoing clauses (A) and (B), the Company Ordinary Shares or other equity securities that the Company desires to sell which can be sold without exceeding the Maximum Number of Securities; and (D) fourth, to the extent that the Maximum Number of Securities has not been reached under the foregoing clauses (A), (B) and (C), the Company Ordinary Shares or other equity securities for the account of other Persons or entities that the Company is obligated to register pursuant to separate written contractual arrangements with such Persons or entities, which can be sold without exceeding the Maximum Number of Securities.

2.2.3. Piggy-back Registration Withdrawal. Any Holder of Registrable Securities shall have the right to withdraw from a Piggy-back Registration for any or no reason whatsoever upon written notification to the Company and the Underwriter or Underwriters (if any) of his, her or its intention to withdraw from such Piggy-back Registration prior to the effectiveness of the Registration Statement filed with the Commission with respect to such Piggy-back Registration. The Company (in its sole discretion or as the result of a request for withdrawal by Persons pursuant to separate written contractual obligations) may postpone or withdraw the filing or effectiveness of a Piggy-back Registration. Notwithstanding anything to the contrary in this Agreement, the Company shall be responsible for the Registration Expenses incurred in connection with the Piggy-back Registration prior to its withdrawal under this subsection 2.2.3.

2.2.4. Unlimited Piggy-back Registration Rights. For purposes of clarity, any Registration effected pursuant to subsection 2.2 hereof shall not be counted as a Registration pursuant to a Shelf Underwriting or Demand Registration effected under subsection 2.1 hereof; provided, however, that the rights to demand a Piggy-back Registration under this subsection 2.2 shall terminate on the second anniversary of the date hereof.

2.3. Restrictions on Registration Rights. The Company shall not be obligated to effect any Shelf Underwriting or Demand Registration within ninety (90) days after the effective date of a previous Shelf Underwriting or Demand Registration or a previous Piggy-back Registration in which holders of Registrable Securities were permitted to register 75% of the Registrable Securities requested to be included therein. The Company may postpone for up to one hundred and twenty (120) days the filing or effectiveness of (A) a Shelf Underwriting or Registration Statement for a Demand Registration if the Holders have requested an Underwritten Registration and the Company and the Holders are unable to obtain the commitment of underwriters to firmly underwrite the offer, or (B) a Shelf Underwriting or Registration Statement for a Demand Registration if the Registration Statement is required under applicable law, rule or regulation to contain (i) financial statements that are unavailable to the Company for reasons beyond the Company's control, (ii) audited financial statements as of a date other than the Company's fiscal year end (unless the Holders requesting Registration agree to pay the reasonable expenses of this audit), (iii) pro forma financial statements that are required to be included in a registration statement, or if the Board determines in its reasonable good faith judgment that such Shelf Underwriting or Demand Registration would (x) materially interfere with a significant acquisition, corporate organization or other similar transaction involving the Company, (y) require the Company to make an Adverse Disclosure or (z) render the Company unable to comply with requirements under the Securities Act or Exchange Act; provided, that in such event the Holders of a majority-in-interest of the Registrable Securities initiating a Shelf Underwriting or Demand Registration shall be entitled to withdraw such request and, if such request is withdrawn, such Shelf Underwriting or Demand Registration shall not count as one of the permitted Shelf Underwriting or Demand Registrations hereunder and the Company shall pay all Registration Expenses in connection with such Registration. The Company may delay a Shelf Underwriting or Demand Registration hereunder only twice in any period of twelve consecutive months.

ARTICLE III
COMPANY PROCEDURES

3.1. General Procedures. If at any time on or after the date hereof the Company is required to effect the Registration of Registrable Securities, the Company shall use its best efforts to effect such Registration to permit the sale of such Registrable Securities in accordance with the intended plan of distribution thereof, and pursuant thereto the Company shall:

3.1.1. prepare and file with the Commission a Registration Statement with respect to such Registrable Securities and use its commercially reasonable efforts to cause such Registration Statement to become effective and remain effective until all Registrable Securities covered by such Registration Statement have been sold;

3.1.2. prepare and file with the Commission such amendments and post-effective amendments to the Registration Statement, and such supplements to the Prospectus, as may be requested by any Holder or any Underwriter of Registrable Securities or as may be required by the rules, regulations or instructions applicable to the registration form used by the Company or by the Securities Act or rules and regulations thereunder to keep the Registration Statement effective until all Registrable Securities covered by such Registration Statement are sold in accordance with the intended plan of distribution set forth in such Registration Statement or supplement to the Prospectus and either (i) any Underwriter overallotment option has terminated by its terms or (ii)

the Underwriters have advised the Company that they will not exercise such option or any remaining portion thereof;

3.1.3. furnish without charge to the Underwriters, if any, and each Holder of Registrable Securities included in such Registration, or such Holders' legal counsel, copies of the Prospectus included in such Registration Statement (including each preliminary Prospectus), and each amendment and supplement thereto (in each case including all exhibits thereto and documents incorporated by reference therein), and such other documents as the Underwriters and each Holder of Registrable Securities included in such Registration or the legal counsel for any such Holders may reasonably request in order to facilitate the disposition of the Registrable Securities owned by such Holders;

3.1.4. prior to any public offering of Registrable Securities, use its best efforts to (i) register or qualify the Registrable Securities covered by the Registration Statement under such securities or "blue sky" laws of such jurisdictions in the United States as any Holder of Registrable Securities included in such Registration Statement (in light of their intended plan of distribution) may reasonably request and (ii) take such action necessary to cause such Registrable Securities covered by the Registration Statement to be registered with or approved by such other governmental authorities as may be necessary by virtue of the business and operations of the Company and do any and all other acts and things that may be reasonably necessary or advisable to enable the Holders of Registrable Securities included in such Registration Statement to consummate the disposition of such Registrable Securities in such jurisdictions; provided, however, that the Company shall not be required to qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify or take any action to which it would be subject to general service of process or taxation in any such jurisdiction where it is not then otherwise so subject;

3.1.5. use commercially reasonable efforts to cause all such Registrable Securities to be listed on each securities exchange or automated quotation system on which similar securities issued by the Company are then listed;

3.1.6. provide a transfer agent or warrant agent, as applicable, and registrar for all such Registrable Securities no later than the effective date of such Registration Statement;

3.1.7. advise each seller of such Registrable Securities, promptly after it shall receive notice or obtain knowledge thereof, of the issuance of any stop order by the Commission suspending the effectiveness of such Registration Statement or the initiation or threatening of any proceeding for such purpose and promptly use its reasonable best efforts to prevent the issuance of any stop order or to obtain its withdrawal if such stop order should be issued;

3.1.8. furnish to each seller of Registrable Securities such number of copies of such Registration Statement, each amendment and supplement thereto, the Prospectus included in such Registration Statement (including each preliminary Prospectus) and any other prospectus filed under Rule 424 promulgated under the Securities Act relating to such holder's Registrable Securities, in conformity with the requirements of the Securities Act, and such other documents as such seller may reasonably request to facilitate the disposition of its Registrable Securities under such Registration Statement; promptly notify each seller of Registrable Securities of any written comments from the Commission with respect to any such Registration Statement or Prospectus;

3.1.9. notify the Holders at any time when a Prospectus relating to such Registration Statement is required to be delivered under the Securities Act, of the happening of any event as a result of which the Prospectus included in such Registration Statement, as then in effect, includes a Misstatement, and then to correct such Misstatement as set forth in subsection 3.4 hereof;

3.1.10. in the event of an Underwritten Offering, permit the participating Holders to rely on any "cold comfort" letter from the Company's independent registered public accountants provided to the managing Underwriter of such offering;

3.1.11. in the event of an Underwritten Offering, permit the participating Holders to rely on any opinion(s) of counsel representing the Company for the purposes of such Registration issued to the managing Underwriter of such offering covering legal matters with respect to the Registration;

3.1.12. in the event of any Underwritten Offering, enter into and perform its obligations under an underwriting agreement, in usual and customary form, with the managing Underwriter of such offering;

3.1.13. make available to its security holders, as soon as reasonably practicable, an earnings statement covering the period of at least twelve (12) months beginning with the first day of the Company's first full calendar quarter after the effective date of the Registration Statement which satisfies the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder, and which requirement will be deemed to be satisfied if the Company timely files complete and accurate information on Forms 20-F and 6-K under the Exchange Act and otherwise complies with Rule 158 under the Securities Act;

3.1.14. if the Registration involves the Registration of Registrable Securities involving gross proceeds in excess of $25,000,000, use its reasonable efforts to make available senior executives of the Company to participate in customary "road show" presentations that may be reasonably requested by the Underwriter in any Underwritten Offering; and

3.1.15. otherwise, in good faith, cooperate reasonably with, and take such customary actions as may reasonably be requested by the Holders, in connection with such Registration.

3.2. Registration Expenses. The Registration Expenses of all Registrations shall be borne by the Company. It is acknowledged by the Holders that the Holders shall bear all incremental selling expenses relating to the sale of Registrable Securities, such as Underwriters' commissions and discounts, brokerage fees, Underwriter marketing costs and fees and expenses of legal counsel representing the Holders in excess or in addition to the legal fees and expenses included as Registration Expenses. Any reimbursement or payment by the Company shall in no event (i) be duplicative of or (ii) limit any provision, in each case which provides for reimbursement of fees and expenses of counsel in any other contract or agreement between the Holders and the Company.

3.3. Requirements for Participation in Underwritten Offerings. No Person may participate in any Underwritten Offering for equity securities of the Company pursuant to a

Registration initiated by the Company hereunder unless such Person (i) agrees to sell such Person's securities on the basis provided in any underwriting arrangements approved by the Company and (ii) completes and executes all customary questionnaires, powers of attorney, indemnities, lock-up agreements, underwriting agreements and other customary documents as may be reasonably required under the terms of such underwriting arrangements.

3.4. Suspension of Sales; Adverse Disclosure. Upon receipt of written notice from the Company that a Registration Statement or Prospectus contains a Misstatement, each of the Holders shall forthwith discontinue disposition of Registrable Securities until he, she or it is advised in writing by the Company that the use of the Prospectus may be resumed and he, she or it has received copies of a supplemented or amended Prospectus correcting the Misstatement (it being understood that the Company hereby covenants to prepare and file such supplement or amendment as soon as reasonably practicable after the time of such notice) and, if so directed by the Company, each Holder shall deliver to the Company (at the Company's expense) all copies, other than permanent file copies then in such Holder's possession, of the Prospectus covering such Registrable Securities at the time of receipt of such notice. If the continued use of a Registration Statement in respect of any Registration at any time would require the Company to make an Adverse Disclosure, or would require the inclusion in such Registration Statement of (i) financial statements that are unavailable to the Company for reasons beyond the Company's control, (ii) audited financial statements as of a date other than the Company's fiscal year end (unless the Holders requesting Registration agree to pay the reasonable expenses of this audit), or (iii) pro forma financial statements that are required to be included in a registration statement, the Company may, upon giving prompt written notice of such action to the Holders, delay the filing or initial effectiveness of, or suspend use of, such Registration Statement for no more than one hundred and eighty (180) days. In the event the Company exercises its rights under the preceding sentence, the Holders agree to suspend, immediately upon their receipt of the notice referred to above, their use of the Prospectus relating to any Registration in connection with any sale or offer to sell Registrable Securities. The Company shall immediately notify the Holders of the expiration of any period during which it exercised its rights under this subsection 3.4.

3.5. Reporting Obligations. As long as any Holder shall own Registrable Securities, the Company, at all times while it shall be reporting under the Exchange Act, covenants to use its commercially reasonable efforts to file timely (or obtain extensions in respect thereof and file within the applicable grace period) all reports required to be filed by the Company after the date hereof pursuant to Sections 13

3.6. (a) or 15(d) of the Exchange Act and to promptly upon request by a Holder furnish such Holder with true and complete copies of such filings. The Company further covenants that it shall take such further action as any Holder may reasonably request, all to the extent required from time to time to enable such Holder to sell the Company Ordinary Shares held by such Holder without registration under the Securities Act within the limitation of the exemptions provided by Rule 144 promulgated under the Securities Act, including providing any legal opinions. Upon the request of any Holder, the Company shall deliver to such Holder a written certification of a duly authorized officer as to whether it has complied with such requirements.

ARTICLE IV
INDEMNIFICATION AND CONTRIBUTION

4.1. Indemnification.

4.1.1. The Company agrees to indemnify, to the extent permitted by Law, each Holder of Registrable Securities, its officers and directors and each Person who Controls such Holder (within the meaning of the Securities Act) against all losses, claims, damages, liabilities and expenses (including reasonable attorneys' fees) caused by any untrue or alleged untrue statement of material fact contained in any Registration Statement, Prospectus or preliminary Prospectus or any amendment thereof or supplement thereto or any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as the same are caused by or contained in any information furnished in writing to the Company by such Holder expressly for use therein. The Company shall indemnify the Underwriters, their officers and directors and each Person who Controls such Underwriters (within the meaning of the Securities Act) to the same extent as provided in the foregoing with respect to the indemnification of the Holder.

4.1.2. In connection with any Registration Statement in which a Holder of Registrable Securities is participating, such Holder shall furnish to the Company in writing such information and affidavits as the Company reasonably requests for use in connection with any such Registration Statement or Prospectus and, to the extent permitted by Law, shall indemnify the Company, its directors and officers and agents and each Person who Controls the Company (within the meaning of the Securities Act) against any losses, claims, damages, liabilities and expenses (including, without limitation, reasonable attorneys' fees) resulting from any untrue statement of material fact contained in the Registration Statement, Prospectus or preliminary Prospectus or any amendment thereof or supplement thereto or any omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, but only to the extent that such untrue statement or omission is contained in any information or affidavit so furnished in writing by such Holder expressly for use therein; provided, however, that the obligation to indemnify shall be several, not joint and several, among such Holders of Registrable Securities, and the liability of each such Holder of Registrable Securities shall be in proportion to and limited to the net proceeds received by such Holder from the sale of Registrable Securities pursuant to such Registration Statement. The Holders of Registrable Securities shall indemnify the Underwriters, their officers, directors and each Person who Controls such Underwriters (within the meaning of the Securities Act) to the same extent as provided in the foregoing with respect to indemnification of the Company.

4.1.3. Any Person entitled to indemnification herein shall (i) give prompt written notice to the indemnifying party of any claim with respect to which it seeks indemnification (provided that the failure to give prompt notice shall not impair any Person's right to indemnification hereunder to the extent such failure has not materially prejudiced the indemnifying party) and (ii) unless in such indemnified party's reasonable judgment a conflict of interest between such indemnified and indemnifying parties may exist with respect to such claim, permit such indemnifying party to assume the defense of such claim with counsel reasonably satisfactory to the indemnified party. If such defense is assumed, the indemnifying party shall not be subject to any liability for any settlement made by the indemnified party without its consent (but such consent shall not be unreasonably withheld, conditioned or delayed). An indemnifying party who

is not entitled to, or elects not to, assume the defense of a claim shall not be obligated to pay the fees and expenses of more than one counsel (plus local counsel) for all parties indemnified by such indemnifying party with respect to such claim, unless in the reasonable judgment of any indemnified party a conflict of interest may exist between such indemnified party and any other of such indemnified parties with respect to such claim. No indemnifying party shall, without the consent of the indemnified party, consent to the entry of any judgment or enter into any settlement which cannot be settled in all respects by the payment of money (and such money is so paid by the indemnifying party pursuant to the terms of such settlement) or which settlement does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect to such claim or litigation.

4.1.4. The indemnification provided for under this Agreement shall remain in full force and effect regardless of any investigation made by or on behalf of the indemnified party or any officer, director or Controlling Person of such indemnified party and shall survive the transfer of securities. The Company and each Holder of Registrable Securities participating in an offering also agrees to make such provisions as are reasonably requested by any indemnified party for contribution to such party in the event the Company's or such Holder's indemnification is unavailable for any reason.

4.1.5. If the indemnification provided under subsection 4.1 hereof from the indemnifying party is unavailable or insufficient to hold harmless an indemnified party in respect of any losses, claims, damages, liabilities and expenses referred to herein, then the indemnifying party, in lieu of indemnifying the indemnified party, shall contribute to the amount paid or payable by the indemnified party as a result of such losses, claims, damages, liabilities and expenses in such proportion as is appropriate to reflect the relative fault of the indemnifying party and the indemnified party, as well as any other relevant equitable considerations. The relative fault of the indemnifying party and indemnified party shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact, was made by, or relates to information supplied by, such indemnifying party or indemnified party, and the indemnifying party's and indemnified party's relative intent, knowledge, access to information and opportunity to correct or prevent such action; provided, however, that the liability of any Holder under this subsection 4.1.5 shall be limited to the amount of the net proceeds received by such Holder in such offering giving rise to such liability. The amount paid or payable by a party as a result of the losses or other liabilities referred to above shall be deemed to include, subject to the limitations set forth in subsections 4.1.1, 4.1.2 and 4.1.3 above, any legal or other fees, charges or expenses reasonably incurred by such party in connection with any investigation or proceeding. The parties hereto agree that it would not be just and equitable if contribution pursuant to this subsection 4.1.5 were determined by pro rata allocation or by any other method of allocation, which does not take account of the equitable considerations referred to in this subsection 4.1.5. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution pursuant to this subsection 4.1.5 from any Person who was not guilty of such fraudulent misrepresentation.

ARTICLE V
INVESTOR DIRECTORS

5.1. From time to time prior to the first date on which a Original Holder and its Affiliates collectively cease to hold more than 10% of the total issued and outstanding Company Ordinary Shares (calculated on an as-converted basis, assuming the conversion of all convertible securities held by such Original Holder and its Affiliates into Company Ordinary Shares), such Original Holder shall be entitled to deliver a written notice to the Company (each, an "Investor Director Notice") requesting the nomination and appointment of one or more individuals to serve as directors of the Company; provided, that (i) the total number of directors serving on the Board that were nominated and appointed by each Original Holder (each such director, an "Investor Director"), after giving effect to the nomination and appointment contemplated by such Investor Director Notice, shall not exceed the Director Cap of such Original Holder as of such time and (ii) such individuals shall be eligible to serve as directors of the Company under the applicable Laws. Upon receipt of an Investor Director Notice duly delivered by an Original Holder, to the extent permitted by applicable Laws and subject to the nominees' execution and delivery of customary documents as required by applicable Laws and the then-effective corporate policies of the Company generally applicable to all of its directors, the Company shall take all necessary actions to cause the nomination and appointment of such individuals as directed by such Investor Director Notice (an "Investor Director Appointment") as soon as practicable. For the purposes hereof, "Director Cap" with respect to an Original Holder as of the relevant time means the greater of (i) one (1), and (ii) 10% of the total number of directors serving on the board of directors of the Company (rounding up to the next whole number).

5.2. At any time if the total number of the Investor Director(s) in office appointed by an Original Holder is greater than the Director Cap as of such time,

5.2.1. at the request of the Company, such Original Holder shall cause one or more Investor Directors appointed by such Original Holder to resign so that after such resignation, the total number of the Investor Directors in office of such Original Holder will not exceed the Director Cap of such time; and

5.2.2. the Company shall be entitled to take all necessary actions to remove or cause the removal of one or more Investor Directors appointed by such Original Holder so that after such removal, the total number of the Investor Directors in office appointed by such Original Holder will not exceed the Director Cap of such Original Holder as of such time, and such Original Holder shall provide all necessary assistance in relation thereto.

ARTICLE VI
VOTING UNDERTAKING

6.1. Each Founder Party and New Holder agrees to vote or cause to be voted all of the Voting Shares, including any and all Additional Securities as applicable, Beneficially Owned by such Party from time to time at every meeting (or in connection with any request for action by written consent) of the shareholders of the Company at which any election of individuals nominated by each Original Holder as director(s) pursuant to a validly delivered Investor Director Notice are considered and at every adjournment or postponement thereof, and to execute a written consent or consents if shareholders of the Company are requested to vote their shares through the

execution of an action by written consent. As used herein the term "Voting Shares" shall mean all securities of the Company beneficially owned (as such term is defined in Rule13d-3 under the Exchange Act, excluding any shares underlying unexercised options or warrants, but including any shares acquired upon exercise of such options or warrants) ("Beneficially Owned" or "Beneficial Ownership") by any Founder Party, including any and all securities of the Company acquired and held in such capacity subsequent to the date hereof ("Additional Securities").

ARTICLE VII
PROTECTIVE PROVISIONS

7.1. Except consented to in writing by each Original Holder holding, together with its Affiliates, more than 10% of the total issued and outstanding Company Ordinary Shares (calculated on an as-converted basis, assuming the conversion of all convertible securities held by such Original Holder and its Affiliates into Company Ordinary Shares), the Company shall not, and the Founder Parties shall cause the Company not to, take any affirmative action, or fail to take any reasonable action within its control, as a result of which any of the following matters is likely to be done:

7.1.1. Alteration of any organizational documents of the Company, including its memorandum and articles of association;

7.1.2. Except for (1) any ESOP Awards (as defined in the Sales and Purchase Agreement) and any shares which may be issued pursuant thereto, (2) pursuant to the First Additional Incentive Plan (as defined in Schedule C hereto), and (3) pursuant to the Second Additional Incentive Plan (as defined in Schedule C hereto), any allotment or issue of any membership interests, capital stock or any other equity interests, or warrant, option, convertible or exchangeable security, or other right (contingent or otherwise) to purchase or otherwise acquire membership interests, capital stock or any other equity interests of the Company or any of its subsidiaries, or any reduction, redemption or repayment of, any share or loan capital, membership interests, capital stock, equity interests or other securities of the Company or any of its subsidiaries (such allotment or issuance, to the extent consented to in writing by each Original Holder, shall constitute an "Exempted Issuance" unless otherwise agreed among the Original Holders and the Company);

7.1.3. Amendment or modification of any ESOP Plan (as defined in the Sales and Purchase Agreement), ESOP Award (as defined in the Sales and Purchase Agreement) or the Additional Incentive Plan;

7.1.4. Any merger, consolidation or similar transaction involving the Company, whether or not the Company is the surviving entity;

7.1.5. A sale, transfer, lease or other disposition (which for purposes of clarification excludes inventory and other sales in the ordinary course of business of the Company) in any transaction or series of related transactions of more than 25% of the fair market value of the Company's consolidated assets; and

7.1.6. Any transaction involving (i) any Founder Party or any Affiliate thereof on one hand, and (ii) the Company on the other hand, excluding any transactions contemplated

under the employment relationship with any of the Founders or under the ESOP Plan (as defined in the Sales and Purchase Agreement) or the Additional Incentive Plan.

ARTICLE VIII
MISCELLANEOUS

8.1. Notices. All notices and other communications hereunder shall be in writing and shall be deemed given: (i) on the date established by the sender as having been delivered personally; (ii) one (1) Business Day after being sent by a nationally recognized overnight courier guaranteeing overnight delivery; (iii) on the date that transmission is confirmed electronically, if delivered by email; or (iv) on the fifth (5th) Business Day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications, to be valid, must be addressed as follows:

if to the Company, to:

Address: No. 26, Gaoxin 2nd Road, East Lake High-tech Development Zone, Wuhan, Hubei, The People's Republic of China

Attention: Heng Zhang

E-mail: vulcan@nipg.com

if to the Founder Parties, to:

Address: No. 26, Gaoxin 2nd Road, East Lake High-tech Development Zone, Wuhan, Hubei, The People's Republic of China

Attention: Mario Ho Yau Kwan

E-mail: mario@nipg.com

Address: Rosenlundsgatan 31, 118 63 Stockholm, Sweden

Attention: Hicham Chahine

E-mail: hicham@nipg.com

if to a Holder, to such notice address set forth oppositive it name in Schedule A.

Any party may change its address for notice at any time and from time to time by written notice to the other parties hereto as provided in this subsection 8.1.

8.2. Assignment; No Third Party Beneficiaries.

8.2.1. This Agreement and the rights, duties and obligations of the Company and the Founder Parties hereunder may not be assigned or delegated in whole or in part without prior consent of the Holders of a majority-in-interest of the then outstanding number of Registrable Securities.

8.2.2. This Agreement and the rights, duties and obligations of the Holders of Registrable Securities hereunder may be assigned or delegated by such Holder of Registrable Securities in conjunction with and to the extent of any transfer of Registrable Securities by any such Holder permitted under this Agreement; provided that such Person agrees to assume the Holders obligations hereunder.

8.2.3. This Agreement and the provisions hereof shall be binding upon and shall inure to the benefit of each of the parties hereto, the permitted assigns and its successors and the permitted assigns of the Holders.

8.2.4. This Agreement shall not confer any rights or benefits on any Persons that are not parties hereto, other than as expressly set forth in this Agreement and subsection 8.2 hereof.

8.2.5. Any transfer or assignment made other than as provided in this subsection 8.2 shall be null and void.

8.3. Counterparts. This Agreement may be executed in multiple counterparts (including facsimile or PDF counterparts), each of which shall be deemed an original, and all of which together shall constitute the same instrument, but only one of which need be produced.

8.4. Governing Law; Venue. THE PARTIES EXPRESSLY AGREE THAT THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED UNDER THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE CONFLICT OF LAW PROVISIONS OF SUCH JURISDICTION. Any legal suit, action or proceeding arising out of or based upon this Agreement or the transactions contemplated hereby may be instituted in the federal courts of the United States or the courts of the State of New York in each case located in the city of New York, and each party irrevocably submits to the exclusive jurisdiction of such courts in any such suit, action or proceeding.

8.5. Amendments and Modifications. Upon the written consent of the Company, the Founder Parties and the Holders, compliance with any of the provisions, covenants and conditions set forth in this Agreement may be waived, or any of such provisions, covenants or conditions may be amended or modified (and any such wavier, amendment or modification shall be binding on all parties hereto); provided, however, that notwithstanding the foregoing, any amendment hereto or waiver hereof that adversely affects one Holder, solely in its capacity as a holder of the shares of capital stock of the Company, in a manner that is materially different from the other Holders (in such capacity) shall require the consent of the Holder so affected. No course of dealing between any party hereto or any failure or delay on the part of any party in exercising any rights or remedies under this Agreement shall operate as a waiver of any rights or remedies of any party. No single or partial exercise of any rights or remedies under this Agreement by a party shall operate as a

waiver or preclude the exercise of any other rights or remedies hereunder or thereunder by such party.

8.6. Other Registration Rights. The Company is not a party to any agreement with respect to its securities which is inconsistent with the rights granted to the holders of Registrable Shares by this Agreement and, other than the registration rights granted as provided herein, has not granted to any party rights with respect to the registration of any Registrable Shares or any other securities issued or to be issued by it. Except for the registration rights granted as provided herein, the Company shall not provide any other holder of its securities rights with respect to the registration of such securities under the Securities Act or any other applicable securities laws, without the prior written consent of the Holders.

8.7. Equitable Adjustments. If, after the date of this Agreement, the outstanding shares of Class A Ordinary Shares, Class B1 Ordinary Shares or Class B2 Ordinary Shares, or the number of Class A Ordinary Shares represented by each ADS shall have been changed into a different number of shares or a different class or series, by reason of any stock dividend, subdivision, reclassification, recapitalization, split, change, combination or exchange of shares, or any similar event shall have occurred, then any number, value (including dollar value) or amount contained herein which is based upon the number of shares of Class A Ordinary Shares, Class B1 Ordinary Shares or Class B2 Ordinary Shares, or the number of Class A Ordinary Shares represented by each ADS, will be appropriately adjusted to provide to the parties hereto the same economic effect as contemplated by this Agreement.

8.8. Effectiveness. This Agreement shall take effect as of the date of the Closing (as defined in the Sales and Purchase Agreement) and shall terminate upon the earlier of (1) mutual consent of all the Parties hereto, or (2) with respect to each Holder, the date such Holder ceases to be a Shareholder of the Company. In the event that this Agreement is validly terminated with respect to certain Parties in accordance with this Clause 8.7, each of such Parties shall be relieved of their duties and obligations owed to the relevant Parties arising under this Agreement after the date of such termination and such termination shall be without liability to any such Party; provided, that (i) no such termination shall relieve any Party hereto from liability for a breach of any of its covenants or agreements contained in this Agreement prior to the date of termination, and (ii) Clauses 8.1 and 8.4 shall survive any such termination.

8.9. Joinder of New Holders.

8.9.1. Any Person who acquires Company Ordinary Shares, convertible notes or other convertible securities from the Company at or after the Closing may become a party to this Agreement and a Holder hereunder by executing and delivering to the Company a Joinder Agreement substantially in the form attached hereto as Schedule D (a "Joinder Agreement").

8.9.2. Upon execution and delivery of a Joinder Agreement by such Person and acceptance by the Company, such Person shall:

(a) be deemed a Holder, as applicable, for all purposes under this Agreement; and

(b) be entitled to all rights granted to Holders under this Agreement, subject to applicable thresholds, and be bound by all obligations of Holders under this Agreement.

8.9.3. The Company shall promptly notify all existing Holders of any new Holder joining this Agreement pursuant to this Clause 8.9 and shall provide an updated Schedule A reflecting such new Holder's information.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be executed as of the date first written above.

COMPANY:

NIP Group Inc.

By: _____
Name:
Title:

[Signature Page to the Amended and Restated Investor Rights Agreement]

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be executed as of the date first written above.

FOUNDER PARTIES:

Mario Yau Kwan Ho

By: _____

Hicham Chahine

By: _____

Liwei "xiaOt" Sun

By: _____

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be executed as of the date first written above.

FOUNDER PARTIES:

Seventh Hokage Management Limited

By: _____
Name:
Title:

xiaOt Sun Holdings Limited

By: _____
Name:
Title:

Diglife AS

By: _____
Name:
Title:

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be executed as of the date first written above.

ORIGINAL HOLDER:

Prosperity Oak Holdings Limited

By: _____
Name: Chang-Wei Chiu
Title: Director

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be executed as of the date first written above.

ORIGINAL HOLDER:

Apex Cyber Capital Limited

By: _____
Name: KEE WEE KIANG, KENNETH
Title: Director

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be executed as of the date first written above.

NEW HOLDER:

Silver Crest Limited

By: _____
Name: Yuan Fang
Title: Director

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be executed as of the date first written above.

NEW HOLDER:

Nexus ConsultTech Limited

By: _____
Name: Linlin Zhang
Title: Director

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be executed as of the date first written above.

NEW HOLDER:

Nebula Digital Investment Limited

By: _____
Name: Zhi Zhou
Title: Director

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be executed as of the date first written above.

NEW HOLDER:

Prosperity Peak Limited

By: _____
Name: Baocheng Chen
Title: Director

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be executed as of the date first written above.

NEW HOLDER:

Alpha Giant Limited

By: _____
Name: Rui Zhu
Title: Director

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be executed as of the date first written above.

NEW HOLDER:

Ascentia Capital Limited

By: _____
Name: Zuo Wang
Title: Director

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be executed as of the date first written above.

NEW HOLDER:

Veridian Prosperity Group Limited

By: _____
Name: Jun Pan
Title: Director

Schedule A[1]

Original Holder	**Notice Address**	**Company Ordinary Share Amount**
Apex Cyber Capital Limited	E-mail: cnnyjy@gmail.com	61,587,787
Prosperity Oak Holdings Limited	E-mail: mining@nsdigital.io	57,965,652

New Holder	**Notice Address**	**Company Ordinary Share Amount**
Silver Crest Limited	E-mail: circle114@hotmail.com	28,653,405
Nexus ConsultTech Limited	E-mail: selinaproud@gmail.com	26,074,457
Nebula Digital Investment Limited	E-mail: zenith.chow0919@gmail.com	8,687,606
Prosperity Peak Limited	E-mail: xiaobao060@gmail.com	26,122,897
Alpha Giant Limited	E-mail: jane@ymy-tech.co	26,128,044
Ascentia Capital Limited	E-mail: estiwz@gmail.com	26,128,044
Veridian Prosperity Group Limited	E-mail: 18058808237@189.cn	26,123,281

[1] Note: For the purpose of this Schedule "Company Ordinary Shares" includes the number of Company Ordinary Shares issuable upon conversion of any convertible bonds held by such Holder.

Schedule B

1. Mr. Mario Yau Kwan Ho, a permanent resident of Hong Kong Special Administrative Region and Chairman and Co-Chief Executive Officer of the Company
2. Mr. Hicham Chahine, a citizen of the Kingdom of Norway and Co-Chief Executive Officer of the Company
3. Mr. Liwei "xiaOt" Sun, a permanent resident of P.R.C and President of the Company
4. Seventh Hokage Management Limited (formerly known as Mario Ho Holdings Limited), a limited liability company established in the British Virgin Islands, which is wholly owned by Mr. Mario Yau Kwan Ho
5. xiaOt Sun Holdings Limited, a limited liability company established in the British Virgin Islands, which is wholly owned by Mr. Liwei "xiaOt" Sun
6. Diglife AS, a company registered under the laws of Norway, which Controlled by Mr. Hicham Chahine

Schedule C

"**First Additional Incentive Plan**" means such incentive plan adopted by the Company, pursuant to which the Company will grant or issue 45,430,307 Class B Shares in an aggregate to the Founder Parties.

"**Second Additional Incentive Plan**" means such incentive plan adopted by the Company, which contemplates the mechanism outlined in this Schedule C, pursuant to which the Company will, upon satisfaction of the Incentive Conditions (which, for the avoidance of doubt, shall in no event be waivable by the Company), grant or issue such number of Class B Shares in an aggregate amount not exceeding the Incentive Cap to the Founder Parties as incentive shares (the "**Incentive Shares**").

"**Incentive Cap**" means an amount equal to 38.00% of the sum of (a) the number of Class A Ordinary Shares actually issued to the Holders under the Sales and Purchase Agreement, and (b) if applicable, the number of Class A Ordinary Shares actually issued pursuant to any Exempted Issuance with twenty-four (24) months after the date hereof.

"**Incentive Conditions**" means:

(a) the occurrence of the earlier of (i) the first Test Period in which the per ADS price of the Company implied by the Daily VWAP at the close of market on each of the Trading Days during such Test Period, is at least USD 1 per ADS, or (ii) the first Test Period in which the market capitalization of the Company displayed on Bloomberg page at the close of market on each of the Trading Days during such Test Period, is at least USD120,000,000;
(b) the delivery of a notice to each Holder by the Founder Parties that the condition set forth in Clause (a) above has been satisfied; and
(c) no provision of any applicable Legal Requirement prohibiting, enjoining, restricting or making illegal the issuance of the Incentive Shares shall be in effect, and no temporary, preliminary or permanent restraining Order enjoining, restricting or making illegal the issuance of the Incentive Shares shall be in effect.

"**Daily VWAP**" for a Trading Day means the per ADS volume-weighted average price as displayed under the heading "Bloomberg VWAP" on Bloomberg page "NIPG (or any other ticker used by the Purchaser from time to time)" <equity> AQR (or its equivalent successor if such page is not available) in respect of the period from the scheduled open of trading until the scheduled close of trading of the primary trading session on such Trading Day (or if such volume-weighted average price is unavailable, a nationally recognized independent investment banking firm shall determine the market value of one ADS on such Trading Day, using a volume-weighted average method).

"**ADS(s)**" means the American depositary shares of the Company, one (1) American depositary share representing two (2) Class A ordinary shares, as may be adjusted by the Company from time to time.

"**Trading Day**" means any day which is a trading day on the Nasdaq or another stock exchange on which the ADS is listed for trading, other than a day on which trading is scheduled to close

prior to its regular weekday closing time.

"**Test Period**" means any consecutive 20-Trading Day period that commences after the date hereof and ends prior to the Test Period End Date.

"**Test Period End Date**" means the date falling 30 months after the date hereof.

Schedule D

FORM OF JOINDER AGREEMENT

This Joinder Agreement ("Joinder") is executed as of [*Date*] by _____ (the new "Holder"), pursuant to the terms of that certain Amended and Restated Investor Rights Agreement dated as of January __, 2026 (the "Agreement"), by and among NIP Group Inc. (the "Company") and the other parties thereto.

WHEREAS, the new Holder is acquiring [Company Ordinary Shares]/[Convertible Notes] of the Company; and

WHEREAS, as a condition to such acquisition, the new Holder is required to become a party to the Agreement.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. *Joinder*. The new Holder hereby agrees to become a party to the Agreement as a [New Holder]/[Original Holder] and to be bound by all terms and conditions thereof as if an original signatory thereto.

2. *Notice Information*. The new Holder's information for purposes of Schedule A is as follows:

   Name: _____
   Notice Address: _____
   Company Ordinary Share Amount: _____

3. *Representations*. The new Holder represents and warrants that it has full power and authority to enter into this Joinder and to perform its obligations under the Agreement.

4. *Governing Law*. This Joinder shall be governed by the laws of the State of New York.

IN WITNESS WHEREOF, the new Holder has executed this Joinder as of the date first written above.

[NEW HOLDER]

By: _____

Name: _____

Title: _____

ACKNOWLEDGED AND ACCEPTED:

NIP GROUP INC.

By: _____

Name: _____

Title: _____

Exhibit C

New Cloud Mining Services Agreement

CLOUD MINING SERVICES AGREEMENT

THIS CLOUD MINING SERVICES AGREEMENT (this "**Agreement**") is made on _____, 2026.

Between:

(1) **THE ENTITY WHOSE NAME AND ADDRESS ARE SET OUT IN ROW (A) OF SCHEDULE 1** ("**Customer")** and

(2) **THE ENTITY WHOSE NAME AND ADDRESS ARE SET OUT IN ROW (B) OF SCHEDULE 1** (the "**Vendor**")

(each a "**Party**" and collectively referred to as the "**Parties**").

(A) Customer is an Affiliate (as defined below) of NIP Group Inc. ("**NIP**"), NIP, Customer and its Affiliates are operating crypto mining business.

(B) The Vendor is a cloud mining service provider and provides cloud mining services to cryptocurrency miners.

(C) Customer wishes to acquire the Services (as defined below) from the Vendor.

(D) The Vendor shall supply the Services to Customer in accordance with the terms of this Agreement.

It is agreed as follows:

1. DEFINITION AND INTERPRETATION

In this Agreement unless the context otherwise requires, the provisions in this Clause 1 apply:

1.1. Definitions

"**Affiliate**" means, in relation to any entity, any entity Controlled, directly or indirectly, by the entity, any entity that Controls, directly or indirectly, the entity, or any entity directly or indirectly under common Control with the entity;

"**Applicable Law(s)**" means all legally binding laws, statutes, regulations, subordinate legislation, orders and decrees of any Governmental Body, and any judgments, decisions and injunctions of any court or tribunal, in each case having jurisdiction over the matter in question;

"**Asset Purchase Agreement**" means certain on-rack sales and purchase agreement, dated as of November 3, 2025 attached hereto as Appendix A, as amended and restated from time to time;

"**Billing Period**" means the period of approximate one (1) month for which the Vendor or the person designated by the Vendor issues invoices to the Customer for the Services provided during such period, which shall follow the following principle: (a) the first Billing Period shall commence from 00:00 (Beijing Time) on the Effective Date until 23:59 (Beijing Time) on the last calendar day of the same month, and (b) each of the subsequent Billing Periods shall commence from 00:00 (Beijing Time) on the first calendar day of the month following the previous Billing Period until 23:59 (Beijing Time) on the last calendar day of such month;

"**Business Day**" means a day (other than a Saturday, Sunday or a public holiday) on which banks are open for business in British Virgin Islands;

"**Control**" means, in respect of a person, the holding, or controlling, in each case, directly or indirectly, of shares or any similar rights of ownership in that person bearing the majority of voting rights attaching to all the shares or other rights of ownership in that person or having the power to direct or cause the direction and management of the policies of that person whether as a result of the ownership of shares, control of the board of directors, contract or any power conferred by the articles of association or other constitutional documents of such person, and "**Controlling**" and "**Controlled**" shall be construed accordingly;

"**Digital Currencies**" means Bitcoin ("**BTC**") or any digital currency that Customer and the Vendor agree upon;

"**Effective Date**" means the date on which the closing of the transaction contemplated under the Asset Purchase Agreement occurs.

"Fees" means the total consideration payable by the Customer to the Vendor under this Agreement, comprising (a) the Fixed Consideration and (b) the Variable Fees, each as defined below.

"Fixed Consideration" means the consideration paid by NIP under the Assets Purchase Agreement for the Purchased Hashrates, which equals to the product of USD8.00 per T, multiplied by the Service Hashrate of the Vendor as defined in the Assets Purchase Agreement, by issuing certain amount of Class A Shares to the Vendor or its assignees pursuant to the Asset Purchase Agreement. Such Fixed Consideration shall be adjusted accordingly in the event of any adjustment to the Vendor's Service Hashrate under the Asset Purchase Agreement.

"Variable Fees" means the fees for any ancillary or supporting services required in the course of providing the Purchased Hashrates, including (a) Hosting Fees, (b) Operation and Maintenance Fees, and (c) Repair Fees and other one-off fees, payable by the Customer in accordance with Schedule 2.

"**Force Majeure**" means in respect of either Party, any event or occurrence whatsoever beyond the reasonable control of that Party, which is unforeseeable, or even if foreseeable, unavoidable and occurs after the date of this Agreement, and prevents, frustrates, hinders or delays, that Party from performing any obligation imposed upon that Party under this Agreement, including, to the extent such event or occurrence shall delay, prevent or hinder such Party from performing such obligation, war (declared or undeclared), terrorist activities, military disturbances, nuclear or natural catastrophes or acts of god, national strikes, riots, epidemics, earthquakes, floods, hurricanes or typhoons, explosions, and regulatory or administrative or similar action or delays to take actions of any Governmental Body. "**Governmental Body**" means any national, federal, regional, provincial, state, county, city, local or foreign government, or any court, tribunal or arbitrator or any regulatory or supervisory authority, agency, ministry, commission, branch, department, division, body, official or instrumentality thereof, in each case being of competent jurisdiction and "**Governmental Bodies**" shall be construed accordingly;

"**Hashrate**" means the mining power of the Mining Equipment used to mine Digital Currencies and which is specific to the SHA-256 mining algorithm;

"**Hosting Fee(s)**" means the hosting fee for the Services payable by the Customer based on the power consumption during the applicable Billing Period (as defined in Schedule 2), which shall be calculated in accordance with Schedule 2, subject to the adjustment as contemplated therein.

"**Mining Equipment**" means all software, hardware, systems, platforms, and infrastructure deployed by the Vendor or the Vendor's subsidiaries or business partners to generate the Hashrates necessary for the provision of the Services to the Customer;

"**Operation and Maintenance Fee(s)**" means the operation and maintenance fee for the Services payable by the Customer based on the power consumption during the applicable Billing Period (as defined in Schedule 2), which shall be calculated in accordance with Schedule 2, subject to the adjustment as contemplated therein.

"**Purchased Hashrates**" means the Hashrates allocated or made available to the Customer by the Vendor pursuant to Clause 3.2.1;

"**Reconciliation Statement**" means the statement issued by the Vendor to the Customer every Billing Period for reconciliation between the Parties, which shall set out details of the calculation of the Fees;

"**Services**" has the meaning ascribed to it in Clause 3.2;

"**Term**" has the meaning ascribed to it in Clause 11.1;

"**VAT**" means value added tax or other similar tax (including goods and services tax and sales tax); and

1.2. In this Agreement:

1.2.1. unless the context otherwise requires or permits, references to the singular will include the plural;

1.2.2. no rule of construction applies to the disadvantage of a Party because that Party was responsible for the preparation of this Agreement or any part of it;

1.2.3. clause headings are for ease of reference only and are not intended to be part of or to affect the meaning, interpretation or construction of any of the terms and conditions of this Agreement;

1.2.4. any reference to persons, includes natural persons, firms, partnerships, companies, corporations, associations, organizations, governments, states, governmental or state agencies, foundations and trusts (in each case whether or not having separate legal personality and irrespective of the jurisdiction in or under the law of which it was incorporated or exists);

1.2.5. a reference to a statute or statutory provision is a reference to that statute or statutory provision and to all orders, regulations, instruments or other subordinate legislation made under the relevant statute;

1.2.6. any reference to a statute, statutory provision, subordinate legislation, code or guideline ("**legislation**") is a reference to such legislation as amended and in force from time to time and to any legislation which re-enacts or consolidates (with or without modification) any such legislation; and

1.2.7. any phrase introduced by the terms "**including**", "**include**", "**in particular**", "**for example**", "**such as**" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms

2. PRECEDENCE

2.1. This Agreement comprises the main body of this Agreement and the Schedules and Appendixes under this Agreement, all of which are incorporated into the Agreement by reference.

3. SERVICES

3.1. Customer hereby engages the Vendor to provide the Services in accordance with the terms of this Agreement, and the Vendor agrees to perform the Services in accordance with the terms of this Agreement.

3.2. "**Services"** shall be provided by the Vendor to Customer in the following manner:

3.2.1. upon the Effective Date and during the Term, the Vendor shall provide to Customer the contracted Hashrate capacity during the Term pursuant to Clause 4 hereunder (the "**Purchased Hashrates**"), in consideration for the Fees hereunder.

3.2.2. upon the Effective Date, the Customer shall: pay the deposit equivalent to one (1) month of the Hosting Fee (the "**Deposit**") and one (1) month of operation and maintenance fee upon execution of this Agreement. The Deposit shall be held as security for the performance of the Customer's obligations under this Agreement and shall not be deemed as payment for Services rendered. The Deposit shall not be non-interest bearing and, conditioned upon the Customer's full compliance with the terms of this Agreement, returned to the Customer after the expiration of the Term; and

3.2.3. during the Term and for each subsequent Billing Period, the Customer shall pay the Variable Fees as contemplated in Schedule 2 to the Vendor or any person designated by the Vendor within five (5) calendar days of receipt of the undisputed bill, and in case of late payment, the Customer should pay a penalty of 0.05 per cent per day of the amount of the overdue electricity bill payable.

3.2.4. the Vendor shall furnish to the Customer the Reconciliation Statement for the previous Biling Period within seven (7) Business Days from the end of such previous Billing Period. The Customer may raise to the Vendor any objection to the Reconciliation Statement, with data and records supporting such objection, within three (3) Business Days upon its receipt of the Reconciliation Statement, failing which the Vendor shall be deemed to have approved the Reconciliation Statement. In the event of any objection raised by the Customer, the Parties shall diligently and expeditiously work towards resolving the discrepancies between the Reconciliation Statement and the supporting data and records provided by the Vendor. The final determination shall be jointly made by the onsite operation and maintenance staff designated by the Vendor and representatives designated by the Customer on the basis of the actual power consumption, which shall not exceed the amount of the Rated Power Consumption. Upon successful resolution of the discrepancies, the Vendor shall furnish to the Customer a revised version of the Reconciliation Statement and the Customer shall approve such revised version in writing within three (3) Business Days upon receipt. Upon approval of the Reconciliation Statement, or the revised version as applicable, the Vendor will issue the invoice of the Variable Fees for the previous Billing Period.

3.2.5. all payments pursuant to this Agreement, including any remittance or refund, shall be made in Tether (USDT), a USD-pegged stablecoin, to the digital wallet address designated by the receiving Party. The payment shall be deemed made upon receipt of the full amount of USDT in the designated wallet. The remitting Party shall bear any transaction fees, gas fees, or other charges associated with the transfer.

3.3. The Customer shall have the right to designate the mining pool to which the Purchased Hashrates shall be directed, and the Vendor shall ensure that the Customer's Purchased Hashrates are connected to its account with the designated mining pool accordingly.

4. HASHRATE COMMITMENT

During the Term of this Agreement, the Vendor shall provide to the Customer a monthly average theoretical Hashrate capacity of 745,926 TH/s at the commencement of the Services equal to the Service Hashrate as defined in the Asset Purchase Agreement, subject to adjustment as provided therein. The Parties acknowledge and agree that the actual Hashrate capacity may fluctuate and decline based on the Parties' commercial requirements and prevailing network conditions as mutually agreed by both Parties.

5. OTHER COSTS AND EXPENSES

5.1. During the Term, in addition to the agreed Variable Fees as contemplated in Schedule 2, the Customer shall only bear and be responsible for the reasonable costs and expenses necessary for the provision of the Services, which shall be mutually agreed by the Parties hereunder.

6. WITHHOLDING TAX

6.1. If any payment to be made in respect of any invoice is subject by Applicable Law to any Vendor-Related Tax, including but not limited to VAT, the Vendor shall be solely liable for bearing the cost of such Vendor-Related Tax and the Vendor shall account to the relevant Competent Authority for the Vendor-Related Tax. Provided always that Customer has possession, as furnished by the Vendor, of declaration(s) of tax residence on the prescribed forms issued by the Competent Authority where the Vendor is domiciled or registered (or other relevant taxation authorities) which are current and accurate in order to confirm the applicability and availability of any reduced rate of Vendor-Related Tax under the provisions of the relevant double taxation convention and/or treaty, the amount of Vendor-Related Tax deducted will/may be calculated by Customer in accordance with any appropriate double taxation convention and/or treaty between the states in which Customer and the Vendor respectively reside. The Vendor shall furnish declaration(s) of tax residence on the prescribed forms issued by the Competent Authority where the Vendor is domiciled or registered (or other relevant taxation authorities) in order that Customer may confirm the applicability and availability of any reduced rate of Vendor-Related Tax under the provisions of the relevant double taxation convention and/or treaty as envisaged above. Payment of the Fees to the Vendor and to the relevant tax authority of the said Vendor-Related Tax shall, for the purposes of this Agreement, constitute full settlement of the sums owing under the relevant invoice. For the purpose of this Clause, the "**Competent Authority**" means a state authority or department duly authorized to issue declaration(s) of tax residence; and "**Vendor-Related Tax**" means a tax imposed in respect of a payment under this Agreement that results from a present or former connection between the jurisdiction of the government or taxation authority imposing such tax and the Vendor.

6.2. Without prejudice to payment in accordance with Clause constituting full settlement of the sums owing under the relevant invoice, where requested by the Vendor, Customer shall use reasonable endeavours to obtain and provide to the Vendor evidence from the relevant Competent Authority of the payment of the said withholding tax (including, where available, tax deduction certificates or equivalent thereof). Where Customer is not able to obtain such evidence (having used reasonable endeavours), Customer will provide written confirmation itself to the Vendor of the payment of said withholding tax.

7. PUBLICITY AND ANNOUNCEMENT

7.1. The Vendor shall not make, or permit any person to make, any public announcement concerning the existence, subject matter or terms of this Agreement, the wider transactions contemplated by it, or the relationship between the Parties, without the prior written consent of Customer, except as permitted under the Asset Purchase Agreement, or required by Applicable Law, or any Governmental Body.

8. WARRANTIES AND INDEMNITY

8.1. Each Party warrants to the other Party that:

8.1.1. it has the legal capacity and all necessary licences, permits, authorisations, approvals or consents necessary for the performance of its obligations under this Agreement; and

8.1.2. it shall promptly pay all sums (including any Digital Currencies arising out of or in connection with this Agreement) that may be due and payable by it under this Agreement.

9. CONFIDENTIALITY

9.1. The Parties recognize that each Party has a legitimate interest in maintaining confidentiality regarding this Agreement, the subject matter of this Agreement or any other agreements, documents or transactions referred to or contemplated herein and all trade secrets, confidential and/or proprietary knowledge or information of each other Party and its Affiliates which that Party may receive or obtain as a result of entering into or performing its obligations under this Agreement (collectively, "**Confidential Information**").

9.2. Subject to Clause 9.3, each Party undertakes to the other Parties that it shall keep the Confidential Information in the strictest confidence, and shall not, without the prior written consent of the Party disclosing the Confidential Information, use or disclose to any person Confidential Information, information relating to this Agreement or the transactions contemplated hereunder it has or acquires or information which by its nature ought to be regarded as confidential (including without limitation, any business information in respect of the each other Party which is not directly applicable or relevant to the transactions contemplated by this Agreement.

9.3. Clause 9.2 shall not prohibit disclosure or use of any Confidential Information if and to the extent:

9.3.1. the disclosure or use is required by law, any regulatory body or any stock exchange on which the shares of either Party (or its holding company) are listed;

9.3.2. the disclosure or use is required for the purpose of any arbitral or judicial proceedings arising out of this Agreement or any other agreement entered into under or pursuant to this Agreement;

9.3.3. the disclosure is made to Affiliates and/or professional advisers of any Party on a need-to-know basis and on terms that such Affiliates and/or professional advisers undertake to comply with the provisions of Clause 9.2 in respect of such information as if they were a Party to this Agreement;

9.3.4. the information is or becomes publicly available (other than as a result of any breach of confidentiality);

9.3.5. the disclosing Party has given prior written approval to the disclosure or use; and

9.3.6. the Confidential Information is already in the lawful possession of the Party receiving such information (as evidenced by written records) at the time of disclosure.

10. LIMITATION OF LIABILITY

10.1. Nothing in this Agreement limits any liability which cannot legally be limited, including liability for death or personal injury caused by negligence and fraud or fraudulent misrepresentation.

10.2. Neither Party shall have any liability to the other Party for any indirect, incidental, special or consequential loss to the other Party.

10.3. Notwithstanding the foregoing, (i) the maximum amount of damages liable by the Vendor to the Customer under this Agreement shall be limited to the amount of Variable Fees paid by the Customer to the Vendor, except that such maximum amount of damages liable by the Vendor shall be increased by the Fixed Consideration in the event of damages arising out of or related to the Vendor's bad faith or willful misconduct; and (ii) each Party shall not be liable to the other Party unless the amount of damages arising out of or relating to matters for which the Customer has paid the Fixed Consideration exceeds 1% of the Fixed Consideration in aggregate (the "**De-minimis Amount**"), but once the amount of damages exceeds 1% of the Fixed Consideration in aggregate then such Party may claim for the full amount of the damages suffered by such Party. Notwithstanding anything set forth to the contrary, the limitation of the De-minimis Amount shall not apply to any damages arising from the service provided by the Vendor under this Agreement corresponding to the Variable Fees.

11. COMMENCEMENT AND DURATION

11.1. This Agreement shall take effect on the Effective Date and continue in full force until the fourth anniversary of the Effective Date ("**Term**"), unless terminated earlier in accordance with Clause 12 of this Agreement.

12. TERMINATION

12.1. This Agreement may be terminated by the written consent of both Parties.

12.2. A Party shall be entitled to terminate this Agreement on written notice, provided that the other Party shall have received such written notice at least ten (10) Business Days prior to such termination:

12.2.1. if the other Party is in material breach of this Agreement and such breach is not curable or, if curable, has not been cured within ninety (90) days after the delivery of written notice of breach by the non-breaching Party; or

12.2.2. in the event of a relevant change in the Applicable Law or request by a Government Body which would materially affect the performance of any of the Parties' obligations under this Agreement or result in either Party being unable to fulfil their obligations or benefit from their rights and entitles under this Agreement and could not reasonably have been foreseen or provided against (e.g., government acts prohibiting or impending any Party from performing its respective obligations under this Agreement).

12.3. The Vendor shall be entitled to terminate this Agreement on written notice with immediate effect in the event that:

12.3.1. after the issuance of the Notes (as defined under the Asset Purchase Agreement) by NIP in accordance with the Asset Purchase Agreement, in the event that NIP is required to repay all principal amount of the Note as a result of an Event of Default (as defined under the Notes) prior to the conversion of the Notes into the shares of NIP; or

12.3.2. before the issuance of the Notes by NIP in accordance with the Asset Purchase Agreement, the occurrence of (a) the Company's failure to timely repay any loans incurred by NIP or by the Customer (including in an event of acceleration of such loans), except for those entered into with, or owed to, the Vendor, any Seller (as defined under the Asset Purchase Agreement) or its assignee, or any Affiliate of the foregoing, or (b) the insolvency or bankruptcy of NIP or the Customer; provided that, notwithstanding the foregoing, the occurrence of such events shall not constitute a termination event after June 30, 2026 if NIP or the Customer is not in breach of the Transaction Documents in a manner that has resulted the failure of any Closing to take place.

12.4. On termination of this Agreement:

12.4.1. neither Party shall have any further obligation to the other under this Agreement unless otherwise stated in this Agreement;

12.4.2. the Parties shall retain all rights, remedies and obligations that have accrued or become due prior to termination; and

12.4.3. the Parties will remain entitled to all rights granted or assigned to it under this Agreement.

12.5. In the event of early termination of this Agreement in accordance with Clause 12.2, the Parties agree to engage in good faith negotiations to determine the appropriate treatment of any residual value associated with prepaid but unused Services. Any settlement regarding such residual value shall be implemented according to terms specifically negotiated and mutually agreed upon by the Parties at the time of termination. Notwithstanding the foregoing, the Parties expressly acknowledge and agree that the Vendor shall have no obligation to provide refunds, credits, or any other form of compensation to the Customer for residual value attributable to unused Services.

12.6. Clause 9 (Confidentiality), Clause 10 (Limitation of Liability), Clause 12 (Termination) and Clause 13 (Other Provisions) shall survive the expiry or termination of this Agreement.

13. OTHER PROVISIONS

13.1. Further Assurances

Each of the Parties shall, and shall use its reasonable endeavours to procure and ensure that any necessary third party shall, from time to time execute such documents and perform such acts and things as any of the Parties may reasonably require to give each of the Parties the full benefit and effect of this Agreement.

13.2. Whole Agreement

13.2.1. This Agreement contains the whole agreement between the Parties relating to the subject matter of this Agreement at the date of this Agreement to the exclusion of any terms implied by law which may be excluded by contract and supersedes any other previous written or oral agreement between the Parties in relation to the matters dealt with in this Agreement.

13.2.2. The Customer acknowledges that (i) certain Cloud Mining Services Agreement by and between Nebula Digital Investment Limited and the Customer dated September 5, 2025, and (ii) certain Cloud Mining Services Agreement by and between Prosperity Peak Limited and the Customer dated September 5, 2025, have been terminated as of the date of this Agreement pursuant to the execution of certain termination agreements to such effect between the parties thereof, and upon the termination of such agreements, (i) all parties' obligations thereunder have been satisfied or waived; and (ii) there are no pending claims, disputes, or unresolved matters arising from such agreements.

13.3. Time of Essence

Any time, date or period mentioned in any provision of this Agreement may be extended by mutual agreement in writing between the Parties in accordance with this Agreement or by agreement in writing but as regards any time, date or period originally fixed or any time, date or period so extended as aforesaid time shall be of the essence.

13.4. Release, Indulgence, Waiver

13.4.1. Any liability to any Party under this Agreement may in whole or in part be released, compounded or compromised, or time or indulgence given, by it in its absolute discretion as regards the other Party under such liability without in any way prejudicing or affecting its rights against such other Party in any other respect.

13.4.2. No failure on the part of any Party to exercise and no delay on the part of any Party in exercising any right hereunder will operate as a release or waiver thereof, nor will any single or partial exercise of any right under this Agreement preclude any other or further exercise of it or any other right or remedy.

13.5. Assignment

Customer may, with prior written notice to the Vendor, at any time assign, mortgage, charge, subcontract, delegate, declare a trust over or deal in any other manner with any or all of its rights and obligations under this Agreement. All assignments done by Customer under this Clause are subject to the satisfaction of Know Your Customer checks required by the Vendor.

13.6. Remedies

No remedy conferred by any of the provisions of this Agreement is intended to be exclusive of any other remedy which is otherwise available at law, in equity, by statute or otherwise, and each and every other remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law, in equity, by statute or otherwise. The election of any one or more of such remedies by any Party shall not constitute a waiver by such Party of the right to pursue any other available remedies.

13.7. Third Party Rights

A person who is not a Party to this Agreement has no right to enforce any term of, or enjoy any benefit under, this Agreement.

13.8. Variation

The Parties acknowledge that circumstances may arise during the Term of this Agreement that could not have been reasonably anticipated at execution, including but not limited to, among other things, the Variable Fees as contemplated in Schedule 2 may need to be amended on or around April 18, 2026. In such circumstances, the Parties agree to negotiate in good faith to modify this Agreement as may be necessary to address such changed circumstances.

13.9. Costs and Expenses

Each Party shall pay its own taxes, legal, professional and other costs and expenses in connection with the negotiation and execution of this Agreement.

13.10. Notices

13.10.1. Any notice required to be given by a Party to the other Parties shall be in writing, signed by or on behalf of the Party giving it, and in the English language. It shall be deemed validly served if hand delivered, or sent by e-mail, prepaid post or a recognised courier service to the address, email address of the Parties given herein or as may from time to time be notified for this purpose.

13.10.2. The initial addresses and email addresses of the Parties are:

(a) **Customer**

As set out in Row (a) of Schedule 1

(b) **The Vendor**

As set out in Row (b) of Schedule 1

13.11. Invalidity

13.11.1. If any provision in this Agreement shall be held to be illegal, invalid or unenforceable, in whole or in part, the provision shall apply with whatever deletion or modification is necessary so that the provision is legal, valid and enforceable and gives effect to the commercial intention of the Parties.

13.11.2. To the extent it is not possible to delete or modify the provision, in whole or in part, under Clause 13.11.1, then such provision or part of it shall, to the extent that it is illegal, invalid or unenforceable, be deemed not to form part of this Agreement and the legality, validity and enforceability of the remainder of this Agreement shall, subject to any deletion or modification made under Clause 13.11.1, not be affected.

13.12. Counterparts

This Agreement may be entered into in any number of counterparts, all of which taken together shall constitute one and the same instrument. The Parties may enter into this Agreement by executing any such counterpart.

13.13. Translation

This Agreement may be translated into another language. However, in the event of any inconsistency between the English language version and a translated version, this English version will at all times prevail and take precedence. Any translation must include a provision to the same effect as this Clause.

13.14. Electronic signature

To the extent permitted by the Applicable Laws, the Parties agree that this Agreement may be executed by way of electronic signatures and delivered via electronic transmission and that this Agreement, or any part thereof, shall not be denied legal effect, validity, or enforceability solely on the ground that it is in the form of an electronic record. The Parties further agree that they shall not dispute the validity, accuracy, legal effectiveness or authenticity or enforceability of this Agreement merely on the basis that it is executed by way of electronic signatures, and that such electronic record shall be final and conclusive of the Parties' agreement of any relevant matter as set out in this Agreement.

13.15. Data protection

The Parties hereby acknowledges and agrees that the Parties' performance of this Agreement may require the Parties to process, transmit and/or store the other Party's personal data or the personal data of the other Parties' employees and Affiliates. By submitting personal data to any Party, such Party agrees that such Party and its Affiliates may process, transmit and/or store personal data only to the extent necessary for, and for the sole purpose of, enabling such Party to perform its obligations under this Agreement. In relation to all personal data provided by or through a Party to the other Party, such Party procures that it will be responsible as sole data controller for complying with all applicable data protection laws implementing that directive that regulate the processing of personal data and special categories of data as such terms are defined in that directive.

13.16. Nature of Agreement

Nothing in this Agreement will create, or be deemed to create a partnership, a joint venture, an agency or a fiduciary duty between the Parties. Except as expressly provided herein, neither Party by virtue of this Agreement has authority to transact any business in the name of the other Party or on its behalf or to incur any liability for or on behalf of the other Party.

13.17. Governing Law and Dispute Resolution

13.17.1. This Agreement shall be governed by and construed in accordance with the laws of Hong Kong.

13.17.2. Any dispute, controversy, difference or claim arising out of or relating to this contract, including the existence, validity, interpretation, performance, breach or termination thereof or any dispute regarding non-contractual obligations arising out of or relating to it shall be referred to and finally resolved by arbitration administered by the Hong Kong International Arbitration Centre (the "HKIAC") in accordance with the HKIAC Administered Arbitration Rules in force at the time of the commencement of the arbitration.. The place of arbitration shall be Hong Kong. The number of arbitrators shall be nominated and appointed in accordance with the HKIAC Administered Arbitration Rules l be three (3) and. The arbitration proceedings shall be conducted in English.

Schedule 1

Contract Information

Particulars of Customer:	Company Name :	**Mining Ninjas Ltd**
	Registered Address :	Start Chambers, Wickham's Cay II, P.O.Box 2221, Road Town, Tortola, British Virgin Islands;
	Contact Person (Title) :	Hicham Chahine (Director); Lulu Xie (Capital Market Team)
	Contact Person's Email :	hicham@nipg.com
Particulars of the Vendor:	Company Name :	[ ][1]
	Registered Address :	[ ]
	Contact Person (Title) :	[ ]
	Contact Person's Email :	[ ]
Designated wallet/UID of the Vendor to receive Fees payments	Customer UID/ wallet address: [Pending for now]	

[1] NTD: The particulars of the Vendor are to be provided.

Schedule 2

Variable Fees

1. DEFINITIONS

1.1. Definitions. The following terms in this Schedule 2 shall have the meaning specified below:

"**Actual Hosting Unit Price**" means the effective unit price per kWh applicable during the relevant Billing Period, which shall initially be the same as the Normal Hosting Unit Price, subject to the adjustment mechanism in accordance with Clause 2.2 of this Schedule 2;

"**Digital Assets Price**" means the price of the applicable digital asset at the relevant hour (Beijing Time), denominated in US Dollar and published on the website of Coinmarketcap (https://coinmarketcap.com/);

"**End-Period Meter Reading**" means the meter reading of the Separate Meter taken at 23:59 (Beijing Time) on the last day of the applicable Billing Period;

"**Hosting Fee Ratio**" means the ratio of the Hosting Fee to the Theoretical Hashrate PPS Income during the relevant period;

"**Low Power Mode**" means the Mining Equipment operates in such a mode that consumes less amount of electrical power than Rated Power and contributes less hasrate than rated hashrate due to the limitation on its performance imposed by and subject to the sole discretion of the Customer;

"**Minimum Hosting Unit Price**" shall have the meaning ascribed to it in Clause 2.3 of this Schedule 2;

"**Monitoring Software**" means the software designated by the Parties to monitor the operation of the Mining Equipment, which shall be AntSentry (version V2 or such other version as may be upgraded by the Customer from time to time) unless otherwise mutually agreed between the Parties;

"**Normal Hosting Unit Price**" shall have the meaning ascribed to it in Clause 2.3 of this Schedule 2;

"**Online Status**" means the status of the Mining Equipment that is powered-on with constant supply of electrical power, has stable connection with network and is accessible via the Monitoring Software where the status tag "Online" is indicated for such Mining Equipment;

"**Online Status Ratio**" means a fraction where the numerator is the sum of the actual length of time of each Mining Equipment in Online Status during the applicable Billing Period, and the denominator is the sum of theoretical length of time of each Mining Equipment in Online Status during the applicable Billing Period. If the Vendor promptly furnishes adequate evidence upon such an event and subject to the Customer's consent, the theoretical Online duration of each Mining Equipment may exclude the duration during which compulsory power curtailment occurs as a result of a government directive or load limitation programs, as stipulated in the power purchase agreement with the power supplier, provided that such compulsory power curtailment is not a consequence of a breach of any government order or power purchase agreement. The Online Status Ratio shall finally be determined by the data as illustrated on the Monitoring Software, except that if there is a technical failure (including, but not limited to, technical failure of the Monitoring Software and/or the Mining Equipment, or offline of the NUC, etc.) that prevents from reading certain data, the aforementioned numerator and denominator shall be adjusted accordingly to subtract such time during which the relevant data cannot be read due to such technical failure, unless otherwise agreed by the Parties;

"**Power-off Server(s)**" means Mining Equipment that is/are powered off voluntarily by the Customer pursuant to Clause 3 of this Schedule 2;

"**Power Consumption**" means the amount of electricity power consumed by the Mining Equipment during the applicable Billing Period, including any of the Mining Equipment under the Low Power Mode, which shall be determined by subtracting the End-Period Meter Reading of the Billing Period immediately preceding the relevant Billing Period from the End-Period Meter Reading of the relevant Billing Period, the unit of which shall be kWh;

"**Qualified Status**" means the status in which the Mining Equipment is in normal operation and the average hashrate of the ming Equipment in eight consecutive hours is above or equal to 80% of the rated hashrate of the Mining Equipment;

"**Rated Power**" means the amount of the rated electrical power stated on the factory label of the applicable Mining Equipment.

"**Reconciliation Statement**" means the statement issued by the Vendor (or any person designated by the Vendor) to the Customer every Billing Period for reconciliation between the Parties, which shall set out details including but not limited to Power Consumption, the applicable Actual Hosting Unit Price, the Online Status Ratio, Fees chargeable, any occurrence of interruption or suspension of any Service during such Billing Period;

"**Separate Meter**" means the separate meter installed by the Vendor at the data center facility for metering the electrical power consumed by the Mining Equipment;

"**Standard Mode**" means the Mining Equipment operates in such a mode without any limitation on its performance imposed by the Customer;

"**Theoretical Hashrate PPS Income**" means the theoretical earnings of the applicable Mining Equipment based on the actual Mining Pool Bitcoin (BTC) Hashrate of such Miming Equipment with reference to the prevailing network difficulty during the relevant period and the Digital Assets Price, which shall be calculated based on the real-time total network Hashrate and the price of BTC, with a sampling frequency of once an hour on a credible third-party platform[2], and the average value of the relevant data in each relevant period shall be the Theoretical Hashrate PPS Income of such period, the specific value shall be determined by the data as illustrated on the Mining Pool. For avoidance of doubt, the Parties agree that: (a) when calculating the Hosting Fee Ratio for the Actual Hosting Unit Price Adjustment in accordance with Clause 2.2 of this Schedule 2, the relevant period shall be the corresponding Billing Period; and (b) when calculating the Hosting Fee Ratio for the voluntary power-off, the relevant period shall be the consecutive 24 x 14 hours.

[2] Unless otherwise specified by the Customer, the third-party platform shall be website of Coinmarketcap (https://coinmarketcap.com/).

2. SERVICE FEE AND PAYMENT

2.1. **Hosting Fee Calculation.** Hosting Fee for each Billing Period shall be calculated as follows:

Hosting Fee = (Actual Power Consumption) x Hosting Unit Price (i.e., actual Hashrate x measured Power Consumption x 102.5% x electricity unit price ($0.07 /kWh) based on the adjustment mechanism set forth in Clause 2.2)

2.2. **Hosting Unit Price Adjustment.** The initial Hosting Unit Price shall be the Normal Hosting Unit Price, subject to the following adjustment for each Biling Period:

(a) If the Hosting Fee Ratio for such Billing Period is higher than 90%, the Hosting Unit Price applicable to such Billing Period shall be adjusted to the higher of:

(i) an amount equal to the result of (x) 80% of aggregate of the Theoretical Hashrate PPS Income during such Billing Period, divided by (y) Power Consumption of such Billing Period; or

(ii) the Minimum Hosting Unit Price.

(b) If the Hosting Fee Ratio for such Billing Period is no higher than 90% but higher than 60%, the Hosting Unit Price applicable to such Billing Period shall be the Normal Hosting Unit Price.

(c) If the Hosting Fee Ratio for such Billing Period is no higher than 60%, the Hosting Unit Price applicable to such Billing Period shall be adjusted to the lower of:

(i) an amount equal to the result of (x) 90% of aggregate of the Theoretical Hashrate PPS Income during such Billing Period, divided by (y) Power Consumption of such Billing Period; or

(ii) the Normal Hosting Unit Price.

(d) If the Hosting Fee Ratio for such Billing Period is no higher than 90%, the Hosting Unit Price applicable for such Billing Period shall equal to the Normal Hosting Unit Price.

(e) Cost Increases. Where the electricity cost of the Vendor increases above the Normal Hosting Unit Price due to requirements of a governmental agency or third-party electricity provider, the Vendor may notify the Customer in writing and, upon the Customer's request, the Vendor shall furnish reasonable supporting documentation therefor. Upon such notification, the Parties agree to negotiate in good faith to adjust the Hosting Unit Price to account for such increase in electricity cost. For the avoidance of doubt, nothing in this Clause 2.2 shall affect the Customer's right to terminate without penalty.

2.2.1 The applicable Hosting Fee under this Schedule are as follows:

(a) Normal Hosting Unit Price (including non-deductible taxes/expenses): US$0.073/kWh

Minimum Hosting Unit Price (including non-deductible taxes/expenses): US$0.063/kWh

(b) Monthly Theoretical Hosting Fee (including non-deductible taxes/expenses): ∑Rated Power of Each Mining Equipment Powered-On (kW) x Normal Hosting Unite Price x 24 x 30.

2.3. Operation and Maintenance Fee Calculation. The operation and maintenance fees for each Billing Period shall be calculated as follows:

Operation and Maintenance Fees = operation and maintenance actual unit price x monthly Power Consumption (i.e. actual hashrate (TH) X (21.5/1000) X105% X 24 X maintenance and service fee unit price (US$0.002/kWh) based on the adjustment mechanism set forth in Clause 2.5)

2.4. Monthly Power Consumption Calculation and Operation and Maintenance Actual Unit Price Adjustment.

(a) Monthly power consumption shall be calculated as follows:

(i) If the Mining Equipment operate in Standard Mode, monthly theoretical power consumption = ∑Daily hashrate of mining pool statistics operation account (T) x Theoretical hourly power consumption of mining machine per T (T/W/H) x 105% x 24(H);

(ii) If the Mining Equipment operate in Low Power Mode, monthly theoretical power consumption = ∑Daily hashrate of mining pool statistics operation account (T) x Theoretical hourly power consumption of each mining machine power mode (T/W/H) x 105% x 24(H); and

(iii) Actual power-on duration of current Billing Period means the acutal cumulative time that the Mining Equipment is powered-on with a constant supply of electrical power of the current Billing Period.

(b) Operation and maintenance actual unit price shall be linked to and adjusted by the monthly average online qualified ratio, in accordance with the following formulas:

(i) When the Mining Equipment monthly average online qualified ratio >= 98%, operation and maintenance actual unit price = operation and maintenance execution unit price, being US$0.002/kWh;

(ii) When 95% <= the Mining Equipment monthly average online qualified ratio < 98%, operation and maintenance actual unit price = operation and maintenance execution unit price x 0.9;

(iii) When the Mining Equipment monthly average online qualified ratio < 95%, operation and maintenance actual unit price = operation and maintenance execution unit price x 0.7; and

(iv) monthly average online qualified ratio = ∑ daily quantity of Mining Equipment in Qualified Status in the current month / ∑ daily quantity of Mining Equipment in Online Status in the current month.

2.5. Repair Fee. Repair Fee shall be payable as per use.

Other One-off Fees. Other one-off fees set forth in the applicable Reconciliation Statement shall be paid in accordance with such Reconciliation Statement, including but not limited to the on-rack/off-rack fees and other miscellaneous fees. Except for the on-rack and off-rack of faulty Mining Equipment, if the Customer needs to load on-rack or move off-rack Mining Equipment in bulk (i.e. more than five hundreds (500) miners at one time) due to additional deployment ,replacement or withdrawal of Mining Equipment, and the Vendor or the maintenance and operation service provider has to employ third party temporary workers to complete the on-rack or off-rack of Mining Equipment and other work, the Vendor shall be entitled to charge the Customer separately. However, in this situation, the fees related to employ third party temporary workers needs the Customer's prior written confirmation before the incurrence of the employing third party temporary workers. The on-rack loading of the Mining Equipment in bulk includes the following actions: unloading, unpacking and loading on-rack of delivered the Mining Equipment. The off-rack moving of miners in bulk includes the following actions: off-rack, dedusting, packing and truck loading of the Mining Equipment. The on-rack/off-rack fees shall be charged in accordance with the quantity of the Mining Equipment x US$3/unit.

(signature page to follow)

This Agreement has been entered into by the Parties on the date hereof:

Customer

Signed for and on behalf of **Mining Ninjas Ltd**

(Authorised signatory)

Name of signatory:

The Vendor

Signed for and on behalf of **[ ]**

(Authorised signatory)

Name of signatory:

Appendix A

Asset Purchase Agreement

Exhibit 8.1

List of Significant Subsidiaries and VIEs of the Registrant

Subsidiaries	Place of incorporation
NIPG HOLDINGS LIMITED	United Arab Emirates
Ninjas in Pyjamas Gaming AB	Sweden
ESVF (Hong Kong) Esports Limited	Hong Kong
Mining Ninjas Ltd.	British Virgin Islands
Mining Ninjas US, Inc.	United States
Wuhan Muyecun Internet Technology Co., Ltd.	PRC
Wuhan Xingjingweiwu Culture & Sports Development Co., Ltd.	PRC
Shenzhen Weiwu Esports Internet Technology Co., Ltd.	PRC
Hongli Culture Communication (Guangxi) Co., Ltd.	PRC
Hongli Culture Communication (Wuhan) Co., Ltd.	PRC

VIE	Place of incorporation
Wuhan Alunyou Network Information Development Co., Ltd.	PRC

Exhibit 12.1

Certification by the Principal Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Mario Yau Kwan Ho, certify that:

1. I have reviewed this annual report on Form 20-F of NIP Group Inc. (the "Company");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: April 30, 2026

By: /s/ Mario Yau Kwan Ho
Name: Mario Yau Kwan Ho
Title: Co-Chief Executive Officer
(Principal Executive Officer)

Exhibit 12.2

Certification by the Principal Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Zhiyong Li, certify that:

1. I have reviewed this annual report on Form 20-F of NIP Group Inc. (the "Company");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: April 30, 2026

By: /s/ Zhiyong Li
Name: Zhiyong Li
Title: Chief Financial Officer
(Principal Financial Officer)

Exhibit 13.1

Certification by the Principal Executive Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of NIP Group Inc. (the "Company") on Form 20-F for the year ended December 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mario Yau Kwan Ho, Co-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: April 30, 2026

By: /s/ Mario Yau Kwan Ho
Name: Mario Yau Kwan Ho
Title: Co-Chief Executive Officer
(Principal Executive Officer)

Exhibit 13.2

Certification by the Principal Financial Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of NIP Group Inc. (the "Company") on Form 20-F for the year ended December 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Zhiyong Li, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 30, 2026

By: /s/ Zhiyong Li
Name: Zhiyong Li
Title: Chief Financial Officer
(Principal Financial Officer)

Exhibit 15.1

CM LAW 澄明律师 CM Law Firm 021-52526819 www.cm-law.com.cn 2805, Phase II, Plaza 66, 1366 West Nanjing Road, Shanghai

Date: April 30, 2026

NIP Group Inc.

Rosenlundsgatan 31

11 863 Stockholm

Sweden

Dear Sir/Madam:

We hereby consent to the reference to our firm and the summary of our opinion under the headings, "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China", "Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure", "Item 4. Information on the Company—C. Organizational Structure", "Item 6. Directors, Senior Management and Employees——E. Share Ownership——Enforceability of Civil Liabilities", "Item 10. Additional Information——E. Taxation——People's Republic of China Taxation" in NIP Group Inc.'s Annual Report on Form 20-F for the year ended December 31, 2025 (the "**Annual Report**"), which will be filed with the Securities and Exchange Commission (the "**SEC**") in the month of April 2026. 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 Sincerely,

/s/ CM Law Firm

CM Law Firm

Exhibit 15.2

CAREY OLSEN

Carey Olsen Singapore LLP
10 Collyer Quay #29-10
Ocean Financial Centre
Singapore 049315

T +65 6911 8310
E singapore@careyolsen.com

Our ref AMCK/AK/7000008/0006/S895245v2
Your ref

NIP Group Inc.
c/o CO Services Cayman Limited
Pavilion East Cricket Square
Grand Cayman, KY1-1001
Cayman Islands

30 April 2026

Dear Sir and/or Madam

NIP Group Inc. (the "Company")

We have acted as Cayman Islands legal counsel to the Company 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 fiscal year ended 31 December 2025 (the "**Form 20-F**").

We hereby consent to the reference of our name under the heading "Item 6. Directors, Senior Management and Employees – 6.E. Share Ownership - Enforceability of Civil Liabilities" and "Item 10. Additional Information – 10.E. Taxation - Cayman Islands Taxation" in the Form 20-F.

We also consent to the filing with the SEC of this consent letter as an exhibit to the Form 20-F. 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 U.S. Securities Act of 1933, or under the U.S. Securities Exchange Act of 1934, in each case, as amended, or the regulations promulgated thereunder.

Yours faithfully

/s/ Carey Olsen Singapore LLP

Carey Olsen Singapore LLP

Carey Olsen Singapore LLP (Registration No. T15LL1127K) is a limited liability partnership registered in Singapore under the Limited Liability Partnerships Act (Chapter 163A)

Exhibit 15.3

PROUDEN
Ste.2201, Yuehai Financial Center,
No. 21 Zhujiang West Road, Guangzhou

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM'S CONSENT

We consent to the incorporation by reference in the Registration Statement of NIP Group Inc. on Form S-8 (FILE NO. 333-284101) of our report dated April 30, 2026, with respect to our audits of the consolidated financial statements of NIP Group Inc. as of December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025 appearing in this Annual Report on Form 20-F of NIP Group Inc. for the year ended December 31, 2025.

/s/ Guangdong Prouden CPAs GP

Guangdong Prouden CPAs GP
Guangzhou, China
April 30, 2026