

Jiade Ltd (NASDAQ: JDZG)

Key Financials

- **Market Cap:** ~\$5.9 M (USD) ¹.
- **Revenue (TTM):** ~\$2.57 M, gross margin ~69.4% ² ³.
- **Profitability:** Net income ~\$0.77 M (EPS ~\$0.25) in trailing 12 months ⁴. 2024 net income fell ~41% y/y, implying cost pressures.
- **Balance Sheet:** Cash ~\$0.99 M vs debt ~\$0.65 M (net cash ~\$0.33 M) ⁵. However, cash dropped sharply in late 2024 (see Risks).
- **Shares:** ~3.05 M shares pre-split (float ~0.79 M, insiders ~74%) ⁶. 1-for-8 reverse split executed June 2025 (post-split ~24.4 M shares).
- **Valuation:** Price/sales ~2.5x ⁷. Book equity ~\$9.77 M (BV ~\$3.18/share pre-split) ⁸. (Trailing P/E ~6-7x per financials, though true EPS fell in 2024.)

Business Model & Competitive Position

- **Product/Service:** Provides a “one-stop” education-support platform (the KB Platform) plus auxiliary services (enrollment consultation, teaching support, exam administration, etc.) to adult education institutions ⁹ ¹⁰.
- **Customers:** Targets Chinese adult/vocational schools (e.g. Chengdu training centers). Contracts generally based on number of students served. Revenue is highly concentrated: top-3 customers ~77-78% of sales in 2023-24 ¹¹ (e.g. Chengdu New Vision).
- **Market:** Large total addressable market – China’s adult education services grew from RMB147.8B (2017) to RMB271.2B (2022) ¹² (projected ~RMB425B by 2027). Sichuan province (home base) is also growing ~15% CAGR ¹³.
- **Competition:** Industry is “highly fragmented” with many competitors ¹⁴. No apparent moat; pricing likely under pressure. The company’s high gross margins (~70%) reflect its software angle, but SG&A and R&D expenses have been rising (net margins fell in 2024).
- **Growth:** 2022-23 revenue grew ~52%, but 2023-24 slowed to ~20% ¹⁵. Management has noted expansion into new exam/training verticals, but execution risk is high.

Price & Volume Behavior

- **Price Trend:** After an IPO pop (52-week high ~\$21.28 ¹⁶), JDZG has collapsed to ~\$1.76 (Sept 6, 2025). One-year return ~-57.3% ¹⁷; recent 1M ~-23% ¹⁸. The stock briefly regained Nasdaq \$1 bid in late 2024, then fell again, prompting a reverse split.
- **Volume/Liquidity:** Avg daily volume is extremely low (~130-150K shares ¹⁹). Recent trading was ~22K shares (9/6/25). Such thin volume means **very poor liquidity**, wide spreads and susceptibility to sharp moves.
- **Volatility:** The reverse split and Nasdaq compliance issues have driven wild swings. Shares are tightly held (insiders 74% ⁶), so public float is tiny.

- **Relative Performance:** JDZG has **significantly underperformed** any peers or indices. The stock is down ~91.7% from its 52-week high ¹⁶, far worse than typical tech/edtech benchmarks.

Risks & Red Flags

- **Dilution:** 2025 shareholder vote authorized massive new issuance. Capital structure was changed to create up to **395 M Class A** and **30 M preference** shares (versus current float \ll 10 M) ²⁰. (A 1-for-8 reverse split was approved in June 2025 ²¹.) This means the company can easily dilute existing holders.
- **Liquidity/Governance:** With only ~0.8M pre-split float ⁶ and insider control (~74%), retail investors have little influence. Governance standards are lower as a Cayman foreign private issuer. The auditor is a small HK firm (Enrome LLP). A single bad audit event (or inability of PCAOB to inspect) could jeopardize listing.
- **Financial Distress: Cash has been nearly depleted.** The IPO (May 2024, ~\$8M) funded rapid spending. Cash fell from RMB62.64M (~\$8.62M) on June 30, 2024 to only RMB3.918M (~\$0.54M) by Dec 31, 2024 ²² ²³. Net income also plunged (~RMB9.56M in 2023 to RMB5.61M in 2024 ²²). Burn rates are unsustainable without new funding. (Working capital was negative in early years ²⁴.)
- **Nasdaq/Regulatory:** The stock has already faced a Nasdaq minimum bid deficiency (Nov–Dec 2024). Though the recent split cleared compliance, any dip could trigger more delisting risk. Also, as a China-based ADR-style listing, JDZG faces risks from SEC/PCAOB oversight changes (HFCAA) and PRC rules on overseas listings (though the company says it filed with CSRC). Any regulatory crackdown (like new education laws) could spill over.
- **Customer/Geographic Concentration:** Nearly all revenue comes from Sichuan (esp. Chengdu) and just a handful of schools ²⁵ ¹¹. A local policy shift or loss of a major client could halve revenue.
- **Short Interest:** Reportedly ~9% short pre-split (Finviz ⁶), indicating bearish sentiment.

Upcoming Catalysts (\leq 6 months)

- **Financial Reports:** 2024 Form 20-F (filed Apr 2025) will show full-year results (growth, cash burn). Quarterly results (if any) could surprise.
- **Industry/Contracts:** Potential signing of new school contracts or official partnerships (e.g. exam centers) could be announced, but no dates are set. The company had mentioned expanding exam centers and acquiring authorized institutions, but progress is unclear.
- **Nasdaq Milestones:** Reverse split (June 2025) averted delisting risk. The next milestone would be regaining a \$1+ bid for 10 days. Any further compliance news (e.g. another deficiency or reverse split) would move the stock.
- **China Policy:** If Beijing announces support for adult/vocational education (or reverses any disincentives), JDZG could indirectly benefit. No specific events are known.
- **Capital Events:** Watch for SEC filings of equity offerings or ATM placements (dilution is highly likely given cash needs). No S-3 shelf is currently reported, but with the authorized shares one could be filed soon.
- **Lock-Up Expiration:** A lock-up ended Nov 16, 2024 ²⁶, but insiders still hold most shares; secondary sales by insiders could impact the float.

Alpha Thesis

No clear asymmetric catalyst is apparent. **Upside drivers** would have to come from unexpected growth or a near-term cure of all issues, neither of which is evident. The shares trade very low (absent a bid) despite profitable quarters, implying the market is wary. **Downside risks** (renewed listing action, dilution, cash exhaustion) are high. The company is profitable only on paper; in practice, it burned through IPO cash rapidly.

To consider this a **Buy**, one would need an edge (e.g. insider knowledge of a big contract or imminent regulatory relief) that the market is missing. We see no such edge publicly. On the contrary, if 2024 earnings show continued profit decline or negative free cash flow, the stock could slide further. Conversely, if **the thesis is wrong**—for instance, if JDZG rapidly scales via acquisitions, secures a large adult-education deal or JV, or receives positive regulatory relief—then shares might outperform. Absent those, shares look speculative and risky.

Recommendation: [Sell]

Top Reasons: (1) **Dilution & governance risk:** The massive increase in authorized shares and recent share consolidation signal easy future dilution ²¹ ²⁰. Insiders retain tight control (74% stake ⁶). (2) **Liquidity crunch:** The stock has extremely low float and volume, and it's off ~57% YTD ¹⁷. Poor liquidity amplifies downside on any bad news. (3) **Financial strain:** Cash is nearly gone (only ~\$0.54M by end-2024 ²²) after burning through IPO proceeds, yet growth is slowing. Without a clear near-term revenue catalyst or fresh funding, the downside outweighs any speculative upside.

¹ ⁷ ⁹ JDZG.OQ - | Stock Price & Latest News | Reuters

<https://www.reuters.com/markets/companies/JDZG.OQ/>

² ³ ⁴ ⁵ ⁸ JIADE (JDZG) Statistics & Valuation

<https://stockanalysis.com/stocks/jdzg/statistics/>

⁶ ¹⁶ ¹⁹ JDZG - Jiade Ltd Stock Price and Quote

<https://finviz.com/quote.ashx?t=JDZG>

¹⁰ JIADE LIMITED Receives Nasdaq Notification Letter Regarding

<https://www.globenewswire.com/news-release/2024/12/20/3000886/0/en/JIADE-LIMITED-Receives-Nasdaq-Notification-Letter-Regarding-Minimum-Bid-Price-Deficiency.html>

¹¹ ¹⁵ ²² ²⁵ JIADE Ltd (Form: 20-F, Received: 04/25/2025 16:02:20)

[https://content.edgar-online.com/ExternalLink/EDGAR/0001410578-25-000919.html?](https://content.edgar-online.com/ExternalLink/EDGAR/0001410578-25-000919.html?hash=0b759e032466074610db56be30a567c6fa9bc7247c7f4568331be97f91733653&dest=jdzg-20241231x20f_html)

[hash=0b759e032466074610db56be30a567c6fa9bc7247c7f4568331be97f91733653&dest=jdzg-20241231x20f_html](https://content.edgar-online.com/ExternalLink/EDGAR/0001410578-25-000919.html?hash=0b759e032466074610db56be30a567c6fa9bc7247c7f4568331be97f91733653&dest=jdzg-20241231x20f_html)

¹² ¹³ ¹⁴ ²⁴ tm2321027-6_f1 - none - 29.1719835s

https://www.sec.gov/Archives/edgar/data/1976908/000110465923129525/tm2321027-6_f1.htm

¹⁷ ¹⁸ JDZG Stock Price and Chart — NASDAQ:JDZG — TradingView

<https://www.tradingview.com/symbols/NASDAQ-JDZG/>

²⁰ ²¹ sec.gov

https://www.sec.gov/Archives/edgar/data/1976908/000110465925052421/tm2516056d1_6k.htm

²³ [sec.gov](#)

https://www.sec.gov/Archives/edgar/data/1976908/000110465924123677/tm2429499d1_ex99-2.htm

²⁶ [sec.gov](#)

https://www.sec.gov/Archives/edgar/data/1976908/000110465924115298/tm2427802d1_6k.htm