中國銀杏教育集團有限公司

China Gingko Education Group Company Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code:1851

GLOBAL OFFERING



Sole Sponsor, Sole Global Coordinator, Joint Bookrunner and Joint Lead Manager

中信建投國際
CHINA SECURITIES INTERNATIONAL

Joint Bookrunners and Joint Lead Managers

第一上海
FIRST SHANGHAI GROUP

雅利多證券
ARISTO SECURITIES LIMITED

IMPORTANT

IMPORTANT: ***If you are in any doubt about any of the contents of this prospectus, you should seek independent professional advice.***

中國銀杏教育集團有限公司
China Gingko Education Group Company Limited

(Incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	:	125,000,000 Shares (subject to the Over-allotment Option)
Number of Hong Kong Offer Shares	:	12,500,000 Shares (subject to adjustment)
Number of International Offer Shares	:	112,500,000 Shares (subject to adjustment and the Over-allotment Option)
Maximum Offer Price	:	HK$1.98 per Hong Kong Offer Share, plus brokerage fee of 1.0%, SFC transaction levy of 0.0027% and Hong Kong Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)
Nominal value	:	HK$0.01 per Share
Stock code	:	1851

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Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in "Appendix VI — Documents Delivered to the Registrar of Companies in Hong Kong and Available for Inspection" to this prospectus, has been registered with the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any of the other documents referred to above.

The Offer Price is expected to be fixed by agreement between the Sole Global Coordinator (on behalf of the Underwriters) and the Company on the Price Determination Date. The Price Determination Date is expected to be on or around Friday, January 11, 2019 and, in any event, no later than Wednesday, January 16, 2019. The Offer Price will be no more than HK$1.98 per Offer Share and is currently expected to be no less than HK$1.24 per Offer Share unless otherwise announced. Investors applying for Offer Shares must pay, on application, the maximum Offer Price of HK$1.98 per Share, unless otherwise announced, together with brokerage fee of 1.0%, SFC transaction levy of 0.0027% and Hong Kong Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price is less than HK$1.98 per Offer Share.

The Sole Global Coordinator (on behalf of the Underwriters) may, with the consent of the Company, reduce the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, an announcement will be published on the Hong Kong Stock Exchange's website at www.hkexnews.hk and on the Company's website at www.chinagingkoedu.com no later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. Further details are set out in "Structure and Conditions of the Global Offering" and "How to Apply for Hong Kong Offer Shares". If, for any reason, the Offer Price is not agreed between the Sole Global Coordinator (on behalf of the Underwriters) and the Company on or before Wednesday, January 16, 2019, the Global Offering will not proceed and will lapse. In addition, pursuant to the termination provisions contained in the Hong Kong Underwriting Agreement in respect of the Hong Kong Offer Shares, the Sole Global Coordinator, on behalf of the Hong Kong Underwriters, has the right in certain circumstances, in its absolute discretion, to terminate the obligation of the Hong Kong Underwriters pursuant to the Hong Kong Underwriting Agreement at any time prior to 8:00 a.m. on the Listing Date. For more information, see "Underwriting — Underwriting Arrangements and Expenses — Grounds for Termination."

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States, or for the account or benefit of U.S. persons, except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act. The Offer Shares may be offered, sold or delivered outside of the United States in accordance with Regulation S under the U.S. Securities Act.

December 21, 2018

Our Company will issue an announcement on the website of the Stock Exchange at www.hkexnews.hk and our website at www.chinagingkoedu.com if there is any change in the following expected timetable of the Hong Kong Public Offering.

Hong Kong Public Offering commences and **WHITE** and **YELLOW** Application Forms available from	9:00 a.m. on Friday, December 21, 2018
Latest time to complete electronic applications under **White Form eIPO** service through the designated website at **www.eipo.com.hk** *(note 4)*	11:30 a.m. on Friday, January 11, 2019
Application lists for the Hong Kong Public Offering open *(note 2)*	11:45 a.m. on Friday, January 11, 2019
Latest time for lodging **WHITE** and **YELLOW** Application Forms and giving **electronic application instructions** to HKSCC *(note 3)*	12:00 noon on Friday, January 11, 2019
Latest time to complete payments for **White Form eIPO** applications by effecting internet banking transfer(s) or PPS payment transfer(s)	12:00 noon on Friday, January 11, 2019
Application lists close *(note 2)*	12:00 noon on Friday, January 11, 2019
Expected Price Determination Date *(note 6)*	Friday, January 11, 2019
Announcement of the Offer Price, the indications of the level of interest in the International Offering, the level of applications in the Hong Kong Public Offering, and the basis of allocation of the Hong Kong Offer Shares to be published at the websites of the Stock Exchange at **www.hkexnews.hk** and the Company at **www.chinagingkoedu.com**on or before *(note 7)*	Thursday, January 17, 2019

Results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels. (See "How to Apply for Hong Kong Offer Shares — 11. Publication of Results") from	Thursday, January 17, 2019
Results of allocations in the Hong Kong Public Offering will be available at **www.iporesults.com.hk** (alternatively: English **https://www.eipo.com.hk/en/Allotment**; Chinese **https://www.eipo.com.hk/zh-hk/Allotment**) with a "search by ID function"	Thursday, January 17, 2019
Despatch of share certificates in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering on or before *(notes 5 & 8)*	Thursday, January 17, 2019
Share certificates in respect of wholly or partially successful applications to be despatched or deposited into CCASS on *(note 8)*	Thursday, January 17, 2019
White Form e-Refund payment instructions/refund cheques in respect of wholly successful (if applicable) or wholly or partially unsuccessful applications to be despatched on (*notes 7 & 11*)	Thursday, January 17, 2019
Dealings in Shares on the Main Board of the Stock Exchange to commence on	9:00 a.m. on Friday, January 18, 2019

Notes:

(1) All times refer to Hong Kong local time. Details of the structure and conditions of the Global Offering are set out in "Structure and Conditions of the Global Offering" in this prospectus.

(2) If there is a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, January 11, 2019, the application lists will not open and close on that day. Further information is set out in "How to Apply for Hong Kong Offer Shares — 10. Effect of bad weather on the opening of the application lists" in this prospectus. If the application lists do not open and close on Friday, January 11, 2019, the dates mentioned in this section may be affected. An announcement will be made by us in such event.

(3) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC should see "How to Apply for Hong Kong Offer Shares — 6. Applying by giving electronic application instructions to HKSCC via CCASS" in this prospectus for further details.

(4) You will not be permitted to submit your application through the designated website at **www.eipo.com.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

(5) Share certificates for the Hong Kong Offer Shares will become valid certificates of title at 8:00 a.m. on Friday, January 18, 2019, provided that (i) the Global Offering has become unconditional in all respects; and (ii) neither of the Underwriting Agreements has been terminated in accordance with its terms. Investors who trade Shares on the basis of publicly available allocation details before the receipt of share certificates or before the share certificates become valid certificates do so entirely at their own risk.

(6) The Offer Price is expected to be determined by Friday, January 11, 2019 but in any event, the expected time for determination of the Offer Price will not be later than Wednesday, January 16, 2019. If, for any reason, the Offer Price is not agreed between the Sole Global Coordinator, on behalf of the Underwriters, and our Company by Wednesday, January 16, 2019, the Global Offering will not proceed and will lapse.

(7) e-Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering and also in respect of wholly or partially successful applications in the event that the final Offer Price is less than the price payable per Offer Share on application. Part of the applicant's Hong Kong identity card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund cheque, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant's Hong Kong identity card number or passport number before cashing the refund cheque. Inaccurate completion of an applicant's Hong Kong identity card number or passport number may lead to delay in encashment of, or may invalidate, the refund cheque.

(8) Applicants who apply on **WHITE** Application Forms for 1,000,000 Hong Kong Offer Shares or more under the Hong Kong Public Offering and have provided all information required on their Application Forms may collect any refund cheque(s) and/or share certificate(s) in person from our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, may do so in person from 9:00 a.m. to 1:00 p.m. on Thursday, January 17, 2019. Applicants being individuals who apply for 1,000,000 Hong Kong Offer Shares or more and are eligible for personal collection must not authorise any other person to make collection on their behalf. Applicants being corporations who are applying for 1,000,000 Hong Kong Offer Shares or more and are eligible for personal collection must attend by their authorised representatives bearing letters of authorisation from their corporations stamped with the corporations' chop. Identification and (where applicable) authorisation documents acceptable to our Hong Kong Share Registrar must be produced at the time of collection.

(9) Applicants who apply on **YELLOW** Application Forms for 1,000,000 Hong Kong Offer Shares or more under the Hong Kong Public Offering and have provided all information required by their Application Forms may collect their refund cheque(s), where applicable, in person but may not collect their share certificate(s), which will be deposited into CCASS for the credit of their designated CCASS Participants' stock accounts or CCASS Investor Participant stock accounts, as appropriate. The procedures for collection of refund cheque(s) for **YELLOW** Application Form applicants are the same as those for **WHITE** Application Form applicants specified in note (8) above.

(10) Applicants who apply for Hong Kong Offer Shares via **White Form eIPO** should see "How to Apply for Hong Kong Offer Shares — 13. Refund of application monies" in this prospectus.

(11) Uncollected share certificate(s) and refund cheque(s) will be despatched by ordinary post at the applicants' own risk to the addresses specified on the relevant applications. Further details are set out in "How to Apply for Hong Kong Offer Shares — 14. Despatch/collection of share certificates and refund monies" in this prospectus.

The application for the Hong Kong Offer Shares will commence on Friday, December 21, 2018 through Friday, January 11, 2019, being longer than normal market practice of four days. The application monies (including the brokerage fees, SFC transaction levies and Stock Exchange trading fees) will be held by the receiving bank on behalf of the Company and the refunded monies, if any, will be returned to the applicants without interest on Thursday, January 17, 2019. Investors should be aware that the dealings in the Shares on the Stock Exchange are expected to commence on Friday, January 18, 2019.

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This prospectus is issued by China Gingko Education Group Company Limited solely in connection with the Hong Kong Public Offering and does not constitute an offer to sell or a solicitation of an offer to buy any securities other than the Hong Kong Offer Shares offered by this prospectus pursuant to the Hong Kong Public Offering. This prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. The Company has not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on as having been authorized by the Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, officers, representatives, employees, agents or professional advisors or any other person or party involved in the Global Offering.

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This summary aims to give you an overview of the information contained in this prospectus. Since it is a summary, it does not contain all the information that may be important to you. You should read this prospectus in its entirety before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in "Risk Factors." You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are a higher education service provider in Sichuan Province. According to the Frost & Sullivan Report, by the end of 2017, there were 34 private higher education institutions in Sichuan Province, among which our college ranked 23 in terms of student enrollments. Starting to provide higher education services in 2002, we are dedicated to offering comprehensive and diversified programs and curriculum and training talents with practical skills applicable to the modern service industry. Our college has eight departments and offers 25 bachelor's degree programs and 22 junior college diploma programs, providing a wide range of courses spanning six disciplines, namely, management, literature, engineering, education, economics and arts. To foster the practical skills of our students, we have established extensive practical training platforms to supplement the traditional in-class teaching. Moreover, we integrate theoretical learning with skill-oriented practices by establishing and maintaining effective school-enterprise cooperation. As of June 30, 2018, we had established long-term cooperation relationships with three talent centers and 126 renowned enterprises in order to provide internship opportunities for our student. We believe our efforts to provide practical training have enabled us to achieve higher employment rate than our competitors. In the 2014/2015, 2015/2016 and 2016/2017 school years, the initial employment rate of our graduates was about 97.8%, 96.4% and 97.2%, respectively. In contrast, the overall initial employment rate of the private higher education industry in China was about 77.7%, 77.9% and 78.4%, respectively, during the same periods, according to the Frost & Sullivan Report. Our dedication to provide diversified programs and to cultivate market-oriented talents has earned us various accolades. According to the CUAA's Evaluation and Study Report of Universities in China for 2017 (2017中國大學評價研究報告), our bachelor's degree program ranked third among independent colleges in Sichuan Province based on a comprehensive evaluation score[*].

The hospitality management program is our leading program, through which we dedicate to training high-end professionals with applicable skills by providing practical training courses taught by teachers with relevant industry experience and various internship opportunities in high-end hotels. Consequently, our graduates enjoy high popularity among high-end hotels. For instance, as of June 30, 2018, among all the students graduated in 2015, 2016 and 2017 who eventually worked in the hotel industry, about 73.3% were employed by high-end hotels. According to the Frost & Sullivan Report, by the end of 2017, among all the 746 private higher education institutions in China, only 225 institutions offered hospitality management programs. Our hospitality management program ranked

[*] CUAA's Evaluation and Study Report of Universities in China, which is widely accepted in the industry according to Frost & Sullivan, provides a comprehensive evaluation on higher education institutions in China based on a variety of criteria on the aspects such as school facilities, faculty resources, research programs and reputation.

second among such 225 higher education institutions offering hospitality management programs based on the number of students enrolled in the hospitality management program in the 2017/2018 school year. For the 2017/2018 school year, students enrolled in the hospitality management program accounted for approximately 12.8% of our total students, which is much higher than the 6.0%, the average corresponding percentage of all the private higher education institutions offering hospitality management programs in China, according to the Frost & Sullivan Report. In addition, among all hospitality management programs offered by independent colleges in China, our hospitality management program ranked first by CUAA based on a comprehensive evaluation score and was awarded six-star program, representing the highest award for hospitality management undergraduate programs offered by independent colleges in China. We believe that the popularity of our students among the high-end hotels as well as the high ranking of our hospitality management program not only proved the effectiveness of our teaching methods, but also enhanced our reputation and brand image, thereby will attract more students to enroll.

Our revenue for the years ended December 31, 2015, 2016 and 2017 and the six months ended June 30, 2017 and 2018 was approximately RMB120.9 million, RMB134.0 million, RMB139.0 million, RMB73.3 million and RMB82.3 million, respectively. Our net profit for the same periods was approximately RMB36.8 million, RMB39.9 million, RMB41.2 Million, RMB29.1 million and RMB19.7 million, respectively.

Our Mission and Educational Philosophy

Our mission is "to bring excellence to students and devote to the society (成就學生，服務社會)." Our fundamental educational philosophy is "to cultivate service awareness and to achieve the unity of knowledge and action (服務養成，知行相濟)." As an education service provider, we are committed to providing industry-leading higher education to students through career-focused teaching strategies and methods.

Our College

During the Track Record Period, we provide higher education services through our college, Yinxing Hospitality and Management College of CUIT. Our college has eight departments and offers in aggregate 25 bachelor's degree programs and 22 junior college diploma programs. Leveraging our core competency in hospitality management and pan-tourism, we integrate our education resource in eight departments to realize synergetic effect.

All programs in our college adopt an education approach that combines theoretical in-class teaching with practical training. We have established a workplace simulation training platform in each department to simulate the workplace environment and conduct situational teaching. We also deliver practical training courses in star rated hotels to provide our students with first-hand practical knowledge.

We emphasize on promoting graduate employment and endeavor to help students secure jobs. In addition to providing practical training courses, we have also cooperated with different enterprises to provide our students with internships and job opportunities. Moreover, we provide a wide range of career-related services to students and organize various career-related events. For the 2014/2015, 2015/2016 and 2016/2017 school years, the initial employment rate of our graduates was about 97.8%, 96.4% and 97.2%, respectively. In contrast, China's overall initial employment rate of higher education graduates was about 77.7%, 77.9% and 78.4% for the same periods, according to the Frost & Sullivan Report.

According to the *Decision on Amending the Law for Promoting Private Education of the PRC* (《關於修改民辦教育促進法之決定》) (the "Amendment Decision") which was promulgated on November 7, 2016 and became effective on September 1, 2017, sponsors of private schools may choose to establish schools as non-profit or for-profit entities, with the exception of schools providing compulsory education, which can only be established as non-profit entities. Legal requirements and treatments on for-profit and non-profit private schools are different in various aspects, including, among others, receipt of operating profits, license and registration, fees to be charged, tax, public funding and liquidation. However, the Amendment Decision and relevant state or local rules are silent on the specific measures on how existing private schools can choose to become for-profit private schools or non-profit private schools. In addition, there are uncertainties as to how the local government will interpret and implement the Amendment Decision. Therefore, we are unable to fully evaluate at this stage the impact of such regulatory charges on our operations, including, among others, tax liabilities we may have if we chose to be a for-profit private school. However, considering that sponsors are allowed to receive operating profits from for-profit private schools but not non-profit private schools and have discretion on pricing, we intend to register Yinxing College and the schools we plan to open and operate as for-profit schools after the implementing measures for the Amendment Decision become available, and the detailed local rules and regulations with respect to the conversion of existing schools have been promulgated by relevant local authorities and taken effect. See "Business — the Decision on Amending the Law for Promoting Private Education of The PRC" for details.

Our Students and Related Operating Data

The total student number of our college was 8,831, 8,751, 9,327 and 9,553 in the 2014/2015, 2015/2016, 2016/2017 and 2017/2018 school years, respectively. Gaokao is the major channel for our college to enroll students. Our student recruitment network covers all provinces, municipalities, and autonomous regions in China. The following table sets forth our admission quota, freshman students enrolled, students enrolled, school capacity, school utilization rate, average tuition fees and average boarding fees for each school year.

	2014/2015	2015/2016	2016/2017	2017/2018
Admission quota[(1)]	2,102	2,642	3,777	4,040
Freshman students enrolled[(2)]	2,403[(8)]	2,708[(8)]	3,095	2,844[(9)]
Students enrolled[(3)]	8,831	8,751	9,327	9,553
School capacity[(4)]	10,411	10,306	10,651	10,556
School utilization rate[(5)]	84.8%	84.9%	87.6%	90.5%
Average tuition fees[(6)] (RMB)	10,856	11,646	12,016	12,529
Average boarding fees[(7)] (RMB)	1,147	1,024	1,069	1,063

Notes:

(1) Admission quota means the maximum number of freshman students enrolled granted by relevant government authorities in each corresponding school year.

(2) Freshman students enrolled means the actual number of freshman students enrolled in our college in each corresponding school year.

(3) Students enrolled means the actual total number of students enrolled in our college from freshman year to senior year. The number of students enrolled for each school year is equivalent to the number of student enrolled for the previous school year, less students left school, either dropping out or graduating, during such school year, plus the number of freshman students enrolled. For the 2014/2015, 2015/2016, 2016/2017 and 2017/2018 school years, number of students left school amounted to 2,264, 2,788, 2519 and 2,618, respectively.

(4) The school capacity equals to the number of beds in student dormitories in each school year plus the number of graduating students who reside off-campus for internship.

(5) The school utilization rate is calculated by dividing the total number of students enrolled based on our internal records on December 31 each year by school capacity at the end of the same year.

(6) The average tuition fees is calculated by dividing the total tuition fees received for each school year by student enrollment in the same school year.

(7) The average boarding fees is calculated by dividing the total boarding fees received for each school year by student enrollment less the number of graduating students who reside off-campus for internship in the same school year.

(8) For the 2014/2015 and 2015/2016 school years, the freshman students enrolled in Yinxing College amounted to 2,403 and 2,708, respectively, which exceeded the admission quota for the corresponding school years, which were 2,102 and 2,642, respectively. As a higher education service provider, the number of new students Yinxing College may admit for each school year is generally limited by an admission quota specified by the relevant education authorities, which is subject to adjustment by such education authorities at a later stage. Our freshman students enrollment exceeded the corresponding admission quota for certain school years because the admission quotas were adjusted allowing us to admit additional students based on the number of students that participated in the National Higher Education Entrance Exam and the number of students who selected our school in their university entrance applications, as permitted by the relevant authorities. Yinxing College has obtained a confirmation letter from the Education Department of Sichuan Province dated October 23, 2018, acknowledging that, up to date of the issuance of such confirmation letter, (i) Yinxing College has obtained necessary filings, approvals and registrations to operate its education business; and (ii) Yinxing College had not been subject to any administrative penalty due to any violation of private education laws or regulations. In addition, accompanied by our PRC Legal Advisors, we and the Sole Sponsor interviewed the deputy chief of the Development and Planning Division of the Education Department of Sichuan Province on November 16, 2018, who confirmed that (i) the freshman students enrolled for the 2014/2015 and the 2015/2016 school years exceeded the admission quota approved in advance had been acknowledged and confirmed by the Development and Planning Division of the Education Department of Sichuan Province pursuant to its internal procedures without issuing an adjusted admission quota or any other official document regarding such adjustment and (ii) the students enrollment of Yinxing College during the Track Record Period up to the date of the interview was in compliance with applicable PRC laws and regulations and the adjustment of admission quota would not subject Yinxing College to any administrative penalty. Our PRC Legal Advisors are of the view that the Development and Planning Division of the Education Department of Sichuan Province is a competent authority to provide such confirmation.

(9) The freshman students enrolled in Yinxing College for the 2017/2018 school year decreased compared to the freshman students enrolled for the 2016/2017 school year, primarily due to a decrease in students enrolled in the junior college diploma program in the 2017/2018 school year. In 2017, higher education institutions in Sichuan Province started to admit students for junior college diploma programs through independent recruitment program (自主招生), which allow such institutions to admit students before the National Higher Education Entrance Exam. In 2017, we did not participate in the independent recruitment program which left us an admission pool of less candidates comparing with previous school years.

The number of students enrolled in our college in the 2014/2015, 2015/2016, 2016/2017 and 2017/2018 school years increased because we have increased our marketing efforts, enhanced our reputation, attracted more talents and increased our plan of enrollment. For the 2014/2015, 2015/2016, 2016/2017 and 2017/2018 school years, our school capacity remained relatively stable. For the same periods, our utilization rate experienced steady growth, primarily reflecting an increase in the number of full-time students.

Our Teachers

We believe that experienced and dedicated teachers are crucial to our success. As of June 30, 2018, we had 160 full-time teachers and 134 part-time teachers. In 2015, 2016, 2017 and the six months ended June 30, 2018, the retention rate of our teachers was approximately 85.9%, 90.2%, 91.9% and 90.6%, respectively, which evidenced the cohesiveness and stability of our teachers team. As of June 30, 2018, among our full-time teachers, about 100.0% have a bachelor's degree or above, and about 68.1% have a master's degree or above and about 20.0% are professors or associate professors. We maintain a high standard in recruiting. In 2017, we hired about 10.2% of the candidates for full-time teaching positions at our college who we interviewed. As of June 30, 2018, the teachers with industrial expertise hired by us accounted for about 16.0% of all our teachers. As of the same date, about 42.1% of all the teachers in the Hospitality Management Department had industrial expertise.

COMPETITIVE STRENGTHS

We believe the following competitive strengths have contributed and will continue to contribute to our continued success:

- We provide higher education service in Sichuan Province with our leading program, the hospitality management program.
- Leveraging our core competency in hospitality management education, we provide our students with market-oriented, comprehensive and diversified programs and curriculum to foster multi-disciplinary development.
- We maintain extensive practical training platforms to effectively improve the practical skills of our students and provide our students with better career prospect.
- We have a team of high-caliber teachers with extensive experiences.
- We have an experienced senior management team led by visionary founder.

BUSINESS STRATEGIES

We aim to become the leader and a standard developer of talent cultivation in the hospitality management industry in the PRC. We intend to pursue the following strategies to achieve this goal:

- Further increase market penetration and enhance teaching quality to solidify our market position and gradually establish ourselves as a standard developer of talent cultivation in the PRC hospitality management industry;
- Actively establish overseas schools and strengthen our international cooperation with overseas educational institutions and enterprises;
- Continue to attract, incentivize and retain quality teachers; and
- Capitalizing on the existing brand name of Yinxing College, we plan to further develop training programs to diversify our source of income.

COOPERATION WITH CUIT

Not as a part of the CUIT, our college is an independent college operated in cooperation with CUIT pursuant to a long-term cooperation agreement dated May 16, 2006 entered into between CUIT and Gingko Asset Management. Pursuant to this cooperation agreement, Gingko Asset Management shall, among other things, (i) provide all required facilities and upgrade as necessary, (ii) be responsible for the quality of teaching and campus safety, and (iii) be responsible for the career development of the graduates, while CUIT shall provide guidance on (i) the overall directions of the development of our college, (ii) the teachers and staff management, and (iii) the supervision of the quality of teaching and advise on the program offerings. On a school year basis, 20% of the total

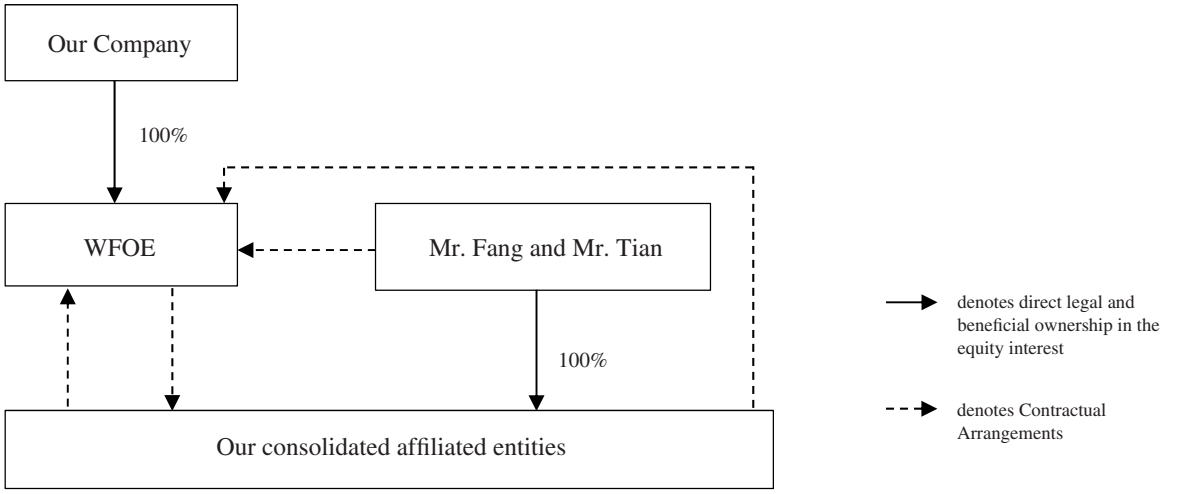
tuition fees shall be paid to CUIT as the joint tuition support fee, 2% shall be reserved for our college, and 78% shall be applied to the daily operations and business development of our college. Gingko Asset Management shall appoint three directors and has the right to nominate the chairman, while CUIT shall appoint two directors and has the right to nominate the deputy chairman. In 2006, Yinxing College moved out from the campus of CUIT and no longer relied on the intellectual and human resources of CUIT. In 2012, Yinxing College was further approved to independently award degree certificates. As such, we proposed a downward adjustment of the joint tuition support fee to reflect such changes in the cooperation between CUIT and Gingko Asset Management. Pursuant to the supplemental agreement entered into by and between CUIT and Gingko Asset Management on December 31, 2017, the joint tuition support fee was adjusted from 20% to 7% of the total tuition fees for the 2012/2013 school year and onward after arm's length negotiation, taking into account the support and guidance provided by CUIT in the previous years and the expected contributions of CUIT going forward. We had fully paid the joint tuition support fee for years from 2006 to 2017 pursuant to the payment schedule in the supplemental agreement by the end of March 2018. See "History, Reorganization and Corporate Structure — Our Consolidated and Affiliated Entities — Our PRC Operating Schools — Yinxing College." The cooperation agreement and the supplemental agreement formed the basis of our cooperation with CUIT, and allowed us to comply with the relevant rules and regulations issued by the MOE on the establishment and operations of independent colleges. In addition, the cooperation agreement between CUIT and Gingko Asset Management also provides that if there is any change of national policies or occurrence of *force majeure*, CUIT and Gingko Asset Management shall negotiate the solution. In the confrmation letter from CUIT dated November 16, 2018, CUIT has confirmed, among other things, CUIT (i) supports the conversion of Yinxing College into a regular private higher education institution and (ii) will not make any extra requests other than the joint tuition support fee stated in the supplemental agreement as discussed above during the process of such conversion and the termination of the current cooperation between CUIT and Gingko Asset Management.

CONTRACTUAL ARRANGEMENTS

We currently provide higher education services through our consolidated affiliated entities in the PRC as PRC laws and regulations, or the implementation of those laws and regulations by the relevant government authorities, generally prohibit or restrict foreign ownership in the higher education industry in the PRC. Currently, PRC laws and regulations restrict the operation of higher education institutions to Sino-foreign ownership, in addition to imposing a qualification requirement on the foreign owners.

We do not hold any equity interest or school sponsor's interests in our consolidated affiliated entities. The Contractual Arrangements, through which we obtain control over and derive economic benefits from our consolidated affiliated entities, have been narrowly tailored to achieve our business purpose and minimize the potential conflict with relevant PRC laws and regulations. Please see "Contractual Arrangements" in this prospectus for further details.

The following simplified diagram illustrates the flow of economic benefits from our PRC Operating Schools to our Group stipulated under the Contractual Arrangements:



The PRC government may find that the Contractual Arrangements do not comply with applicable PRC laws and regulations, which may subject us to severe penalties and our business may be materially and adversely affected. We strongly urge you to read "Risk Factors" in its entirety, including "Risk Factors — Risks Relating to our Contractual Arrangements" for details of the risks relating to the Contractual Arrangements.

Draft Foreign Investment Law

The MOFCOM published a discussion draft of the proposed Foreign Investment Law (《中華人民共和國外商投資法》) (the "**Draft FIL**") in January 2015 aiming to, upon its enactment, replace the major existing laws and regulations governing foreign investment in the PRC. See "Regulatory Overview — PRC Laws and Regulations relating to Foreign Investment in Education — Draft Foreign Investment Law" and "Contractual Arrangements — Development in PRC Legislation on Foreign Investment — Draft New Foreign Investment Law" in this prospectus for further details of the Draft FIL and the potential effect to us if the Draft FIL were to become effective in its current form.

SHAREHOLDERS' INFORMATION

Immediately upon completion of the Global Offering and the Capitalization Issue, Mr. Fang will, via Vast Universe, indirectly and beneficially own approximately 73.3% of the issued share capital of our Company taking no account of Shares which may be issued pursuant to the exercise of the Over-allotment Option or Shares which may be issued upon the exercise of options granted under the Share Option Scheme, hence Mr. Fang and Vast Universe are our Controlling Shareholders. See "History, Reorganization and Corporate Structure" and "Relationship with Controlling Shareholders" in this prospectus.

SUMMARY KEY FINANCIAL INFORMATION

The summary historical data of financial information set forth below have been derived from, and should be read in conjunction with, our consolidated audited financial statements, including the accompanying notes, set forth in the Accountant's Report attached as Appendix I to this prospectus, as well as the information set forth in "Financial Information." Our financial information was prepared in accordance with HKFRS.

Summary Consolidated Comprehensive Income Statement Data

The following table presents our summary consolidated statements of comprehensive income for the years ended December 31, 2015, 2016 and 2017 and the six months ended June 30, 2017 and 2018, which are derived from, and should be read in conjunction with, our consolidated financial statements, including the notes thereto, included in the Accountant's Report set forth in Appendix I to this prospectus.

	Year ended December 31,			Six months ended June 30,	
	2015	**2016**	**2017**	**2017**	**2018**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000) (Unaudited)*	*(RMB'000)*
Revenue	120,855	133,974	139,020	73,315	82,338
Cost of sales	(63,080)	(71,397)	(77,708)	(34,837)	(40,201)
Gross profit	**57,775**	**62,577**	**61,312**	**38,478**	**42,137**
Selling expenses	(1,446)	(1,600)	(1,640)	(1,034)	(1,195)
Administrative expenses	(21,702)	(23,212)	(22,272)	(10,313)	(20,133)
Other income	3,013	1,049	696	648	44
Other gains/(losses)-net	5	3	14	(10)	726
Finance income	225	341	786	357	492
Finance expenses	(2,677)	(1,143)	—	(91)	(1,997)
Finance (expenses)/income — net	(2,452)	(802)	786	266	(1,505)
Share of net profit of an associate accounted for using the equity method	1,648	1,879	2,300	1,091	1,031
Profit before income tax	**36,841**	**39,894**	**41,196**	**29,126**	**21,105**
Income tax expenses	—	—	—	—	(1,427)
Profit for the year/period	**36,841**	**39,894**	**41,196**	**29,126**	**19,678**

	Year ended December 31,			Six months ended June 30,	
	2015	**2016**	**2017**	**2017**	**2018**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)* *(Unaudited)*	*(RMB'000)*
Non-HKFRS Measure:					
Profit for the year/period	36,841	39,894	41,196	29,126	19,678
Add:					
Listing expenses	—	—	—	—	10,168
Adjusted net profit[(1)]	**36,841**	**39,894**	**41,196**	**29,126**	**29,846**

Note:

(1) The adjusted net profit, which is unaudited in nature, represents profit for the year/period from continuing operations excluding the effects of the listing expenses which amounted to approximately RMB10.2 million for the six months ended June 30, 2018. The adjusted net profit is not a measure of performance under HKFRS. As a non-HKFRS measure, the adjusted net profit is presented because our management believes such information will be helpful for investors in assessing the level of our net profit by eliminating the effects of certain one-off or non-recurring items, namely listing expenses. The use of the adjusted net profit has material limitations as an analytical tool, as it does not include all items that impact our profit for the relevant year/period. See "Financial Information — Our Financial Information During the Track Record Period — Non-HKFRS Measure."

For more information, see "Financial Information — Our Financial Information During the Track Record Period — Key Components of Our Results of Operations."

Selected Consolidated Balance Sheet Data

	As of December 31,			As of June 30,
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS				
Non-current assets				
Prepaid land lease payments	41,758	40,750	39,742	39,238
Property, plant and equipment	283,145	301,811	327,517	336,222
Intangible assets	1,627	1,669	1,093	984
Prepayments	3,230	6,321	284	2,927
Interest in an associate	9,546	10,765	12,558	—
	339,306	**361,316**	**381,194**	**379,371**
Current assets				
Trade and other receivables	2,015	2,232	1,431	1,569
Amounts due from a related party	—	—	12,312	—
Prepayments	945	647	744	4,714
Cash and cash equivalents	64,675	66,531	75,965	92,428
	67,635	**69,410**	**90,452**	**98,711**
Total assets	**406,941**	**430,726**	**471,646**	**478,082**
LIABILITIES				
Current liabilities				
Accruals and other payables	82,221	80,226	88,764	43,399
Amounts due to related parties	42,539	22,612	9,181	497
Borrowings	—	—	—	22,532
Contract liabilities	62,569	68,382	72,999	10,322
Current income tax liabilities	—	—	—	952
	187,329	**171,220**	**170,944**	**77,702**
Net current (liabilities)/assets	(119,694)	(101,810)	(80,492)	21,009
Non-current liabilities				
Borrowings	—	—	—	80,000
Total liabilities	**187,329**	**171,220**	**170,944**	**157,702**
Net assets	**219,612**	**259,506**	**300,702**	**320,380**
EQUITY				
Share Capital	—	—	—	—
Reserves	66,851	66,618	68,050	68,050
Retained earnings	152,761	192,888	232,652	252,330
Total equity	**219,612**	**259,506**	**300,702**	**320,380**

The significant increase in borrowings as of June 30, 2018 was incurred to pay the joint tuition support fee to CUIT. For more information, see "Financial Information — Our Financial Information During the Track Record Period — Discussion of Key Balance Sheet Items."

Summary Consolidated Cash Flow Statements Data

	Year ended December 31,			Six months ended June 30,	
	2015	**2016**	**2017**	**2017**	**2018**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)* *(Unaudited)*	*(RMB'000)*
Net cash generated from/(used in) operating activities	62,805	63,658	62,623	(20,765)	(80,558)
Net cash (used in)/generated from investing activities	(21,043)	(40,264)	(38,880)	(30,821)	6,778
Net cash (used in)/generated from financing activities	(13,478)	(21,538)	(14,309)	(218)	90,243
Net increase/(decrease) in cash and cash equivalents	28,284	1,856	9,434	(51,804)	16,463
Cash and cash equivalents at beginning of the year/period	36,391	64,675	66,531	66,531	75,965
Cash and cash equivalents at the end of the year/period	64,675	66,531	75,965	14,727	92,428

We incurred significant cash inflow for the six months ended June 30, 2018, primarily attributable to the bank loans of RMB100.0 million, which is partially offset by the joint tuition support fee of approximately RMB57.8 million paid to CUIT. In addition, we recorded net operating cash inflow for 2015, 2016 and 2017. However, since we typically collect tuition fees and boarding fees in the second half of each financial year but pay operating costs and other expenses gradually over the year, we recorded net operating cash outflow for the six months ended June 30, 2017 and 2018. Although we may not be able to change the net operating cash outflow situation at the end of 2018 as what happened in 2015, 2016 and 2017, due to the payment of the joint tuition support fee of approximately RMB57.8 million to CUIT in March 2018, considering such payment is a one-off settlement of the historical joint tuition support fee balances, we believe we are able to keep recording net operating cash inflow for the whole financial years going forward. For more information, see "Financial Information — Liquidity and Capital Resources — Cash Flows."

Key Financial Ratios

	As of/for the year ended December 31,			As of/for the six months ended June 30,
	2015	**2016**	**2017**	**2018**
Net profit margin[(1)]	30.5%	29.8%	29.6%	23.9%
Adjusted net profit margin[(2)]	30.5%	29.8%	29.6%	36.2%
Gross profit margin[(3)]	47.8%	46.7%	44.1%	51.2%
Return on assets[(4)]	9.5%	9.5%	9.1%	8.3%
Adjusted return on assets[(5)]	9.5%	9.5%	9.1%	12.6%
Return on equity[(6)]	18.3%	16.7%	14.7%	12.7%
Adjusted return on equity[(7)]	18.3%	16.7%	14.7%	19.2%
Current ratio[(8)]	0.4	0.4	0.5	1.3
Gearing ratio[(9)]	N/A	N/A	N/A	3.2%

Notes:

(1) Net profit margin equals our net profit for the year/period divided by revenue for the year/period.

(2) Adjusted net profit margin equals our adjusted net profit for the year/period divided by revenue for the year/period. For more information of our adjusted net profit, see "Financial Information — Our Financial Information During the Track Record Period — Non-HKFRS Measure — Adjusted Net Profit."

(3) Gross profit margin equals our gross profit for the year/period divided by revenue for the year/period.

(4) Return on assets equals net profit for the year/period divided by the average total assets as of the beginning and the end of the year/period. Return on assets for the six months ended June 30, 2018 was calculated using the profit for the six months ended June 30, 2018 adjusted on an annualized basis.

(5) Adjusted return on assets equals adjusted net profit for the year/period divided by the average total assets as of the beginning and the end of the year/period. Adjusted return on assets for the six months ended June 30, 2018 was calculated using the profit for the six months ended June 30, 2018 adjusted on an annualized basis.

(6) Return on equity equals net profit for the year/period divided by the average total equity amounts as of the beginning and the end of the year/period. Return on equity for the six months ended June 30, 2018 was calculated using the profit for the six months ended June 30, 2018 adjusted on an annualized basis.

(7) Adjusted return on equity equals adjusted net profit for the year/period divided by the average total equity amounts as of the beginning and the end of the year/period. Adjusted return on equity for the six months ended June 30, 2018 was calculated using the profit for the six months ended June 30, 2018 adjusted on an annualized basis.

(8) Current ratio equals our current assets divided by current liabilities as of the end of the year/period.

(9) Gearing ratio equals net debt divided by total equity as of the end of the year/period. Net debt is calculated as total debt less cash and cash equivalents.

The decrease in gross and adjusted net profit margins from 2015 to 2017 and from the six months ended June 30, 2017 to the same period in 2018 is mainly because the increase of our employment benefit expenses and the depreciation expenses outpaced the increase of our revenue for the same period. For more information, see "Financial Information — Financial Ratios."

GLOBAL OFFERING STATISTICS

The statistics in the following table are based on the assumptions that: (i) the Global Offering is completed and 125,000,000 Shares are issued and sold in the Global Offering; (ii) the Over-allotment Option is not exercised and without taking into account any Shares which may be issued upon exercise of any options which have been or may be granted under the Share Option Scheme; and (iii) 500,000,000 Shares are issued and outstanding upon completion of the Global Offering.

	Based on an Offer Price of HK$1.24 per Offer Share	**Based on an Offer Price of HK$1.98 per Offer Share**
Market capitalization of our Shares	HK$620.0 million	HK$990.0 million
Unaudited pro forma adjusted net tangible asset value per Share[(1)]	HK$0.98	HK$1.16

Note:

(1) The unaudited pro forma adjusted net tangible asset value per Share is calculated after making the adjustments referred to in "Appendix II — Unaudited Pro Forma Financial Information."

DIVIDEND

As we are a holding company, our ability to declare and pay dividends will depend on receipt of sufficient funds from our subsidiaries and, particularly, our consolidated affiliated entities, which are incorporated in the PRC. Our consolidated affiliated entities must comply with their respective constitutional documents and the laws and regulations of the PRC in declaring and paying dividends. Pursuant to the laws applicable to the PRC's Foreign Investment Enterprises, our Company's subsidiaries must make appropriations from after-tax profit to non-distributable reserve funds as determined by the board of directors of each relevant entity prior to payment of dividends. These reserves include a general reserve and a development fund. Subject to certain cumulative limits, the general reserve requires annual appropriations of 10% of after-tax profits as determined under PRC laws and regulations at each year-end until the balance reaches 50% of the relevant PRC entity's registered capital. PRC laws and regulations require private schools where the school sponsors require reasonable returns to make annual appropriations of 25% of net income to its development fund prior to payments of reasonable return. Such appropriations are required to be used for the construction or maintenance of the school or for the procurement or upgrading of educational equipment. A private school that does not require reasonable returns cannot distribute dividends to its school sponsors. Any amount of dividends we pay will be at the discretion of our Directors and will depend on our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors which our Directors consider relevant. No dividend had been paid or proposed by our Company during the Track Record Period and up to the Latest Practicable Date. We does not have any dividend payout policy. For more details, see "Financial Information — Dividend."

USE OF PROCEEDS

We estimate that we will receive net proceeds of approximately HK$177.9 million from the Global Offering, after deducting the underwriting commissions and other estimated expenses payable by us in connection with the Global Offering, assuming that the Over-allotment Option is not exercised, without taking into account any Shares which may be issued upon exercise of any options which may be granted under the Share Option Scheme and assuming an Offer Price of HK$1.61 per Share (being the mid-point of the indicative Offer Price range set forth on the cover page of this prospectus). We intend to use such net proceeds from the Global Offering for the purposes and in the amounts set forth below:

- approximately 85%, or approximately HK$151.2 million, will be used for the construction of the Nanxi New Campus. See "Business — Expansion Plans — New Campus Plan;"

- approximately 10%, or approximately HK$17.8 million, will be used to recruit high-caliber teachers and staff; and

- approximately 5%, or approximately HK$8.9 million, will be used for general business operations and working capital.

For more information, see "Future Plans and Use of Proceeds."

COMPETITION

The education services market in China is rapidly evolving, highly fragmented and competitive. We face competition primarily from public schools and other private higher education institutions in China. We also compete directly with public and other private higher education institutions in Sichuan Province, where we operate our college. According to the Frost & Sullivan Report, by the end of 2017, there were 34 private higher education institutions in Sichuan Province, among which our college ranked 23 in terms of student enrollments.

RECENT DEVELOPMENTS AND MATERIAL ADVERSE CHANGE

On August 10, 2018, the MOJ issued the MOJ Draft for Comments based on a revised version of the MOE Draft for Comments to seek public comments. For a summary of the MOJ Draft for Comments and the principal implications of the MOJ Draft for Comments on the operations of our Group based on our current understanding and interpretation, see "Regulatory Overview — Regulations on Private Education in the PRC — The Draft Revision of the Regulation on the Implementation of the Law for Promoting Private Education of the PRC." In addition, if the MOJ Draft for Comments is eventually adopted in its current form and content, and we intend to register Yinxing College as a for-profit private school, we may be required to terminate the coorperation with CUIT, which may in turn have certain impacts on, among others, our operation, management and financial performance and subject us to certain risks. See "Business — Potential Implications of the MOJ Draft for Comments" and "Risk Factors — Risks Relating to Our Business and Our Industry — We may face risks arising from the termination of our cooperation agreement with CUIT."

On September 17, 2018, the People's Government of Sichuan Province promulgated the *Implementation Opinion Regarding the Encouragement of the Establishment of Private Education and the Promotion of the Healthy Development of Private Education of the People's Government of Sichuan Province* (《四川省人民政府關於鼓勵社會力量興辦教育促進民辦教育健康發展的實施意見》) with immediate effect for a valid period of five years. See "Regulatory Overview — Regulation on Private Education in the PRC — The Draft Revision of the Regulation on the Implementation of the Law for Promoting Private Education of the PRC."

To timely react to the updates on the legal framework applicable to us, we intend to establish a special committee led by Mr. Tian, an Executive Director, to (i) monitor the changes and updates of laws and regulations governing our operations, (ii) consult with our PRC Legal Advisors on the potential impact of such changes or updates on our operations, (iii) adjust our operations as needed, and (iv) make relevant public announcements when appropriate.

Considering the expected increase in our finance expenses due to the increase in bank borrowings for our expansion plan and the estimated listing expenses, our expected net profit and net profit margin may decrease significantly for the year ending December 31, 2018. Our Directors confirmed that, as of the date of this prospectus, save as disclosed above, there has been no material adverse change in our financial or trading position, indebtedness, mortgage, contingent liabilities, guarantees or prospects after June 30, 2018, being the most recent date of our consolidated financial statements as set forth in the Accountant's Report included in Appendix I to this prospectus.

LISTING EXPENSES

The total amount of listing expenses that will be borne by us in connection with the Global Offering, including underwriting commissions, is estimated to be RMB34.1 million (based on the mid-point of the indicative Offer Price range), of which RMB12.7 million is expected to be accounted for as a deduction from equity in accordance with the HKFRS. The remaining fees and expenses of RMB21.4 million were or are expected to be charged to our consolidated statements of comprehensive income, of which approximately RMB10.2 million was charged for the six months ended June 30, 2018, and approximately RMB11.2 million is expected to be charged upon Listing. The professional fees and/or other expenses related to the preparation of Listing subsequent to the six months ended June 30, 2018 are currently in estimates for reference only and the actual amount to be recognized is subject to adjustment based on audit and the then changes in variables and assumptions.

RISK FACTORS

Our operations involve certain risks, some of which are beyond our control. These risks can be broadly categorized into: (i) risks relating to our business and our industry; (ii) risks relating to doing business in China; and (iii) risks relating to the Global Offering. Some of the risks generally associated with our business and industry include the following:

- Our business and results of operations depend on the level of tuition fees and boarding fees we are able to charge as well as our ability to maintain and raise the level of and to collect tuition fees and boarding fees;

- New legislation or changes in the PRC regulatory requirements regarding private education may affect our business operation and prospects;
- We are subject to uncertainties brought by the MOJ Draft for Comments;
- We may not be able to register our college as a for-profit private school or complete relevant procedures or obtain the government registrations under the current form of the MOJ Draft for Comments;
- We may face risks arising from the termination of our cooperation agreement with CUIT;
- Some of our programs are focused on the hospitality industry and are highly susceptible to any adverse changes in the hospitality industry, the tourism industry, or the general downturn in the economics;
- Our establishment of the Nanxi New Campus involves uncertanties and risks;
- We are in a cooperation relationship with CUIT and might encounter risks associated with name confusion, reputation and financial impact associated with CUIT;
- We may not be able to manage our growth successfully or effectively by expanding our existing operations and increasing our college capacity, which may hinder our ability to capitalize on new business opportunities; and
- If we are unable to continue to attract students to enroll in our education programs, our business and prospects will be materially and adversely affected.

These risks are not the only significant risks that may affect the value of our Shares. You should carefully consider all of the information set forth in this prospectus and, in particular, should evaluate the specific risks set forth in "Risk Factors" starting from page 35 in deciding whether to invest in our Shares.

PROPERTY VALUATION

According to the property valuation report prepared by JLL, an independent valuer we engaged, as set forth in Appendix III to this prospectus, the market value of the properties we owned and occupied as of October 31, 2018 was approximately RMB634.5 million. See "Business — Properties" and Appendix III to this prospectus for details on our properties. For risks associated with the assumptions made in the valuation of our properties, see "Risk Factors — Risks Relating to Our Business and Our Industry — The appraisal values of our properties may be different from their actual realizable values and are subject to uncertainty or change."

THE HONG KONG PUBLIC OFFERING

The period between the commencement of the Hong Kong Public Offering (Friday, December 21, 2018) and the close of application lists (Friday, January 11, 2019) will last for sixteen days (excluding Sundays and public holidays). See "Structure and Conditions of the Global Offering - The Hong Kong Public Offering" and "How to Apply for Hong Kong Offer Shares" for details.

In this prospectus, unless the context otherwise requires, the following words and expressions have the following meanings. Certain technical terms are explained in "Glossary of Technical Terms".

"AH&LA"	American Hotel & Lodging Association
"Application Form(s)"	**WHITE** Application Form(s), **YELLOW** Application Form(s) and **GREEN** application form(s), or where the context so requires, any of them
"Articles of Association" or "Articles"	the articles of association of the Company, conditionally adopted on December 12, 2018 and will come into effect upon the Listing Date, as amended, supplemented or otherwise modified from time to time, a summary of which is set out in "Appendix IV — Summary of the Constitution of the Company and Cayman Islands Company Law" to this prospectus
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Board" or "Board of Directors"	the board of directors of the Company
"BPPE"	California Bureau for Private Postsecondary Education, a unit of the California Department of Consumer Affairs in charge of regulation of private postsecondary educational institutions operating in the state of California, the United States
"business day"	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for business
"BVI"	the British Virgin Islands
"CAGR"	compound annual growth rate
"California School"	a private higher education institution to be established by our Group in the State of California
"Capitalization Issue"	the issue of Shares to be made upon capitalization of certain sum standing to the credit of the share premium account of the Company as referred to in "Appendix V — Statutory and General Information — A. Further Information about the Company and its Subsidiaries — 3. Written Resolutions of the Shareholders Passed on December 12, 2018" to this prospectus
"Cayman Islands Companies Law"	the Companies Law Cap. 22 (Law 3 of 1961) of the Cayman Islands, as amended, consolidated or supplemented from time to time

"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Broker Participant"	a person admitted to participate in CCASS as a broker participant
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Participant"	a CCASS Broker Participant, a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"China" or "PRC"	the People's Republic of China, but for the purpose of this prospectus and for geographical reference only and except where the context requires, references in this prospectus to "China" and the "PRC" do not apply to Taiwan, Macau Special Administrative Region and Hong Kong
"close associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies (WUMP) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company" or "our Company" or "the Company"	China Gingko Education Group Company Limited (中國銀杏教育集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability on March 23, 2018
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"consolidated affiliated entities" or "consolidated affiliated entity"	the entities we control through the Contractual Arrangements, namely Gingko Asset Management and our PRC Operating Schools

"Contractual Arrangements"	the series of contractual arrangements entered into by, among others, the Company, WFOE, Mr. Fang, Mr. Tian, Gingko Asset Management and our PRC Operating Schools, details of which are described in the section headed "Contractual Arrangements" in this prospectus
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules and, unless the context requires otherwise, refers to Mr. Fang and Vast Universe
"core connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"CSRC"	the China Securities Regulatory Commission (中國證券監督管理委員會), a regulatory body responsible for the supervision and regulation of the Chinese national securities markets
"CUAA"	Chinese Universities Alumni Association (中國大學校友會)
"CUIT"	Chengdu University of Information Technology (成都信息工程大學) (formally known as Chengdu College of Information Technology (成都信息工程學院) before 2015)
"Deed of Indemnity"	the deed of indemnity dated December 13, 2018 entered into by our Controlling Shareholders in favor of the Company (for itself and as trustee for each of its subsidiaries) to provide certain indemnities, particulars of which are set out in "Appendix V — Statutory and General Information — D. Other Information — 2. Tax and Other Indemnities"
"Deed of Non-Competition"	the deed of non-competition dated December 13, 2018 given by our Controlling Shareholders in favor of the Company (for itself and as trustee for each of its subsidiaries), particulars of which are set out in "Relationship with Controlling Shareholders"
"Director(s)"	director(s) of the Company
"EIT"	the PRC enterprise income tax
"EIT Law"	the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得税法), enacted on March 16, 2007, effective from January 1, 2008 and amended on February 24, 2017 by the Standing Committee of the National People's Congress (全國人民代表大會常務委員會)
"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., a global market research and consulting company, which is an Independent Third Party

"Frost & Sullivan Report"	an independent market research report commissioned by our Company on the PRC education market, PRC private education market, PRC private higher education market and prepared by Frost & Sullivan, as referred to in "Indusry Overview"
"GDP"	gross domestic product
"Gingko Asset Management"	Chengdu Gingko Asset Management Co., Ltd. (成都銀杏資產管理有限公司), a company established under the laws of the PRC with limited liability on August 2, 2002 and is one of our consolidated affiliated entities
"Gingko BVI"	Gingko Education Investment Company Limited (銀杏教育投資有限公司), a company incorporated in the BVI with limited liability on March 26, 2018, which is wholly owned by our Company
"Gingko HK"	Gingko Education Management Holding Company Limited (銀杏教育管理控股有限公司), a company incorporated in Hong Kong with limited liability on April 23, 2018, which is wholly owned by Gingko BVI
"Global Offering"	the Hong Kong Public Offering and the International Offering
"**GREEN** Application Form(s)"	The application form(s) to be completed by the **White Form eIPO** Service Provider, Computershare Hong Kong Investor Services Limited
"Group", "our Group", "we", "our" or "us"	the Company and its subsidiaries (including the consolidated affiliated entities) or, where the context so requires, in respect of the period before the Company became the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of the Company at that time and their respective predecessor
"HFYX"	HFYX Company Limited, a company incorporated in the BVI with limited liability on March 31, 2018, which is wholly owned by Mr. Tian, our executive Director
"HKFRS"	Hong Kong Financial Reporting Standards
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC

"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong Offer Shares"	the 12,500,000 Offer Shares (subject to adjustment as described in "Structure and Conditions of the Global Offering") being initially offered by the Company for subscription pursuant to the Hong Kong Public Offering
"Hong Kong Public Offering"	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price, on and subject to the terms and conditions of this prospectus and the Application Forms, as further described in "Structure and Conditions of the Global Offering"
"Hong Kong Share Registrar"	Computershare Hong Kong Investor Services Limited
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering listed in "Underwriting — Hong Kong Underwriters"
"Hong Kong Underwriting Agreement"	the underwriting agreement dated December 19, 2018 relating to the Hong Kong Public Offering and entered into by, among others, the Company, our Controlling Shareholders, the Sole Global Coordinator and the Hong Kong Underwriters, as further described in "Underwriting — Underwriting Arrangements and Expenses"
"Independent Third Party(ies)"	an individual(s) or a company(ies) who or which is/are not connected with (within the meaning of the Listing Rules) any Director, chief executive or substantial shareholders (within the meaning of the Listing Rules) of the Company, its subsidiaries or any of their respective associates
"International Offer Shares"	the 112,500,000 Shares (subject to adjustment as described in "Structure and Conditions of the Global Offering") being initially offered by the Company for subscription at the Offer Price pursuant to the International Offering, together with, where relevant, any additional Shares to be issued pursuant to the exercise of the Over-allotment Option
"International Offering"	the conditional offering of the International Offer Share(s) by the International Underwriters to institutional and professional investors outside of the United States in reliance on Regulation S, as further described in "Structure and Conditions of the Global Offering"

"International Underwriters"	the underwriters of the International Offering
"International Underwriting Agreement"	the international underwriting agreement relating to the International Offering and to be entered into by, among others, the Company, our Controlling Shareholders, the Sole Global Coordinator and the International Underwriters on or about January 11, 2019, as further described in "Underwriting — Underwriting Arrangements and Expenses — International Underwriting Agreement"
"JLL"	Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer we engaged to value our properties
"Joint Bookrunners"	China Securities (International) Corporate Finance Limited, First Shanghai Securities Limited and Aristo Securities Limited
"Joint Lead Managers"	China Securities (International) Corporate Finance Limited, First Shanghai Securities Limited and Aristo Securities Limited
"Latest Practicable Date"	December 11, 2018, being the latest practicable date for the purpose of ascertaining certain information in this prospectus prior to its publication
"Listing"	the listing of the Shares on the Main Board
"Listing Committee"	the listing sub-committee of the board of directors of the Hong Kong Stock Exchange
"Listing Date"	the date on which dealings in the Shares on the Main Board first commence
"Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, as amended, supplemented or otherwise modified from time to time
"M&A Rules"	the Rules on the Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (關於外國投資者併購境內企業的規定), jointly issued by the State-owned Assets Supervision and Administration Commission (國務院國有資產監督管理委員會), MOFCOM, SAT, SAIC, CSRC and SAFE on August 8, 2006 and re-issued by MOFCOM on June 22, 2009

"Main Board"	the stock exchange (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Hong Kong Stock Exchange
"Memorandum" or "Memorandum of Association"	the memorandum of association of the Company, adopted on December 12, 2018, and as amended, supplemented or otherwise modified from time to time, a summary of which is set out in Appendix IV to this prospectus
"MOE"	the Ministry of Education of the PRC (中華人民共和國教育部)
"MOE Draft for Comments"	the Draft Revision of the Regulations on the Implementation of the Law for Promoting Private Education of the PRC (the Draft for Comments) (《中華人民共和國民辦教育促進法實施條例(修訂草案)(徵求意見稿)》) issued by the MOE on April 20, 2018 to seek public comments
"MOF"	the Ministry of Finance of the PRC (中華人民共和國財政部)
"MOFCOM"	the Ministry of Commerce of the PRC (中華人民共和國商務部)
"MOJ"	the Ministry of Justice of the PRC (中華人民共和國司法部)
"MOJ Draft for Comments"	the Draft Revision of the Regulations on the Implementation of the Law for Promoting Private Education of the PRC (《中華人民共和國民辦教育促進法實施條例(修訂草案)(送審稿)》) issued by MOJ on August 10, 2018 to seek public comments
"Mr. Fang"	Mr. Fang Gongyu (方功宇), our executive Director, chief executive officer and Controlling Shareholder
"Mr. Tian"	Mr. Tian Tao (田濤), our executive Director
"Nanxi New Campus"	our new campus to be established in Nanxi District, Yibin City pursuant to the Nanxi New Campus Project Investment Agreement
"Nanxi New Campus Project Investment Agreement"	the agreement we entered into with the People's Government of Nanxi District, Yibin City, pursuant to which, we will invest approximately RMB600.0 million to build a campus that could accommodate 10,000 students
"NDRC"	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)

"NPC"	the National People's Congress of the PRC (中華人民共和國全國人民代表大會)
"Offer Price"	the final Hong Kong dollar price per Share (exclusive of brokerage fee, Hong Kong Stock Exchange trading fee and SFC transaction levy) at which the Offer Shares are to be subscribed for pursuant to the Global Offering
"Offer Share(s)"	the Hong Kong Offer Shares and the International Offer Shares together with, where relevant, any additional Shares to be issued pursuant to the exercise of the Over-allotment Option
"our college"	Yinxing College, which, for the purpose of this prospectus, also includes its predecessor, Yinxing International Hotel Management College of CUIT (成都信息工程學院銀杏國際飯店管理學院), a secondary school of CUIT established in 2002
"Over-allotment Option"	the option expected to be granted by the Company to the Sole Global Coordinator under the International Underwriting Agreement to require the Company to issue up to 18,750,000 additional Shares (representing 15% of the Offer Shares initially being offered under the Global Offering) at the Offer Price, to, among other things, cover over-allocations of the International Offering, if any, as further described in "Structure and Conditions of the Global Offering"
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"PRC Company Law"	the PRC Company Law (中華人民共和國公司法)
"PRC Government"	the central government of the PRC and all governmental subdivisions (including provincial, municipal and other regional or local government entities) and organizations of such government or, as the context requires, any of them
"PRC Legal Advisors"	Commerce & Finance Law Offices, legal advisors to the Company on PRC laws in connection with the Global Offering
"PRC Operating Schools"	Yinxing College and Yinxing Training School
"Price Determination Agreement"	the agreement expected to be entered into between our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) on or about the Price Determination Date to record the agreement on the final Offer Price

"Price Determination Date"	the date, expected to be on or around Friday, January 11, 2019 but no later than Wednesday, January 16, 2019, on which the Offer Price is fixed for the purposes of the Global Offering
"Principal Share Registrar"	Conyers Trust Company (Cayman) Limited
"Province" or "province"	each being a province or, where the context requires, a provincial level autonomous region or municipality under the direct supervision of the PRC Government
"Regulation S"	Regulation S under the U.S. Securities Act
"Renminbi" or "RMB"	the lawful currency of the PRC
"Reorganization"	the reorganization of our Group as described in "History, Reorganization and Corporate Structure — Reorganization"
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SAIC"	the State Administration for Industry and Commerce of the PRC (中國國家工商行政管理總局), including, as the context may require, its local counterparts
"SAT"	the State Administration of Taxation of the PRC (中華人民共和國國家税務總局)
"Securities and Futures Commission" or "SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) with nominal value of HK$0.01 each in the share capital of the Company, which are to be traded in Hong Kong dollars and listed on the Main Board
"Share Option Scheme"	the Share option scheme conditionally adopted by the Company on December 12, 2018
"Shareholder(s)"	holder(s) of the Share(s)
"Sole Sponsor", "Sole Global Coordinator" or "CSCI"	China Securities (International) Corporate Finance Company Limited
"sq.m."	square meter(s)
"Stabilizing Manager"	China Securities (International) Corporate Finance Company Limited

"State Council"	the State Council of the PRC (中華人民共和國國務院)
"Stock Borrowing Agreement"	the stock borrowing agreement expected to be entered into on or about the Price Determination Date between the Stabilizing Manager (or its affiliates or any person acting for it) and Vast Universe, pursuant to which Vast Universe will agree to lend certain Shares to the Stabilizing Manager
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Track Record Period"	the period comprising the three financial years ended December 31, 2015, 2016 and 2017 and the six months ended June 30, 2018
"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"United States," "USA" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. Securities Act"	the United States Securities Act of 1933, as amended
"US$," "USD" or "$"	U.S. dollars, the lawful currency of the United States
"Vast Universe"	Vast Universe Company Limited, a company incorporated in the BVI with limited liability on March 21, 2018, which is wholly owned by Mr. Fang, our executive Director, chief executive officer and Controlling Shareholder. Vast Universe is one of our Controlling Shareholders
"**WHITE** Application Form(s)"	the application form(s) for those who require Hong Kong Offer Shares to be issued in the applicant's own name
"**White Form eIPO**"	the application for Hong Kong Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website at www.eipo.com.hk
"White Form eIPO Service Provider"	Computershare Hong Kong Investor Services Limited
"WFOE"	Chengdu Gingko Education Management Co., Ltd. (成都銀杏教育管理有限公司), a company established in the PRC with limited liability on May 30, 2018 and is an indirect wholly-owned subsidiary of our Company

"**YELLOW** Application Form(s)"	the application form(s) for those who require Hong Kong Offer Shares to be deposited directly into CCASS
"Yinxing College"	Yinxing Hospitality Management College of CUIT (成都信息工程大學銀杏酒店管理學院) known as Yinxing Hospitality Management College of Chengdu College of Information Technology (成都信息工程學院銀杏酒店管理學院) before June 10, 2015, one of our PRC Operating Schools established under the laws of the PRC on February 23, 2004 as an independent legal entity
"Yinxing Training School"	Chengdu Yinxing Hotel Vocational Skills Training School (成都銀杏酒店職業技能培訓學校), one of our PRC Operating Schools established under the laws of the PRC on March 12, 2010
"%"	percent

The English translation of PRC entities, enterprises, nationals, facilities and regulations in Chinese or another language in this prospectus is for identification purposes only. To the extent that there is any inconsistency between the Chinese names of PRC entities, enterprises, nationals, facilities and regulations and their English translations, the Chinese names shall prevail.

This glossary of technical terms contains terms used in this prospectus in connection with us and our business. Some of these terms and their meanings may not correspond to standard industry meanings or usage of such terms.

"compulsory education"	a period of education that is required of all people and imposed by the government. In China, compulsory education is a nine-year education system compriesed by primary school education and middle school education
"dismissal rate"	the percentage of employees dismissed by our college for the period
"Gaokao"	the College Entrance Exam, also known as the National Entrance Examination for Regular Higher Education Institution (普通高等學校招生全國統一考試), is an academic examination held annually in the PRC. It is a prerequisite for entrance into most higher education institutions at the undergraduate level in the PRC
"high-end hotels"	hotels that are rated by the Ministry of Culture and Tourism of the People's Republic of China (the former China National Tourism Administration) as four-star and five-star hotels, and hotels managed by well-known international hotel brands such as Marriott International, the Hilton Worldwide and the Four Seasons Hotels which provide equivalent facilities and services to four/five-star hotels as required by "Evaluation Criteria of Star-rated Hotels (GB/T14308-2010)" published by the Ministry of Culture and Tourism of the People's Republic of China according to the Frost & Sullivan Report
"higher vocational college"	a type of private higher education institution specially designed to train students to work in various jobs
"independent college"	a type of private higher education institution offering undergraduate courses that are run by non-governmental institutions or individuals through cooperation with public universities
"initial employment rate"	the percentage of graduates who entered full-time employment contracts, were self-employed or accepted an offer for graduate degree programs as of September 1 during the year in which they graduated, which is calculated pursuant to the *Notification on Further Reinforcement and Improvement of Reporting Work on Employment Status of Higher Education Institution Graduates from General Office of the MOE* (《教育部辦公廳關於進一步加強和完善高校畢業生就業狀況統計報告工作的通知》) released on May 28, 2004

"private education penetration rate"	the proportion of the student enrollment in private education of a certain educational phase among the total student enrollment in the same phase
"private school"	schools which are not administered by local, provincial or national government
"public mandatory course"	a type of course in higher education institutions that all students have to take
"public school"	schools administered by local, provincial or national governments
"retention rate"	the percentage of employees who did not leave our college during the relevant year/period, which equals the number of employees who worked at our college for the whole year/period divided by the total number of employees of our college at the beginning of the corresponding year/period
"star rated hotel"	hotels that are rated by China National Tourism Administration including first-star hotels, second-star hotels, third-star hotels, fourth-star hotels and fifth-star hotels
"school year"	the school year of our college, which generally starts on September 1 of each calendar year and ends on August 31 of the next calendar year
"student enrollments"	number of registered students of all grades in a school at certain time point
"teaching certificate"	teacher licence in education industry granted by relevant education departments in the PRC
"turnover rate"	the percentage of employees who either voluntarily or involuntarily left our college during the relevant year/period, which equals the number of employees who left our college during the relevant year/period divided by the total number of employees of our college at the beginning of the corresponding year/period
"2+1 bachelor's degree program"	a three-year education program for our junior college diploma students to obtain bachelor's degree after two years of domestic study and one year of overseas study
"2+2 master's degree program"	a four-year education program for our junior college diploma students to obtain master's degree after two years of domestic study and two year of overseas study

"3+1 bachelor's degree program"	a four-year education program for our junior college diploma students to obtain bachelor's degree after three years of domestic study and one year of overseas study
"3+1 master's degree program"	a four-year education program for our bachelor's degree students to obtain master's degree after three years of domestic study and one year of overseas study
"4+1 master's degree program"	a five-year education program for our bachelor's degree students to obtain master's degree after four years of domestic study and one year of overseas study

This prospectus contains certain forward-looking statements and information relating to the Company and its subsidiaries that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this prospectus, the words "aim," "anticipate," "believe," "can," "continue," "could," "forecast," "expect," "going forward," "intend," "ought to," "may," "might," "plan," "potential," "predict," "project," "seek," "should," "will," "would" and the negative of these words and other similar expressions, as they relate to our Group or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this prospectus. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing the Company which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our business prospects;
- future developments, trends and conditions in the industry and markets in which we operate;
- our business strategies and plans to achieve these strategies;
- general economic, political and business conditions in the markets in which we operate;
- changes to the regulatory environment and general outlook in the industry and markets in which we operate;
- the effects of the global financial markets and economic crisis;
- our ability to maintain or increase student enrollement, to maintain or raise tuition, or to maintain or increase our college utilization;
- our ability to control costs;
- our dividend policy;
- the amount and nature of, and potential for, future development of our business;
- capital market developments;
- the actions and developments of our competitors; and
- other statements in this prospectus that are not historical facts.

Subject to the requirements of applicable laws, rules and regulations, we do not have any and undertake no obligation to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this prospectus are qualified by reference to the cautionary statements in this section.

In this prospectus, statements of or references to our intentions or those of the Directors are made as of the date of this prospectus. Any such information may change in light of future developments.

You should carefully read and consider all of the information in this document including the risks and uncertainties described below before deciding to make any investment in our Shares. Our business, financial condition or results of operations could be materially adversely affected by any of these risks and uncertainties. The trading price of our Shares could decline due to any of these risks and uncertainties. As a result, you may lose part or all of your investment.

We believe there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorized these risks and uncertainties into: (i) risks relating to our business and our industry; (ii) risks relating to our Contractual Arrangements; (iii) risks relating to doing business in China; and (iv) risks relating to the Global Offering.

RISKS RELATING TO OUR BUSINESS AND OUR INDUSTRY

Our business and results of operations depend on the level of tuition fees and boarding fees we are able to charge as well as our ability to maintain and raise the level of and to collect tuition fees and boarding fees.

The tuition fees and boarding fees we charge at our college are among the most significant factors affecting our profitability. In 2015, 2016 and 2017 and the six months ended June 30, 2018, tuition fees represented approximately 81.5%, 79.4%, 82.8% and 81.9% of our total revenue, respectively, and boarding fees accounted for approximately 7.0%, 6.5%, 6.6% and 5.7% of our revenue, respectively. Our tuition fees and boarding fees are primarily determined based on government pricing.

Pursuant to the *Interim Measures for the Management of the Collection of Private Education Fees* (《民辦教育收費管理暫行辦法》), the types and amounts of fees charged by private schools providing formal education must be approved by the relevant governmental pricing authority and those providing non-formal education must be filed with the relevant governmental pricing authority. There can be no assurance that we will be able to maintain or raise the tuition fee and/or boarding fee levels we charge at our college in the future due to various reasons, including the failure to obtain necessary approvals for fee increases or other factors beyond our control, or even if we are able to maintain or raise tuition fees or boarding fees, we cannot assure you how such increases in fee rates will impact the number of student applications and enrollment at our college. If any other types of regulatory control on the level or types of fees private schools may charge are promulgated in the future, it will directly impact our growth potential.

In addition, even if we can now determine the level of tuition fees and boarding fees at our own discretion, we also cannot assure you that we will be able to maintain or raise the level of tuition fees and boarding fees we charge at our college in a sustainable manner in the future due to various reasons or even if we are able to maintain or raise the level of tuition fees and boarding fees, we cannot assure you that we will be able to maintain our competitiveness and our ability in attracting students to apply for our college at such increased level of fees. Our business, financial position and results of operations may be materially and adversely affected if we fail to maintain or raise the level of tuition fees and boarding fees or attract sufficient prospective students.

Furthermore, some of our students may experience financial difficulties in paying tuition fees and boarding fees. If such students are unable to make full payments in a timely manner, our results of operations and financial condition may be materially and adversely affected.

New legislation or changes in the PRC regulatory requirements regarding private education may affect our business operations and prospects.

Our business is regulated by, among others, the *Law for Promoting Private Education of the PRC*. The *Decision on Amending the Law for Promoting Private Education* (《關於修改中華人民共和國民辦教育促進法的決定》) (the "Amendment Decision") was promulgated on November 7, 2016 and became effective on September 1, 2017, pursuant to which private schools are classified into non-profit schools and for-profit schools by whether they are established and operated for profit-making purpose. The sponsors of private schools may at their own discretion choose to establish non-profit or for-profit private schools, with the exception of schools providing compulsory education, which can only be established as non-profit schools.

The Amendment Decision is silent on the means by which existing private schools may choose to become for-profit private schools or non-profit private schools, which, according to the Amendment Decision, shall be regulated by the corresponding rules and regulations to be promulgated by the local government authorities. It remains uncertain as to whether any such new rules and regulations could have any material adverse impact on our business. There is also significant uncertainty as to tax or other preferential treatments that we can enjoy (as non-profit private schools or for-profit schools which we choose to register) after the Amendment Decision and the relevant regulations come into force. In addition, there are uncertainties regarding the interpretation and enforcement of the Amendment Decision and the relevant regulations by local government authorities. Should we fail to fully comply with the Amendment Decision or any relevant regulations as interpreted by the relevant government authorities, we may be subject to administrative fines or penalties or other negative consequences which could materially and adversely affect our brand name and reputation, as well as our business, financial condition and results of operations.

On December 30, 2016, the *Implementation Regulations for Classification Registration of Private Schools* (《民辦學校分類登記實施細則》) (the "Classification Registration Rules") was promulgated by five PRC government authorities, including the MOE. According to the Classification Registration Rules, the existing private schools are required to choose to register either as non-profit or for-profit private schools with competent government authorities. If we elect to register as for-profit schools, we are required to (i) undertake financial liquidation, (ii) clarify the ownership of land, school premises and properties we accumulated during our operations, (iii) pay relevant taxes and fees, and (iv) obtain a new private school operation permit and re-register with relevant authorities. The Education Department of Sichuan Province and four other government authorities jointly issued the *Implementation Measures on Classification Registration of Private Schools in Sichuan Province* (《四川省民辦學校分類登記實施辦法》) (the "Sichuan Classification Registration Rules") in May 2018. On September 17, 2018, the People's Government of Sichuan Province promulgated the *Implementation Opinion Regarding the Encouragement of the Establishment of Private Education and the Promotion of the Healthy Development of Private Education of the People's Government of Sichuan Province* (《四川省人民政府關於鼓勵社會力量興辦教育促進民辦教育健康發展的實施意見》) with immediate effect for a valid period of five years. See "Regulatory Overview —

Regulation on Private Education in the PRC — The Draft Revision of the Regulation on the Implementation of the Law for Promoting Private Education of the PRC." The Sichuan Classification Registration Rules only provides general procedures for the existing private schools to choose as a for-profit or non-profit school and does not provide detailed standards. We are still unable to predict or estimate the potential costs and expenses in choosing and adjusting our structure. We may incur significant administration and financial costs if we are required to complete the re-registration process, which may materially and adversely affect our business, financial condition and results of operations. However, we cannot assure you that the implementation of the relevant rules and regulations by the competent authorities will not deviate from what we were given to understand.

Notably, with respect to the tax implications of the Amendment Decision, we cannot assure you that our tax exempt status will not be changed. The taxation policies applicable to for-profit private schools after the effective date of the Amendment Decision have yet to be introduced. Therefore, our preferential tax treatment after the Amendment Decision comes into full force will be subject to (i) the decision we make to operate as a for-profit or non-profit school, and (ii) the tax treatment of the profit school, which is expected to be further stipulated in the regulation related to the Amendment Decision that are to be introduced. There is no guarantee that the preferential tax treatment that currently applies to our college will not be affected by changes to taxation policies applicable to for-profit private schools relating to the Amendment Decision.

We are subject to uncertainties brought by the MOJ Draft for Comments.

On April 20, 2018, the MOE issued the MOE Draft for Comments to seek public comments, and on August 10, 2018, the MOJ issued the MOJ Draft for Comments based on a revised version of the MOE Draft for Comments, namely, the *Draft Revision of the Regulations on the Implementation of the Law for Promoting Private Education of the PRC* ("the Draft for Examination and Approval") (《中華人民共和國民辦教育促進法實施條例(修訂草案)(送審稿)》), to seek public comments. The MOJ Draft for Comments provides, among others, (i) a for-profit private school shall deposit the income into a specific settlement account of its own; (ii) a private school shall conduct any connected transactions in a manner that is open, justified and fair and shall establish disclosure mechanisms for such transactions. Any agreement involving material interests or any long-term and recurring agreement entered into between a non-profit private school and its connected party shall be reviewed and audited by the relevant government authorities in terms of necessity, legitimacy and compliance; and (iii) the registered capital of a for-profit private school providing higher diploma education shall be no less than RMB0.2 billion. With respect to requirement (ii) above, our Contractual Arrangements may be regarded as connected transactions of our private schools and we may incur substantial compliance costs for establishing disclosure mechanisms and undergoing reviewing and audit by the relevant government authorities. Such process may not be in our control and may be highly complicated and burdensome and may divert management attention. Government authorities may, during their review and audit process, compel us to make modifications to our Contractual Arrangements for whatever reason, which may in turn adversely affect the operation of our Contractual Arrangements. If relevant government authorities are of the view that one or more agreements underlying our Contractual Arrangements do not comply with applicable PRC laws and regulations, we may subject to severe penalties, resulting in material adverse impact on our operation and financial condition. In addition, although the MOJ Draft for Comments further promotes the development of private education by providing that a private school shall enjoy rights or preferential

policies in tax treatments, land granting, etc. stipulated by laws equivalent to those applicable to a public school, it is still unclear on the details of such preferential policies and we cannot guarantee that the final rules adopted will not deviate from the MOJ Draft for Comments. Therefore, if our college is converted into a for-profit private school, we may be subject to PRC income tax and may not enjoy the preferential tax treatment currently applicable to us.

In addition, uncertainties exist with respect to the interpretation of the MOJ Draft for Comments and we cannot assure you that the implementation of the MOJ Draft for Comments by the competent authorities will not deviate from our current understanding or interpretation of it.

We may not be able to register our college as a for-profit private school or complete relevant procedures or obtain the government registrations under the current form of the MOJ Draft for Comments.

Pursuant to the MOJ Draft for Comments, public schools shall not invest or participate in investing for-profit private schools while public schools are permitted to invest or participate in investing non-profit private schools. If the *Revision of the Implementation Rules on the Law for Promoting Private Education of the PRC* (《中華人民共和國民辦教育促進法實施條例(修訂草案)》) (the "Revision of the Implementation Rules") is eventually adopted in the current form of the MOJ Draft for Comments, and as we intend to register Yinxing College as a for-profit private school after the relevant regulations and rules are promulgated, we may be required to (i) terminate the cooperation with CUIT currently in effect and apply to MOE to convert Yinxing College into a regular private higher education institution according to various criteria and the *Interim Provisions on Standards of Establishment of Regular Undergraduate Schools* (《普通本科學校設置暫行規定》); and (ii) we may be required to increase the registered capital of Yinxing College to RMB0.2 billion. See "Business — Potential Implications of MOE Draft for Comments." Considering MOE Draft for Comments is a not the final draft, there is uncertainty on the effective date and the content of the final version of the Revision of the Implementation Rules. We cannot assure you that we will be able to terminate the cooperation with CUIT, register Yinxing College as a for-profit private school or complete relevant procedures or obtain the government registrations on a timely basis, if at all. As a result, our business, financial condition, future prospects and results of operations may be adversely affected.

We may face risks arising from the termination of our cooperation agreement with CUIT.

If our cooperation with CUIT terminates, we will not be able to use CUIT in the full name of Yinxing College going forward. Termination of our cooperation with CUIT or operation of Yinxing College under new name may result in a diminished interest in attending our college from potential students and their parents. We cannot guarantee you that we will be able to achieve the same level of growth, if at all, in student enrollment in the future. In addition, the enrolled students of our schools may lose confidence in our education quality and brand awareness and choose to transfer to other public or private schools. If we are not able to effectively market our college and increase the brand awareness, we may not be able to maintain or increase our student enrollment, which may have an adverse effect on our business, financial condition and results of operations. Moreover, if our cooperation with CUIT is terminated, we may need to negotiate with CUIT on the termination terms. Although CUIT has confirmed in the confirmation letter dated November 16, 2018 that they will not

make any extra request other than the joint tuition support fee as agreed in the supplemental agreement dated December 31, 2017, we cannot guarantee that CUIT will keep their promise. If they request any extra charges or compensation at a later stage and eventually obtained such charges or compensation from us, it may have an adverse effect on our cash flow and results of operation.

We generate all of our revenue from one school in Sichuan Province during the Track Record Period.

During the Track Record Period, we generated all of our revenue from one school in Sichuan Province, namely Yinxing College. If our college experiences an event that materially and negatively affects its student enrollment, tuition fees, school operations or reputation in general, our business, financial condition and results of operations may be materially and adversely affected. Geographically, while we admit students from various provinces, municipalities or autonomous regions in China, a majority of our students are from Sichuan Province. If Sichuan Province experiences an event that materially and negatively affect its education industry or our college, such as an economic downturn, a natural disaster or an outbreak of a contagious disease, or if any governmental authorities of the provinces in which we operate or expand our operation to adopt regulations that place additional restrictions or burdens on our college or on the education industry in general, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Some of our programs are focused on the hospitality industry and are susceptible to any adverse changes in the hospitality industry or the tourism industry, or the general downturn in the economy.

We aim to nurture professional talents in the hospitality industry. We intend to continue designing our courses and curriculum on the hospitality industry. The hospitality industry is cyclical. Macroeconomic and other factors beyond our control can reduce demand for hospitality services, which in turn will reduce demand for the education services we provide. These factors include changes and volatility in general economic conditions, including the severity and duration of any downturn in the national or global economy and financial markets, war, terrorist activities or threats and heightened travel security measures, outbreaks of pandemic or contagious diseases, natural disasters, such as earthquakes and floods, changes in the desirability of particular locations and travel pattern, decreased corporate budgets and spending, decreased airline capacities and routes and the financial condition of airline, automotive and other transportation related industry, and travel-related accidents. These factors can adversely affect the demand for hospitality service and reduce the employment rates of our graduates, which would adversely affect our business, results of operations and financial condition.

Our business depends on our ability to promptly and adequately respond to the changes in the market demand.

We adopt a career-focused approach and focus on equipping students with practical skills in the hospitality industry to help them obtain employment and succeed in their future career. We primarily design our curriculum and offer our majors based on market trends and employer preferences in the hospitality industry. We also adjust our programs and courses from time to time based on changes in the market conditions in the hospitality industry. If we fail to provide courses and adequately prepare our students to cater to the evolving demand in the hospitality industry, which can be subject to a variety of factors that are beyond our control, our students' career prospects may not be satisfactory. As a result, our programs and services may become less attractive and our business, results of operations and financial condition will be adversely affected. Additionally, if we fail to timely develop new programs catering to the market trends and employer preferences, our ability to attract and retain students and our reputation could be harmed. The success of our business depends primarily on the number of students enrolled in our education programs. Therefore, our ability to continue to attract students and increase our student enrollment is critical to the continued success and growth of our business. This ability in turn depends on several factors, including but not limited to, our reputation and our marketing efforts. If we are unable to continue to attract students to enroll in our programs, our revenues may decline, which may have a material adverse effect on our business, financial condition and results of operations.

We may expand our school network through cooperation with overseas third party partners and may not be able to successfully execute such expansion strategy.

One of our growth strategies is to grow our business by cooperating with overseas schools to set up international programs. Apart from the international exchange programs and bachelor's degree or master's degree program, we also aim to establish an overseas school cooperating with local schools and the local government. We believe we face challenges in integrating the business operations and management philosophies of our partner schools. The benefits from future operation depend, to a significant extent, on our ability to effectively integrate the management, operations, technology and personnel of the partner schools. The establishment of an international school can be a complex, time-consuming and expensive process that, without proper planning and implementation, could significantly disrupt our business operations and reputation. The main challenges involved in such international programs including:

- retaining qualified teaching staff and existing students;
- consolidating education services offered by the new school and our current programs;
- compliance with regulatory requirements;
- the acquired schools may have a culture that is adverse to change and not receptive to our education values and methods;
- integrating information technology platforms and administrative infrastructure with minimal disruptions to the existing operations of the new school;

- minimizing the diversion of our management's attention from on-going business concerns;

- minimizing disruptions to existing student's curricula and ensuring their ability to progress through the education system is not hindered by the new program; and

- ensuring and demonstrating to our stakeholders that the new school will not result in any adverse changes to our established brand image, reputation, teaching quality or standards.

We do not have prior experience in establishing an overseas school and we cannot assure you that we will be able to identify the best cooperation strategy and that our due diligence efforts will reveal all material deficiencies in the overseas school. We may not successfully integrate our operations and the operations of the overseas school in a timely manner, or at all, and we may not realize the anticipated benefits or synergies of the international cooperation to the extent, or in the timeframe we anticipated, in which case there may be material adverse effects on our business, financial condition and results of operations. We cannot assure you that we will be able to manage or minimize disruptions to the international program as a result of a change in management. Failure to do so may result in adverse effect on our brand and reputation.

In August 2017, the NDRC, the MOFCOM, the PBOC and the Ministry of Foreign Affairs (外交部) issued *the Opinion on Further Guiding and Regulating Direction of Overseas Investment* (關於進一步引導和規範境外投資方向的指導意見) (the "**Opinion**") for the purposes of providing further guidance and regulation on overseas investments. The Opinion sets out, among others, certain categories of overseas investments that should be "encouraged," "restricted" or "prohibited." We expect the PRC government will implement more concrete measures and step up its efforts in scrutinizing and regulating overseas investments going forward. It is uncertain which category our future overseas expansion plans will fall into. We cannot assure you that our overseas programs will not be adversely affected by the Opinion or the relevant policies and measures implemented by the PRC government. Any PRC regulatory intervention may delay our overseas programs or render them infeasible, and may therefore have a material adverse effect on our future prospects.

In addition to acquisition, we are also planning to expand our school network and replicate our success by cooperating with third party partners and leveraging our brand and reputation. Through such cooperation, we plan to seek potential third party partners to provide land use rights to the campus sites and build the necessary school facilities that meet our standards while we will provide teaching resources and school management and operation expertise. However, we do not have prior experience in such cooperation and we cannot assure you that we will be able to identify suitable opportunities and execute such strategy effectively. We also cannot assure that we will be able to realize our expected returns from such cooperation. We currently only operate our business in Sichuan Province and may not be able to replicate or adapt our business model in other provinces in the PRC where demographics and regulatory requirements may vary.

If we are not able to execute our expansion strategy effectively, our reputation and student enrollment potential may be negatively affected, which may have a material and adverse effect on our business operations and financial condition.

We may not be able to manage our growth successfully or effectively by expanding our existing operations and increasing our college capacity, which may hinder our ability to capitalize on new business opportunities.

One of our business strategies is to further increase our market penetration and solidify our market position. For more information, see "Business — Our College." We may not succeed in expanding our existing school operations due to a number of factors, including failure to do the following:

- increase student enrollment in our existing school;
- admit all qualified students who would like to enroll in our college due to the capacity constraints of our college facilities;
- identify suitable acquisition targets;
- effectively execute our expansion plans;
- acquire or lease suitable land sites in the cities to which we plan to expand our operations;
- obtain government support or to partner with local governments in cities where we already have schools or in cities or areas to which we plan to expand our operations;
- further promote ourselves in existing markets or effectively market our college or brand in new markets;
- replicate our successful growth model in new regions or markets;
- effectively integrate any future acquisitions into our college;
- continue to enhance our course materials or adapt our course materials to changing student needs and teaching methods; and
- achieve the benefits we expect from our expansion.

Our expansion plans and the increase in student enrollment may result in substantially higher demands for resources such as teachers, facilities and management personnel, making more difficult for us to maintain the teaching quality and study environment of our college and requiring our management to devote significantly more time and resources to manage our operations. To support our growth, we may also need to incur significant expenditures for, among others, management and staff recruitment, acquisition of other schools, facilities maintenance and expansion, and the construction and operation of new campuses. We may not be able to secure adequate funding to fund our planned operations. See "— We may not be able to secure additional funding to fund our planned operations."

The growth of our business operation is, to a certain extent, limited by demographics. Although we admit students across all provinces, municipalities, and autonomous regions in China, a substantial

amount of our students are admitted from the local or neighboring provinces, municipalities or autonomous regions. Even if we are able to increase capacity at our college, we cannot assure you that there is sufficient demand from these locations to support our growth. If we fail to successfully expand our existing operations, we may not be able to maintain our growth rate and, as a result, our business, financial condition and results of operations may be materially and adversely affected.

Our establishment of the Nanxi New Campus involves uncertainties and risks.

On May 18, 2018, we entered into the Nanxi New Campus Project Investment Agreement with the People's Government of Nanxi District, Yibin City, pursuant to which we shall invest approximately RMB600.0 million to build a campus that could accommodate up to 10,000 students. See "Business — Expansion Plans — New Campus Plan." We are required to obtain various permits, certificates and other approvals from the relevant authorities for the construction and operation of the Nanxi New Campus. Failure to obtain any of such permits, certificates or approvals might delay the construction and commencement of the Nanxi New Campus according to our original plan. See "— We are subject to extensive governmental approvals and compliance requirements for the construction and development of our college and in relation to the land and buildings that we own." In addition, we entered into a bank facility with Bank of Dalian for the construction, establishment and operations of the Nanxi New Campus, which might increase our financing costs, materially affect our financial positions and our results of operations. Moreover, the establishment of the Nanxi New Campus are expected to be funded by the bank loans pursuant to the bank facility from Bank of Dalian and the net proceeds from the Global Offering. If we cannot successfully draw down bank loans pursuant to the said facility or obtain sufficient amount of the net proceeds from the Global Offering as expected, or at all, we may not have enough funds to establish the new campus. Therefore, we may not be able to establish the Nanxi New Campus as planned, which may, in turn, adversely and materially affect our financial positions and results of operations.

The construction of new dormitories and the establishment of the Nanxi New Campus may result in increase in indebtedness, finance costs and depreciation costs which may materially and adversely affect our operating results and financial position.

During the Track Record Period, we operated one school, namely Yinxing College. As of June 30, 2018, our total bank borrowings amounted to RMB100.0 million. As part of our plan to further improve the quality of our education services and to further expand our business, we intend to build four new dormitories on the existing campus and establish a new campus, namely the Nanxi New Campus. See "Business — Expansion Plans." We expect to invest approximately RMB80.0 million to build the new dormitories and approximately RMB600.0 million to establish the new campus. To fund our expansion plans, we may need to obtain more bank loans and other indebtedness, which may result in an increase in our financing costs and affect our net profits. According to the current plan, we expect to borrow additional loans of approximately RMB470.4 million for the construction of the new campus, which includes approximately RMB100.0 million for phase I and RMB370.4 million for phase II. Consequently, considering the capitalization of interest expenses in qualifying assets, the increased finance costs to be recognized in the consolidated statement of comprehensive income due to such borrowings could be approximately RMB32.8 million in the next four years, which includes approximately RMB0.9 million, RMB1.2 million, RMB4.8 million and RMB25.9 million for the years ending December 31, 2019, 2020, 2021 and 2022, respectively. In addition, we may incur higher

capital expenditures and cash outflow over the construction period, which may materially and adversely affect our financial positions, especially our liquidity. Moreover, once we have completed the construction of our new dormitories and the Nanxi New Campus, we may incur additional depreciation costs, which are expected to be approximately RMB32.9 million from 2020 to 2022 in aggregate and approximately RMB22.7 million for 2023 and thereafter for the new campus, and approximately RMB1.8 million in 2019 and RMB2.4 million per year thereafter for the new dormitories. All these increases may further affect our operating results and financial position. In addition, if we are unable to increase the admission quota or freshman students enrolled as planned for the new dormitories or enroll enough students as planned for the new campus, we may not be able to generate revenue as expected, which in turn, will materially and adversely affect our operating results and financial position.

We are in a cooperation relationship with CUIT and might encounter risks associated with name confusion, reputation and financial impact associated with CUIT.

Before 2006, the MOE required that the higher education institutions established by private entities or private persons must cooperate with public higher education institutions. Our college was established in 2002 by Chengdu YinXing Software Development Company Limited and CUIT. In 2006, although we were approved by Education Department of Sichuan Province to be an independent college pursuant to the *Notice of the Ministry of Education on Confirming the Regular Institutions of Higher Education to Establish Independent College in Sichuan Province* ("《教育部關於對四川省普通高等學校舉辦的獨立學院予以確認的通知》"), we revised our contract with CUIT to maintain a cooperation relationship. The name of our college, Yinxing College of Hospitality Management of CUIT, contains the name of CUIT, which may subject us to the risk of name confusion and blur our brand identity. Moreover, our reputation may be adversely affected by any damage to the reputation of CUIT. The damage to our reputation may in turn affect our abilities to attract students, recruit and retain teachers and expand our business. In addition, under the supplemental cooperation agreement with CUIT, we are obligated to pay CUIT the joint tuition support fee at the amount of 7% of the total tuition fees collected each school year. We cannot guarantee that such support fee rate will not change in the future. If such support fee rate increased in the future, our financial performance might be materially and adversely affected.

We may not be able to successfully increase student enrollment at our college due to the constraint of our college capacity and approvals from government authorities, such as admission quota, which may hinder our ability to expand our business.

One of the most significant factors affecting our profitability is the number of students enrolled at our college. Our student enrollment may be restrained by the capacity of our college. Our college's educational facilities are limited in space and size. We may not be able to admit all qualified students who would like to enroll in our college due to the capacity constraints of our current school facilities. Furthermore, without building additional facilities such as classrooms and dormitories or relocating to another site with more capacity in the local area, we may not be able to effectively expand our capacity at our current campus. If we fail to expand our capacity as quickly as the demand for our services grows, or if we otherwise fail to grow by acquiring or building additional schools or campuses, we may not be able to admit more potential students, and our results of operations and business prospects could be adversely affected.

Apart from capacity constraints, the number of students our college are able to admit each school year is set and approved by the relevant PRC education authorities. According to the *Opinions of the Ministry of Education on Further Regulating Higher Education Enrollment Program* (《教育部關於進一步規範高等教育招生計劃管理工作的意見》), student enrollment for graduate and undergraduate programs is subject to the approval of the MOE, while student enrollment for junior college programs is subject to the approval of the relevant provincial education authorities. With an aim to further promoting equal access to education in different areas in China, the *Notice of the Ministry of Education on Enrollment of Ordinary Colleges and Universities in 2018* (《教育部關於做好2018年普通高校招生工作的通知》) instructs universities and colleges to continue to further improve their respective enrollment plan by taking into account a number of factors, including, among others, the number of students currently enrolled, school operational conditions and employment status of such school's graduate students. However, we cannot assure you that we will be able to successfully increase student enrollment capacity at our college, which is subject to the approvals of the relevant government authorities and beyond our control.

The private higher education business is relatively new and may not gain wide acceptance in China.

Our future success is highly dependent on the acceptance, development and expansion of the market for private education services in China. The private education services market began to develop in the early 1990s and has grown significantly due to favorable policies adopted by the PRC government. However, providing private education services for the purpose of seeking reasonable returns was only permitted in China starting from 2003 when the *Law for Promoting Private Education of the PRC* (《中華人民共和國民辦教育促進法》) became effective.

The development of the private education industry has been accompanied by significant press coverage and public debate concerning the management and operations of private schools and universities. Despite the penetration rate of private higher education in China has reached about 22.8% in 2017, we believe there remains considerable uncertainty as to acceptance of private higher education in the PRC. At the school operation level, we need to compete for quality students and teachers with government-operated education institutions. These institutions in general have traditionally enjoyed better acceptance and preferential government policies than private education institutions in China. Recent education reforms have enabled private education institutions to compete on a more level playing field with government-operated institutions. For further details, see "Regulatory Overview — Regulations on Private Eduction in the PRC." We cannot assure you that further policy reforms will continue to be conducive to the development of private education in the PRC. If the private education business model fails to gain attraction or wide acceptance among the general public in China, especially among students and their parents, or if the regulatory environment otherwise becomes less favorable in the future, we may be unable to grow our business.

We face intense competition from existing players and industry consolidation in the PRC higher education industry, which could lead to adverse pricing pressure, reduced operating margins, loss of market share, departures of qualified employees and increased capital expenditures.

According to the Frost & Sullivan Report, although the high barriers to entry deter new competitors from entering the higher education industry in the PRC, there is intense competition from

existing market players, particularly those with a sizeable operation and established reputation, and industry consolidation. According to the Frost & Sullivan Report, the higher education industry in the PRC has started a structural adjustment to match talent cultivation with market demand. We compete with other market players in the industry, who may have more resources and experience in mergers and acquisitions, for suitable acquisition or cooperation targets. If we are not able to execute such growth strategy effectively due to our limited prior experience in such transactions, limited resources or any other reasons, our growth prospects could be adversely affected. We generally compete with established public and private universities and colleges that offer hospitality management programs. We compete with these schools in many aspects, including reputation, innovation, the quality of the programs and curriculum offerings, expertise and reputation of teachers, the level of tuition fees and boarding fees, as well as school location and condition of facilities.

Our competitors may offer similar or superior curricula, school support and marketing approaches, with different pricing and service packages that may have greater appeal than our offerings. In addition, some of our competitors may have more resources than we do and may be able to devote greater resources than we can to the development and promotion of their schools and respond more quickly than we can to changes in student demands, admissions criteria, market needs or new technologies. In particular, public schools may receive preferential treatments from governmental authorities, such as government subsidies and tax exemptions, and may be able to offer quality educational programs at lower prices than we do. In addition, the expenditure for PRC public education system continues to increase which we believe may lead to improvements in terms of resources, admission policies and teaching quality and approaches, which may lead to increased competition for us. If public schools relax their admission criteria, offer more diversified curricula or improve their campus facilities, they may become more attractive to students and, as a result, student enrollment in our college may decrease.

From time to time, we may have to increase tuition fees or boarding fees or increase capital expenditure. If we are unable to successfully compete for new students, maintain or increase our level of tuition fees and boarding fees, attract and retain competent teachers or other key personnel, enhance the quality of our education services or control costs of our operations, our business and results of operations may be materially and adversely affected.

Our business relies on our ability to recruit and retain dedicated and qualified teachers.

We rely substantially on our teachers to provide education services to our students. Our teachers are therefore critical to maintaining the quality of our programs and curriculum and to upholding our reputation. As of June 30, 2018, we had 160 full-time teachers. In order to deliver high quality education consistently, we are required to retain and attract qualified teachers who share our educational philosophy and meet our high standards. Furthermore, the highly technical nature of some of our course offerings require teachers with expertise in the relevant subject areas. However, there is a limited supply of qualified teachers with the necessary experience and expertise to teach our courses. As a result, we may not be able to hire or retain sufficient number of qualified teachers to keep pace with our anticipated growth while maintaining consistent quality of our education programs

across our college. If we fail to manage our teachers effectively or provide competitive compensation and benefits packages to attract and retain qualified teachers, the quality of our services may deteriorate, and our reputation, business and results of operations may be materially and adversely affected.

Our continuing success depends on our ability to attract and retain our senior management and other qualified school management personnel.

We provide higher education to our students. Our future success heavily depends on the continuing services of our senior management team and our key management personnel including Mr. Fang, Mr. Tian, Ms. Liu Dan and Ms. Yu Yuan. If any member of our senior management and other key personnel are unable or unwilling to continue their employment with us, we may not be able to replace them with qualified personnel in a timely manner, or at all, our business may be disrupted and our results of operations and financial condition may be materially and adversely affected. Competition for experienced educators in the private higher education industry in the PRC, especially where our PRC Operating Schools locate, is intense and the pool of qualified candidates is very limited. We may have to provide competitive compensation and benefits packages to attract and retain our senior management and key personnel. There is no guarantee that we can recruit and retain experienced senior management members or other qualified school management personnel in the future. In the event we lose their services, or if any member of our senior management team or other key personnel joins our competitor(s) or forms a competing company, our business, financial condition and results of operations could be materially and adversely affected.

Our business is heavily dependent on our reputation and any damage to our reputation may materially and adversely affect our business.

We are a private higher education service provider in Sichuan Province. We believe that our success heavily depends on the market recognition of our brand and reputation. Our ability to maintain our reputation depends on a number of factors, some of which are beyond our control, including but not limited to, students' and parents' satisfaction levels with our curricula, teachers, teaching quality, the academic performance of our students, the number of our graduates being able to secure satisfactory employment, accidents on campus, teacher or student scandals, negative press, disruptions to our education services, failure to pass an inspection by a government education authority, loss of certifications and approvals required for our operation and unaffiliated parties using our brand without adhering to our standards of education. In addition, our related parties, Gingko Jin'ge Catering and Gingko Catering Management had used the tradename "Gingko" in operating their businesses. Despite the differences in the business nature, due to the similarity of the tradename used by our Group and that of Gingko Jin'ge Catering and Gingko Catering Management, we may be exposed to certain reputational risk should Gingko Jin'ge Catering or Gingko Catering Management fail to protect the tradename in the course of operating their businesses. If we are unable to sustain or strengthen our reputation and brand recognition or our reputation is damaged, we may not be able to maintain or increase student enrollment, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our new student enrollment has historically been driven primarily by our reputation of offering career-focused programs and providing market-oriented educational environment. Therefore, our

reputation is extremely important to our operation and our future success. In the meanwhile, we also employ other marketing methods to promote our brand from time to time. For example, we participate in information sessions organized by provincial level education bureaus and third party education service institutions. A team of our personnel has been designated to be responsible for student recruitment. However, there is no assurance that our marketing efforts will be successful or sufficient in maintaining or further promoting our brand or in helping us to maintain our competitiveness. If we are unable to further enhance our reputation and increase market awareness of our programs and services, or if we are required to incur excessive marketing and promotional expenses in order to remain competitive, our business, financial condition and results of operations may be materially and adversely affected. In addition, we may be subject to negative publicity from time to time, which, even if untrue, may damage our brand image and reputation, deter prospective students and teachers from attending our PRC Operating Schools or joining us and take up excessive time of our management and other resources. As a result, our business, financial condition and results of operations may be materially and adversely affected.

Our graduates' employment rates and average starting salaries may decrease and satisfaction with us may otherwise decline.

We position ourselves as the standard-setting entity that provides high-end talents to the hospitality industry and a private higher education institution that equips graduates with practical skills desired by high profile employers. Our education services enhance the competitive advantages of our students in the job market as they are able to smoothly transition into the working environment and embark on new tasks after graduation. We believe that, as a result, our graduates have been able to achieve relatively high employment rates, which in turn attracts an increasing number of applicants to our college.

However, we cannot guarantee that we will continue to be able to design or modify our curricula to meet the expectations of our students, prospective employers or trends in the job market. We might not be able to devote the same amount of resources to training our students, enhancing their practical skills and helping them secure jobs as we did in the past, or our efforts may not be as effective as they used to be. Our graduates may therefore be unable to obtain satisfactory jobs. The employment rates or average starting salaries of our graduates may decrease. In addition to the education we offered, there are also other factors that are beyond our control but may also have influences on employment rates and/or starting salaries, such as general economic condition and the capability of students. Any negative development of our graduates' employment rates and average starting salaries for whatever reasons may harm our reputation and our new student enrollment, and may therefore have a material and adverse impact on our business, financial condition and results of operations.

Accidents or injuries suffered by our students or our employees on or outside our campus or by other personnel on our campus may adversely affect our reputation and subject us to liabilities.

We could be held liable for the accidents or injuries or other harm to students or other people on our campus, including those caused by or otherwise arising in connection with our facilities or employees. We could also face claims alleging that we were negligent or we provided inadequate maintenance for our facilities or supervision of our employees and may therefore be held liable for accidents or injuries suffered by our students or other people on our campus. In addition, if any of our

students or teachers is involved in any physical confrontation or act of violence, we could face allegations that we failed to provide adequate security or were otherwise responsible for his or her actions. We may also face reputation risks if our students or employees suffer injuries outside our campus. Such incidents may discourage prospective students from applying to or attending our PRC Operating Schools. Although our college was not liable for these incidents, negative press releases regarding this incident still caused certain negative impact on our college. Furthermore, although we maintain liability insurance, the insurance coverage may not be adequate to fully protect us from these kinds of claims and liabilities. In addition, we may not be able to obtain liability insurance in the future at reasonable prices or at all. A liability claim against us or any of our employees could adversely affect our reputation and student enrollment and retention. Even if it is unsuccessful, such a claim could create unfavorable publicity, cause us to incur substantial expenses and divert the time and attention of our management, all of which may have material adverse effects on our business, financial condition, results of operations and prospects.

We could be liable and suffer reputational harm if the food we procure from our food suppliers is of poor quality, which may have a material adverse effect on our business and reputation.

We provides meal catering services to our students and teachers through operating an on-campus canteen. We maintain long-term relationship with 32 food suppliers as of June 30, 2018. While we have internal control over the quality of our food supplier and the food we provide, we cannot assure you that incident caused by poor food quality related issues will not occur in the future and, if we are unable to manage these incidents effectively, we could be exposed to reputational and legal risks as a result of such incidents, which could materially and adversely affect our business and reputation.

We may not be able to provide, among other things, routine check-ups and other basic medical services to students, teachers and staff and may experience difficulties and challenges in our operation of the on-campus medical center.

We have one medical center in our college that could provide on-campus medical care to our students, teachers and staff. The medical center is outsourced to a qualified third party, namely Pi County Hong Guang Health Center. We supervise the medical services they provide on a regular basis. The medical center may not provide satisfactory medical services to our students, teachers and staff. We cannot assure you that we will be able to ensure the quality of the medical care provided or that the medical service personnel engaged by the medical care providers in the medical center will perform their duties to professional standards with due care and diligence. In the event of medical malpractice, we may be subject to legal claims by students and their families, and, as a result, our reputation may be tarnished and our business may be materially and adversely affected.

We may not be able to obtain all necessary approvals, licenses and permits and to make all necessary registrations and filings for our education services in the PRC.

We are required to obtain and maintain various approvals, licenses and permits and to fulfil registration and filing requirements in order to conduct and operate our education and related services. For example, to establish and operate a school, we are required to obtain and/or renew, among others, a private school operation permit from the local education bureau (in the case of our college) or the human resources and social security bureau (in the case of Yinxing Training School) and to register

with the local civil affairs bureau to obtain a certificate of registration for a privately-run non-enterprise unit, or legal entity. In addition, we need to pass annual inspections conducted by the local civil affairs bureau and local education bureau or human resources and social security bureau. We also need to obtain approvals from the local education authorities (in the case of our college) or the human resources and social security bureau (in the case of Yinxing Training School) as to the scale and scope of our student recruitment activities. There is no assurance that we will be able to obtain all required permits on a timely basis going forward given the wide discretion the local authorities may have in interpreting, implementing and enforcing the relevant rules and regulations, as well as other factors beyond our control and anticipation. If we failed to do so our business, financial condition and results of operations may be materially and adversely affected.

We are subject to extensive governmental approvals and compliance requirements for the construction and development of our PRC Operating Schools and in relation to the land and buildings that we own.

For campus and school facilities constructed and developed for our PRC Operating Schools, we are required to obtain various permits, certificates and other approvals from the relevant authorities, including but not limited to land use rights certificates, planning permits, construction permits, approvals for passing environmental impact assessments, environmental protection acceptance check, approvals for passing fire control design assessments, approvals for passing fire control acceptance check, registration for passing acceptance inspections upon construction completion, as well as building ownership certificates. If we encounter difficulties in obtaining any required permits, certificates and approvals for the construction and development of our new campuses, the time of new campuses being put into use and our student recruitment for the new campuses may be delayed, which may negatively affect the effectiveness of our growth strategies.

In the event that we lose our rights to any of our land and buildings, our use of such land and buildings may become limited, or we may be forced to relocate and incur additional costs, in which case there will be disruptions to our operations and our business, financial condition and results of operations may be materially and adversely affected. If any of the above risks materializes, our business, financial condition and results of operations may be materially and adversely affected.

Our college is subject to compliance requirements under the Basic Conditions for Operating Higher Education Institutions (Trial) (《普通高等學校基本辦學條件指標(試行)》).

Our college is subject to certain regulatory requirements under the *Basic Conditions for Operating Higher Education Institutions (Trial)* (《普通高等學校基本辦學條件指標(試行)》) (the "Basic Conditions"). See "Regulatory Overview — Regulations on Private Education in the PRC — Regutatory Requirement in relation to Basic Conditions for Operating Higher Education Institution." We cannot assure you that the detailed requirements under the Basic Conditions will not change or we may meet the updated compliance requirements under the Basic Conditions in a timely manner in the future. If we fail to comply with the basic standards set forth in the Basic Conditions or need to incur additional costs to meet relevant standards, our financial condition and results of operations may be

materially and adversely affected. Moreover, in the event that we are deemed not in compliance with the basic compliance requirements under the Basic Conditions, we may be required to suspend the student enrollment of our college, which may materially and adversely affect our business, financial condition, and results of operations.

The unavailability of any favorable regulatory treatment, particularly government grants could adversely affect our business, financial condition and results of operations.

We enjoy certain favorable regulatory treatment, particularly government grants, which are offered primarily for the purpose of promoting the development of private higher education institutions. In 2015, 2016 and 2017 and the six months ended June 30, 2018, we recorded government grants in the total amount of approximately RMB2.0 million, RMB0.5 million, RMB0.6 million and nil, respectively. See "Financial Information — Key Components of Our Results of Operations."

However, it is in the relevant government authorities' sole and absolute discretion, subject to relevant PRC laws, regulations and policies, to determine whether and when to provide government grants to us, if at all. We cannot assure you that we will be able to receive government grants in the future. Furthermore, any unexpected changes in the PRC laws, regulations or policies may result in uncertainty in the availability of government grants or any other favorable treatment to us. If we are unable to obtain or maintain government grants or any other favorable treatment in the future in the same amount or at all, the reduction in the amount of government grants or other favorable treatment received by us may impact our results of operations and cash flows and we may experience decreases in profitability, and our business, financial condition and results of operations could be adversely affected.

We may be involved in legal and other disputes and claims from time to time arising out of our operations.

We may, from time to time, be involved in disputes with and subject to claims by parents and students, teachers and other school personnel, our suppliers and other parties involved in our business. We cannot assure you that when legal actions arise in the ordinary course of our business, any of the legal actions will be resolved in our favor. In the event that such legal actions cannot be resolved in our favor, we may be subject to uncertainties as to the outcome of such legal proceedings and our business operations may be disrupted. Legal or other proceedings involving us may, among others, result in us incurring significant costs, divert management's attention and other resources, negatively affect our business operations, cause negative publicity against us or damage our reputation, regardless whether we are successful in defending such claims or proceedings. As a result, our business, financial condition and results of operations may be materially and adversely affected.

We had net current liabilities as of December 31, 2015, 2016 and 2017. We may be exposed to liquidation risks, and our business, financial condition and results of operation may be materially and adversely affected as a result.

As of December 31, 2015, 2016 and 2017, we had net current liabilities of approximately RMB119.7 million, RMB101.8 million and RMB80.5 million, respectively. We had net current liabilities as of each of these dates primarily because (i) we recorded payables for joint tuition support

fee; (ii) we maintained a relatively high level of amounts due to related parties; and (iii) we recognized advanced payments of tuition and boarding fees as contract liabilities. See "Financial Information — Discussion of Selected Items from the Consolidated Statements of Financial Position — Current Assets and Current Liabilities."

A net current liabilities position exposes us to liquidity risks. We cannot assure you that we will be able to obtain adequate financing to meet our future working capital requirements. In addition, we cannot assure you that future expansion of our college will not materially and adversely impact the current or future level of working capital. Furthermore, we provide refund to students who withdraw from our college. If an unusually large number of students withdraw in the future, our working capital position may be adversely impacted. If we cannot obtain sufficient working capital, we may not be able to execute our growth strategies, and our business, financial condition and results of operation may be materially and adversely affected as a result.

We had negative net operating cash flows for the six months ended June 30, 2017 and 2018.

For the six months ended June 30, 2017 and 2018, we recorded cash outflows from operating activities of approximately RMB20.8 million and RMB80.6 million, respectively. Our operating cash outflows were primarily due to (i) the seasonality effect since we typically receive most of our tuition and boarding fees in the second half of the year, and (ii) the payment of joint tuition support fee to CUIT of approximately RMB57.8 million in the first half of 2018. We cannot assure you that we will not experience negative net operating cash flows in the future, and if such situation is not managed properly, it may in turn negatively affect our operations. Our future liquidity, the payment of trade payables, other payables and accruals, as well as the repayment of any potential debt obligations as and when they become due, will primarily depend on our ability to maintain adequate cash inflows from operating activities and possibly proceeds from external financings. If we are unable to maintain adequate cash inflows, we may not be able to meet our payment obligations to support our operations. As a result, our business, financial position, results of operations and prospects may be adversely affected.

Our historical financial and operating results may not be indicative of our future performance and our financial and operating results may be difficult to forecast.

We have experienced a steady growth in revenue during the Track Record Period. Our financial condition and results of operations may fluctuate due to a number of other factors, many of which are beyond our control, including: (i) our ability to maintain and increase student enrollment and maintain and raise tuition fees and boarding fees; (ii) general economic and social conditions in China and in the regions where we operate; (iii) the PRC government regulations or actions pertaining to private higher education; (iv) increased competition; (v) expansion and related costs in a given period; (vi) perception and acceptance of private higher education in China by students and their parents; and (vii) our ability to control our cost of revenue and other operating costs, and enhance our operational efficiency. In addition, we may not be successful in continuing to increase the number of students admitted to the school we operate due to, among other things, student enrollment quota assigned by the relevant local PRC educational authorities and our limited capacity, and we may not be as

successful in carrying out our growth strategies and expansion plans. Execution of our growth strategies and expansion plans may also have an impact on our financial and operating results. In particular, establishing or acquiring new schools is capital intensive and it may take a long time to achieve profitability, if at all.

Our profit for the year ending December 31, 2018 is also expected to be adversely affected by the recognition of non-recurring expenses, including the estimated listing expenses already paid and to be paid in 2018 of approximately RMB18.4 million (assuming an Offer Price of HK$1.61, being the mid-point of the indicative Offer Price range between HK$1.24 and HK$1.98, and assuming that the Over-allotment Option is not exercised at all) in relation to the Global Offering. Our Company may not be able to set-off or satisfactorily mitigate the adverse effect caused by these non-recurring items, which may materially and adversely affect our financial performance and results of operations.

In addition, we were not required to pay any PRC income tax in respect of the tuition fees and boarding fees that we received for providing formal academic education during the Track Record Period. However, the existing PRC laws and regulations including the Amendment Decision have not set forth any details regarding the preferential tax treatments that may be enjoyed by a for-profit private school. Therefore, there is a possibility that we may not be able to enjoy the income tax exemption in the future. If the applicable enterprise income tax rate and/or value-added tax rate increase in the future, our profitability may be adversely affected.

Moreover, we may not sustain our past growth rates in the future, and we may not sustain our profitability on a quarterly, interim or annual basis in the future. We generally require students to pay tuition fees and boarding fees for the entire school year upfront prior to the commencement of the school year, and recognize revenue for the tuition fees and boarding fees proportionately over the relevant period of the applicable school program. However, our costs and expenses do not necessarily correspond with our recognition of revenue. Our interim results, growth rates and profitability may not be indicative of our annual results or our future results, and our historical interim and annual results, growth rates and profitability may not be indicative of our future performance for the corresponding periods. For further details, see "Financial Information." The market price and trading volume of our Shares could be subject to significant volatility should our earnings fail to meet the expectations of the investment community. Any of these events could cause the price of our Shares to materially decrease.

The assets held by us may not be pledged as collateral in connection with securing bank loans and other borrowings, which reduces our ability to obtain financing to fund their operations.

According to the *PRC Security Law* (《中華人民共和國擔保法》) and the *PRC Property Law* (《中華人民共和國物權法》), mortgages, pledges or other encumbrances may not be created on properties which are used for public welfare facilities. The buildings or groups of buildings that we own and occupy may be deemed as "public welfare facilities" under the *Law for Promoting Private Education* (《中華人民共和國民辦教育促進法》), which provides that private education is considered in the nature of "public welfare." Accordingly, educational facilities of schools may not be mortgaged, which to a certain extent limit our ability to obtain financing to fund their operations. As of June 30, 2018, all of the properties we owned or occupied were considered as public welfare facilities and none of such properties was pledged. Even if security interests are intended to be created based on such

properties under any loan agreement to be entered into between us and potential lenders, such security interests may not be valid or enforceable under the PRC laws and regulations. In addition, it is possible that a government authority, including any PRC court or administrative authority, may consider the security interests created on such facilities to be in violation of PRC laws if we and the lenders have any dispute with regards to the relevant loans under the applicable loan agreements or if the validity of the pledges are otherwise challenged. In such case, it is likely that such security interests will not be enforceable and we may be requested by our lenders to provide other forms of guarantees or prepay the outstanding balance of the loans immediately, which may materially and adversely affect the business operations of the relevant schools and our financial condition.

We may not be able to secure additional funding to fund our planned operations.

The establishment and operation of a private higher education institution requires significant initial capital investment, including the costs of acquiring land for the school site, constructing school facilities, purchasing equipment and hiring qualified teaching and administrative staff. We will need to secure additional funding to fund our future capital expenditures for expanding our school network coverage and for further expanding our service offerings. Historically, we have funded our operations primarily with cash generated from our operations and proceeds from bank loans. We cannot assure you that we will be able to secure additional funding on terms acceptable to us or in a timely manner, or at all. If our internally generated capital resources and available credit facilities are insufficient to finance our capital expenditure and growth plans, we may have to seek additional financing from third parties, including banks and other strategic or financial investors. We may also consider raising funds through issuance of new shares, which would lead to dilution of our existing Shareholders' interests in our Company. If we are unable to obtain financing in a timely manner, at a reasonable cost and on acceptable terms, we may be forced to delay, downsize or abandon such plans, and as a result our business, financial condition and results of operations, as well as our future prospects may be materially and adversely affected.

The appraisal values of our properties may be different from their actual realizable values and are subject to uncertainty or change.

The property valuation report set out in Appendix III to this prospectus with respect to the appraised values of our properties is based on various assumptions, which are subjective and uncertain in nature. The assumptions that JLL used in the property valuation report include, among others, that the seller sells the property interest in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the property interest.

Certain of the assumptions used by JLL in reaching the appraised values of our properties may prove to be incorrect. Hence, the appraised values of our properties should not be taken as their actual realizable values or a forecast of their realizable values. Unexpected changes to our properties and to the national and local economic conditions may affect the values of these properties. You should not place undue reliance on such values attributable to these properties as appraised by JLL.

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

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

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

Unauthorized use of any of our intellectual property rights may adversely affect our business and reputation. We rely on a combination of copyrights, trademarks and trade secrets laws to protect our intellectual property rights. Nevertheless, third parties may obtain and use our intellectual property rights without due authorization. There was no material infringement of our intellectual property rights by third parties in the past. However, we cannot assure you that there will be no material infringement of our intellectual property rights by third parties in the future, and the expenses incurred in protecting our intellectual property rights may be substantial.

The intellectual property rights enforcement by Chinese regulatory authorities is in its early development stage and is subject to significant uncertainty. There is no assurance that we will be able to enforce our intellectual property rights effectively or otherwise prevent unauthorized use of our intellectual property rights by others. We may enforce our intellectual property rights through litigation and other legal proceedings which could result in substantial costs, divert our management's attention and resources and disrupt our business operations. The validity and scope of any claims relating to our intellectual property rights may involve complex legal and factual questions and analyses and, as a result, the outcome may be highly uncertain. Failure to effectively protect our intellectual property rights could harm our brand name and reputation, and materially and adversely affect our business, financial condition and results of operations.

We may face disputes from time to time relating to the intellectual property rights of third parties.

We may be exposed to intellectual property right infringement or misappropriation claims by third parties when we develop and use our own educational materials, technology, know-how and brand. As of the Latest Practicable Date, we had not encountered any material intellectual property infringement claims. However, there is no assurance that we will not be subject to third parties' claims of infringement of their proprietary intellectual property rights in the future. Even if we defend

ourselves vigorously in such litigations or legal proceedings, there is no assurance that we will prevail in these matters. Participation in such litigations and legal proceedings may also cause us to incur substantial expenses and divert the time and attention of our management. An adverse determination in any such litigations or proceedings could subject us to significant liability to third parties, require us to obtain licenses from third parties, pay ongoing royalties, or subject us to injunctions prohibiting the distribution and marketing of our brands or services. In case we lose the ability to use the related materials, contents or technology, the quality of our educational programs could be adversely affected. Any similar claim against us, even without any merit, could also damage our reputation and brand image. Any such event could have a material and adverse effect on our business, financial condition and results of operations.

Failure to make adequate statutory social welfare contribution for our employees may subject us to penalties.

PRC laws and regulations require us to pay several statutory social welfare benefits for our employees, including pension insurance, unemployment insurance, medical insurance, work-related injury insurance, maternity insurance and housing provident fund. According to relevant PRC laws and regulations, the amount we are required to contribute for each of our employees should be calculated based on the employee's actual salary level of previous year, and be subject to a minimum and maximum as from time to time prescribed by local authorities.

During the Track Record Period, we did not make full contributions to the social insurance plans and the housing provident fund for a certain number of our employees in accordance with relevant PRC laws and regulations. See "Business — Employees." Our PRC Legal Advisors have advised us that, pursuant to the *Social Insurance Law of the PRC* (《中華人民共和國社會保險法》), if we fail to pay the full amount of social insurance premiums as required, the local social insurance agencies may require us to pay the overdue amount within a certain stipulated period and may impose a fine equivalent to 0.05% of the overdue payment per day from the date on which the payment is payable. If such payment is not made within the stipulated period, the competent authority may further impose a fine from one to three times the amount of the overdue payment. We have obtained confirmation letters from relevant local competent authorities, which confirmed that (i) our college had paid the social insurance premium based on our employees' salary filed with such relevant local competent authorities and no payment is overdue; and (ii) our college had not been penalized by the local social insurance agencies. Our PRC Legal Advisors have further advised us that, pursuant to the *Regulations on Management of Housing Provident Fund* (《住房公積金管理條例》), if we do not pay the full amount of housing provident fund as required, the housing provident fund management center may order us to make the payment outstanding within a stipulated period; if the payment is not made within the stipulated period, an application may be made to the PRC courts for compulsory enforcement. We have obtained confirmation letters from relevant local competent authorities, which confirmed that our college had not been involved in any arbitration or litigation due to the disputes regarding housing provident fund.

However, we cannot assure you that our employees will not complain to the relevant authorities regarding the basis of how we had made the contributions for them, which may in turn result in the relevant authorities ordering us to make supplemental contribution and/or imposing penalties and overdue fines on us, among other things. Such regulatory intervention may adversely affect our financial condition.

Our insurance coverage may not be sufficient.

We maintain certain insurance policies, such as school liability insurance, to safeguard against certain risks and unexpected events. For more details, see "Business — Insurance." However, we cannot assure you that our insurance coverage in terms of amount and scope is sufficient. We are exposed to various risks associated with our business and operations. Such risks include but are not limited to, accidents, fires, explosions or injuries, loss of key management and personnel, business interruption, natural disasters, terrorist attacks and social instability or any other events beyond our control. The insurance industry in China is still at an early stage of development. Insurance companies in China generally offer limited business-related insurance products and such products typically command a high premium that may not be justifiable from a cost-benefit perspective. We do not have any insurance over risks including business interruption and loss of key management personnel. Accordingly, any business interruption, natural disasters (e.g., earthquakes, health epidemics), or other events beyond our control could result in substantial costs and the diversion of our resources. Any materialization of the foregoing risks that we are not adequately covered for, or at all, may adversely affect our business, financial condition and results of operations.

RISKS RELATING TO OUR CONTRACTUAL ARRANGEMENTS

The PRC government may find that the agreements that establish the structure for operating our business in China do not comply with applicable PRC laws and regulations, which may subject us to severe penalties and our business may be materially and adversely affected.

We are a Cayman Islands company and as such we are classified as a foreign enterprise under PRC laws. Foreign investment in the education industry in China is extensively regulated and subject to numerous restrictions. Under the *Foreign Investment Industries Guidance Catalogue* (as amended in 2017) (《外商投資產業指導目錄》(2017年修訂)), higher education is a restricted industry for foreign investors. Foreign investors are allowed to invest in the higher education industry only in the form of cooperative joint venture in which the PRC party must play a dominant role. Furthermore, under the *Implementation Opinions of the MOE on Encouraging and Guiding the Entry of Private Capital in the Fields of Education and Promoting the Healthy Development of Private Education* (《關於鼓勵和引導民間資金進入教育領域促進民辦教育健康發展的實施意見》) issued by the MOE on June 18, 2012, the foreign portion of the total investment in a Sino-foreign joint venture educational institution shall be lower than 50%. According to the *Regulation on Operating Sino-Foreign Schools of the PRC* (《中華人民共和國中外合作辦學條例》) which was promulgated by the State Council on March 1, 2003, became effective on September 1, 2003 and amended on July 18, 2013; and the *Implementing Rules for the Regulation on Operating Sino-Foreign Schools* (《中華人民共和國中外合作辦學條例實施辦法》) which was promulgated by the State Council on June 2, 2004 and became effective on July 1, 2004 (together with the *Regulation on Operating Sino-Foreign Schools of the PRC*, the "**Sino-Foreign Regulation**"), foreign investors invested in higher education must be foreign education institutions with relevant qualifications and experience. For more details, see "Regulatory Overview — PRC Laws and Regulations Relating to Foreign Investment in Education in the PRC." In light of these restrictions, we are ineligible to independently operate higher education institutions or control them through holding equity interests.

Our wholly-owned subsidiary WFOE entered into the Contractual Arrangements pursuant to which it is entitled to receive substantially all of the economic benefits from our consolidated affiliated entities. For a description of such Contractual Arrangements, see "Contractual Arrangements." We have been and are expected to continue to be dependent on our Contractual Arrangements to operate our education business. If the Contractual Arrangements that establish the structure for operating our China business are found to be in violation of any existing or future PRC laws, rules or regulations or fail to obtain or maintain any of the required permits or approvals, we may not be able to consolidate the results of operations of our consolidated affiliated entities. The relevant PRC regulatory authorities, including the MOE, would have broad discretion in dealing with such violations, including:

- revoking the business and operating licenses of our PRC subsidiary or consolidated affiliated entities;
- discontinuing or restricting the operations of any related-party transactions among our PRC subsidiary or consolidated affiliated entities;
- imposing additional conditions or requirements with which we, our PRC subsidiary or consolidated affiliated entities may not be able to comply;
- requiring us to undergo a costly and disruptive restructuring such as forcing us to establish new entities, re-apply for the necessary licenses or relocate our businesses, staff and assets;
- restricting or prohibiting our use of proceeds from public offering or other financing activities to finance our business and operations in China; or
- taking other regulatory or enforcement actions, including imposing fines, which could be harmful to our business.

The imposition of any of these penalties may result in a material and adverse effect on our ability to conduct our business in China and a loss of our economic benefits in the assets and operations of our consolidated affiliated entities. In addition, if the imposition of any of these penalties causes us to lose the rights to direct the activities of the consolidated affiliated entities or our right to receive their economic benefits, we would no longer be able to consolidate such entities, which currently contribute all of our consolidated revenues.

The Draft FIL proposes significant changes to the PRC foreign investment legal regime, which will likely to have a significant impact on businesses in China controlled by foreign invested enterprises through contractual arrangements, such as our business.

On January 19, 2015, the MOFCOM published the *Draft Foreign Investment Law of the PRC* (《中華人民共和國外國投資法(草案徵求意見稿)》), or the "**Draft FIL**". The Draft FIL is intended to replace the current laws and implementing rules governing the foreign investments in China. The Draft FIL proposes significant changes to the existing PRC foreign investment legal regime and introduced the concept of "actual control" determined by the identity of the ultimate natural person or enterprise that controls the domestic enterprise. If an enterprise is actually controlled

by a foreign investor through contractual arrangements, it may be regarded as a foreign investment entity ("**FIE**") and be restricted or prohibited from investment in certain industries listed on the negative list as published by the PRC government unless permission from the competent authority is obtained. According to the negative list published by the PRC government on June 28, 2017 and that became effective on July 28, 2017, the education business that we operate is classified as a "restricted business." In addition, the Draft FIL also provides that the FIEs operating in the industries on the negative list are required to complete the entry clearance procedure and obtain other approvals that are not required for PRC domestic entities. As a result, certain FIEs in the industries on the negative list may not be able to continue to conduct their business through contractual arrangements.

Although the Draft FIL has been released for consultation purposes, it is currently in draft form only and there remains substantial uncertainties regarding its final content, adoption timeline or effective date. For more details, please see "Regulatory Overview — PRC Laws and Regulations relating to Foreign Investment in Education — Draft Foreign Investment Law." Furthermore, several issues have yet to be clarified at the current stage, including, among others, (i) the level of "actual control" required to be qualified as a domestic enterprise and (ii) how existing domestic enterprises that are controlled by foreign investors through contractual arrangements are to be handled. Due to these uncertainties, we cannot determine whether the Draft FIL, when it is adopted and becomes effective, will have a material impact on our corporate structure and business. In the event that the Contractual Arrangements through which we operate our education business are not treated as a domestic investment under the new foreign investment law as finally enacted, such Contractual Arrangements may be deemed invalid and illegal and we may be required to unwind the Contractual Arrangements and/or dispose of such education business. As we primarily conduct our education business and operate in the PRC, any such event could have a material and adverse effect on our business, financial condition and results of operations. We may no longer be able to consolidate the financial results of our consolidated affiliated entities and we would have to derecognize their assets and liabilities according to the relevant accounting standards and, as a result, recognize an investment loss. If we cannot comply with the final foreign investment law when it becomes effective, we may be required to dispose of our contractual business under the Contractual Arrangements. If we no longer has a sustainable business after such disposal, we may be delisted.

The Contractual Arrangements may not be as effective in providing us with control over our consolidated affiliated entities as direct ownership.

We have relied and expect to continue to rely on the Contractual Arrangements to operate our education business in China. For a description of these Contractual Arrangements, see "Contractual Arrangements." These Contractual Arrangements may not be as effective in providing us with control over our consolidated affiliated entities as equity ownership. Under the current Contractual Arrangements, as a legal matter, if our consolidated affiliated entities or their shareholders fail to perform their respective obligations under these Contractual Arrangements, we cannot direct corporate actions of our consolidated affiliated entities as the direct ownership otherwise could and therefore we may not be able to maintain an effective control over the operations of our consolidated affiliated entities. If we lose effective control over our consolidated affiliated entities, we would no longer be able to consolidate their results of operations, which would materially and adversely affect our financial condition and results of operations.

The beneficial owners of our consolidated affiliated entities may have conflicts of interest with us, which may materially and adversely affect our business and financial condition.

Mr. Fang and Mr. Tian are the ultimate beneficial owners of our consolidated affiliated entities and their interests may differ from the interests of our Company as a whole. We cannot assure you that when conflicts of interest arise, they will act in the best interests of our Company or that such conflicts will be resolved in our favor. In addition, they may breach, or cause our consolidated affiliated entities to breach the existing Contractual Arrangements. If we cannot resolve any conflict of interest or dispute between us and them, we would have to rely on legal proceedings, which could result in disruption to our business and subject us to substantial uncertainty as to the outcome of any such legal proceedings. These uncertainties may impede our ability to enforce the Contractual Arrangements. If we are unable to resolve any such conflicts, or if we experience significant delays or other obstacles as a result of such conflicts, our business and operations could be severely disrupted, in which case our results of operations and our reputation could be materially and adversely affected.

Our exercise of the option to acquire the sponsor interests or equity interests of our consolidated affiliated entities may be subject to certain limitations and we may incur substantial costs.

We may incur substantial cost in the exercise of the option to acquire the sponsor interests or equity interests in our consolidated affiliated entities. Pursuant to the Contractual Arrangements, WFOE has the exclusive right to require Mr. Fang, Mr. Tian or Gingko Asset Management to transfer their equity interests or sponsor interests in relevant entities, in whole or in part, to WFOE or a third party designated by WFOE at any time and from time to time, at the lowest price allowed under PRC laws and regulations at the time of transfer. If the relevant PRC authorities determine that the purchase prices for acquiring our consolidated affiliated entities are below the market value, they may require WFOE to withhold individual income tax for ownership transfer income with reference to the market value. The amount of the tax may be substantial, which could materially and adversely affect our business, financial condition and results of operations.

Any failure by Mr. Fang, Mr. Tian or our consolidated affiliated entities to perform their obligations under our Contractual Arrangements would potentially lead to the incurrence of additional costs and the expending of substantial resources on our part to enforce such arrangements, temporary or permanent loss of control over our primary operations or loss of access to our primary sources of revenue.

Under the current Contractual Arrangements, if any of Mr. Fang, Mr. Tian or our consolidated affiliated entities fails to perform its obligations under these Contractual Arrangements, we may incur substantial costs and resources to enforce such arrangements.

The Contractual Arrangements are governed by PRC laws and provide for the resolution of disputes through arbitration in China. Accordingly, these contracts will likely be interpreted in accordance with PRC laws and any disputes will likely be resolved in accordance with PRC legal procedures. Under PRC laws, rulings by arbitrators are final and the parties to a dispute cannot appeal the arbitration results in any court based on the substance of the case. The prevailing party may enforce the arbitration award by instituting arbitration award recognition proceedings with a competent PRC court. The legal environment in the PRC is not as developed as in other jurisdictions,

such as Hong Kong and the United States. As a result, uncertainties in the PRC legal system could limit our ability to enforce these Contractual Arrangements. If we are unable to enforce these Contractual Arrangements, we may not be able to exert effective control over our consolidated affiliated entities. Our business and operations could be severely disrupted, which could damage our reputation and materially and adversely affect our business, financial condition, results of operations and prospects.

The Contractual Arrangements may be subject to the scrutiny of the PRC tax authorities and additional tax may be imposed, which may materially and adversely affect our results of operations.

Under 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 exclusive technical service and management consultancy agreements we have with our consolidated affiliated entities are not at arm's-length price and adjust any of those entities' income in the form of a transfer pricing adjustment. See "Contractual Arrangements — Summary of the Material Terms of the Contractual Arrangements — Exclusive Technical Services and Management Consultancy Agreement." A transfer pricing adjustment could increase our tax liabilities. In addition, PRC tax authorities may take the view that our subsidiaries or consolidated affiliated entities have improperly minimized their tax obligations, and we may not be able to rectify any such incident within the limited timeline required by PRC tax authorities. As a result, the PRC tax authorities may impose late payment fees and other penalties on us for under-paid taxes, which could materially and adversely affect our business, financial condition and results of operations.

Certain terms of the Contractual Arrangements may not be enforceable under PRC laws.

The Contractual Arrangements provide for dispute resolution by way of arbitration in accordance with the arbitration rules of the China International Economic and Trade Arbitration Commission in Beijing, the PRC. The Contractual Arrangements provide that the arbitral body may award remedies over the equity interests and/or assets of our consolidated affiliated entities, injunctive relief and/or winding up of our consolidated affiliated entities. In addition, the Contractual Arrangements provide that courts in Hong Kong and the Cayman Islands, among others, are empowered to grant interim remedies in support of the arbitration pending the formation of an arbitral tribunal. However, we have been advised by our PRC Legal Advisors that the above-mentioned provisions contained in the Contractual Arrangements may not be enforceable. Under PRC laws, an arbitral body does not have the power to grant any injunctive relief or provisional or final winding-up order to preserve the assets of or any equity interest in our consolidated affiliated entities in case of disputes. Also, a judiciary body may not grant injunctive relief or provisional or final winding-up order to preserve the assets or equity interests of our consolidated affiliated entities. Therefore, such remedies may not be available to us, notwithstanding the relevant contractual provisions contained in the Contractual Arrangements. PRC laws allow an arbitral body to award the transfer of assets of or equity interests in our consolidated affiliated entities in favor of an aggrieved party. In the event of non-compliance with such award, enforcement measures may be sought from the court. However, the court may or may not support the award of an arbitral body when deciding whether to take enforcement measures. Our PRC Legal Advisors are also of the view that, even though the Contractual Arrangements provide that

courts in Hong Kong and the Cayman Islands, among others, may grant and/or enforce interim remedies in support of arbitration, such interim remedies (even if so granted by courts in Hong Kong or the Cayman Islands in favour of an aggrieved party) may not be recognised or enforced by PRC courts. As a result, in the event that any of our consolidated affiliated entities or their shareholders breaches any of the Contractual Arrangements, we may not be able to obtain sufficient remedies in a timely manner, and our ability to exert effective control over our consolidated affiliated entities and conduct our education business could be materially and adversely affected. See "Contractual Arrangements — Dispute Resolution" for details regarding the enforceability of the dispute resolution provisions in the Contractual Arrangements as opined by our PRC Legal Advisors.

We rely on dividends from WFOE to pay dividends and other cash distributions to our Shareholders and any limitation on the ability of WFOE to pay dividends to us would materially and adversely limit our ability to pay dividends to our Shareholders.

Our Company is a holding company and our ability to pay dividends and other cash distributions to our Shareholders, service any debt we may incur and meet our other cash requirements depends significantly on our ability to receive dividends from WFOE. The amount of dividends paid to our Company by WFOE depends solely on the service fees paid to WFOE by our consolidated affiliated entities. However, there are restrictions under PRC laws for the payment of dividends to us by WFOE. For example, relevant PRC laws and regulations permit payments of dividends by WFOE only out of its retained earnings, if any, as determined in accordance with PRC accounting standards and regulations and WFOE shall make up its losses of previous years when conducting outward remittance. Under PRC laws and regulations, WFOE is required to set aside at least 10% of its after-tax profits based on PRC accounting standards each year to fund a statutory reserve, until the accumulated amount of such reserve has exceeded 50% of its registered capital. Consequently, WFOE is restricted in its ability to transfer a portion of its net assets to us or any of our other subsidiaries in the form of dividends, loans or advances. The foregoing restrictions on the ability of WFOE to pay dividends to us and the limitations on the ability of consolidated affiliated entities to pay service fees to WFOE could materially and adversely limit our ability to service any debt obligations we may incur outside of China or pay dividends to holders of our Shares.

Our consolidated affiliated entities may be subject to limitations on their ability to operate private education business or make payments to related parties.

The principal regulations governing private education in China are the *Law for Promoting Private Education* (《中華人民共和國民辦教育促進法》), which became effective in 2003, was amended in 2013 and was further amended in 2016 (such amendment became effective in September 2017), and the *Implementation Rules for the Law for Promoting Private Education* (《中華人民共和國民辦教育促進法實施條例》) (the "**Implementation Rules**"). Under these regulations, a private school may elect to be a school that does not require reasonable returns or a school that requires reasonable returns. A private school that does not require reasonable returns cannot distribute dividends to its school sponsors. At the end of each year, a private school is required to allocate a certain amount to its development fund for the construction or maintenance of the school or procurement or upgrade of educational equipment. For a private school that requires reasonable returns, this amount is at least 25% of the annual net income of the school. For a private school that does not require reasonable returns, this amount is at least 25% of the annual increase in the net assets

of the school, if any. A private school that requires reasonable returns must publicly disclose such election and additional information required under the regulations. A private school should consider factors such as the school's tuition fees, ratio of the funds used for education-related activities to the course fees collected, admission standards and educational quality when determining the percentage of the school's net income that would be distributed to the investors as reasonable returns.

Pursuant to the Amendment Decision, sponsors of private schools may choose to establish non-profit or for-profit private schools (with the exception that schools providing compulsory education can only be established as non-profit entities) and will no longer be required to indicate whether they require reasonable returns or not. Sponsors of for-profit private schools are entitled to retain the profits and proceeds from the schools and the operation surplus may be allocated to the sponsors pursuant to the *PRC Company Law* (《中華人民共和國公司法》) and other relevant laws and regulations. Sponsors of non-profit private schools are not entitled to any distribution of profits or revenue from the non-profit schools they operate and all operation surpluses of the schools shall be used for the operation of the schools. However, the Amendment Decision remains silent on the requirement of the development fund of the non-profit schools or for-profit schools. For further details of the Amendment Decision, see "Regulatory Overview — Regulations on Private Education in the PRC."

As a holding company, our ability to pay dividends and other cash distributions to our Shareholders depends solely on our ability to receive dividends and other distributions from WFOE, which in turn depends on the service fees paid to WFOE from our consolidated affiliated entities. Our PRC Legal Advisors advise us that no current PRC laws or regulations expressly restrict or prohibit WFOE's contractual rights to receive service fees from our consolidated affiliated entities for the services rendered under the Contractual Arrangements. For further details regarding our PRC Legal Advisors' view on the legality of the payment of service fees under the Contractual Arrangements, see "Contractual Arrangements — Legality of the Contractual Arrangements."

However, if the relevant PRC government authorities take a different view, they may seek to confiscate any or all of the service fees that have been paid by our PRC Operating Schools to WFOE, even retrospectively, to the extent that such service fees are tantamount to "reasonable returns" taken by the sponsors of these school in violation of PRC laws and regulations. As a result, our ability to pay dividends and other cash distributions to our Shareholders may be substantially limited.

If any of our consolidated affiliated entities becomes subject to winding up or liquidation proceedings, we may lose the ability to use and enjoy certain important assets held by our consolidated affiliated entities, which could negatively impact our business and materially and adversely affect our ability to generate revenue.

Our consolidated affiliated entities hold assets that are essential to the operation of our business, including operating permits and licenses, real estate leases, buildings, groups of buildings and other educational facilities related to the school.

If any of these entities goes bankrupt and all or part of their assets become subject to liens or rights of third-party creditors, we may be unable to continue some or all of our business activities, which could materially and adversely affect our business, financial condition and results of operations.

If any of our consolidated affiliated entities undergoes a voluntary or involuntary liquidation proceeding, its shareholders or unrelated third-party creditors may claim rights to some or all of these assets, thereby hindering our ability to operate our business, which could materially and adversely affect our business, financial condition and results of operations.

RISKS RELATING TO DOING BUSINESS IN CHINA

Adverse changes in the PRC economic, political and social conditions as well as laws and government policies, may materially and adversely affect our business, financial condition, results of operations and prospects.

The economic, political and social conditions in the PRC differ from those in more developed countries in many respects, including structure, government involvement, level of development, growth rate, control of foreign exchange, capital reinvestment, allocation of resources, rate of inflation and trade balance position. Before the adoption of its reform and opening up policies in 1978, the PRC was primarily a planned economy. In recent years, the PRC government has been reforming the PRC economic system and government structure. For example, the PRC government has implemented economic reform and measures emphasizing the utilization of market forces in the development of the PRC economy. Economic reform measures, however, may be adjusted, modified or applied inconsistently from industry to industry or across different regions of the country.

We cannot predict whether the ongoing evolution of economic condition in China would have any adverse effect on our current or future business, financial condition or results of operations. Despite these economic reforms and measures, the PRC government continues to play a significant role in regulating industrial development, allocation of natural and other resources, production, pricing and management of currency, and there can be no assurance that the PRC government will continue to pursue a policy of economic reform or that the direction of reform will continue to be market friendly.

Our ability to successfully expand our business operations in the PRC depends on a number of factors, including macro-economic and other market conditions, and credit availability from lending institutions. Stricter credit or lending policies in the PRC may affect our ability to obtain external financing, which may reduce our ability to implement our expansion strategies. We cannot assure you that the PRC government will not implement any additional measures to tighten credit or lending standards, or that, if any such measure is implemented, it will not adversely affect our future results of operations or profitability.

Demand for our services and our business, financial condition and results of operations may be materially and adversely affected by the following factors:

- political instability or changes in social conditions of the PRC;
- changes in laws, regulations, and administrative directives or the interpretation thereof;
- measures which may be introduced to control inflation or deflation; and
- changes in the rate or method of taxation.

These factors are affected by a number of factors which are beyond our control.

PRC regulation of loans and direct investment by offshore holding companies to PRC entities may delay or prevent us from using the proceeds of the Global Offering to make loans or additional capital contributions to our consolidated affiliated entities, which could materially and adversely affect our liquidity and our ability to fund and expand our business operations.

As an offshore holding company of our PRC subsidiary and our consolidated affiliated entities, we plan to use the net proceeds from the Global Offering on our PRC consolidated affiliated entities through (i) extend loans to them or (ii) make additional capital contributions to such consolidated affiliated entities. However, most of these uses are subject to PRC regulations and approvals.

We expect that PRC laws and regulations may continue to limit our use of net proceeds from the Global Offering or from other financing sources. We cannot assure you that we will be able to obtain these government registrations, approvals or filings on a timely basis, if at all, with respect to future loans or capital contributions by us to our entities in China. If we fail to receive such registrations, approvals or filings, our ability to use the net proceeds from the Global Offering and to capitalize our PRC operations may be negatively affected, which could adversely affect our liquidity and our ability to fund and expand our business.

Failure to comply with PRC regulations regarding the registration requirements for employee share ownership plans or share option plans may subject the PRC 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 Plans of Overseas Publicly-Listed Companies* (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》) (the "**Stock Option Rules**"). Under the Stock Option Rules and other relevant rules and regulations, PRC residents who participate in stock incentive plan in an overseas publicly-listed company are required to register with SAFE or its local branches and complete certain other procedures ("**SAFE registration**"). Participants of a stock incentive plan who are PRC residents must retain a qualified PRC agent, which could be a PRC subsidiary of the overseas publicly-listed company or another qualified institution selected by the PRC subsidiary, to conduct SAFE registration and other procedures with respect to the stock incentive plan on behalf of its participants. The participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of stock options, the purchase and sale of corresponding stocks or interests and fund transfers. In addition, the PRC agent is required to amend SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan, the PRC agent or the overseas entrusted institution or other material changes. We and our PRC employees who have been granted share options will be subject to these regulations upon the completion of the Global Offering. Failure of our PRC share option holders to complete their SAFE registrations may subject these PRC residents to fines and legal sanctions and may also limit our ability to contribute additional capital into our PRC subsidiary and consolidated affiliated entities, limit our PRC subsidiary and consolidated affiliated entities' ability to distribute dividends or pay service fees to us, or otherwise materially and adversely affect our business, financial condition and results of operations.

Restrictions on currency exchange under PRC laws may limit our ability to convert cash derived from our operating activities into foreign currencies and may materially and adversely affect the value of your investment.

The PRC government imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. Substantially all of our revenue is denominated in Renminbi. Under our current corporate structure, our income is primarily derived from dividend and service fees from our PRC subsidiary and consolidated affiliated entities. Shortages in the availability of foreign currency may restrict the ability of our PRC subsidiary and our affiliated entities to remit sufficient foreign currency to pay dividends or other payments to us, or otherwise satisfy their foreign currency denominated obligations, if any. Under the existing PRC foreign exchange regulations, the Renminbi is currently convertible, without prior approval from the SAFE, under current account transactions, including profit distributions, interest payments and expenditures from trade-related transactions, as long as certain procedural requirements are complied with. However, approval from and registration with the SAFE and other PRC regulatory authorities are required to convert Renminbi into foreign currencies and remit out of China for capital account transactions, such as foreign direct investment and repayment of loans denominated in foreign currencies. The PRC government may also, at its discretion, restrict access in the future to foreign currencies for current account transactions. Any existing and future restrictions on currency exchange in China may limit our ability to convert cash derived from our operating activities into foreign currencies to fund expenditures denominated in foreign currencies. If the foreign exchange restrictions in China prevent us from obtaining Hong Kong dollars or other foreign currencies we need, we may not be able to pay dividends in Hong Kong dollars or other foreign currencies to our Shareholders. Furthermore, foreign exchange control in respect of the capital account transactions could affect our PRC subsidiary's and consolidated affiliated entities' ability to obtain foreign exchange or conversion into Renminbi through debt or equity financing, including by means of loans or capital contributions from us. As of the Latest Practicable Date, we had not engaged in any hedging activities.

Fluctuations in exchange rates may result in foreign currency exchange losses and may have a material adverse effect on your investment.

The change in the value of Renminbi against the Hong Kong dollar and other currencies may fluctuate and is affected by, among other things, changes in China's political and economic conditions and China's foreign exchange policies. From 1995 until July 2005, the conversion of the Renminbi into foreign currencies in the PRC, including the Hong Kong dollar and U.S. dollar, has been based on fixed rates set by the PBOC. The PRC government, however, has, with effect from July 21, 2005, reformed the exchange rate regime by moving into a managed floating exchange regime based on market supply and demand with reference to a basket of currencies. On June 19, 2010, the PBOC announced that it intends to further reform the Renminbi exchange rate regime by enhancing the flexibility of the Renminbi exchange rate. Following this announcement, the Renminbi had appreciated from approximately RMB6.83 per U.S. dollar to RMB6.21 per U.S. Dollar as of June 15, 2015. On August 11, 2015, the PBOC further enlarged the floating band for trading prices in the inter-bank spot exchange market of Renminbi against the U.S. dollar to 2.0% around the closing price in the previous trading session, and Renminbi depreciated against the U.S. dollar by approximately 1.62% as compared to the previous day, and further depreciated nearly 1.0% on the next day. On November 30, 2015, the Executive Board of the International Monetary Fund (the "**IMF**") completed

the regular five-year review of the basket of currencies that make up the Special Drawing Right (the "**SDR**") and decided that with effect from October 1, 2016, Renminbi is determined to be a freely usable currency and will be included in the SDR basket as a fifth currency, along with the U.S. dollar, the Euro, the Japanese yen and the British pound. With the development of the foreign exchange market and progress towards interest rate liberalization and Renminbi internationalization, the PRC government may in the future announce further changes to the exchange rate system and we cannot assure you that the Renminbi will not appreciate or depreciate significantly in value against the Hong Kong dollar or the U.S. dollar in the future.

Substantially all of our revenue and costs are denominated in Renminbi and most of our financial assets are also denominated in Renminbi. We rely entirely on dividends and other fees paid to us by our PRC subsidiary and our consolidated affiliated entities. Our proceeds from the Global Offering will be denominated in Hong Kong dollars. Any significant change in the exchange rates of the Hong Kong dollar against Renminbi may materially and adversely affect the value of and any dividends payable on, our Shares in Hong Kong dollars. For example, a further appreciation of Renminbi against the Hong Kong dollar would make any new Renminbi-denominated investments or expenditures more costly to us, to the extent that we need to convert Hong Kong dollars into Renminbi for such purposes. An appreciation of Renminbi against the Hong Kong dollar would also result in foreign currency translation losses for financial reporting purposes when we translate our Hong Kong dollar denominated financial assets into Renminbi. Conversely, if we decide to convert our Renminbi into Hong Kong dollars for the purpose of making payments for dividends on our Shares or for other business purposes, appreciation of the Hong Kong dollar against Renminbi would have a negative effect on the Hong Kong dollar amount available to us.

Inflation in the PRC could negatively affect our profitability and growth.

The economy of China has been experiencing significant growth, leading to inflation and increased labour costs. According to the National Bureau of Statistics of China, the year-over-year percent change in the consumer price index in China was 2.0% in 2016. China's overall economy and the average wage in the PRC are expected to continue to grow. Future increases in China's inflation and material increases in the cost of labour may materially and adversely affect our profitability and results of operations unless we are able to pass on these costs to our students by increasing tuition fees.

The legal system of the PRC is not fully developed and there are inherent uncertainties that may affect the protection afforded to our business and our Shareholders.

Our business and operations in the PRC are governed by the PRC legal system that is based on written statutes. Prior court decisions may be cited for reference but have limited precedential value. Since the late 1970s, the PRC government has promulgated laws and regulations dealing with economic matters such as foreign investment, corporate organization and governance, commerce, taxation and trade. However, as these laws and regulations are relatively new and continue to evolve, interpretation and enforcement of these laws and regulations involve significant uncertainties and different degrees of inconsistency. Some of the laws and regulations are still in the developmental stage and are therefore subject to policy changes. Many laws, regulations, policies and legal requirements have only been recently adopted by PRC central or local government agencies, and their

implementation, interpretation and enforcement may involve uncertainty due to the lack of established practice available for reference. We cannot predict the effect of future legal developments in the PRC, including the promulgation of new laws, changes in existing laws or their interpretation or enforcement, or the pre-emption of local regulations by national laws. As a result, there is substantial uncertainty as to the legal protection available to us and our Shareholders. Furthermore, due to the limited volume of published cases and the non-binding nature of prior court decisions, the outcome of dispute resolution may not be as consistent or predictable as in other more developed jurisdictions, which may limit the legal protection available to us. In addition, any litigation in the PRC may be protracted and result in substantial costs and diversion of resources and management attention.

As our Shareholder, you will hold an indirect interest in our operations in China. Our operations in the PRC are subject to PRC regulations governing PRC companies. These regulations contain provisions that are required to be included in the articles of association of PRC companies and are intended to regulate the internal affairs of these companies. PRC company laws and regulations, in general, and the provisions for the protection of shareholders' rights and access to information, in particular, may be considered less developed than those applicable to companies incorporated in Hong Kong, the United States and other developed countries or regions. As such, our minority Shareholders may not have the same protections afforded to them by companies incorporated under the laws of the United States and certain other jurisdictions.

It may be difficult to effect service of process upon us, our Directors or our executive officers that reside in the PRC or to enforce against them or us in the PRC any judgments obtained from non-PRC courts.

The legal framework to which we are subject is materially different from that in Hong Kong, the United States and other jurisdictions with respect to certain areas, including the protection of minority shareholders. In addition, the mechanisms for enforcement of rights under the corporate governance framework to which our Company is subject are also relatively undeveloped and untested. However, according to the PRC Company Law, shareholders may commence a derivative action against the directors, supervisors, officers or any third party on behalf of a company under certain circumstances.

On July 14, 2006, the Supreme People's Court of the PRC and the Government of Hong Kong signed the *Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned* (《關於內地與香港特別行政區法院互相認可和執行當事人協議管轄的民商事案件判決的安排》). Under this arrangement, where any designated people's court in the PRC or any designated Hong Kong court has made an enforceable final judgment requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing by the parties, any party concerned may apply to the relevant people's court in the PRC or Hong Kong court for recognition and enforcement of the judgment. Although this arrangement became effective on August 1, 2008, the outcome and effectiveness of any action brought under the arrangement may still be uncertain.

Almost all of our senior management members reside in the PRC, and substantially all of our assets, and substantially all of the assets of those persons are located in the PRC. Therefore, it may be difficult for investors to effect service of process upon those persons within the PRC or to enforce against us or them in the PRC any judgments obtained from non-PRC courts. The PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the Cayman Islands, the United States, the United Kingdom, Japan and many other developed countries. Therefore, recognition and enforcement in China of judgments of a court in any of these jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or even impossible.

If we are classified as a PRC "resident enterprise," holders of our Shares may be subject to a PRC withholding tax upon the dividends payable by us and upon gain from the sale of our Shares.

Under the *Enterprise Income Tax Law* (《中華人民共和國企業所得税法》), or the EIT Law, and its implementing regulations, an enterprise established outside China with its "de facto management body" within China is considered a "resident enterprise" in China and will be subject to the PRC enterprise income tax at the rate of 25% on its worldwide income. The tax authority will normally review factors such as the routine operation of the organizational body that effectively manages the enterprise's production and business operations, locations of personnel holding decision-making power, location of finance and accounting functions and properties of the enterprise. The EIT Law's implementation regulations define the term "de facto management bodies" as "establishments that carry out substantial and overall management and control over the manufacturing and business operations, personnel, accounting, properties, etc. of an enterprise." The State Administration of Taxation, or the SAT, issued the *Notice regarding the Determination of Chinese-Controlled Overseas Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies* (《關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》), or the SAT Circular 82, on April 22, 2009. The SAT Circular 82 provides certain specific criteria for determining whether the "de facto management body" of a Chinese-controlled offshore incorporated enterprise is located inside China, stating that only a company meeting all the criteria would be deemed having its de facto management body within China. One of the criteria is that a company's major assets, accounting books and minutes and files of its board and shareholders' meetings are located or kept in the PRC. In addition, the SAT issued a bulletin on July 27, 2011, which became effective from September 11, 2011 and was amended on April 17, 2015, providing further guidance on the implementation of the SAT Circular 82. This bulletin clarifies matters including residence status determination, post-determination administration and competent tax authorities. However, there is no guidance in practice on the criteria for determine the "de facto management body" that is not controlled by a Chinese entity. Therefore, it remains unclear on the tax treatment that the tax authorities will apply for companies like us. We cannot assure that we will not be deemed as a PRC "resident enterprise" under the EIT law which will subject us to 25% corporate income tax on our global income. In addition, the EIT law exempts certain PRC resident enterprise income tax on the dividends those companies pay to each other. However, it has not been decided the criteria for the exemption. Even though we may be deemed as a PRC resident enterprise under the EIT law, we may not be exempted of the tax on the dividends we pay to our subsidiaries.

Under the EIT Law, foreign corporate shareholders of a PRC resident enterprise will be subject to a 10% (Individual: 20%) withholding tax upon dividends received from the PRC resident enterprise and on gain recognized with respect to the sale of shares of the resident enterprise. Accordingly, if we are treated as a PRC resident enterprise, our Shareholders may be subject to a 10% (Individual: 20%) withholding tax upon dividends received from us and on gain recognized with respect to the sale of our Shares, unless such withholding tax is reduced by an applicable income tax treaty between China and the jurisdiction of the Shareholder. Any such tax may reduce the returns on your investment in our Shares.

The discontinuation of any preferential tax treatments currently available to us, in particular our tax exempt status, could materially and adversely affect our results of operations.

We have conducted interviews with the national and local tax bureau in the places where we operate our college. We are confirmed, among other things, that income from provision of academic qualification education services are exempt from PRC enterprise income tax during the Track Record Period. The tax effects of tuition income not subject to tax for the years ended December 31, 2015, 2016 and 2017 and for the six months ended June 30, 2017 and 2018 were approximately RMB10.6 million, RMB11.5 million, RMB11.8 million, RMB7.9 million and RMB8.3 million, respectively. However, pursuant to the Amendment Decision which became effect on September 1, 2017, private schools will be entitled to preferential tax treatments, among which non-profit private schools will be entitled to the same preferential tax treatment as public schools. The taxation policies applicable to for-profit private schools after the Amendment Decision taking effect are yet to be introduced. Therefore, our preferential tax treatment after the Amendment Decision comes into full force will be subject to (i) the decision we make to operate as for-profit or non-profit schools, and (ii) the tax treatment of the for-profit schools which is expected to be further stipulated in the relevant regulations related to the Amendment Decision, its practical guidance and related laws and regulations that are to be introduced. There is no guarantee that the preferential tax treatment that currently applies to us will not be available anymore in the future. In addition to the Amendment Decision, the PRC government may promulgate other regulations that will eliminate our preferential tax treatment.

These preferential tax treatments may be subject to change and we cannot provide any assurance that the preferential tax rate applicable to WFOE will continue to apply in the future, and WFOE may therefore be required to pay a higher rate of income tax in the future. Moreover, pursuant to the *Notice of the Ministry of Finance and the State Administration of Taxation on Full Launch of the Pilot Program of Replacing Business Tax with Value-Added Tax* (《財政部、國家税務總局關於全面推開營業税改徵增值税試點的通知》) which came into effect on May 1, 2016, formal education services provided by schools that provide formal education are exempted from the value-added tax. As a result, formal education services provided by Yinxing College are exempted from the value-added tax. However, the discontinuation of any preferential tax treatment currently available to us or the determination of any of the relevant tax authorities that any of the preferential tax treatment we have enjoyed or currently enjoy is not in compliance with the PRC laws would cause our effective tax rate to increase, which would increase our tax expenses and reduce our net profit.

PRC regulations relating to the establishment of offshore Special Purpose Vehicles by PRC residents may subject our PRC resident Shareholders to personal liability, limit our PRC subsidiary and consolidated affiliated entities' ability to distribute profits to us, or otherwise adversely affect our financial position.

SAFE has promulgated the Circular of SAFE on Foreign Exchange Administration of Overseas Investments and Financing and Round Trip Investments by Domestic Residents via Special Purpose Vehicle (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (the "**Circular 37**") on July 4, 2014 to replace the Circular of SAFE on Relevant Issues Concerning Foreign Exchange Administration for Financing and Return Investments by Domestic Residents through Special Purpose Overseas Companies (《國家外匯管理局關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知》) (the "**Circular 75**"). According to the Circular 37, PRC residents (including PRC citizens and PRC enterprises) shall apply to SAFE or its local bureau to register foreign exchange for overseas investments before contributing to SpecialPurpose Vehicles (the "**SPVs**") with legitimate domestic and overseas assets or rights andinterests. In the event of any alteration in the basic information of the registered SPVs, such as the change of a PRC citizen shareholder, name and operating duration, or in the event of any alternation in key information, such as increases or decreases in the share capital held by PRC citizens, or equity transfers, swaps, consolidations, or splits, the registered PRC residents shall timely submit a change in the registration of the foreign exchange for overseas investments with the foreign exchange bureaus.

As of the Latest Practicable Date, Mr. Fang and Mr. Tian have made the foreign exchange registration under the Circular 37 and completed such registration with SAFE or its local counterpart. However, we may not at all times be fully aware or informed of the identities of all our beneficiaries who are PRC nationals, and may not always be able to compel our beneficiaries to comply with requirements of the Circular 37. As a result, we cannot assure you that all of our Shareholders or beneficiaries who are PRC nationals will at all times comply with, or in the future make or obtain any applicable registrations or approvals required by the Circular 37 or other related regulations. Under the relevant rules, failure to comply with the registration procedures set forth in the Circular 37 may also subject the relevant PRC resident to penalties under the PRC foreign exchange administration regulation.

We face risks related to natural disasters, health epidemics or terrorist attacks or other outbreaks in China, which could result in reduced student attendance or temporary closure of business.

Our business could be materially and adversely affected by natural disasters, such as earthquakes, floods, landslides, outbreaks of health epidemics such as avian influenza and severe acute respiratory syndrome, or SARS, and Influenza A virus, such as H5N1 subtype and H5N2 subtype flu viruses, the Ebola virus, the Zika virus, as well as terrorist attacks, other acts of violence or war or social instability in the regions in which we operate or those generally affecting China. In particular, as we provide on-campus accommodation to our students, teachers and staff, the boarding environment exposes our students, teachers and staff to risks of epidemics or pandemics and makes it more difficult for us to take preventive measures if an epidemic or pandemic were to occur. Any of the above may cause material disruptions to our operations, such as temporary closure of business,

which in turn may materially and adversely affect our financial condition and results of operations. If any of these occurs, we may suffer damage or be required to temporarily or permanently close and our business operations may be suspended or terminated. Our students, teachers and staff may also be negatively affected by such events. In addition, any of these could adversely affect the PRC economy and demographics of the affected region, and could in turn lead to significant declines in the number of our existing or potential students. If any of these events occur, our business, financial condition and results of operations could be materially and adversely affected.

RISKS RELATING TO THE GLOBAL OFFERING

No public market currently exists for our Shares; an active trading market for our Shares may not develop and the trading volume and market price for our Shares may decline or became volatile.

No public market currently exists for our Shares. The initial Offer Price for our Shares to the public will be the result of negotiations between our Company and Sole Global Coordinator (on behalf of the Underwriters), and the Offer Price may differ significantly from the market price of the Shares following the Global Offering. We have applied to the Stock Exchange for the listing of, and permission to deal in, the Shares. A listing on the Stock Exchange, however, does not guarantee that an active and liquid trading market for our Shares will develop, or if it does develop, that it will be sustained following the Global Offering, or that the market price of the Shares will not decline following the Global Offering.

In addition, the trading price and trading volume of the Shares may be subject to significant volatility in responses to various factors, including:

- changes in our operating results;
- changes in financial estimates by securities analysts;
- announcements made by us or our competitors;
- regulatory developments in China affecting us, our industry or our Contractual Arrangements;
- investors' perception of us and of the investment environment in Asia, including Hong Kong and China;
- changes in the economic performance or market valuations of other education companies;
- the depth and liquidity of the market for our Shares;
- additions to or departures of, members of our senior management;
- release or expiry of lock-up or other transfer restrictions on our Shares;

- sale or anticipated sale of additional Shares; and
- the general economy and other factors.

Moreover, shares of other companies listed on the Stock Exchange with significant operations and assets in China have experienced price volatility in the past. It is, therefore, possible that our Shares may be subject to changes in price not directly related to our performance.

You will incur immediate and significant dilution and may experience further dilution if we issue additional Shares or other equity securities in the future, including pursuant to the Share Option Schemes.

The Offer Price of the Offer Shares is higher than the net tangible asset value per Share immediately prior to the Global Offering. Therefore, purchasers of the Offer Shares in the Global Offering will experience an immediate dilution in pro forma net tangible asset value. In order to expand our business, we may consider offering and issuing additional Shares in the future. Purchasers of the Offer Shares may experience dilution in the net tangible asset value per share of their Shares if we issue additional Shares in the future at a price which is lower than the net tangible asset value per Share at that time. Furthermore, we may issue Shares pursuant to the Share Option Schemes, which would further dilute Shareholders' interests in our Company.

We did not declare or distribute any dividends in the past, which may not be indicative of our future dividend policy.

During the Track Record Period, we did not declare or distribute any dividends to our equity holders. Any future dividend declaration and distribution by our Company will be at the discretion of our Directors and subject to our Articles of Association and the PRC laws, including (where required) the approvals from our shareholders and our Directors. Our Directors will consider our operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors when they determine the distribution of dividend. For details of our dividend policy, see "Financial Information — Dividend." In addition, our future dividend payments will depend upon the availability of dividends received from our subsidiary. See "— Risks relating to our Contractual Arrangements — we rely on dividends from WFOE to pay dividends and other cash distributions to our Shareholders and any limitation on the ability of WFOE to pay dividends to us would materially and adversely limit our ability to pay dividends to our Shareholders." As a result of the above, we cannot assure you that we will make any dividend payments on our Shares in the future with reference to our historical dividends.

We have significant discretion as to how we will use the net proceeds of the Global Offering, and you may not necessarily agree with how we use them.

Our management may spend the net proceeds from the Global Offering in ways you may not agree with or that do not yield a favorable return to our Shareholders. We plan to use the net proceeds from the Global Offering, including but not limited to the construction of the Nanxi New Campus in Nanxi District, Yibin City, recruit high-caliber teachers and for our daily operation. For details, see

"Future Plans and Use of Proceeds." However, our management will have discretion as to the actual application of our net proceeds. You are entrusting your funds to our management, whose judgment you must depend on, for the specific uses we will make of the net proceeds from this Global Offering.

Our Controlling Shareholders have significant influence over our Company and their interests may not be aligned with the interests of our other Shareholders.

Immediately following the Global Offering, our ultimate Controlling Shareholder, Mr. Fang, will control in aggregate 73.3% of our Shares, assuming the Over-allotment Option is not exercised at all and without taking into account any Shares which may be issued upon the exercise of any options granted under the Share Option Schemes. Our Controlling Shareholders will, through their voting power at the Shareholders' meetings and its position on the Board, have significant influence over our business and affairs, including decisions in respect of mergers or other business combinations, acquisition or disposition of assets, issuance of additional shares or other equity securities, timing and amount of dividend payments, amendment to our Memorandum and Articles of Association and our management. Our Controlling Shareholders may not act in the best interests of our minority Shareholders. In addition, without the consent of our Controlling Shareholders, we could be prevented from entering into transactions that could be beneficial to us. This concentration of ownership may also discourage, delay or prevent a change in control of our Company, which could deprive our Shareholders of an opportunity to receive a premium for the Shares as part of a sale of our Company and may significantly reduce the price of our Shares.

Substantial future sales or the expectation of substantial sales of our Shares in the public market could cause the price of our Shares to decline.

Sales of substantial amounts of Shares in the public market after the completion of the Global Offering, or the perception that these sales could occur, could adversely affect the market price of our Shares. There will be 500,000,000 Shares outstanding immediately following the Global Offering, assuming no exercise of the Over-allotment Option. Our Controlling Shareholders agreed that any Shares held by them will be subject to a lock-up after the Listing. See "Underwriting — Undertakings" for more information. However, the Underwriters may release these securities from these restrictions at any time and such Shares will be freely tradable after the expiry of the lock-up period. Shares which are not subject to a lock-up arrangement represent approximately 26.7% of the total issued share capital immediately following the Global Offering (assuming no exercise of the Over-allotment Option) and will be freely tradable immediately following the Global Offering.

Since there will be a gap of several days between pricing and trading of our Shares, holders of our Shares are subject to the risk that the price of our Shares could fall during the period before trading of our Shares begins.

The Offer Price of our Offer Shares is expected to be determined on the Price Determination Date. However, our Shares will not commence trading on the Stock Exchange until they are delivered, which is expected to be five business days after the pricing date. As a result, investors may not be able

to sell or deal in our Shares during that period. Accordingly, holders of our Shares are subject to the risk that the price of our Shares could fall before trading begins as a result of adverse market conditions or other adverse developments, that could occur between the time of sale and the time trading begins.

Shareholders and investors could face difficulties in protecting their interests because our Company was incorporated under the laws of the Cayman Islands and these laws could provide different protections to minority Shareholders than the laws of Hong Kong.

Our corporate affairs are governed by the Memorandum and the Articles and by the Companies Law and common law of the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders could differ in some respects from those established under statutes or judicial precedent in existence in Hong Kong, Such differences could mean that the minority Shareholders could have different protections than they would have under the laws of Hong Kong.

Facts, forecasts and statistics in this document relating to the PRC economy and the education industry may not be fully reliable.

Facts, forecasts and statistics in this document relating to the PRC, the PRC economy, the education industry in China, the PRC higher education market and the private education markets in the PRC and certain provinces are obtained from various sources including official government publications that we believe are reliable, as well as from a report prepared by Frost & Sullivan commissioned by us. However, we cannot guarantee the quality or reliability of these sources. Neither we, the Sole Global Coordinator, the Sole Sponsor, the Underwriters nor our or their respective affiliates or advisers have verified the facts, forecasts and statistics nor ascertained the underlying economic assumptions relied upon in those facts, forecasts and statistics obtained from these sources. Due to possibly flawed or ineffective collection methods or discrepancies between published information and factual information and other problems, the statistics in this document relating to the PRC, the PRC economy, the education industry in China, the PRC higher education market and the private education market in the PRC and the regions where we operate may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. As such, no representation as to the accuracy of such facts, forecasts and statistics obtained from various sources is made. Moreover, these facts, forecasts and statistics involve risk and uncertainties and are subject to change based on various factors and should not be unduly relied upon. Further, there can be no assurances that they are stated or compiled on the same basis or with the same degree of accuracy, as may be the case in other countries.

We cannot guarantee the accuracy of facts and other statistics with respect to certain information obtained from the Frost & Sullivan Report contained in this prospectus.

Certain facts and statistics in this prospectus, including but not limited to information and statistics relating to the PRC private education industry, are based on the Frost & Sullivan Report or are derived from various publicly available publications, which our Directors believe to be reliable.

We cannot, however, guarantee the quality or reliability of such facts and statistics. Although we have taken reasonable care to ensure that the facts and statistics presented are accurately extracted and reproduced from such publications and the Frost & Sullivan Report, they have not been independently verified by us, the Sole Global Coordinator, the Underwriters or any other party involved in the Global Offering and no representation is given as to its accuracy. We therefore make no representation as to the accuracy of such facts and statistics which may not be consistent with other information complied by other sources and prospective investors should not place undue reliance on any facts and statistics derived from public sources or the Frost & Sullivan Report contained in this prospectus.

The offer period for the Hong Kong Public Offering will last for sixteen days and the Global Offering will not proceed if the Offer Price is not agreed or the obligation of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement is terminated.

The period between the commencement of the Hong Kong Public Offering (Friday, December 21, 2018) and the close of application lists (Friday, January 11, 2019) will last for sixteen days (excluding Sundays and public holidays). The Offer Price is expected to be determined on Friday, January 11, 2019, and if, for any reason, the Offer Price is not agreed between the Sole Global Coordinator (on behalf of the Underwriters) and the Company on or before Wednesday, January 16, 2019, the Global Offering will not proceed and will lapse. In addition, pursuant to the termination provisions contained in the Hong Kong Underwriting Agreement in respect of the Hong Kong Offer Shares, the Sole Global Coordinator, on behalf of the Hong Kong Underwriters, has the right in certain circumstances, in its absolute discretion, to terminate the obligation of the Hong Kong Underwriters pursuant to the Hong Kong Underwriting Agreement at any time prior to 8:00 a.m. on the Listing Date. See "Underwriting — Underwriting Arrangements and Expenses — Grounds for Termination."

You should read the entire document carefully, and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding us or the Global Offering.

There may be, subsequent to the date of this document but prior to the completion of the Global Offering, press and media coverage regarding us and the Global Offering, which may contain, among other things, certain financial information, projections, valuations and other forward-looking information about us and the Global Offering. We have not authorized the disclosure of any such information in the press or media and do not accept responsibility for the accuracy or completeness of such press articles or other media coverage. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations or other forward-looking information about us. To the extent such statements are inconsistent with, or conflict with, the information contained in this document, we disclaim responsibility for them. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of the information contained in this document only and should not rely on any other information.

You should rely solely upon the information contained in this document, the Global Offering and any formal announcements made by us in Hong Kong in making your investment decision regarding our Shares. We do not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding our Shares, the Global Offering or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such data or publication. Accordingly, prospective investors should not rely on any such information, reports or publications in making their decisions as to whether to invest in our Global Offering. By applying to purchase our Shares in the Global Offering, you will be deemed to have agreed that you will not rely on any information other than that contained in this document and the Global Offering.

MANAGEMENT PRESENCE

According to Rule 8.12 of the Listing Rules, an issuer must have a sufficient management presence in Hong Kong and in normal circumstances, at least two of the issuer's executive directors must be ordinarily resident in Hong Kong.

Our executive Directors and senior management are based in the PRC and are expected to continue to be based in the PRC. In addition, substantially all our assets are based in the PRC and our headquarter, core business and operations are primarily located, managed and conducted in the PRC. As each of our executive Directors has a vital role in our business and operations, it is of paramount importance for them to remain to be based in the PRC and physically close to our operation. Relocation of our executive Directors to Hong Kong will be burdensome and costly for our Company as it will require time to process the application for residency in Hong Kong. Moreover, it may not be in the best interest of our Company and Shareholders as a whole to appoint additional executive Directors who are ordinarily resident in Hong Kong for the sole purpose of satisfying the management presences requirements as such arrangement will increase our administrative expenses and reduce the effectiveness and responsiveness of the Board in making decisions. Our Company currently does not, and in the foreseeable future will not, have executive Directors who are ordinarily residents in Hong Kong. Therefore, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from compliance with Rule 8.12 of the Listing Rules on the following conditions:

(1) We have appointed two authorized representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our principal channel of communication with the Stock Exchange and ensure that we will comply with the Listing Rules at all times. The two authorized representatives appointed are Mr. Tian, our executive Director and joint company secretary and Mr. Wan Chi Hei ("**Mr. Wan**"), our chief financial officer and joint company secretary. Mr. Wan is ordinarily resident in Hong Kong. Although Mr. Tian resides in the PRC, he possesses valid travel documents and is able to renew such travel documents when they expire in order to visit Hong Kong. Each of the authorized representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and e-mail (if applicable). Each of the authorized representatives will be authorized to communicate on our behalf with the Stock Exchange. We will keep the Stock Exchange up to date in respect of any change to such details.

(2) Each of the authorized representatives has means to contact all of our Directors (including our independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact our Directors for any matters. To enhance communication between the Stock Exchange, the authorized representatives and our Directors, we will implement a policy that (a) each Director will have to provide his or her office phone number, mobile phone number, fax number and e-mail address (if applicable) to our authorized representatives; (b) in the event that a Director expects to travel or is otherwise out of office, he or she will endeavor to provide the phone number of the place of his or her accommodation to the authorized representatives or maintain an open line of communication via his or her mobile phone; and (c) each of our Directors and authorized representatives will provide their respective mobile phone numbers, office telephone

numbers, fax numbers and e-mail addresses (if applicable) to the Stock Exchange. In addition, each of our Directors (including our independent non-executive Directors) not ordinarily resident in Hong Kong has confirmed that he/she possesses or can apply for valid travel documents to visit Hong Kong and will be able to meet with the relevant officers of the Stock Exchange within a reasonable period of time, when required.

(3) In compliance with Rule 3A.19 of the Listing Rules, we have appointed Somerley Capital Limited as our compliance advisor which has access at all times to the authorized representatives, our Directors, senior management and other officers and will act as the additional channels of communication with the Stock Exchange. The authorized representatives, our Directors, senior management and other officers will provide promptly such information and assistance as the compliance advisor may reasonably require in connection with the performance of the compliance advisor's duties as set forth in Chapter 3A of the Listing Rules. There will be adequate and efficient means of communication between our Company, the authorized representatives, our Directors and other officers and the compliance advisor, and to the extent reasonably practicable and legally permissible, we will keep the compliance advisor informed of all communications and dealings between our Company and the Stock Exchange.

(4) Meetings between the Stock Exchange and our Directors could be arranged through the authorized representatives or the compliance advisor, or directly with our Directors within a reasonable time frame. We will inform the Stock Exchange as soon as practicable in respect of any change of authorized representatives and/or the compliance advisor.

JOINT COMPANY SECRETARIES

According to Rules 3.28 and 8.17 of the Listing Rules, the secretary of our Company must be a person who has the requisite knowledge and experience to discharge the functions of the company secretary and is either (i) a member of the Hong Kong Institute of Chartered Secretaries, a solicitor or barrister as defined in the Legal Practitioners Ordinance or a certified public accountant as defined in the Professional Accountants Ordinance, or (ii) an individual who, by virtue of his academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

We have appointed Mr. Tian and Mr. Wan as our joint company secretaries. Since Mr. Tian does not possess a qualification stipulated in Rules 3.28 of the Listing Rules, he is not able to solely fulfill the requirements as a company secretary of a listed issuer stipulated under Rules 3.28 and 8.17 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules in relation to the appointment of Mr. Tian as our joint company secretary. In order to provide support to Mr. Tian, we have appointed Mr. Wan, as a joint company secretary to provide assistance to Mr. Tian, for a three-year period from the Listing Date so as to enable him to acquire the relevant experience (as required under Rule 3.28(2) of the Listing Rules) to duly discharge his duties.

Such waiver will be revoked immediately if and when Mr. Wan ceases to provide such assistance. We will liaise with the Stock Exchange before the end of the three-year period to enable it to assess whether Mr. Tian, having had the benefit of Mr. Wan's assistance for three years, will have acquired relevant experience within the meaning of Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

CONTINUING CONNECTED TRANSACTIONS

We have entered into certain transactions which would constitute continuing connected transactions for our Company under the Listing Rules after Listing. We have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver in relation to certain continuing connected transactions between us and our connected persons under Chapter 14A of the Listing Rules for such continuing connected transactions. For further details, see "Connected Transactions" in this prospectus.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with Companies (WUMP) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information about our Group. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

INFORMATION ON THE GLOBAL OFFERING

The Global Offering is made solely on the basis of the information contained and the representations made in this prospectus and the related Application Forms. No person is authorized in connection with the Global Offering to give any information or to make any representation not contained in this prospectus and the related Application Forms, and any information or representation not contained herein much not be relied upon as having been authorized by our Company, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Sole Sponsor, the Underwriters, any of their respective directors, officers, representatives or affiliates of any of them or any other person or party involved in the Global Offering.

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this prospectus and the related Application Forms contain the terms and conditions of the Hong Kong Public Offering. The Listing is sponsored by the Sole Sponsor. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters subject to the terms and conditions of the Hong Kong Underwriting Agreement, and the International Offering is expected to be fully underwritten by the International Underwriters subject to the terms and conditions of the International Underwriting Agreement. The Global Offering is subject to our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) agreeing on the Offer Price.

The Global Offering is managed by the Sole Global Coordinator. If, for any reasons, the Offer Price is not agreed upon between our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) on or around Wednesday, January 16, 2019, the Global Offering will not proceed and will lapse. For further details, please see "Underwriting" in this prospectus.

Further information about the Underwriters and the underwriting arrangements is set forth in "Underwriting" in this prospectus.

Neither the delivery of this prospectus nor any offering, sale or delivery made in connection with the Shares should, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as of any date subsequent to the date of this prospectus.

RESTRICTIONS ON OFFER AND SALE OF OFFER SHARES

No action has been taken to permit a public offering of the Offer Shares, other than in Hong Kong, or the distribution of this prospectus and the related Application Forms in any jurisdiction other than Hong Kong. Accordingly, and without limitation to the following, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions and pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

Each person acquiring the Offer Shares will be required to, or be deemed by his acquisition of Offer Shares, to confirm, that he is aware of the restrictions on offers and sale of the Offer Shares described in this prospectus and that he is not acquiring, and has not been offered any Offer Shares in circumstances contravene any such restrictions.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

Our Company has applied to the Listing Committee for the granting of the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including the additional Shares which may be issued pursuant to the exercise of the Over-allotment Option, Shares to be issued under the Capitalization Issue and Shares which may be issued pursuant to the exercise of options which may be granted under the Share Option Scheme). Save as disclosed in this prospectus, no part of the share or loan capital of our Company is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

Under section 44B(1) of the Companies Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the Offer Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by the Stock Exchange.

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealing in the Shares on the Stock Exchange are expected to commence at 9:00 a.m. on Friday, January 18, 2019. Shares will be traded in board lots of 2,000.

The stock code for the Shares is 1851.

Our Company will not issue any temporary documents of title.

REGISTER OF MEMBERS AND STAMP DUTY

All Offer Shares subscribed for and issued pursuant to applications made in the Global Offering will be registered on our Company's branch register of members to be maintained in Hong Kong by our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited. Our Company's principal register of members will be maintained in the Cayman Islands by Conyers Trust Company (Cayman) Limited at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. Only Shares registered on our Company's branch register of members maintained in Hong Kong may be traded on the Stock Exchange.

No stamp duty is payable by applicants in the Global Offering.

Dealings in Offer Shares registered in the branch register of members of our Company maintained in Hong Kong will be subject to Hong Kong stamp duty.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisors if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding, disposing of and dealing in the Offer Shares. None of our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, officers, representatives or affiliates or any other person or party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchase, holding or disposition of Offer Shares.

For potential investors who are non-PRC resident enterprises, please also see "Risk Factors — Risks Relating to Doing Business in China" and "Regulatory Overview" in this prospectus for further details.

PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES

The procedures for applying for Hong Kong Offer Shares are set out in "How to Apply for Hong Kong Offer Shares" in this prospectus and on the relevant Application Forms.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

Details of the structure and conditions of the Global Offering, including its conditions, are set out in "Structure and Conditions of the Global Offering" and "How to Apply for Hong Kong Offer Shares — 4. Terms and Conditions of an Application" in this prospectus.

ROUNDING

Certain monetary amounts and percentage figures included in this prospectus have been subject to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

OVER-ALLOTMENT OPTION AND STABILIZATION

For details of the arrangements relating to the Over-allotment Option and stabilization, please see "Structure and Conditions of the Global Offering — Over-allotment Option" and "Structure and Conditions of the Global Offering — Stabilization Action" in this prospectus.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of listing of, and permission to deal in, the Shares on the Stock Exchange as well as the compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or on any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional advice for details of these settlement arrangements and how such arrangements will affect their rights and interests.

All necessary arrangements have been made for the Shares to be admitted into CCASS.

CURRENCY TRANSLATIONS

Unless otherwise specified, amounts denominated in RMB and US$ have been translated, for the purpose of illustration only, into Hong Kong dollars in this prospectus at the following rates:

- HK$1.00: RMB0.8830, being the rate of People's Bank of China prevailing on December 11, 2018;
- RMB6.8733: US$1.00, being the rate of Federal Reserve Bank of New York prevailing on December 7, 2018.

No representation is made that any amounts in RMB, US$ or HK$ can be or could have been at the relevant dates converted at the above rates or any other rates or at all.

WEBSITE

The contents of any website mentioned in this prospectus do not form a part of this prospectus.

OTHER

If there is any inconsistency between the English prospectus and the Chinese prospectus, the English prospectus shall prevail. Names of any laws and regulations, governmental authorities, institutions, natural persons or other entities (including certain of our subsidiaries) which have been translated into English and included in this prospectus and for which no official English translation exists are unofficial translations for your reference only.

DIRECTORS

Name	Address	Nationality
Executive Directors		
Fang Gongyu	E-23, Longzhu Yuan Jinguan Xincheng East 12 Xinxiwang Road Wuhou District Chengdu, Sichuan Province PRC	Chinese
Tian Tao	Room 603, Unit 1, Building 1 Poly Beisen Residence 36 Beisen Road Qingyang District Chengdu, Sichuan Province PRC	Chinese
Yu Yuan	Room 3, 27/F, Unit 1 Building 1 No. 758, Liucheng Renhe Road Wenjiang District Chengdu, Sichuan Province PRC	Chinese
Liu Dan	Room 503A, Unit 2 148 West Section One First Ring Road Qingyang District Chengdu, Sichuan Province PRC	Chinese

Name	Address	Nationality
Independent non-executive Directors		
Jiang Qian	Flat B, 3/F, Block 1 1 Coronation Terrace Midlevels Hong Kong	Chinese
Yuan Jun	Room 5c, Block 3 Yuhu Bay Garden Xixiang Road Baoan District Shenzhen, Guangdong Province PRC	Chinese
Chong Man Hung Jeffrey	Flat E 48/F Tower 15 88 O King Road, Phase 3 Ocean Shores Tseung Kwan O New Territories Hong Kong	Chinese

For further information about our Directors, see "Directors and Senior Management" in this prospectus.

PARTIES INVOLVED IN THE GLOBAL OFFERING

Sole Sponsor	**China Securities (International) Corporate Finance Company Limited** 18/F, Two Exchange Square 8 Connaught Place Central Hong Kong
Sole Global Coordinator	**China Securities (International) Corporate Finance Company Limited** 18/F, Two Exchange Square 8 Connaught Place Central Hong Kong

Joint Bookrunners	**China Securities (International) Corporate Finance Company Limited** 18/F, Two Exchange Square 8 Connaught Place Central Hong Kong **First Shanghai Securities Limited** 19/F., Wing On House 71 Des Voeux Road Central Central Hong Kong **Aristo Securities Limited** Room 101, 1st Floor, On Hong Commercial Building 145 Hennessy Road Wanchai Hong Kong
Joint Lead Managers	**China Securities (International) Corporate Finance Company Limited** 18/F, Two Exchange Square 8 Connaught Place Central Hong Kong **First Shanghai Securities Limited** 19/F., Wing On House 71 Des Voeux Road Central Central Hong Kong **Aristo Securities Limited** Room 101, 1st Floor, On Hong Commercial Building 145 Hennessy Road Wanchai Hong Kong

Legal advisors to the Company

As to Hong Kong law:
Sidley Austin
39th Floor, Two International Finance Centre
8 Finance Street
Central
Hong Kong

As to PRC law:
Commerce & Finance Law Offices
6/F NCI Tower
A12 Jianguomenwai Avenue
Beijing
PRC

As to Cayman Islands law:
Conyers Dill & Pearman
Cricket Square
Hutchins Drive
Po Box 2681
Grand Cayman KY1-1111
Cayman Islands

Legal advisors to the Sole Sponsor and the Underwriters

As to Hong Kong law:
Wilson Sonsini Goodrich & Rosati
Suite 1509, 15/F, Jardine House
1 Connaught Place
Central
Hong Kong

As to PRC law:
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33/36/37F, SK Tower
6A Jianguomenwai Avenue
Chaoyang District
Beijing ,100022
PRC

Reporting accountant

PricewaterhouseCoopers
Certified Public Accountants
22nd Floor, Prince's Building
Central
Hong Kong

Property Valuer	**Jones Lang Lasalle Corporate Appraisal and Advisory Limited** 6/F, Three Pacific Place 1 Queen's Road East Admiralty Hong Kong
Industry Consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** 1018, Tower B 500 Yunjin Road Shanghai, 200232 PRC
Tax Advisor	**Beijing Anshen Tax Agent Co., Ltd.** 601, Building 3 No. A6 Shuguang West Lane Chaoyang District Beijing PRC
Receiving bank	**Bank of China (Hong Kong) Limited** 1 Garden Road Hong Kong

Registered office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Principal place of business and headquarters in China	2 Jinli Zhonglu Qingyang District Chengdu, Sichuan Province PRC
Principal place of business in Hong Kong	31/F., 148 Electric Road North Point Hong Kong
Company's website	www.chinagingkoedu.com *(the information contained on this website does not form part of this prospectus)*
Joint company secretaries	Mr. Tian Tao Room 603, Unit 1, Building 1 Poly Beisen Residence 36 Beisen Road Qingyang District Chengdu, Sichuan Province PRC Mr. Wan Chi Hei 31/F., 148 Electric Road North Point Hong Kong
Audit committee	Mr. Chong Man Hung Jeffrey *(Chairman)* Mr. Jiang Qian Mr. Yuan Jun
Remuneration committee	Mr. Jiang Qian *(Chairman)* Mr. Yuan Jun Ms. Yu Yuan
Nomination committee	Mr. Fang Gongyu *(Chairman)* Mr. Jiang Qian Mr. Yuan Jun
Authorized representatives	Mr. Tian Tao Room 603, Unit 1, Building 1 Poly Beisen Residence 36 Beisen Road Qingyang District Chengdu, Sichuan Province PRC

	Mr. Wan Chi Hei 31/F., 148 Electric Road North Point Hong Kong
Compliance advisor	Somerly Capital Limited 20/F, China Building 29 Queen's Road Central Hong Kong
Principal Share Registrar	Conyers Trust Company (Cayman) Limited Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Hong Kong Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Principal bankers	Postal Savings Bank of China Pi County Xipu Branch 35 Tianfu Road, Xipu Town, Pi County Chengdu, Sichuan Province PRC China Construction Bank Pi County Gaoxin Branch 8 Xingye South Street, Pi County Chengdu, Sichuan Province PRC China CITIC Bank Chengdu West Branch Building 2, 11 Lvyin Street Gaoxing District (West District) Chengdu, Sichuan Province PRC

Certain information and statistics set out in this section and elsewhere in this prospectus relating to the private higher education industries in China are derived from the market research report prepared by Frost & Sullivan, an independent industry consultant which was commissioned by us (the "Frost & Sullivan"). The information extracted from the Frost & Sullivan Report should not be considered as a basis for investments in the Offer Shares or as an opinion of Frost & Sullivan as to the value of any securities or the advisability of investing in our Company. We believe that the sources of such information and statistics are appropriate for such information and statistics and have taken reasonable care in extracting and reproducing such information and statistics. We have no reason to believe that such information and statistics are false or misleading or that any fact has been omitted that would render such information and statistics false or misleading in any material respect. No independent verification has been carried out on such information and statistics by us, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or any other parties involved in the Global Offering (other than Frost & Sullivan) or their respective directors, officers, employees, advisers, or agents, and no representation is given as to the accuracy or completeness of such information and statistics. Accordingly, you should not place undue reliance on such information and statistics.

Unless and except for otherwise specified, the market and industry information and data presented in this Industry Overview section is derived from the Frost & Sullivan Report.

SOURCES OF INFORMATION

We commissioned Frost & Sullivan, an independent market research consulting firm which is principally engaged in the provision of market research consultancy services, to conduct a detailed analysis of China's education market, China's private education market, China's private higher education market and competitive landscape of China's private higher education market analysis and other economic data.

During the preparation of the Frost & Sullivan Report, Frost & Sullivan performed both primary and secondary research, and obtained knowledge, statistics, information and industry insights on the industry trends of the PRC education market, the private higher education market in China and Sichuan Province and the private hospitality management higher education market in China and Sichuan Province. Primary research involved discussing the status of the industry with leading industry participants and industry experts. Secondary research involved reviewing annual reports of companies, independent research reports and Frost & Sullivan's proprietary database.

The Frost & Sullivan Report was compiled based on the following assumptions: (i) China's economy is likely to maintain steady growth in the next decade; (ii) China's social, economic and political environment is likely to remain stable during the forecast period from 2018 to 2022; and (iii) the market drivers, such as the attention on children's education by the Chinese households, support from the central and local governments, improved investment on private education of the entire Chinese society, and the increase of income and personal wealth, are likely to drive China's private higher education market.

Frost & Sullivan is an independent global consulting firm, which was founded in New York in 1961. It offers industry research and market strategies, and provides growth consulting and corporate training. We are contracted to pay a fee of RMB450,000 to Frost & Sullivan in connection with the preparation of the Frost & Sullivan Report. We have extracted certain information from the Frost & Sullivan Report in this section, as well as in the sections headed "Summary," "Risk Factors," "Business," "Financial Information" and elsewhere in this prospectus to provide our potential investors with a more comprehensive presentation of the industries in which we operate. Our Directors confirm to the best of their knowledge, and after making reasonable enquiries, that there have been no adverse changes in the industry since the date of the Frost & Sullivan Report which may qualify, contradict or have an impact on the information set out in this section.

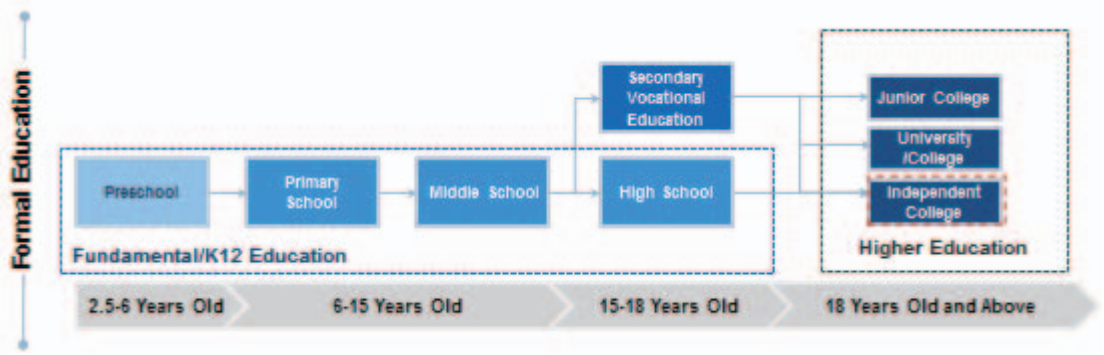
OVERVIEW OF THE EDUCATION INUDSTRY AND HIGHER EDUCATION INDUSTRY IN CHINA

China's regular education system can be generally categorized into formal and informal education. The formal education system provides students with the opportunity to obtain official certificates from the PRC government, whereas the informal education system merely enables students to obtain completion certificates for the training and learning courses they take, which may not be officially recognized in China.

Formal education comprises fundamental education, which includes education from preschool to high school, secondary vocational education and higher education. Formal higher education can be provided by either junior college (專科院校) or undergraduate institution (本科院校) granting different diplomas/degrees.

This section only covers the formal higher education industry in China. The following diagram illustrates the composition of the PRC formal education system. Our college is one of the undergraduate institutions and our core business is to provide higher education service.

Illustration of China's Education System



Yinxing College is categorized as an independent college.

Source: Frost & Sullivan Analysis

Notes:

* within formal education system, the illustration only covers regular formal education, while adult education, which belongs to formal education according to MOE's classification, is not specifically covered.

(1) Schools with a school education level of higher vocational college would be considered as junior colleges.

(2) Undergraduate institution includes both regular university/college and independent colleges.

THE PRIVATE HIGHER EDUCATION INDUSTRY IN CHINA

Overview of Private Higher Education

The private higher education industry in China has experienced rapid growth in recent years, according to the Frost & Sullivan Report. Private higher education institutions in China can be divided into two categories, namely, private undergraduate institutions (民辦本科學校) and private junior colleges (民辦專科學校). Further, private undergraduate institutions can be divided into private regular universities/colleges (民辦普通大學/學院) and independent colleges (獨立學院).

Total Revenue of Private Higher Education in China

According to the Frost & Sullivan Report, total revenue of private higher education industry (民協學歷高等教育經費總收入) has been calculated by aggregating total PRC government public expenditures allocated to schools in the PRC private higher education industry by the central government and local governments, funding provided to private schools by investors, revenues generated from donations to and fundraising by schools, revenues generated by schools from teaching, research and other activities (such as tuition and school-run businesses), and other educational funding or school revenues.

From 2013 to 2017, the total revenue of private higher education industry increased from approximately RMB77.9 billion to approximately RMB103.7 billion, representing a CAGR of approximately 7.4%. In 2017, the total revenue of private and public higher education industry accounted for approximately 9.8% and 91.2% of the total revenue of higher education industry, respectively. And for the years from 2017 to 2022, the total revenue of private higher education industry is expected to increase from approximately RMB103.7 billion to approximately RMB149.6 billion, representing a CAGR of approximately 7.6%.

Total Number of Student Enrollments in Private Higher Education in China

According to the Frost & Sullivan Report, from 2013 to 2017, the number of student enrollments in private higher education increased from approximately 5.6 million to approximately 6.8 million, representing a CAGR of approximately 4.7%. For the years from 2017 to 2022, the number of student enrollments in private higher education is expected to observe continuous growth and increase from approximately 6.8 million to approximately 8.3 million, representing a CAGR of approximately 4.3%.

The number of students enrolled in private higher education as a percentage of the higher education market in China has increased from approximately 21.1% in 2013 to approximately 22.8% in 2017, indicating that more students have chosen to attend private higher education institutions instead of public schools. Such trend is likely to continue as such ratio is expected to reach approximately 24.5% in 2022, according to the Frost & Sullivan Report. Correspondingly, the number of students enrolled in public higher education as a percentage of the higher education market in China decreased from approximately 78.9% in 2013 to approximately 77.2% in 2017 and is expected to further decrease to approximately 75.5% in 2022.

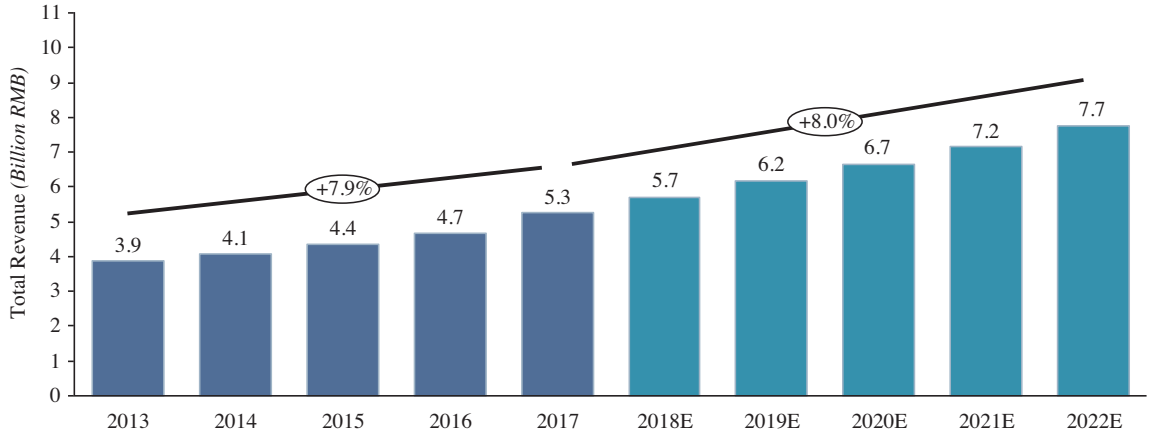
Average Tuition Fee and Teachers' Salary

According to the Frost & Sullivan Report, (i) the average tuition fee per student of private higher education in China is expected to increase by a CAGR of 2.9% from 2017 to 2022; and (ii) the average tuition fee per student of public higher education in China is expected to remain the current level as the revenue of public higher education is mainly from state financial appropriation. According to the Frost & Sullivan Report, the average teachers' salary of higher education market in China is expected to increase by a CAGR of 10.0% from 2017 to 2022.

OVERVIEW OF PRIVATE HIGHER EDUCATION INDUSTRY IN SICHUAN PROVINCE

According to the Frost & Sullivan Report, Sichuan Province is in short of higher education resources, especially in public sector. The shortage of public higher education resources in Sichuan Province has boosted the development of private higher education. The total revenue of private higher education industry in Sichuan Province has attained a higher growth rate than overall China. The total revenue has increased from approximately RMB3.9 billion in 2013 to approximately RMB5.3 billion in 2017, representing a CAGR of approximately 7.9%, and is expected to reach RMB7.7 billion in 2022, representing a CAGR of approximately 8.0% from 2017. According to the Frost & Sullivan Report, the total revenue of private and public higher education industry in Sichuan Province accounted for approximately 11.4% and 88.6%, respectively, of the total revenue of higher education industry in Sichuan Province in 2017.

Total Revenue of Private Higher Education Industry (Sichuan Province), 2013-2022E



Source: Frost & Sullivan Analysis

Total student enrollments in private higher education in Sichuan Province showed a higher growth rate than overall China. According to the Frost & Sullivan Report, the total number of student enrollment in the private higher education institutions has increased from approximately 0.3 million in 2013 to approximately 0.4 million in 2017, representing a CAGR of approximately 8.6%, and is expected to reach approximately 0.6 million in 2022, representing a CAGR of approximately 7.1% from 2017.

As a whole, penetration rate of private higher education in Sichuan Province had increased over the past five years from 2013 to 2017 and were higher than the national average level. The number of students enrolled in private higher education as a percentage of the higher education market in Sichuan Province has increased from approximately 23.0% in 2013 to approximately 27.1% in 2017 and is expected to reach approximately 31.7% in 2022, according to the Frost & Sullivan Report. Correspondingly, the number of students enrolled in public higher education as a percentage of the higher education market in Sichuan Province had decreased from approximately 77.0% in 2013 to approximately 72.9% in 2017 and is expected to further decrease to approximately 68.3% in 2022, according to the Frost & Sullivan Report.

According to the Frost & Sullivan Report, (i) the average tuition fee per student of private higher education in Sichuan Province is expected to increase by a CAGR of approximately 1.7% from 2017 to 2022; and (ii) the average tuition fee per student of public higher education in Sichuan Province is expected to remain the current level as the revenue of public higher education is mainly from state financial appropriation. According to the Frost & Sullivan Report, the average teachers' salary of higher education market in Sichuan Province is expected to increase by a CAGR of approximately 10.9% from 2017 to 2022.

OVERVIEW OF CHINA'S PRIVATE HOSPITALITY MANAGEMENT HIGHER EDUCATION

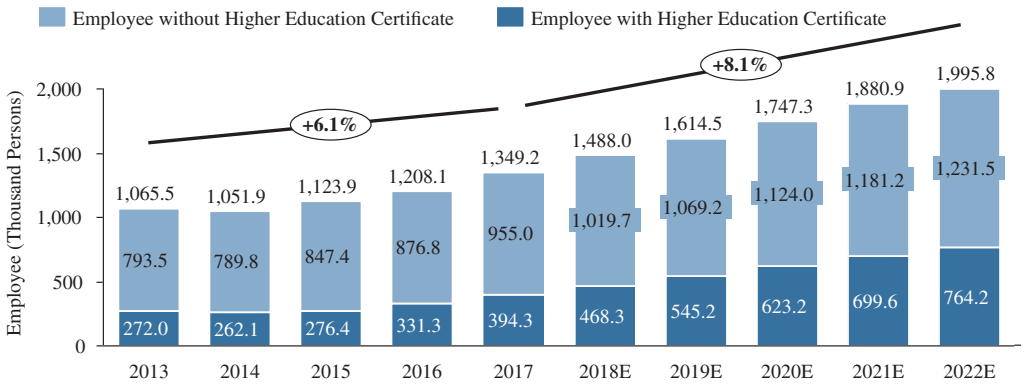
Market Size of High-end Hotel Market in China and the Demand for Trained Personnel

As major international hotel groups speed up their business expansion in China, the total number of high-end hotels increased at a CAGR of approximately 5.7% from approximately 3,500 in 2013 to approximately 4,400 in 2017. Looking forward, there are still plenty of high-end hotels are under construction or planned to be opened in the next five years. It is expected that the total number of high-end hotels will keep increasing from approximately 4,400 in 2017 to approximately 6,500 in 2022, representing a CAGR of approximately 8.1%.

According to the Frost & Sullivan Report, the revenue of high-end hotels in China increased from approximately RMB203.0 billion in 2013 to approximately RMB315.7 billion in 2017, representing a CAGR of approximately 11.7%, and is expected to reach approximately RMB596.0 billion in 2022, representing a CAGR of approximately 13.5% from 2017.

According to the Frost & Sullivan Report, the total number of employees in high-end hotel increased by approximately 283,700 from 2013 to 2017, representing a CAGR of approximately 6.1%. In the same period, the number of employees with higher education certificate in the high-end hotel market increased by approximately 122,300, from 272,000 in 2013 to 394,300 in 2017 representing a CAGR of approximately 9.7%. In 2017, the number of employees with higher education certificate accounts for approximately 29.2% of the total employees in the high-end hotel market. The total number of employees is expected to reach approximately 2.0 million in 2022, among which approximately 764,200 persons are qualified with higher education certificate.

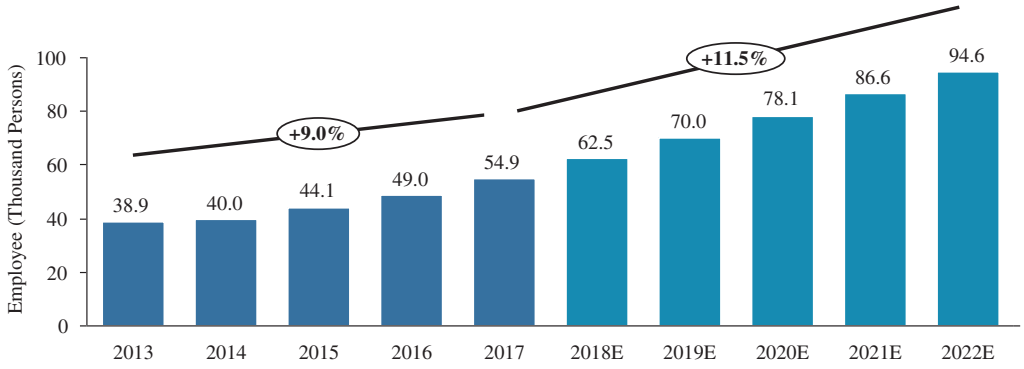
Number of Employees in High-end Hotel Industry (China), 2013-2022E



Source: Frost & Sullivan Analysis

According to the Frost & Sullivan Report, from 2013 to 2017, the number of management personnel with higher education certificate in the high-end hotel market increased from approximately 38,900 to approximately 54,900, representing a CAGR of approximately 9.0%. In 2017, the number of management personnel with higher education certificate only accounts for approximately 4.1% of the total employees in the high-end hotel markets. The number is expected to reach approximately 94,600 in 2022, representing a CAGR of approximately 11.5% from 2017. According to the Frost & Sullivan Report, the expected growth is attributable to the greater emphasis on employees' education background in the high-end hotel industry.

Management Personnel with Higher Education Certificate in High-end Hotel Industry (China), 2013-2022E

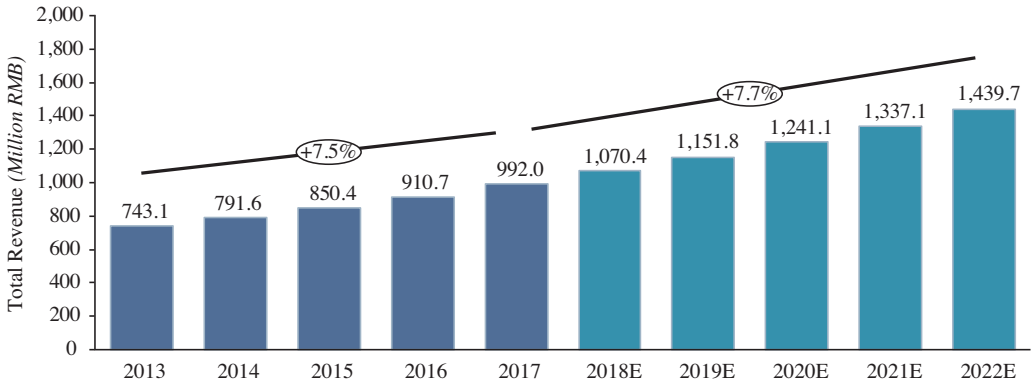


Source: Frost & Sullivan Analysis

Market Size of Private Hospitality Management Higher Education Industry in China

The total revenue of private hospitality management higher education industry in China enjoyed a steady growth in the past five years. The revenue of private hospitality management higher education industry increased from approximately RMB743.1 million in 2013 to approximately RMB992.0 million in 2017, representing a CAGR of approximately 7.5%. It is expected that the total revenue will continue to grow at a CAGR of approximately 7.7% from 2017 to 2022 and reach approximately RMB1,439.7 million in 2022, according to the Frost & Sullivan Report. The growth rate is higher than the growth rate of private higher education industry in China.

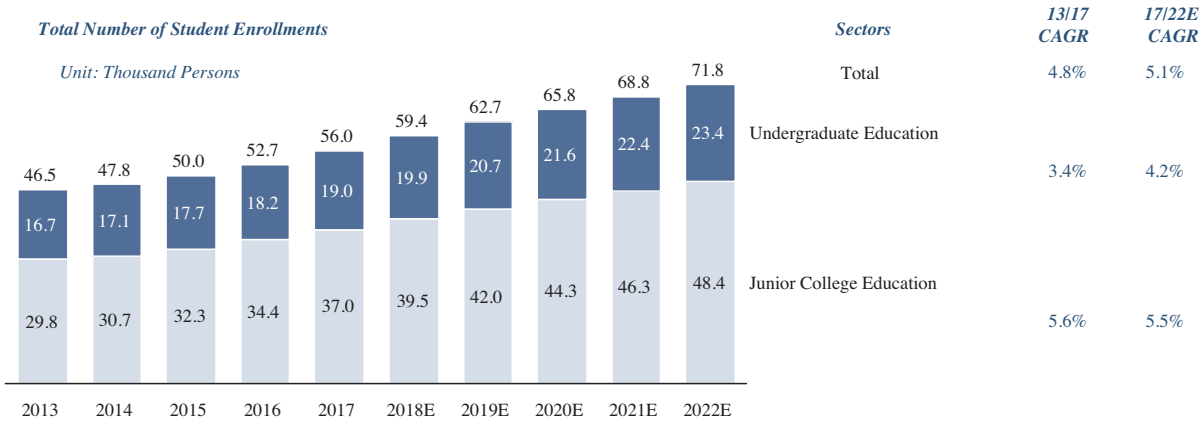
Total Revenue of Private Hospitality Management Higher Education Industry (China), 2013-2022E



Source: Frost & Sullivan Analysis

Total student enrollments in private hospitality management higher education in China continued to increase in the past five years. Total number of student enrollments in private hospitality management higher education in China has increased from approximately 46,500 in 2013 to approximately 56,000 in 2017, representing a CAGR of approximately 4.8%, and is expected to grow at a CAGR of approximately 5.1% from 2017 and reach approximately 71,800 in 2022.

Total Number of Student Enrollments in Private Hospitality Management Higher Education (China), 2013-2022E



Source: Frost & Sullivan Analysis

Market Drivers of Private Hospitality Management Higher Education in China

According to the Frost & Sullivan Report, the development of the private hospitality management higher education in China is primarily driven by the following factors.

- ***Fast Development of High-End Hotels in China***: In recent years, the high-end hotel market in China has enjoyed fast growth, which indicates a strong demand for talents with the relevant skills and expertise and promotes the demand for hospitality management education;

- ***Increasing Demand for Hospitality Management Professionals***: Compared with ordinary hotels, the high-end hotels have a stronger demand for high-end personnel and emphasize on the employees' education background when hiring, which propells the demand for hospitality management higher education;

- ***Increasing Cooperation between Hotel Groups and Schools***: The development of the high-end hotel market and the increase in the demand for professional hotel personnel have given rise to the cooperation between hotel groups and universities, which promoted the effectiveness of the hospitality management higher education;

- ***Government Support***: The Chinese government has released several policies to support private higher education and foster the integration between talent cultivation and related industries, such as the *Law for Promoting Private Education of People's Republic of China* (《民辦教育促進法》) and the *Opinions of the General Office of the State Council on Deepening the Integration of Education and Related Industries* (《國務院辦公廳關於深化產教融合的若干意見》). For more information, see "Regulatory Overview — Regulations on Private Education in the PRC;"

- ***Increasing Demand for Higher Education***: The increasing income, the improving living conditions and the growing awareness of the importance of higher education give rise to a strong demand for higher education. While the development of public higher education is relatively slow, private higher education filled in the gap between the increasing demand and the relatively limited supply of educational resources;

- ***Increasing Development of Private Higher Education***: With policy support and increasing resource, the private higher education has been continuously improving. Private education that focuses on professional education is expanding its profile and increasing the level of specialization. Such developments are expected to attract more students and drive the growth of the market.

Entry Barriers of Private Hospitality Management Higher Education in China

According to the Frost & Sullivan Report, entry barriers of private hospitality management higher education in China are the following:

- ***Approval of the Government***: The lengthy and complicated process to obtain and maintain a series of approvals, licences and permits from relevant PRC government to establish a private school becomes a natural barrier for new entrants.

- ***Sufficient Initial Capital and Durative Investment***: The establishment of a new school requires large capital investment for the construction of teaching facilities and continuous investment to support the operation and expansion. The new entrants must have sufficient capital and be able to afford the intensive initial investment and the durative additional investment.

- ***Land Resource and Relevant Facilities***: With the tight supply of available land resource and the rising rental cost, the availability of land resource for school facilities has become one of the entry barriers for new entrants to established new schools.

- ***Qualified Teachers***: Teachers with industry experience and know-how are in great demand in the private hospitality management colleges. New entrants who are not able to access such resources would face challenge to catch up with the existing competitors in the market.

- ***Brand Awareness and Cooperation Relationship with Hotels***: Students have strong preference to attend a school with long operating history and well-established reputation, which are difficult to be established in short time and further impose obstacles for new entrants.

Competitive Landscape

By the end of 2017, there were 34 private higher education institutions in Sichuan Province, among which our college ranked 23 in terms of student enrollments.

Ranking of Private Higher Education Institutions in Sichuan in terms of Student Enrollments

Rank	University	Student Enrollments	Share
		Unit: Thousand Students	
1	Private Higher Education Iustitation I	23.5	5.6%
2	Private Higher Education Iustitation II	20.9	5.0%
3	Private Higher Education Iustitation III	19.0	4.5%
4	Private Higher Education Iustitation IV	19.0	4.5%
5	Private Higher Education Iustitation V	18.9	4.5%
23	Yinxing College	9.6	2.3%

Source: Frost & Sullivan Analysis

By the end of 2017, there were 746 private higher education institutions in China, among which 225 institutions had hospitality management majors. In terms of student enrollments of major in hospitality management, our college ranked at the second place among the 225 private higher education institutions in China.

Leading Players in terms of Student Enrollments of Major in Hospitality Management (China), 2017

Rank	University	Student Enrollments	Share
		Unit: Thousand Students	
1	Private Higher Education Institution A	3.5	6.2%
2	Yinxing College	1.2	2.2%
3	Private Higher Education Institution B	1.0	1.9%
4	Private Higher Education Institution C	1.0	1.7%
5	Private Higher Education Institution D	0.9	1.7%

Share of Top 5 Players: 13.7 %
Size: 56.0 thousands students

Source: Frost & Sullivan Analysis

Development Trends

According to the Frost & Sullivan Report, the development trends of the private hospitality management higher education in China include the following:

- ***Increasing student enrollment of hospitality management higher education program***: With the rising number of high-end hotels in China, the demand for talents with higher education certificates majored in hospitality management is likely to keep a steady growth in the future. At present, the public higher educational resources in China are relatively limited. In order to meet the growing demand for talents in China's high-end hotels markets, the student enrollment in private hospitality management higher educational programs is expected to enjoy a steady growth in the future.

- ***More in-depth cooperation with high-end hotel***: In order to provide more employment and internship opportunities for students, the private higher education institutions in China need to establish more in-depth school enterprise cooperation relationship with the high-end hotels. High-end hotels can enjoy the benefits of receiving more talents through the school-enterprise cooperation.

- ***Development of informal vocational training***: At present, the percentage of employees with higher education certificate in China's hospitality market is relatively low. Further development of China's hospitality industry requires more qualified talents. The demand provides an opportunity for the private higher education institutions that focus on hospitality management to provide informal vocational training programs. The training programs can enhance the professional skills of hotels' employees and increase the private higher education institutions' revenue.

PRC LAWS AND REGULATIONS RELATING TO FOREIGN INVESTMENT IN EDUCATION

Foreign Investment Industries Guidance Catalogue (Amended in 2017)

Pursuant to the Foreign Investment Industries Guidance Catalogue (Amended in 2017) (《外商投資產業指導目錄》(2017年修訂)), the "**Foreign Investment Catalogue**") which was amended and promulgated by the NDRC and the MOFCOM on June 28, 2017 and became effective on July 28, 2017, higher education is an restricted industry for foreign investors. Foreign investments in higher education institutions are only allowed in the form of sino-foreign cooperative education institutions in which the domestic party shall play a dominant role. This suggests that the principal or the chief executive officer of the schools shall be a PRC national and the representative of the domestic party shall account for no less than half of the total members of the board of directors, the executive council or the joint administration committee of the sino-foreign cooperative education institution. Sino-foreign cooperation in operating schools is specifically governed by the Regulation on Operating Sino-foreign Schools of the PRC (《中華人民共和國中外合作辦學條例》), which was promulgated by the State Council on March 1, 2003 and became effective on September 1, 2003 and amended on July 18, 2013, the Law for Promoting Private Education of the PRC (《中華人民共和國民辦教育促進法》), and the Implementing Rules for the Regulations on Operating Sino-foreign Schools (《中華人民共和國中外合作辦學條例實施辦法》), the "**Implementing Rules**"), which were issued by the MOE on June 2, 2004 and became effective on July 1, 2004.

The Regulation on Operating Sino-foreign Schools and its Implementing Rules apply to the activities of education institutions established in the PRC jointly by foreign education institutions and Chinese education institutions, the students of which are to be recruited primarily from PRC citizens. Substantial cooperation between overseas educational organizations with relevant qualifications and experience in providing high-quality education, and PRC educational organizations to jointly operate various types of schools in the PRC are encouraged, including in the higher and vocational educational sectors. The overseas educational organization must be a foreign education institution with relevant qualification and experience at the same level and in the same category of education. Our PRC Legal Advisor has advised that based on their current understanding and knowledge, it is uncertain as to what type of information (including the length and type of experience) a foreign investor must provide to the competent PRC government authority to demonstrate that it meets the qualification requirement.

On June 18, 2012, the MOE issued the Implementation Opinions of the MOE on Encouraging and Guiding the Entry of Private Capital in the Fields of Education and Promoting the Healthy Development of Private Education (《關於鼓勵和引導民間資金進入教育領域促進民辦教育健康發展的實施意見》) to encourage private investment and foreign investment in the field of education. According to these opinions, the proportion of foreign capital in a PRC-foreign education institution shall be less than 50%.

Draft Foreign Investment Law

On January 19, 2015, MOFCOM promulgated the Foreign Investment Law of the PRC (Draft for Comment) and its notes (hereinafter collectively referred to as the "**Draft Foreign Investment Law**") for public comments. The Draft Foreign Investment Law introduces the concept of "de facto

controller" which refers to a natural person or enterprise which directly or indirectly controls a foreign investor or foreign-invested enterprise. The law also stipulates that "control" exists if any of the following conditions is met with respect to an enterprise:

1. holding, directly or indirectly, 50% or more of shares, equities, share of property, voting rights or other similar rights of the enterprise.

2. holding, directly or indirectly, less than 50% of shares, equities, share of property, voting rights or other similar rights of the enterprise, but falling under any of the following conditions:

   (1) having the right to directly or indirectly appoint not less than half of the members of the board of directors or other similar decision-making body of the enterprise;

   (2) having the ability to ensure that its nominees occupy not less than half of the seats on the board of directors or other similar decision-making body of the enterprise;

   (3) voting rights entitled sufficient to exercise material influence over resolutions of the shareholders' committee, general meetings, the board of directors or other decision-making body of the enterprise.

3. imposing decisive influence on the operation, finance, personnel or technology of the enterprise by contract, trust, or other means.

As such, contractual control is expressly defined as a way of foreign investment pursuant to the Draft Foreign Investment Law. Upon effectiveness of the Foreign Investment Law, it will apply to investment through contractual control. For investment made before the effectiveness of the Foreign Investment Law, if it still falls within prohibited or restricted fields for foreign investment, the Draft Foreign Investment Law has proposed three possible solutions:

1. Such foreign-invested enterprise under contractual control shall report to the competent authority of foreign investment under the State Council that it is in fact controlled by Chinese investors, so that it may retain its contractual controlled structure and the underlying entities may continue their business activities;

2. Such foreign-invested enterprise under contractual control shall apply for confirmation from the competent authority of foreign investment under the State Council that it is in fact controlled by Chinese investors. Upon confirmation that it is in fact controlled by Chinese investors by the competent authority of foreign investment under the State Council, the foreign-invested enterprise may retain its contractual controlled structure and the relevant entities may continue their business activities;

3. Such foreign-invested enterprise under contractual control shall apply for access permission from the competent authority of foreign investment under the State Council. The competent authority of foreign investment under the State Council, in consultation with other relevant governmental authorities, will determine whether to grant such permission based on factors such as the identity of the de facto controllers of the foreign-invested enterprise.

REGULATIONS ON PRIVATE EDUCATION IN THE PRC

Education Law of the PRC

On March 18, 1995, the National People's Congress of the PRC (全國人民代表大會, the "**NPC**") enacted the Education Law of the PRC (《中華人民共和國教育法》, the "**Education Law**"), which was amended on August 27, 2009. The Education Law sets forth provisions relating to the fundamental education systems of the PRC, including a school education system comprising kindergarten education, primary education, secondary education and higher education, a system of nine-year compulsory education, a national education examination system, and a system of education certificates. On December 27, 2015, the Education Law was amended (the "**amended Education Law**"), which became effective on June 1, 2016. The amended Education Law provides that the establishment or operation of schools may for profit-making purposes, provided however that schools and other education institutions sponsored wholly or partially by government financial funds and donated assets are prohibited from being established as for-profit organizations.

The Law for Promoting Private Education and the Implementation Rules for the Law for Promoting Private Education

The Law for Promoting Private Education of the PRC became effective on September 1, 2003 and was amended on June 29, 2013, and the Implementation Rules for the Law for Promoting Private Education of the PRC (《中華人民共和國民辦教育促進法實施條例》) became effective on April 1, 2004. Under these regulations, "private schools" are defined as schools established by social organizations or individuals using non-government funds. The establishment of a private school shall meet the local need for educational development and the requirements of the Education Law and the relevant laws and regulations. The standards for the establishment of private schools shall conform to those for the establishment of public schools of the same grade and category. In addition, private schools providing academic qualifications education, kindergarten education, education for self-study examination and other education shall be subject to approval by the education authorities at or above the county level, while private schools engaging in vocational qualification training and vocational skill training shall be subject to approvals from the authorities in charge of labor and social welfare at or above the county level. A duly approved private school will be granted a Permit for Operating a Private School (民辦學校辦學許可證) and shall be registered with the Ministry of Civil Affairs of the PRC (中華人民共和國民政部, the "**MCA**") or its local counterparts as a privately run non-enterprise institution (民辦非企業單位). Each of our schools has obtained the Permit for Operating a Private School and has been registered with the relevant local counterpart of the MCA.

Under the above regulations, private schools have the same status as public schools, though private schools are prohibited from providing military, police, political and other kinds of education which are of a special nature. The operations of a private school are highly regulated. For example, a private school shall establish an executive council, the board of directors or any other form of the decision-making body and such decision-making body shall meet at least once a year. Teachers employed by a private school shall have the qualifications specified for teachers and meet the conditions as provided for in the Teachers Law of the PRC (《中華人民共和國教師法》) and the other relevant laws and regulations, and there shall be a definite number of full-time teachers in a private school, and in private schools offering academic qualifications education full-time teachers shall account for not less than one-third of the total number of the teachers.

Reasonable Return

According to PRC laws and regulations, entities and individuals who establish private schools are commonly referred to as "school sponsors" rather than "owners" or "shareholders". The economic substance of "sponsorship" with respect of private schools is substantially similar to that of ownership in terms of legal, regulatory and tax matters. Private education is treated as a public welfare undertaking under the regulations. Nonetheless, school sponsors of a private school may choose to require "reasonable returns" from the annual net balance of the school after deduction of costs for school operations, donations received, government subsidies (if any), the reserved development fund and other expenses as required by the regulations.

If school sponsors request for reasonable returns, private schools should consider the following factors when determining the ratio of the distribution of reasonable returns from the above dividends:

- items and criteria for the school fees;
- the ratio of the expenses used by the school for educational activities and improving the educational conditions to the school fees collected;
- the school operation level and quality (regardless of whether the school sponsors demand for reasonable returns, and there is no requirements or limits on the school operation level and quality).

At the end of each fiscal year, every private school is required to allocate a certain amount to its development fund for the construction or maintenance of the school or procurement or upgrade of educational equipment. In the case of a private school whose school sponsor requires reasonable returns, this amount shall be no less than 25% of the annual net income of the school, while in the case of a private school whose school sponsor does not require reasonable returns, this amount shall be equal to no less than 25% of the annual increase in the net assets of the school, if any. Private schools whose school sponsor does not require reasonable returns shall be entitled to the same preferential tax treatment as public schools, while the preferential tax treatment policies applicable to private schools whose school sponsor require reasonable returns shall be formulated by the finance authority, taxation authority and other authorities under the State Council. To date, however, no regulations have been promulgated by such authorities in this regard.

It is necessary to clearly state that, according to the Decision of the Standing Committee of the National People's Congress on Amending the Law for Promoting Private Education of the PRC (《全國人民代表大會常務委員會關於修改<中華人民共和國民辦教育促進法>的決定》) (the "Amendment"), sponsors of private schools that are not engaged in compulsory education may choose to establish non-profit or for-profit private schools, and are not required to indicate whether they intend to request for reasonable returns. However, prior to such choices, the relevant regulations for reasonable returns are still applicable.

The Amendment to the Law for Promoting Private Education

The Decision of the Standing Committee of the National People's Congress on Amending the Law for Promoting Private Education of the PRC (《全國人民代表大會常務委員會關於修改<中華人民共和國民辦教育促進法>的決定》) (the "**Amendment**") has been promulgated by Order No. 55 of the President of the PRC on November 7, 2016 and came into force on September 1, 2017.

In accordance with this Amendment, as long as the school does not provide compulsory education, school sponsors of the private schools can choose to register and operate the schools as for-profit private schools or non-profit private schools. School sponsors of for-profit private schools are allowed to derive income from the operation of the school and the balance of running such schools is permitted to be handled in accordance with the PRC Company Law and other relevant laws and administrative regulations. While school sponsors of non-profit private schools are prohibited from deriving income from the operation of the schools, the balance of running such schools shall be only used for the operation of the other non-profit schools. Furthermore, the remaining assets upon liquidation of for-profit private schools are permitted to be handled in accordance with the relevant provisions of the PRC Company Law and that of non-profit private schools shall only be used for the operation of other non-profit schools.

Also pursuant to the Amendment, for-profit private schools are entitled to make their own decisions about the fees collection in accordance with the market condition while the fees collection of non-profit private schools shall be subject to concrete measures to be promulgated by the provincial, autonomous regional or municipal government. In addition, private schools are entitled to preferential tax policies and land policies in accordance with the PRC laws, with the emphasis that non-profit private schools shall enjoy the preferential tax policies and land policies equivalent to those applicable to public schools.

If the school sponsors of private schools established prior to the promulgation date of the Amendment choose to register and operate their schools as non-profit private schools, they shall procure the school to amend its articles of association in accordance with the Amendment and continue the school operation pursuant to such revised articles of association. Furthermore, upon the termination of such non-profit private schools, the government authority may provide compensation or reward to the school sponsors who have made capital contribution to such school from the remaining assets of such schools upon their liquidation and then apply the rest of the assets to the operation of other non-profit private schools. If the school sponsors of private schools established prior to the promulgation date of the Amendment choose to register and operate their schools as

for-profit private schools, the schools shall go through some procedures including but without limitation to conducting financial settlement, defining the property right, paying relevant taxes and expenses and making renewed registration, the details of which shall be subject to concrete measures to be promulgated by the provincial, autonomous regional or municipal government.

In addition, the Amendment provides that, where an organization or individual establishes or operates a private school without authorization, it/he shall be ordered by the relevant administrative department of the government to cease operation of the school and return the fees collected, and shall be fined not less than one time but not more than five times of the amount of illegal gains. If a school sponsor's act is found to violate the administration of public security, the school sponsor shall be imposed a penalty by the public security authority according to the law. If a school sponsor's act constitutes a crime, the school sponsor shall be subject to criminal liabilities according to the law.

Pursuant to the Amendment, school sponsors of private school that are not engaged in compulsory education may choose to establish non-profit or for-profit private schools and will no longer be required to indicate whether they require reasonable returns or not requiring reasonable returns. School sponsors of for-profit private schools are entitled to retain the profits and proceeds from the schools and the operation surplus may be allocated to the school sponsors pursuant to the PRC Company Law and other relevant laws and regulations. School sponsors of non-profit private schools are not entitled to any distribution of profits or revenue from the non-profit schools they operate and all operation surpluses of the schools shall be used for the operation of the schools.

On December 29, 2016, the State Council issued the Several Opinions of the State Council on Encouraging the Operation of Education by Social Forces and Promoting the Healthy Development of Private Education (《國務院關於鼓勵社會力量興辦教育促進民辦教育健康發展的若干意見》) (the "**State Council Opinions**"), which require, among other things, to relax access to the operation of private schools and encourage social forces to enter the education industry. The State Council Opinions also provide that each level of the people's government shall increase its support to the private schools in terms of financial investment, financial support, autonomous policies, preferential tax treatments, land policies, fee policies, autonomous operation, and protection of teachers' and students' rights. The State Council Opinions further require each level of the people's government to improve its local policies on governmental support to for-profit and non-profit private schools by way of, among others, preferential tax treatments.

On December 30, 2016, the MOE, the MCA, the SAIC, the Ministry of Human Resources and Social Welfare and the State Commission Office of Public Sectors Reform jointly issued the Implementation Rules on the Classification Registration of Private Schools (《民辦學校分類登記實施細則》), reflecting the new classification system for private schools as set out in the Amendment. Pursuant to these implementation rules, if a private school established before promulgation of the Amendment chooses to register as a non-profit school, it shall amend its articles of association, continue its operation and complete the new registration process. If such a private school chooses to register as a for-profit school, it shall conduct the financial liquidation process, have the property rights of its assets such as lands, school buildings and net balance being authenticated by relevant governmental authorities. In addition, such private school shall pay relevant taxes, apply for a new Permit for Operating a Private School, re-register as a for-profit school and continue its operation.

On May 2, 2018, Sichuan Provincial Department of Education, Sichuan Provincial Department of Human Resource and Social Security, Sichuan Provincial Department of Civil Affairs, CPC Sichuan Provincial Committee Organization Office, Sichuan Provincial Administration for Industry and Commerce jointly issued the Implementation Measures on Classification Registration of Private Schools in Sichuan Province (《四川省民辦學校分類登記實施辦法》), which shall become effective on the 30th day since its publication and be valid for 5 years. These measures stipulate that they applies to social organizations other than state institutions, social service organizations, foundations, enterprises and public institutions or individuals which utilize non-state financial funds to establish schools and other educational institutions within the administrative region of Sichuan Province. For any matter not specified in these measures, it shall be subject to relevant laws and regulations. In addition, for private schools established before 7 November 2016 may make their own choices to register as non-profit private schools or for-profit private schools regardless their levels and categories. These measures only provide a framework for classification registration of private schools and do not specify relevant processes, procedures and corresponding handling periods.

On December 30, 2016, the MOE, the SAIC and the Ministry of Human Resources and Social Welfare jointly issued the Implementation Rules on the Supervision and Administration of For-profit Private Schools (《營利性民辦學校監督管理實施細則》), pursuant to which the establishment, division, merger and other material changes of a for-profit private school shall first be reported by the board of directors of the relevant school to the relevant authorities and approved by relevant approving organs, which may include the education authorities, the authorities in charge of labor and social welfare and the people's government at the provincial level, and subsequently be registered with the competent branch of the SAIC.

The People's Government of Sichuan Province Propromulgated the Implementation Opinion regarding the Encouragement of the Establishment of Private Education and the Promotion of the Healthy Development of Private Education of the People's Government of Sichuan Province (《四川省人民政府關於鼓勵社會力量興辦教育促進民辦教育健康發展的實施意見》) on September 17, 2018 with immediate effect for a valid period of five year.

1. Sponsors of private schools which were approved and established before the release of the Decision of the Standing Committee of the National People's Congress on Revising the Law of the People's Republic of China on the Promotion of Private Schools on November 7, 2016 (the "existing private schools") can, at their own discretion, choose to register such private schools as non-profit private schools or as for-profit private schools. If the category of non-profit private schools is chosen, the sponsor shall, according to relevant laws and regulations, amend the school's constitution, improve its corporate governance structure and internal management system, and continue its operation. If the category of for-profit private schools is chosen, the school shall appoint a third party to liquidate the school, have the ownership of the school's property, such as land, dormitory and accumulated balance be verified and confirmed by relevant governmental departments and agencies, deregister the school with the original registration agencies, re-register the school with the competent industry and commerce administration agencies and continue its operation.

2. The sponsors of the existing private schools are required to file application regarding the selection of for-profit/non-profit schools with competent regulatory authorities before September 1, 2020, failing which they will be banned from selecting and registering their existing private schools as for-profit ones. If sponsors are going to register their schools to be non-profit ones, relevant procedure shall be completed before September 1, 2021. For for-profit schools which provide higher education with academic qualifications, the registration procedure shall be completed before September 1, 2023; other for-profit schools shall complete their registration procedure before September 1, 2022.

3. Non-profit private schools shall be treated equally as public schools. Real estate and land used by private schools and kindergartens which are run by enterprises are waived from property tax and land use tax. For-profit schools shall enjoy tax incentives as stipulated by relevant laws and regulations. For those enterprises which meet the criteria of the enterprise income tax incentives for the Grand Western Development Program (西部大開發), the enterprise income tax shall be levied at the reduced rate of 15%.

4. Non-profit private schools shall enjoy the same preferential policies as public schools and the land they need shall be supplied by allocation or other similar means. The land used by for-profit private schools shall be supplied according to relevant laws and policies of the PRC government. In case that there is only one prospective land user, the land can be supplied by means of agreement.

5. The tuition of degree-granting non-profit private schools shall be set according to relevant government guidelines and such guidelines shall be set by provincial and local development and reform agencies according to their respective price-setting competence. The tuition of non-degree-granting non-profit private schools should be set free from any government intervention and for profit private schools have the sole discretion of setting their pricing policy.

The Draft Revision of the Regulations on the Implementation of the Law for Promoting Private Education of the PRC

On August 10, 2018, the MOJ issued the MOJ Draft for Comments based on a revised version of the MOE Draft for Comments.

The major provisions of the MOJ Draft for Comments include among others:

(1) Clause 5 of the MOJ Draft for Comments

Clause 5 of the MOJ Draft for Comments provides that foreign investment enterprises which are established in the PRC and social organizations which are controlled with foreign investors are prohibited from participating in the operation of or having control over private schools implementing compulsory education.

(2) Clause 7 of the MOJ Draft for Comments

Clause 7 of the MOJ Draft for Comments provides that government-run schools are not allowed to sponsor or participate in sponsoring for-profit privately-run schools. A government-run school which sponsors or participates in sponsoring a non-profit privately-run school shall obtain the approval of the competent department, shall not use governmental financial funds, shall not affect the teaching activities of the government-run school and shall not profit from brand license.

(3) Clause 12 of the MOJ Draft for Comments

Clause 12 of the MOJ Draft for Comments provides that social organizations that adopt centralized school management models are not allowed to acquire non-profit private schools or control them through ways such as franchising or "contractual arrangements." However, the MOJ Draft for Comments is silent on the definition of centralized school management models.

(4) Clause 21 of the MOJ Draft for Comments

The registered capital of a for-profit privately-run school providing education for academic qualifications shall be compatible with the type, level and scale of the school. For a privately-run school providing higher education for academic qualifications, the minimum registered capital shall be RMB200 million; for a privately-run school providing other types of education for academic qualifications, the minimum registered capital shall be RMB10 million.

(5) Clause 45 of the MOJ Draft for Comments

Clause 45 of the MOJ Draft for Comments provides that any material, long-term or recurring agreement entered into between a non-profit private school and its connected parties shall be reviewed and approved by the education administrative authorities as well as the human resources and social security authorities in terms of the necessity and legality of such agreement and its compliance with the applicable laws and regulations.

According to the Notice from the Ministry of Justice for Public Comments on the Draft Revision of the Regulations on the Implementation of the Law for Promoting Private Education of the PRC (the Draft for Examination and Approval) (《司法部關於<中華人民共和國民辦教育促進法實施條例(修訂草案)(送審稿)>公開徵求意見的通知》) issued by the MOJ on August 10, 2018.

Regulations on the Administration of Independent College and private higher education institution

On August 29, 1998, the Standing Committee of the NPC (全國人大常務委員會) enacted the Higher Education Law of the PRC (《中華人民共和國高等教育法》, the "**Higher Education Law**"), which was amended by the Standing Committee of the NPC on December 27, 2015. The Higher Education Law sets forth provisions relating to the higher education systems of the PRC, including an education for academic qualifications system comprising special course education, regular course education and graduate programme, and a system of education for non-academic qualifications. On December 27, 2015, the Higher Education Law was amended (the "**amended Higher Education**

Law"), which became effective on June 1, 2016. The amended Higher Education Law provides that the establishment or operation of higher education institutions may be for profit-making purposes. Furthermore, the amended Higher Education Law allows a higher education institution to raise funds via multiple channels. Where the parties running a higher education institution shall bear the bulk of investment, the persons receiving higher education shall bear the costs in a reasonable manner.

The MOE issued the Several Provisions on the Administration of Private Higher Education Institutions (《民辦高等學校辦學管理若干規定》) on February 3, 2007, which were amended on November 10, 2015, pursuant to which the conditions for running private higher education institutions shall conform to the establishment standards as prescribed by the state and the basic indicators for running public higher education institutions. The investors of a private higher education institution shall, under the Law for Promoting Private Education of the PRC and the Implementation Rules thereof, timely and fully perform the capital contribution obligation. No private higher education institution may engage in educational and teaching activities in any place other than that as specified in the Permit for Operating a Private School, or establish any branch, or rent or lend to others its Permit for Operation a Private School.

According to the Measures for the Establishment and Administration of Independent Colleges (《獨立學院設置與管理辦法》), which was promulgated on February 22, 2008 and came into effect on April 1, 2008, the term "independent college" refers to higher education institutions engaging in undergraduate diploma education, which are set up by the cooperation between higher education institutions providing undergraduate and graduate diploma education, on the one hand, and non-state social organizations or individuals, on the other hand, with non-state funds.

A social organization applying to be the school sponsor of an independent college shall be qualified as a legal person, with its registered capital no less than RMB50 million, its total assets no less than RMB300 million, net assets no less than RMB120 million and its asset-liability ration no more than 60%. Regular colleges and social organizations which intend to engage to set-up an independent college shall enter into a cooperative agreement which contains the independent college's education aim, its cultivation goal, each party's investment sum and method of investment, the rights and obligations of each party, and other appropriate content. The application for the establishment of an independent college shall be subject to the approval by the MOE in accordance with the same procedures for the set-up of the higher education institutions engaging in undergraduate diploma education.

An independent college shall establish an executive council, a board of directors and other forms of decision-making bodies. The executive council or the board of directors shall be organized by the representative of the higher education institutions and social originations who are school sponsors of the independent colleges, the president, the representatives of the faculty and staff. No less than 2/5 of the members of the executive council or the board of the directors shall be the representative of the higher education institutions. The executive council or the board of directors shall consist of at least five persons, with one acting as the director-general of the executive council or chairman of the board of directors. Theirs names shall be reported to the examination and approval organ for record.

An independent college shall grant the certificate of graduation with the name of the independent college on it to students who have completed the required study with qualified performance. Furthermore, an independent college that obtains the appropriate qualification for conferring degrees after it is examined and approved in accordance with the relevant regulations is permitted to grant a bachelor's degree certificate to the students who satisfy the required conditions.

Where an independent college makes utilization of the management resources, teachers, curriculum and other education resources of the higher education institutions who act as its school sponsors, the payment made by the independent college to its school sponsors is permitted to be deemed and calculated as the running cost of the independent college in accordance with the cooperation agreement among the school sponsors and/or the relevant PRC regulations. And the school sponsors of an independent college may require to have reasonable gains from the balance of the independent college which is calculated by deducting the running costs, drawing the reserved development funds and other necessary expenses in accordance with PRC regulations from the income of the independent college.

Interim Provisions of Standards for the Establishment of Regular Undergraduate Schools

On September 28, 2006, the MOE issued the *Interim Provisions of Standards for the Establishment of Regular Undergraduate Schools* (《普通本科學校設置暫行規定》) ("Regular Undergraduate School Establishment Standards"), which mainly sets forth the standards and procedures for establishing regular undergraduate schools.

According to Regular Undergraduate School Establishment Standards, key standards for establishing a regular undergraduate school include, among others: (i) campus site area should be no less than 500 mu (1 mu = 666 sq.m.); (ii) the ratio between the number of full-time students and the number of teachers should be no more than 18:1; (iii) the site area per student should not be less than 60 sq.m.; (iv) the building area per student should be no less than 30 sq.m.; (v) the minimum number of students should be no less than 5,000; (vi) the price of teaching and research equipment per student should be no less than RMB3,000; (vii) the main disciplines shall be more than one (including one) and there shall be at least three programs in each main discipline; and (viii) the minimum number of teachers should be 280, of which teachers with master qualification of above should account for no less than 30.0%.*

Note:

* The definition of master qualification as stipulated in relevant laws and regulation is different from the definition of master's degree as disclosed in this prospectus.

According to Regular Undergraduate School Establishment Standards, an application will need to be made to the MOE and the granting of the regular undergraduate school status is subject to further inspection by the MOE. The general procedures and timeframe for the establishment of regular undergraduate schools are set forth below:

- The school intends to convert itself to a regular undergraduate school should conduct inspections and issue a report demonstrating the necessity to establish a regular undergraduate school. Such report should include, among others, (i) the name, location, position, disciplines, programs, size and characteristics of the proposed regular undergraduate school; (ii) a forecast of demand for talents, a forecast of the returns of operations as well as the supplies of the local higher education services; (iii) a general operation plan for the proposed regular undergraduate school; and (iv) the expected sources of funding.

- If an applicant can provide a report that demonstrates the necessity to establish a regular undergraduate school, the corresponding provincial People's Government or relevant departments under the State Council shall submit an application to the MOE in the third quarter each year. The application materials should include, among others, the above-mentioned report, the articles of the proposed school, and, if the application is submitted by relevant departments under the State Council, the opinions issued by the provincial People's Government where the school is located.

- In the fourth quarter each year, the MOE shall examine and approve the application to establish regular undergraduate school. The MOE entrusts the National Establishment Appraisal Committee to conduct inspections and deliberations. Applicants that pass the inspection and deliberations would be approved by the MOE as regular undergraduate schools.

Regulatory Requirement in Relation to Basic Conditions for Operating Higher Education Institutions

On February 6, 2004, the MOE issued the *Basic Conditions for Operating Higher Education Institutions (Trial)* (《普通高等學校基本辦學條件指標(試行)》) ("Basic Conditions"), which was promulgated mainly for the verification of the annual enrollment scale of higher education institutions, the determination of restrictions or suspension of enrollment of higher education institutions and monitoring the conditions of higher education institutions. The Basic Conditions set forth the compliance requirements in two categories: the basic standards for operating a higher education institution and the monitoring standards for operating a higher education institution.

The basic standards for operating a higher education institution are important bases for measuring the basic conditions of higher education institutions and verifying the scale of the annual enrollment, which were divided into two criteria: "qualified standard" and "restricted enrollment standard". If a higher education institution fails to comply any of the restricted enrollment standard, a warning of restricted enrollment will be given to such institution ("yellow card"). If a higher education institution receives a yellow card, the enrollment of such higher education institution can not exceed the number of graduates in the current year. If a higher education institution fails to comply

with two or more restricted enrollment standards, or has received a "yellow card" for three years consecutively, such institution will receive a red card, which would subject such institution to suspension of student enrollment for the same school year. Monitoring standards for operating a higher education institution are supplementary standards, which provide bases for a comprehensive analysis of the conditions for operating higher education institutions.

According to the Basic Conditions, the ratio between the number of full-time students and the number of teachers and the ratio between the teaching and administrative building area and the number of full-time students set out below are two of the basic standards applicable to our college. To comply with the restricted enrollment standards, the ratio between the number of full-time students and the number of teachers should not exceed 23 students per teacher and the ratio between teaching and administrative building area and the number of full-time students should be no less than 5.0 sq.m. per student. To comply with the qualified standards, the ratio between the number of fulltime students and the number of teachers should not exceed 18 students per teacher and the ratio between the teaching and administrative building area and the number of full-time students should be no less than 9.0 sq.m. per student.

As of December 31, 2015, the ratio between the number of full-time students of our college and the number of our teachers was approximately 22.7 students per teacher, which had complied with the aforesaid restricted enrollment standard. As of December 31, 2016 and 2017, the ratio between the number of full-time students of our college and the number of our teachers was approximately 23.5 students per teacher and 23.1 students per teacher, respectively, which had not complied with the aforesaid restricted enrollment standard.

As of December 31, 2015, 2016 and 2017, the ratio between the teaching and administrative building area and the number of full-time students of our college was approximately 7.0 sq.m. per student, 6.6 sq.m. per student and 6.4 sq.m. per student, respectively, which had complied with the aforesaid restricted enrollment standard.

According to the Basic Conditions, the ratio between the site area and the number of full-time students set out below is one of the monitoring standards applicable to the our college. To comply with the monitoring standard, the ratio between the site area and the number of full-time students should be no less than 54.0 sq.m. per student.

As of December 31, 2015, 2016 and 2017, the ratios between the site area and the number of full-time students of our college was approximately 31.7 sq.m. per student, 29.8 sq.m. per student and 29.1 sq.m. per student, respectively, which had not complied with the aforesaid monitoring standard.

As of June 30, 2018, Yinxing College complied with all restricted enrollment standards set forth in the Basic Conditions. With the assistance of our PRC Legal Advisors, we consulted the Education Department of Sichuan Province, the competent authority, which confirmed that (i) our college passed the annual reviews conducted by the Education Department of Sichuan Province during the Track Record Period, (ii) our college had not been imposed any penalty for such compliance status during the Track Record Period.

See "Risk Factors — Risks Relating to Our Business and Our Industry — Our College is subject to Compliance Requirements under the Basic Condition for Operating Higher Education Indsitutions (Trial) (《普通高等學校基本辦學條件指標(試行)》).

Vocational Education Law of the PRC

On September 1, 1996, Standing Committee of the National People's Congress (全國人民代表大會常務委員會) enacted the Vocational Education Law of the PRC (《中華人民共和國職業教育法》) (the "**Vocational Education Law**") to regulate vocational education from all aspects. According to Vocational Education Law, vocational education is divided into two parts, namely, vocational school education and vocational training; and vocational school education is divided into three levels, including elementary, secondary and tertiary. Vocational training includes pre-employment training, change-of-career training, apprenticeship training, on-the-job training, transfer training and other vocational training, and can be categorized as elementary, secondary and tertiary vocational training according to the actual conditions. Vocational training shall be provided by the corresponding vocational training institution and vocational schools respectively. Students who have received education at a vocational school and passed the examinations administered by the school shall be issued a certificate of schooling. Students who have received vocational training provided by a vocational school or vocational training institution and passed the examinations administered by the vocational school or vocational training institution shall be issued a certificate of training.

According to the *Notice on Implementing the Private Education Promotion Law to carry out in Private Vocational Training* (《關於貫徹落實<民辦教育促進法>做好民辦職業培訓工作的通知》) issued by the Ministry of Labor and Social Security on April 7, 2004, the application to establish a private vocational training school should be reviewed by the department of labor and social security at different levels in accordance with the requirements of the *Establishment Standard (Trial) of Private Vocational Training Schools* (《民辦職業培訓學校設置標準(試行)》). The *Establishment Standard (Trial) of Private Vocational Training Schools* (《民辦職業培訓學校設置標準(試行)》) provided, among others, that (i) the general school capacity should be no less than 200 students; (ii) there should be a full-time principal; (iii) there should be a team of full-time and part-time teachers, which can fit in the scale of the school and have an appropriate structure; and (iv) each major of the training courses (vocational, occupation) should have as least two theoretical teachers and internship instructors; (v) the fixed assets of the sponsors of the training school should be more than RMB200,000, and the registered capital of the school shall be more than RMB100,000; (vi) the lease term of the premises should be no less than three years. There should be office buildings. The teaching places where those theoretical courses concentrate should be more than 300 sq.m. Such places should also meet the requirements regarding environmental protection, labor protection, safety, fire fighting and sanitation, etc.

On November 18, 2008, the *Notice of the General Office of the Ministry of Human Resources and Social Security on Further Strengthening the Management of Private Vocational Training Schools* (《人力資源和社會保障部辦公廳關於進一步加強民辦職業培訓學校管理工作的通知》), promulgated by the Ministry of Human Resources and Social Security of the PRC，provided that private vocational training schools are approved and managed based on the location they belong to. The specific approval levels and authorities are determined by the labor protection by labor security administrative department of each province, autonomous region and municipality. To further

regulate the management of private vocational training schools, local labor security departments have to establish a sound expert review system for private vocational training schools. Schools that newly apply to conduct vocational training can, according to relevant local requirements, organize experts to review on aspects such as their capital, facilities and equipment, teaching space, outline of teaching plan and teachers' qualification, and conduct site visit for approval with strict compliance with the law. In case of failure to meet criteria and requirements, such schools cannot be granted with school running license.

The daily operation of a private vocational training school should also comply with, among others, the *Establishment Standard (Trial) of Private Vocational Training Schools* (《民辦職業培訓學校設置標準(試行)》), the *Education Law of the PRC* (《中華人民共和國教育法》), the *Law for Promoting Private Education of the PRC* (《民辦教育促進法》), the *Law for Promoting Private Education of the PRC* (《中華人民共和國民辦教育促進法實施條例》) and the *Vocational Education Law of the PRC* (《中華人民共和國職業教育法》).

Collection of Private Education Fees

Pursuant to the Interim Measures for the Management of the Collection of Private Education Fees (《民辦教育收費管理暫行辦法》), which was promulgated by the NDRC, the MOE and the Ministry of Labor and Social Security (currently known as the Ministry of Human Resources and Social Security (中華人民共和國人力資源和社會保障部)) on March 2, 2005, the Notice on Further Regulating the Fees Charged by Private Higher Education Institutions (《關於進一步規範民辦高校收費管理的通知》) issued by Sichuan Department of Education (四川省教育廳) and Sichuan Development and Reform Commission (四川省發展和改革委員會) on October 8, 2013, the types and amounts of fees charged by a private school providing academic qualifications education shall be examined and verified by the education authorities or the labor and social welfare authorities and approved by the governmental pricing authority, and the school shall obtain the Fee Charge Permit (收費許可證). A private school that provides non-academic qualifications education shall file its pricing information with the governmental pricing authority and publicly disclose such information. If a school raises its tuition levels without obtaining the proper approval or making the relevant filing with the relevant government pricing authorities, the school would be required to return the additional tuition fees obtained through the raise and become liable for compensation of any losses caused to the students in accordance with the relevant PRC laws.

According to the Notice on the Cancellation of the Fee Charge Permit System and Strengthening Supervision (《國家發展改革委財政部關於取消收費許可證制度加強事中事後監管的通知》, which was issued jointly by the NDRC and the Ministry of Finance on January 9, 2015, the Fee Charge Permit certificate issuance and annual review system shall be cancelled nationwide from January 1, 2016. According to the Forward Notice on the Cancellation of the Fee Charge Permit System and Strengthening the Supervision (《關於轉發<國家發展改革委財政部關於取消收費許可證制度加強事中事後監管的通知>的通知》), the Fee Charge Permit annual review shall be cancelled in Sichuan province from January 1, 2015. Furthermore, Fee Charge Permit certificates shall not be issued in Sichuan province from February 1, 2015.

Regulations on Safety and Health Protection of Schools

Pursuant to the Food Safety Law of the PRC (《中華人民共和國食品安全法》), which was amended on April 24, 2015 and became effective on October 1, 2015, collective canteens of schools shall obtain licenses in accordance with the laws and strictly abide by the laws, regulations and food safety standards. Schools should only order meals from off-site providers that have obtained the relevant food production licenses and should conduct regular inspections on the meal provided.

In accordance with the Regulation on Hygiene Administration of School Canteens and Collective Dining of Students (《學校食堂與學生集體用餐衛生管理規定》), which was promulgated on September 20, 2002 and became effective on November 1, 2002, hygiene administration of school canteens and collective dining of students should (a) first and foremost follow a policy of precaution, and (b) observe the principles of being supervised and instructed by hygiene administrative department, being managed and inspected by education administrative department, and being executed by school. School canteens should keep the environment inside and outside clean and tidy, and strictly supervise the process of food procurement. Staff members and management personnel of canteens should master the basic requirements of food hygiene. The principal shall be responsible for the food safety of the school canteen, and full-time or part-time food hygiene management personnel shall be appointed.

According to the Circular on Strengthening Hygiene and Epidemic Prevention and Food Hygiene and Safety of Private Schools (《關於加強民辦學校衛生防疫與食品衛生安全工作的通知》), which was promulgated on April 29, 2006, private schools should pay high attention to and strengthen the school hygiene and epidemic prevention and the food hygiene and safety.

Pursuant to the Circular on Further Strengthening Food Safety of School Canteens (《關於進一步加強學校食堂食品安全工作的通知》) issued on August 11, 2011, school canteens are comprehensively required to carry out food safety self-inspection. Local food and drug administration at all levels are required to comprehensively strengthen supervision and inspection on food safety of school canteens before commencement of each term, and, before the commencement of every spring term and every autumn term, should consider school canteens as key point of supervision and strengthen the supervision and inspection. A school food safety responsibility system should be comprehensively carried out.

According to the Regulation on Sanitary Work of Schools (《學校衛生工作條例》), which was promulgated on June 4, 1990 and became effective on the same day, schools shall carry out sanitary work. The main tasks of the sanitary work include monitoring health conditions of students, carrying out health education among students, helping students develop good health habits, improving health environment and health conditions for teachers and enhancing prevention and treatment of infectious disease and common diseases among students.

PRC LAWS AND REGULATIONS RELATING TO PROPERTY IN THE PRC

Mortgage and Pledge

Pursuant to the Property Law of the PRC (《中華人民共和國物權法》, the "**Property Law**") which was promulgated on March 16, 2007 and became effective on October 1, 2007, educational, medical and health and other public welfare facilities and other properties of institutions and social groups with the aim of benefiting the public such as schools, kindergartens and hospitals are not allowed to be mortgaged.

According to the Property Law, transferable fund units and equity, property rights in intellectual property rights of transferable exclusive trademark rights, patent rights, copyrights, accounts receivable and other property rights as stipulated by any law or administrative regulation to be pledgeable may be pledged.

Real Estate Ownership Certificate

Pursuant to the Interim Regulations on Real Estate Registration (《不動產登記暫行條例》), which was promulgated by the State Council on November 24, 2014, and took into effect on March 1, 2015, and the Detailed Rules of Implementation of the Interim Regulations on Real Estate Registration, which was issued by the Ministry of Land and Resources on January 1, 2016, the State shall adopt a unified real estate registration system, which means houses and other buildings and structures, as well as forests, woods and other fixtures shall be registered together with the land and sea waters to which they are attached, and their right holders shall be kept consistent. Registration of the matters for registration shall be deemed completed when such matters are recorded in a real estate register. Upon completion of registration, a real estate registration authority shall verify and issue the real estate ownership certificate or registration certificate to the applicant concerned pursuant to the law.

PRC LAWS AND REGULATIONS RELATING TO LABOUR PROTECTION

According to the Labor Law of the PRC (《中華人民共和國勞動法》), the "**Labor Law**"), which was promulgated by the Standing Committee of the NPC on July 5, 1994 and became effective on January 1, 1995 and was amended on August 27, 2009, an employer shall establish a comprehensive management system to safeguard the rights of its employees, including developing and improving its labor safety and health system, stringently implement national protocols and standards on labor safety and health, conducting labor safety and health education for workers, guarding against labor accidents and reducing occupational hazards. Labor safety and health facilities must comply with relevant national standards. An employer must provide employees with the necessary labor protection equipment that comply with labor safety and health conditions stipulated under national regulations, as well as provide regular health check for workers that engage in operations with occupational hazards. Laborers who engage in special operations shall have received specialized training and obtained the relevant qualifications. An employer shall develop a vocational training system. Vocational training funds shall be set aside and used in accordance with national regulations and vocational training for workers shall be carried out systematically based on the actual conditions of the company.

The Labor Contract Law (《勞動合同法》), which was promulgated by the Standing Committee of the NPC on June 29, 2007 and became effective on January 1, 2008, and was amended on December 28, 2012, and the Implementation Regulations on Labor Contract Law (《勞動合同法實施條例》), which was promulgated and became effective on September 18, 2008, regulate employer and employee relations and contain specific provisions on the terms of the labor contract. Labor contracts must be made in writing. An employer and an employee may enter into a fixed-term labor contract, a non-fixed term labor contract, or a labor contract that concludes upon the completion of certain work assignments, after reaching due negotiations. An employer may legally terminate a labor contract and dismiss its employees after reaching agreement upon due negotiations with the employee or by fulfilling the statutory conditions. Labor contracts concluded prior to the enactment of the Labor Law and subsisting within the validity period thereof shall continue to be honored.

According to the Interim Regulations on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》), the Regulations on Work Injury Insurance (《工傷保險條例》), the Regulations on Unemployment Insurance (《失業保險條例》) and the Trial Measures on Employee Maternity Insurance of Enterprises (《企業職工生育保險試行辦法》), enterprises in the PRC shall provide benefit plans for their employees, which include basic pension insurance, unemployment insurance, maternity insurance, work injury insurance and basic medical insurance. An enterprise must provide social insurance by processing social insurance registration with local social insurance agencies, and shall pay or withhold relevant social insurance premiums for or on behalf of employees. The Social Insurance Law (No.35 of the President) (《社會保險法》), which was promulgated on October 28, 2010 and became effective on July 1, 2011, has included pertinent provisions for basic pension insurance, unemployment insurance, maternity insurance, work injury insurance and basic medical insurance, and has elaborated in detail the legal obligations and liabilities of employers who do not comply with the relevant laws and regulations on social insurance.

Pursuant to Administrative Provisions on Declaration and Payment of Social Insurance Premium (《社會保險費申報繳納管理規定》), employers shall truthfully report the declaration items prescribed in Article 4 and Article 5 of the provisions to social insurance agencies including but not limited to (1) the employer's name, organization code, address and contact information; (2) the employer's bank of deposit, account name and account number; (3) the insurance, contribution base, rate and amount paid by the employer; (4) roster of employees and employees' payment statement; (5) the employee's name, social insurance code, type of employment, contact address, statement of amounts withheld and paid by the employer and others. If materials for declaration are complete, the contribution base and rate conform to provisions and the amounts filled in are consistent with each other, social insurance agencies shall issue payment notices after approval; if materials for declaration do not conform to relevant provisions, social insurance agencies shall return them to employers for supplement and correction.

According to the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》), which was promulgated and became effective on April 3, 1999, and was amended on March 24, 2002, employers are required to contribute, on behalf of their employees, to housing provident funds. Employers who fail to make contribution to the housing provident fund may be fined and demanded to rectify within a required period.

PRC LAWS AND REGULATIONS RELATING TO TAX

Income Tax

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》), the "**EIT Law**"), which was promulgated on March 16, 2007 and was amended on February 24, 2017, and the Implementation Rules to the EIT Law (《中華人民共和國企業所得税法實施條例》), which was promulgated on December 6, 2007 and became effective from January 1, 2008 by the State Council, enterprises are classified as either resident enterprises or non-resident enterprises. The income tax rate for resident enterprises, including both domestic and foreign-invested enterprises shall typically be 25% commencing from January 1, 2008. An enterprise established outside China with its "de facto management body" located in China is considered a "resident enterprise", which means it can be treated as domestic enterprise for enterprise income tax purposes. A nonresident enterprise that does not have an establishment or place of business in China, or has an establishment or place of business in China but the income of which has no actual relationship with such establishment or place of business, shall pay enterprise income tax on its income deriving from inside China at the reduced rate of enterprise income tax of 10%.

According to Notice of the Ministry of Finance and the State Administration of Taxation on Tax Policies Relating to Education (《財政部國家税務總局關於教育税收政策的通知》), "**Circular 39**") and Notice of the Ministry of Finance and the State Administration of Taxation on Issues Concerning Strengthening the Administration over the Collection of Business Tax on Educational Services (《財政部、國家税務總局關於加強教育勞務營業税徵收管理有關問題的通知》, "**Circular 3**"), schools are exempt from enterprise income tax on fees they collect if they receive approval from the relevant tax authority and have incorporated under the fiscal budget management or the special account management outside the fiscal budget. Schools are exempt from enterprise income tax on the financial allocations they have received and special subsidies they have obtained from their administrative departments or institutions at higher levels.

According to the Law for Promoting Private Education and its implementing rules, a private school that does not require reasonable returns enjoys the same preferential tax treatment as public schools, whereas the preferential tax treatment policies applicable to private schools that require reasonable returns are separately formulated by the relevant authorities under the PRC State Council.

According to the Amendment, private schools will be entitled to preferential tax treatments, among which non-profit private schools will be entitled to the same preferential tax treatment as public schools, and taxation policies for for-profit private schools after the Amendment takes effect are yet to be announced.

Income Tax in relation to Dividend Distribution

The PRC and the government of Hong Kong entered into the Arrangement between the Mainland of the PRC and Hong Kong for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得税避免雙重徵税和防止偷漏税的安排》), the "**Double Tax Avoidance Arrangement**") on August 21, 2006. According to the Double Tax Avoidance Arrangement, if the beneficiary of the dividends is a Hong Kong resident enterprise,

which directly holds no less than 25% equity interests in the aforesaid enterprise, the tax levied is 5% of the distributed dividends. The 10% withholding tax rate applies to dividends paid by a PRC company to a Hong Kong resident if such Hong Kong resident holds less than 25% of the equity interests in the PRC company.

Pursuant to the Circular of the State Administration of Taxation on Relevant Issues relating to the Implementation of Dividend Clauses in Tax Agreements (《國家税務總局關於執行税收協定股息條款有關問題的通知》) promulgated by the State Administration of Taxation of the PRC (中華人民共和國國家税務總局, the "**SAT**") and became effective on February 2, 2009, all of the following requirements must be satisfied for a Chinese resident company to enjoy the preferential tax rates provided under the tax agreements: (i) such a fiscal resident who obtains dividends should be a company as defined in the tax agreement; (ii) the equity and voting interests in the Chinese resident company directly owned by such fiscal resident must reach a specified percentage; and (iii) the equity interests of the Chinese resident company directly owned by such fiscal resident, at any time during the 12 months prior to the payment of the dividends, must reach a specified percentage.

Pursuant to the Administrative Measures for Tax Agreements Treatment for Non-resident Taxpayers (《非居民納税人享受税收協定待遇管理辦法》), which became effective on November 1, 2015, an eligible non-resident taxpayer meeting conditions for the tax agreement treatment may obtain this treatment when filing a tax return or making a withholding declaration through a withholding agent, subject to the administrative policies of the tax authorities.

Value-added Tax

According to the Temporary Regulations on Value-added Tax (《增值税暫行條例》), which was promulgated by the State Council on December 13, 1993, came into effect on January 1, 1994, and was amended on November 10, 2008 and February 6, 2016, and the Detailed Implementing Rules of the Temporary Regulations on Value-added Tax (《增值税暫行條例實施細則》), which was promulgated by the MOF and came into effect on December 25,1993, and was amended on December 15, 2008 and October 28, 2011, all taxpayers selling goods, providing processing, repairing or replacement services or importing goods within the PRC shall pay value-added tax.

Furthermore, according to the Trial Scheme for the Conversion of Business Tax to Value-added Tax (《營業税改徵增值税試點方案》), which was promulgated by the MOF and the SAT and came into effect on January 1, 2012, the State began to launch taxation reforms in a gradual manner. The collection of value added tax in lieu of business tax items was implemented on a trial basis and has not been implemented in education consulting service industries. According to the Circular on Comprehensively Promoting the Pilot Programme of the Collection of Value-added Tax in Lieu of Business Tax (《關於全面推開營業税改徵增值税試點的通知》, "**Circular 36**"), which was promulgated on March 23, 2016 and became effective from May 1, 2016, education services provided by schools engaged in diploma education shall be exempted from VAT. Circular 36 stipulates that income from the provision of education services that is exempted from VAT refers to the income from the provision of degree education services for student enrolled within the officially prescribed admission plans, including: income from tuitions, accommodation fees, textbook fees, exercise-book

fees, and exam entry fees that are examined and approved by the relevant government authorities and charged according to the prescribed standards, as well as income from boarding fees for catering services provided by school canteens. Except for the aforesaid income, income from the sponsorship fees and school-selection fees charged by schools is not exempted from VAT.

Other Tax Exemptions

According to Circular 39 and Circular 3, the real properties and land used by schools, nurseries and kindergartens are exempt from house property tax and urban land use tax. Schools and kindergartens which expropriate arable land are exempt from arable land use tax upon approval from the relevant tax authority. Schools and education institutions opened to the public that are established by any enterprises, government affiliated institutions, social groups or other social organizations or individuals and citizens with non-state fiscal funds for education shall be exempted from deed tax on their ownerships of land and houses used for teaching activities upon the approval of the administrative department for education or for labor of the relevant people's government which also issued the relevant school running license.

PRC LAWS AND REGULATIONS RELATING TO COMPANIES

The establishment, operation and management of corporate entities in the PRC are governed by the Company Law of the PRC (《中華人民共和國公司法》), the "**PRC Company Law**"), which was promulgated on December 29, 1993 and amended on December 25, 1999, August 28, 2004, October 27, 2005 and December 28, 2013. Under the PRC Company Law, companies are generally classified into two categories: limited liability companies and limited companies by shares. The PRC Company Law also applies to foreign-invested limited liability companies but where other relevant laws regarding foreign investment have provided otherwise, such other laws shall prevail.

The latest amendment to the PRC Company Law took effect from March 1, 2014, pursuant to which there is no longer a prescribed timeframe for the shareholders to make full capital contribution to a company, except otherwise provided in other relevant laws, administrative regulations and State Council decisions. Instead, shareholders are only required to state the capital amount that they commit to subscribe in the articles of association of the company. Further, the initial payment of a company's registered capital is no longer subject to a minimum amount requirement and the business license of a company will not show its paid-up capital. In addition, shareholders' contribution of the registered capital is no longer required to be verified by capital verification agencies.

PRC LAWS AND REGULATIONS RELATING TO FOREIGN EXCHANGE

The principal regulation governing foreign currency exchange in China is the Foreign Exchange Administration Rules of the PRC (《中華人民共和國外匯管理條例》), the "**Foreign Exchange Administration Rules**"). These were promulgated by the State Council of the PRC on January 29, 1996 and with effect from April 1, 1996 and were amended on January 14, 1997 and August 5, 2008. Under these rules, Renminbi is generally freely convertible for payments of current account items, such as trade and service-related foreign exchange transactions and dividend payments, but not freely convertible for capital account items, such as direct investment, loan or investment in securities outside China, unless the prior approval of the SAFE or its local counterparts is obtained.

Under the Foreign Exchange Administration Rules, foreign-invested enterprises in the PRC may, without the approval of SAFE, make a payment from their foreign exchange accounts at designated foreign exchange banks for paying dividends with certain evidencing documents (board resolutions, tax certificates, etc.), or for trade and services-related foreign exchange transactions by providing commercial documents evidencing such transactions. They are also allowed to retain foreign currency (subject to a cap approval by SAFE) to satisfy foreign exchange liabilities. In addition, foreign exchange transactions involving overseas direct investment or investment and trading in securities, derivative products abroad are subject to registration with SAFE or its local counterparts and approval form or filling with the relevant PRC government authorities (if necessary).

According to the Circular on the Management of Offshore Investment and Financing and Round Trip Investment By Domestic Residents through Special Purpose Vehicles (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》), "**Circular 37**"), which was promulgated on July 14, 2014 and with effect from the same day, the domestic resident shall be required to register with the local branch of SAFE for foreign exchange registration of overseas investments before contributing the domestic and overseas lawful assets or interests to a SPV, and to update such registration in the event of any change of basic information of the registered SPV or major change in the SPV's capital, including increases and decreases of capital, share transfers, share swaps, mergers or divisions. The SPV is defined as an "offshore enterprise directly established or indirectly controlled by the domestic resident (including domestic institution and individual resident) with their legally owned assets and equity of the domestic enterprise, or legally owned offshore assets or equity, for the purpose of investment and financing"; "Round Trip Investments" refer to "the direct investment activities carried out by a domestic resident directly or indirectly via an SPV, i.e. establishing a foreign-invested enterprise or project within the PRC through a new entity, merger or acquisition and other ways, while obtaining ownership, control, operation and management and other rights and interests". In addition, according to the procedural guidelines as attached to the Circular 37, the principle of review has been changed to "the domestic individual resident is only required to register the SPV directly established or controlled (first level)".

Pursuant to Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (《關於進一步簡化和改進直接投資外匯管理政策的通知》, "**Circular 13**"), which was promulgated on February 13, 2015 and implemented June 1, 2015, the initial foreign exchange registration for establishing or taking control of a SPV by domestic residents can be conducted with a qualified bank, instead of the local foreign exchange bureau, and the Circular 13 also simplifies some procedures relating to foreign exchange for direct investments.

On March 30, 2015, the SAFE promulgated the Circular on Reforming the Management Approach regarding the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》, "**Circular 19**"), which came into effect from June 1, 2015. According to Circular 19, the foreign exchange capital of foreign-invested enterprises shall be subject to the Discretional Foreign Exchange Settlement ("**Discretional Foreign Exchange Settlement**"). The Discretional Foreign Exchange Settlement refers to the foreign exchange capital in the capital account of a foreign-invested enterprise for which the rights and interests of monetary contribution has been confirmed by the local foreign exchange bureau (or the book-entry registration of monetary contribution by the banks) and can be settled at the

banks based on the actual operational needs of the foreign-invested enterprise. The proportion of Discretional Foreign Exchange Settlement of the foreign exchange capital of a foreign-invested enterprise is temporarily determined to be 100%. The Renminbi converted from the foreign exchange capital will be kept in a designated account and if a foreign-invested enterprise needs to make further payment from such account, it still needs to provide supporting documents and proceed with the review process with the banks.

Furthermore, Circular 19 stipulates that the use of capital by foreign-invested enterprises shall follow the principles of authenticity and self-use within the business scope of enterprises. The capital of a foreign-invested enterprise and capital in Renminbi obtained by the foreign-invested enterprise from foreign exchange settlement shall not be used for the following purposes:

1. directly or indirectly used for the payment beyond the business scope of the enterprises or the payment as prohibited by relevant laws and regulations;

2. directly or indirectly used for investment in securities unless otherwise provided by the relevant laws and regulations;

3. directly or indirectly used for granting the entrust loans in Renminbi (unless permitted by the scope of business), repaying the inter-enterprise borrowings (including advances by the third party) or repaying the bank loans in Renminbi that have been sub-lent to the third party; and

4. directly or indirectly used for expenses related to the purchase of real estate that is not for self-use (except for the foreign-invested real estate enterprises).

SAFE issued the Circular on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》, or "**Circular 16**"), on June 9, 2016, which became effective simultaneously. Pursuant to Circular 16, enterprises registered in the PRC may also convert their foreign debts from foreign currency to Renminbi on self-discretionary basis. Circular 16 provides an integrated standard for conversion of foreign exchange under capital account items (including but not limited to foreign currency capital and foreign debts) on self-discretionary basis which applies to all enterprises registered in the PRC. Circular 16 reiterates the principle that Renminbi converted from foreign currency-denominated capital of a company may not be directly or indirectly used for purposes beyond its business scope or prohibited by PRC laws or regulations, while such converted Renminbi shall not be provided as loans to its non-affiliated entities.

Provisions on the Merger and Acquisition of Domestic Enterprises by Foreign Investors (Revised in 2009)

Under the Provisions on the Merger and Acquisition of Domestic Enterprises by Foreign Investors (Revised in 2009) (《關於外國投資者併購境內企業的規定》), the "**M&A Rules**"), a foreign investor is required to obtain necessary approvals when (i) a foreign investor acquires equity in a domestic non-foreign invested enterprise thereby converting it into a foreign-invested enterprise, or subscribes for new equity in a domestic enterprise via an increase of registered capital thereby

converting it into a foreign-invested enterprise; or (ii) a foreign investor establishes a foreign-invested enterprise which purchases and operates the assets of a domestic enterprise, or which purchases the assets of a domestic enterprise and injects those assets to establish a foreign-invested enterprise. According to Article 11 of the M&A Rules, where a domestic company or enterprise, or a domestic natural person, through an overseas company established or controlled by it/him/her, acquires a domestic company which is related to or connected with it/him/her, approval from the MOFCOM is required.

REGULATIONS ON PRIVATE POSTSECONDARY EDUCATION IN THE STATE OF CALIFORNIA

California Private Postsecondary Education Act

The California Education Code establishes the structure of the school system in the State of California and governs the operations of both public and private educational institutions. As part of the California Education Code, on October 11, 2009, Assembly Bill 48, also known as the California Private Postsecondary Education Act of 2009 ("California Private Postsecondary Education Act"), was passed to regulate private postsecondary educational institutions in the State of California, the United States ("California").

Approval to Operate Private Postsecondary Educational Institution

The BPPE came into existence on January 1, 2010 following the passage of the California Private Postsecondary Education Act. BPPE was created primarily to regulate private postsecondary educational institutions operating in California.

Pursuant to the California Private Postsecondary Education Act, a private postsecondary educational institution in California must seek approval to operate from the BPPE by demonstrating that the educational institution has the capacity to satisfy the minimum operating standards prescribed by the BPPE under the applicable provisions of the California Code of Regulations promulgated pursuant to the California Private Postsecondary Education Act.

The applicable regulations provide that an institution must fulfill the minimum operating standards to reasonably ensure that: (i) the content of each education program can achieve its stated objective; (ii) the institution maintains specific written standards for student admissions for each education program and those standards are related to the particular education program; (iii) the facilities, instructional equipment, and materials are sufficient to enable students to achieve the education program's goals; (iv) the institution maintains a withdrawal policy and provides refunds; (v) the directors, administrators, and faculty are properly qualified; (vi) the institution is financially sound and capable of fulfilling its commitments to students; (vii) that, upon satisfactory completion of an education program, the institution gives students a document signifying the degree or diploma awarded; (viii) adequate records and standard transcripts are maintained and are available to students; and (ix) the institution is maintained and operated in compliance with the California Private Postsecondary Education Act and all other applicable regulations and laws.

Formal application can be made to BPPE for approval to operate a private postsecondary educational institution and the non-accredited application process consists of two stages of review: completeness review and compliance review. After submission of an application to BPPE by an educational institution together with the required documentation and fees, the bureau will review the completeness of the application within 30 days of receipt of the application. After the bureau is satisfied with the completeness of the application, the application will be put before an analyst for compliance review. During the stage of compliance review, the analyst will determine whether the institution has the capacity to satisfy the minimum operating standards. If applicable, the application will then be submitted to the Quality of Education Unit ("**QEU**") to review the education programs if they are not solely approved by another licensing entity. Once the QEU has completed its review, findings of the QEU will be forwarded to the licensing analyst of the BPPE and an approval to operate may be granted by the BPPE.

Voluntary Non-Governmental Accreditation Process

Accreditation is a voluntary non-governmental review process and an educational institution may apply to an accrediting body for accreditation. In the U.S., there are a limited number of national and regional accrediting bodies recognized by the U.S. Department of Education as reliable authorities concerning the quality of education or training offered by the educational institutions they accredit. For an educational institution, the eligibility criteria to become accredited depend on the specific rules as adopted by the relevant accrediting body.

The Accrediting Commission of Career Schools and Colleges ("**ACCSC**") is a national accrediting agency recognized by the U.S. Department of Education for its accreditation of postsecondary, non-degree-granting institutions and degree-granting institutions in the U.S. The accreditation process for ACCSC primarily involves the following progressive stages: (i) determination of eligibility, (ii) attendance of a mandatory pre-accreditation workshop organized by ACCSC, (iii) application for initial accreditation within six months after the pre-accreditation workshop, (iv) on-site evaluation to be carried out by a team of experienced professionals at ACCSC, (v) team summary report to be issued by ACCSC summarizing its observations of the school and the subsequent filing of a response by the applicant, and (vi) grant of initial accreditation in case ACCSC concluded that its accreditation standards and requirements are met by the applicant. In order to meet the eligibility criteria set by ACCSC, an applicant must be a private postsecondary institution with trade, occupational, or career-oriented educational objectives. In order to be eligible, the applicant must also have been operating for two consecutive years prior to the application for accreditation (except for regularly scheduled breaks and vacation periods), and demonstrate that it commits to operate continuously thereafter. In general, an initial accreditation status will be granted to an educational institution for a maximum of five years based on its demonstrated ability to maintain continuous compliance with ACCSC's accrediting standards before renewal. According to ACCSC, it typically takes an applicant between 18 months and two years to complete the initial accreditation process.

The Western Association of Schools and Colleges, Senior Colleges and University Commission ("WSCUC") is one of the regional accrediting agencies recognized by the U.S. Secretary of Education for its accreditation and pre-accreditation of senior colleges and universities in (among other regions) California. The accreditation process for the WSCUC involves three progressive stages: (i) eligibility, (ii) pre-accreditation or candidacy, and (iii) initial accreditation. An educational institution will be granted a maximum of five years of eligibility after review by the WSCUC that the educational institution meets the eligibility criteria set by WSCUC. Pre-accreditation is a preliminary affiliation with the WSCUC awarded to an educational institution that meets all or nearly all the standard at a minimum level for a maximum of five years. Initial accreditation will be awarded to an educational institution that has met the WSCUC's standards at a substantial level for a maximum of six years before the next comprehensive review.

HISTORY AND BUSINESS DEVELOPMENT

Our Company was incorporated in the Cayman Islands under the Cayman Islands Companies Law as an exempted company with limited liability on March 23, 2018. Since its incorporation, our Company has been an investment holding company with no business operation. Pursuant to the Reorganization, as more particularly described in "Reorganization" in this section, our Company became the holding company of our Group for the purpose of the Listing.

Our history can be traced back to 2002, when our founder Mr. Fang, leveraging his abundant management experience in the restaurant industry and at the vision to providing higher education service dedicated to training talents with practical skills applicable to the modern service industry, jointly established Yinxing International Hotel Management College of CUIT (成都信息工程學院銀杏國際飯店管理學院), a secondary school of CUIT, in Chengdu, Sichuan Province. Yinxing International Hotel Management College of CUIT started its operation in the 2002/2003 school year, and ceased operation before the 2005/2006 school year. In response to Certain Opinions on Regulating and Strengthening the Administration of Trial Running of Independent Schools Through New Mechanisms and Modes in Regular Institutions of Higher Education (《關於規範並加強普通高校以新的機制和模式試辦獨立學院管理的若干意見》) ("**Certain Opinions on Independent Schools**") issued by the MOE on April 23, 2003, Yinxing College was established as an independent college in 2004 pursuant to an approval from the MOE and started to enroll students independently since the 2004/2005 school year. In 2010, Yinxing Training School obtained approval from Chengdu Civil Affairs Bureau (成都市民政局) and Chengdu Human Resources and Social Security Bureau (成都市人力資源和社會保障局) for its establishment. In June 2018, we entered into the Contractual Arrangements for the purposes of the Reorganization pursuant to which our Company acquired control of Yinxing College and Yinxing Training School.

In the 2017/2018 school year, approximately 9,553 students were enrolled in Yinxing College. As of the Latest Practicable Date, Yinxing Training School did not conduct any business operation.

BUSINESS MILESTONES

Set out below are the milestones in our business and corporate development:

Year	Event
2002	Yinxing International Hotel Management College of CUIT (成都信息工程學院銀杏國際飯店管理學院) obtained approval from the department of education of Sichuan Province for its establishment as a secondary school of CUIT
2004	Yinxing Hospitality Management College of Chengdu College of Information Technology (成都信息工程學院銀杏酒店管理學院) was established as an independent college pursuant to an approval from the MOE
2008	Our campus in Pi county, Sichuan Province was open
2010	Yinxing Training School obtained approval from Chengdu Civil Affairs Bureau (成都市民政局) and Chengdu Human Resources and Social Security Bureau (成都市人力資源和社會保障局) for its establishment

Year	Event
2012	Yinxing College was approved to independently award degree certificates
2015	We began operation under the name of "Yinxing Hospitality Management College of CUIT (成都信息工程大學銀杏酒店管理學院)"
2018	We entered into a contract to obtain a land of approximately 420,000 sq.m. in Yibin, Sichuan Province for the construction of the Nanxi New Campus

OUR CONSOLIDATED AND AFFILIATED ENTITIES

Our PRC Operating Schools

The following table sets forth the details of our two PRC Operating Schools as of the Latest Practicable Date:

School	Establishment date	Registered capital
Yinxing College	December 14, 2004	RMB9,920,000
Yinxing Training School	March 12, 2010	RMB150,000

Yinxing College (成都信息工程大學銀杏酒店管理學院)

Yinxing International Hotel Management College of CUIT (成都信息工程學院銀杏國際飯店管理學院) obtained an approval from the department of education of Sichuan Province on April 22, 2002 for its establishment as a secondary school of CUIT. Yinxing International Hotel Management College of CUIT started its operation in the 2002/2003 school year, and ceased operation before the 2005/2006 school year. In response to Certain Opinions on Independent Schools issued by the MOE on April 23, 2003, Yinxing College was established on February 23, 2004 pursuant to an approval from the MOE as an independent college under the laws of the PRC, which is separate from the previous secordary school. As of the Latest Practicable Date, Yinxing College was jointly sponsored by CUIT and Gingko Asset Management. Pursuant to a cooperation agreement dated May 16, 2006 entered into between CUIT and Gingko Asset Management and the articles of association of Yinxing College, Gingko Asset Management is responsible for, among other things, (i) funding of and assets contribution to Yinxing College, and (ii) the daily operations of Yinxing College, while CUIT was entitled to 20% of the total tuition fees as joint tuition support fee on school year basis. According to a capital verification report issued by a certified public accountant, the registered capital has been fully contributed by Gingko Asset Management. As such, Gingko Asset Management is the sole contributor (出資人) and equity owner of Yinxing College.

Material terms of the cooperation agreement dated May 16, 2006 are set out as below:

Duration:	Long term cooperation without expiry date.
Distribution of tuition fees:	On a school year basis, 20% of the total tuition fees shall be paid to CUIT as joint tuition support fee, 2% shall be reserved for Yinxing College, and 78% shall be applied to the daily operations and business development of Yinxing College.
Obligations:	Gingko Asset Management shall, among other things, (i) provide all required facilities and upgrade as necessary, (ii) be responsible for the quality of teaching and campus safety, and (iii) be responsible for the career development of the graduates. CUIT shall provide guidance on (i) the overall directions of the development of Yinxing College, (ii) the teachers and staff management; and (iii) the supervision of the quality of teaching and advise on the program offerings.
Board of directors:	Gingko Asset Management shall appoint three directors and has the right to nominate the chairman while CUIT shall appoint two directors and has the right to nominate the deputy chairman.
Termination:	Neither party may unilaterally terminate the agreement unless there is any change in the current applicable regulations or policies to the independent colleges. If there is any change in the current national policies or occurrence of force majeure which will cause the cooperation agreement to be impracticable, both party shall negotiate the solution.

Under the cooperation agreement dated May 16, 2006, Gingko Asset Management shall contribute cash and other tangible assets while CUIT has agreed to (i) provide its intellectual and human resources to Yinxing College and (ii) award degree certificates to graduates of Yinxing College. In addition, CUIT agreed to allow us to keep operating Yinxing College on CUIT's campus. The registered capital of Yinxing College has been fully paid by Gingko Asset Management as independently verified by a PRC certified public accountant.

However, in 2006, Yinxing College moved out of CUIT's campus and no longer relied on the intellectual and human resources of CUIT. As such, we proposed a downward adjustment of the joint tuition support fee to reflect such change in the cooperation between CUIT and Gingko Asset Management and had paid the joint tuition support fee in an aggregate amount of RMB4.5 million during the negotiation process by the end of 2011. In addition, given that (i) Yinxing College and its predecessor and affiliates had made significant investment in various facilities on CUIT's campus, including but not limited to, renovation and upgrade of student dorms and classrooms, road repair and maintenance, and electrical wiring upgrade, which are fixtures and fittings that could not be removed

at the time of the relocation of Yinxing College in 2006; and (ii) the land requisition plan of the Chengdu Municipal Bureau of Land Resource which led to the relocation of Yinxing College happened much sooner than expected, leaving Yinxing College very little time to look for replacement campus and implement its relocation plan properly, and, as a result, Yinxing College incurred addtional relocation expenses and rental for a temporary campus, we also requested CUIT to bear the relocation expenses incurred by Yinxing College. In 2012, Yinxing College received approval to grant degree certificates to its graduates independently starting from the 2012/2013 school year, which further strengthened our ground to reduce the joint tuition support fee. Therefore, we started negotiating the reduction in the joint tuition support fee with and seeking payment of the relocation expenses from CUIT more rigorously and orally agreed in principle with CUIT toward the end of 2014 that (i) the joint tuition support fee shall be reduced from 20% to 7% of the total tuition fees per school year from 2012/2013 school year, and (ii) CUIT shall bear the relocation expenses incurred by Yinxing College in the amount of approximately RMB15.8 million. Although verbal agreement was reached by the end of 2014 between CUIT and us, no written agreement was signed since both parties continued to negotiate detailed payment terms. With more rigorous efforts from us in light of our contemplated initial public offering plan, both parties finally entered into the supplemental agreement with CUIT on December 31, 2017 (the "**Supplemental Agreement**," together with the cooperation agreement as the "**Cooperation Agreement**").

The Supplemental Agreement contains the following material terms:

- The joint tuition support fee will be adjusted from 20% to 7% of the total tuition fees starting from the 2012/2013 school year;

- CUIT agrees to bear the expenses incurred by Yinxing College to relocate to its new campus in an aggregate amount of approximately RMB15.8 million, which shall be deducted from the joint tuition support fee payable to CUIT for school years from 2006/2007 to 2011/2012;

- Yinxing College shall settle all outstanding joint tuition support fee payable to CUIT from 2006/2007 school year to 2017/2018 school year in an aggregate amount of approximately RMB57.8 million by March 30, 2018; and any outstanding balance that remains unpaid by Yinxing College after March 30, 2018 shall be subject to a penalty interest of 0.1% per day;

- CUIT shall support Yinxing College in its efforts to convert into a regular private higher education institution; and

- Other than the amendments specified in the Supplemental Agreement, the terms and conditions in the original cooperation agreement shall remain in full force and effect.

Further, the termination clause of the cooperation agreement has not been amended. Since we had fully paid the outstanding joint tuition support fee by March 30, 2018 as agreed with CUIT, we shall not be subject to any penalty for the late payment of the joint tuition support fee for years from 2006

to 2017. In the confirmation letter from CUIT dated November 16, 2018, CUIT confirmed, among other things, that (i) Yinxing College had settled the outstanding joint tuition support fee pursuant to the Supplemental Agreement; and (ii) it had not requested any late payment penalty from Yinxing College.

We sought confirmations from relevant governmental authorities with respect to the reduction of the joint tuition support fee and the payment of relocation expenses by CUIT. On November 29, 2018, the Company and the Sole Sponsor, accompanied by their respective PRC legal advisors, interviewed the chief of the Private Education Division of the Education Department of Sichuan Province, who confirmed that:

- The Education Department of Sichuan Province is the competent governing authority for both CUIT and Yinxing College; and the Private Education Division of the Education Department of Sichuan Province has the authority to plan, coordinate and supervise private education matters in Sichuan Province, including, in particular, the authority to supervise and administrate the cooperation agreement between CUIT and Gingko Asset Management;

- CUIT has the discretion to make commercial decisions in its cooperation with Gingko Asset Management, including, among other things, negotiating the amount, payment terms and collection method of the joint tuition support fee, and bearing the relocation expenses in the Cooperation Agreement;

- The Education Department of Sichuan Province has reviewed the Cooperation Agreement and is aware that: (1) the joint tuition support fee has been reduced from 20% to 7% of the tuition fees starting from the 2012/2013 school year and the aggregate amount of reduction in the joint tuition support fee is approximately RMB28.3 million for financial years from 2012 to 2014 and approximately RMB41.8 million for financial years from 2015 to 2017; (2) CUIT has agreed to bear the relocation expenses incurred by Yinxing College in the total amount of RMB15.8 million; and (3) the entire outstanding amount of the joint tuition support fee payable to CUIT from the 2006/2007 school year to 2017/2018 school year shall be settled by March 30, 2018; and

- Under current PRC laws and regulations, amendments set forth above are not required to be filed with any competent education authority, do not constitute any violation of laws and regulations and will not subject CUIT or us to any administrative penalties.

As advised by our PRC Legal Advisors, the Private Education Division of the Education Department of Sichuan Province is the competent authority to issue the above confirmations. Based on such confirmations set forth above, our PRC Legal Advisors have further advised that, (1) although CUIT is a public university funded by the government, pursuant to applicable PRC laws and regulations as well as its articles of association, CUIT has the autonomy in its operation and has the discretion to negotiate and enter into cooperation agreements or any subsequent amendment to such cooperation agreements, and (2) the amendments to the relevant cooperation agreements by CUIT are valid and legally binding on CUIT.

The table below sets forth a summary of the accrual joint tuition support fee to us, the payment made by us, and the payables for joint tuition support fee from us as of the end of on for each corresponding year/period. As indicated in the following table, the payables for the joint tution support fee as of June 30, 2018 is nil.

	Joint tuition support fee accrual for the year/period ended the corresponding date[(1)]	Adjustment of accrual as of the date indicated	Joint tuition support fee paid to CUIT during the year/period ended the corresponding date	Payables for joint tuition support fee as of the date indicated
	(RMB)	*(RMB)*	*(RMB)*	*(RMB)*
December 31, 2006	1,769,920	—	—	1,769,920
December 31, 2007	4,864,409	—	—	6,634,329
December 31, 2008	7,064,789	—	—	13,699,118
December 31, 2009	9,132,022	—	500,000	22,331,140
December 31, 2010	10,803,689	—	—	33,134,829
December 31, 2011	12,562,678	—	4,000,000	41,697,507
December 31, 2012	15,080,411	—	—	56,777,918
December 31, 2013	17,441,567	—	2,000,000	72,219,485
December 31, 2014	18,567,378	(44,120,590)[(2)]	6,000,000	40,666,273
December 31, 2015	6,923,428	—	—	47,589,701
December 31, 2016	7,454,607	—	5,000,000	50,044,308
December 31, 2017	8,108,722	—	5,000,000	53,153,030
June 30, 2018	4,658,500	—	57,811,530	—

Notes:

(1) The accrued joint tuition support fee per year was originally calculated as 20% of the total tuition fees per school year pursuant to the cooperation agreement between CUIT and Gingko Asset Management dated May 16, 2006. CUIT, Ginko Asset Management and Yinxing College reached agreements before 2015 that (i) the joint tuition support fee shall be reduced to 7% of the total tuition fees per school year for 2012 and onward taking into account, among other things, that Yinxing College was approved to independently award degree certificates, and (ii) CUIT shall bear the relocation costs of Yinxing College incurred in 2006, which should be deducted from the joint tuition support fee payable to CUIT.

(2) The adjustment of accrual as of December 31, 2014 consists of (i) relocation costs of Yinxing College beared by CUIT at the amount of RMB15.8 million, and (ii) the reversal of the joint tuition support fee at the amount of RMB4.9 million, RMB11.3 million and RMB12.1 million for 2012, 2013 and 2014, respectively. The reversal for 2012 could only reflect the agreed joint tuition support fee deduction to 7% for the first four months of the 2012/2013 school year, which are the last four months in 2012.

The Cooperation Agreement is in compliance with Certain Opinions on Regulating and Strengthening the Administration of Trial Running of Independent Schools Through New Mechanisms and Modes in Regular Institutions of Higher Education (annulled in 2011) (《關於規範並加強普通高校以新的機制和模式試辦獨立學院管理的若干意見》) ("**Certain Opinions on Independent Schools**") and the Measures for the Establishment and Administration of Independent Colleges (《獨立學院設置與管理辦法》) ("**Measures for Independent Colleges**") issued by the MOE on April 23, 2003 and February 22, 2008, respectively.

According to the Measures for Independent Colleges, the term "independent college" refers to higher education institutions engaging in undergraduate degree education which are jointly established by regular higher education institutions engaging in undergraduate degree education or above with social organizations (other than state-owned institutions) or individuals, with funds from sources other than government finance.

According to Certain Opinions on Independent Schools, the regular higher education institutions are mainly responsible for improvement of faculty and administration teams and valuation system, while social organizations or individuals are mainly responsible for the infrastructure and other school-operating conditions. The Measures for Independent College also require that for a jointly established independent college, regular higher education institutions shall participate in the cooperation by the provision of the name, intellectual property, management resources and educational resources while social organizations or individuals shall be responsible for the funding, tangible assets contribution and the provision of land use right, etc.

According to the Measures for Independent Colleges, the funds contributed by sponsors of an independent college shall be verified according to laws, and the sponsors shall transfer such funds to the account of the independent college during the preparation period. The contributor (出資人) of an independent college may, after deducting the school-running cost, reserving the development funds and making other necessary provisions as required by the relevant laws and regulations, gain reasonable returns from the balance thereof. The standards and procedures for the contributor to gain reasonable returns are governed by Implementation Rules for the Law for Providing Private Education of the PRC and other relevant laws and regulations.

As such, our PRC Legal Advisors are of the view that (i) Gingko Asset Management is the sole contributor and be equivalent to 100% equity owner of Yinxing College; and (ii) CUIT is a joint sponsor of Yinxing College rather than contributor and did not make any contribution to the registered capital or the funding for the operation of Yinxing College. The Cooperation Agreement only entitled CUIT to (i) rights in relation to management of Yinxing College, including appointing two out of five directors on the board of directors of Yinxing College and nominating the deputy chairman of board, formulating the board charter jointly with Gingko Asset Management, recommending to the board of directors of Yinxing College one educational supervisor (督學) being responsible for the supervision on the school direction, enrollment, student management, teaching disciplines and teaching quality, and providing guidance on recruitment and development of the teachers team and the management team; and (ii) 7% of the total tuition fees on school year basis (applicable to the 2012/2013 school year and onward) and 20% of the total tuition fees on school year basis (applicable to previous school years). Accordingly, CUIT shall not be equivalent to as an equity owner of Yinxing College.

Yinxing Training School (成都銀杏酒店職業技能培訓學校)

Yinxing Training School obtained approvals from Chengdu Civil Affairs Bureau (成都市民政局) on February 26, 2010 and Chengdu Human Resources and Social Security Bureau (成都市人力資源和社會保障局) on March 12, 2010, respectively, for its establishment as a vocational training provider under the laws of the PRC. Gingko Asset Management has been the sponsor of Yinxing Training School since its establishment.

Yinxing Training School was established and remained in our Group for the purpose of future business expansion. Since its establishment and as of the Latest Practicable Date, Yinxing Training School had not commenced any business operation. As advised by our PRC Legal advisors, Yinxing Training School (i) has obtained the business license of vocational training school pursuant to requirements under the Establishment Standard (Trial) of Private Vocational Training Schools (《民辦職業培訓學校設置標準(試行)》) and the Law of Promoting Private Education of the PRC (《民辦教育促進法》), (ii) Yinxing Training School should be reviewed by the department of labor and social security at different levels in accordance with the requirements of the Establishment Standard (Trial) of Private Vocational Training Schools (《民辦職業培訓學校設置標準(試行)》) as a private vocational training school, and also be reviewed by related regulatory authorities in accordance with the regulations and implementations in the section headed "Regulation Overview" as a general school, such as the Education Law of the PRC (《中華人民共和國教育法》), the Law for Promoting Private Education of the PRC (《民辦教育促進法》), the Law for Promoting Private Education of the PRC (《中華人民共和國民辦教育促進法實施條例》), the Vocational Education Law of the PRC (《中華人民共和國職業教育法》) and (iii) is qualified to operate within the business scope set out in such business license. According to the written confirmation issued by Chengdu Human Resources and Social Security Bureau and Chengdu Civil Affairs Bureau on October 23, 2018 (the "**Written Confirmation**"), up to the date of the Written Confirmation, Yinxing Training School (i) has not been found in any violation of the Vocational Education Law or other regulations in its daily operation; (ii) had not been imposed any penalty; and (iii) had carried out necessary procedures for approval, registration and filed for all of its changes and private educational activities.

Gingko Asset Management (成都銀杏資產管理有限公司)

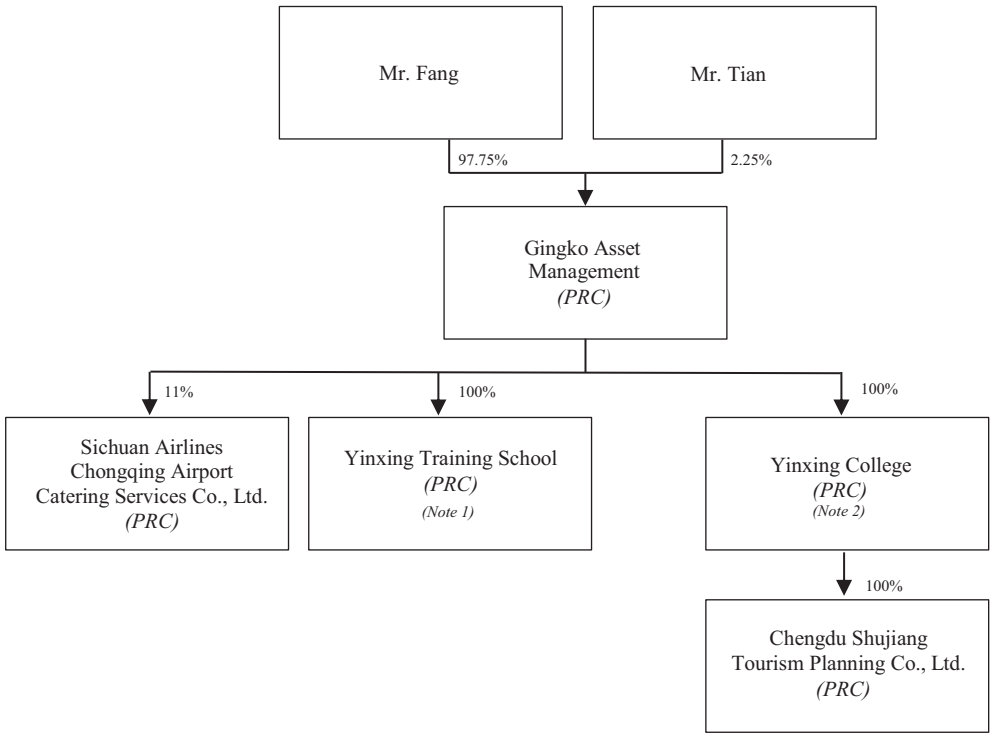
Gingko Asset Management was established as a limited liability company on August 2, 2002 under the laws of the PRC with an initial registered share capital of RMB300,000. At the time of its establishment, Gingko Asset Management was owned as to 75% by Mr. Fang, 5% by Mr. Tian, 5% by Mr. Song Hua (宋華), a former director of Yinxing College and 5% each by three Independent Third Parties.

Subsequent to a series of increase in registered capital and transfers of equity interests, the registered share capital of Gingko Asset Management was increased to RMB50,000,000, and Gingko Asset Management became owned as to 97.75% by Mr. Fang and 2.25% by Mr. Song Hua, a former director of Yinxing College, on April 28, 2013. On January 8, 2016, Mr. Song Hua transferred his 2.25% interest in Gingko Asset Management to Mr. Tian at a consideration of RMB1,125,000, which

was determined with reference to its registered capital and settled on August 9, 2016. Upon the completion of the transfer, Gingko Asset Management became owned as to 97.75% by Mr. Fang and 2.25% by Mr. Tian. As of the Latest Practicable Date, Gingko Asset Management was the sponsor of Yinxing College and Yinxing Training School.

REORGANIZATION

In March 2018, we commenced the Reorganization in preparation for the Global Offering. The shareholding and corporate structure of our Group immediately prior to the Reorganization is set out in the chart below:



Note:

1. Gingko Asset Management is the sponsor to Yinxing Training School.

2. Gingko Asset Management and CUIT are joint sponsors to Yinxing College, where Gingko Asset Management is responsible for (i) funding of and assets contribution to Yinxing College, and (ii) daily operations of Yinxing College while CUIT is entitled to a fixed percentage of the total tuition fees as joint tuition support fee. According to a capital verification report issued by a certified public accountant, the registered capital has been fully contributed by Gingko Asset Management. As such, Gingko Asset Management is the sole contributor and equity owner of Yinxing College.

Disposal of Non-core Equity Investments

During the Track Record Period and as of the Latest Practicable Date, the core business of our Group remains the provision of higher education service. With a view to focusing our resources on our core business and streamlining our group structure, we had disposed of non-core business including the provision of in-flight catering services to airlines, and a company which had no business operations nor in line with our business strategies as part of the Reorganization.

Disposal of our Investment in Chengdu Shujiang Tourism Planning Co., Ltd. (成都蜀江旅遊規劃設計有限公司) ("Chengdu Tourism")

Chengdu Tourism was established in the PRC as a limited liability company on January 3, 2014 and was wholly-owned by Yinxing College. Since its establishment and as of the date of disposal, Chengdu Tourism had no business operation.

As part of the Reorganization, pursuant to an equity transfer agreement dated March 12, 2018, Yinxing College transferred its entire equity interests in Chengdu Tourism to Chengdu Gingko Jin'ge Investment Co., Ltd.* (成都銀杏金閣投資有限公司) ("**Jin'ge Investment**"), a company owned as to 85% by Mr. Fang, at a consideration of RMB100,000. The consideration of the transfer was determined with reference to the registered share capital of Chengdu Tourism, and was fully settled in cash by Jin'ge Investment on May 15, 2018. Upon completion of such transfer, Yinxing College ceased to hold any equity interests in Chengdu Tourism.

Disposal of our Investment in Sichuan Airlines Chongqing Airport Catering Services Co., Ltd. (四川航空重慶機場配餐服務有限公司) ("Sichuan Catering")

Sichuan Catering was established in the PRC as a limited liability company on March 30, 2006 and was owned as to 11% by Gingko Asset Management, 49% by Sichuan Airlines Group Co., Ltd. (四川航空集團有限責任公司) and 40% by Chognqing Airport Group Co., Ltd. (重慶機場集團有限公司). Both Sichuan Airlines Group Co., Ltd. and Chongqing Airport Group Co., Ltd. are Independent Third Parties. Sichuan Catering was established for the purpose of providing in-flight catering services to airlines.

As part of the Reorganization, pursuant to an equity transfer agreement dated May 30, 2018, Gingko Asset Management transferred its 11% equity interests in Sichuan Catering to Jin'ge Investment at a consideration of RMB13,602,000. The consideration of the transfer was determined with reference to the valuation report prepared by an Independent Third Party valuer, and was fully settled in cash by Jin'ge Investment on June 14, 2018. Upon completion of such transfer, Gingko Asset Management ceased to hold any equity interests in Sichuan Catering.

Incorporation of offshore holding companies

Vast Universe was incorporated in the BVI as a business company with limited liability on March 21, 2018 in order to act as the holding company for the interest of Mr. Fang in our Company. Vast Universe was authorized to issue up to a maximum of 50,000 ordinary shares of a single class without par value and one ordinary share was allotted and issued to Mr. Fang at a consideration of US$1.00. Upon completion of such allotment and issue, Vast Universe was wholly-owned by Mr. Fang.

HFYX was incorporated in the BVI as a business company with limited liability on March 21, 2018 in order to act as the holding company for the interest of Mr. Tian in our Company. HFYX was authorized to issue up to a maximum of 50,000 ordinary shares of a single class without par value and one ordinary share was allotted and issued to Mr. Tian at a consideration of US$1.00. Upon completion of such allotment and issue, HFYX was wholly-owned by Mr. Tian.

Incorporation of our Company

Our Company was incorporated in the Cayman Islands as an exempted company on March 23, 2018 in order to act as the holding company of our Group. The initial authorized share capital of our Company was HK$380,000 divided into 38,000,000 shares with a par value of HK$0.01 each. Upon incorporation, one Share was allotted and issued to an Independent Third Party and transferred to Vast Universe on the same day, following which 9,774 Shares were allotted and issued to Vast Universe and 225 Shares were allotted and issued to HFYX. Upon completion of such allotments and issues, our Company was owned as to 97.75% by Vast Universe and 2.25% by HFYX.

Incorporation of offshore subsidiaries

Gingko BVI was incorporated in the BVI as a business company with limited liability on March 26, 2018. Gingko BVI was authorized to issue up to a maximum of 50,000 ordinary shares of a single class without par value and one share was allotted and issued to our Company at a consideration of US$1.00. Upon completion of such allotment and issue, Gingko BVI was wholly-owned by our Company.

Gingko HK was incorporated in Hong Kong as a limited liability company on April 23, 2018. On the same date, 10,000 ordinary shares were allotted and issued to Gingko BVI at a subscription price of HK$10,000. Upon completion of such shares allotment and issuance, Gingko HK was wholly-owned by Gingko BVI.

Establishment of WFOE

On May 30, 2018, WFOE was established in the PRC as a wholly-foreign owned enterprise with a registered capital of HK$10.0 million, which was wholly-owned by Gingko HK.

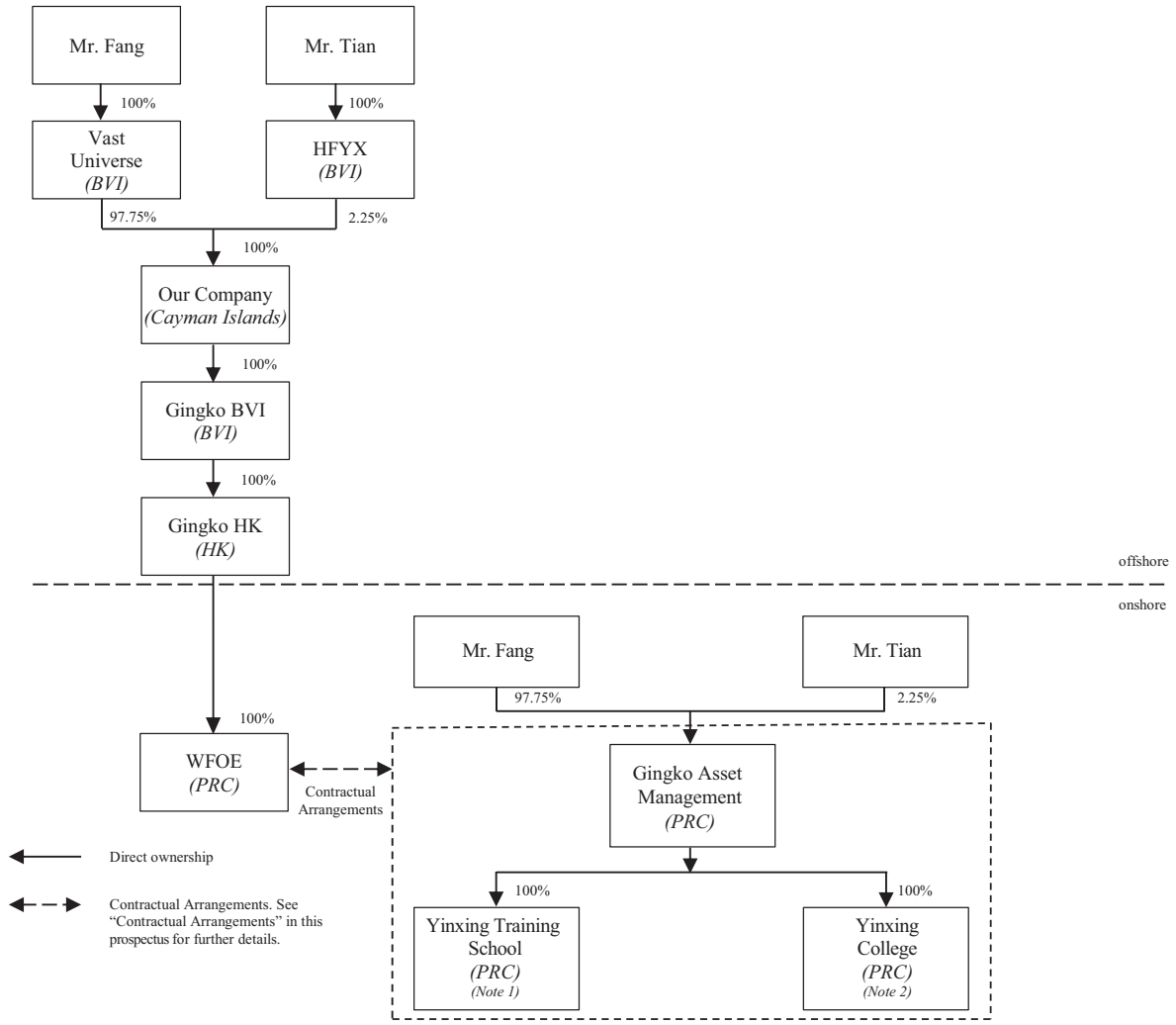
Entry into the Contractual Arrangements

On June 14, 2018, WFOE and other parties entered into various agreements which constitute the Contractual Arrangements with Gingko Asset Management, Yinxing College, Yinxing Training School, Mr. Fang and Mr. Tian, under which all economic benefits arising from the business of our consolidated affiliated entities are transferred to WFOE to the extent permitted under the PRC laws and regulations by means of service fees payable by Gingko Asset Management, Yinxing College and Yinxing Training School. See "Contractual Arrangements" in this prospectus for further details of the Contractual Arrangements.

Our PRC Legal Advisors have confirmed that the Reorganization as described above complies with the relevant PRC laws and regulations.

CORPORATE AND SHAREHOLDING STRUCTURE

The following chart sets forth our Group's corporate and shareholding structure immediately after completion of the Reorganization, but before completion of the Global Offering and the Capitalization Issue:



Notes:

1 Gingko Asset Management is the sponsor to Yinxing Training School.

2 Gingko Asset Management and CUIT are joint sponsors to Yinxing College, where Gingko Asset Management is responsible for (i) funding of and assets contribution to Yinxing College, and (ii) daily operations of Yinxing College while CUIT is entitled to a fixed percentage of the total tuition fees as joint tuition support fee. According to a capital verification report issued by a certified public accountant, the registered capital has been fully contributed by Gingko Asset Management. As such, Gingko Asset Management is the sole contributor and equity owner of Yinxing College.

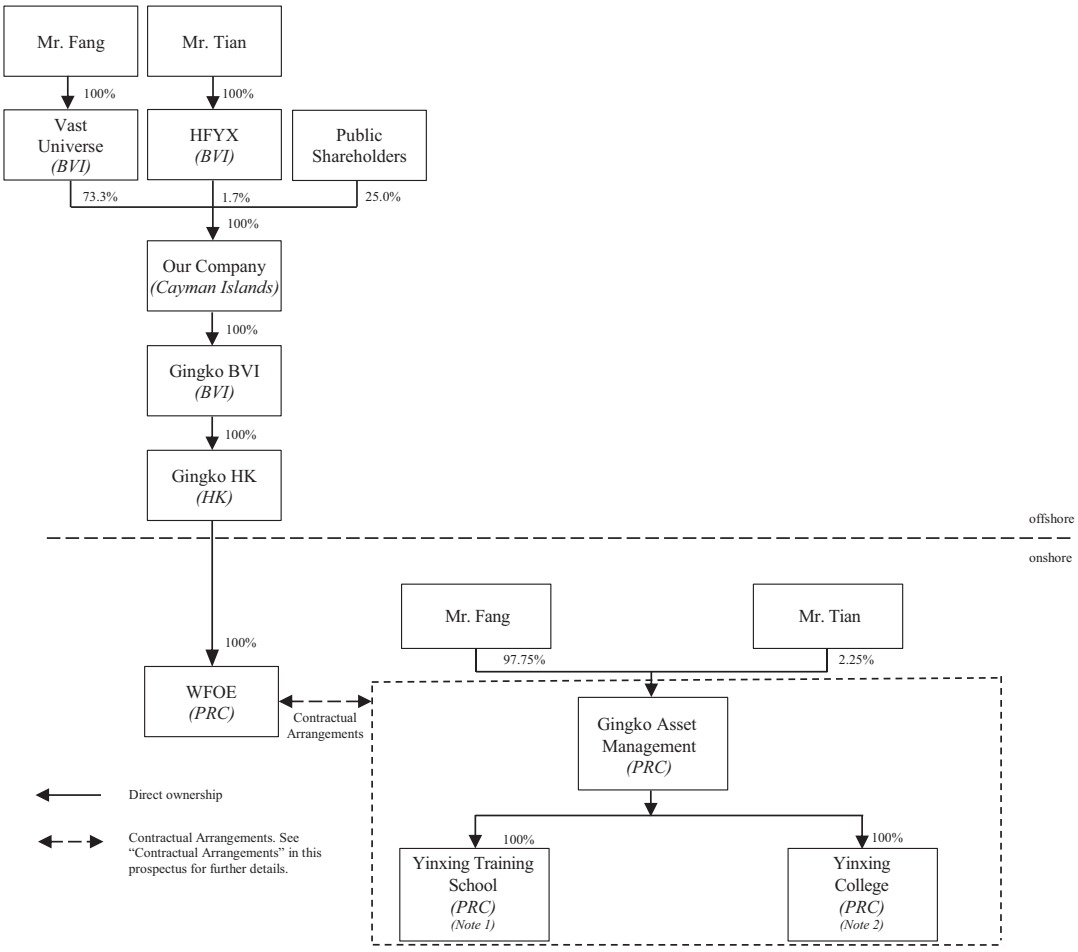
INCREASE OF AUTHORIZED SHARE CAPITAL

On December 12, 2018, our Company increased our authorized share capital from HK$380,000 divided into 38,000,000 Shares of HK$0.01 each to HK$10,000,000 divided into 1,000,000,000 Shares of HK$0.01 each by the creation of an additional 962,000,000 Shares of HK$0.01 each.

CAPITALIZATION ISSUE

Conditional upon the crediting of our Company's share premium account as a result of the issue of the Offer Shares pursuant to the Global Offering, our Directors are authorized to capitalize an amount of HK$3,749,900 standing to the credit of the share premium account of our Company by applying such sum towards the paying up in full at par a total of 374,990,000 Shares for allotment and issue to our Shareholders as of December 12, 2018.

The following chart sets forth our Group's corporate and shareholding structure after completion of the Reorganization, the Global Offering and the Capitalization Issue (assuming that the Over-allotment Option is not exercised and taking no account of any Shares to be issued upon the exercise of any options that may be granted under the Share Option Scheme):



Notes:

1 Gingko Asset Management is the sponsor to Yinxing Training School.

2 Gingko Asset Management and CUIT are joint sponsors to Yinxing College where Gingko Asset Management is responsible for (i) funding of and assets contribution to Yinxing College, and (ii) daily operations of Yinxing College while CUIT is entitled to a fixed percentage of the total tuition fees as joint tuition support fee. According to a capital verification report issued by a certified public accountant, the registered capital has been fully contributed by Gingko Asset Management. As such, Gingko Asset Management is the sole contributor and equity owner of Yinxing College.

CIRCULAR 37

Under the Circular of the SAFE on Foreign Exchange Administration of Overseas Investment, Financing and Round-trip Investments Conducted by Domestic Residents through Special Purpose Vehicles (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) ("**Circular 37**"), before contributing the domestic and overseas lawful assets or interests to Vast Universe and HFYX, which are special purpose vehicles as defined in Circular 37, PRC domestic residents who control those special purpose vehicles shall conduct necessary registration. For further details of Circular 37, see "Regulatory Overview — PRC Laws and Regulations Relating to Foreign Exchange" in this prospectus.

As advised by our PRC Legal Advisors, the relevant shareholders, namely, Mr. Fang and Mr. Tian, each of whom is a PRC resident, have completed the registration as required by Circular 37, and such registrations have complied with the provisions set forth in Circular 37.

M&A RULES

On August 8, 2006, six PRC regulatory agencies, including MOFCOM, the State Assets Supervision and Administration Commission, the State Administration of Taxation, SAIC, CSRC and SAFE, jointly issued the M&A Rules, which became effective on September 8, 2006, and was amended on June 22, 2009. Pursuant to the M&A Rules, a foreign investor is required to obtain necessary approvals when (i) a foreign investor acquires equity in a domestic non-foreign invested enterprise, thereby converting it into a foreign-invested enterprise, or subscribes for new equity in a domestic enterprise through an increase of registered capital thereby converting it into a foreign-invested enterprise; or (ii) a foreign investor establishes a foreign-invested enterprise which purchases and operates the assets of a domestic enterprise, or which purchases the assets of a domestic enterprise and injects those assets to establish a foreign-invested enterprise (the "**Regulated Activities**").

Given that (i) WFOE was established as a wholly foreign-owned enterprise by means of direct investment rather than by merger or acquisition by our Company under the M&A Rules, and (ii) no Regulated Activities were involved in the corporate reorganization under the M&A Rules, as advised by our PRC Legal Advisors, the establishment of WFOE and the corporate reorganization are not subject to the M&A Rules, and the Global Offering of our Company does not require approvals from CSRC and MOFCOM under the M&A Rules.

BACKGROUND TO THE CONTRACTUAL ARRANGEMENTS

We currently conduct our private education business through our consolidated affiliated entities in the PRC as PRC laws and regulations, or the implementation of those laws and regulations by the relevant government authorities, generally prohibit or restrict foreign ownership in the private education industry in the PRC. Currently, PRC laws and regulations restrict the operation of higher education institutions to Sino-foreign ownership, in addition to imposing a qualification requirement on the foreign owners. Further, government approvals in respect of Sino-foreign ownership in the private education sector have, with very limited exceptions, been withheld in practice.

As a result of the restrictions imposed by PRC laws and regulations, our Company is unable to own or hold any direct sponsor interest or equity interest (as the case may by) in our consolidated affiliated entities. Accordingly, the term "ownership" or the relevant concept, as applied to our Company in this prospectus, as the case may be, refers to an economic interest in the assets or businesses through the Contractual Arrangements without holding any direct sponsor/equity interest in the consolidated affiliated entities. The Contractual Arrangements, through which we are able to exercise control over and derive the economic benefits from our consolidated affiliated entities, have been narrowly tailored to achieve our business purpose and minimize the potential conflict with relevant PRC laws and regulations.

PRC LAWS AND REGULATIONS RELATING TO FOREIGN OWNERSHIP IN THE EDUCATION INDUSTRY

Higher Education

Pursuant to the Foreign Investment Industries Guidance Catalogue (as amended in 2017) (《外商投資產業指導目錄》(2017年修訂)), the provision of higher education in the PRC falls within the "restricted" category. In particular, such catalogue explicitly restricts higher education institutions to Sino-foreign cooperation, which means that foreign investors may only operate higher education institutions through cooperating with PRC incorporated entities that are in compliance with the Sino-Foreign Regulation. In addition, such catalogue also provides that the domestic party shall play a dominant role in the Sino-foreign cooperation, meaning that (a) the principal or other chief executive officer of the schools or education institutions shall be a PRC national; and (b) the representative of the domestic party shall account for no less than half of the total members of the board of directors, the executive council or the joint administration committee of the Sino-foreign school (the "**Foreign Control Restriction**"). Given that (i) neither of our PRC Operating Schools involves foreign investors, (ii) all of the directors of our PRC Operating Schools are Chinese nationals, and (iii) the principal of each of our PRC Operating Schools is a Chinese national, our Directors are of the view that we are in compliance with the Foreign Control Restriction in relation to our PRC Operating Schools.

In relation to the interpretation of Sino-foreign cooperation, pursuant to the Regulation on Sino-foreign Cooperation in Operating Schools of the PRC (中華人民共和國中外合作辦學條例) and the Administrative Measures for the Sino-Foreign Cooperative Education on Vocational Skills Training (中外合作職業技能培訓辦學管理辦法) (the "**Sino-Foreign Vocational Skills Training Measures**"), the foreign investor in a Sino-foreign school (whether as a higher education institution

or a vocational training school, a "**Sino-Foreign Joint Venture Private School**") must be a foreign educational institution with relevant qualification and high quality of education (the "**Qualification Requirement**"). Furthermore, pursuant to the Implementation Opinions of the MOE on Encouraging and Guiding the Entry of Private Capital in the Fields of Education and Promoting the Healthy Development of Private Education issued by the MOE on June 18, 2012 (《關於鼓勵和引導民間資金進入教育領域促進代辦教育健康發展的實施意見》), the foreign portion of the total investment in a Sino-Foreign School should be below 50% (the "**Foreign Ownership Restriction**") and pursuant to the implementation measures for the Regulation on Sino-foreign Cooperation in Operating Schools of the PRC (《中華人民共和國中外合作辦學條例實施辦法》), the establishment of these schools is subject to approval of education authorities at the provincial or national level.

Our PRC Legal Advisors has advised that the laws and regulations are currently uncertain as to what specific criteria must be met by a foreign investor (such as length of experience and form and extent of ownership in the foreign jurisdiction) in order to demonstrate to the relevant authority that it meets the Qualification Requirement.

With the assistance of our PRC Legal Advisors, we consulted a deputy chief of the Vocational Capacity Building Division (職業能力建設處) of the Human Resources and Social Securities Department of Sichuan Province (四川省人力資源和社會保障廳) on March 22, 2018 and a deputy chief of the Policy, Regulations and Overall Reform Division (政策法規與綜合改革處) of the Education Department of Sichuan Province (四川省教育廳) on May 24, 2018, being the competent persons at the competent authorities[Note] as advised by our PRC Legal Advisors to confirm the matters relating to the Sino-Foreign Joint Venture Private Schools relevant to us. We were advised by the deputy chief of the Education Department of Sichuan Province and the deputy chief of the Human Resources and Social Security Department of Sichuan Province that:

(i) the Foreign Control Restriction, the Foreign Ownership Restriction and Qualification Requirement apply to Sino-Foreign Joint Venture Private Schools in Sichuan Province;

Note:

According to the official website of the People's Government of Sichuan Province, (i) the main duties of the Policy, Regulations and Overall Reform Division of the Education Department of Sichuan Province include, among other things, formulating policies for the reform of the education system, promoting the legal construction of the education system and the implementation of laws, proposing to implement important guidelines, policies and measures for overall education reform and undertaking the work related to overall education reforms; and (ii) the main duties of the Vocational Capacity Building Division of the Human Resources and Social Securities Department of Sichuan Province include, among other things, formulating vocational training policies and planning and training and incentive policies for the high-skilled talents and rural practical talents, and formulating development plans and management rules for vocational schools and vocational training institutions across the province under the guidance of national guidelines and policies. Our PRC Legal Advisors are of the view that, the main duties of the corresponding divisions mentioned above include formulating education policies for private higher education institutions and vocational training schools, and thus the divisions mentioned above are competent authorities to provide such confirmations.

(ii) a foreign investor in a Sino-Foreign Joint Venture Private School should be an officially recognized educational institution which was authorized to issue diplomas (in the case of higher education institutions) and had advanced overseas education capacity and special overseas school-running characteristics;

(iii) no implementing measures or specific guidance were promulgated pursuant to the Sino-Foreign Regulation and the Sino-Foreign Vocational Skills Training Measures, including the Qualification Requirement, in Sichuan Province;

(iv) as a matter of practice, due to the lack of implementing measures or specific guidance on the Sino-Foreign Regulation, and the Sino-Foreign Vocational Skills Training Measures including the Qualification Requirement, no Sino-Foreign higher education institution had been approved in Sichuan Province after the Regulation on Sino-foreign Cooperation in Operating Schools of the PRC came into effect on September 1, 2003, and no Sino-foreign vocational training school had been approved in Sichuan Province since 2013 when the Human Resources and Social Security Department of Sichuan Province suspended the acceptance of application. Human Resources and Social Securities Department of Sichuan Province is unable to confirm at this stage if it will accept such application in the foreseeable future. No applications for Sino-Foreign Joint Venture Private Schools had been received by relevant authorities recently.

Accompanied by our PRC Legal Advisors, we and the Sole Sponsor interviewed the deputy chief of the Human Resources and Social Securities Department of Sichuan Province (四川省人力資源和社會保障廳) on November 16, 2018, who confirmed that (1) no Sino-foreign vocational training school had been approved in Sichuan Province before 2013 and; (2) Sichuan Province has suspended the acceptance of application for setting up Sino-foreign vocational training school since 2013 according to a legal document *Note* issued by General Office of People's Government of Sichuan Province.

(v) the execution of the Contractual Arrangements does not require approval from them.

Given that (i) the policy adopted by the Human Resources and Social Security Department of Sichuan Province and the Education Department of Sichuan Province as summarized above, and (ii) no Sino-Foreign Joint Venture Private Schools have been approved in Sichuan Province in the recent years, we did not seek to apply to the relevant authorities to recognize our schools as a Sino-Foreign Joint Venture Private School, and our Directors are of the view that it is not practicable for us to seek to apply to reorganize any of our schools as a Sino-Foreign Joint Venture Private School.

Note:

The legal document refered to by the deputy chief of the Human Resources and Social Securities Department of Sichuan Province is the Second Notice for Cancellation and Adjustments of Administrative Approval Items (四川省人民政府辦公廳關於第二批取消、調整行政審批項目的通知) issued on August 26, 2013 that lists the "setting up Sino-foreign vocational training school" as "suspended approval item".

Notwithstanding the above, we are committed to working towards meeting the Qualification Requirement. We have adopted a specific plan and will continue to expend genuine efforts and financial resources to do so. We will communicate with the relevant authorities on a regular basis following the Listing to keep abreast of any regulatory developments, including whether there will be any change in policy for approving Sino-Foreign Joint Venture Private Schools in Sichuan province, and assess whether we are qualified to meet the Qualification Requirement, with a view to unwinding the Contractual Arrangements wholly or partially as and when practicable and permissible under the prevailing PRC laws and regulations. See "— PRC Laws and Regulations Relating to Foreign Ownership in the Education Industry — Circumstances in which We will Unwind the Contractual Arrangements" and "— PRC Laws and Regulations Relating to Foreign Ownership in the Education Industry — Plan to Comply with the Qualification Requirement" in this section for further details.

Due to the regulatory restrictions stated above, Yinxing College and Yinxing Training School are in the form of domestic private school and we do not hold any sponsor interests in, but rather control by way of the Contractual Arrangements with, such school.

As of the Latest Practicable Date, we had not encountered any interference or encumbrance from any government bodies in relation to the Contractual Arrangements. The consolidated financial results of our consolidated affiliated entities, which engage in provision of education service, are consolidated into those of our Group.

Circumstances in which We will Unwind the Contractual Arrangements

Under the Sino-Foreign Regulation and the PRC regulatory practice, foreign investment in higher education institutions and vocational schools in Sichuan Province is required to be in the form of cooperation between domestic and foreign educational institutions and subject to the Foreign Ownership Restriction and the Foreign Control Restriction, in that foreign investors can only hold less than 50% interest in a Sino-Foreign Joint Venture Private School and not less than 50% of the members of the governing body of such education institution must be appointed by the Chinese investors.

In the event that the Qualification Requirement is removed or we are able to meet the Qualification Requirement but (a) the Foreign Ownership Restriction and the Foreign Control Restriction remain; (b) the Foreign Ownership Restriction remains and the Foreign Control Restriction is removed; (c) the Foreign Ownership Restriction is removed and the Foreign Control Restriction remains; or (d) both the Foreign Ownership Restriction and the Foreign Control Restriction are removed, as permitted by the applicable PRC laws and regulations at the relevant time:

(i) in circumstance (a), our Company will partially unwind the Contractual Arrangements and directly hold a sponsor or equity interest of less than 50% in the relevant school or corporate entity (as the case may be) (such as a 49.99% sponsor interest) as our Company or any of its subsidiaries, as a foreign investor, can only hold a portion of the total investment in a Sino-Foreign Joint Venture Private School up to no more than 50%. However, our Company will not be able to control such school and corporate entities without the Contractual Arrangements in place with respect to the domestic interests. Accordingly, if the Foreign Ownership Restriction and the Foreign Control Restriction remain, regardless of whether the Qualification Requirement is removed, our Company will

still rely on the Contractual Arrangements to establish control over the schools and corporate entities. Our Company will also acquire rights to appoint members to the board of directors of the school who together shall constitute less than 50% of the board of directors of the relevant school. We will then control the voting power of the other members of the board of directors appointed by the domestic interest holder(s) by way of the Contractual Arrangements;

(ii) in circumstance (b), we will partially unwind the Contractual Arrangements and directly hold a sponsor or equity interest of less than 50% in the relevant school or corporate entity (as the case may be) (such as a 49.99% sponsor interest) as our Company or any of its subsidiaries, as a foreign investor, can only hold a portion of the total investment in a Sino-Foreign Joint Venture Private School up to no more than 50%. However, our Company will not be able to control such school or corporate entities without the Contractual Arrangements in place with respect to the domestic interests.

(iii) in circumstance (c), notwithstanding we will be able to hold a majority interest in Sino-Foreign Joint Venture Private Schools, the Sino-Foreign Regulation still dictates that there be a domestic interest in the school and we will not be eligible to operate the schools by ourselves. Under such circumstances, we will acquire rights to appoint members to the board of directors of each of our schools who together shall constitute less than 50% of the board of directors of the relevant school. We will then control the voting power of such members appointed by the domestic interest holder(s) by way of the Contractual Arrangements. We also plan to directly hold the maximum percentage of equity interests permitted by the relevant laws and regulations in the relevant schools, subject to the approval of relevant government authorities. We will continue to control the remaining minority domestic interests that our Company intends to consolidate pursuant to the Contractual Arrangements; and

(iv) in circumstance (d), our Company will be allowed to directly hold 100% of the interests in our schools and our Company will fully unwind the Contractual Arrangements directly hold all sponsor or equity interests in the schools or corporate entities (as the case may be).

In addition, we have decided that, if the PRC regulatory environment changes and all of the Qualification Requirement, the Foreign Ownership Restriction and the Foreign Control Restriction are removed (and assuming there are no other changes in the relevant PRC laws and regulations), WFOE will exercise the call options under the exclusive call option agreement in full to unwind the Contractual Arrangements so that we are able to directly operate our schools without using the Contractual Arrangements.

Plan to Comply with the Qualification Requirement

We are implementing a business plan with a view to expanding our education operations overseas. We believe that such business plan represents our commitment and a meaningful endeavor to demonstrate compliance with the Qualification Requirement. In particular, we have taken the concrete steps to ensure compliance with the Qualification Requirement.

- on May 18, 2018, we entered into a consulting agreement with an independent education consultant with extensive experience and background in private post-secondary education in the State of California, the United States, pursuant to which the consultant shall provide consultation and advisor services in relation to (i) the incorporation of a subsidiary company with a view to providing education services in California; and (ii) the licensing application to be submitted to BPPE in California; and

- on June 1, 2018, we submitted an application for the incorporation of an operating entity in the State of California, the United States, namely Gingko American College. Gingko American College is expected to be responsible for the daily operation and management of our education businesses (including higher education and vocational training) in the State of California, the United States. We will seek accreditation to grant degree for the higher education programs upon fulfilment of certain conditions and satisfactory review of the relevant authorities. See "Regulatory Overview — Regulations on Private Postsecondary Education in the State of California" for more details. The approval process is expected to be completed within approximately 18 months from the date of application.

Taking into consideration that (i) no implementing measures or specific guidance were promulgated pursuant to the Sino-Foreign Regulation, including the Qualification Requirement, in Sichuan Province as of the Latest Practicable Date; and (ii) the consultation with the Sichuan Provincial Department of Education and the Human Resources and Social Securities Department of Sichuan Province as outlined above, the above-mentioned steps to demonstrate compliance with the Qualification Requirements are reasonable and appropriate. As such, our PRC Legal Advisors are of the view that the establishment of Gingko American College complies with the Qualification Requirement and the above-mentioned steps taken by us are reasonable, appropriate and sufficient to demonstrate compliance with the Qualification Requirement.

For taking the steps mentioned above, we had incurred approximately US$45,000 in connection with our plan as of the Latest Practicable Date. We will disclose our progress in the implementation of our overseas expansion plans and updates to the Qualification Requirement in our annual and interim reports to inform the public investors after the Listing as and when appropriate.

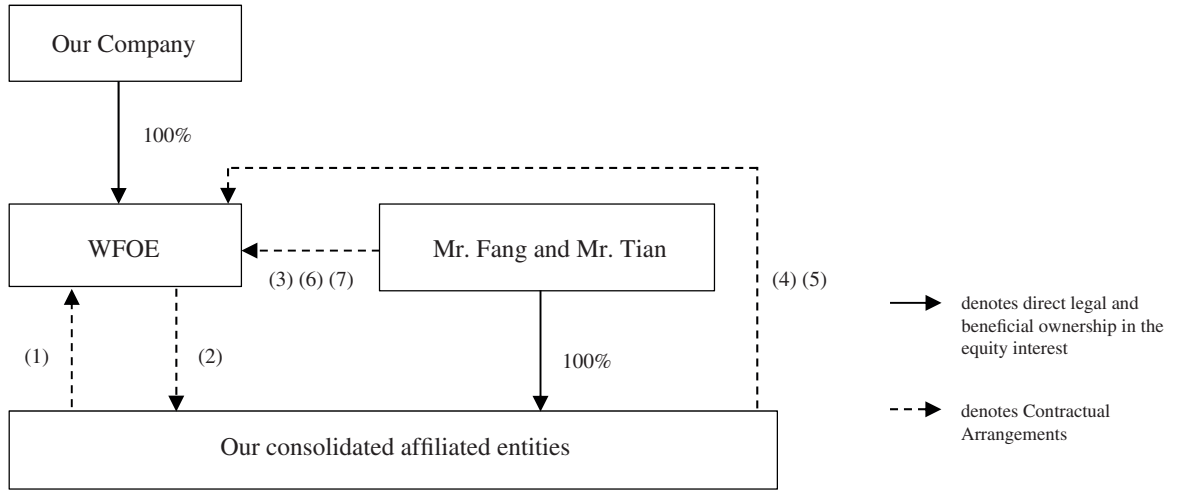
We have undertaken to the Stock Exchange that we will:

(i) under the guidance of our PRC Legal Advisors, continue to keep ourselves updated with regard to all relevant regulatory developments and guidance relating to the Qualification Requirement; and

(ii) provide periodic updates in our annual and interim reports after Listing to inform our Shareholders of our efforts and actions undertaken with the Qualification Requirement.

OPERATION OF THE CONTRACTUAL ARRANGEMENTS

In order to comply with the PRC laws and regulations as set out above while availing ourselves to international capital markets and maintaining effective control over all of our operations, our wholly-owned subsidiary, WFOE entered into various agreements that together constitute the Contractual Arrangements with, among others, our consolidated affiliated entities, under which substantially all economic benefits arising from the business of our consolidated affiliated entities are transferred to WFOE to the extent permitted under the PRC laws and regulations by means of services fees payable by our consolidated affiliated entities to WFOE.



Notes:

(1) Payment of service fees. See "— Summary of the Material Terms of the Contractual Arrangements — Exclusive Technical Services and Management Consultancy Agreement" for details.

(2) Provision of exclusive technical and management consultancy services. See "— Summary of the Material Terms of the Contractual Arrangements — Exclusive Technical Services and Management Consultancy Agreement" for details.

(3) Exclusive call options to acquire all or part of the interests in our PRC Operating Schools and Gingko Asset Management. See "— Summary of the Material Terms of the Contractual Arrangements — Exclusive Call Option Agreement" for details.

(4) Entrustment of school sponsor's right in our PRC Operating Schools by Gingko Asset Management. See "— Summary of the Material Terms of the Contractual Arrangements — School Sponsor's and Directors' Rights Entrustment Agreements and Shareholders' Rights Entrustment Agreement" and "— Summary of the Material Terms of the Contractual Arrangements — Powers of Attorney" for details.

(5) Entrustment of directors rights in our PRC Operating Schools by directors of our PRC Operating Schools appointed by Gingko Asset Management including Directors' Power of Attorney. See "— Summary of the Material Terms of the Contractual Arrangements — School Sponsor's and Directors' Rights Entrustment Agreements and Shareholders' Rights Entrustment Agreements" and "— Summary of the Material Terms of the Contractual Arrangements — Powers of Attorney" for details.

(6) Entrustment of shareholders' rights in Gingko Asset Management including Shareholders' Power of Attorney. See "— Summary of the Material Terms of the Contractual Arrangements — School Sponsor's and Directors' Rights Entrustment Agreements and Shareholders' Rights Entrustment Agreements" and "— Summary of the Material Terms of the Contractual Arrangements — Powers of Attorney" for details.

(7) Pledge of the equity interests in Gingko Asset Management by Mr. Fang and Mr. Tian. See "— Summary of the Material Terms of the Contractual Arrangements — Equity Pledge Agreement" for details.

Summary of the Material Terms of the Contractual Arrangements

A description of each of the specific agreements that comprise the Contractual Arrangements is set out below.

(1) ***Business Cooperation Agreement***

Pursuant to the business cooperation agreement entered into by and among WFOE, Gingko Asset Management, Yinxing College, Yinxing Training School, Mr. Fang and Mr. Tian dated June 14, 2018 (the "**Business Cooperation Agreement**"), WFOE has the exclusive right to provide each of our consolidated affiliated entities technical services, management support services, consulting services, intellectual property licences and other additional services as the parties may mutually agree from time to time, and in return, our consolidated affiliated entities shall make payments accordingly.

To ensure the due performance of the Contractual Arrangements, each of our consolidated affiliated entities agreed to comply, and procure any of its subsidiaries (if any) to comply with, the obligations as prescribed under the Business Cooperation Agreement set forth as follows:

(a) to carry out its private education operations in a prudent and efficient manner in accordance with good financial and business standards while maintaining the asset value of our PRC Operating Schools and the quality and standard of private education;

(b) to prepare and carry out the development plans and annual working plans in accordance with the instructions of WFOE;

(c) to carry out its private education activities and other relevant business under the assistance of WFOE;

(d) to appoint relevant personnels and carry out and manage its daily operations and financial management in accordance with the recommendations, advice, principles and other instructions of WFOE;

(e) to execute and act upon the recommendations of WFOE in terms of employment and removal of senior management and staff;

(f) to adopt the advice, guidance and plans given by WFOE in relation to their respective strategic development;

(g) to carry out its business operations and renew and maintain its respective necessary licences;

(h) at the request of WFOE, to provide information relevant to the operation and financials of our Operating Schools and Gingko Asset Management, and timely notify WFOE any event that led to or may lead to material adverse effect on its business, and to use best efforts to prevent the occurrence of such event and/or to mitigate loss resulting from such event;

(i) at the request of WFOE, to purchase and maintain insurance from WFOE-agreed insurance companies relating to the assets and businesses of our PRC Operating Schools and Gingko Asset Management, and appoint WFOE as the beneficiary of such insurance;

(j) Yinxing College irrevocably agrees to authorize WFOE to (i) nominate, appoint or remove the school principal, (ii) formulate the development and approve the annual work plan, (iii) raise funding and review budget and final accounts, (iv) determine the staffing and their salary standards, and (v) decide other major issues. The board of directors of Yinxing College reserves the right to (i) amend the articles of the college and formulate the rules and regulations of the college, and (ii) determine the merger, subdivision or the cessation of operation of the college; and

(k) to deliver all authorizing seals (including but not limited to the school seal and the financial seal) and originals of its registration documents (including but not limited to business license, the school's private non-enterprise unit registration certificate, school permit and articles and association) or other documents/objects that WFOE considers necessary for the purpose of the Contractual Arrangements to WFOE for its custody and management under the Contractual Arrangements.

In addition, pursuant to the Business Cooperation Agreement,

(a) each of Mr. Fang and Mr. Tian undertakes to WFOE that, in the event of death, loss of or restriction on capacity, divorce or other circumstances which may affect the exercise of his equity interest in Gingko Asset Management, he shall have made all necessary arrangement and sign all necessary documents such that his respective successor, guardian, spouse, and any other person which may as a result of the above events obtain the sponsor interest or relevant rights shall not prejudice or hinder the enforcement of the Contractual Arrangements;

(b) each of Mr. Fang and Mr. Tian undertakes that, in the event of the dissolution or liquidation of our PRC Operating Schools and/or Gingko Asset Management, (i) WFOE or person(s) designated by WFOE shall have the right to exercise all school sponsor's/shareholder's right on behalf of the Gingko Asset Management or its shareholders; (ii) each of Mr. Fang and Mr. Tian shall transfer or procure the transfer of all assets received or receivable as a result of the dissolution or liquidation of our PRC Operating Schools and/or Gingko Asset Management to WFOE and/or person(s) designated by us at nil consideration, and instruct our PRC Operating Schools and/or Gingko Asset Management to transfer such assets directly to WFOE or person(s) designated by us; (iii) if consideration is required for such transfer under the then applicable PRC laws, each of Mr. Fang and Mr. Tian shall compensate WFOE or person(s) designated by us the full amount and guarantee that WFOE and/or person(s) designated by us does not suffer any loss; and

(c) our PRC Operating Schools and Gingko Asset Management agreed that, without the prior written consent of WFOE, our PRC Operating Schools and/or Gingko Asset Management shall not declare or pay to Mr. Fang or Mr. Tian any profit, reasonable return or other interest or benefit. Each of Mr. Fang and Mr. Tian agrees that in the event that Mr. Fang or Mr. Tian receives any profit, reasonable return or other interest or benefit, he shall unconditionally and without compensation transfer such amount to WFOE.

In order to prevent the leakage of assets and values of our PRC Operating Schools, each of Mr. Fang, Mr. Tian, our PRC Operating Schools and Gingko Asset Management has undertaken that, without the prior written consent of WFOE or its designated party, Mr. Fang, Mr. Tian, our PRC Operating Schools and/or Gingko Asset Management shall not conduct or cause to conduct any activity or transaction which may have any actual impact (i) on the assets, business, staff, obligations, rights or operations of our PRC Operating Schools and/or Gingko Asset Management or (ii) on the ability of Mr. Fang, Mr. Tian, our PRC Operating Schools and/or Gingko Asset Management to perform the obligations under the Contractual Arrangements. Such activities and transactions include, without limitation:

(a) establishment of any subsidiary or entity by our PRC Operating Schools and Gingko Asset Management;

(b) conduct of any activity by our PRC Operating Schools, Gingko Asset Management or their respective subsidiaries which are outside the ordinary course of business or change the mode of operations of our PRC Operating Schools or their respective subsidiaries;

(c) consolidation, subdivision, change of form of corporate organization, dissolution or liquidation of our PRC Operating Schools, Gingko Asset Management or their respective subsidiaries;

(d) Mr. Fang or Mr. Tian providing any borrowing, loan or guarantee in respect of any debt to, or obtaining any borrowing and loan from, our PRC Operating Schools, Gingko Asset Management and/or their respective subsidiaries;

(e) Mr. Fang or Mr. Tian providing any borrowing, loan or guarantee in respect of any debt, or obtaining any borrowing and loan by our PRC Operating Schools, Gingko Asset Management or their respective subsidiaries to or from any third party, except those arise in the ordinary course of business and provided that the amount of a single item of debt is less than RMB100,000;

(f) change or removal of any director, supervisor or senior manager of our PRC Operating Schools, Gingko Asset Management or their respective subsidiaries, increase or decrease of their remuneration package, or change of their appointment terms and conditions;

(g) sale, transfer, lending or authorizing the use or disposal of any assets or rights of our PRC Operating Schools, Gingko Asset Management or their respective subsidiaries to any third party other than WFOE or its designated party, or purchase from any third party any assets or rights, except in the ordinary course of business and provided that the amount of a single transaction is less than RMB100,000;

(h) sale of any equity interest or school sponsor rights in our PRC Operating Schools, Gingko Asset Management or their respective subsidiaries to any third party other than WFOE or its designated party, or increase or decrease of the registered capital or change of the structure of the equity or sponsor interest of Gingko Asset Management, our PRC Operating Schools or their respective subsidiaries;

(i) providing security over equity interest and/or sponsor interest in or assets or rights of, or creating encumbrance over equity and/or sponsor interest in or assets of our PRC Operating Schools, Gingko Asset Management or their respective subsidiaries to third parties other than to WFOE or its designated party;

(j) altering, amending or revoking any permits of our PRC Operating Schools, Gingko Asset Management or their respective subsidiaries;

(k) amending the articles of association or scope of business of our PRC Operating Schools, Gingko Asset Management or their respective subsidiaries;

(l) change of any normal business procedures or amendment of any internal procedures and system of our PRC Operating Schools, Gingko Asset Management or their respective subsidiaries;

(m) entering into any business contracts or transactions outside the ordinary course of business except pursuant to the plan or suggestion of WFOE or us;

(n) distribution of dividend, reasonable return or other payments to our PRC Operating Schools, Gingko Asset Management or their respective subsidiaries;

(o) carrying out any activity which has or may have an adverse effect on the daily operations, business or assets of our PRC Operating Schools, Gingko Asset Management or their respective subsidiaries or their ability to make any payment to WFOE;

(p) entering into any transaction which has or may have an adverse effect on the transactions contemplated under the Contractual Arrangements; and

(q) transfer of his/its rights and obligations under the Contractual Arrangements to any third party other than WFOE or its designated party, or establishment and commencement of any cooperation or business relationship similar to that under the Contractual Arrangements with any third party by our PRC Operating Schools, Gingko Asset Management or their respective subsidiaries.

Furthermore, each of Mr. Fang and Mr. Tian undertakes to WFOE that, unless with the prior written consent of WFOE, he shall not (i) directly or indirectly engage, participate in, conduct, acquire or hold any business or activities which compete or may potentially compete with any of our PRC Operating Schools, Gingko Asset Management and their respective subsidiaries ("**Competing Business**"), (ii) use information obtained from our PRC Operating Schools, Gingko Asset Management or their respective subsidiaries for the Competing Business, and (iii) obtain any benefit from any Competing Business. Each of Mr. Fang and Mr. Tian further consents and agrees that, in the event that Mr. Fang or Mr. Tian directly or indirectly engage, participate in or conduct any Competing Business, WFOE and/or other entities as designated by us shall be granted an option to require the entity engaging in the Competing Business to enter into an arrangement similar to that of the Contractual Arrangements. If WFOE does not exercise such option, Mr. Fang or Mr. Tian shall cease the operation of the Competing Business within a reasonable time.

(2) ***Exclusive Technical Services and Management Consultancy Agreement***

Pursuant to the exclusive technical services and management consultancy agreement entered into by and among WFOE, Gingko Asset Management, Yinxing College and Yinxing Training School dated June 14, 2018 (the "**Exclusive Technical Services and Management Consultancy Agreement**"), WFOE has the exclusive right to provide technical services to each of our PRC Operating Schools and Gingko Asset Management, including without limitation (a) design, development, update and maintenance of software for computer and mobile devices; (b) design, development, update and maintenance of webpages and websites necessary for the education activities of our PRC Operating Schools and Gingko Asset Management; (c) design, development, update and maintenance of management information systems necessary for the education activities of our PRC Operating Schools and Gingko Asset Management; (d) provision of other technical support necessary for the education activities of our PRC Operating Schools and Gingko Asset Management; (e) provision of technical consulting services; (f) provision of technical training; (g) engaging technical staff to provide on-site technical support; and (h) other technical services reasonably requested by our PRC Operating Schools and Gingko Asset Management. Without WFOE's prior written consent, none of our consolidated affiliated entities may accept services covered by the Exclusive Technical Services and Management Consultancy Agreement from any third party.

Furthermore, WFOE agreed to provide exclusive management consultancy services to our PRC Operating Schools and Gingko Asset Management, including (a) design of curriculum; (b) preparation, selection and/or recommendation of course materials; (c) provision of teacher and staff recruitment and training support and services; (d) provision of student recruitment support and services; (e) provision of public relation services; (f) preparation of long term strategic development plans and annual working plans; (g) development of financial management systems and recommendation and optimization on annual budget; (h) advising on design of internal structures and internal management; (i) provision of management and consultancy training to administration staff; (j) conduct of market research; (k) preparation of market development plan; (l) building of marketing network; and (m) providing other services reasonably requested by our PRC Operating Schools and Gingko Asset Management.

In consideration of the technical and management consultancy services provided by WFOE, each of our PRC Operating Schools and Gingko Asset Management agreed to pay WFOE a service fee equal to all of their respective amount of surplus from operations (after deducting all costs, expenses, taxes, losses from the previous year (if required by the law), the legally compulsory development fund of the respective school (if required by the law) the joint tuition support fee and other sums required by the relevant laws and regulations to be reserved or withheld). WFOE has the right (but not the obligation) to adjust the amount of such service fee by reference to the actual services provided and the actual business operations and needs of our PRC Operating Schools and Gingko Asset Management, provided that any adjusted amount shall not exceed the amount mentioned above.

Pursuant to the Exclusive Technical Service and Management Consultancy Agreement, unless otherwise prescribed under the PRC laws and regulations, WFOE shall have exclusive proprietary rights to any technology and intellectual property developed and materials prepared in the course of the provision of research and development, technical support and services by WFOE to our PRC Operating Schools and Gingko Asset Management, and any intellectual property in the products developed, including any other rights derived thereunder, in the course of performance of obligations under the Exclusive Technical Service and Management Consultancy Agreement and/or any other agreements entered into between WFOE and other parties.

In May 2018, with the assistance of our PRC Legal Advisors, we consulted with the responsible officials of each of the State Tax Bureau of Pi County of Sichuan Province (四川省郫縣國家税務局) and Local Tax Bureau of Pi County of Chengdu (成都市郫都區地方税務局), respectively, being competent persons at the competent authorities as advised by our PRC Legal Advisors. The officials confirmed that there are no tax-related restrictions or limitations under applicable PRC laws and regulations on our PRC Operating Schools paying service fees to WFOE for receipt of technical and management consultancy services provided by WFOE. In addition, the service fee arrangement among WFOE and our PRC Operating Schools:

(i) will not be regarded as part of the distribution of returns or profits given that there are actual services received by our PRC Operating Schools;

(ii) will not be deemed as a form of tax evasion under applicable PRC laws and regulations; and

(iii) will not affect the preferential tax treatment currently enjoyed by our PRC Operating Schools, nor subject us to any additional tax liabilities or penalties.

We also engaged Beijing Anshen Tax Agent Co., Ltd. (北京安審税務師事務所有限責任公司), a qualified PRC tax expert, which confirmed that:

(i) the Contractual Arrangements are legal, valid and binding commercial contracts under PRC laws, and do not constitute an attempt to conceal illegal intentions, nor fall within the definition of "tax evasion" under Article 63 of the PRC Administrative Law on Tax Collection (中華人民共和國税收徵收管理法); and

(ii) the service fee arrangement under the Contractual Arrangements will not nullify the preferential tax treatment currently enjoyed by our PRC Operating Schools or subject us to additional tax liabilities or penalties.

Our PRC Legal Advisors are also of view that no current PRC laws or regulations restrict or prohibit our PRC Operating Schools from paying service fees for receipt of technical and management consultancy service from WFOE.

(3) ***Exclusive Call Option Agreement***

Under the exclusive call option agreements entered into by and among WFOE, Gingko Asset Management, Yinxing College, Yinxing Training School, Mr. Fang and Mr. Tian dated June 14, 2018 (the "**Exclusive Call Option Agreement**"), Mr. Fang, Mr. Tian and Gingko Asset Management have irrevocably granted WFOE or its designated purchaser the exclusive right to purchase the sponsor's interests in our PRC Operating Schools or the equity interest in Gingko Asset Management (as the case may be). The purchase price payable by WFOE or its designated purchaser in respect of the transfer of such sponsor's interest or equity interest upon exercise of the call option shall be the lowest price permitted under the PRC laws and regulations. WFOE shall have the right to purchase such proportion of the sponsor interest in our PRC Operating Schools or the equity interest in Gingko Asset Management as it decides at any time during the period that the agreement remains effective.

In the event that PRC laws and regulations allow WFOE or us to directly hold all or part of the sponsor interest in our PRC Operating Schools or the equity interest in Gingko Asset Management and operate private education business in the PRC, WFOE shall issue a notice of exercise of the call option as soon as practicable, and the percentage of sponsor interest or equity interest purchased upon exercise of the call option shall not be lower than the maximum percentage then allowed to be held by WFOE or us under PRC laws and regulations.

Each of Mr. Fang and Mr. Tian has further undertaken to WFOE that he:

(a) shall not sell, assign, transfer or otherwise dispose of or create encumbrance over his indirect sponsor's interest in any of our PRC Operating Schools and/or equity interest in Gingko Asset Management without the prior written consent of WFOE;

(b) shall not increase or reduce or agree to the increase or reduction of capital investment in our PRC Operating Schools and/or Gingko Asset Management without the prior written consent of WFOE;

(c) shall take all necessary and effective actions (including but not limited to the signing of all necessary documents) to maintain his status of school sponsor prior to the transfer of his sponsor interest in our PRC Operating Schools to WFOE or its designated purchaser, unless otherwise stipulated in the Contractual Arrangements;

(d) shall not waive his rights entitled as school sponsor under the laws of the PRC and the articles of associations of our PRC Operating Schools without the prior written consent of WFOE, unless otherwise stipulated in the Contractual Arrangements;

(e) Gingko Asset Management shall take all necessary and effective actions and provide all necessary assistance to facilitate the execution of the Contractual Arrangements in accordance with the requirements of the Contractual Arrangements;

(f) shall not agree to or procure any of our PRC Operating Schools and Gingko Asset Management to divide into or merge with other entities without the prior written consent of WFOE;

(g) shall not dispose of or procure the management of our PRC Operating Schools and Gingko Asset Management to dispose of any of the assets of our PRC Operating Schools and Gingko Asset Management without the prior written consent of WFOE, except in the ordinary course of business and provided that the value of assets in relation to each and every disposal shall not exceed RMB100,000;

(h) shall not terminate or procure the management of our PRC Operating Schools and Gingko Asset Management to terminate any material contract (which includes any agreement under which the amount for each and every termination involved exceeds RMB100,000, the Contractual Arrangements and any agreement of similar nature or content to the Contractual Arrangements) or enter into any other contracts which may contradict such material contracts without the prior written consent of WFOE;

(i) shall not procure any of our PRC Operating Schools and Gingko Asset Management to enter into any transactions which may have an actual impact on the assets, liabilities, operations, equity structures or other legal rights of our PRC Operating Schools and Gingko Asset Management without the prior written consent of WFOE, save for transactions which are in the ordinary course of business of our PRC Operating Schools and Gingko Asset Management with the amount of each and every transaction involved not more than RMB100,000, or transactions which have been disclosed to WFOE and approved by WFOE;

(j) shall not agree to or procure any of our PRC Operating Schools and Gingko Asset Management to declare or in substance distribute any distributable reasonable return or agree to such distribution without the prior written consent of WFOE;

(k) shall not agree to or procure any of our PRC Operating Schools and Gingko Asset Management to change its mode of operation (辦學模式) or its nature of operation (辦學性質);

(l) shall not agree to or procure any of our PRC Operating Schools and Gingko Asset Management to amend its articles of association without the prior written consent of WFOE;

(m) shall ensure that any of our PRC Operating Schools and Gingko Asset Management does not provide or obtain loans or provide any guarantees or otherwise undertake any other action to guarantee, or undertake any material obligations (including obligations under which the amount payable by our PRC Operating Schools or Gingko Asset Management exceeds RMB100,000, obligations which restrict or hinder the due performance of obligations under the Contractual Arrangements by our PRC Operating Schools and Gingko Asset Management, obligations which restrict or prohibit the financial or business operations of our PRC Operating Schools and Gingko Asset Management, or any obligations which may result in change of the structure of the school sponsor's interest of our PRC Operating Schools or shareholder's interest in Gingko Asset Management) outside its ordinary course of business without the prior written consent of WFOE;

(n) shall use its best endeavors to develop the business of our PRC Operating Schools and Gingko Asset Management and ensure compliance with laws and regulations by our PRC Operating Schools and Gingko Asset Management, and shall not take or fail to take any action which may prejudice the assets, goodwill or the effectiveness of operational licences of our PRC Operating Schools and Gingko Asset Management;

(o) shall, prior to the transfer of his sponsor's interest of our PRC Operating Schools or shareholder's interest in Gingko Asset Management to WFOE or its designated purchaser and without prejudice to the School Sponsor's and Directors' Rights Entrustment Agreement and Shareholders' Rights Entrustment Agreement, execute all documents necessary for holding and maintaining the ownership of its interest in our PRC Operating Schools and Gingko Asset Management;

(p) shall sign all documents and take all necessary actions to facilitate transfer of its interest in our PRC Operating Schools and Gingko Asset Management to WFOE or its designated purchaser;

(q) shall take all such actions to facilitate our PRC Operating Schools and Gingko Asset Management in their performance of its obligations under the Exclusive Call Option Agreement if such performance requires any action be taken by Mr. Fang and Mr. Tian on his part;

(r) shall, in its capacity directly or indirectly as a school sponsor of our PRC Operating Schools and/or a shareholder of Gingko Asset Management and without prejudice to the Contractual Arrangements, procure directors nominated by it to exercise all rights to enable any of our PRC Operating Schools and/or Gingko Asset Management to perform their rights and obligations under the Exclusive Call Option Agreement, and shall replace any director or council member who fails to do so; and

(s) in the event that the consideration paid by WFOE or its designated purchaser for the transfer of all or part of the interest in our PRC Operating Schools or Gingko Asset Management exceeds RMB0, shall pay such excess amount to WFOE or its designated entity.

(4) ***School Sponsor's and Directors' Rights Entrustment Agreement***

Pursuant to the school sponsor's and directors' rights entrustment agreement entered into by and among WFOE, Gingko Asset Management, Mr. Fang, Mr. Tian and each director appointed by Gingko Asset Management of Yinxing College and Yinxing Training School dated June 14, 2018 (the "**School Sponsor's and Directors' Rights Entrustment Agreement**"), Gingko Asset Management has unconditional and irrevocably authorized and entrusted WFOE or person(s) designated by it to exercise all its rights as school sponsor of each of our PRC Operating Schools to the extent permitted by PRC laws. These rights include, but are not limited to: (a) the right to participate in the operations and management of our PRC Operating Schools in accordance with the articles of associations of each school; (b) the right to appoint and/or elect directors or council members of the schools; (c) the right to appoint and/or elect supervisors of the schools; (d) the right to vote, nominate and appoint as school sponsor; (e) the right to access the information relating to the operation and financial situation of the schools; (f) the right to review the resolutions and records of the board of directors and financial statements and reports of the schools; (g) the right to obtain reasonable returns or any returns as school sponsor; (h) the right to acquire residue assets upon winding-up, liquidation, dissolution or cessation of operation of the schools in accordance with the laws; (i) the right to transfer sponsor interest in accordance with the laws; (j) the right to decide between the for-profit and non-profitability of the school in accordance with the laws; (k) the right to vote on behalf of Gingko Asset Management as school sponsor upon winding-up, liquidation, dissolution or cessation of operation of the schools in accordance with the laws; (l) the right to handle the legal procedures of registration, approval and licensing of our PRC Operating Schools at the education department, the department of civil affairs or other government departments; and (m) other school sponsor's rights pursuant to applicable PRC laws and regulations and the articles of association of each school as amended from time to time.

Pursuant to the School Sponsor's and Directors' Rights Entrustment Agreement, Gingko Asset Management and each of the directors of our PRC Operating Schools appointed by Gingko Asset Management (the "**Appointees**") has unconditional and irrevocably authorized and entrusted WFOE to exercise all his/her rights as directors of our PRC Operating Schools as appointed by Gingko Asset Management and to the extent permitted by PRC laws. These rights include, but are not limited to: (a) the right to attend meetings of the board of directors as representative of the directors appointed by Gingko Asset Management; (b) the right to exercise voting rights in respect of all matters discussed and resolved at the board meeting of each of our PRC Operating Schools; (c) the right to propose to convene interim board meetings of each of our PRC Operating Schools; (d) the right to sign all board minutes, board resolutions and other legal documents which the directors appointed by Gingko Asset Management have authority to sign in his/her capacity as directors of our PRC Operating Schools; (e) the right to instruct the legal representative, financial, business, and administration responsible persons of our PRC Operating Schools to act in accordance with the instruction of WFOE; (f) the right to exercise all other rights and voting rights of directors as prescribed under the articles of association of our PRC Operating Schools; (g) the right to vote on behalf of the director upon winding-up, liquidation, dissolution or cessation of operation of schools; (h) to decide to be for-profit or non-profit school in accordance with the laws; (i) the right to handle the legal procedures of registration, approval and licensing of our PRC Operating Schools at the education department, the department of civil affairs or other government regulatory departments; and (j) other directors' rights pursuant to applicable PRC laws and regulations and the articles of association of our PRC Operating Schools as amended from time to time.

In addition, each of WFOE and the Appointees has irrevocably agreed that (i) WFOE may delegate its rights under the School Sponsor's and Directors' Rights Entrustment Agreement to the directors of WFOE or its designated person, without prior notice to or approval by Gingko Asset Management and the Appointees; and (ii) any person as successor of civil rights of WFOE or liquidator by reason of subdivision, merger, liquidation of WFOE or other circumstances shall have authority to replace WFOE to exercise all rights under the School Sponsor's and Directors' Rights Entrustment Agreement.

(5) ***Shareholders' Rights Entrustment Agreement***

Pursuant to the shareholders' rights entrustment agreement entered into by and between WFOE, Gingko Asset Management, Mr. Fang and Mr. Tian dated June 14, 2018 (the "**Shareholders' Rights Entrustment Agreement**"), Mr. Fang and Mr. Tian have irrevocably authorized and entrusted WFOE to exercise all his rights as shareholders of Gingko Asset Management to the extent permitted by PRC laws. These rights include, but are not limited to: (a) the right to attend shareholders' meetings of Gingko Asset Management; (b) the right to exercise voting rights in respect of all matters discussed and resolved at the shareholders' meeting of Gingko Asset Management; (c) the right to propose to convene interim shareholders' meetings of Gingko Asset Management; (d) the right to sign all shareholders' resolutions and other legal documents which Mr. Fang and Mr. Tian have authority to sign in his capacity as shareholders of Gingko Asset Management; (e) the right to instruct the directors and legal representative of Gingko Asset Management to act in accordance with the instruction of WFOE; (f) the right to exercise all other rights and voting rights of shareholders as prescribed under the articles of association of Gingko Asset Management; (g) the right to handle the legal procedures of registration, approval and licensing of Gingko Asset Management; (h) the right to decide on the transfer, pledge or otherwise dispose of the equity interest in Ginko Asset Management held by Mr. Fang and Mr. Tian; and (i) other shareholders' rights pursuant to applicable PRC laws and regulations and the articles of association of Gingko Asset Management as amended from time to time.

In addition, each of Mr. Fang and Mr. Tian has irrevocably agreed that (i) WFOE may delegate its rights under the Shareholders' Rights Entrustment Agreement to the directors of WFOE or its designated person(s), without prior notice to or approval by Mr. Fang or Mr. Tian; and (ii) any person as successor of civil rights of WFOE or liquidator by reason of subdivision, merger, liquidation of WFOE or other circumstances shall have authority to replace WFOE to exercise all rights under the Shareholders' Rights Entrustment Agreement.

(6) ***Powers of Attorney***

(a) *School Sponsor's Power of Attorney*

Pursuant to the school sponsor's powers of attorney executed by Gingko Asset Management in favor of WFOE (the "**School Sponsor's Power of Attorney**"), Gingko Asset Management authorized and appointed WFOE as its agent to act on its behalf to exercise or delegate the exercise of all its rights as school sponsor of each of our PRC Operating Schools.

WFOE shall have the right to further delegate the rights so delegated to the directors of WFOE or other designated person. Gingko Asset Management irrevocably agreed that the authorization and appointment in the School Sponsor's Powers of Attorney shall not be invalid, prejudiced or otherwise adversely affected by reason of the Gingko Asset Management's subdivision, merger, winding up, consolidation, liquidation or other similar events. The School Sponsor's Powers of Attorney shall constitute a part and incorporate terms of the relevant School Sponsor's and Directors' Rights Entrustment Agreement.

(b) *Directors' Powers of Attorney*

Pursuant to the directors' powers of attorney executed by each of the Appointees in favor of WFOE (the "**Directors' Power of Attorney**"), each of the Appointees authorized and appointed WFOE as his/her agent to act on his/her behalf to exercise or delegate the exercise of all of his/her rights as directors of our PRC Operating Schools.

WFOE shall have the right to further delegate the rights so delegated to the directors of WFOE or other designated person. Each of the Appointees irrevocably agreed that the authorization and appointment in the Directors' Powers of Attorney shall not be invalid, prejudiced or otherwise adversely affected by reason of his/her loss of or restriction on capacity, death or other similar events. Each of the Directors' Powers of Attorney shall constitute a part of and embody the terms of the relevant School Sponsor's and Directors' Rights Entrustment Agreement.

(c) *Shareholders' Power of Attorney*

Pursuant to the shareholders' powers of attorney executed by each of Mr. Fang and Mr. Tian in favor of WFOE (the "**Shareholders' Power of Attorney**"), each of Mr. Fang and Mr. Tian authorized and appointed WFOE, as his agent to act on his behalf to exercise or delegate the exercise of all his rights as shareholders of Gingko Asset Management. Each of the Shareholders' Power of Attorney shall constitute a part of and embody the terms of the relevant Shareholders' Rights Entrustment Agreement.

In addition, each of Mr. Fang and Mr. Tian has irrevocably agreed that (i) WFOE may delegate its rights under the Shareholders' Rights Entrustment Agreement to the directors of WFOE or its designated person, without prior notice to or approval by Mr. Fang or Mr. Tian; and (ii) any person as successor of civil rights of WFOE or liquidator by reason of subdivision, merger, liquidation of WFOE or other circumstances shall have authority to replace WFOE to exercise all rights under the Shareholders' Rights Entrustment Agreement.

(7) ***Spouse Undertakings***

Pursuant to the spouse undertakings executed by Ms. Xiong Lan (熊嵐), the spouse of Mr. Fang, and Ms. Wang Xiao (王曉), the spouse of Mr. Tian (the "**Spouse Undertakings**"), the respective spouse has unconditionally and irrevocably undertaken that:

(a) the spouse has full knowledge of and has consented to the entering into of the Contractual Arrangements by each of Mr. Fang and Mr. Tian, and in particular, the arrangement as set out in the Contractual Arrangements in relation to the equity interest in Gingko Asset Management, including but not limited to any restrictions imposed, pledge or transfer or the disposal in any other forms;

(b) the spouse has not participated, is not participating and shall not in the future participate in the operation, management, liquidation, dissolution and other matters in relation to Gingko Asset Management and our PRC Operating Schools;

(c) the spouse authorizes each of Mr. Fang and Mr. Tian or his authorized person to execute all necessary documents and perform all necessary procedures from time to time for and on behalf of the spouse in order to safeguard the interest of WFOE under the Contractual Arrangements and give effect to the fundamental purposes thereunder, and confirms and agrees to all such documents and procedures;

(d) any undertaking, confirmation, consent and authorization under the Spouse Undertakings shall not be revoked, prejudiced, invalidated or otherwise adversely affected by any increase, decrease, consolidation or other similar events relating to the equity interest in Gingko Asset Management;

(e) any undertaking, confirmation, consent and authorization under the Spouse Undertakings shall not be revoked, prejudiced, invalidated or otherwise adversely affected by death, loss of or restriction on capacity of the spouse, divorce or other similar events; and

(f) all undertakings, confirmations, consents and authorizations under the Spouse Undertakings shall continue to be valid and binding until otherwise terminated by both WFOE and the respective spouses of Mr. Fang and Mr. Tian in writing.

The Spouse Undertakings shall have the same term as and incorporate the terms of the Business Cooperation Agreement.

(8) ***Equity Pledge Agreement***

Pursuant to the equity pledge agreement entered into by and among WFOE, Mr. Fang, Mr. Tian and Gingko Asset Management dated June 14, 2018 (the "**Equity Pledge Agreement**"), Mr. Fang and Mr. Tian unconditionally and irrevocably pledged and granted first priority security interests over all of his equity interest in Gingko Asset Management together with all related rights thereto to WFOE as security for performance of the Contractual Arrangements and all direct, indirect or consequential damages and foreseeable loss of interest incurred by WFOE as a result of any event of default on the

part of Mr. Fang or Mr. Tian and all expenses incurred by WFOE as a result of enforcement of the obligations of Mr. Fang, Mr. Tian, Gingko Asset Management and/or each of our PRC Operating Schools under the Contractual Arrangements (the "**Secured Indebtedness**"). We have registered the pledge under the Equity Pledge Agreement with the relevant Bureau of Administration of Industry and Commerce of the PRC on July 13, 2018.

Pursuant to the Equity Pledge Agreement, without the prior written consent of WFOE, Mr. Fang or Mr. Tian shall not transfer the equity interest or create further pledge or encumbrance over the pledged equity interest. Any unauthorized transfer shall be invalid, and the proceeds of any transfer of the equity interest shall be deposited to such third party as agreed to by WFOE. Mr. Fang and Mr. Tian also waived any pre-emptive rights upon enforcement and agreed to any transfer of the pledged equity pursuant to the Equity Pledge Agreement.

Any of the following events shall constitute an event of default under the Equity Pledge Agreement:

(a) any of Mr. Fang, Mr. Tian, Gingko Asset Management or our PRC Operating Schools commits any breach of any obligations under the Contractual Arrangements;

(b) any representations or warranties or information provided by any of Mr. Fang, Mr. Tian, Gingko Asset Management or our PRC Operating Schools under the Contractual Arrangements is proved incorrect or misleading in any material respect;

(c) any provision in the Contractual Arrangements becomes invalid or incapable of performance due to changes in PRC laws and regulations or promulgation of new laws and regulations in the PRC, and the parties have not agreed on any alternative arrangement; or

(d) any of Mr. Fang, Mr. Tian or Gingko Asset Management violates or fails to perform any obligation under the Contractual Arrangements, or fail to comply with any commitment under the Contractual Arrangements; or

(e) any of Mr. Fang or Mr. Tian is required for early repayment or early fulfilment of any borrowing, guarantee, compensation, promise or other debt-servicing obligations due to default, or fails to repay or fulfil as scheduled; or

(f) any adverse changes to any of Mr. Fang's or Mr. Tian's property which would result in WFOE's reasonable belief that the abilities to perform by any of Mr. Fang or Mr. Tian under the Contractual Arrangements may be adversely affected, which in turn may affect the interest of WFOE.

Upon the occurrence of an event of default as described above, WFOE shall have the right to enforce the Equity Pledge Agreement by written notice to Mr. Fang and Mr. Tian in one or more of the following ways:

(a) to the extent permitted under PRC laws and regulations, WFOE may request Mr. Fang or Mr. Tian to transfer all or part of its equity interest in Gingko Asset Management to any entity or individual designated by WFOE at the lowest consideration permissible under the PRC laws and regulations. Each of Mr. Fang and Mr. Tian irrevocably undertakes that if WFOE or its designated purchaser shall purchase all or part of the equity interest of Gingko Asset Management held by Mr. Fang or Mr. Tian and the consideration exceeds RMB0, Mr. Fang and Mr. Tian shall fully compensate the difference to WFOE or its designated purchaser on a joint and several basis;

(b) without prejudice to the Contractual Arrangements, sell the pledged equity interest by way of auction or at a discount and have priority in the entitlement to the sales proceeds;

(c) dispose of the pledged equity interest in other manner subject to applicable laws and regulations.

There is no equity pledge arrangement regarding any equity pledges of our schools. As advised by our PRC Legal Advisors, even if we were to make an equity pledge arrangement regarding any equity pledges of our schools, given that the school sponsor's interests over the schools are not, by nature, equity interests, any such pledge would be unenforceable under PRC laws and regulations. Nevertheless, we have implemented various measures which shall remain in place until the winding up of the Contractual Arrangements, with the aim of further enhancing our control over our schools, in particular:

(a) as disclosed above, pursuant to the Business Cooperation Agreement, Gingko Asset Management, Mr. Fang, Mr. Tian and each of our PRC Operating Schools have undertaken that, without prior written consent of WFOE or its designated party, he/it shall not conduct or cause to conduct any activity or transaction which may have an actual adverse impact on the assets, business, staff, obligations, rights or operations of our PRC Operating Schools. See "— Operation of the Contractual Arrangements — Summary of the Material Terms of the Contractual Arrangements — (1) Business Cooperation Agreement" in this section for details;

(b) as disclosed above, pursuant to the Exclusive Call Option Agreement, each of Mr. Fang and Mr. Tian has further undertaken to WFOE that, among others, it shall not sell, assign, transfer or otherwise dispose of or create any encumbrance over its school sponsor's interest in any of our PRC Operating Schools and/or equity interest in Gingko Asset Management without the prior written consent of WFOE. See "— Operation of the Contractual Arrangements — Summary of the Material Terms of the Contractual Arrangements — (3) Exclusive Call Option Agreement" in this section for details; and

(c) our Company has taken measures to ensure that the company seals of our PRC Operating Schools and Gingko Asset Management are properly secured, are within the full control of WFOE or its designated persons and cannot be used by Gingko Asset Management, Mr. Fang, Mr. Tian or our PRC Operating Schools without our permission. Such measures include arranging for the company seals of our PRC Operating Schools and Gingko Asset Management to be kept in the safe custody of the finance department of WFOE or its designated persons and setting up lines of authority for using the company seals, financial chops and business registration certificates such that the company seals, financial chops and business registration certificates can only be used under direct authorization of WFOE or its designated persons.

Dispute Resolution

In the event of any dispute with respect to the interpretation or performance of the provisions, each of the Contractual Agreements stipulates that:

(a) any dispute, controversy or claim arising out of or in connection with the performance, interpretation, breach, termination or validity of the Contractual Arrangements shall be resolved through negotiation after one party delivers to the other parties a written negotiation request setting out the specific statements of the disputes or claims;

(b) if the parties are unable to settle the dispute within 30 days of delivery of such written negotiation request, any party shall have the right to refer the dispute to and have the dispute finally resolved by arbitration administered by the China International Economic and Trade Arbitration Commission in Beijing, the PRC under the prevailing effective arbitration rules thereof. The language used during arbitration shall be Chinese. The results of the arbitration shall be final and binding on all relevant parties;

(c) subject to the laws of the PRC, the arbitration commission shall have the right to award remedies over the equity interest and property interest and other assets of Gingko Asset Management and each of our PRC Operating Schools, injunctive relief (for the conduct of business or to compel the transfer of assets), or order the bankruptcy winding up of Gingko Asset Managment or our PRC Operating Schools; and

(d) subject to the laws of the PRC, the courts of competent jurisdictions shall have the power to grant interim remedies in support of the arbitration pending formation of the arbitral tribunal or in appropriate cases. The courts of PRC, Hong Kong, the Cayman Islands and the place where the principal assets of our Company, Gingko Asset Management and our PRC Operating Schools are located shall be considered as having jurisdiction for the above purposes.

In connection with the dispute resolution arrangements as set out in the Contractual Arrangements and the practical consequences, we are advised by our PRC Legal Advisors that:

(a) under PRC laws, an arbitral body does not have the power to grant any injunctive relief or provisional or final liquidation order for the purpose of protecting assets of or sponsor interest in our PRC Operating Schools in case of disputes. As such, these remedies may not be available to our Group under PRC laws;

(b) further, courts or judicial authorities in the PRC may not award remedies over the assets of our PRC Operating Schools, injunctive relief or winding-up of each of our PRC Operating Schools or Gingko Asset Management as interim remedies, before there is any final outcome of arbitration;

(c) however, the PRC laws do not disallow the arbitral body to give award of transfer of assets of or a sponsor interest in each of our PRC Operating Schools at the request of arbitration applicant. In the event of non-compliance with such award, enforcement measures may be sought from the court. However, the court may or may not support such award of the arbitral body when deciding whether to take enforcement measures;

(d) in addition, interim remedies or enforcement orders granted by overseas courts such as Hong Kong and the Cayman Islands may not be recognizable or enforceable in the PRC; therefore, in the event we are unable to enforce the Contractual Arrangements, we may not be able to exert effective control over each of our PRC Operating Schools, and our ability to conduct our business may be negatively affected; and

(e) even if the above-mentioned provisions may not be enforceable under PRC laws, the remaining provisions of the dispute resolution clauses are legal, valid and binding on the parties to the agreement under the Contractual Arrangements.

As a result of the above, in the event that any of our PRC Operating Schools or Gingko Asset Management breaches any of the Contractual Arrangements, we may not be able to obtain sufficient remedies in a timely manner, and our ability to exert effective control over our PRC Operating Schools and conduct our business could be materially and adversely affected. See "Risk Factors — Risks Relating to Our Contractual Arrangements" in this prospectus for details.

Conflicts of Interests

To ensure our effective control over our consolidated affiliated entities, we have implemented measures to protect against the potential conflicts of interest between our Company and Gingko Asset Management or the shareholders of Gingko Asset Management. Pursuant to the Exclusive Call Option Agreement, the shareholders of Gingko Asset Management granted WFOE or its designated third party an exclusive option to purchase part or all of the sponsor interests in our PRC Operating Schools and the equity interest of Gingko Asset Management, under circumstances in which WFOE or its designated third party is permitted under PRC laws and regulations to own all or part of the sponsor or equity interests in our consolidated affiliated entities. Under the irrevocable Powers of Attorney executed by Gingko Asset Management and/or the shareholders of Gingko Asset Management, they

appointed WFOE, or any person designated by WFOE (excluding Mr. Fang, Mr. Tian or other non-independent persons or persons who may give rise to conflicts of interests) as their respective attorney-in-fact to appoint directors and vote on their behalf on all matters of our PRC Operating Schools requiring school sponsors' approval under their articles of associations and under the relevant PRC laws and regulations.

The shareholders of Gingko Asset Management have undertaken that (i) unless otherwise agreed to by WFOE in writing, they will not, directly or indirectly participate, or be interested, or engage in, acquire or hold any business which is or may potentially be in competition with the businesses of our consolidated affiliated entities or any of their respective affiliates; and (ii) they will not obtain any benefit from any entities or businesses which are or may potentially be in competition with businesses of our consolidated affiliated entities. Based on the above, our Directors are of the view that the measures we have adopted are sufficient to mitigate the risks associated with the potential conflicts of interest between us and Gingko Asset Management and the shareholders of Gingko Asset Management and that these measures are sufficient to protect our Group's interest in the consolidated affiliated entities.

Loss Sharing

None of the agreements constituting the Contractual Arrangements provide that our Company or WFOE is obligated to share the losses of our consolidated affiliated entities or provide financial support to our consolidated affiliated entities. Further, each of our PRC Operating Schools is a separate legal entity and shall be solely liable for its own debts and losses with assets and properties owned by it. Under PRC laws and regulations, our Company or WFOE, as the primary beneficiary of our consolidated affiliated entities, is not required to share the losses of our consolidated affiliated entities or provide financial support to our consolidated affiliated entities. Despite the foregoing, given that our Group conducts its businesses in the PRC through our consolidated affiliated entities which hold the requisite PRC licences and approvals, and that our consolidated affiliated entities' financial condition and results of operations are consolidated into our Company's historical financial information and results of operations under the applicable accounting principles, our business, financial condition and results of operations would be adversely affected if our consolidated affiliated entities suffer losses. Therefore, the provisions in the Contractual Arrangements are tailored so as to limit, to the greatest extent possible, the potential adverse effect on WFOE and our Company resulting from any loss suffered by our consolidated affiliated entities.

For instance, as provided in the Exclusive Call Option Agreement, none of the assets of our consolidated affiliated entities are to be sold, transferred or otherwise disposed of without the written consent of our Company. In addition, under the Exclusive Call Option Agreement, Gingko Asset Management may not transfer or permit the encumbrance of or allow any guarantee or security to be created on any of its sponsor's interests in our PRC Operating Schools without our Company's prior written consent.

In addition, under the Business Cooperation Agreement and the Exclusive Technical Services and Management Consultancy Agreement, without the prior written consent of WFOE, our consolidated affiliated entities shall not change or remove the members of the boards of directors who are appointed by WFOE in accordance with the constitutional documents of each of our consolidated affiliated entities. WFOE also has the right to periodically receive or inspect the accounts of our consolidated affiliated entities and the financial results of our consolidated affiliated entities can be consolidated into our Group's financial information as if they were our Group's subsidiaries.

Liquidation

According to the Business Cooperation Agreement, the Exclusive Technical Services and Management Consultancy Agreement and the Exclusive Call Option Agreement, in the event of dissolution, liquidation or bankruptcy of any of our PRC Operating Entities, (i) WFOE or its designated person shall have the right to exercise all of a school sponsor's or shareholder's right on behalf of Gingko Asset Management and the shareholders of Gingko Asset Management; (ii) to the extent permitted by PRC laws, each of Mr. Fang and Mr. Tian shall transfer all assets received or receivable as a result of the dissolution or liquidation of our PRC Operating Entities or Gingko Asset Management to WFOE or other persons designated by the Company at nil consideration, and instruct Gingko Asset Management and both of our PRC Operating Entities to transfer such assets directly to WFOE and/or other persons designated by the Company; (iii) if consideration is required for such transfer under the then applicable PRC laws, Mr. Fang and Mr. Tian shall fully return back to WFOE and/or the persons designated by the Company the consideration and guarantee that WFOE and/or other persons designated by the Company does not suffer any loss.

Termination of the Contractual Arrangements

The Contractual Arrangements provides that: (a) the Contractual Arrangements shall be terminated upon the completion of the purchase of all of the school sponsor's interest of the schools and all of the shareholdings of Gingko Asset Management by WFOE pursuant to the terms of the Exclusive Call Option Agreement, save for the Equity Pledge Agreement which shall continue to be in force until all obligations thereunder have been performed or all secured indebtedness has been repaid in full; (b) WFOE shall have the right to terminate any of the Contractual Arrangements by serving a 30 days prior notice; and (c) each of our PRC Operating Schools, Mr. Fang and Mr. Tian shall not be entitled to unilaterally terminate the Contractual Arrangements in any situation other than as prescribed by the laws.

Insurance

Our Company does not maintain an insurance policy to cover the risks relating to the Contractual Arrangements.

Our Confirmation

Our Directors confirm that, as of the Latest Practicable Date, we had not encountered any interference or encumbrance from any PRC governing bodies in operating its businesses through our consolidated affiliated entities under the Contractual Arrangements.

LEGALITY OF THE CONTRACTUAL ARRANGEMENTS

Based on the above, our PRC Legal Advisors are of the opinion that the Contractual Arrangements are narrowly tailored to minimize the potential conflict with the relevant PRC laws and regulations and that:

1. each of WFOE and our consolidated affiliated entities is a duly incorporated and validly existing company or school, and their respective establishment is valid, effective and complies with the relevant PRC laws. Gingko Asset Management is a company with full civil and legal capacity, and each of WFOE and our consolidated affiliated entities has obtained all necessary board and sponsor approvals and authorizations to execute and perform the Contractual Arrangements;

2. as of the date of issuing their legal opinion, no PRC laws and regulations explicitly prohibit contractual arrangements in the private education industry in the PRC. Parties to each of the agreements are entitled to execute the agreements and perform their respective obligations thereunder except that the Contractual Arrangements provide that the arbitral body may award remedies over the shares and/or assets of our PRC Operating Schools, injunctive relief and/or winding up of our PRC Operating Schools, and that courts of competent jurisdictions are empowered to grant interim remedies in support of the arbitration pending the formation of an arbitral tribunal, while under PRC laws, an arbitral body has no power to grant injunctive relief and may not directly issue a provisional or final liquidation order for the purpose of protecting assets of or equity interest in our PRC Operating Schools in case of disputes. In addition, interim remedies or enforcement orders granted by overseas courts such as Hong Kong and the Cayman Islands may not be recognizable or enforceable in China. Each of the agreements is binding on the parties thereto and none of them would be deemed as "concealment of illegal intentions with a lawful form" and void under the PRC Contract Law;

3. none of the Contractual Arrangements violates any provisions of the articles of association of our consolidated affiliated entities or WFOE;

4. no approval or authorization from the PRC governmental authorities are required for entering into and the performance of the Contractual Arrangements except that: (i) the pledge of any equity interest in Gingko Asset Management for the benefit of WFOE is subject to registration requirements with the relevant Bureau of Administration of Industry and Commerce which was completed on July 13, 2018; (ii) the transfer of school sponsor's interest in our schools and of equity interest in Gingko Asset Management contemplated under the Contractual Arrangements is subject to applicable approval and/or registration requirements under the then applicable laws and (iii) any arbitral awards or foreign rulings and/or judgments in relation to the performance of the Contractual Arrangements are subject to applications to competent PRC courts for recognition and enforcement;

5. each of the Contractual Arrangements is valid, legal and binding under PRC laws; and

6. directors appointed by CUIT have no right to rescind or invalidate the Contractual Agreements.

Our Directors are of the view that the Contractual Arrangements are narrowly tailored because the Contractual Arrangements are only used to enable us to control our consolidated affiliated entities where the PRC laws and regulations currently restrict operation of higher education institutions and vocational skills training schools to Sino-foreign cooperation, in addition to imposing Qualification Requirement on the foreign owners and withholding government approval in respect of Sino-foreign cooperation which are currently impracticable for us to meet or obtain.

As confirmed by our Directors, the Contractual Arrangements were entered into between the relevant parties based on their actual and genuine intentions and the service fees are paid by our consolidated affiliated entities as consideration for obtaining genuine services of substance provided by WFOE. Pursuant to the Contractual Arrangements, the services provided by WFOE include, among other things, providing educational software and course materials, employee training, technology development, transfer and consultation services, public relation services, market surveys, and trademark and know-how licensing, in each case as required by the consolidated affiliated entities in their ordinary course of business.

According to our PRC Legal Advisors, no current PRC laws or regulations expressly restrict or prohibit WFOE's contractual rights to receive service fees from our consolidated affiliated entities for the services rendered under the Contractual Arrangements.

On March 22, 2018, with the assistance of our PRC Legal Advisors, we consulted the responsible officers of Human Resources and Social Security Bureau of Sichuan Province, which is the competent authority as advised by our PRC Legal Advisors to issue such confirmations in respect of the matters relating to the operation and management of Yinxing Training School. On May 24, 2018, with the assistance of our PRC Legal Advisors, we consulted the responsible officers of the Education Department of Sichuan Province, which is the competent authority as advised by our PRC Legal Advisors to issue such confirmations in respect of the matters relating to the operation and management of the Yinxing College. We were advised by the officers that paying services fees to WFOE in return for technical and consultancy services is a normal commercial arrangement of the school and no regulatory approvals are required for the execution of the Contractual Arrangements. During the consultations, none of the officers had indicated that the payment of service fees by the schools to WFOE would be deemed as indirect distribution of earnings to the school sponsor. Based on our consultations with the relevant local tax bureaus conducted on May 17, 2018 and the interview with the State Administration of Taxation of Pi county of Sichuan Province on May 25, 2018 (which, as advised by our PRC Legal Advisors, have competent authority over our schools), the payment of service fees by our schools to WFOE should not be deemed as to their respective school sponsor or tax evasion under relevant PRC laws and regulations.

We have been advised by our PRC Legal Advisors, however, that there are substantial uncertainties regarding the interpretation and application of current and future PRC laws and regulations. Accordingly, there can be no assurance that the PRC regulatory authorities will not in the future take a view that is contrary to the above confirmation. We have been further advised by our PRC Legal Advisors that if the PRC government finds that the Contractual Arrangements do not comply with PRC government restrictions on foreign investment in the education business, we could be subject to severe penalties, which could include:

1. revoking the business and operating licences of WFOE and our consolidated affiliated entities;

2. restricting or prohibiting related party transactions between WFOE and our consolidated affiliated entities;

3. imposing fines or other requirements with which we may find it difficult or impossible to comply;

4. requiring us to restructure the relevant ownership structure or operations; and

5. restricting or prohibiting the use of any proceeds from the Global Offering to finance our business and operations in the PRC.

The imposition of any of these penalties could have a material adverse effect on our ability to conduct our business. See "Risk Factors — Risks Relating to Our Contractual Arrangements" in this prospectus.

The legal impact of joint school sponsorship with CUIT on the Contractual Arrangements

CUIT is a joint sponsor of Yinxing College rather than a contributor and did not make any contribution to registered capital of Yinxing College. Under the Cooperation Agreement, CUIT is only entitled to (i) rights in relation to management of Yinxing College, including appointing two directors of the board of Yinxing College, nominating the deputy chairman of the board of Yinxing College, formulating the board charter jointly with Gingko Asset Management, recommending to the board of directors of Yinxing College one educational supervisor (督學) being responsible for the supervision on the school direction, enrollment, student management, teaching disciplines and teaching quality, and providing guidance on recruitment and development of the teachers team and the management team; and (ii) sharing 20% of the total tuition fees (adjusted to 7% of the total tuition fees for the 2012/2013 school year and thereafter pursuant to a supplemental agreement entered into by and between CUIT and Gingko Asset Management on December 31, 2017) on school year basis. Thus CUIT shall not be equivalent to an equity owner of Yinxing College. The board of Yinxing College made a resolution on May 22, 2018 in a legal procedure in which all directors (including two directors assigned by CUIT) approved Yinxing College to enter into the Contractual Arrangements with WFOE. According to the articles of association of Yinxing College and such resolution, directors appointed by CUIT have no right to rescind or invalidate the Contractual Arrangements. The Contractual

Arrangements are legal and valid and in no violation of the articles of association of Yinxing College. Based on the above, our PRC Legal Advisors are of the view that the joint school sponsorship with CUIT does not have impact on the Contractual Arrangements (including preventing leakage of assets and value, dispute resolution, ongoing compliance with laws and regulations, etc.).

Accounting Aspects of the Contractual Arrangements

Consolidation of financial results of our consolidated affiliated entities

Under the Exclusive Technical Services and Management Consultancy Agreement, it was agreed that, in consideration of the services provided by WFOE, each of our consolidated affiliated entities will pay services fees to WFOE. The services fees, subject to WFOE's adjustment, are equal to the total income of our consolidated affiliated entities (net of costs, expenses, taxes, losses incurred for the previous year(s) and development fund required by the relevant laws and regulations to be reserved or withheld). WFOE may adjust the services fees at its discretion and allow our consolidated affiliated entities to retain sufficient working capital to carry out any growth plans. WFOE also has the right to periodically receive or inspect the accounts of our consolidated affiliated entities. Accordingly, WFOE has the ability, at its sole discretion, to extract substantially all of the economic benefit of our consolidated affiliated entities through the Exclusive Management Consultancy and Business Cooperation Agreement.

In addition, under the Exclusive Technical Services and Management Consultancy Agreement, WFOE has absolute contractual control over the distribution of dividends or any other amounts to the equity holders of the consolidated affiliated entities as WFOE's prior written consent is required before any distribution can be made.

As a result of the Contractual Arrangements, our Company has obtained control of our consolidated affiliated entities through WFOE and, at our Company's sole discretion, can receive substantially all of the economic interest returns generated by the consolidated affiliated entities. Accordingly, our consolidated affiliated entities' results of operations, assets and liabilities, and cash flows are consolidated into our Company's financial statements.

In this regard, our Directors consider that our Company can consolidate the financial results of the consolidated affiliated entities into our Group's financial information as if they were our Company's subsidiaries. The basis of consolidating the results of the consolidated affiliated entities is disclosed in note 2.2.1 to the Accountant's Report set out in Appendix I.

The financial impact of joint school sponsorship with CUIT on Contractual Arrangements

Regarding the basis of preparation of historical financial information, the reporting accountants have considered and assessed the joint school sponsorship with CUIT and the Contractual Arrangements in accordance with HKFRS.

According to HKFRS 10 "Consolidated Financial Statements" issued by Hong Kong Institute of Certified Public Accountant ("**HKICPA**"), an effective "control" established the basis of consolidation and an investor controls an investee if and only if the investor has all of the followings:

i) power over the investee;

ii) exposure, or rights, to variable returns from its involvement with the investee; and

iii) the ability to use its power over the investee to affect the amount of the investor's returns.

In light of above criteria, the Controlling Shareholders have control over Yinxing College under the Contractual Arrangements based on the following reasons from accounting perspective:

i) Power over the investee

Controlling Shareholders have the control over the Directors

The Directors have acknowledged the content of the Contractual Arrangements and unanimously concurred in the board resolution to allow Yinxing College to enter into the Contractual Arrangements of which the Directors have unconditionally and irrevocably assigned all substantive rights of the board to WFOE. As such, according to the Contractual Arrangements, all the decisions made by WFOE regarding the operation of Yinxing College are legally enforceable.

ii) Exposure, or rights, to variable returns from its involvement with the investee

CUIT does not have substantive veto right

Based on the board resolutions during the Track Record Period of Yinxing College, the directors from CUIT have never voted against the decisions made by Controlling Shareholders. After the effective of the Contractual Arrangements, all of the substantive rights of the board have been irrevocably assigned to WFOE and CUIT does not have any substantive veto right thereafter.

Controlling Shareholders have the control over daily operation of Yinxing College

Gingko Asset Management, which is wholly owned by the Controlling Shareholders, is responsible for funding and assets contribution of Yinxing College. The presidents of Yinxing College, who were nominated by Gingko Asset Management, are responsible for daily operations and administration of Yinxing College and hence, before the Contractual Arrangements, the Controlling Shareholders have effective control over daily operations of Yinxing College. After Contractual Agreements has been effective, the nomination right of president has been unconditionally and irrevocably assigned to WFOE and the Controlling Shareholders continue to have control over daily operations of Yinxing College.

iii) The ability to use its power over the investee to affect the amount of the investor's returns

Controlling Shareholders are entitled to the variable returns of Yinxing College and have the ability to affect those returns. The Controlling Shareholders have the exposure to variable returns of Yinxing College through the entitlement to the profit or loss of Yinxing College while CUIT is only entitled to fixed rate return based on 7% of the annual tuition fee during the Track Record Period. In addition, the Controlling Shareholders have the ability to affect the variable return through its control over the daily operation of Yinxing College while CUIT does not.

After considering the aforementioned factors, the reporting accountants are of the view that the basis of preparation of the accountant's report is consistent with HKFRS.

DEVELOPMENT IN PRC LEGISLATION ON FOREIGN INVESTMENT

Draft New Foreign Investment Law

The MOFCOM published the Draft Foreign Investment Law of the PRC (《中華人民共和國外國投資法(草案徵求意見稿)》) (the "**Draft FIL**") in January 2015 aiming to, upon its enactment, replace the major existing laws and regulations governing foreign investment in the PRC. The MOFCOM has solicited comments on this draft and substantial uncertainties exist with respect to its final form, enactment timetable, interpretation and implementation. The Draft FIL, if enacted as proposed, may materially impact the entire legal framework regulating foreign investments in the PRC.

Among other things, the Draft FIL purports to introduce the principle of "actual control" in determining whether a company is considered as a foreign investment entity ("**FIE**"). The Draft FIL specifically provides that entities established in the PRC but "controlled" by foreign investors will be treated as FIEs, whereas an entity organized in a foreign jurisdiction, but cleared by the authority in charge of foreign investment as "controlled" by PRC entities and/or citizens, would nonetheless be treated as a PRC domestic entity for investment in the "restricted category" on the "negative list", subject to the examination of the relevant authority in charge of foreign investment. For these purposes, "control" is broadly defined in the draft law to cover any of the following summarised categories:

- holding directly or indirectly 50% or more of the equity interest, assets, voting rights or similar equity interest of the subject entity;

- holding directly or indirectly less than 50% of the equity interest, assets, voting rights or similar equity interest of the subject entity but (a) having the power to directly or indirectly appoint or otherwise secure at least 50% of the seats on the board or other equivalent decision making bodies, (b) having the power to secure its nominated person to acquire at least 50% of the seats on the board or other equivalent decision making bodies, or (c) having the voting power to exert material influence over decision-making bodies, such as the shareholders' meeting or the board; or

- having the power to exert decisive influence, via contractual or trust arrangements, over the subject entity's operations, financial, staffing and technology matters.

In respect of "actual control", the Draft FIL looks at the identity of the ultimate natural person or enterprise that controls the FIE. "Actual control" refers to the power or position to control an enterprise through investment arrangements, contractual arrangements or other rights and decision-making arrangements. Article 19 of the Draft FIL defines "actual controllers" as the natural persons or enterprises that directly or indirectly control foreign investors or foreign-invested enterprises.

If an entity is determined to be a FIE, and its investment amount exceeds certain thresholds or its business operation falls within a "negative list", market entry clearance by the authority in charge of foreign investment would be required.

The "variable interest entity" structure, or VIE structure, has been adopted by many PRC-based companies, and has been adopted by our Company in the form of the Contractual Arrangements, to establish control of our consolidated affiliated entities by WFOE, through which we operate our education business in PRC. Under the Draft FIL, variable interest entities that are controlled via contractual arrangements would also be deemed as FIEs, if they are ultimately "controlled" by foreign investors. For companies with a VIE structure in an industry category that is in the "restricted category" on the "negative list", it is possible that the existing VIE structure may be deemed legitimate only if the ultimate controlling person(s) is/are of PRC nationality (either PRC state-owned enterprises or agencies, or PRC citizens). Conversely, if the actual controlling person(s) is/are of foreign nationalities, then the variable interest entities will be treated as FIEs and any operation in the industry category on the "negative list" without market entry clearance may be considered as illegal.

Pursuant to the Draft FIL, as far as the new VIE structures are concerned, if a domestic enterprise under the VIE structure is controlled by Chinese nationals, such domestic enterprise may be treated as a Chinese investor and therefore the VIE structures may be regarded as legal. On the contrary, if the domestic enterprise is controlled by foreign investors, such domestic enterprise may be treated as a foreign investor or foreign-invested enterprise, and therefore the operation of such domestic enterprise through VIE structures may be regarded as illegal if the domestic enterprise operates in a sector which is on the "negative list" and the domestic enterprise does not apply for and obtain the necessary permission.

The Draft FIL stipulates restriction of foreign investment in certain industry sectors. The "negative list" sets out in the Draft FIL classified the relevant prohibited and restricted industries into the catalogue of prohibitions ("**Catalogue of Prohibitions**") and the catalogue of restrictions ("**Catalogue of Restrictions**"), respectively.

Foreign investors are not allowed to invest in any sector set out in the Catalogue of Prohibitions. Where any foreign investor directly or indirectly holds shares, equities, properties or other interests or voting rights in any domestic enterprise, such domestic enterprise is not allowed to invest in any sector set out in the Catalogue of Prohibitions, unless otherwise specified by the State Council.

Foreign investors are allowed to invest in sectors set out in the Catalogue of Restrictions, provided that the foreign investors are required to fulfil certain conditions and apply for permission before making such investment.

Notwithstanding that the accompanying explanatory notes to the Draft FIL (the "**Explanatory Notes**") do not provide a clear direction in dealing with VIE structures existing before the Draft FIL becoming effective, which were still pending for further study as of the Latest Practicable Date, the Explanatory Notes contemplate three possible approaches in dealing with FIEs with existing VIE structures and conducting business in an industry falling in the "negative list":

(i) requiring them to make a declaration to the competent authority that the actual control is vested with Chinese investors, after which the VIE structures may be retained;

(ii) requiring them to apply to the competent authority for certification that their actual control is vested with Chinese investors and, upon verification by the competent authority, the VIE structures may be retained; and

(iii) requiring them to apply to the competent authority for permission to continue to use the VIE structure. The competent authority together with the relevant departments will then make a decision after taking into account the actual control of the FIE and other factors.

Where foreign investors and FIEs circumvent the provisions of the Draft FIL by entrusted holding, trust, multi-level re-investment, leasing, contracting, financing arrangements, protocol control, overseas transaction or otherwise, make investments in sectors specified in the Catalogue of Prohibitions, make investments in sectors specified in the Catalogue of Restrictions without permission or violate the information reporting obligations specified therein, the penalty shall be imposed in accordance with Article 144 of (Investments in Sectors Specified in the Catalogue of Prohibitions), Article 145 (Violation of Provisions on Access Permission), Article 147 (Administrative Legal Liability for Violating the Information Reporting Obligation) or Article 148 (Criminal Legal Liability for Violating the Information Reporting Obligation) of the Draft FIL, as the case may be.

If foreign investors make investments in the sectors specified in the Catalogue of Prohibitions, the competent authorities for foreign investment in the province, autonomous region and/or municipality directly under the central government at the place where the investments are made shall order them to cease the implementation of the investments, dispose of any equity or other assets within a prescribed time limit, confiscate any illegal gains and impose a fine of not less than RMB100,000 but not more than RMB1 million or of not more than 10% of illegal investments.

If foreign investors or FIEs are in violation of the provisions of the Draft FIL, including by way of failing to perform on schedule, or evading the performance of, the information reporting obligation, or concealing the truth or providing false or misleading information, the competent authorities for foreign investment in the province, autonomous region and/or municipality directly under the Central

Government at the place where the investments are made shall order them to make rectifications within a prescribed time limit, if they fail to make rectifications within the prescribed time limit, or the circumstances are serious, a fine of not less than RMB50,000 but not more than RMB500,000 or of not more than 5% of the investment amount shall be imposed.

Potential impact on our Company if the Contractual Arrangements are not treated as domestic investment

If the Draft FIL is promulgated in the current draft form, on the basis that (i) Mr. Fang and Mr. Tian, who are of Chinese nationality, will collectively control an aggregate of 75% of the issued share capital of our Company upon completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised and taking into no account of any Shares to be issued upon the exercise of any options that may be granted under the Share Option Scheme); (ii) our Company through WFOE exercises effective control over our consolidated affiliated entities pursuant to the Contractual Arrangements, our PRC Legal Advisors are of the view that we can apply for the recognition of the Contractual Arrangements as a domestic investment and it is likely that the Contractual Arrangements will be considered as legal.

Pursuant to the Foreign Investment Industries Guidance Catalogue (as amended in 2017) (《外商投資產業指導目錄》(2017年修訂)), the higher education business that we operate falls within the "restricted" category on the "negative list". If the operation of our schools is no longer on the "negative list" and we can legally operate the education business under PRC laws, WFOE will exercise the call option under the Exclusive Call Option Agreement to acquire the sponsor interests or equity interests in our consolidated affiliated entities and unwind the Contractual Arrangements subject to reapproval by the relevant authorities.

If the Draft FIL as finally enacted is refined or deviates from the current draft, depending on the treatment of existing VIE structures, the Contractual Arrangements may be regarded as invalid and illegal. In that case, we will not be able to operate our schools through the Contractual Arrangements and would lose our rights to receive the economic benefits of our consolidated affiliated entities. As a result, the financial results of our consolidated affiliated entities will no longer be consolidated into our Group's financial results and we would have to derecognize their assets and liabilities according to the applicable accounting standards. An investment loss will be recognized as a result of such derecognition.

Nevertheless, considering that a number of existing entities engaged in the education industry, while some of which have obtained listing status abroad, are operating under contractual arrangements, our Directors are of the view that it is unlikely, if the Draft FIL is promulgated, that the relevant authorities will take retrospective effect to require the relevant enterprises to remove the contractual arrangements.

However, there are uncertainties as to the definition of control that may be adopted in the Draft FIL as finally enacted, and the relevant government authorities will have a broad discretion in interpreting the law and may ultimately take a view that is inconsistent with our PRC Legal Advisors'

understanding. See "Risk Factors — Risks Relating to Our Contractual Arrangements" in this prospectus for further details of the risks we face relating to our Contractual Arrangements. In any event, we will take reasonable steps in good faith to seek compliance with the enacted version of the Foreign Investment Law, if and when it comes into force.

Potential measures to maintain control over and receive economic benefits from our consolidated affiliated entities

As mentioned above, our PRC Legal Advisors are of the view that the Contractual Arrangements are likely to be deemed as a domestic investment if the Draft FIL were to become effective in its current form and content.

To ensure the Contractual Arrangements are likely to continue to be viewed as a domestic investment so that we can maintain control over our consolidated affiliated entities and receive all economic benefits derived from our consolidated affiliated entities, Mr. Fang has given an undertaking (the "**Undertaking**") to our Company, and our Company has agreed with the Stock Exchange to enforce such Undertaking, that during the subsistence of the Contractual Arrangements, Mr. Fang will use his best efforts to do and procure our Company to do all such possible acts which are necessary to give effect to the Contractual Arrangements and/or to enable the continuation of business operations of our consolidated affiliated entities as a result of any impact due to the promulgation and implementation of the New Foreign Investment Law and other future laws and regulations relating to foreign investment and in particular:

(i) Mr. Fang maintaining his Chinese nationality and citizenship while he remains as our Controlling Shareholder; and

(ii) in the event of any transfer or disposal by Mr. Fang of a shareholding that may result in the transferee(s) acquiring "control" over the Company (as defined in the Draft FIL or the New Foreign Investment Law (as enacted), as the case may be), he will (as may be relevant) (a) procure that the transferee(s) provide an undertaking on substantially the same terms and conditions as the one provided by Mr. Fang to our Company and (b) demonstrate to the reasonable satisfaction of our Company and the Stock Exchange that the Contractual Arrangements will continue to be viewed as a domestic investment under the Draft FIL or the New Foreign Investment Law (as enacted), as the case may be.

The Undertaking will become effective from the date of the Listing and will remain effective until the earlier of the occurrence of the following events: (i) Mr. Fang ceasing to be our Controlling Shareholder and an actual controller of our Company; (ii) Mr. Fang ceasing to be an actual controller of any of our PRC Operating Schools; (iii) compliance with the relevant requirements under the New Foreign Investment Law or applicable foreign investment laws (together with, if any, all subsequent amendments or updates, as promulgated) as finally enacted is not required and the Stock Exchange has consented to this; (iv) compliance with the Undertaking is no longer required, as advised by the Stock Exchange; or (v) the Stock Exchange and any applicable Chinese regulatory departments have consented to such termination. To the extent that only part of the Undertaking above is no longer

required as a result of any of the events in (iii), (iv) or (v) of the preceding sentence occurring, only such part of the Undertaking that is no longer required shall cease to be effective. To the extent that the Undertaking (or any part thereof) is no longer effective, the Company will issue an announcement as soon as practicable.

Taking into account that Mr. Fang can only transfer his interests in our Company in circumstances where the transfer is in compliance with the New Foreign Investment Law as finally enacted, such arrangement will ensure that the control of our Company will at all times be in accordance with the requirements of the New Foreign Investment Law as finally enacted.

Based on the view of our PRC Legal Advisors and the aforesaid Undertaking given by Mr. Fang, our Directors are of the view that the Contractual Arrangements are likely to be deemed as a domestic investment and to be permitted to continue in the event that the New Foreign Investment Law is promulgated in the current draft form. Based on the Undertaking given by Mr. Fang, our Directors are of the view that our Group can maintain control over our consolidated affiliated entities and receive all economic benefits derived from our consolidated affiliated entities.

Notwithstanding the above, there may be uncertainties that the above measures to maintain control over and receive the economic benefit from our consolidated affiliated entities alone may not be effective in ensuring compliance with the New Foreign Investment Law together with, if any, all its subsequent amendments or updates, as promulgated (if and when it becomes effective). In the event that such measures are not complied with, the Stock Exchange may take enforcement actions against us which may have a material adverse effect on the trading of our Shares. See "Risk Factors — Risks Relating to Our Contractual Arrangements" in this prospectus.

Our Company and our Directors will provide periodic updates in the annual and interim reports regarding the status of compliance with the Draft FIL and its accompanying explanatory notes, including the latest relevant regulatory development as well as the plan and progress in acquiring the relevant experience to meet the qualification requirement. See "— PRC Laws and Regulations Relating to Foreign Ownership in the Education Industry — Plan to Comply with the Qualification Requirement" in this section for further details.

COMPLIANCE WITH THE CONTRACTUAL ARRANGEMENTS

We will adopt the following measures to ensure our effective operation with the implementation of the Contractual Arrangements and our compliance with the Contractual Arrangements:

1. major issues arising from the implementation and compliance with the Contractual Arrangements or any regulatory inquiries from government authorities will be submitted to our Board, if necessary, for review and discussion on an occurrence basis;

2. the Board will review the overall performance of and compliance with the Contractual Arrangements at least once a year;

3. we will disclose the overall performance and compliance with the Contractual Arrangements in our annual reports;

4. our Directors undertake to provide periodic updates in our annual reports regarding the qualification requirement as stipulated under the paragraph headed "— Background to the Contractual Arrangements" in this section and the latest development of the Draft FIL as disclosed under "— Development in PRC Legislation on Foreign Investment" in this section, including the latest relevant regulatory development as well as our plan and progress in acquiring the relevant experience to meet the qualification requirement;

5. our Company will disclose, as soon as possible (i) any updates of changes to the Draft FIL that will materially and adversely affect our Company as and when they occur; and (ii) a clear description and analysis of the final Foreign Investment Law as implemented, specific measure taken by us to fully comply with the final Foreign Investment Law as implemented, specific measures taken by us to fully comply with the final Foreign Investment Law supported by PRC legal opinion and any material impact of the final Foreign Investment Law, on our operations and financial position; and

6. our Company will engage external legal advisors or other professional advisors, if necessary, to assist the Board to review the implementation of the Contractual Arrangements, review the legal compliance of WFOE and our consolidated affiliated entities to deal with specific issues or matters arising from the Contractual Arrangements.

In addition, we believe that our Directors are able to perform their roles in our Group independently and we are capable of managing our business independently after the Listing under the following measures:

1. the decision-making mechanism of the Board as set out in the Articles includes provisions to avoid conflict of interest by providing, amongst other things, that in the event of conflict of interest in such contract or arrangement which is material, the Director shall declare the nature of his or her interest at the earliest meeting of the Board at which it is practicable for him or her to do so, and if he or she is to be regarded as having material interest in any contracts or arrangements, such Director shall abstain from voting and not be counted towards the quorum;

2. each of our Directors is aware of his or her fiduciary duties as a Director which requires, among other things, that he or she acts for the benefits and in the best interests of our Company;

3. we have appointed three independent non-executive Directors to provide a balance of the number of interested and independent Directors with a view to promoting the interests of our Company and our Shareholders as a whole; and

4. we will disclose in accordance with the requirements under the Listing Rules regarding decisions on matters reviewed by the Board (including independent non-executive Directors) relating to any business or interest of each Director that competes or may compete with our business and any other conflicts of interest which any such person has or may have with us.

Furthermore, we will implement measures which shall be in place before the Contractual Arrangements are unwound, with an aim to further enhancing its control over our PRC Operating Schools. In particular, our Company will take measures to ensure that the company seals of Gingko Asset Management and our PRC Operating Schools are properly secured, are within the full control of our Company and cannot be used by our PRC Operating Schools or Gingko Asset Management without the permission of WFOE or our Company. Such measures include arranging for our Company seals of our PRC Operating Schools to be kept in the safe custody of the finance department of WFOE or our Company and setting up lines of authority for using our Company seals, financial chops and business registration certificates such that our Company seals, financial chops and business registration certificates can only be used under direct authorization of WFOE or our Company.

OVERVIEW

We are a higher education service provider in Sichuan Province. Starting to provide higher education services in 2002, we are dedicated to offering comprehensive and diversified programs and curriculum and training talents with practical skills applicable to the modern service industry. Our college has eight departments and offers 25 bachelor's degree programs and 22 junior college diploma programs, providing a wide range of courses spanning six disciplines, namely, management, literature, engineering, education, economics and arts. To foster the practical skills of our students, we have established extensive practical training platforms to supplement the traditional in-class teaching. Moreover, we integrate theoretical learning with skill-oriented practices by establishing and maintaining effective school-enterprise cooperation. As of June 30, 2018, we had established long-term cooperation relationships with three talent centers and 126 renowned enterprises in order to provide internship opportunities for our student. We believe our efforts to provide practical training have enabled us to achieve higher employment rate than our competitors. In the 2014/2015, 2015/2016 and 2016/2017 school years, the initial employment rate of our graduates was about 97.8%, 96.4% and 97.2%, respectively. In contrast, the overall initial employment rate of the private higher education industry in China was about 77.7%, 77.9% and 78.4%, respectively, during the same periods, according to the Frost & Sullivan Report. Our dedication to provide diversified programs and to cultivate market-oriented talents has earned us various accolades. According to the CUAA's Evaluation and Study Report of Universities in China for 2017 (2017中國大學評價研究報告), our bachelor's degree program ranked third among independent colleges in Sichuan Province based on a comprehensive evaluation score[*].

The hospitality management program is our leading program, through which we dedicate to training high-end professionals with applicable skills by providing practical training courses taught by teachers with relevant industry experience and various internship opportunities in high-end hotels. Consequently, our graduates enjoy high popularity among high-end hotels. For instance, as of June 30, 2018, among all the students graduated in 2015, 2016 and 2017 who eventually worked in the hotel industry, about 73.3% were employed by high-end hotels. According to the Frost & Sullivan Report, by the end of 2017, among all the 746 private higher education institutions in China, only 225 institutions offered hospitality management programs. Our hospitality management program ranked second among such 225 higher education institutions offering hospitality management programs based on the number of students enrolled in the hospitality management program in the 2017/2018 school year. For the 2017/2018 school year, students enrolled in the hospitality management program accounted for about 12.8% of our total students, which is much higher than the 6.0%, the average corresponding percentage of all the private higher education institutions offering hospitality management programs in China, according to the Frost & Sullivan Report. In addition, among all hospitality management programs offered by independent colleges in China, our hospitality management program ranked first by CUAA based on a comprehensive evaluation score[*] and was awarded six-star program, representing the highest award for hospitality management undergraduate

[*] CUAA's Evaluation and Study Report of Universities in China, which is widely accepted in the industry according to Frost & Sullivan, provides a comprehensive evaluation on higher education institutions in China based on a variety of criteria on the aspects such as school facilities, faculty resources, research programs and reputation.

programs offered by independent colleges in China. We believe that the popularity of our students among the high-end hotels as well as the high ranking of our hospitality management program not only proved the effectiveness of our teaching methods, but also enhanced our reputation and brand image, thereby will attract more students to enroll.

During the Track Record Period, our revenue and net profit recorded stable growth. Our revenue for the years ended December 31, 2015, 2016 and 2017 and for the six months ended June 30, 2017 and 2018 was approximately RMB120.9 million, RMB134.0 million, RMB139.0 million, RMB73.3 million and RMB82.3 million, respectively. Our net profit for the same periods was approximately RMB36.8 million, RMB39.9 million, RMB41.2 million, RMB29.1 million and RMB19.7 million, respectively.

COMPETITIVE ADVANTAGES

We believe that the following competitive advantages distinguish us from our competitors:

We provide higher education service in Sichuan Province with our leading program, the hospitality management program

We are a higher education service provider in Sichuan Province. Starting to provide higher education services in 2002, we are dedicated to offering comprehensive and diversified programs and curriculum and training talents with practical skills applicable to the modern service industry. The hospitality management program is our leading program, through which we dedicate to training high-end professionals with applicable skills by providing practical training courses taught by teachers with relevant industry experience and various internship opportunities in high-end hotels. According to the Frost & Sullivan Report, by the end of 2017, among all the 746 private higher education institutions in China, only 225 institutions offered hospitality management programs. Our hospitality management program ranked second among such 225 higher education institutions offering hospitality management programs based on the number of students enrolled in the hospitality management program in the 2017/2018 school year. In a comprehensive assessment of programs in all independent colleges in China conducted by CUAA in 2017, 24 of our 25 bachelor's degree programs were awarded star rated programs, of which our hospitality management program was awarded six-star program, representing the highest award for hospitality management undergraduate programs offered by independent colleges in China. Moreover, our bachelor's degree program ranked third among all independent colleges in Sichuan Province and our hospitality management program ranked first among all hospitality management programs offered by independent colleges in China by CUAA in 2017 and 2018, respectively, based on a comprehensive evaluation score.

Our insights into the hospitality market and the higher education industry are critical to our success, which enable us to capture market opportunities and enjoy the early-mover advantage. Our founder, Mr. Fang, became aware of the rapid development of the hospitality industry in China and foresaw an increasing demand for professional talents. He dedicated to establishing a nationally renowned higher education institution to train hospitality management professionals with the mission to "bring excellence to students and devote to the society (服務學生，成就社會)." According to the Frost & Sullivan Report, the number of high-end hotels in China increased to approximately 4,400 by the end of 2017 from approximately 3,500 by the end of 2013, at a CAGR of approximately 5.7%; the

annual income of high-end hotels in China increased to approximately RMB315.7 billion in 2017 from approximately RMB203.0 billion in 2013, at a CAGR of approximately 11.7%; the corresponding demand for talents increased to approximately 1.3 million people in 2017 from approximately 1.1 million people in 2013, at a CAGR of approximately 6.1%. In 2017, only approximately 29.2% of the hospitality management employees in China possessed college degree or above. In light of the strong demand for talents and the limited public education resources, private higher education institutions can contribute to resolving the undersupply, according to the Frost & Sullivan Report. We have entered the market of hospitality management higher education since 2002 and as a higher education service provider dedicated to cultivating professional talents for the hospitality industry in China, are well positioned to capture the growth opportunities in the hospitality industry.

Since the founding of our college, with precise positioning strategy, diversified programs, quality and experienced teachers and active school-enterprise cooperation, we have received many accolades and recognitions. For example, our hospitality management program was recognized as the "First Batch of Applied Professions in Local Undergraduate Institutions in Sichuan Province (四川省首批地方普通本科高校應用型示範專業)" in 2017. We were recognized as the "Experimental Base for Talent Training Innovation for Higher Education Institutions in Sichuan Province (四川省地方屬高等院校人才培養模式創新實驗區)" in 2010, the "Demonstration Teaching Center for Higher Education Institutions in Sichuan Province (四川省省級高校實驗教學示範中心)" in 2016 and the "Higher Education Institutions with High Employment Rate in Sichuan Province (四川省普通高等學校畢業生就業工作優秀院校)" in 2012. For more details of awards and honors that we have received, please refer to the section headed "— Awards and Recognitions."

Leveraging our core competency in hospitality management education, we provide our students with market-oriented, comprehensive and diversified programs and curriculum to foster multi-disciplinary development

We have developed our core competency in providing higher education for hospitality industry and pursued the comprehensive development of various disciplines. Our core program, the hospitality management program, provides comprehensive and distinctive curriculum encompassing a wide range of course offerings. During the 2017/2018 school year, our hospitality management bachelor's degree program offered more than 30 mandatory courses, such as Introduction to Hospitality Management, Hotel Room Management and International Hospitality Industry, and more than ten elective courses, such as Hospitality Basic Information Analysis, Hospitality Security Management, Hospitality Customer Relationship Management. Moreover, we carefully design and constantly update the course offerings in our hospitality management program to cultivate professional skills desired by the hospitality industry and the society. For instance, we launched bilingual AH&LA courses to expand our student's international exposure, created the "1+N" model courses taught by one school teacher and several industry mentors in order to provide multiple-perspective guidance, created project-oriented joint courses in which students take multiple courses on one topic and complete a comprehensive project in order to enhance their comprehensive practical skills, and launched certain special courses jointly developed by our college and our cooperating enterprises to tailor our courses to the industry demand, such as Butler Practice, Hospitality Information Management and Revenue Management.

In addition, we also invite industry experts to provide lectures in our college. During the Track Record Period, we invited industry experts to deliver over 90 lectures, which included both professional topics, such as "Reformation of Hotel Operation Under New Trends" and "Chinese and Western Cuisine Service Etiquette in Hotels," and career planning topics, such as "How to Become a Happy Hotel Employee" and "Starting Your Career."

Besides the Hospitality Management Department, our college has seven other departments, namely, the Tourism Management Department, the Business Management Department, the Financial Management Department, the Information Management Department, the Sports and Fitness Department, the Art and Design Department and the Foreign Languages Department. Leveraging our core competency in hospitality management and pan-tourism, we synthesize our education resource in our eight departments to realize the synergetic effect. For example, students in all departments must take "Introduction to Tourism and Hospitality Management," a mandatory course, to understand the basic theory of hospitality management. Some departments provide programs focusing on hospitality industry. In particular, our Art and Design Department has programs focusing on hospitality industry design. During the Track Record Period, those programs cooperated with about 30 hotels, tourism companies and scenic spots in Sichuan Province. Students in those programs can conduct their graduation projects for such cooperating entities, which can be implemented and put into use once selected by such enterprises. For example, our students designed the cultural theme, hotel landscape and hotel amenities for Tibet Hotel (西藏飯店), Sanroyal Internaional Hotel in Jiuzhaigou (九寨溝星宇大酒店), King Chuan Hotel (京川賓館), and themed hotels in Ping Le Town (平樂古鎮主題客棧). Their designs have already been adopted by those hotels and have received compliments from the industry and users.

We believe that our comprehensive, highly practical and multi-dimensional curriculum equip our students with practical skills, offer our students with more career choices and help them excel in their career development, all of which have propelled and will continue to propel our growth.

We maintain extensive practical training platforms to effectively improve the practical skills of our students and provide our students with better career prospect

Adhering to the educational philosophy that "to cultivate service awareness, and to achieve the unity of knowledge and action (服務養成，知行相濟)," we are committed to fostering and improving the practical skills of our students by providing diversified courses and extensive practical training platform. We endeavor to cultivate high-end market-oriented talents with professional knowledge, cultural awareness, creative thinking ability and strong practical skills required by the modern service industry.

Apart from the traditional in-class teaching and the online education platform, we have established a workplace simulation training platform in each department to simulate the workplace environment and conduct situational teaching. For example, our Hospitality Management Department has established a platform that simulates the operation of a star rated hotel, through which teachers can demonstrate the operational details in a workplace setting. In addition, we have made efforts to promote the "flipped classrooms (翻轉課堂)" setting our classrooms in a number of star rated hotels and deliver courses with first-hand practical knowledge. For example, courses such as Housekeeping Practice and Hotel Operation & Management Practice are delivered in Shangri-La Hotel, Chengdu,

The Ritz Carlton Hotel, Chengdu and Hilton Chengdu. In the 2017/2018 school year, our college offered 30 practical training courses. We believe that delivering practical training courses in a workplace setting could enable our students to better comprehend the details of the practical operation and utilize their theoretical knowledge at work and in turn have their comprehensive capabilities trained and enhanced.

Moreover, we cooperate with renowned enterprises to provide our students with extensive practical trainings to enhance their competitiveness. As of June 30, 2018, we had established stable long-term cooperation relationships with three talent centers and 126 renowned enterprises to provide our students with internship opportunities. For instance, as of June 30, 2018, we had established cooperation relationships with more than 60 high-end hotels and high-end catering enterprises, which served as a platform for our students to seek employment opportunities nation-wide or even in foreign countries. Pursuant to these cooperations, our students may work as trainees at these hotels or restaurants for a period of six to eight months. Students with satisfactory performance during the internship may receive full-time job offers by the end of the internship. In 2015, 2016 and 2017, we arranged internships through such cooperations for an aggregate of 1,309 students in high-end hotels and catering enterprises such as Marriott, InterContinental, Four Seasons, Mandarin Oriental, Hyatt Hotels Corporation and the Peninsula, among which approximately one fourth of these students received job offers by the end of the internship. Places for internship include, among others, Beijing, Shanghai, Shenzhen, Chongqing, Chengdu and Sanya in mainland China and several cities in the United States.

Market-oriented teaching approach and extensive practical training platforms have not only enhanced the comprehensive capabilities of our students, but also contributed to our a much higher graduate employment rate than that of our peers in the industry. During the 2014/2015, 2015/2016 and 2016/2017 school years, the initial graduate employment rate of our college was about 97.8%, 96.4% and 97.2%, respectively. In contrast, the average initial graduate employment rate of the higher education industry of the PRC as a whole was about 77.7%, 77.9% and 78.4%, respectively, for the same periods, according to the Frost & Sullivan Report. In addition, our graduates enjoy high popularity among high-end hotels. For instance, as of June 30, 2018, about 73.3% of our students who graduated in 2015, 2016 and 2017 and worked in the hotel industry were employed by high-end hotels.

We believe that the high employment rate of our college and the popularity of our students among the high-end hotels have not only demonstrated the effectiveness of our teaching methods, but also enhanced our reputation and brand image, thereby attracting more students to enroll in our college.

We have a team of high-caliber teachers with extensive experiences

Our ability to recruit and retain high-caliber teachers is key to our success. To expand our education service and to improve our education quality, we adopt strict standards in recruiting and take various measures to cultivate and incentivize our teachers. We strive to optimize the overall structure of our teachers team and build up a multilayer reserve of teaching talents.

As of June 30, 2018, we had 160 full-time teachers and 134 part-time teachers. Among our full-time teachers, 100.0% have a bachelor's degree or above, about 68.1% have a master's degree or above and about 20.0% are professors or associate professors. We are highly selective when recruiting teachers. In 2017, we hired about 10.2% of the candidates for full-time teaching positions at our college who we interviewed. When recruiting full-time teachers, we prefer candidates who have certain years of experience in relevant industries. As of June 30, 2018, the teachers with industrial expertise hired by us accounted for about 16.0% of all our teachers. As of the same date, about 42.1% of all the teachers in the Hospitality Management Department had industrial expertise.

Moreover, we strive to improve our teachers' performance by providing our teachers with extensive opportunities to continued education and trainings. Meanwhile, we believe continuous teacher performance review is important to maintain high quality of our education service. We have established a rigorous evaluation system, which directly links the overall performance of teachers to their promotion opportunities, professional title assessments and income. A teacher who receives high scores in the evaluation will be entitled to promotions and bonuses. A teacher who fails in the year-end evaluation will be dismissed. A teacher whose overall performance is slightly below our standards will be given a three-month probation period and will be dismissed if his/her performance is still below our standards after such probation period. See "— Our Teachers." In 2017, the dismissal rate of our teachers was merely approximately 0.8%. During the same period, the turnover rate of our teachers was merely approximately 8.1%, which evidenced the cohesiveness and stability of our teachers team.

We believe maintaining a high-caliber teachers team with extensive experience will safeguard the quality of our programs and help us achieve sustainable long-term growth.

We have an experienced senior management team led by our visionary founder

We have an experienced senior management team led by our visionary founder. Mr. Fang, our chairman, entered into the high-end catering service industry nearly 30 years ago. Over the years, Mr. Fang realized that the PRC market had strong demand for talents in the hospitality and catering service industries. Mr. Fang decided to capture the market opportunity and founded our college in 2002. Ms. Liu Dan, our executive director and the deputy principal of our college, has nearly 30 years of experiences in hospitality administration and teaching. Prior to joining us in 2012, Ms. Liu had been engaged in managerial works in various hotels since 1992. After joining us, she has served successively as the director of our Hotel Development Research Center (酒店發展研究中心), the head of our International Communication and Social Service Center (國際交流與社會服務中心) and the deputy principal of our college. For details of the relevant experiences of our directors and senior management, please see "Directors and Senior Management."

We believe that the vision and extensive experiences of our management team in education and management have brought us valuable industrial insight and professional expertise, and cohesiveness and capability of our management team will continue to ensure the effective management of our business operations and enhance our brand name.

BUSINESS STRATEGIES

We are committed to becoming the leader and a standard developer of talent cultivation in the hospitality management industry in the PRC. In order to achieve this goal, we plan to implement the following business strategies:

Further increase market penetration and enhance teaching quality to solidify our market position and gradually establish ourselves as a standard developer of talent cultivation in the PRC hospitality management industry

We plan to establish a new campus through cooperation with local government. On May 18, 2018, we entered into the Nanxi New Campus Project Investment Agreement with the People's Government of Nanxi District, Yibin City, pursuant to which we shall invest approximately RMB600.0 million to build a campus that could accommodate 10,000 students upon completion. Under this investment agreement, the construction of the new campus is expeced to complete within three years after we obtain the first construction commencement permit. Once fully developed, the total site area occupied by our college is expected to be increased to about 698,000 sq.m. and our college capacity is expected to increase to about 20,000 students. Besides the regular teaching buildings and relevant facilities, we also plan to establish an education hotel on our new campus, recruit industry experts to provide comprehensive practical trainings to our teachers and students in such education hotel. For more information, see "— Expansion Plans — New Campus Plan." In addition, we are actively expanding our overseas business through cooperation with third parties. See "— Actively establish overseas schools and strengthen our international cooperation with overseas educational institutions and enterprises."

In order to keep improving teaching quality, we plan to further optimize and diversify our course offerings and increase the proportion of full-time teachers with relevant industry experience in relevant industries. Moreover, we plan to establish and improve a set of standardized textbooks and teaching models which combines theoretical studies with practical operation, which we believe will not only improve our education quality, but also allow us to efficiently replicate our business model and apply our long-accumulated teaching experience to new campuses or schools. We plan to gradually become a standard developer of talent cultivation in the PRC hospitality management industry through the promotion of our long-accumulated, established and comprehensive textbooks and teaching models to other hospitality management colleges and training institutions.

We believe that the expansion of our operating size and improvement in teaching quality can effectively enhance our reputation in the hospitality management industry, allow us to establish more long-term cooperation relations with enterprises and public institutions in the hospitality management industry, create more and better employment opportunities for our students, enable us to outperform our competitors and gradually realize our goal to become a standard developer of talent cultivation in the PRC hospitality management industry.

Actively establish overseas schools and strengthen our international cooperation with overseas educational institutions and enterprises

In light of Chinese students' increasing demand for international higher education, we will explore the opportunity to cooperate with renowned overseas educational institutions and enterprises.

- ***Cooperative project with the Superior School of Gastronomy and Hostelry of Toledo (托萊多高級美食及酒店管理學院)***: On July 4, 2018, our college and the Superior School of Gastronomy and Hostelry of Toledo in Spain ("Toledo School") entered into a three-year framework cooperation agreement. Pursuant to this agreement, our college and Toledo School have agreed to: (i) organize teachers and researchers communication events; (ii) establish student exchange programs; (iii) co-develop inter-college research projects; (iv) cooperate in academic events, such as holding academic seminars, hosting academic discussion and organizing practical learning programs; and (v) collaborate in teaching events. As of the Latest Practicable Date, we were still negotiating the implementing plan for this framework agreement.

- ***Cooperative project with Swiss Education Group (瑞士酒店管理教育集團):*** On November 9, 2017, our college and an authorized representative of Swiss Education Group in China, entered into a three-year framework cooperation agreement. Pursuant to this agreement, our college and Swiss Education Group shall conduct cooperation in seven aspects, including the "2+1 bachelor's degree program," the "3+1 master's degree program," the "3+1 bachelor's degree program," the "4+1 master's degree program," the "2+2 master program," the "further education program" and the "summer on-tour study program." As of the Latest Practicable Date, we were still negotiating the implementing plan for the aforesaid cooperation programs.

- ***Strengthening strategic cooperation with renowned international hotel group:*** Currently, our cooperation with the renowned international hotel groups are limited to be on a single hotel basis. We believe the limitation is due to the fact that we lack highly customized talent cultivation plans tailoring to the specific needs of international hotel groups. We are devoted to establishing global strategic cooperative relationship with these hotel groups. To this end, we are planning to tailor our curriculum and offer special courses to their demand for talents and provide customized practical training to our students. As such, students who receive customized training and can meet the hotel groups' requirements may work as interns in various hotels of these groups all over the world. Thus, students can obtain more international internship opportunities and the hotel groups may have more customized professional talents.

We believe that as a result of the internationalization of our education services, we will be able to provide high value-added educational curriculum, increase enrollment and employment channels and equip ourselves with better international vision and greater competitiveness in the hospitality management education sector, which will further enhance our education quality and brand image.

Continue to attract, incentivize and retain quality teachers

The education service quality depends largely on teachers. We intend to constantly attract, incentivize and retain high quality teachers to build first-class teachers team. To this end, we plan to cultivate outstanding teachers who are able to integrate theoretical teaching with practical experience as the backbone of our education service. We believe the teachers' practical experience will improve the quality of our education service.

In particular, we plan to hire more experienced industry experts as full-time or visiting teachers, increase the opportunity for our teachers to get in touch with relevant industries, and encourage them to work in those industries. In the coming years, we plan to provide advanced training opportunities for our teachers by setting up an education hotel. We believe our teachers can further enhance their understanding of theoretical knowledge and improve their teaching abilities in practices. In addition, we plan to further offer study abroad opportunities for our teachers, improve their professional abilities and teaching performance. We also plan to encourage our teachers to actively participate in international conferences, exhibitions and competitions, which we believe can not only increase their international exposure, but also promote our international reputation and influence.

Moreover, we plan to offer competitive salary and welfare to teachers on an on-going basis to attract and retain talents in the market.

Capitalizing on the existing brand name of Yinxing College, we plan to further develop training programs to diversify our source of income

We plan to develop training business utilizing our long-term experience in the private higher education sector, especially our expertise in hospitality management education to achieve diversified business development.

During the Track Record Period, we provided various training programs to our students and to the public through the Communication and Training Department (對外交流暨培訓學院) of our college. The training programs to our students mainly include interest-oriented training courses, such as coffee production program, mixology program, and flower arrangement program. Training programs to the public mainly include short-term trainings on industry knowledge and skills tailoring to the specific requirements of local government departments or companies. To further increase the proportion of revenue derived from training business and diversify our revenue source, we intend to further expand our training business through Yinxing Training School going forward. We believe by utilizing the teachers resources and teaching facilities of our college through various cooperation between Yinxing College and Yinxing Training School, we are able to provide on-the-job training and professional skill training to junior practitioners and in-service employees in the hospitality industry. We may also provide staff training services, management consulting services and other services to newly established hotels. See "— Training Programs."

OUR MISSION AND EDUCATIONAL PHILOSOPHY

Our mission is to "bring excellence to students and devote to the society (成就學生，服務社會)." Our fundamental educational philosophy is "to cultivate service awareness, and to achieve the unity of knowledge and action (服務養成，知行相濟)." As an education service provider, we are committed to providing industry-leading higher education to students in the PRC through career-focused teaching strategies and methods. We integrate education, research and application to produce practical and workforce-ready graduates from a broad range of academic and practical training programs prepared to excel in the hospitality industry.

OUR COLLEGE

Overview

During the Track Record Period, we operated one school, namely Yinxing College. Our college was established in 2002 by Chengdu YinXing Software Development Company Limited and Chengdu College of Information Technology. On April 2, 2004, Yinxing College was approved by the MOE as an independent higher education college under the laws of the PRC. As of the Latest Practicable Date, Yinxing College was jointly sponsored by CUIT and Gingko Asset Management. According to the cooperation agreement between CUIT and Gingko Asset Management, Gingko Asset Management is responsible for the daily operation of our college and CUIT is entitled to a certain percentage of the total tuition fees as joint tuition support fee. For more information, see "History, Reorganization and Corporate Structure — History and Business Development."

Our college has eight departments and offers in aggregate 25 bachelor's degree programs and 22 junior college diploma programs. All these programs have been approved by the MOE.

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Number of Students

The total student number of our college was 8,831, 8,751, 9,327 and 9,553 in the 2014/2015, 2015/2016, 2016/2017 and 2017/2018 school years, respectively. The following table sets forth the breakdown of the total student number of our college by program for the school years indicated:

	Student Number			
	2014/2015	**2015/2016**	**2016/2017**	**2017/2018**
Bachelor's degree program	5,349	5,456	5,848	6,680
Junior college diploma program	3,482	3,295	3,479	2,873
Total	**8,831**	**8,751**	**9,327**	**9,553**

Note:

* Despite the fact that our financial year ends on December 31, our school year ends on August 31. For the purpose of this document, we count our enrolled students in each school year based on the internal records of our college in December. The statistics do not include suspended students and students who leave school but retain their status.

The number of students enrolled in our college in the 2014/2015, 2015/2016, 2016/2017 and 2017/2018 school years generally increased because we have increased our marketing efforts, enhanced our reputation, attracted more talents and increased our plan of enrollment.

The number of students that we are able to enroll for each school year is subject to the approval by the relevant PRC education authorities. According to the *Opinions of the Ministry of Education on Further Regulating Higher Education Enrollment Program* (《教育部關於進一步規範高等教育招生計劃管理工作的意見》), student enrollment for graduate and undergraduate programs is subject to the annual plan for higher education enrollment issued by the MOE and the NDRC, while student enrollment for junior college is subject to approval of the relevant provincial educational authorities. The *Notice of the Ministry of Education on Enrollment of Ordinary Colleges and Universities in 2018* (《教育部關於做好2018年普通高校招生工作的通知》) instructs universities and colleges to further improve their respective enrollment plan by taking into account a number of factors, including, among others, the number of students currently enrolled, school operational conditions and employment status of such school's graduate students. During the Track Record Period, we generally required our students to reside on campus during their study in our college except the senior year when the students are required to participate in off-campus internship programs or when special circumstances arise, such as when students with special conditions need off-campus medical care.

Capacity and Utilization

The following table sets forth the capacity and utilization rate of our college for the 2014/2015, 2015/2016, 2016/2017 and 2017/2018 school years:

	2014/2015	2015/2016	2016/2017	2017/2018
School capacity[(1)]	10,411	10,306	10,651	10,556
School utilization rate[(2)]	84.8%	84.9%	87.6%	90.5%

Notes:

* Our business operating data presented in this table is based on the internal records of our college in December each year.

(1) The school capacity is calculated by us as the number of beds in student dormitories in each school year plus the number of graduating students who reside off-campus for internship.

(2) The school utilization rate is calculated by dividing the total number of students enrolled based on our internal records in December each year by school capacity for the same year.

For the 2014/2015, 2015/2016, 2016/2017 and 2017/2018 school years, our school capacity remained relatively stable. For the same period, our utilization rate experienced steady growth, primarily reflecting an increase in the number of full-time students. As we are expanding our business, we intend to increase the capacity of our college by constructing new dormitories and establishing a new campus. See "— Properties — Owned Properties" and "— Expansion Plans — New Campus Plan."

Tuition Fees and Boarding Fees

For the years ended December 31, 2015, 2016 and 2017 and the six months ended June 30, 2018, we derived our revenue substantially from the tuition fees and boarding fees. For the years ended December 31, 2015, 2016 and 2017 and the six months ended June 30, 2018, our tuition fees and boarding fees accounted for approximately 88.5%, 86.0%, 89.4% and 87.6% of our revenue, respectively. Under the *Interim Measures for the Management of the Collection of Private Education Fees* (《民辦教育收費管理暫行辦法》) promulgated by the PRC government authorities on March 2, 2005, private schools could charge students for tuition fees and boarding students for boarding fees. The types and amounts of fees charged by private schools providing formal education must be approved by the relevant governmental pricing authorities. A private school could file application with relevant government authorities to raise the tuition fees and boarding fees whenever it could approve the increase of the investment in providing education services or facilities. In addition, updated tuition fees once being approved will only be applicable to newly admitted students and the tuition levels for the existing students remain unchanged.

Since the 2014/2015 school year, when our annual tuition fees were raised from RMB10,000 to RMB12,000 for our general programs, from RMB11,000 to RMB13,000 for our sports majors and from RMB12,000 to RMB15,000 for our arts majors, there have been no further increase on our tuition fees. During the Track Record Period, boarding fees are in the range between RMB1,000 to RMB1,200 per school year, depending on the room size and the number of students housed in each room.

We usually require students to pay tuition fees and boarding fees for each school year at the beginning of that school year. For other fees we charged, see "Financial Information — Key Components of Our Results of Operations."

We have tuition fees and boarding fees refund policies in place with respect to students who leave during a school year. Generally, if a student enrolls and pays tuition fees and boarding fees but leaves the school before the end of that school year, we will refund tuition fees and boarding fees for any remaining full academic months, calculated on a 10-academic-month basis. The table below sets forth refunded tuition fees and refunded boarding fees in each of the 2014/2015, 2015/2016, 2016/2017 and 2017/2018 school years.

	2014/2015	**2015/2016**	**2016/2017**	**2017/2018[(1)]**
Refunded tuition fees (RMB)	430,705	689,334	246,228	331,049
Refunded boarding fees (RMB)	35,880	53,720	18,940	107,980
Total	**466,585**	**743,054**	**265,168**	**439,029**

Note:

(1) Corresponding statistics for the 2017/2018 school year is based on the internal records up to June 30, 2018.

Curriculum and Degrees

Our college has eight departments and offers in aggregate 25 bachelor's degree programs and 22 junior college diploma programs. All these programs have been approved by the MOE. Our eight departments include the Hospitality Management Department, the Tourism Management Department, the Business Management Department, the Financial Management Department, the Information Management Department, the Foreign Language Department, the Arts and Design Department, and the Sports and Fitness Department.

It generally takes four years of full-time study for students enrolled in our bachelor's degree programs to complete their degree, while it generally takes three years of full-time study to complete our junior college diploma programs. Most of the courses are taught in Chinese while others are taught either in English or in both Chinese and English.

We believe what our students ultimately take away from their education at our college largely depends on the career-focused approach of our academic programs. Our course designs adopt a market-oriented educational approach and we are committed to cultivating well-rounded students that are desired by employers in relevant industries. While we emphasize theoretical in-class teaching and learning, we also encourage our students to take practical training courses or participate in internships to sharpen their practical skills.









Practical Training Courses

All programs in our college adopt an education approach that combines theoretical in-class teaching with practical training. We carefully select enterprises with certain strength in related industries and cooperate with them to realize mutual benefit in terms of production, education and research. For example, we have developed a cooperative program with a well-known four-star hotel in Chengdu to provide training programs for students enrolled in the Hospitality Management programs. Another educational program with a well-known e-commerce company allows our students enrolled in the logistics management programs to visit the logistics facilities and conduct on-site research. Students in our Arts and Design Department have the opportunity to turn their graduation projects into real projects cooperating with local enterprises or governmental departments. We also provide our students enrolled in the Sports Management Department with training courses in gyms and tennis centers.

International Programs

In order to provide our students with necessary exposure to various cultures and overseas study opportunities, we actively seek cooperation with overseas schools or entities to establish international programs. For example, on November 9, 2017, we entered into an agreement with the local representatives of Swiss Education Group, pursuant to which we plan to establish various cooperation programs which could enable our students to study aboard and obtain an updated degree through such programs.

We also cooperate with employment agencies to provide our students with opportunities to participate in overseas internship programs. During the Track Record Period, we had sent 31 of our undergraduate students to multiple cities in the United States such as Panama City and Williamsburg for overseas internship programs.

Online Education System

With a view to providing better education services to our students and foster their mastery of necessary knowledge and skills, in addition to traditional class education, we have also utilized our intranet as an online education platform and integrated such platform into our education. Our current online platform provides our students access to more than a thousand courses, allowing them to download learning materials, communicate with teachers, upload homework, and participate in group works. We believe our experience in operating our online education platform has laid a solid foundation for us in our exploration of other business models in the future as and when appropriate.

Examination and Grade Assessment

In addition to written examinations, our college also takes into account students' performance in the courses they take in the whole semester, such as attendance, completion of assignments and class participation. Written examinations are not limited to traditional questions testing students' understanding on theoretical knowledge, but also include questions without a standard answer and require a comprehensive set of skills, such as a case analysis, an invention, a creative solution to a real problem or a research report. The purpose of adopting this assessment system is to implement a comprehensive, objective assessment of our educational objectives by introducing multi-dimensional performance indicators.

Career Development

We believe that career development is an integral part of the education services we provide to students and of great importance both to the school operation and to students' future career. We emphasize on promoting graduate employment and endeavor to help students secure jobs. We provide courses that aim to provide students with ideas of and skills for career planning and encourage students to plan their future career as early as possible. In addition, we have also cooperated with different enterprises to provide our students with internships and job opportunities. Moreover, we also

provide a wide range of career-related services to students and organize various career-related events, such as job fairs and training opportunities to enhance their interview skills. When students approach the career planning committee for counselling services, the officers will offer career advice based on the student's personal interests and skills and fine-tune his or her education and career plans.

Moreover, we strive to provide students with a simulated work environment so that they can gain knowledge and skills that can be immediately applied to workplaces after graduation and have a seamless transition between school and workplace. To realize such goal, we have established workplace simulation training platform for our students in all departments. For example, our Hospitality Management Department has established a workplace simulation training platform that simulates the working environment of a hotel. We plan to establish an education hotel to provide better workplace training to our students and our teachers.

During the 2014/2015, 2015/2016 and 2016/2017 school years, the initial employment rate of our college was about 97.8%, 96.4% and 97.2%, respectively. In contrast, China's overall initial employment rate of higher education graduates was about 77.7%, 77.9% and 78.4%, respectively, for the same periods, according to the Frost & Sullivan Report. We believe that we are able to achieve a higher employment rate for the university's graduating students primarily because of the carefully tailored academic programs that we offered, the career-oriented educational approach that we adopted, and the career counselling services that we provided to our students.

School Facilities

The campus of our college encompasses approximately 277.6 thousand sq.m. Our colleges has a variety of campus facilities, such as classroom buildings, laboratories, libraries, apartment buildings, an art gallery, an exhibition center, a track and field, a canteen and a multifunctional center. The multifunctional center provides theaters, gymnasiums and rock-climbing facilities. In addition to the regular gymnasium, our college also provides tennis courts. Many of the tennis competitions held by Chengdu Tennis Association took place in the tennis courts in our college. Our college dormitories generally equipped with independent bathrooms and balconies, as well as a variety of furniture and home appliances such as computer desks, wardrobes, air conditioners, water heaters, and drinking fountains. Wireless network is generally available on the campus. Banking services, supermarkets, restaurants and canteens, telecommunication services, healthcare services, among others, are also available on the campus. Various campus facilities and school buildings together with natural landscape constitute a pleasant garden landscape style campus that provides our students with a desirable environment for their school life.





OUR STUDENTS

Overview

We seek well-rounded students who are talented, self-motivated and would like to take advantage of the opportunities that we offer for growth in the classroom and in the real world. We admit students from all provinces in China.

Student Admission

Gaokao is the major channel for our college to enroll students. Our student recruitment network covers all provinces, municipalities, and autonomous regions in China. Among all the students newly enrolled for the 2014/2015, 2015/2016, 2016/2017 and 2017/2018 school years, approximately 88.5%, 89.0%, 87.4% and 87.7% were from Sichuan Province, respectively.

Our student enrollment has historically been driven primarily by our reputation of offering career-oriented programs and providing practice-oriented educational environment. We have been dedicated to a variety of marketing efforts to promote our reputation among high school students. We participate in information sessions organized by provincial level education bureaus and third party education service institutions. A team of personnel has been designated in our college to be responsible for student recruitment. Prior to Gaokao, these recruitment staff will either visit certain high schools in various provinces, municipalities and autonomous regions to hold information sessions or publish advertisements for marketing purpose. In addition, we also market our college by providing career development consulting service and psychological consulting service to high school students. We believe that, as a result of our efforts in multiple student recruitment channels and the reputation of our high quality education services, the number of students applying our college has been higher than the actual number of students we are able to enroll in recent years and the actual grades of the students we enrolled in various provinces were also higher than the minimum grade we may enroll.

OUR TEACHERS

Overview

We believe that experienced and dedicated teachers are crucial to our success. As an operator of a private higher education institution, we believe that we can provide better incentives to independently recruit qualified teachers who fit our hiring criteria. Teachers are the key to maintaining quality educational programs and services as well as maintaining our brand and reputation. Our aim is to continue hiring teachers with a strong command of their respective subject areas who are open to practical teaching methods and a caring heart towards students' well-being. We value the recognition bestowed upon our teachers who have achieved teaching excellence and a good reputation among students and strive to retain those teachers. See "— Business Strategies — Continue to attract, incentivize and retain quality teachers."

As of June 30, 2018, we had 160 full-time teachers and 134 part-time teachers. In 2015, 2016, 2017 and the six months ended June 30, 2018, the retention rate of our teachers was approximately 85.9%, 90.2%, 91.9% and 90.6%, respectively, which evidenced the cohesiveness and stability of our teachers team. As of June 30, 2018, among our full-time teachers, 100.0% have a bachelor's degree or above, and approximately 68.1% have a master's degree or above and approximately 20.0% are professors or associate professors. We maintain a high standard in recruiting. In 2017, we hired approximately 10.2% of the candidates for full-time teaching positions at our college who we interviewed.

The following table sets forth a breakdown of our teachers as a percentage of our total teachers in terms of employment type, education qualification and industrial expertise as of the dates indicated:

	As of December 31,			As of June 30,
	2015	2016	2017	2018
Employment Type				
Full-time teachers	42.7%	56.6%	61.6%	54.4%
Part-time teachers	57.3%	43.4%	38.4%	45.6%
Education Oualification				
Teachers holding master's degree or above	56.1%	47.9%	54.0%	63.3%
Teachers holding bachelor's degree	42.0%	46.6%	44.4%	36.7%
Others[(1)]	1.9%	5.5%	1.6%	0.0%
Industrial Expertise				
Percentage of teachers with industrial expertise	15.3%	19.6%	18.4%	16.0%
Average years of industrial experience of teachers with industrial expertise	3.5	4.2	4.6	5.0

Note:

(1) The teachers categorized as "Others" are teachers who have extensive teaching experience but do not have a bachelor's degree or above.

Teacher Recruitment and Training

Before hiring each teacher, we usually consider his or her prior teaching experience, academic record, graduation certificate and reference letter as well as his or her performance in the interview and trial class. We conduct background checks on our candidates during the recruiting process. We prefer to recruit teachers who have the following characteristics: (i) knowledgeable in both theory and practice in the subject area; (ii) experienced in related industries; and (iii) passionate in teaching and caring for students. We also prefer to recruit teachers who have master's degree or above, or hold relevant professional and/or technical qualifications. We are especially interested in teachers who are experienced in the related industries. As of June 30, 2018, about 16.0% of our teachers had industrial expertise in related industries. As of the same date, about 42.1% of all teachers in the Hospitality Management Department had industrial expertise.

We hire our teachers primarily through three ways: (i) recruiting websites; (ii) academic job fairs in higher educational institutions; and (iii) internal reference. From time to time we hire qualified teachers laterally from other public and private schools in the PRC.

We encourage our teachers to participate in on-campus and off-campus training programs. The Academic Center of our college provides on-campus trainings in various ways. It provides orientations and on-job trainings to new teachers and invites renowned guest speakers to share their insights and experiences by lectures. The Academic Center also provides e-Learning resources to our teachers. We also encourage our teachers to participate in off-campus trainings. For example, new teachers may participate in the "Professional Skills Training for Higher Education Institution Teachers (高校新任教師職業技能培訓)," which is usually organized by the "Higher Institution Professors Training Center of Sichuan Province (四川省高校師資培訓中心)" annually in July and August. Our teachers may also participate in the national e-learning programs for higher education institutions and training or academic programs held by other schools or institutions. Moreover, we provide our teachers with opportunities to participate in overseas programs.

Teaching Performance Management and Teachers Evaluations

The satisfying performance of our teachers is the key for us to deliver high quality education services to our students. In order to regulate and monitor the performance of our teachers, our college established the *Basic Guidelines for Teaching Performance* (《教師教學工作基本規範》) to guide their daily teaching activities. Each department further promulgated the respective implementation measures with detailed instructions and rules. Once any serious teaching accident happens, we will conduct relevant investigations and announce the settlement decision according to the *Administration Measures to Define and Approach Teaching Accidents* (《關於教學事故的認定和管理辦法》).

We also conduct evaluation on our teachers periodically. Generally, they are evaluated from four aspects: teaching performance, research performance, social work and other performance. They should be evaluated by their supervisors (教學督導), their students, their peers and the management team. Among various evaluations, the year-end evaluation is the most important one, the result of which directly links to the promotion opportunity and bonus arrangement for each teacher. Teachers who receive higher scores and are classified as outstanding teachers in the year-end evaluation will obtain promotion opportunities and receive higher bonuses. Those who are classified as unqualified will be dismissed. For those whose performances are slightly below our standards, we grant them a probation period during which their performance will be further evaluated. We will dismiss or retain those teachers based on the final performance review result by the end of the probation period. In 2017, the dismissal rate of our teachers was only about 0.8%. For the same period, the turnover rate of our teachers was about 8.1%.

Compensation and Benefit

The compensation of our teachers and staff typically includes a base salary and a performance based bonus, which are generally associated with their respective performance. We also provide housing provident fund, pension, medical insurance, social insurance, maternity insurance and unemployment insurance to our teachers and staff. See "— Employees." We provide dormitories to

teachers and staff who would like to live on campus. In addition, we provide transportation service for our teachers and staff who live outside the campus. We also arrange annual medical check-ups to our teachers and staff. We believe the compensation that we offered to our teachers and staff is competitive among our competitors.

OUR COLLEGE MANAGEMENT

We have established a centralized management system through which we consistently manage certain aspects of our college, including, among others, the training and evaluation of our teachers and staff, the supply procurement, the on-campus service, the campus facility maintenance and the enrollment of our academic programs.

The board of our college is responsible for the overall management and decisions on matters that are significant to our college. The board of directors is currently consisted of five members, namely Gongyu Fang, Tao Tian, Yuan Yu, Fengrong Jing and Shengyu He. Our college is managed on a day-to-day basis by our executive Director, Yuan Yu, who is assisted by associate dean, Mingliang Liu, Dan Liu and Ning Jiang. Our college sets up multiple offices responsible for one or more specific aspects of daily operations. Those offices include the General Office, the Finance Department, the Office of Student Affairs, the Office of Admission, the Human Resource Department, the Academic Office, the Security Office and the Supervision Office. Each of those offices reports to the dean and the board of directors. We believe this management system allows us to maximize the capabilities of our teachers and staff to enhance the quality of education we provide and promote students' well-being.

In addition, counsellors (輔導員) are appointed to serve as a bridge between students and our college. Counsellors are students' primary contact for questions and concerns they may encounter in their school life. Apart from providing support and guidance to students, counsellors are also responsible for educating students on various rules formulated by our college. Counsellors also regularly inspect the student dormitories to ensure orderly, safe, clean and healthy living conditions for our students and help students with social and behavioral issues. As of June 30, 2018, we had 49 counsellors.

Moreover, in our college, each teacher serves as the class monitor (班主任) for one or two classes. Class monitors focus on providing professional guidance to students. We also expect class monitors to pay attention to the psychological conditions of our students and provide timely support to students in need.

To promote operational efficiency and to reduce management costs, we place emphasis on the use of automated information systems that cover different aspects of our college management, teaching activities and student affairs. We also provide students with convenient services through a mobile platform where students may manage their new student enrollment process and be notified of various information relating to their campus life.

CAMPUS SERVICES

We provide a series of campus services to our students. Meal catering services and medical care services are two major services that we primarily provided during the Track Record Period.

Meal Catering Services

As of the Latest Practicable Date, we operated one canteen on campus of our college. For the meal catering services that we operate on campus, we have obtained the required licenses and permits, such as the license for food operation service (《食品經營許可證》). We also maintain and strictly adhere to the policy of keeping a sample of any raw material for 48 hours. Although we have maintained high standard to ensure the meal safety in our college and hired professional food safety staff to supervise the food safety, there is no assurance that the food we procure from our food suppliers will not be of poor quality. For risks associated with meal catering services, please see "Risk Factors — Risks Related to Our Business and Our Industry — We could be liable and suffer reputational harm if the food we procure from our food suppliers is of poor quality, which may have a material adverse effect on our business and reputation."

We strictly control the gross profit of the canteen that we operate to ensure that our students, teachers and staff can enjoy an affordable diversity choice of food. In addition, we provide Muslem meals in our campus to ensure that Muslim students may enjoy qualified food at an affordable price.

Medical Care Services

We have one medical center in our college providing on-campus medical care services to our students, teachers and staff. The medical center is outsourced to a qualified third party, namely Pi County Hong Guang Health Center, which is established by Pi County government. The medical center provide routine medical services, including treatments of colds, fevers, wounds cleaning and emergency treatment. We supervise the medical services provided by Pi County Hong Guang Health Center on a daily basis. For risks associated with medical care services, please see "Risk Factors — Risks Related to Our Business and Our Industry — We may not be able to provide, among other things, routine check-ups and other basic medical services to students, teachers and staff and may experience difficulties and challenges in our operation of the on-campus medical center."

In addition, we organize annual physical examination for all of our teachers and staff. We also arrange medical check-ups for our students when they enter our college and when they graduate from our college.

TRAINING PROGRAMS

Besides education for academic qualifications, our college also offers a variety of training programs. During the Track Record Period, we carried out training business through the Communication and Training Department (對外交流暨培訓學院) of Yinxing College. We offered interest-oriented training programs to our students, such as coffee-making program, flower-arrangement program, and mixology program. In addition, we also provided training programs to the public, mostly governmental departments and private enterprises. The terms of such programs

range from one day to a week. The contents of the programs tailor to the specific need of such customers. Although we established a specialized institution, namely Yinxing Training School in 2010 with a long-term plan to expand our business scope to professional or vocational trainings, we had not carried out any business through Yingxing Training School since its establishment and during the Track Record Period because we believed it would be more economically efficient for us to utilize Yinxing College's teaching resources as well as its brand name given the limited size and scope of our training programs at an early stage of this business line. During the Track Record Period, our revenue generated from the training programs was insignificant and we had not been involved in any dispute or disagreement with relevant parties, including, without limitation, any business partners, and government authorities in respect of the implementation of our training programs or commencement of training business.

Along with our strategy to diversify our source of income, we intend to actively seek cooperative partners and potential clients to further expand our training programs. Leveraging our experiences and resources accumulated since the commencement of our training business, we intend to further expand our training business through Yinxing Training School going forward to offer more specialized training programs to the general public. However, we expect to continue to adopt an asset-light business model and operate Yinxing Training School by fully utilizing the teaching facilities and teachers resources of Yinxing College through various cooperation. As such, we do not expect to incur significant capital expenditure for operating Yinxing Training School. The major costs for carrying out training business through Yinxing Training School is expected to be approximately RMB3.3 million by the end of 2019, which include approximately RMB1.3 million for teachers and staff costs, approximately RMB1.0 million for procuring books and training materials and approximately RMB1.0 million for office rental. The source of funds for the daily operation of Yinxing Training School is expected to be primarily from the cash generated from operations, which will not increase our indebtedness.

We intend to offer vocational qualification training programs through Yinxing Training School primarily in the fields of hospitality management, catering services, property management, tourism management and domestic services. The terms of the training programs are expected to vary from four to 12 weeks. The tuition fees of the training programs are subject to the guidance of Chengdu Human Resources and Social Security Bureau and may vary based on the term and nature of each program. When setting the tuition fees for each program, our management team will take into consideration factors such as the estimated cost for the program and the average tuition fees of the same or similar program in the market. For example, the tuition fees per student for a 12 weeks full day training program for hotel manager is expected to be ranging from RMB8,000 to RMB12,000. We plan to start our first batch of training programs, such as trainings for chefs and hotel managers, through Yinxing Training School in spring 2019. Subject to further approvals from Chengdu Human Resources and Social Security Bureau, we intend to gradually expand the scale and scope of our training programs and are expected to be able to offer training programs to as many as 700 students per year by the end of 2019. See "Regulatory Overview — Regulations on Private Education in the PRC — Vocational Education Law of the PRC."

EXPANSION PLANS

As our efforts to achieve business growth and to improve the quality of education services we could offer to our students, we plan to further expand our business by improving our existing campus, establishing a new campus and expanding the scope of our education services, such as training and consulting. For details of our expansion strategies, see "— Business Strategies — Further increase market penetration and enhance teaching quality to solidify our market position and gradually establish ourselves as a standard developer of talent cultivation in the PRC hospitality management industry" and "— Business Strategies — Capitalizing on the existing brand name of Yinxing College, we plan to further develop training programs to diversify our source of income."

New Campus Plan

In order to further (i) increase the school capacity of our college, (ii) diversify our student origins by attracting more students from neighboring provinces, such as Yunnan Province and Guizhou Province to enhance our reputation and increase our popularity among a wider market, and (iii) improve the quality of our education services by establishing more workplace simulation training platforms, we plan to establish a new campus in Yibin City. For this purpose, we entered into the Nanxi New Campus Project Investment Agreement with the People's Government of Nanxi District, Yibin City on May 18, 2018, pursuant to which we are expected to invest approximately RMB600.0 million to establish a new campus with an estimated site area of 420,000 sq.m. within three years from obtaining the first construction commencement permit, which is expected to be no later than the end of February 2019. We expected to realize the break-even point, the point when the balance starting to make a profit, after two years since the commencement of operation of the Nanxi New Campus*. The following table sets forth the detailed information regarding the new campus plan.

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* The break-even point is calculated primarily based on the Company's experience gained from operating Yinxing College and the investment plan of the Nanxi New Campus. Assuming that (i) the expected school capacity of the Nanxi New Campus will increase by 2,000 in the 2020/2021 school year and further increase to 10,000 upon the completion of Phase II, the number of expected enrolled students of the Nanxi New Campus will increase from 500 in the 2020/2021 school year to 9,900 in the 2029/2030 school year; (ii) the annual tuition fee is estimated to be RMB14,000 per student in the 2020/2021 school year and will increase to RMB24,000 in the 2029/2030 school year, subject to the application to raise tuition fees and the approval of Sichuan Provincial Price Bureau (四川省物價局), our total revenue, including tuition fees, boarding fees and meal services fees, is expected to be approximately RMB3.7 million, RMB17.5 million, RMB39.3 million and RMB64.6 million in 2020, 2021, 2022 and 2023, respectively, and will further increase to approximately RMB256.1 million in 2029 based on above assumptions. The major operating costs of the new campus consist primarily of staff costs and depreciation expenses. Assuming that the number of teachers increase in consistence with the increase of number of students and is in compliance with the standard ratio for establishing a regular undergraduate school, the number of staff of the new campus in 2020 is expected to be 86 and will increase to 871 in 2029, The staff costs are expected to be approximately RMB4.2 million in 2020 and increase to approximately RMB68.8 million in 2029. The depreciation expenses are expected to be approximately RMB3.4 million in 2020 and increase to approximately RMB23.6 million in 2025 and decrease to approximately RMB13.7 million in 2029, assuming that the depreciation policy is consistent with the Group's current accounting policy. Taking into account all other operating costs, such as office expenses, student activity expenses and canteen purchases, we expect the total operating costs to be approximately RMB9.7 million, RMB22.4 million, RMB50.2 million and RMB64.0 million in 2020, 2021, 2022 and 2023, respectively, and will further increase to approximately RMB120.3 million in 2029. Consequently, we expect to reach the break-even point after two years since the commencement of operation of the new campus.

Phase	Expected school capacity	Detail of investment plan	Expected total investment	Source of funds	Expected payback period[1]	Expected investment return[2]
			(RMB million)			
Phase I[3]	2,000	Early stage preparation[4]	35.5	(i) Bank loans of RMB100.0 million; and (ii) Proceeds from the Global Offering of approximately RMB113.1 million	Eight to ten years after the commencement of operation of the new campus	Approximately 10%
		Construction of teaching quarter[5]	93.4			
		Construction of residential quarter[6]	62.9			
		Construction of sports quarter[7]	4.4			
		Public construction and others[8]	16.9			
		Sub-Total	**213.1**			
Phase II[9]	10,000[10]	Construction of teaching quarter[5]	137.1	(i) Bank loans of approximately RMB370.4 million; and (ii) Proceeds from the Global Offering of approximately RMB20.6 million		
		Construction of residential quarter[6]	180.4			
		Construction of sports quarter[7]	45.0			
		Public construction and others[8]	28.5			
		Sub-Total	**391.0**			

Notes:

(1) Expected payback period refers to the period of time required to recover our expected total investment. It is the period of time during which the total accumulated future net cash flow generated from operating activities equals to the expected total investment.

(2) Expected investment return refers to the estimated internal rate of return of discounting (a) the school's future net cash flow from operating activities; and (b) the Group's total investment in the relevant school, to their present values.

(3) Phase I is expected to commence after we receive the first construction commencement permit and complete in 18 months after the commencement.

(4) The early stage preparation includes, among others, the land acquisition, land inspection, design, construction planning, construction monitor and quality review.

(5) The construction of teaching quarter primarily includes the construction of classroom buildings, libraries, an education hotel and office buildings. The education hotel is expected to be used for training and education, purpose only and will not open to the public and generate any revenue in the foreseable future.

(6) The construction of residential quarter primarily includes the construction of student dormitories, teacher and staff dormitories, canteens and other ancillary facilities.

(7) The construction of sports quarter primarily includes the construction of eight basketball courts, six tennis courts, five volleyball courts, a sports field and an indoor gymnasium.

(8) The public construction and others primarily include the construction and installment of outdoor sewerage, the outdoor natural gas pipe, the telecommunication system, the outdoor electricity system, the parking lots, the roads, the lawn, the water system, the school gates and the surrounding walls.

(9) Phase II is expected to commence after the completion of constructions of Phase I and complete in 18 months after the commencement.

(10) Includes the expected school capicity for Phase I.

Upon completion, the Nanxi New Campus will be operated under the central management of our college and subject to the cooperation agreement with CUIT dated May 16, 2006, as amended on December 31, 2017. We plan to tap the potential market of high school graduates from Yunnan and Guizhou provinces and diversify our student origins in light of the geographical location of the Nanxi New Campus. We also plan to establish the Hospitality Management Department, the Tourism Management Department, the Sports and Fitness Department and the Art & Design Department on the new campus and offer more courses focusing on practical skill trainings by building more workplace simulation training platforms.

The Construction of New Dormitories

In order to provide better living environment for our students and further increase the school capacity, we plan to establish four new dormitories on our existing campus. The following table sets forth the detailed information regarding the construction plan of the new dormitories.

Expected increase in school capacity[(1)]	**Expected construction cost**	**Source of funding**	**Expected completion date[(2)]**
	(RMB million)		
1,170	80.0	(i) Bank loans of RMB47.0 million (ii) Cash generated from operations of RMB33.0 million	April, 2019

Notes:

(1) In addition, we plan to remodel most of our existing dorm rooms that were designed to accommodate five or six students to accommodate four students instead in order to provide better living environment for our students. According to our current construction and remodeling plan, new dormitories will offer 2,928 beds for our students; and the number of beds to be offered by the existing dorm rooms after remodeling is expected to be decreased by 1,758. The expected increase in school capacity discussed here refers to the overall increase taking into account the results of both the construction of new dormitories and the remodeling of the existing dormitories (excluding the effect of the change of the number of graduating students who reside off-campus for intership).

(2) The actual completion date is subject to a number of factors, certain of which are beyond our control, such as the timeframe to obtain certain permits on approvals for the construction from relevant governmental authorities; therefore, may be different from the expected completion date in the table above.

We believe the construction of new dormitories and the remodeling of existing dormitory rooms should not cause any disruption to our college's operation, primarily because (i) the work site of the new dormitories locates at the edge of the existing campus of our college; therefore, the construction of the new dormitories should not disrupt the campus life of our students; and (ii) the remodeling of existing dorm rooms is expected to commence during the summer of 2019, during which time the students will be dismissed from school.

Considering (i) the demand of trained talents in the high-end hotel market in China and (ii) relatively high growth rate of the total number of high school graduates and student enrollments in private higher education institutions in Yunnan and Guizhou provinces according to the Frost & Sullivan Report, our Directors are of the view that there is a reasonable market demand for the expanded capacity from the New Dormitories and the Nanxi New Campus.

THE DECISION ON AMENDING THE LAW FOR PROMOTING PRIVATE EDUCATION OF THE PRC

On November 7, 2016, the *Decision on Amending the Law for Promoting Private Education of the PRC* (《關於修改民辦教育促進法之決定》) (the "**Amendment Decision**") was approved by the Standing Committee of the National People's Congress, which became effective on September 1, 2017. It has made certain amendments to the *Law for Promoting Private Education* (《民辦教育促進法》). According to the Amendment Decision, sponsors of private schools can choose to establish schools as non-profit or for-profit entities, with the exception of schools providing compulsory education, which can only be established as non-profit entities. The following table sets forth key differences between a for-profit private school and a non-profit private school under the Amendment Decision:

Item	For-profit private school	Non-profit private school
Receipt of operating profits	Sponsors are allowed to receive operating profits, and the surplus from operations shall be handled in accordance with the provisions of the PRC Company Law and other laws and regulations.	Sponsors are not allowed to receive operating profits and all surplus from operations shall be used for the operation of the school.
License and registration	Private school operating licenses and business licenses.	Private school operating licenses and legal person certificate of private non-enterprise/ the legal person certification of public institution.
Fees to be charged	Determined based on school operating costs and market demands, and no prior regulatory approval is required.	Determined pursuant to the fee charge regulations to be promulgated by the local governments.
Tax treatment	Preferential tax treatment as stipulated by the state government.	Same preferential tax treatment as public schools.

Item	For-profit private school	Non-profit private school
Land	Acquired under PRC laws and regulations.	Acquired through land allocation or other ways with governmental support and subsidy granted under the same principles as the public school.
Public funding	Public funding in the form of purchase of services, student loans, scholarships, lease or acquisition of unused state-owned assets.	Public funding in the form of purchase of services, student loans, scholarships, lease or acquisition of unused state-owned assets, and government grants, incentive funds and donations.
Liquidation	Liquidated in accordance with the provisions of the PRC Company Law. Sponsors can obtain the school's remaining assets after the settlement of the school's indebtedness.	For schools established before the promulgation of the decision, if there are remaining school assets after the settlement of school's indebtedness, such assets shall be used continuously for the operation of non-profit school. School sponsor can apply for compensation or awards from the school's remaining assets after the settlement of the indebtedness.

However, the Amendment Decision is silent on the specific measures regarding how existing private schools can choose to become for-profit private schools or non-profit private schools, which, according to the Amendment Decision, shall be regulated by the corresponding laws and regulations to be promulgated by the local government authorities.

In addition to the Amendment Decision, state-level government authorities also issued certain implementing rules. On December 30, 2016, five state-level government departments, including the MOE, jointly issued the Classification Registration Rules. The Classification Registration Rules stipulates that if an existing private school chooses to register as a non-profit private school, it shall amend its articles of association in accordance with the relevant laws, continue its school operation and complete the new registration formalities. If an existing private school chooses to register as a for-profit private school, it shall make financial settlement, identify the ownership of the schools' land, buildings and accumulations with the consent of the relevant departments of the people's governments at or below the provincial level, pay relevant taxes and fees, obtain a new school operation licence, apply for re-registration and continue the school operations. The Classification Registration Rules also stipulates that the provincial people's government shall be responsible for formulating the detailed measures on the alteration of the registration of private schools in accordance

with national laws and various applicable local circumstances. There are also other state-level regulations, such as the *Implementing Measures for the Supervision and Administration of For-profit Private Schools* (《營利性民辦學校監督管理實施細則》), which was published on December 30, 2016 and sets forth detailed measures regarding the establishment, modification and termination of a for-profit private school, education and teaching related activities carried out by and financial management of a for-profit private school, and the *Notice of the State Administration for Industry and Commerce and the Ministry of Education on the Registration and Administration of the Name of For-Profit Private School* (《工商總局、教育部關於營利性民辦學校名稱登記管理有關工作的通知》). Furthermore, the Education Department of Sichuan Province and four other government authorities jointly issued the Sichuan Classification Registration Rules in May 2018, which introduced general procedures for the existing private schools to choose as a for-profit or non-profit private school. However, the Sichuan Classification Registration Rules did not expressly stipulate a specific way for the existing private schools to choose as a for-profit or non-profit private school or introduce an interim period during which time the existing administrative measures should still apply to the existing private schools. For further details, see "Regulatory Overview — Regulations on Private Education in the PRC — the Law for Promoting Private Education and the Implementation Rules for the Law for Promoting Private Education."

According to the Classification Registration Rules, private schools approved to be established shall apply for registration certificate or business license in accordance with relevant regulations after being granted with operating license by competent government authorities. However, the application for private school operating licenses of for-profit private schools and non-profit private schools shall be submitted with different authorities according to the Classification Registration Rules: (i) non-profit private schools which meet the requirements under the *Interim Administrative Regulations on the Registration of Private Non-enterprise Entities* (民辦非企業單位登記管理暫行條例) and other relevant regulations shall apply to the civil affairs department for registration as private non-enterprise entities, (ii) non-profit private schools which meet the requirements under the *Interim Regulations on the Administration of the Registration of Public Institutions* (事業單位登記管理暫行條例) and other relevant regulations shall apply to the relevant administrative authority for registration as public institutions, and (iii) for-profit private schools shall apply to the Industry and Commerce Department for registration in accordance with the jurisdiction provisions set out by relevant laws and regulations.

On May 24, 2018, with assistance of our PRC Legal Advisors, we had an interview with the Education Department of Sichuan Province (四川省教育廳) during which an officer of the Policy and Regulations Division (政策法規處) informed us that: (i) the Amendment Decision and the implementing rules only provide principle guidelines without any detailed procedures as to the registration for for-profit and non-profit private schools, and it shall be the responsibility of the people's government at the provincial level to formulate the specific measures, and as of the date of the interview such specific measures had not yet been published in Sichuan Province; and (ii) so long as our college follows such detailed procedures contained in the specific measures when they become available, they do not foresee any substantial legal impediment to obtaining a new operating license. As advised by our PRC Legal Advisors, (i) the interviewed authority was a competent authority and the interviewed person was a competent official to issue the abovementioned confirmation; and (ii) there will be no legal impediment in obtaining new operating licenses after our college follows the detailed procedures contained in the specific measures when they become available.

Although the Amendment Decision took effect on September 1, 2017, according to the Amendment Decision, the detailed rules and regulations regarding the conversion of existing private schools into for-profit or non-profit private schools shall be promulgated by the local provincial government authorities. In September 2018, Sichuan Province promulgated implementation rules regarding the conversion of for-profit or non-profit private schools. See "Regulatory Overview — Regulations on Private Education in the PRC — the Amendment to the Law for Promoting Private Education." However, there are uncertainties involved in interpreting and implementing the Amendment Decision with respect to various aspects of the operations of a private school, such as (i) timing of notification to the relevant authorities regarding our decision to be for-profit or non-profit school; (ii) detailed procedures to be undergone for a school to become a for-profit or non-profit school; (iii) respective preferential tax treatment which may be enjoyed by a for-profit and a non-profit school; and (iv) respective public funding that can be obtained by a for-profit and a non-profit school.

Under the existing regulatory environment and based on the current interpretation of the Amendment Decision and the relevant implementing measures, we intend to register the school we currently own and the schools we plan to open and operate as for-profit schools after the implementing measures for the Amendment Decision become available and practicable, and the detailed local rules and regulations regarding the conversion of existing schools are promulgated by relevant local authorities and take effect. We are unable to fully evaluate at this stage the potential impact of such regulatory charges on our operations, such as tax liabilities we may be exposed to if we choose to register Yinxing College as a for-profit private school, and public funding that we may be able to receive. We will establish and assign the responsibility to a special committee lead by Mr. Tian, our Executive Director, to pay close attention to rules and regulations to be promulgated by relevant authorities at all levels regarding interpreting and implementing the Amendment Decision. We will consult with our PRC Legal Advisors when relevant rules and regulations are promulgated regarding the potential impact on all aspects of our operations and make relevant public announcements when appropriate.

During the Track Record Period, our college enjoyed preferential tax treatments in respect of its revenue from tuition and boarding fees. For further details, see "Financial Information — Key Components of Our Results of Operations — Taxation." Pursuant to the Amendment Decision, a non-profit private school may enjoy the same preferential tax treatments as a public school. However, the existing PRC laws and regulations including the Amendment Decision have not confirmed that a for-profit private school may enjoy preferential income tax treatment, including any tax exemption amount or preferential tax rate. Our PRC Legal Advisors are of the view that, in the event that we decide to convert our college to a for-profit private school, based on the current legal framework, there is insufficient legal basis to determine that our college will lose the preferential tax treatment that is currently enjoyed. However, the relevant government authorities may promulgate detailed rules and regulations regarding the preferential tax treatments that may be enjoyed by a for-profit private school in the future. There is a possibility that such rules and regulations will reduce or eliminate the preferential tax treatments currently enjoyed by us. Please see "Risk Factors — Risks Relating to Conducting Business in China — The discontinuation of any preferential tax treatments currently available to us, in particular our tax exempt status, could materially and adversely affect our results of operations."

POTENTIAL IMPLICATIONS OF THE MOJ DRAFT FOR COMMENTS

Overview

On April 20, 2018, the MOE issued the *Draft Revision of the Regulations on the Implementation of the Law for Promoting Private Education of the PRC* (the "**MOE Draft for Comments**") (《中華人民共和國民辦教育促進法實施條例(修訂草案)(徵求意見稿)》), to seek public comments. On August 10, 2018, the MOJ issued the *Draft Revision of the Regulations on the Implementation of the Law for Promoting Private Education of the PRC (the Draft for Examination and Approval)* (《中華人民共和國民辦教育促進法實施條例(修訂草案)(送審稿)》) based on the revised version of the MOE Draft for Comments, to seek public comments. The public comments period for the MOJ Draft for Comments ended on September 10, 2018. As advised by our PRC Legal Advisors, the MOE Draft for Comments and the MOJ Draft for Comments are drafts at different stages of promulgating administrative regulations by the State Council. The State Council may consider and review the MOJ Draft for Comments instead of the MOE Draft for Comments. There is no publicly available progress after the end of the public comment period for the MOJ Draft for Comments. For key proposals in the MOJ Draft for Comments, please see "Regulatory Overview — Regulations on Private Education in the PRC — The Draft Revision of the Regulation on the Implementation of the Law for Promoting Private Education of the PRC" for details.

Major Potential Impacts on Our PRC Operating Schools

Potential Impacts on the Operation of Our College

Clause 7 of the MOJ Draft for Comments provides that public schools shall not invest or participate in investing for-profit private schools while public schools are permitted to participate in investing non-profit private schools. As of the Latest Practicable Date, our college was co-sponsored by Gingko Asset Management and CUIT, a public university. Further, as disclosed in "— the Decision on Amending the Law for Promoting Private Education of the PRC," we intend to register our college as a for-profit private school in light of the Amendment Decision and the relevant implementing measures in effect. If the MOJ Draft for Comments is promulgated in its current form and content and to avoid conflict of for-profit school status with the pending MOJ Draft for Comments, we plan to terminate the cooperation with CUIT and convert our college from an independent college into a regular private higher education institution.

We believe we are able to terminate our current cooperation with CUIT and convert our college into a regular private higher education institution on the following bases:

- *CUIT's Support*

  First, CUIT had expressed its consent to Yinxing College's conversion into a private regular higher education institution. On September 20, 2016, Gingko Asset Management and CUIT jointly filed the "Application for the Conversion of Yinxing Hospitality Management College of CUIT into an Independently Established Private Regular Higher Education Institution (關於成都信息工程大學銀杏酒店管理學院申報轉設為獨立建制的民辦普通本科院校的請示)" in response to the request from the Education Department of Sichuan Province to submit an application to

join the Thirteenth Five-Year Plan for Higher Education Institutions Establishment Planning in Sichuan Province. On September 28, 2016, CUIT passed a resolution to approve in-principle Yinxing College's conversion into a regular private higher education institution. Second, pursuant to the supplemental agreement regarding the cooperation between CUIT and Gingko Asset Management dated December 31, 2017, CUIT shall support and coordinate with our college and Gingko Asset Management for the conversion of our college into a regular private higher education institution. If we need to terminate the cooperation with CUIT in order to convert our college into a regular private higher education institution, CUIT should cooperate. Third, the intention of CUIT to support and cooperate with us for the termination of the cooperation agreement with CUIT was restated by the two CUIT representative directors on the board of our college during an interview with them by the Sole Sponsor on March 24, 2018. Lastly, the Cooperation Agreement provides that if there is any change of the national policies or occurrence of *force majeure* which will cause the agreement to be impracticable, CUIT and Gingko Asset Management shall negotiate the solution. In the confirmation letter from CUIT dated November 16, 2018, CUIT has confirmed, among others, (i) it is of the view that if the MOJ Draft for Comments is promulgated in its current form and content, it would constitute a change of the national policy, in which case, both parties shall negotiate specific measures to deal with such change and any termination as a result of such negotiation shall not constitute a breach of contract by either party; and (ii) it supports the conversion of Yinxing College into a regular private higher education institution as previously agreed and will not make any extra requests other than the joint tuition support fee stated in the supplemental cooperation agreement dated December 31, 2017 during the process for such termination and conversion. Accordingly, CUIT will not request any breakup fees in the event that the cooperation was terminated after the MOJ Draft for Comments were adopted at its current form and contents. As advised by our PRC Legal Advisors, (i) CUIT did not explicitly require any breakup fees to be paid to it for the termination of cooperation in the Cooperation Agreement, and (ii) the written confirmation dated November 16, 2018 is binding on CUIT. Based on the confirmation letter from CUIT and the advice provided by our PRC Legal Advisors, we believe we should not be obliged to pay any breakup fees or compensation to CUIT upon the termination of our cooperation with it.

- *Government Authorities' Confirmation*

Accompanied by our PRC Legal Advisors, we and the Sole Sponsor interviewed a deputy chief of the Policy and Regulations Division of Department of Education of Sichuan Province on May 24, 2018, who confirmed that the national policy supports independent colleges to convert themselves into independent private regular higher education institutions. If our college could submit the application materials as required and meet the requirements as stated in the *Interim Provisions on Standards of Establishment of Regular Undergraduate Schools* (普通本科學校設置暫行規定) (the "**Regular Undergraduate School Establishment Standards**") and other applicable PRC laws and regulations at the time of the application, there will be no obstacles to convert our college into an independent private regular higher education institution.

- *Concrete and Practicable Plan and Timetable*

We have prepared a concrete and practicable plan and timetable to meet the Regular Undergraduate School Establishment Standards. The following table sets forth (i) the key standards for establishing a regular undergraduate school; (ii) the current conditions of our college; and (iii) our future plan to meet such standards.

No.	Key Standards	Current Conditions	Future Plan and Timetable
1.	Campus site area should be no less than 500 mu (1 mu = 666 sq.m.)	As of the Latest Practicable Date, the site area of the main campus of our college was 416.43 mu.	We plan to establish the Nanxi New Campus, upon completion of which, the total site area of our college is expected to be increased to 1,046.43 mu. We estimate that we will comply with this standard upon the completion of phase I of the Nanxi New Campus. See "— Expansion Plans" for details.
2.	Ratio between the number of full-time students and the number of teachers should be no more than 18:1.	As of the Latest Practicable Date, the ratio between the number of full-time students and the number of teachers of our college was approximately 22.59:1.	We will keep recruiting qualified teachers for our college on both our existing campus and the new campus and expect to fulfill such requirement upon the completion of phase I of the Nanxi New Campus.
3.	Site area per student should not be less than 60 sq.m.	As of the Latest Practicable Date, site area per student of our college was approximately 27.07 sq.m.	We plan to establish the Nanxi New Campus. Upon the completion of phase I of the Nanxi New Campus, the site area per student of our college is expected to be increased to at least 64.78 sq.m.
4.	Building area per student should not be less than 30 sq.m.	As of the Latest Practicable Date, building area per student of our college was approximately 14.86 sq.m.	We plan to establish the Nanxi New Campus. Upon the completion of phase I of the Nanxi New Campus, the building area per student of our college is expected to be increased to approximately 30.34 sq.m.

No.	Key Standards	Current Conditions	Future Plan and Timetable
5.	The minimum number of students shall not be less than 5,000.	As of the Latest Practicable Date, the number of full-time students of our college was 10,256.	We have already complied with such standard.
6.	The price of teaching and research equipment per student shall not be less than RMB3,000.	As of the Latest Practicable Date, the price of teaching and research equipment per student of our college was RMB4,270.	We have already complied with such standard.
7.	The main disciplines shall be more than one (including one) and there shall be at least three programs in each main discipline.	As of the Latest Practicable Date, there were two main disciplines, namely, management and literature. There were 14 programs under the discipline of management and three programs under the discipline of literature.	We have already complied with such standard.
8.	The minimum number of teachers shall be 280, of which teachers with master qualification or above should account for not less than 30.0%.	As of the Latest Practicable Date, the number of teachers of our college was 454, of which approximately 45.6% obtained master qualification or above.	We have already complied with such standard.

Besides the above key standards, an applicant to establish a regular higher education institution should also meet certain other criteria, which, among others, include (i) the standard of teaching and scientific research, (ii) stable source of funding for running the school, and (iii) the requirement of principal and management. Such standards are not supposed to be quantified and therefore subject to discretion of relevant government authorities. See "Regulatory Overview — Regulations on Private Education in the PRC — Interim Provisions of Standards for the Establishment of Regular Undergraduate Schools." We believe our business strengths in teaching, scientific research and school management and strategies to continuously enhance such strengths have enabled and could keep enabling us to satisfy such criteria.

Based on the above, our PRC Legal Advisors are of the view that, upon the fulfillment of the conditions stipulated in Regular Undergraduate School Establishment Standards, if we apply in accordance with the procedures stipulated in relevant PRC laws and regulations, there will be no substantial legal impediments on converting our college into a regular private higher education institution. Upon completion of the conversion, we will continue to bear an independent legal personality and operate as a regular higher education institution.

Besides using CUIT's name, we are not relying on any intellectual or human resources from CUIT; therefore, we believe that the daily operation of Yinxing College will not be affeted by the termination of the cooperation with CUIT. However, if we terminate the cooperation with CUIT, we may not be able to use its name any more. See "Risk Factors — Risks Related to Our Business — We may face risks arising from the termination of our cooperation agreement with CUIT." Nevertheless, we believe that our students are attracted to our schools by various factors, including, among others, the brand name of Yinxing College, our teacher resources, our course design, our equipment and a track record of high initial employment rate. As such, we believe the termination of our cooperation with CUIT and the deletion of "CUIT" from our college's full name would not have a material adverse impact on recruiting new students and our operation in the future.

Potential Impacts on Our Management

The termination of the cooperation with CUIT and the conversion of our college into a regular private higher education institution will not materially affect the management of our Group. However, under the current cooperation with CUIT, a representative of CUIT has been appointed as the Secretary of the Party Committee of Yinxing College and two representatives from CUIT are serving as the directors of the board of Yinxing College. If our cooperation with CUIT is terminated, the board of directors and Party Committee of Yinxing College will not be required to include representatives from CUIT.

Potential Impacts on Our Financial Conditions

The termination of the cooperation with CUIT and the conversion of our college into a regular private higher education institution are expected to have certain impacts on our financial conditions as well. First, after the termination of the cooperation with CUIT, we do not need to pay CUIT the joint tuition support fee of 7% of our total tuition fees per annum. Second, in order to meet certain standards for establishing a regular private higher education institution, we may have to incur additional costs to fulfill the requirements for converting our college into a regular private higher education institution, such as costs to establish a new campus. For detailed information of such costs or investment, please see "— Expansion Plan — New Campus Plan." Third, since the MOJ Draft for Comments is still silent on the detailed rules on tax preference treatments for for-profit private schools, there is a possibility that we may be required to pay PRC income tax in respect of the revenue from tuition fees and boarding fees if we successfully register our college as a for-profit private school, which will further impact our profits. See "— the Decision on Amending the Law for Promoting Private Education of the PRC" for detailed analysis of the potential tax impact.

Potential Impacts on Our Registered Capital

Clause 21 of the MOJ Draft for Comments provides that the registered capital of a for-profit private school providing higher diploma education shall be no less than RMB200.0 million. As of the Latest Practicable Date, the registered capital of our college was RMB9.92 million. To convert our college into a for-profit private school providing higher diploma education, we have to increase the registered capital of our college by RMB190.08 million to meet such requirement.

As advised by our PRC Legal Advisors, (i) Clause 5 of the Implementation Rules provides that the sponsors of a private school may make capital contributions in cash, tangible assets, land use rights, intellectual property rights or other assets, and (ii) Clause 6 of the MOJ Draft for Comments also provides that individuals or social organizations that run private schools shall have good credit standing and allows capital contribution, among others, in cash, tangible assets, land use rights, intellectual property rights or other non-monetary properties that can be valued in currencies and can be transferred under applicable laws, unless otherwise provided by laws and administrative regulations. In addition, accompanied by our PRC Legal Adviors, we and the Sole Sponsor interviewed the chief of the Private Education Division of the Education Department of Sichuan Province on November 20, 2018, who confirmed that based on Clause 6 of the MOJ Draft for Comments that follows the Clause 5 of the Implementation Rules if the MOJ Draft for Comments would be promulgated in its current form and content, sponsors of private schools could make capital contributions in cash, tangible assets, land use rights, intellectual property rights, or other non-monetary properties that can be valued in currencies and transferred under applicable laws. As of October 31, 2018, our properties which could be valued in currencies and transferred under applicable laws had a market value of approximately RMB634.5 million according to the property valuation report prepared by JLL as set forth in Appendix III to this prospectus. Therefore, based on current applicable PRC laws and regulations and considering the relevant proposals in the MOJ Draft for Comments, we believe we are able to use our properties, including land use rights, as capital contribution to our college to fulfill registered capital requirement.

Overall Procedures and Timetable to Terminate Cooperation with CUIT, Convert Yinxing College into a Regular Private Higher Education Institution and Register Yinxing College as a For-profit Private School

As advised by our PRC Legal Advisors, in order to terminate the cooperation with CUIT and convert Yinxing College into a regular private higher education institution, the following procedures, among others, shall be completed:

- Each of Gingko Asset Management and CUIT shall obtain relevant internal approvals pursuant to its articles of association, including board resolutions for (i) the termination of the current cooperation between CUIT and Gingko Asset Management, and (ii) the conversion of Yinxing College into a regular private higher education institution;

- Yinxing College shall adopt a board resolution to approve such termination and conversion; and

- The application package for such termination and conversion shall be prepared according to the specific requirements by relevant government authorities and filed with the MOE. For detailed review and approval procedures of relevant government authorities, please see "Regulatory Overview — Regulations on Private Education in the PRC — Interim Provisions of Standards for the Establishment of Regular Undergraduate Schools."

The conversion will be completed once Yinxing College has received the approval from the MOE. Based on the current timetable for the expansion plan of Yinxing College, we aim to obtain requisite internal approvals for such termination and conversion from CUIT, Gingko Asset Management and Yinxing College by June 30, 2020 and file the application package for the conversion no later than September 1, 2020. We expect to obtain the approval from the MOE in 2021.

In accordance with the timing requirements set out in the *Implementation Opinion Regarding the Encouragement of the Establishment of Private Education and the Promotion of the Healthy Development of Private Education of the People's Government of Sichuan Province* (《四川省人民政府關於鼓勵社會力量興辦教育促進民辦教育健康發展的實施意見》) (the "Implementation Opinion of Sichuan Province"), we intend to file the application of our intention to register Yinxing College as a for-profit private school by September 1, 2020 and complete our registration as a for-profit private school by September 1, 2023. In addition, accompanied by our PRC Legal Advisors, we and the Sole Sponsor interviewed the chief of the Private Education Division of Education Department of Sichuan Province on October 26, 2018, who confirmed that (i) the filing of the application for registering Yinxing College as a for-profit private school had been received and Yinxing College had been listed on the Thirteenth Five-Year Plan for Higher Education Institutions Establishment Planning in Sichuan Province; (ii) Yinxing College may choose to be a for-profit private school by September 1, 2020 and complete applicable procedures before September 1, 2023; and (iii) Yinxing College is eligible to apply to register as a for-profit private school under the current laws and regulations as the Implementation Opinion of Sichuan Province does not require conversion into a regular private higher education institution as a pre-condition for registration as a for-profit school. See "Regulatory Overview — Regulations on Private Education in the PRC — the Amendment to the Law for Promoting Private Education."

Our Directors' and the Sole Sponsor's Views

Based on the above, our Directors are of the view that our plan to terminate cooperation with CUIT, convert our college into a regular private higher education institution and register our college as a for-profit school would not (i) suspend or materially interrupt our school operation; (ii) have a material adverse effect on the Group's financial performance; or (iii) affect the sustainability of our business. Accordingly, our suitability for listing will not be adversely affected.

Based on (i) the discussion with the executive Directors on the Company's plan to terminate its cooperation with CUIT, convert Yinxing College into a regular private higher education institution and register Yinxing College as a for-profit school and their assessment and judgement; (ii) the confirmation from Education Department of Sichuan Province as to feasibility of such plan; (iii) the discussion with the PRC Legal Advisors in relation to related matters and the views expressed by the Company's PRC Legal Advisors; (iv) the interview with CUIT representative directors on the board of Yinxing College as to CUIT's support for termination of cooperation and conversion; and (v) the review of relevant agreements and documentations including the cooperation agreement between Gingko Asset Management and CUIT and the conversion planning application to the Education Department of Sichuan Province jointly filed by the Company and CUIT, the Sole Sponsor considers that the Company's suitability for listing will not be adversely affected by the MOJ Draft for Comments.

COMPETITION

The education services market in China is rapidly evolving, highly fragmented and competitive. We face competition primarily from public schools and other private higher education institutions in China. We also compete directly with public and other private higher education institutions in Sichuan Province, where we operate our college. We believe our principal competitive advantages include, among others:

- We are a private education institution in China with a well-recognized hospitality management program.
- We maintain our core competencies in hospitality management education and offer a variety of market-oriented curriculum and practical training programs.
- We have explored various ways of teaching and have established laboratories and simulated workplace environment to improve the practical skills for our students.
- We have a team of experienced teachers who provide high quality education services.
- We have an experienced management team led by visionary founder.

We expect the competition in the private education market to persist and intensify. We believe we are able to compete effectively due to our strong reputation and high quality programs. Upon the Listing, we expect that we will become the only independent college listed on the Stock Exchange with well-recognized hospitality management program. However, some of our existing and potential competitors, especially public schools, have governmental support in the form of government subsidies and other payments or fee reductions. Our competitors may devote greater resources, financial or otherwise, than we can to student recruitment, campus development and brand promotion, and may respond more quickly than we can to changes in student demands and market needs. See "Risk Factors — Risks Relating to Our Business and Our Industry — We face intense competition from existing players and industry consolidation in the PRC higher education industry, which could lead to adverse pricing pressure, reduced operating margins, loss of market share, departures of qualified employees and increased capital expenditures," and "Industry Overview — Competitive Landscape."

CUSTOMERS AND SUPPLIERS

Our customers are primarily our students, third-party education institutions with whom we cooperated and institutions to whom we provided trainings. For the years ended December 31, 2015, 2016 and 2017 and the six months ended June 30, 2018, our top five customers accounted for approximately 1.4%, 2.6%, 0.9% and 4.5% of our revenue, respectively. During the same period, our largest customer accounted for approximately 0.6%, 1.1%, 0.4% and 3.7% of our revenue, respectively. We did not have any single customer who accounted for more than 5% of our revenue

for each of the years ended December 31, 2015, 2016 and 2017 and the six months ended June 30, 2018. None of our Directors, their associates or our Shareholders who, to the knowledge of our Directors, own more than 5% of our issued share capital had any interest in any of the five largest customers during the Track Record Period and up to the Latest Practicable Date.

Our suppliers primarily comprise utilities and food services providers. For the years ended December 31, 2015, 2016 and 2017 and the six months ended June 30, 2018, purchases recorded in the cost of sales account from our five largest suppliers accounted for approximately 7.1%, 6.9%, 5.4% and 6.3%, respectively, of our cost of sales. During the same period, our largest supplier accounted for approximately 3.1%, 3.0%, 2.4% and 2.9% of our cost of sales, respectively. None of our Directors, their associates or our Shareholders who, to the knowledge of our Directors, own more than 5% of our issued share capital had any interest in any of the five largest suppliers during the Track Record Period and up to the Latest Practicable Date.

INTELLECTUAL PROPERTY

As of the Latest Practicable Date, we owned ten patents registered in the PRC, four domain names and three trademarks registered in the PRC. In addition, as of the Latest Practicable Date, we owned one trademark in Hong Kong. See "Statutory and General Information — B. Information about Our Business — 2. Intellectual Property Rights of Our Group."

During the Track Record Period, we had not been subject to any intellectual property infringement claims that had any material impact on our Group. For the risks that we may face in this respect, see "Risk Factors — Risks Relating to Our Business and Our Industry — We may face disputes from time to time relating to the intellectual property rights of third parties."

AWARDS AND RECOGNITIONS

We have received numerous awards and recognitions since our establishment in recognition of the quality of education services we provide and the outstanding achievements of our students. The following table sets forth some of the awards and recognitions that we have received:

Year	Recipient	Award/Accreditation	Awarding Organization(s)
2017	Yinxing College	Education Institutions Fostering Excellent Talents in the Very East Summit (最佳東方高峰論壇優秀人才培養院校)	VeryEast.cn (最佳東方網)
2017	Hospitality Management Program	Six Star Program (六星專業)	CUAA
2016	Yinxing College	Tourism and Hospitality Management Experimental Center for Education	Education Department of Sichuan Province

Year	Recipient	Award/Accreditation	Awarding Organization(s)
2015	Yinxing College	Sichuan Province Tourism Bureau Tourism Research Center	Sichuan Province Tourism Bureau
2013-2016	Yinxing College	Hoteliers Summit Asia First Prize (亞洲酒店業青年領袖峰會)	Committee of Young Hoteliers Summit Asia (亞洲酒店業青年領袖峰會組委)
2013 & 2010	Yinxing College	Sichuan Higher Education Outstanding Research Achievement Third Prize	Education Department of Sichuan Province
2010	Yinxing College	Ten Best Education Brand	Huaxi City Daily (華西都市報)

The list above is a non-exhaustive list of our awards and honors. Many of our academic projects have obtained awards and recognitions. For example, our academic project "Hospitality Management Experimental Education Model's Construction and Implementation (酒店管理專業實驗教學育人模式構建與實踐)" won the third prize as an outstanding achievement in Sichuan Province.

EMPLOYEES

As of June 30, 2018, we had 651 employees. Substantially all of our employees are located in Sichuan Province. The following table sets forth the total number of employees by function as of June 30, 2018:

Function	Number of Employees	% of Total
Full-time teacher	160	24.6
Teaching assistance staff[(1)]	275	42.2
Management and other administrative personnel	216	33.2
Total	651[(2)]	100.0

Notes:

(1) Teaching assistance staff refer to employees provide supportings directly related to education, such as librarians, researchers in each department.

(2) As of June 30, 2018, among the 651 employees, 307 hold teaching certificates.

Our college has established a labor union and our employees may join the labor union voluntarily. As confirmed by our Directors, during the Track Record Period, we had not experienced any material labor dispute.

As required by the PRC laws and regulations, we participate in various employee social security plans for our employees that are administered by local governments, including, among others, housing provident fund, pension, medical insurance, social insurance and unemployment insurance. During the Track Record Period, we did not make full contributions to the social insurance plans and the housing provident fund for a certain number of our employees in accordance with relevant PRC laws and regulations. As of December 31, 2015, 2016 and 2017, and June 30, 2018, the total balance of under-contributions to the social insurance amounted to approximately RMB4.1 million, RMB4.5 million, RMB4.9 million and RMB4.9 million, respectively, and the total balance of under-contributions to the housing provident funds amounted to approximately RMB1.1 million, RMB1.3 million, RMB1.6 million and RMB1.4 million, respectively. See "Risk Factors — Risks Relating to Our Business and Our Industry — Failure to make adequate statutory social welfare contribution for our employees may subject us to penalties." The number of employees should participate in social insurance plans and the housing provident fund for July 2018 was 566*. We have made full contribution to the social insurance plans and the housing provident fund since July 2018. To prevent the recurrence of future non-compliance, we established the *Measures for the Management and Payment of Social Insurance* (《社會保險管理及繳納辦法》) and the *Measures for the Management and Payment of the Housing Provident Funds* (《住房公積金管理及繳納辦法》) on April 16, 2018, which provided guidelines to compliance with the requirements under the relevant laws and regulations.

Our PRC Legal Advisors have advised us that, pursuant to the *Social Insurance Law of the PRC*, if we fail to pay the full amount of social insurance premiums as required, the local social insurance agencies may require us to pay the overdue amount within a certain stipulated period and may impose a fine equivalent to 0.05% of the overdue payment per day from the date on which the payment is payable. If such payment is not made within the stipulated period, the competent authority may further impose a fine of one to three times of the overdue payment. Our PRC Legal Advisors have further advised us that, pursuant to the *Regulations on Management of Housing Provident Fund* (《住房公積金管理條例》), if we do not pay the full amount of housing provident fund as required, the housing provident fund management center may order us to make the payment outstanding within a stipulated period; if the payment is not made within the stipulated period, an application may be made to the PRC courts for compulsory enforcement.

In spite of the under-contributions to the social insurance plan, we had not been involved in any litigation on arbitration, or penalized on investigated by relevant government authorities, in respect of the social insurance during the Track Record Period. According to the confirmation letters issued by the Housing and Provident Fund Management Center of Chengdu, we (excluding Yinxing Training School) had not been involved in the litigation or arbitration arising from the disputes in respect of provident fund during the Track Record Period. During the Track Record Period and up to the Latest Practicable Date, Yinxing Training School had not been in operation and had no employees.

* The number of employees should participate in the social insurance plan and the housing provident funds for July 2018 was less than the total number of employees disclosed in the "— Employees" section was due to a number of our employees were not obliged to participate in social insurance plan and the housing provident funds under applicable PRC laws and regulations, such as re-hired employees after retirement.

Based on the confirmations discussed above, our PRC Legal Advisors are of the view that the possibility for the competent authority to impose penalty arising from the above non-compliance during the Track Record Period on us is remote.

PROPERTIES

As of the Latest Practicable Date, we owned two parcels of land in the PRC with a total gross site area of 277,622.7 sq.m., 13 buildings with a total GFA of 161,756.5 sq.m., and four buildings under construction with a planned total GFA of 30,250.9 sq.m. All of the above properties are used for non-property activities as defined under Rule 5.01(2) of the Listing Rules. The total market value of our property interests as of October 31, 2018 was approximately RMB634.5 million based on the assumptions provided in the property valuation report prepared by JLL. As of the Latest Practicable Date, we also leased two properties with a total GFA of approximately 528.0 sq.m.

Owned Properties

Land

The following table sets forth a summary of our land use rights as of the Latest Practicable Date:

No.	Land Use Right Owner	Location	Site Area (sq.m.)	Permitted Use	Expiration Date	Current Status	Land Use Right Certificate
1	Chengdu Yinxing Assets Management Co., Ltd.	No. 60 Guangchang Road North Second Section, Hong Guang Town, Pi County, Chengdu City, Sichuan Province	29,969.4	Education	November 27, 2056	Occupied	Obtained
2	Chengdu Yinxing Assets Management Co., Ltd.	No. 60 Guangchang Road North Second Section, Hong Guang Town, Pi County, Chengdu City, Sichuan Province	247,653.3	Education	July 10, 2057	Occupied	Obtained

Buildings

As of the Latest Practicable Date, we owned 13 buildings in the PRC with a total GFA of 161,756.5 sq.m. All of these buildings have been used for education-related purposes, such as classroom building, dormitory, canteen, clinic and recreational facilities for teachers, staff and students. According to our PRC Legal Advisors, as of the Latest Practicable Date, except for the in-house tennis court for which we have obtained the completion certificate and are in the process to obtain the building ownership certificate, we had obtained the building ownership certificates for all buildings we own. We are not planning to use the in-house tennis court until we receive the relevant building ownership certificate.

Buildings Under Construction

As of the Latest Practicable Date, we held four buildings under construction in our college, with a total planned GFA of 30,250.9 sq.m. and had already obtained the requisite construction planning permits and construction commencement permits for these buildings. We plan to use these four buildings as student dormitories after completion.

Leased Properties

As of the Latest Practicable Date, we leased two properties with a total GFA of 528.0 sq.m. for our operations. Yinxing Training School leased a property of 500.0 sq.m. from Gingko Asset Management for a term of two years for the operation of the Yinxing Training School. Gingko Asset Management leased a property of 28.0 sq.m. from a related party for a term of three years as its office premise.

INSURANCE

Our college maintains school liability insurance to safeguard against certain risks and unexpected events. Our college's liability insurance generally covers harms suffered by our students that arise in the course or activities held by our college on or outside of our campus, either due to the negligence or omission of our college, or due to the factors beyond our control.

We provide insurance to our staff and teachers. The insurance policies include endowment insurance, medical insurance, unemployment insurance, child birth insurance, work-related injury insurance and Chengdu critical illness supplemental insurance.

Our Directors believe that our insurance coverage is generally consistent with the industry practice, which could reasonably protect our assets and operations for our college. Nevertheless, we cannot assure you that we will have sufficient insurance coverage for all of our college liabilities that may arise in our business operations. See "Risk Factors — Risks Relating to Our Business and Our Industry — Our insurance coverage may not be sufficient."

LICENCES AND PERMITS

Our PRC Legal Advisors have advised that during the Track Record Period, we had obtained all material licenses, permits, approvals and certificates necessary to conduct our business operations from the relevant government authorities in the PRC, and such licenses, permits, approvals and certificates remained in effect for all the schools we operate currently.

The table below sets forth details of our material licenses and permits:

License/Permit	Holder	Granting Authority	Grant Date	Expiry Date
Private School Operating License	Yinxing College	Education Department of Sichuan Province	June, 2018	May, 2024
Registration certificate of private non-enterprise entities	Yinxing College	Sichuan Civil Affair Department	September 12, 2017	September 11, 2021
Private School Operating License	Yinxing Training School	Chengdu Human Resources and Social Security Bureau	February 28, 2017	February 27, 2025
Registration certificate of private non-enterprise entities	Yinxing Training School	Chengdu Civil Affair Bureau	March 12, 2010	December 30, 2019

For risks and uncertainties associated with our licenses, approval and permits, see "Risk Factors — Risks Relating to Our Business and Our Industry — We may not be able to obtain all necessary approvals, licenses and permits and to make all necessary registrations and filings for our education services in the PRC."

HEALTH AND SAFETY MATTERS

We are dedicated to protecting the health and safety of our students, teachers and staff. To ensure the health and safety of our students, we have set up and followed the *Methods to Manage the Health Conditions of Students* (《學生健康檔案管理辦法》). As confirmed by our Directors, during the Track Record Period and up to the Latest Practicable Date, we had not experienced any serious accident, medical situation or safety issue that would have a material adverse effect on us.

We have an on-campus clinic outsourced and operated by a qualified third party, namely Pi County Hong Guang Health Center. We monitor the service they provide on a regular basis to ensure that they provided quality medical services to our students, teachers and staff. For more information, see "— Campus Services — Medical Care Services."

We understand that our students may from time to time be subject to various level of stress, arising from both academic and non-academic factors. We are committed to promoting psychological health among our students. Psychological counselling service is available at our college. In addition to consultation service, we also provide psychological courses and hold psychological support activities to promote the mental health of our students.

However, in some rare circumstances, we may have limited or no control over undesirable incidents that may take place on or outside our college. For more information, see "Risk Factors — Risks Relating to Our Business and Our Industry — Accidents or injuries suffered by our students or our employees on or outside our campus or by other personnel on our campus may adversely affect our reputation and subject us to liabilities."

LEGAL PROCEEDINGS AND NON-COMPLIANCE

From time to time, we are subject to legal proceedings, investigations and claims incidental to the conduct of our business. During the Track Record Period, we had not been and were not a party to any material legal, arbitral or administrative proceedings, and we were not aware of any pending or threatened legal, arbitral or administrative proceedings against us or any of our Directors, which in the opinion of our management, could have a material adverse effect on our operations or financial condition. Our Directors have confirmed that our Company has not currently engaged in any material litigation, arbitration or administrative proceeding.

During the Track Record Period, we did not experience any material or systemic non-compliance of the laws or regulations, which taken as a whole, in the opinion of the Directors, are likely to have a material and adverse effect on our business, financial condition or results of operations. During the same periods, we also did not experience any non-compliance of the laws or regulations, which taken as a whole, in the opinion of the Directors, adversely affect the ability or tendency of our Company, the Directors or our senior management, to operate our business in a compliant manner. Our PRC Legal Advisors are of the opinion that, other than the non-compliance incidents listed under the subsection "— Employees" and the subsection "Regulatory Overview — Regulations on Private Education in the PRC — Regulatory Requirement in Relation to Basic Conditions for Operating Higher Education Institutions," we have complied with all relevant PRC laws and regulations in all material respects during the Track Record Period.

INTERNAL CONTROL AND RISK MANAGEMENT

Internal Control

We have engaged an independent internal control consultant (the "Internal Control Consultant") to conduct an assessment of our internal control system in connection with the Listing. As part of the engagement, we have consulted with our Internal Control Consultant to identify the factors relevant to enhancing our internal control system and the steps to be taken. The Internal Control Consultant conducted its work in April 2018 and provided a number of findings and recommendations regarding corporate governance, accounting management, financial procedures and operations in its report in May 2018. Certain material findings and recommendations are set forth as below.

At the operation level, certain policies were either absent, such as the Investment Management Policy, or required improvement, such as the Purchasing Management Policy. Such polices have been issued or updated during follow-up review in May and June 2018 (the "Follow-up Review Period").

In respect of the Information Technology, the following material findings were noted, and the remedial actions had been taken during the Follow-up Review Period:

- An improvement was required for the information security management mechanism. We have arranged to test the security protection of the information system and have arranged training for the internal staff to strengthen the respective area;

- No regular review was conducted on the access right of the users to the system. We have updated the information system policy in relation to the governance of the user authorization management. We have also conducted a review on the users' access rights to the system for clearance purpose; and

- As for the issue that there was no adequate review on the qualification of IT suppliers, we have updated the IT Supplier Management Method to ensure that the qualification of IT suppliers to be properly assessed regularly.

During the Track Record Period, we had not made full contributions to the social insurance plans and housing provident funds for certain of our employees in accordance with relevant PRC laws and regulations. To ensure our full compliance with employee security plans going forward, we have enhanced our internal control measures. For example, we establish the *Measures for Social Insurance Plans Management and Payment* (社會保險管理及繳納辦法) and the *Measures for Housing Provident Funds Management and Payment* (住房公積金管理及繳納辦法) to reinforce our internal rules and measures to formalize calculation method and approval process of social insurance plans and housing provident funds. In addition, we have designated the head of our Human Resource Department to be in charge of our on-going compliance with employee social insurance plans and housing provident funds. We also arranged training sessions for relevant personnel in our Human Resource Department to reinforce the compliance requirements. Our Directors confirm that the above internal control measures have been duly adopted and implemented and are of the view that our enhanced internal control procedures are adequate and effective in preventing future non-compliance with employee social insurance plans and housing provident funds.

We have designated responsible personnel in our Company to monitor the on-going compliance by our Group with the relevant PRC laws and regulations that govern our business operations and oversee the implementation of necessary measures. Moreover, we plan to provide our Directors and senior management and relevant employees with continuing training programs and/or updates regarding the relevant PRC laws and regulations on a regular basis with a view to proactively identify any concerns and issues relating to any potential non-compliance.

In addition, we have adopted a set of internal rules and policies governing the conduct of our employees, including teachers and personnel performing other functions. We have set up a monitoring system to implement anti-bribery and anti-corruption measures so as to ensure that our employees comply with our internal rules and policies as well as the applicable laws and regulations. For example, our management is responsible for conducting a fraud and bribery risk assessment on an annual basis and our audit committee reviews and approves our annual risk assessment results and policies. We have also identified certain forbidden conduct in our internal anti-bribery and anti-corruption policies, including, among others, (i) acceptance or payment of bribes or rebates, including obtaining economic or other benefits through gifts and donations, offers of sponsorship or travel arrangements, or provision of membership cards, gift cards or other valuable securities; (ii) illegal use, embezzlement or misappropriation of our assets; and (iii) forgery or alteration of our accounting records. We offer mandatory training courses to our existing and new employees to enhance their knowledge and awareness of the relevant rules and regulations, as well as their own personal and professional conduct. During the Track Record Period, we were not aware of any corruption involving, or any other material misconduct committed by our employees.

Risk Management

We are exposed to various risks in the operations of our business and we believe that risk management is important to our success. Key operational risks faced by us include, among others, changes in general market conditions and perceptions of private education, changes in the regulatory environment in the PRC education industry, our ability to offer quality education to our students, our ability to increase student enrollment and/or raising tuition fee rates, our potential expansion into other regions, availability of financing to fund our expansion and business operations and competition from other school operators that offer similar quality of education and have similar scale. See "Risk Factors" for disclosures on various risks we face. In addition, we also face numerous market risks, such as interest rate, credit and liquidity risks that arise in the normal course of our business. For a discussion on these market risks, see "Financial Information — Quantitative and Qualitative Disclosures about Financial Risk."

To properly manage these risks, we have established the following risk management structures and measures:

- Our Board of Directors is responsible and has the general power to manage the operations of our Group, and is in charge of managing the overall risks of our Group. It is responsible for considering, reviewing and approving any significant business decision involving material risk exposures, such as our decision to expand our school network into new geographic areas, to raise our tuition fees, and to enter into cooperative business relationships with third parties to launch new education programs;

- We have established the *Procedures in Response to Emergency Conditions* (《突發事件應急流程》). Pursuant to such procedures, we have established a working group under our Security Department to prepare solutions in response to emergency conditions;

- Establish an Audit Committee to review and supervise our financial reporting process and internal control system. For the qualifications and experience of these committee members, see "Directors and Senior Management;"

- Adopt various policies to ensure compliance with the Listing Rules, including but not limited to aspects related to risk management, connected transactions and information disclosure; and

- Attend training sessions by our Directors and senior management in respect of the relevant requirements of the Listing Rules and duties of directors of companies listed on the Stock Exchange.

OVERVIEW

Pursuant to Chapter 14A of the Listing Rules, our Directors, substantial shareholders and chief executive or those of our subsidiaries (other than the directors, substantial shareholders and chief executive of our insignificant subsidiaries), any person who was our Director or a director of our subsidiaries within 12 months preceding the Listing Date and any of their associates will become a connected person of our Company upon Listing. Upon Listing, our transactions with such connected persons will constitute connected transactions under Chapter 14A of the Listing Rules.

We have entered into certain connected transactions and these transactions will continue after Listing, thereby constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules.

CONTINUING CONNECTED TRANSACTION WHICH IS FULLY EXEMPT FROM THE REPORTING, ANNUAL REVIEW, ANNOUNCEMENT AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

(1) Tenancy Agreement in Respect of Leasing of a Premise by Gingko Asset Management in the PRC

On January 1, 2018, Gingko Asset Management as tenant entered into a tenancy agreement (the "**Tenancy Agreement**") with Chengdu Gingko Hotel Management Co., Ltd. (成都銀杏酒店管理有限公司) ("**Gingko Hotel Management**") as landlord, pursuant to which Gingko Hotel Management agreed to lease to Gingko Asset Management a premise situated at 5/F, 2 Jinli Middle Road, Qingyang District, Chengdu, Sichuan Province, PRC with a total GFA of approximately 28 sq. m. for use as office, for a term commencing from January 1, 2018 to December 31, 2020 at a monthly rent of RMB800 (exclusive of management fees and utilities fees). Gingko Asset Management has an option to renew the Tenancy Agreement by giving one month's prior notice to Gingko Hotel Management upon the expiration of the Tenancy Agreement, subject to the applicable requirements of the Listing Rules.

Our Directors estimate that for the three years ending December 31, 2020, the aggregate annual rental payable by Gingko Asset Management to Gingko Hotel Management under the Tenancy Agreement will not exceed RMB9,600, RMB9,600 and RMB9,600, respectively. There was no historical transaction amount for the years ended December 31, 2015, 2016 and 2017 as there was no such leasing arrangement during that period of time.

JLL, an independent property valuer to our Group, has reviewed the terms of the Tenancy Agreement and confirmed such terms are on normal commercial terms under the prevailing market condition and the agreed monthly rental payable by our Group is fair and reasonable.

The rental amount payable by Gingko Asset Management under the Tenancy Agreement was negotiated on an arm's length basis with reference to (i) the rentable area leased to Gingko Asset Management under the Tenancy Agreement; and (ii) the prevailing market rent at that time for similar premises at similar locations. The Tenancy Agreement was entered into on normal commercial terms.

Gingko Hotel Management is directly owned as to 85% by Mr. Fang, our executive Director, chief executive officer and Controlling Shareholder, and therefore is a connected person of our Company for the purpose of the Listing Rules.

Our Directors (including our independent non-executive Directors) consider that it is in the interests of our Company and Shareholders as a whole to enter into the Tenancy Agreement. Since each of the applicable percentage ratios for the Tenancy Agreement is expected to be less than 0.1% on an annual basis, the transaction is fully exempt from the reporting, annual review, announcement and the independent Shareholders' approval requirements under Rule 14A.76(1) of the Listing Rules.

(2) **Business Support Framework Agreement**

On December 13, 2018, Gingko Asset Management (for itself and on behalf of our PRC Operating Schools) entered into a business support framework agreement (the "**Business Support Framework Agreement**") with Chengdu Gingko Jin'ge Catering Corporation* (成都銀杏金閣餐飲股份有限公司) ("**Gingko Jin'ge Catering**") and Chengdu Gingko Catering Management Co., Ltd.* (成都銀杏餐飲管理有限公司) ("**Gingko Catering Management**"), pursuant to which Gingko Jin'ge Catering and Gingko Catering Management agreed to provide training supports in respect of catering and hospitality, which shall include but not limited to the provision of training venues, raw materials to be consumed during the trainings and working meals (the "**Training Support**"), to our PRC Operating Schools for the three years ending December 31, 2020.

The fees payable by our PRC Operating Schools pursuant to the Business Support Framework Agreement will be determined by the parties upon arm's length negotiation with reference to (i) the total number of classes held at Gingko Jin'ge Catering and Gingko Catering Management, (ii) the total number of attendees, (iii) the actual consumption amount of raw materials, and (iv) the prevailing market price for the provision of services of comparable nature and scale.

Our Directors estimate that for the years ending December 31, 2020, the aggregate annual amount payable by our PRC Operating Schools to Gingko Jin'ge Catering and Gingko Catering Management under the Business Support Framework Agreement will not exceed RMB1,000,000, RMB1,700,000 and RMB1,800,000, respectively. There was no historical transaction amount for the years ended December 31, 2015, 2016 and 2017 as there was no such arrangement during that period of time.

Each of Gingko Jin'ge Catering and Gingko Catering Management is owned as to approximately 97.4% and 97.7% by Mr. Fang, our executive Director, chief executive officer and Controlling Shareholder. As such, each of Gingko Jin'ge Catering and Gingko Catering Management is a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transaction contemplated under the Business Support Framework Agreement will constitute a continuing connected transaction for our Company under Chapter 14A of the Listing Rules upon Listing. Both Gingko Jin'ge Catering and Gingko Catering Management are engaged in the provision of high-end catering and hospitality services in Chengdu.

Our Directors (including the independent non-executive Directors) consider that it is in the interests of our Company and Shareholders as a whole to enter into the Business Support Framework Agreement. Since (i) the venue, size, catering hardware and positioning of Gingko Jin'ge Catering and Gingko Catering Management are suitable for the practical trainings to be provided by our PRC Operating Schools, and (ii) the arrangement reduces our costs to identify and negotiate with other suitable service providers, it is reasonable for our PRC Operating Schools to procure services from Gingko Jin'ge Catering and Gingko Catering Management.

The Business Support Framework Agreement is a framework agreement which provides the mechanism for the operation of the connected transactions among our PRC Operating Schools, Gingko Jin'ge Catering and Gingko Catering Management described therein. It is envisaged that from time to time and as required, individual agreement may be required to be entered into between our PRC Operating Schools and Gingko Jin'ge Catering or Gingko Catering Management (as the case may be). Each individual agreement will set out the relevant terms including, among other things, the expected time of the trainings, the number of attendees for each training, and any details which may be relevant to the Training Support. The individual agreements may only contain provisions which are in all material respects consistent with the binding principles, guidelines, terms and conditions set out in the Business Support Framework Agreement. As the individual agreements are simply further elaborations on the Training Support as contemplated by the Business Support Framework Agreement, they do not constitute new categories of connected transactions as far as Listing Rules are concerned.

Since each of the applicable ratios for the Business Support Framework Agreement is expected to be less than 5% and the total consideration is less than HK$3,000,000 per annum, the transaction is fully exempt from the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

NON-EXEMPT CONTINUIING CONNECTED TRANSACTION

Contractual Arrangements

Background

As disclosed in the section headed "Contractual Arrangements", due to regulatory restrictions on foreign ownership in our PRC Operating Schools, we conduct a substantial portion of our business through our consolidated affiliated entities in the PRC. We do not hold any equity interests in our consolidated affiliated entities which are held indirectly by Mr. Fang and Mr. Tian. Rather, through the Contractual Arrangements, we effectively control these consolidated affiliated entities and are able to derive substantially all of their economic benefits, and expect to continue to do so. The Contractual Arrangements among Mr. Fang, Mr. Tian, WFOE and our consolidated affiliated entities enable us to (i) receive substantially all of the economic benefits from our consolidated affiliated entities in consideration for the services provided by WFOE; (ii) exercise effective control over our consolidated affiliated entities; and (iii) hold an exclusive option to purchase all or part of the sponsor interests in our PRC Operating Schools when and to the extent permitted by PRC laws.

The Contractual Arrangements consist of various types of documents. See "Contractual Arrangements" in this prospectus for the details of these documents.

Listing Rules implications

The table below sets forth the connected persons of our Company involved in the Contractual Arrangements and the nature of their connection with our Group. The transactions contemplated under the Contractual Arrangements constitute continuing connected transactions of our Company under the Listing Rules upon Listing.

Name	Connected relationships
Mr. Fang	Mr. Fang is our executive Director, chief executive officer and Controlling Shareholder, and therefore a connected person of our Company under Rule 14A.07(1) of the Listing Rules
Mr. Tian	Mr. Tian is our executive Director, and therefore a connected person of our Company under Rule 14A.07(1) of the Listing Rules

Our Directors (including the independent non-executive Directors) are of the view that the Contractual Arrangements and the transactions contemplated therein are fundamental to our organizational structure and business, that such transactions have been and will be entered into in our ordinary and usual course of business, are on normal commercial terms and are fair and reasonable and in the interests of our Company and our Shareholders as a whole. Accordingly, notwithstanding that the transactions contemplated under the Contractual Arrangements and any new transactions, contracts and agreements or renewal of existing transactions, contracts and agreements to be entered into, among others, by any of our PRC Operating Schools and any member of our Group ("**New Intergroup Agreements**" and each of them, a "**New Intergroup Agreement**") technically constitute continuing connected transactions under Chapter 14A of the Listing Rules, our Directors consider that, given that we are placed in a special situation in relation to relying on the Contractual Arrangements to operate a substantial portion of our business, it would be unduly burdensome and impracticable, and would add unnecessary administrative costs to us if such transactions are subject to strict compliance with the requirements set out under Chapter 14A of the Listing Rules, including, among others, the announcement and independent shareholders' approval requirements.

Application for waiver

In view of the Contractual Arrangements, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with (i) the announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the Contractual Arrangements pursuant to Rule 14A.105 of the Listing Rules, and (ii) the requirement of setting an annual cap for the transactions under the Contractual Arrangements under Rule 14A.53 of the Listing Rules, for so long as our Shares are listed on the Stock Exchange subject to the following conditions:

(a) *No change without independent non-executive Directors' approval*

No change to the Contractual Arrangements (including with respect to any fees payable to WFOE thereunder) will be made without the approval of the independent non-executive Directors.

(b) *No change without independent Shareholders' approval*

Save as described in paragraph (d) below, no change to the agreements governing the Contractual Arrangements will be made without the approval of our Company's independent shareholders. Once independent Shareholders' approval of any change has been obtained, no further announcement or approval of the independent shareholders will be required under Chapter 14A of the Listing Rules unless and until further changes are proposed. The periodic reporting requirement regarding the Contractual Arrangements in the annual reports of our Company (as set out in paragraph (e) below) will however continue to be applicable.

(c) *Economic benefits flexibility*

The Contractual Arrangements shall continue to enable our Group to receive the economic benefits derived by our consolidated affiliated entities through (i) our options (if and when so allowed under the applicable PRC laws) to acquire, all or part of the entire equity interests or sponsor interests (as the case may be) in our consolidated affiliated entities for nil consideration or the minimum amount of consideration permitted by applicable PRC laws and regulations, (ii) the business structure under which the profit generated by our consolidated affiliated entities is substantially retained by us, such that no annual cap shall be set on the amount of service fees payable to the WFOE by the consolidated affiliated entities under the exclusive technical services and management consultancy agreement and business cooperation agreement, and (iii) our right to control the management and operation of our consolidated affiliated entities.

(d) *Renewal and reproduction*

On the basis that the Contractual Arrangements provide an acceptable framework for the relationship between our Company and its subsidiaries in which our Company has direct shareholding, on the one hand, and the consolidated affiliated entities, on the other hand, that framework may be renewed and/or reproduced upon the expiry of the existing arrangements or in relation to any existing or new wholly foreign owned enterprise or operating company (including branch company) engaging in the same business as that of our Group which our Group might wish to establish when justified by business expediency, without obtaining the approval of the Shareholders, on substantially the same terms and conditions as the existing Contractual Arrangements. The directors, chief executive or substantial shareholders of any existing or new wholly foreign owned enterprise or operating company (including branch company) engaging in the same business as ours which we may establish will, upon renewal and/or reproduction of the Contractual Arrangements, however be treated as connected persons of our Company and transactions between these connected persons and our Company other than those under similar contractual arrangements shall comply with Chapter 14A of the Listing Rules. This condition is subject to relevant PRC laws, regulations and approvals.

(e) *Ongoing reporting and approvals*

We will disclose details relating to the Contractual Arrangements on an on-going basis as follows:

- The Contractual Arrangements in place during each financial period will be disclosed in our annual report and accounts in accordance with the relevant provisions of the Listing Rules.

- Our independent non-executive Directors will review the Contractual Arrangements annually and confirm in our annual report and accounts for the relevant year that (i) the transactions carried out during such year have been entered into in accordance with the relevant provisions of the Contractual Arrangements and that the profit generated by our consolidated affiliated entities has been substantially retained by the WFOE, (ii) no dividends or other distributions have been made by our consolidated affiliated entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to us, and (iii) any new contracts entered into, renewed or reproduced between us and our consolidated affiliated entities during the relevant financial period under paragraph (d) above are fair and reasonable, or advantageous to our Shareholders, so far as we are concerned and in the interests of the Shareholders as a whole.

- Our Company's auditor will carry out review procedures annually on the transactions carried out pursuant to the Contractual Arrangements and will provide a letter to our Directors with a copy to the Stock Exchange confirming that the transactions have received the approval of our Directors, have been entered into in accordance with the relevant Contractual Arrangements and that no dividends or other distributions have been made by the consolidated affiliated entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to us.

- For the purpose of Chapter 14A of the Listing Rules, and in particular the definition of "connected person", our consolidated affiliated entities will be treated as our Company's subsidiaries, but at the same time, the directors, chief executives or substantial shareholders of the consolidated affiliated entities and its associates will be treated as connected persons of our Company (excluding for this purpose, the consolidated affiliated entities), and transactions between these connected persons and us (including for this purpose, the consolidated affiliated entities), other than those under the Contractual Arrangements, will be subject to requirements under Chapter 14A of the Listing Rules.

- Our consolidated affiliated entities will undertake that, for so long as the Shares are listed on the Stock Exchange, our consolidated affiliated entities will provide our management and our Company's auditor full access to its relevant records for the purpose of our Company's auditor's review of the connected transactions. In addition, we have also applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver pursuant to Rule 14A.105 of the Listing Rules from strict compliance with (i) the announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the Contractual Arrangements, and (ii) the requirement of setting an annual cap for the transactions under the Contractual

Arrangements, for so long as Shares are listed on the Stock Exchange subject to the condition that the Contractual Arrangements subsist and that our consolidated affiliated entities will continue to be treated as our Company's subsidiaries, but at the same time, the directors, chief executives or substantial shareholders of the consolidated affiliated entities and its associates will be treated as connected persons of our Company (excluding for this purpose, our consolidated affiliated entities), and transactions between these connected persons and our Group (including for this purpose, the consolidated affiliated entities), other than those under the Contractual Arrangements, will be subject to requirements under Chapter 14A of the Listing Rules. We will comply with the applicable requirements under the Listing Rules, and will immediately inform the Stock Exchange of any changes to these continuing connected transactions.

Views of Directors and the Sole Sponsor

Our Directors, including the independent non-executive Directors, are of the view that the transactions contemplated under the Contractual Arrangements have been and will be entered into in the ordinary and usual course of business of our Group, are fundamental to our Group's legal structure and business operations and on normal commercial terms or better that are fair and reasonable and in the interests of our Company and the Shareholders as a whole. With respect to the term of the relevant agreements underlying the Contractual Arrangements, it is a justifiable and normal business practice to ensure that (i) the financial and operational policies of the consolidated affiliated entities can be effectively controlled by WFOE, (ii) WFOE can obtain the economic benefits derived from the consolidated affiliated entities, and (iii) any possible leakages of assets and values of the consolidated affiliated entities can be prevented, on an uninterrupted basis.

The Sole Sponsor has reviewed the relevant agreements underlying the Contractual Arrangements and information provided by our Group, has participated in the due diligence and discussions with our management and our PRC Legal Advisors and has obtained necessary representations and confirmations from our Company and our Directors. Based on the above, the Sole Sponsor concurs with the views of our Directors stated in the previous paragraph.

OVERVIEW

Immediately upon completion of the Global Offering and the Capitalization Issue, Mr. Fang will, via Vast Universe, indirectly and beneficially own approximately 73.3% of the issued share capital of our Company taking no account of Shares which may be issued pursuant to the exercise of the Over-allotment Option or Shares which may be issued upon the exercise of options granted under the Share Option Scheme, hence Mr. Fang and Vast Universe are our Controlling Shareholders. Vast Universe was incorporated in the BVI on March 21, 2018 and is an investment holding company. As of the Latest Practicable Date, Vast Universe was wholly owned by Mr. Fang. For Mr. Fang's background, please see "Directors and Senior Management" in this prospectus.

Apart from our business relating to the provision of higher education service in China, our Controlling Shareholders and their close associates are currently investing in other business such as provision of catering services and operations of restaurants (the "**Excluded Business**") and such Excluded Business will not form part of our Group after Listing.

None of our Controlling Shareholders is interested in any business which is, whether directly or indirectly, in competition with our business. To ensure that competition will not exist in the future, each of our Controlling Shareholders has entered into the Deed of Non-Competition in favor of our Company to the effect that each of them will not, and will procure each of their respective close associates (other than members of our Group) not to, directly or indirectly, participate in, or hold any right or interest, or otherwise be involved in any business which may be in competition with our businesses.

DELINEATION OF BUSINESS

Operations of our Group are independent and separate from the businesses operated by the companies which are excluded from our Group. Our Directors are of the view that there is a clear distinction and delineation between the Excluded Business and our business, as a result of which none of the Excluded Business would compete, or is expected to compete, directly or indirectly, with our core business. None of the companies which are excluded from our Group (the "**Excluded Group**") are engaged in any business relating to the provision of higher education that competes or may compete with us. The Excluded Business was not injected into our Group as our Directors are of the view that such business neither form part of our core business nor are in line with our strategy to become the leader and a standard developer of talent cultivation in the hospitality management industry in the PRC.

In addition, given the different nature of our business and the Excluded Business, our Directors do not expect there to be any overlap or competition of the Excluded Business and our business after Listing.

NON-COMPETITION UNDERTAKINGS

Each of our Controlling Shareholders has undertaken to us in the Deed of Non-Competition that he/it will not, and will procure their respective close associates (other than members of our Group) not to directly or indirectly participate, acquire or hold any right or interest in or otherwise be involved in or undertake any business that directly or indirectly competes, or may compete, with our existing business activity or any business activities that our Group may undertake in the future (the "**Restricted Activity**"), or hold shares or interest in any companies or business that compete directly or indirectly with the business engaged by our Group from time to time except where our Controlling Shareholders hold less than 5% of the total issued share capital of any company (whose shares are listed on the Stock Exchange or any other stock exchange) which is engaged in any business that is or may be in competition with any business engaged by any member of our Group and they do not control 10% or more of the board of directors of such company.

Further, each of our Controlling Shareholders has undertaken to procure that if any new business investment or other business opportunity relating to the Restricted Activity (the "**Competing Business Opportunity**") is identified by or made available to him/it or any of his/its close associates, he/it shall, and shall procure that his/its close associates shall, refer such Competing Business Opportunity to our Company on a timely basis and in the following manner:

- refer the Competing Business Opportunity to our Company by giving written notice (the "**Offer Notice**") to our Company of such Competing Business Opportunity within 30 business days of identifying the target company (if relevant) and the nature of the Competing Business Opportunity, the investment or acquisition costs and all other details reasonably necessary for our Company to consider whether to pursue such Competing Business Opportunity;

- upon receiving the Offer Notice, our Company shall seek approval from our Board or a board committee (in each case comprising only independent non-executive Directors) which has no interest in the Competing Business Opportunity (the "**Independent Board**") as to whether to pursue or decline the Competing Business Opportunity (any Director who has actual or potential interest in the Competing Business Opportunity shall abstain from attending (unless their attendance is specifically requested by the Independent Board) and voting at, and shall not be counted in the quorum for, any meeting convened to consider such Competing Business Opportunity);

- the Independent Board shall consider the financial impact of pursuing the Competing Business Opportunity offered, whether the nature of the Competing Business Opportunity is consistent with our Group's strategies and development plans and the general market conditions of our business. If appropriate, the Independent Board may appoint independent financial advisors and legal advisors to assist in the decision-making process in relation to such Competing Business Opportunity;

- the Independent Board shall, within 30 business days of receipt of the written notice referred above, inform our Controlling Shareholders in writing on behalf of our Company its decision whether to pursue or decline the Competing Business Opportunity;

- our Controlling Shareholders shall be entitled but not obliged to pursue such Competing Business Opportunity if he/it has received a notice from the Independent Board declining such Competing Business Opportunity or if the Independent Board failed to respond within such 30 days' period mentioned above; and

- if there is any material change in the nature, terms or conditions of such Competing Business Opportunity pursued by our Controlling Shareholders, he/it shall refer such revised Competing Business Opportunity to our Company as if it were a new Competing Business Opportunity.

The Deed of Non-Competition will lapse automatically if our Controlling Shareholders and their close associates cease to hold, whether directly or indirectly, 30% of our Shares or our Shares cease to be listed on the Stock Exchange.

In order to promote good corporate governance practices and to improve transparency, the Deed of Non-Competition includes the following provisions:

- our independent non-executive Directors will review, at least on an annual basis, the compliance with the Deed of Non-Competition by our Controlling Shareholders;

- our Controlling Shareholders will and will procure his/its relevant close associates to provide all information necessary for the annual review by our independent non-executive Directors for the enforcement of the Deed of Non-Competition;

- we will disclose the review by our independent non-executive Directors on the compliance with and the enforcement of, the Deed of Non-Competition and the decisions on matters reviewed by our independent non-executive Directors (including the reasons for not taking up the Competing Business Opportunity referred to our Company) either through our annual report or by way of announcement to the public in compliance with the Listing Rules;

- our Controlling Shareholders will make an annual declaration on the compliance with the Deed of Non-Competition in our annual report in accordance with the principle of voluntary disclosure in the corporate governance report; and

- in the event that any of our Directors and/or their respective close associates has material interests in any matter to be deliberated by our Board in relation to the compliance and enforcement of Deed of Non-Competition, he/she may not vote on the resolutions of our Board approving the matter and may not be counted towards the quorum for the voting pursuant to the applicable provisions in the Articles.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

We believe that our Group is capable of carrying on its business independently of our Controlling Shareholders and their respective close associates (other than our Group) after Listing for the following reasons:

Management Independence

Our Board currently comprises four executive Directors and three independent non-executive Directors. Other than Mr. Fang, none of our Directors holds any directorship or senior management role in the Excluded Group. Mr. Fang is a director of the board of Gingko Jin'ge Catering and a supervisor of each of Gingko Catering Management, Jin'ge Investment, Gingko Hotel Management and Changshu Investment, respectively, which are members of the Excluded Group principally engaged in the provision of catering services, the operations of restaurants and investment. He does not expect to devote substantial time in the management of the Excluded Group going forward. It is expected that Mr. Fang will spend substantially all of his working time in the operations of our Group after Listing.

As the Excluded Business is completely different from the provision of higher education business operated by our Group, the likelihood of any potential conflict is relatively low. In the event that Mr. Fang is required to absent himself from any board meeting on any matter which may give rise to a potential conflict of interest with the Excluded Group, our remaining Directors will have sufficient expertise and experience to fully consider any such matter. Notwithstanding the positions of Mr. Fang in the members of the Excluded Group, our Directors, including the independent non-executive Directors, are of the view that our Board is able to manage our business on a full time basis independently from the Excluded Group for the following reasons:

(a) none of the business undertaken or carried on by the Excluded Group competes with our core business, and there are adequate corporate governance measures in place to manage the existing and potential conflicts of interest. Therefore, the dual roles assumed by Mr. Fang will not affect the requisite degree of impartiality of our executive Directors in discharging their fiduciary duties owed to our Company;

(b) we have three independent non-executive Directors, and certain matters of our Group, including matters referred to in the Deed of Non-Competition, details of which are set out in the paragraph headed "— Non-Competition Undertakings" above, must always be referred to the independent non-executive Directors for review. This helps to enhance the independence of our management from that of the Excluded Group;

(c) in the event of a conflict of interest, Mr. Fang will abstain from voting, will not be present at the relevant Board meetings and will be excluded from deliberation by our Board. Hence, Mr. Fang would not be able to influence our Board in making decisions on matters in which he is, or may be, interested. We believe all of our Directors, including the independent non-executive Directors, have the requisite qualifications, integrity and experience to maintain an effective board and observe their fiduciary duties in the event of a conflict of interest. See "Directors and Senior Management — Board of Directors" in this prospectus for a summary of the relevant experience and qualifications of our Directors; and

(d) save as disclosed herein, our daily operations will be managed by our executive Directors and senior management team, none of whom holds any senior managerial position or directorship position within the Excluded Group.

Operational Independence

We have established our own organizational structure comprising various departments with independent functions and a set of internal control procedures to facilitate the effective operation of our business. We have established an independent management team to handle our daily operation and we do not rely on our Controlling Shareholders for our business development, staffing or marketing.

Although we have entered into certain continuing connected transactions which will continue after Listing, such transactions are not extreme and have been entered into and will continue to be entered into on normal commercial terms and in the ordinary course of business of our Company, which do not affect our operational independence from our Controlling Shareholder.

Financial Independence

As of June 14, 2018, all loans, advances and balances due from our Controlling Shareholders and their respective close associates had been fully settled and all loans, advances and balances due to our Controlling Shareholders had been fully repaid. All share pledges and guarantees provided by our Controlling Shareholders and their respective close associates on our Group's borrowing will be fully released prior to Listing. Accordingly, we believe we are able to maintain financial independence from our Controlling Shareholders and their respective associates. In addition, we have our own internal control and accounting systems, accounts department for cash receipts and payment and independent access to third-party financing.

CORPORATE GOVERNANCE MEASURES

Our Controlling Shareholders and their respective close associates may not compete with us as provided in the Deed of Non-Competition. Each of our Controlling Shareholders has confirmed that he/it fully comprehends his/its obligations to act as our Shareholders' and our best interests as a whole. Our Directors believe that there are adequate corporate governance measures in place to manage existing and potential conflicts of interest. In order to further avoid potential conflicts of interest, we have implemented the following measures:

(a) as part of our preparation for the Global Offering, we have amended our Articles to comply with the Listing Rules. In particular, our Articles provide that, unless otherwise provided, a Director shall not vote on any resolution approving any contract or arrangement or any other proposal in which such Director or any of his/her close associates has a material interest nor shall such Director be counted in the quorum for the voting;

(b) a Director with material interests shall make full disclosure in respect of matters that conflict or potentially conflict with our interest and absent himself/herself from the board meetings on matters in which such Director or his/her close associates have a material interest, unless the attendance or participation of such Director at such meeting of the Board is specifically requested by a majority of the independent non-executive Directors;

(c) we are committed that our Board should include a balanced composition of executive and independent non-executive Directors. We have appointed three independent non-executive Directors and we believe our independent non-executive Directors possess sufficient experience and they are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment and will be able to provide an impartial, external opinion to protect the interests of our public Shareholders. Details of our independent non-executive Directors are set out in the section headed "Directors and Senior Management — Board of Directors — Independent Non-Executive Directors" in this prospectus; and

(d) we have appointed Somerley Capital Limited as our compliance advisor, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to directors' duties and corporate governance.

So far as our Directors are aware, the following persons will, immediately prior to and following the completion of the Global Offering and the Capitalization Issue (taking no account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option or Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme), have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of our Group:

Name of Shareholder	Nature of Interest	Shares held immediately prior to the completion of the Global Offering and the Capitalization Issue [1]		Shares held immediately following the completion of the Global Offering and the Capitalization Issue [1]	
		Number	Approximate Percentage	Number	Approximate Percentage
Mr. Fang	Interest in a controlled corporation	9,775	97.75%	366,562,500	73.3%
Vast Universe[2]	Beneficial owner	9,775	97.75%	366,562,500	73.3%
Ms. Xiong Lan[3] (熊嵐)	Interest of spouse	9,775	97.75%	366,562,500	73.3%

Notes:

(1) The letter "L" denotes the person's long position in our Shares.

(2) Vast Universe is beneficially and wholly owned by Mr. Fang. By virtue of the SFO, Mr. Fang is deemed to be interested in the Shares held by Vast Universe.

(3) Ms. Xiong Lan is the spouse of Mr. Fang and therefore deemed under the SFO to be interested in the Shares held, directly or indirectly by Mr. Fang.

If the Over-allotment Option is fully exercised, beneficial interests of each of Mr. Fang, Vast Universe and Ms. Xiong Lan will be approximately 70.7%, 70.7% and 70.7%, respectively.

Except as disclosed above and in Appendix V to this prospectus, our Directors are not aware of any person who will, immediately following the completion of the Global Offering and the Capitalization Issue (assuming the Over-allotment Option is not exercised and no Shares are to be issued upon the exercise of any options which may be granted under the Share Option Scheme), have beneficial interests or short positions in any Shares or underlying Shares, which would be required to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly interested in 10% or more of the issued voting shares of any member of our Group. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

BOARD OF DIRECTORS

Our Board consists of seven Directors, of whom four are executive Directors and three are independent non-executive Directors. The powers and duties of our Board include convening general meetings and reporting our Board's work at our Shareholders' meetings, determining our business and investment plans, preparing our annual financial budgets and final reports, formulating proposals for profit distributions and for exercising other powers, functions and duties as conferred by the Articles. We have entered into service agreements with each of our executive Directors. We have also entered into letters of appointment with each of our independent non-executive Directors.

The table below shows certain information in respect of members of our Board and senior management of our Company:

Members of our Board

Name	Age	Date of joining our Group	Date of appointment as our Director	Main position(s) in our Group	Roles and responsibilities
Mr. Fang Gongyu (方功宇)	55	April 22, 2002	March 23, 2018	Chairman, executive Director and chief executive officer of our Group	Overall management, strategic planning and business development of our Group
Mr. Tian Tao (田濤)	43	January 14, 2016	June 7, 2018	Executive Director and joint company secretary	Overall management of Gingko Asset Management, and investment and financing
Ms. Yu Yuan (余媛)	57	May 7, 2012	June 7, 2018	Executive Director and executive associate dean of Yinxing College	Day-to-day operation of Yinxing College
Ms. Liu Dan (劉丹)	50	June 6, 2012	June 7, 2018	Executive Director and associate dean of Yinxing College	Overseeing the operations of hotel management department, career development and international communications of our college
Mr. Jiang Qian (蔣謙)	40	December 12, 2018	December 12, 2018	Independent non-executive Director	Supervising and providing independent advice to our Board
Mr. Chong Man Hung Jeffrey (莊文鴻)	40	December 12, 2018	December 12, 2018	Independent non-executive Director	Supervising and providing independent advice to our Board
Mr. Yuan Jun (袁軍)	54	December 12, 2018	December 12, 2018	Independent non-executive Director	Supervising and providing independent advice to our Board

Members of our senior management

Name	Age	Date of joining our Group	Date of appointment as senior management	Existing position(s) in our Group	Roles and responsibilities
Mr. Wan Chi Hei (尹智熙)	30	April 23, 2018	April 23, 2018	Chief financial officer and joint company secretary	Management of financial, accounting, internal control and company secretarial matters of the Group

Executive Directors

Mr. Fang Gongyu (方功宇), aged 55, was appointed as our Director on March 23, 2018 and was re-designated as our executive Director on June 7, 2018. Mr. Fang is also the chairman and chief executive officer of our Group. He has been serving as a supervisor at Gingko Asset Management since August 2002 and the chairman of the board at Yinxing College since April 2004 and is responsible for the overall management, strategic planning and business development of our Group.

Mr. Fang was responsible for the business development of Chengdu Jinjiang Gingko Restaurant* (成都市錦江區銀杏酒樓) in 1991, Chengdu Gingko Chaozhou Catering Co., Ltd.* (成都銀杏潮州餐飲有限公司) in 1994 and Chengdu Wuhou Gingko Sichuan Cuisine Restaurant* (成都市武侯區銀杏川菜酒樓) in 1999, respectively. Mr. Fang founded Gingko Jin'ge Catering in November 2007, a company mainly engaged in the provision of catering services where Mr. Fang has been serving as the chairman and a director of the board since its inception and responsible for its major decision-making. Mr. Fang also founded and is currently serving as a supervisor of a number of companies principally engaged in catering management or investment, including Gingko Catering Management, Jin'ge Investment, Gingko Hotel Management and Chengdu Changshun Investment Co., Ltd.* (成都長順投資有限公司) ("**Changshun Investment**").

Mr. Fang obtained his bachelor's degree in business management from Chengdu University (成都大學) in the PRC in July 1986.

Mr. Tian Tao (田濤), aged 43, was appointed as our executive Director on June 7, 2018 and is responsible for the overall management of Gingko Asset Management, and investment and financing of the Group. Mr. Tian has been serving as an executive director and general manager at Gingko Asset Management since January 2016, where he is responsible for its overall management. He has also been serving as a director of the board at Yinxing College since June 2016, where he is responsible for its business development and financing.

Prior to joining our Group, Mr. Tian successively served in various positions in companies including Gingko Hotel Management from June 2005 to May 2018, Gingko Jin'ge Catering from November 2007 to September 2015 and Gingko Jin'ge Investment from October 2015 to May 2018, where he has been primarily responsible for their respective financial management and investment.

Mr. Tian obtained his diploma in accounting from Southwest Minzu University (西南民族大學) (formerly known as Southwest Minzu College (西南民族學院)) in the PRC in July 1995.

Ms. Yu Yuan (余媛), aged 57, was appointed as our executive Director on June 7, 2018 and is responsible for the day-to-day operation of Yinxing College. Ms. Yu joined Yinxing College as an assistant to the dean in May 2012, where she was in charge of its personnel office, finance department and asset management department until May 2016. She was promoted to an executive associate dean and appointed as a director of the board in May 2016, where she has been responsible for the overall management of Yinxing College.

In January 1985, Ms. Yu joined Kunming Coal Mine Machinery General Factory* (昆明煤礦機械總廠), a factory mainly engaged in machinery manufacturing, where she later served as an environmental engineer from January 1992 to September 1996 and was mainly responsible for overseeing safety and environmental protection matters. From November 1999 to December 2007, she worked at Gingko Hotel Management, where she was responsible for accounting and finance. From January 2008 to May 2016, she served as a financial director at Gingko Jin'ge Catering, where she was responsible for its financial management.

Ms. Yu obtained her bachelor's degree in physics from Yunan University (雲南大學) in the PRC in July 1983.

Ms. Liu Dan (劉丹), aged 50, was appointed as our executive Director on June 7, 2018 and is responsible for overseeing the operations of hotel management department, career development and international communications of Yinxing College. Ms. Liu joined Yinxing College in June 2012 and has been serving various positions as follows:

Position	Time of Appointment	Responsibilities
Director of Hotel Development Research Center	June 2012	Research of the development of hospitality industry and the application of the development to the practical trainings
Principal of International Communication and Social Service Center	January 2017	Overseeing and coordination of the international communications and cooperation matters including the development and operations of cooperation programs, and communications among Yinxing College, hotels, industry experts and local governments
Associate dean	February 2017	Overall management of the career development, international communications and social services of the hospitality management department

Position	Time of Appointment	Responsibilities
Expert in the school council	September 2017	Provision of professional advice in relation to hospitality industry on the business development and strategies of our college
Director of hotel management department	September 2017	Overall management of the hospitality management department including the design of courses and curriculums, supervision of recruitment of teachers, and the planning and construction of laboratoris

Prior to joining our Group, Ms. Liu served as a manager at Hyatt Regency Tianjin (天津凱悅飯店) from February 1992 to May 2000 and Nanchong Wantai Hotel* (南充萬泰大酒店) from July 2005 to May 2008. She also served as an executive general manager at Sichuan Xiefei Lier Hotel Management Company Limited* (四川謝費利爾酒店管理有限公司). She was mainly responsible for the overall operations and management of the respective hotels.

Ms. Liu obtained a diploma in Chinese language and literature from Tianjin Hongqiao Workers College (天津市紅橋區職工大學) in the PRC in July 1992. Ms. Liu became a certified senior trainer of AH & LA Educational Institution in December 2006.

Independent Non-executive Directors

Mr. Jiang Qian (蔣謙), aged 40, was appointed as our independent non-executive Director on December 12, 2018 and is responsible for supervising and providing independent advice to our Board.

From September 2007 to November 2009, he worked at an attorney at Davis Polk & Wardwell LLP, where he was involved in the public offering and bond issuance. From January 2010 to November 2011, he worked as a counsel at King & Wood Law Firm (金杜律師事務所), where his practice focuses on capital market and public offerings. From January 2012 to January 2015, he served as a managing director at Bank of New York Mellon, where he was responsible for the management of its legal affairs. From February 2015 to December 2016, Mr. Jiang served as a managing director at China Commodity Merchant Trading Group Limited, a subsidiary of Elion Resources Group (億利資源集團), a company mainly engaged in ecological restoration and clean energy, where he was responsible for its investment and financing in Hong Kong. From December 2015 to June 2018, he served as co-head of the legal department at China Great Wall AMC (International) Holdings Company Limited (中國長城資產(國際)控股有限公司) (formerly known as Great Wall Pan Asia International Investment Company Limited (長城環亞國際投資有限公司)), a company mainly engaged in property investment and financial business, where he was responsible for the management of its legal affairs in Hong Kong. Since November 2018, he has been serving as a partner at Addleshaw Goddard (Hong Kong) LLP, where his practice focuses on debt capital markets and special situation transactions such as restructuring.

Mr. Jiang obtained his bachelor's degree in economic law from East China University of Political Science and Law (華東政法大學) in the PRC in July 1999, and his master of laws degree from Northwestern University in the United States in June 2007. Mr. Jiang obtained the legal professional qualification certificate in the PRC in February 2000 and was admitted and licensed to practise as an attorney and counsellor in the state of New York of the United States in July 2008.

Mr. Chong Man Hung Jeffrey (莊文鴻), aged 40, was appointed as our independent non-executive Director on December 12, 2018 and is responsible for supervising and providing independent advice to our Board.

From June 2000 to January 2006, Mr. Chong successively served as an auditor at Sonia Yau & Co. (丘新如會計師事務所) and BDO McCabe Lo Limited (德豪嘉信會計師事務所有限公司), where he was responsible for leading audit team to provide assurance and advisory services to listed and private companies and multinational corporations in various industries. From January 2006 to December 2009, he successively served as a senior accountant, a senior and a manager at Deloitte Touche Tohmatsu (德勤•關黃陳方會計師行), where he was responsible for providing assurance and advisory services to listed companies and multinational corporations in various industries. From December 2009 to October 2014, he successively served as an audit manager and a senior audit manager at SHINEWING (HK) CPA Limited (信永中和會計師事務所), where he took the leading manager role in serving listed companies in Hong Kong in various industries. From October 2014 to March 2015, he served as a group analytics officer at Promise Network Printing Limited (保諾時網上印刷有限公司), a company mainly engaged in the provision of printing services and a subsidiary of eprint Group Limited (eprint 集團有限公司) and listed on the Main Board of the Stock Exchange (stock code: 1884), where he was responsible for performing information and data analysis. In May 2015, Mr. Chong joined China Partytime Culture Holdings Limited (中國派對文化控股有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 1532), and has been serving as a chief financial officer and company secretary since then, where he is responsible for the financial planning, management, and company secretarial matters of the group. In October 2017, Mr. Chong was appointed as an independent non-executive director of Taung Gold International Limited (壇金礦業有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 621). In September 2018, Mr. Chong was appointed as an independent non-executive director of Ascent International Holdings Limited (中璽國際控股有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 264).

Mr. Chong obtained his bachelor's degree of business administration in accounting from the Hong Kong University of Science and Technology (香港科技大學) in November 2000 and his master's degree of business administration from the City University of Hong Kong (香港城市大學) in October 2018. He has been a member and fellow member of the Hong Kong Institute of Certified Public Accountants since January 2005 and March 2018, respectively.

Mr. Yuan Jun (袁軍), aged 54, was appointed as our independent non-executive Director on December 12, 2018 and is responsible for supervising and providing independent advice to our Board.

From July 2003 to June 2010, Mr. Yuan served as an assistant director and assistant director of education research center and training center at the National Institution of Education Sciences* (中央教育科學研究所), where he was responsible for supervising the trainings provided to principals and teachers nationwide. From July 2010 to June 2012, he served as a director of center of international courses and director of international communications department of Beijing New Oriental International High School (北京新東方國際高中), a subsidiary of New Oriental Education and Technology Group Inc. (北京新東方教育科技集團), a company listed on the New York Stock Exchange (stock code: EDU), where he was responsible for its daily management, course research and development, trainings and international communications. From July 2012 to June 2014, he served as a vice president of investment department at Beijing Aiyinsheng Education Investment Co., Ltd.* (北京愛因生教育投資有限責任公司), a company mainly engaged in investment and management of education, where he was responsible for its daily management, pre-investment analysis and post-investment management. From July 2014 to June 2015, he served as a vice president at Xi'an Rongchuang Education Investment Company* (西安榮創教育投資公司), a company mainly engaged in investment, where he was responsible for the management of and investment in higher education institutions and vocational education institutions. From July 2015 to June 2017, he served as an executive vice president of the education, medical and cultural department at Guangdong Pearl River Investment Group* (廣東珠江投資集團), a company mainly engaged in investment, where he was responsible for the management and international communications of higher education institutions, management and risk control of medical business sector and culture business sector of the group. In July 2017, Mr. Yuan joined China Education Group Holdings Limited (中國教育集團控股有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 839), and has been serving in strategic investment department, where he is responsible for its strategic planning, merger and acquisition, post-investment management, school-enterprise cooperation and international education.

Mr. Yuan obtained his bachelor's degree in biology from Shaanxi Normal University (陝西師範大學) in the PRC in July 1985 and his master's degree in education from the same university in July 2000.

Save as disclosed above in this section, to the best of the knowledge, information and belief of our Directors and having made all reasonable enquiries, there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of the Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules, and none of our Directors acted as a director of any companies listed on the Stock Exchange or other stock exchanges for the last three years as of the Latest Practicable Date.

SENIOR MANAGEMENT

Ms. Yu Yuan (余媛), aged 57, is an executive associate dean of Yinxing College. For details of her biography, see "— Board of Director — Executive Directors" above in this section.

Ms. Lin Dan (劉丹), aged 50, is an associate dean of Yinxing College. For details of her biography, see "— Board of Directors — Executive Directors" above in this section.

Mr. Wan Chi Hei (尹智熙), aged 30, was appointed as our chief financial officer on April 23, 2018 and is responsible for the management of financial, accounting, internal control and company secretarial matters of our Group.

Prior to joining our Group, Mr. Wan joined SHINEWING (HK) CPA Limited (信永中和會計師事務所) in October 2011 and was later promoted to a semi-senior in October 2013, where he last served as an audit senior and was responsible for auditing. Mr. Wan worked at KPMG (畢馬威會計師事務所) from January 2014 to March 2018, where he last served as a manager and was responsible for providing assurance and advisory services to listed companies and multinational corporations in various industries.

Mr. Wan obtained his bachelor of commerce in accounting from Hong Kong Shue Yan University (香港樹仁大學) in July 2011. He has been a member of Hong Kong Institute of Certified Public Accountants since July 2015.

None of our senior management members has been a director of any other listed entities during the three years immediately preceding the date of this prospectus.

JOINT COMPANY SECRETARIES

Mr. Tian Tao (田濤), aged 43, was appointed as our joint company secretary on June 7, 2018. For details of his background, see the paragraph headed "— Board of Directors — Executive Directors" in this section.

Mr. Wan Chi Hei (尹智熙), aged 30, was appointed as our joint company secretary on June 7, 2018. For details of his background, see the paragraph headed "— Senior Management" in this section.

BOARD COMMITTEES

Audit committee

Our Company has established the audit committee on December 12, 2018 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules. The audit committee consists of three members, namely Mr. Chong Man Hung Jeffrey, Mr. Jiang Qian and Mr. Yuan Jun. Mr. Chong Man Hung Jeffrey has been appointed as the chairman of the audit committee, and is our independent non-executive Director with the appropriate professional qualifications. The primary duties of the audit committee are to assist our Board by providing an independent view of the effectiveness of the financial reporting system, risk management and internal control systems of our Group, to oversee the audit process, to develop and review our policies and to perform other duties and responsibilities as assigned by our Board.

Remuneration committee

Our Company has established the remuneration committee on December 12, 2018 with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph B.1 of the CG Code as set out in Appendix 14 to the Listing Rules. The remuneration committee has three members, namely Mr. Jiang Qian, Mr. Yuan Jun and Ms. Yu Yuan. Mr. Jiang Qian has been appointed as the chairman of the remuneration committee. The primary duties of the remuneration committee are to establish and review the policy and structure of the remuneration for our Directors and senior management and make recommendations on employee benefit arrangement.

Nomination committee

Our Company has established the nomination committee on December 12, 2018 with written terms of reference in compliance with paragraph A.5 of the CG Code as set out in Appendix 14 to the Listing Rules. The nomination committee consists of three members, namely Mr. Fang Gongyu, Mr. Jiang Qian and Mr. Yuan Jun. Mr. Fang Gongyu has been appointed as the chairman of the nomination committee. The primary duties of the nomination committee are to make recommendations to our Board on the appointment of members of our Board.

CORPORATE GOVERNANCE

Our Directors recognize the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of our Group so as to achieve effective accountability.

Our Company has adopted the code provisions stated in the CG Code. Our Company is committed to the view that the Board should include a balanced composition of executive Directors and independent non-executive Directors so that there is a strong independent element on the Board, which can effectively exercise independent judgment.

Except for the deviation from CG Code provision A.2.1, our corporate governance practices have complied with the CG Code. CG Code provision A.2.1 stipulates that the roles of the chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Fang is the chairman and chief executive officer of our Group. In view of the fact that Mr. Fang has been assuming day-to-day responsibilities in operating and managing our Group since April 2002, our Board believes that it is in the best interest of our Group to have Mr. Fang taking up both roles for effective management and business development. Therefore, our Directors consider that the deviation from CG Code provision A.2.1 is appropriate in such circumstance. Notwithstanding from above, our Board is of the view that this management structure is effective for our Group's operations and sufficient checks and balances are in place.

Our Directors are aware that upon Listing, we are expected to comply with such code provision. Any such deviation shall however be carefully considered, and the reasons for such deviation shall be given in our interim report and annual report in respect of the relevant period. We are committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders as a whole. Save as disclosed above, we will comply with the code provisions set out in the CG Code after the Listing.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors and members of our senior management receive compensation from our Company in the form of salaries, bonuses and other benefits in kind such as contributions to pension plans. The aggregate remuneration (including basic salaries, discretionary bonuses, contribution to pension plan, welfare, medical and other expenses) paid to our Directors for each of the three years ended December 31, 2017 and the six months ended June 30, 2018 was approximately RMB90,000, RMB173,000, RMB443,000 and RMB219,000, respectively. Save as disclosed above and in Appendix I to this prospectus, no other amounts have been paid or are payable by any member of our Group to our Directors during the Track Record Period.

The aggregate amount of wages, salaries and bonuses, contribution to pension plan, welfare and other expenses, paid to our five highest paid individuals in respect of each of the three years ended December 31, 2017 and the six months ended June 30, 2018 was approximately RMB1,160,000, RMB1,250,000, RMB1,283,000 and RMB569,000, respectively.

No remuneration was paid by us to our Directors or the five highest paid individuals as an inducement to join or upon joining us or as a compensation for loss of office in respect of each of the three years ended December 31, 2017 and the six months ended June 30, 2018. Further, none of our Directors had waived or agreed to waive any remuneration during the same periods.

Under the arrangement currently in force, the aggregate remuneration (including basic salaries and discretionary bonuses) of our Directors for the year ending December 31, 2018 is estimated to be no more than HK$720,000. Our Board will review and determine the remuneration and compensation packages of our Directors and senior management which, following the Listing, will receive recommendation from the remuneration committee which will take into account salaries paid by comparable companies, time commitment and responsibilities of our Directors and performance of our Group.

SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme. For details of the Share Option Scheme, please see "Statutory and General Information — D. Other Information — 1. Share Option Scheme" in Appendix V to this prospectus.

COMPLIANCE ADVISOR

Our Company has appointed Somerley Capital Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, our compliance advisor will advise our Company in the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;
- where our Company proposes to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate or other information in this prospectus; and
- where the Stock Exchange makes an inquiry of our Company under Rule 3.10 of the Listing Rules.

The term of the appointment of our compliance advisor shall commence on the Listing Date and end on the date on which our Company distribute our annual report in respect of our financial results for the first full financial year commencing after the Listing Date.

The following is a description of the authorized and issued Share capital of our Company in issue and to be issued as fully paid or credited as fully paid immediately before and following the completion of the Global Offering (without taking into account the exercise of the Over-allotment Option or Shares which may be issued pursuant to the exercise of options granted under the Share Option Scheme) and the Capitalization Issue (assuming the Over-allotment Option is not exercised):

		Nominal value *(HK$)*
Authorized share capital:		
1,000,000,000	Shares of HK$0.01 each	10,000,000
Issued and to be issued, fully paid or credited as fully paid:		
10,000	Shares in issue as of the date of this prospectus	100
374,990,000	Shares to be issued pursuant to the Capitalization Issue	3,749,900
125,000,000	Shares to be issued under the Global Offering	1,250,000
500,000,000	Total	5,000,000

ASSUMPTIONS

The above table assumes that the Global Offering becomes unconditional and the issue of Shares pursuant to the Global Offering and Capitalization Issue are made. It takes no account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or pursuant to the exercise of the options which may be granted under the Share Option Scheme or any Shares which may be issued or repurchased by us pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described below.

RANKINGS

The Offer Shares will be ordinary shares in the share capital of our Company and will carry the same rights in all respects with all Shares in issue or to be issued as mentioned in this prospectus and, in particular, will rank in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this prospectus save for the entitlement under the Capitalization Issue.

GENERAL MANDATE TO ALLOT AND ISSUE NEW SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general mandate to allot, issue and deal with Shares in the share capital of our Company with a total number of issued shares of not more than the sum of:

(1) 20% of the total number of Shares in issue immediately following the completion of the Global Offering and the Capitalization Issue (excluding Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme); and

(2) the total number of Shares repurchased by our Company (if any) pursuant to the general mandate to repurchase Shares granted to our Directors referred to below.

Our Directors may, in addition to the Shares which they are authorized to issue under this general mandate, allot, issue or deal with Shares under a rights issue, scrip dividend scheme or similar arrangement, or on the exercise of any option which may be granted under the Share Option Scheme.

This general mandate will remain in effect until the earliest of:

(i) the conclusion of our Company's next annual general meeting; or

(ii) the expiry of the period within which our Company is required by any applicable laws or its articles of association to hold its next annual general meeting; or

(iii) when varied or revoked by an ordinary resolution of the Shareholders in general meeting.

Further information on this general mandate is set out in the section headed "Statutory and General Information — A. Further Information about our Group — 3. Resolutions in Writing of the Shareholders of Our Company Passed on December 12, 2018" in Appendix V to this prospectus.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general mandate to exercise all the powers of our Company to repurchase Shares with a total number of Shares of not more than 10% of the total number of Shares in issue immediately following the completion of the Global Offering and the Capitalization Issue (excluding Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme).

This mandate only relates to repurchases made on the Stock Exchange or any other Stock exchange on which the Shares are listed (and which is recognized by the SFC and the Stock Exchange for this purpose), and which are in accordance with the Listing Rules. A summary of the relevant Listing Rules is set out in the section headed "Statutory and General Information — A. Further Information about Our Group — 6. Repurchases of Our Own Securities" in Appendix V to this prospectus.

This general mandate to repurchase Shares will remain in effect until the earliest of:

(i) the conclusion of our Company's next annual general meeting; or

(ii) the expiry of the period within which our Company is required by any applicable laws or its articles of association to hold its next annual general meeting; or

(iii) when varied or revoked by an ordinary resolution of the Shareholders in general meeting.

Further information on this general mandate is set out in the section headed "Statutory and general Information — A. Further Information about Our Group — 3. Resolutions in Writing of the Shareholders of Our Company Passed on December 12, 2018" in Appendix V to this prospectus.

SHARE OPTION SCHEME

Pursuant to the written resolutions of the Shareholders dated December 12, 2018, we conditionally adopted the Share Option Scheme. A summary of the principal terms of the Share Option Scheme is set out in the section headed "Statutory and General Information — D. Other Information — 1. Share Option Scheme" in Appendix V to this prospectus.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

Our Company has only one class of shares, namely ordinary shares, each of which carries the same rights as the other shares.

Pursuant to the Cayman Islands Companies Law and the terms of our Memorandum and Articles of Association, our Company may from time to time by ordinary shareholders' resolution (i) increase its capital; (ii) consolidate and divide its capital into Shares of larger amount; (iii) divide its Shares into classes; (iv) subdivide its Shares into Shares of smaller amount; and (v) cancel any Shares which have not been taken. In addition, our Company may reduce or redeem its share capital by shareholders' special resolution. For more details, please see "Summary of the Constitution of the Company and Cayman Islands Companies Law — 2. Articles of Association — (a) Shares — (iii) Alteration of Capital" in Appendix IV to this prospectus.

Pursuant to the Cayman Islands Companies Law and the terms of our Memorandum and Articles of Association, all or any of the special rights attached to the Share or any class of Shares may be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued Shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the Shares of that class. For more details, please see "Summary of the Constitution of Our Company and Cayman Islands Companies Law — 2. Articles of Association — (a) Shares — (ii) Variation of Rights of Existing Shares or Classes of Shares" in Appendix IV to this prospectus.

You should read the following discussion and analysis with our audited consolidated financial information, including the notes thereto, included in the Accountant's Report in Appendix I to this prospectus. Our consolidated financial information has been prepared in accordance with the HKFRS, which may differ in material aspects from generally accepted accounting principles in other jurisdictions, including the United States.

The following discussion and analysis may contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. In evaluating our business, you should carefully consider the information provided in the section headed "Risk Factors."

OVERVIEW

We are a higher education service provider in Sichuan Province. Starting to provide higher education services in 2002, we are dedicated to offering comprehensive and diversified programs and curriculum and training talents with practical skills applicable to the modern service industry. The hospitality management program is our leading program, through which we dedicate to training high-end professional with applicable skills by providing practical training courses taught by teachers with relevant industry experience and various internship opportunities in high-end hotels. According to the Frost & Sullivan Report, by the end of 2017, among all the 746 private higher education institutions in China, only 225 institutions offered hospitality management programs. We ranked second among all such higher education institutions offering hospitality management programs in China based on the hospitality management program enrollment in the 2017/2018 school year based on the number of students enrolled in the 2017/2018 school year. We believe our extensive experience, career-focused teaching strategies and market-oriented education philosophy will enable us to achieve future growth and to prevail in the private higher education industry.

We have experienced steady growth in our revenue over the Track Record Period. Our revenue increased from approximately RMB120.9 million for the year ended December 31, 2015 to approximately RMB134.0 million for the year ended December 31, 2016 and further increased to approximately RMB139.0 million for the year ended December 31, 2017. Our revenue for the six months ended June 30, 2018 increased to approximately RMB82.3 million from approximately RMB73.3 million for the same period in 2017. Our gross profit for the years ended December 31, 2015, 2016 and 2017 and the six months ended June 30, 2017 and 2018 was approximately RMB57.8 million, RMB62.6 million, RMB61.3 million, RMB38.5 million and RMB42.1 million, respectively. Our net profit increased from approximately RMB36.8 million for the year ended December 31, 2015 to approximately RMB39.9 million for the year ended December 31, 2016 and further to approximately RMB41.2 million for the year ended December 31, 2017. Our net profit decreased from approximately RMB29.1 million for the six months ended June 30, 2017 to approximately RMB19.7 million for the same period in 2018 primarily because we incurred listing expenses of approximately RMB10.2 million for the six months ended June 30, 2018. Our adjusted net profit increased from approximately RMB36.8 million for the year ended December 31, 2015 to approximately RMB39.9

million for the year ended December 31, 2016, and further to approximately RMB41.2 million for the year ended December 31, 2017, and increased from approximately RMB29.1 million for the six months ended June 30, 2017 to approximately RMB29.8 million for the same period in 2018. For more information of our adjusted net profit, see "Our Financial Information During the Track Record Period — Non-HKFRS Measure."

BASIS OF PRESENTATION

Prior to the Reorganization as more fully explained in the section headed "History, Reorganization and Corporate Structure," we had not been involved in any other business. The Reorganization does not result in any changes in our business substance, management or the Controlling Shareholders of our Group.

Upon completion of the Reorganization, the Company became the holding company of the companies now comprising the Group. All the companies now comprising the Group that took part in the Reorganization were ultimately controlled by the Controlling Shareholders during the Track Record Period and both before and after the Reorgaization. Since there was a continuation of the risks and benefits of the Controlling Shareholders, the Reorganization has not resulted in any change in ultimate control of our group companies. The historical financial information has been prepared using the merger accounting as if the current Group structure had always been in existence.

Inter-company transactions, balances and unrealized gains/losses on transactions between the companies within the Group are eliminated on consolidation.

Our Group has applied HKFRS 9, 'Financial instruments' and HKFRS 15, 'Revenue from contracts with customers' consistently throughout the Track Record Period. The application of HKFRS 9 and HKFRS 15 does not have any significant impact on the financial position and performance of the Group compared to the requirements of HKAS 18, 'Revenue' and HKAS 39, 'Financial instruments: recognition and measurement'. For details of HKFRS 9 and HKFRS 15, see Note 2.1 to the Accountant's Report set out in Appendix I to this prospectus.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, affected by a number of factors, which primarily include the following:

Demand for Private Higher Education and Hospitality Management Education in China

During the Track Record Period, we derived our revenue substantially from our private higher education services. Our results of operations and financial condition are significantly affected by the demand for private higher education and the hospitality management education in China.

The key factors that drive the demand for private higher education and hospitality management education in China primarily include increases in expenditure of urban households on education, the growing demand for technical talents, the increasing diversification and strengthened education quality and favorable policies and regulations on private education. Our business has benefited from the growth of China's economy and the increasing expenditure of urban households on education. According to the Frost & Sullivan Report, the overall economic growth and the increase in per capita GDP in China have increased the level of per capita expenditure of on education in China, which increased at a CAGR of approximately 8.7% from 2013 to 2017. According to the Frost & Sullivan Report, Chinese parents have been increasingly aware of the importance of children's education. This, together with the increasing PRC urban household income and wealth, has played a significant role in the increase in the demand for private education in China.

Furthermore, the "one-child policy" in China has kept the PRC population growth low during the past four decades. However, this policy was relaxed by the PRC government recently and the effect of such relaxation on the growth in the PRC population and school-age population is expected to become apparent by 2019, according to the Frost & Sullivan Report. Therefore, we anticipate that the demand for private education in general in China will continue to increase. In addition, the PRC government has issued a series of policies and regulations to encourage and promote the development of private education, such as encouraging private capitals to flow into the education business. Additional favorable policies are likely to be introduced to further drive the development of the PRC private education, according to the Frost & Sullivan Report.

Moreover, according to the Frost & Sullivan Report, the high-end hotel market in China has enjoyed fast growth in recent years, which indicates a strong demand for talents with relevant skills and expertise. Compared with ordinary hotels, the high quality service of high-end hotels is one of their key competitive advantages. Therefore, the high-end hotels have a stronger demand for high-end personnel. The development of the high-end hotel market and the increase in the demand for professional hotel personnel have increased the demand for hospitality management higher education.

Student Enrollment

Our revenue generally depends on the number of students enrolled at our college and the level of tuition fees we charge. We believe our student enrollment is generally dependent on, among other things, the reputation and capacity of our college. For the student enrollment details of our college for the 2014/2015, 2015/2016, 2016/2017 and 2017/2018 school years, see "Business — Our College — Number of Students." The number of students enrolled in our college increased in the past four school years because we have enhanced our reputation, increased our marketing efforts, attracted more talents and increased our plan of enrollment. One of the most important factors that the students and parents would consider when choosing a school to attend is the school's reputation. We believe that the reputation of our college is built on our diversified programs and curriculum, high employment rates and ample employment opportunities available to our students, which are attributable to our dedication to education quality and our focuses on market demand and employment. We believe higher quality and better reputation can help us improve the level of tuition fees we can charge per student, which in turn will further increase our profitability and strengthen our reputation in the long term. If we are not able to maintain or continue to enhance our reputation, we may not be able to maintain or increase our student enrollment level.

Tuition Fees and Boarding Fees

Our revenue is affected by the level of tuition fees and boarding fees that we are able to charge to our students. We usually require students to pay tuition fees and boarding fees for each school year at the beginning of that school year. The maximum tuition fees that we could charge for each student are subject to governmental approval. We may apply for an adjustment of tuition fees when we decide the current level of tuition fees no longer meet the needs of our daily operation and does not match our investment. We assess the level of our tuition fees typically based on the demand for our educational programs, the cost of our operations, the geographic markets where we operate our college, the tuition fees charged by our competitors, our pricing strategy to gain market share and general economic conditions in China and Sichuan Province where our college is located. For the details of the tuition fees and boarding fees charged by our college for the 2014/2015, 2015/2016, 2016/2017 and 2017/2018 school years, see "Business — Our College — Tuition Fees and Boarding Fees." The tuition fees of our college vary depending on the different academic programs. As a result, the changes in the number of students enrolled in different academic programs in each school year may lead to fluctuations of our tuition fees income.

According to the Frost & Sullivan Report, the private higher education industry has fairly high entry barriers. Given our competitive position in our existing markets, our outstanding reputation, our premium education quality and the strong demand for our services, we believe we will be able to optimize our pricing without compromising our competitive advantages. While we successfully increased tuition fees of our college in the past, there is no guarantee that we will be able to continue to raise tuition fees in the future. See "Risk Factors — Risks Relating to Our Business and Our Industry — Our business and results of operations depend on the level of tuition fees and boarding fees we are able to charge as well as our ability to maintain and raise the level of and to collect tuition fees and boarding fees." For those students who did not complete their study with us, we also have refund policies in place. For further details, see "Business — Our College."

Ability to Control Our Cost of Sales and Administrative Expenses

Our profitability also depends, in part, on our ability to control our cost of sales and administrative expenses. For the years ended December 31, 2015, 2016 and 2017 and the six months ended June 30, 2017 and 2018, our cost of sales represented approximately 52.2%, 53.3%, 55.9%, 47.5% and 48.8% of our total revenue, respectively. Our cost of sales consists primarily of, among others, employee benefit expenses and depreciation and amortization. Employee benefit expenses increased from approximately RMB22.4 million for the year ended December 31, 2015 to approximately RMB25.0 million for the year ended December 31, 2016 and further to approximately RMB32.1 million for the year ended December 31, 2017, and increased from approximately RMB14.3 million for the six months ended June 30, 2017 to approximately RMB16.8 million for the six months ended June 30, 2018. See Note 9 to the Accountant's Report in Appendix I to this prospectus. The general increasing trend in employee benefit expenses was primarily attributable to our continuing efforts to recruit and retain outstanding teachers. Our depreciation and amortization increased from approximately RMB12.3 million for the year ended December 31, 2015 to approximately RMB12.9

million for the year ended December 31, 2016 and further to approximately RMB15.3 million for the year ended December 31, 2017, and increased from approximately RMB7.1 million for the six months ended June 30, 2017 to approximately RMB8.7 million for the six months ended June 30, 2018. The increase was primarily due to the increase of property, plant and equipment put into use.

Our administrative expenses for the years ended December 31, 2015, 2016 and 2017 and the six months ended June 30, 2017 and 2018 was approximately RMB21.7 million, RMB23.2 million, RMB22.3 million, RMB10.3 million and RMB20.1 million, respectively. Such expenses are expected to continue to be a key factor affecting our profitability going forward, particular in light of our plan to expand our school network and increase our college capacity, which requires more administrative staff.

CRITICAL ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATES

We have identified certain accounting policies that we believe are most significant to the preparation of our consolidated financial statements. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. Estimates and judgments are continually re-evaluated and are based on historical experience and other factors, including industry practices and expectations of future events that are believed to be reasonable under the circumstances. We have not changed our material assumptions or estimates in the past and have not noticed any material errors regarding our assumptions or estimates. Under current circumstances, we do not expect that our assumptions or estimates are likely to change significantly in the future. When reviewing our consolidated financial statements, you should consider (i) our critical accounting policies, (ii) the judgments and other uncertainties affecting the application of such policies, and (iii) the sensitivity of reported results to changes in conditions and assumptions.

Our significant accounting policies, estimates and judgments, which are important for an understanding of our financial condition and results of operations, are set forth in detail in Note 2 to the Accountant's Report in Appendix I to this prospectus.

OUR FINANCIAL INFORMATION DURING THE TRACK RECORD PERIOD

Operating Results

The following table presents our summary consolidated statements of comprehensive income for the years ended December 31, 2015, 2016 and 2017 and the six months ended June 30 2017 and 2018, which are derived from, and should be read in conjunction with, our consolidated financial statements, including the notes thereto, included in the Accountant's Report set forth in Appendix I to this prospectus.

	Year ended December 31,			Six months ended June 30,	
	2015	2016	2017	2017	2018
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000) (Unaudited)*	*(RMB'000)*
Revenue	120,855	133,974	139,020	73,315	82,338
Cost of sales	(63,080)	(71,397)	(77,708)	(34,837)	(40,201)
Gross profit	**57,775**	**62,577**	**61,312**	**38,478**	**42,137**
Selling expenses	(1,446)	(1,600)	(1,640)	(1,034)	(1,195)
Administrative expenses	(21,702)	(23,212)	(22,272)	(10,313)	(20,133)
Other income	3,013	1,049	696	648	44
Other gains/(losses) - net	5	3	14	(10)	726
Finance income	225	341	786	357	492
Finance expenses	(2,677)	(1,143)	—	(91)	(1,997)
Share of net profit of associates accounted for using the equity method	1,648	1,879	2,300	1,091	1,031
Profit before income tax	**36,841**	**39,894**	**41,196**	**29,126**	**21,105**
Income tax expenses	—	—	—	—	(1,427)
Profit for the year/period	**36,841**	**39,894**	**41,196**	**29,126**	**19,678**
Non-HKFRS Measure:					
Adjusted net profit[(1)]	**36,841**	**39,894**	**41,196**	**29,126**	**29,846**

Note:

(1) The adjusted net profit, which is unaudited in nature, represents profit for the year/period excluding the effects of the listing expenses, which amounted to approximately RMB10.2 million for the six months ended June 30, 2018. The adjusted net profit is not a measure of performance under HKFRS. As a non-HKFRS measure, the adjusted net profit is presented because our management believes such information will be helpful for investors in assessing the level of our net profit by eliminating the effects of certain one-off or non-recurring items, namely, listing expenses. The use of the adjusted net profit has material limitations as an analytical tool, as it does not include all items that impact our profit for the relevant year/period. See "— Our Financial Information During the Track Record Period — Non-HKFRS Measure." The following table reconciles our adjusted net profit for the years presented to the most directly comparable financial measure calculated and presented in accordance with HKFRS, which is profit for the year/period.

	Year ended December 31,			Six months ended June 30,	
	2015	2016	2017	2017	2018
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000) (Unaudited)*	*(RMB'000)*
Profit for the year/period	36,841	39,894	41,196	29,126	19,678
Add:					
Listing expenses	—	—	—	—	10,168
Adjusted net profit	**36,841**	**39,894**	**41,196**	**29,126**	**29,846**

Key Components of Our Results of Operations

Revenue

We derive all of our revenue primarily from tuition fees and boarding fees. For the years ended December 31, 2015, 2016 and 2017 and the six months ended June 30, 2017 and 2018, we generated total revenue of approximately RMB120.9 million, RMB134.0 million, RMB139.0 million, RMB73.3 million and RMB82.3 million, respectively. The following table sets forth a breakdown of our revenue by income source for the periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2015	**2016**	**2017**	**2017**	**2018**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)* *(Unaudited)*	*(RMB'000)*
Tuition fees	98,450	106,380	115,127	62,155	67,463
Boarding fees	8,470	8,765	9,119	4,489	4,700
Meal catering services fees	9,434	11,986	11,555	5,040	5,900
Others[(1)]	4,501	6,843	3,219	1,631	4,275
Total	**120,855**	**133,974**	**139,020**	**73,315**	**82,338**

Note:

(1) Others mainly represent revenue from research projects and training programs, which are recognized proportionately over the terms of the applicable programs.

We recognize tuition fees and boarding fees proportionately over school semesters of each school year. In the event a student leaves school during a school year, we have tuition fees and boarding fees refund policies in place at our college. The tuition fees and boarding fees refunded each year during the Track Record Period accounted for less than 1% of our revenue of such year. For a summary of our tuition fees and boarding fees refund polices, see "Business — Our College — Tuition Fees and Boarding Fees."

Our tuition fees and boarding fees had generally increased during the Track Record Period. The increase is attributable to (i) increasing student enrollment and (ii) the proportion of students paying raised tuition fees increased as we raised the tuition fees for newly enrolled students since the 2014/2015 school year. We believe we have adopted fee adjustment policies suitable for the efficient operations and rapid development of our college, and formed a healthy cycle for the development of our college.

Cost of sales

Cost of sales consists of employee benefit expense, depreciation and amortization, canteen purchases, office expenses, student activities expenses, training expenses, joint tuition support fee and other expenses. The following table sets forth the breakdown of our cost of sales for the periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2015	**2016**	**2017**	**2017**	**2018**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)* *(Unaudited)*	*(RMB'000)*
Employee benefit expenses[(1)]	22,434	24,989	32,092	14,324	16,840
Depreciation and amortization[(2)]	12,266	12,891	15,300	7,126	8,708
Joint tuition support fee[(3)]	6,923	7,455	8,109	4,382	4,659
Canteen purchases	7,014	8,708	7,824	3,583	3,458
Office expenses	4,830	3,969	3,297	1,357	1,507
Student activities expenses[(4)]	3,955	5,031	4,532	1,426	1,135
Training expenses	1,687	1,518	645	417	1,881
Other expenses[(5)]	3,971	6,836	5,909	2,222	2,013
Total	**63,080**	**71,397**	**77,708**	**34,837**	**40,201**

Notes:

(1) Employee benefit expenses consist mainly of salaries, social insurance and other compensations paid to our teachers.

(2) Depreciation and amortization relates to the depreciation and amortization of prepaid land lease payments and intangible assets, and property, plant and equipment.

(3) Joint tuition support fee represents the joint tuition fee paid to CUIT pursuant to the cooperation agreement between CUIT and Gingko Asset Management dated May 16, 2006 (as amended on December 31, 2017).

(4) Student activities expenses were primarily include internship and employment activities expenses, alumni activities expenses, orientation expenses and students competition expenses.

(5) Other expenses primarily consist of expenses related to international programs, equipment maintenance, research programs and social examinations.

Gross Profit and Gross Margin

Gross profit represents revenue less cost of sales. For the years ended December 31, 2015, 2016 and 2017 and the six months ended June 30, 2017 and 2018, our gross profit was approximately RMB57.8 million, RMB62.6 million, RMB61.3 million, RMB38.5 million and RMB42.1 million, respectively, and our gross profit margin was approximately 47.8%, 46.7%, 44.1%, 52.5% and 51.2%, for the same periods, respectively.

Selling Expenses

Selling expenses primarily consist of expenses related to our student recruitment activities. For the years ended December 31, 2015, 2016 and 2017 and the six months ended June 30, 2017 and 2018, our selling expenses were approximately RMB1.4 million, RMB1.6 million, RMB1.6 million, RMB1.0 million and RMB1.2 million, respectively.

Administrative Expenses

Administrative expenses primarily consist of employee benefit expenses, property management fee, office expenses, depreciation and amortization and certain other administrative expenses. The following table sets forth the breakdown of our administrative expenses for the periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2015	**2016**	**2017**	**2017**	**2018**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)* *(Unaudited)*	*(RMB'000)*
Employee benefit expenses	16,040	17,605	13,728	7,171	5,612
Expense in relation to the Listing	—	—	—	—	10,168
Property management fee	160	—	1,987	255	1,259
Office expenses	3,129	2,513	3,160	1,674	1,249
Travel and entertainment expenses	1,258	1,314	1,397	611	583
Depreciation and amortization	832	964	1,055	502	589
Auditor's remuneration	10	10	12	—	—
Other administrative expenses[(1)]	273	806	933	100	673
Total	21,702	23,212	22,272	10,313	20,133

Note:

(1) Other administrative expenses generally include tax fees, property insurance expenses and greening costs.

Other Income

Other income consists primarily of government subsidies which include certain discretionary funds granted to us by the government to support our education programs and other miscellaneous income. For the years ended December 31, 2015, 2016 and 2017 and the six months ended June 30, 2017 and 2018, our other income was approximately RMB3.0 million, RMB1.0 million, RMB0.7 million, RMB0.6 million and RMB44,097, respectively.

Other Gains/(Losses)-net

Other gains or losses consist primarily of (i) losses on disposal of property, plant and equipment for the years ended December 31, 2015, 2016 and 2017 and the six months ended June 30 , 2017 and 2018, and (ii) gains on disposal of an interest in an associate and a subsidiary for the six months ended June 30, 2018. For the years ended December 31, 2015, 2016 and 2017, we recorded net other gains of RMB5,336, RMB3,286 and RMB14,044, respectively. For the six months ended June 30, 2017 and 2018, we recorded net other losses of RMB9,900 and net other gains of RMB726,009, respectively.

Finance Income

Finance income consists primarily of bank interest income and interest income on loans to a related party. For the years ended December 31, 2015, 2016 and 2017 and the six months ended June 30, 2017 and 2018, our finance income was approximately RMB0.2 million, RMB0.3 million, RMB0.8 million, RMB0.4 million and RMB0.5 million, respectively.

Finance Expenses

Our finance expenses consist primarily of the interest expenses on loans we borrowed from banks and related parties. For the years ended December 31, 2015, 2016 and 2017 and the six months ended June 30, 2017 and 2018, our finance expenses were approximately RMB2.7 million, RMB1.1 million, nil, RMB0.1 million and RMB2.0 million, respectively.

Taxation

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Cayman Islands Companies Law and accordingly is not subject to income tax of Cayman Islands.

The Company's direct subsidiary in the British Virgin Islands was incorporated under the BVI Companies Act, 2004 and accordingly, is exempted from British Virgin Islands income tax.

No provision for Hong Kong profit tax was provided as the Company and the Group did not have assessable profits in Hong Kong during the Track Record Period.

Except Yinxing College, all of our operations in the PRC are generally subject to the PRC Enterprise Income Tax at a rate of 25% on our taxable income. Based on the written confirmation from Chengdu Pidu District Local Tax Bureau (成都市郫都區地方税務局), which is the competent local tax authority in charge of the supervision and collection of corporate income tax of Yinxing College on May 11, 2018, no corporate income tax was imposed on Yinxing College for income generated from provision of our education services. In addition, based on the confirmation from Sichuan Province Pi County State Tax Bureau (四川省郫縣國家税務局), all preferential tax treatments enjoyed by Yinxing College are in compliance with relevant PRC laws and regulations. As a result, no income tax expense was recognized for the income from the provision of education services by our college during the Track Record Period. According to the *Implementation Rules for the Law for Promoting Private Education of the PRC* (《中華人民共和國民辦教育促進法實施條例》), private schools for which the school sponsors do not require reasonable returns are eligible to enjoy the same preferential tax treatment as public schools. As a result, private schools providing formal academic education are eligible to enjoy income tax exemption treatment if the school sponsors of such schools do not require reasonable returns. However, the existing PRC laws and regulations including the Amendment Decision have not set forth any details regarding the preferential tax treatments that may be enjoyed by a for-profit private school. Therefore, there is a possibility that we may not be able to enjoy the income tax exemption in the future. For more information, see "Risk Factors — Risks Relating to Doing Business in China — The discontinuation of any preferential tax treatments currently available to us, in particular our tax exempt status, could materially and adversely affect our results of operations."

In addition, according to Article 1 of the *Circular of the Ministry of Finance and the State Administration of Taxation on Education Tax Policies (Cai Shui [2004] No.39)* (《財政部國家税務總局關於教育税收政策的通知》財税[2004]39号), income generated from the provision of academic education services should be exempted from PRC Business Tax. Further, the *Circular on Comprehensively Promoting the Pilot Program of the Collection of VAT in lieu of Business Tax (Cai Shui [2016] No.36)* (《關於全面推開營業税改徵增值税試點的通知》財税[2016]36号) provides that academic education shall be exempted from VAT. As such, we are exempted from PRC Business Tax for our income generated from the provision of education services during the Track Record Period and from PRC VAT for our income generated from the provision of academic education services since May 1, 2016.

For the years ended December 31, 2015, 2016 and 2017, our income tax expenses was nil, primarily because income generated from provision of academic education services that fall within the abovementioned tax exemption scope and our businesses that are not exempt from income tax had not generated any assessable profits during the periods. For the six months ended June 30, 2018, our income tax expenses was approximately RMB1.4 million.

During the Track Record Period, we did not have any disputes or unresolved tax issues with the relevant tax authorities.

Profit for the Year/Period

For the years ended December 31, 2015, 2016 and 2017 and the six months ended June 30, 2017 and 2018, our profit for the year/period was approximately RMB36.8 million, RMB39.9 million, RMB41.2 million, RMB29.1 million and RMB19.7 million, respectively.

Sensitivity Analysis

We present a sensitivity analysis of: (i) the effect of the fluctuations in tuition fees income during the Track Record Period, and (ii) the effect of the fluctuations in our employee benefit expenses, which includes our teachers costs and other staff costs, during the Track Record Period, assuming no change in depreciation and amortization or any other costs. The sensitivity analysis involving tuition fees income and employee benefit expenses is hypothetical in nature and we assume that all other variables remain constant. The following sensitivity analysis is for illustrative purposes only, which indicates the potential impact on our profitability during the Track Record Period if the relevant variables increased or decreased to the extent illustrated. To illustrate the potential effect on our financial performance, the sensitivity analysis below shows the potential impact on our profit for the year/period with a 5% and 10% increase or decrease in tuition fees income and employee benefit expenses. While none of the hypothetical fluctuation ratios applied in the sensitivity analysis equals the historical fluctuations of the tuition fees income and employee benefit expenses, we believe that the application of hypothetical upward and downward fluctuations of 5% and 10% in the tuition fees income and employee benefit expenses presents a meaningful analysis of the potential impact of changes in the tuition fees income and staff costs on our revenue and profitability.

The following tables set forth the sensitivity of our profit for the year/period to the hypothetical reasonable changes in our tuition fees income and employee benefit expenses for the years ended December 31, 2015, 2016 and 2017 and the six months ended June 30, 2017 and 2018:

	Impact on our profit for the year/period				
	Year ended December 31,			**Six months ended June 30,**	
	2015	**2016**	**2017**	**2017**	**2018**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
Sensitivity analysis of tuition fees income					
Tuition fees (decrease)/increase					
(10)%	(9,845)	(10,638)	(11,513)	(6,216)	(6,746)
(5)%	(4,923)	(5,319)	(5,756)	(3,108)	(3,373)
5%	4,922	5,319	5,756	3,108	3,373
10%	9,845	10,638	11,513	6,216	6,746

	Impact on our profit for the year/period				
	Year ended December 31,			Six months ended June 30,	
	2015	2016	2017	2017	2018
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
Sensitivity analysis of employee benefit expenses					
Employee benefit expense (decrease)/increase					
(10)%	3,847	4,259	4,582	2,150	2,245
(5)%	1,924	2,130	2,291	1,075	1,123
5%	(1,924)	(2,130)	(2,291)	(1,075)	(1,123)
10%	(3,847)	(4,259)	(4,582)	(2,150)	(2,245)

Non-HKFRS Measure

To supplement our consolidated financial statements, which are presented in accordance with HKFRS, we also use adjusted net profit as an additional financial measure. We present this financial measure because it is used by our management to evaluate our financial performance by eliminating the impact of items that we do not consider indicative of the performance of our business. We also believe that this non-HKFRS measure provides additional information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management and in comparing financial results across accounting periods and to those of our peer companies.

Adjusted Net Profit

The adjusted net profit eliminates the effect of listing expenses. The term adjusted net profit is not defined under HKFRS. As a non-HKFRS measure, adjusted net profit is presented because our management believes such information will be helpful for investors in assessing the effect of listing expenses on our net profit. The use of the adjusted net profit has material limitations as an analytical tool, as it does not include all items that impact our net profit for the relevant periods. The effects of listing expenses that are eliminated from adjusted net profit are significant components in understanding and assessing our operating and financial performance. In light of the foregoing limitations for adjusted net profit, when assessing our operating and financial performance, you should not view the adjusted net profit in isolation or as a substitute for our profit for the year/period or any other operating performance measure that is calculated in accordance with HKFRS. In addition, because this non-HKFRS measure may not be calculated in the same manner by all companies, they may not be comparable to other similarly titled measures used by other companies.

The following table reconciles our adjusted net profit for the years/periods presented to the most directly comparable financial measure calculated and presented in accordance with HKFRS, which is profit for the corresponding year/period:

	Year ended December 31,			Six months ended June 30,	
	2015	**2016**	**2017**	**2017**	**2018**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000) (Unaudited)*	*(RMB'000)*
Profit for the year/period	36,841	39,894	41,196	29,126	19,678
Add:					
Listing expenses	—	—	—	—	10,168
Adjusted net profit	**36,841**	**39,894**	**41,196**	**29,126**	**29,846**

For the years ended December 31, 2015, 2016 and 2017 and the six months ended June 30, 2017 and 2018, our adjusted net profit was RMB36.8 million, RMB39.9 million, RMB41.2 million, RMB29.1 million and RMB29.8 million, respectively.

Period to Period Comparison of Results of Operations

Six Months Ended June 30, 2018 Compared to Six Months Ended June 30, 2017

Revenue

Our revenue increased by 12.3% from RMB73.3 million for the six months ended June 30, 2017 to RMB82.3 million for the six months ended June 30, 2018. This increase was primarily due to the increase in the revenue derived from tuition fees and boarding fees.

Revenue derived from tuition fees increased by 8.5% from RMB62.2 million for the six months ended June 30, 2017 to RMB67.5 million for the six months ended June 30, 2018. This increase was primarily due to (i) the increase in student enrollment from 9,327 in the 2016/2017 school year to 9,553 in the 2017/2018 school year; (ii) the proportion of students paying raised tuition fees increased as we raised the tuition fees for newly enrolled students since the 2014/2015 school year.

Revenue derived from boarding fees increased by 4.7% from RMB4.5 million for the six months ended June 30, 2017 to RMB4.7 million for the six months ended June 30, 2018. This increase was primarily due to the increase in student enrollment from 9,327 in the 2016/2017 school year to 9,553 in the 2017/2018 school year.

Revenue derived from meal catering service fees increased by 17.1% from RMB5.0 million for the six months ended June 30, 2017 and RMB5.9 million for the six months ended June 30, 2018. The increase was primarily due to (i) the increase in student enrollment from 9,327 in the 2016/2017 school year to 9,553 in the 2017/2018 school year, (ii) the school canteen started to provide greater variety of product and services, such as snack bar and beverage bar, and attracted more students to dine in the canteen; (iii) the school canteen raised the price for some of the products; and (iv) the school canteen fully utilized the raw materials and provide more products to maximize the revenue.

Revenue derived from others increased by 162.1% from RMB1.6 million for the six months June 30, 2017 to RMB4.3 million for the six months ended June 30, 2018. The increase was primarily due to an increase in revenue derived from training programs in the six months ended June 30, 2018 compared to the same period in 2017.

Cost of sales

Cost of sales increased by 15.4% from RMB34.8 million for the six months ended June 30, 2017 to RMB40.2 million for the six months ended June 30, 2018. This increase was primarily due to (i) an increase in our employee benefit expenses as a result of the increased salary and benefits for our teachers and staff since late 2017; and (ii) an increase in depreciation of property, plant and equipment as a result of the renovation of our dormitories and exterior walls in June 2017 and the construction of the tennis court which was completed in July 2017.

Gross Profit and Gross Profit Margin

Our gross profit increased by 9.5% from RMB38.5 million for the six months ended June 30, 2017 to RMB42.1 million for the six months ended June 30, 2018. Our gross profit margin decreased from 52.5% for the six months ended June 30, 2017 to 51.2% for the six months ended June 30, 2018. The primary underlying reason for such decreases was the increase of our employment benefit expenses and the depreciation expenses outpaced the increase of our revenue for the same period.

Selling Expenses

Our selling expenses increased by 15.6% from RMB1.0 million for the six months ended June 30, 2017 to RMB1.2 million for the six months ended June 30, 2018. The increase was primarily attributable to the increasing expenses related to student recruitment.

Administrative Expenses

Our administrative expenses increased by 95.2% from RMB10.3 million for the six months ended June 30, 2017 to RMB20.1 million for the six months ended June 30, 2018. The increase was primarily because (i) we started to outsource our property management service in June 2017 and incurred RMB1.3 million property management fee; and (ii) expenses related to our Global Offering incurred in the six months ended June 30, 2018. The increased expenses were partially offset by the decrease in our employee benefit expenses.

Other Income

Our other income for the six months ended June 30, 2017 and 2018 was RMB0.6 million and RMB44,097, respectively.

Other Gains/(Losses) — net

We recorded net losses of RMB9,900 for the six months ended June 30, 2017 and net gains of RMB726,009 for the six months ended June 30, 2018, respectively. The increase in net other gains was primarily due to a gain on disposal of an interest in an associate.

Finance Income

Our finance income increased by 37.8% from RMB0.4 million for the six months ended June 30, 2017 to RMB0.5 million for the six months ended June 30, 2018. The increase was primarily attributable to an increase in our interest income from a related party.

Finance Expenses

Our finance expenses increased by 2,094.5% from RMB0.1 million for the six months ended June 30, 2017 to RMB2.0 million for the six months ended June 30, 2018. The increase was primarily attributable to an increase in interest expenses on bank borrowings.

Taxation

We did not incur any taxation related expenses for the six months ended June 30, 2017. For the six months ended June 30, 2018, we recorded income tax expenses of RMB1.4 million.

Profit for the Period

As an overall result of the above factors, our profit decreased by 32.4% from RMB29.1 million for the six months ended June 30, 2017 to RMB19.7 million for the six months ended June 30, 2018. The decrease was primarily attributable to (i) the increase in depreciation and amortization; and (ii) the incurrence of RMB10.2 million in administrative expenses relating to the Global Offering.

Adjusted Net Profit for the Period

Our adjusted net profit increased by 2.5% from RMB29.1 million for the six months ended June 30, 2017 to RMB29.8 million for the six months ended June 30, 2018.

Year Ended December 31, 2017 Compared to Year Ended December 31, 2016

Revenue

Our revenue increased by 3.8% from RMB134.0 million for the year ended December 31, 2016 to RMB139.0 million for the year ended December 31, 2017. The increase was primarily due to the increase in the revenue derived from tuition fees and boarding fees.

Revenue derived from tuition fees increased by 8.2% from RMB106.4 million for the year ended December 31, 2016 to RMB115.1 million for the year ended December 31, 2017. This increase was primarily attributable to (i) an increase in our student enrollment and (ii) the proportion of students paying raised tuition fees increased as we raised the tuition fees for newly enrolled students since the 2014/2015 school year.

Revenue derived from boarding fees increased by 4.0% from RMB8.8 million for the year ended December 31, 2016 to RMB9.1 million for the year ended December 31, 2017. This increase was primarily attributable to an increase in our student enrollment.

Cost of Sales

Our cost of sales increased by 8.8% from RMB71.4 million for the year ended December 31, 2016 to RMB77.7 million for the year ended December 31, 2017. This increase was primarily attributable to (i) an increase in our employee benefit expenses as we recruited more teachers and raised the salary of our teachers in late 2017 and (ii) an increase in our depreciation and amortization as a result of the additions of property, plant and equipment, including air conditioners, a cooking laboratory and a tennis court.

Gross Profit and Gross Margin

The increase in our revenue was partially offset by the increase in our cost of sales for reasons explained above. Consequently, our gross profit decreased by 2.0% from RMB62.6 million for the year ended December 31, 2016 to RMB61.3 million for the year ended December 31, 2017. Our gross profit margin decreased from 46.7% for the year ended December 31, 2016 to 44.1% for the year ended December 31, 2017. The decrease in our gross profit and gross profit margin was primarily because the increase in our revenue derived from tuition fees and boarding fees was offset by the increase in our employee benefit expenses and our depreciation and amortization.

Selling Expenses

Our selling expenses remained stable at RMB1.6 million for the year ended December 31, 2016 and the year ended December 31, 2017.

Administrative Expenses

Our administrative expenses decreased by 4.0% from RMB23.2 million for the year ended December 31, 2016 to RMB22.3 million for the year ended December 31, 2017, primarily due to a decrease in employee benefit expenses, partially offset by an increase in property management fee, office expenses, travel and entertainment expenses and other administrative expenses. The employee benefit expenses decreased by 22.0% from RMB17.6 million for the year ended December 31, 2016 to RMB13.7 million for the year ended December 31, 2017 because we started to outsource our property management service to a related party in June 2017.

Other Income

Our other income decreased by 33.7% from RMB1.0 million for the year ended December 31, 2016 to RMB0.7 million for the year ended December 31, 2017.

Other Gains/(Losses)-net

Our net other gains in respect of other gains and losses increased by 327.4% from RMB3,286 for the year ended December 31, 2016 to RMB14,044 for the year ended December 31, 2017.

Finance Income

Our finance income increased by 130.5% from RMB0.3 million for the year ended December 31, 2016 to RMB0.8 million for the year ended December 31, 2017, which was primarily due to an increase in our bank deposits and an increase in interest income in respect of loans to a related party.

Finance Expenses

Our finance expenses decreased from RMB1.1 million for the year ended December 31, 2016 to nil for the year ended December 31, 2017, primarily due to an increase in interest expenses capitalized in qualifying assets for the year ended December 31, 2017.

Taxation

For the years ended December 31, 2016 and 2017, we recorded zero corporate income tax expense for our primary business.

Profit for the Year

As an overall result of the above factors, our profit for the year increased by 3.3% from RMB39.9 million for the year ended December 31, 2016 to RMB41.2 million for the year ended December 31, 2017.

Adjusted Net Profit for the Year

Our adjusted net profit increased by 3.3% from RMB39.9 million for the year ended December 31, 2016 to RMB41.2 million for the year ended December 31, 2017.

Year Ended December 31, 2016 Compared to Year Ended December 31, 2015

Revenue

Our revenue increased by 10.9% from RMB120.9 million for the year ended December 31, 2015 to RMB134.0 million for the year ended December 31, 2016. The increase was primarily due to an increase in revenue derived from tuition fees and meal catering service fees.

Revenue derived from tuition fees increased by 8.1% from RMB98.5 million for the year ended December 31, 2015 to RMB106.4 million for the year ended December 31, 2016. This increase was primarily attributable to (i) an increase of student enrollment in 2016 and (ii) the proportion of students paying raised tuition fees increased as we raised the tuition fees for newly enrolled students since the 2014/2015 school year.

Revenue derived from boarding fees increased by 3.5% from RMB8.5 million for the year ended December 31, 2015 to RMB8.8 million for the year ended December 31, 2016. This increase was primarily attributable to an increase in our student enrollment.

Revenue derived from meal catering service fees increased by 27.1% from RMB9.4 million for the year ended December 31, 2015 to RMB12.0 million for the year ended December 31, 2016, primarily attributable to the increase in student enrollment.

Cost of sales

Our cost of sales increased by 13.2% from RMB63.1 million for the year ended December 31, 2015 to RMB71.4 million for the year ended December 31, 2016. This increase was primarily due to (i) an increase of RMB2.6 million in employee benefit expenses because we recruited more teachers; (ii) an increase of RMB1.7 million of canteen purchase; (iii) an increase of RMB1.1 million in student activities expense and (iv) an increase of RMB0.6 million in depreciation and amortization as a sports ground was completed in December 2015 and was put into use in 2016.

Gross Profit and Gross Margin

Our gross profit increased by 8.3% from RMB57.8 million for the year ended December 31, 2015 to RMB62.6 million for the year ended December 31, 2016. Our gross profit margin decreased from 47.8% for the year ended December 31, 2015 to 46.7% for the year ended December 31, 2016. The decrease in gross profit margin was primarily attributable to the increase in employee benefit expenses, an increase in canteens purchase, an increase in student activities expenses and an increase in depreciation and amortization.

Selling Expenses

Our selling expenses increased by 10.7% from RMB1.4 million for the year ended December 31, 2015 to RMB1.6 million for the year ended December 31, 2016, primarily because we increased our expenses related to student recruitment in 2016.

Administrative Expenses

Our administrative expenses increased by 7.0% from RMB21.7 million for the year ended December 31, 2015 to RMB23.2 million for the year ended December 31, 2016, primarily due to an increase in employee benefit expenses, depreciation and amortization, and other administrative expenses. Employee benefit expenses increased by 9.8% from RMB16.0 million for the year ended December 31, 2015 to RMB17.6 million for the year ended December 31, 2016 due to increased number of teachers and staff. Other administrative expenses increased by 195.2% from RMB0.3 million for the year ended December 31, 2015 to RMB0.8 million for the year ended December 31, 2016, primarily because we increased greening costs and increased property insurance expenses in 2016.

Other Income

Our other income decreased by 65.2% from RMB3.0 million for the year ended December 31, 2015 to RMB1.0 million for the year ended December 31, 2016. The decrease was primarily due to a reduction of government grant.

Other Gains/(Losses)-net

Our net other gains decreased by 38.4% from RMB5,336 for the year ended December 31, 2015 to RMB3,286 for the year ended December 31, 2016.

Finance Income

Our finance income increased by 51.6% from RMB0.2 million for the year ended December 31, 2015 to RMB0.3 million for the year ended December 31, 2016, which was primarily attributable to an increase in our bank deposits.

Finance Expenses

Our finance expenses decreased by 57.3% from RMB2.7 million for the year ended December 31, 2015 to RMB1.1 million for the year ended December 31, 2016, primarily because we paid back a loan of RMB31.1 million borrowed from a related party in 2016.

Taxation

For the years ended December 31, 2016 and 2017, we recorded zero income tax expense for our primary business.

Profit for the Year

As an overall result of the above factors, our profit increased by 8.3% from RMB36.8 million for the year ended December 31, 2015 to RMB39.9 million for the year ended December 31, 2016.

Adjusted Net Profit for the Year

Our adjusted net profit increased by 8.3% from RMB36.8 million for the year ended December 31, 2015 to RMB39.9 million for the year ended December 31, 2016.

Net Current Assets and Liabilities

The following table sets forth our current assets and current liabilities as of the dates indicated:

	As of December 31,			As of June 30,	As of October 31,
	2015	2016	2017	2018	2018
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*	*(RMB'000) (Unaudited)*
CURRENT ASSETS					
Trade and other receivables	2,015	2,232	1,431	1,569	23,431
Amounts due from a related party	—	—	12,312	—	—
Prepayments	945	647	744	4,714	7,303
Cash and cash equivalents	64,675	66,531	75,965	92,428	138,671
TOTAL CURRENT ASSETS	**67,635**	**69,410**	**90,452**	**98,711**	**169,405**
CURRENT LIABILITIES					
Contract liabilities	62,569	68,382	72,999	10,322	107,862
Current income tax liabilities	—	—	—	952	62
Accruals and other payables	82,221	80,226	88,764	43,399	48,997
Amounts due to related parties	42,539	22,612	9,181	497	—
Borrowings	—	—	—	22,532	26,224
TOTAL CURRENT LIABILITIES	**187,329**	**171,220**	**170,944**	**77,702**	**183,145**
NET CURRENT (LIABILITIES)/ASSETS	**(119,694)**	**(101,810)**	**(80,492)**	**21,009**	**(13,740)**

As of December 31, 2015, 2016 and 2017, we had net current liabilities of approximately RMB119.7 million, RMB101.8 million and RMB80.5 million, respectively. The decrease of net current liabilities was primarily due to (i) a reduction in loans borrowed from related parties; (ii) an increase in amounts due from a related party; and (iii) an increase in our cash and cash equivalents. As of June 30, 2018, our net current asset was approximately RMB21.0 million.

As of October 31, 2018, based on the unaudited management accounts prepared by us, we had net current liabilities of approximately RMB13.7 million (unaudited and for reference only), representing a decrease of approximately RMB34.7 million from our net current assets of approximately RMB21.0 million as of June 30, 2018, primarily attributable to an increase in contract liabilities.

In view of these circumstances, our Directors have considered our future liquidity and performance and our available sources of finance in assessing whether we will have sufficient financial resources to continue as a going concern. Our Directors confirm that we will have sufficient financial resources to meet our financial obligations as they fall due in the next twelve months from the date of this prospectus by taking into account our cash flow projection, unutilized bank facilities (as confirmed by our Directors, as of October 31, 2018, the date being the latest practicable date for the purpose of the indebtedness statement, our unutilized banking facilities amounted to approximately RMB500.0 million), and our future capital expenditure in respect of our non-cancellable capital commitments. For more information, see "Risk Factors — Risks Relating to Our Business and Our Industry — We had net current liabilities as of December 31, 2015, 2016 and 2017." We may be exposed to liquidation risks, and our business, financial condition and results of operation may be materially and adversely affected as a result.

Discussion of Key Balance Sheet Items

Trade and Other Receivables

Our trade and other receivables consist primarily of due from students and staff advances. The table blow sets forth the breakdown of our trade and other receivables as of the dates indicated:

	As of December 31,			As of June 30,
	2015	2016	2017	2018
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
Trade receivables				
Due from students	309	234	103	44
Due from others	179	693	829	809
Other receivables				
Staff advances[(1)]	365	216	356	515
Others	1,162	1,089	143	201
Total	**2,015**	**2,232**	**1,431**	**1,569**

Note:

(1) Staff advances consist of advances to our teachers and staff to prepay expenses for school activities.

Our trade and other receivables amounted to approximately RMB2.0 million, RMB2.2 million, RMB1.4 million and RMB1.6 million as of December 31, 2015, 2016 and 2017 and June 30, 2018, respectively. The increase of our trade and other receivables from December 31, 2015 to December 31, 2016 was primarily attributable to an increase of approximately RMB0.5 million in trade receivables due from others, which primarily consists of receivables from our research projects and training programs. The decrease of our trade and other receivables from December 31, 2016 to December 31, 2017 was primarily attributable to a decrease of approximately RMB0.9 million in others, which primarily consists of receivables from other miscellaneous income. The increase from December 31, 2017 to June 30, 2018 was primarily attributable to the increase of staff advances.

The table below sets forth an aging analysis of our trade receivables, net of allowance for doubtful debts, presented based on the revenue recognition date:

	As of December 31,			As of June 30,
	2015	**2016**	**2017**	**2018**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
0 — 30 days	179	565	258	53
31 — 180 days	309	307	103	22
181 — 365 days	—	55	571	207
Over 365 days	—	—	—	571
Total	488	927	932	853

As of October 31, 2018, approximately RMB0.4 million or 23.7% of our trade and other receivables as of June 30, 2018 had been subsequently settled.

Amounts Due from a Related Party

Amounts due from a related party were approximately RMB12.3 million and nil as of December 31, 2017 and June 30, 2018, respectively. Amounts due from a related party as of December 31, 2017 were related to a loan of approximately RMB12.0 million to a related party and the accrued interests of approximately RMB0.3 million. For more information of amounts due from a related party, see "— Related Party Transactions." We have settled all loans with related parties as of June 30, 2018.

Amounts Due to Related Parties

Amounts due to related parties decreased from approximately RMB42.5 million as of December 31, 2015 to approximately RMB22.6 million as of December 31, 2016, to approximately RMB9.2 million as of December 31, 2017 and further to approximately RMB0.5 million as of June 30, 2018. We repaid loans from related parties of RMB31.1 million, RMB13.5 million and RMB14.1 million for the years ended December 31, 2016 and 2017, and the six months ended June 30, 2018, respectively. We had settled all loans with related parties relating to financing activities as of June 30, 2018.

Contract Liabilities

We record tuition fees and boarding fees initially as a liability under contract liabilities and recognize such amounts received as revenue proportionately over the relevant period of the applicable program. Therefore, our contract liabilities are generally higher at the beginning of each school year. As a school year typically commences in September each year, amounts of contract liabilities as of a balance sheet date generally represented the amount of tuition fees and boarding fees received but not yet recognized as revenue for the applicable school year.

The table below sets forth our contract liabilities as of the dates indicated:

	As of December 31,			As of June 30,
	2015	**2016**	**2017**	**2018**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
Contract liabilities related to Tuition fees	56,810	62,400	66,627	8,728
Contract liabilities related to Boarding fees	5,759	5,982	6,372	1,594
Total	62,569	68,382	72,999	10,322

Our contract liabilities decreased from approximately RMB73.0 million as of December 31, 2017 to approximately RMB10.3 million as of June 30, 2018, which was mainly because most of prepaid tuition and boarding fees have been recognized as revenue towards the end of the school year.

Our contract liabilities increased from approximately RMB68.4 million as of December 31, 2016 to approximately RMB73.0 million as of December 31, 2017, which was mainly due to an increase in our revenue derived from tuition and boarding fees for the year ended December 31, 2017.

Our contract liabilities increased from approximately RMB62.6 million as of December 31, 2015 to approximately RMB68.4 million as of December 31, 2016, which was mainly due to an increase in our revenue derived from tuition and boarding fees for the year ended December 31, 2016.

Accruals and Other Payables

Our accruals and other payables consist primarily of payables for joint tuition support fee, government subsidies, miscellaneous fee received from students, payables for purchases of property, plant and equipment, salary and welfare payables, other taxes payable and payables in relation to the Listing.

The table blow sets forth the breakdown of accruals and other payables:

	As of December 31,			As of June 30,
	2015	2016	2017	2018
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
Payables for joint tuition support fee[(1)]	47,590	50,044	53,153	—
Government subsidies payable to students	2,252	1,746	1,595	5,815
Miscellaneous fee received from students	6,673	6,665	5,997	4,603
Payables for purchases of property, plant and equipment	9,156	2,383	8,641	8,348
Salary and welfare payables	9,070	10,364	10,350	6,688
Payable in relation to the Listing	—	—	—	8,448
Other taxes payable	80	150	80	264
Interest payable	—	—	—	172
Others	7,400	8,874	8,948	9,061
Total	**82,221**	**80,226**	**88,764**	**43,399**

Note:

(1) We recorded payables for joint tuition support fee of approximately RMB53.2 million as of December 31, 2017 according to the supplemental agreement between CUIT, Gingko Assets Management and Yinxing College, which had been settled before June 30, 2018. See "History, Reorganization and Corporate Structure — Our Consolidated and Affiliated Entities — Our PRC Operating Schools — Yinxing College."

Our accruals and other payables amounted to approximately RMB82.2 million, RMB80.2 million, RMB88.8 million and RMB43.4 million as of December 31, 2015, 2016 and 2017 and June 30, 2018, respectively. The decrease of accruals and other payables from December 31, 2015 to December 31, 2016 was due to a decrease in payables for purchases of property, plant and equipment. The increase of accruals and other paybles from December 31, 2016 to December 31, 2017 was primarily due to an increase in payables for purchases of property, plant and equipment and payables for joint tuition support fee. The decrease from December 31, 2017 to June 30, 2018 was primarily because we paid back all fees payable to CUIT in an aggregate amount of approximately RMB53.2 million in March 2018.

Interest in An Associate

Our interest in an associate increased from approximately RMB9.5 million as of December 31, 2015 to RMB10.8 million as of December 31, 2016, further increased to approximately RMB12.6 million as of December 31, 2017. Our interest in an associate was nil as of June 30, 2018.

Property, Plant and Equipment

Our property, plant and equipment was approximately RMB283.1 million, RMB301.8 million, RMB327.5 million and RMB336.2 million as of December 31, 2015, 2016 and 2017 and June 30, 2018, respectively. The increase during the Track Record Period reflects our continuous efforts to build and furnish our campus. We completed a new track and field in December 2015 and a new tennis court in July 2017. We also purchased additional furniture, electronic equipment, books and vehicles.

LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period and up to the Latest Practicable Date, we had funded our cash requirements principally from cash generated from our operation and loans from banks and related parties. We had cash and cash equivalents of approximately RMB64.7 million, RMB66.5 million, RMB76.0 million and RMB92.4 million as of December 31, 2015, 2016 and 2017 and June 30, 2018, respectively. We generally deposit our excess cash in interest-bearing bank accounts.

During the Track Record Period, our principal uses of cash had been for working capital requirements. Going forward, we believe our liquidity requirements will be satisfied by using funds from a combination of internally generated cash, external borrowings, proceeds from the Global Offering and other funds raised from the capital markets from time to time. Any significant decrease in student enrollment, or the level of our tuition fees and boarding fees, or a significant decrease in the availability of bank loans or other financing may adversely impact our liquidity.

Cash Flows

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

	Year ended December 31,			Six months ended June 30,	
	2015	**2016**	**2017**	**2017**	**2018**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)* *(Unaudited)*	*(RMB'000)*
Net cash generated from/(used in) operating activities	62,805	63,658	62,623	(20,765)	(80,558)
Net cash (used in)/generated from investing activities	(21,043)	(40,264)	(38,880)	(30,821)	6,778
Net cash (used in)/generated from financing activities	(13,478)	(21,538)	(14,309)	(218)	90,243
Net increase/(decrease) in cash and cash equivalents	28,284	1,856	9,434	(51,804)	16,463
Cash and cash equivalents at beginning of the year/period	36,391	64,675	66,531	66,531	75,965
Cash and cash equivalents at the end of the year/period	64,675	66,531	75,965	14,727	92,428

Net Cash Generated from/(Used in) Operating Activities

We generate cash from operating activities primarily from tuition fees, boarding fees and meal catering service fees, which are typically paid before the relevant services are rendered. Tuition fees and boarding fees are initially recorded under contract liabilities. We recognizes such amounts received as revenue proportionately over the relevant period of the applicable programs. Although we recorded net operating cash inflow for each financial year during the Track Record Period, we recorded net operating cash outflow for the first half of both 2017 and 2018, primarily as a result of (i) the collection of tuition fees and boarding fees in the second half of corresponding years and (ii) the payment of operating costs and other expenses gradually over the corresponding years.

Net cash used in operating activities amounted to approximately RMB80.6 million for the six months ended June 30, 2018, primarily attributable to a profit before income tax of approximately RMB21.1 million and an increase in working capital of approximately RMB110.9 million. The increase in working capital was mainly attributable to a decrease in accruals and other payables of approximately RMB47.4 million and a decrease in contract liabilities of approximately RMB62.7 million.

Net cash generated from operating activities amounted to approximately RMB62.6 million for the year ended December 31, 2017, primarily attributable to profit before income tax of approximately RMB41.2 million and a decrease in working capital of approximately RMB7.7 million, as adjusted to add back depreciation for property, plant and equipment of approximately RMB14.8 million. The decrease in working capital was mainly attributable to an increase in contract liabilities of approximately RMB4.6 million and an increase in accruals and other payables of approximately RMB2.3 million.

Net cash generated from operating activities amounted to approximately RMB63.7 million for the year ended December 31, 2016, primarily attributable to profit before income tax of approximately RMB39.9 million and a decrease in working capital of approximately RMB10.6 million, as adjusted to add back depreciation for property, plant and equipment of approximately RMB12.3 million. The decrease in working capital was mainly attributable to an increase in contract liabilities of approximately RMB5.8 million and an increase in accruals and other payables of approximately RMB4.8 million.

Net cash generated from operating activities amounted to approximately RMB62.8 million for the year ended December 31, 2015, primarily attributable to profit before income tax of approximately RMB36.8 million and a decrease in working capital of approximately RMB11.8 million, as adjusted to add back depreciation for property, plant and equity of approximately RMB11.6 million. The decrease in working capital was mainly attributable to an increase in accruals and other payables of approximately RMB8.6 million and an increase contract liabilities of approximately RMB3.4 million.

Net Cash Generated from/(Used in) Investing Activities

Our expenditures for investing activities were primarily for purchases of property, plant and equipment, loans to related parties and purchases of intangible assets. Our cash inflow from investing activities primarily consists of receipts of repayment of loans to related parties, proceeds from disposal of interest in an associate and dividends from an associate.

Net cash generated from investing activities amounted to approximately RMB6.8 million for the six months ended June 30, 2018, primarily attributable to receipts of repayment of loans to related parties of approximately RMB165.0 million partially offset by loan to related parties of approximately RMB153.0 million and purchases of property, plant and equipment of approximately RMB20.1 million, and proceeds from disposal of interest in an associate of approximately RMB13.6 million.

Net cash used in investing activities amounted to approximately RMB38.9 million for the year ended December 31, 2017, primarily attributable to loans to related parties of approximately RMB14.5 million and purchases of property, plant and equipment of approximately RMB27.4 million, partially offset by receipts of repayment of loans to related parties of RMB2.5 million.

Net cash used in investing activities amounted to approximately RMB40.3 million for the year ended December 31, 2016, primarily attributable to purchases of property, plant and equipment of approximately RMB40.4 million.

Net cash used in investing activities amounted to approximately RMB21.0 million for the year ended December 31, 2015, primarily attributable to purchases of property, plant and equipment of approximately RMB21.3 million.

Net Cash Generated from/(Used in) Financing Activities

Our expenditures for financing activities were primarily for repayment of borrowings from related parties and interest paid for borrowings. Cash inflow from financing activities primarily consist of borrowings from related parties and proceeds from bank borrowings.

Net cash generated from financing activities amounted to approximately RMB90.2 million for the six months ended June 30, 2018, primarily attributable to proceeds from bank borrowings of RMB100.0 million and borrowings from related parties of RMB5.0 million, and borrowings from a third party of RMB2.5 million. The cash inflow was partially offset by the repayment of borrowings from related parties of approximately RMB14.1 million, the interest paid of approximately RMB1.9 million and professional expenses related to the Global Offering of approximately RMB1.3 million.

Net cash used in financing activities amounted to approximately RMB14.3 million for the year ended December 31, 2017, primarily attributable to repayment of borrowings from related parties of approximately RMB13.5 million and interest paid of approximately RMB0.8 million.

Net cash used in financing activities amounted to approximately RMB21.5 million for the year ended December 31, 2016, primarily attributable to repayment of borrowings from related parties of approximately RMB31.1 million and interest paid of approximately RMB1.6 million, partially offset by borrowings from related parties of approximately RMB11.2 million.

Net cash used in financing activities amounted to approximately RMB13.5 million for the year ended December 31, 2015, primarily attributable to repayment of borrowings from related parties of approximately RMB38.1 million and interest of approximately RMB2.8 million, partially offset by borrowings from related parties of approximately RMB27.4 million.

Working Capital

We intend to finance our future working capital requirements with cash generated from our operations, external borrowings, the net proceeds from the Global Offering and other funds raised from the capital markets from time to time. We will closely monitor the level of our working capital, particularly in view of our strategy to continue expanding our school network and further increase the capacity of our existing school.

Our future working capital requirements will depend on a number of factors, including, but not limited to, our operating income, the size of our school network, acquisition of suitable schools, the cost of constructing new school premises, maintaining and upgrading existing school premises, purchasing additional educational facilities and equipment and hiring additional teachers and other educational staff. In view of these circumstances, our Directors have considered our future liquidity and performance and our available sources of finance in assessing whether we will have sufficient financial resources to continue as a going concern.

Our Directors confirm that we will have sufficient financial resources to meet our financial obligations as they fall due and sufficient working capital to meet our present requirements for at least the next twelve months from the date of this prospectus by taking into account our cash flow projection, repayment from related parties, unutilized bank facilities, and our future capital expenditure in respect of our non-cancellable capital commitments.

CAPITAL EXPENDITURES

Our capital expenditures during the Track Record Period were primarily related to maintaining and upgrading the existing school premises and construction of new buildings. During the Track Record Period, our capital expenditures consisted of the additions of property, plant and equipment as well as intangible assets. For the years ended December 31, 2015, 2016 and 2017 and the six months ended June 30, 2018, our capital expenditures were approximately RMB20.4 million, RMB31.6 million, RMB40.5 million and RMB17.4 million, respectively. The following table sets forth the breakdown of our capital expenditures for the periods indicated:

	Year ended December 31,			Six months ended June 30,
	2015	**2016**	**2017**	**2018**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
Property, plant and equipment	19,991	30,981	40,473	17,305
Intangible assets	391	574	18	97
Total	20,382	31,555	40,491	17,402

CONTRACTUAL COMMITMENTS

Capital Commitments

Our capital commitments primarily relate to capital expenditure contracted but not provided for in the historical financial information. The following table sets forth the breakdown of our capital commitments as of the dates indicated:

	As of December 31,			As of June 30,
	2015	2016	2017	2018
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
Commitments for acquisition of property, plant and equipment	2,614	19,933	25	675,045
Total	2,614	19,933	25	675,045

As of June 30, 2018, the capital commitments included investment in the Nanxi New Campus. On May 18, 2018, we entered into the Nanxi New Campus Project Investment Agreement with the People's Government of Nanxi District, Yibin City, pursuant to which we would invest approximately RMB600 million for building a new campus in Yibin, Sichuan Province. The actual investment amount would vary according to formal contracts with constructors in the future.

Operating Lease Commitments

We lease certain buildings under non-cancellable operating lease agreements. We has future aggregate minimum lease payments in respect of land and buildings under non-cancellable operating leases are as follows:

	As of December 31,			As of June 30,
	2015	2016	2017	2018
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
No later than one year	—	—	—	10
Later than one year and no later than five year	—	—	—	10
Total	**—**	**—**	**—**	**20**

INDEBTEDNESS

As of October 31, 2018, for the purpose of our indebtedness statement, our indebtedness amounted to approximately RMB104.7 million, which mainly included bank borrowings and other borrowings.

Our bank borrowings as of December 31, 2015, 2016 and 2017, June 30, 2018, and October 31, 2018, were as follows:

	As of December 31,			As of June 30,	As of October 31,
	2015	2016	2017	2018	2018
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*	*(RMB'000)* *(Unaudited)*
Bank borrowings					
- Secured and guaranteed	—	—	—	100,000	98,500
- Unsecured	—	—	—	—	—
Total	**—**	**—**	**—**	**100,000**	**98,500**

Our unsecured and unguaranteed other borrowings as of December 31, 2015, 2016 and 2017, June 30, 2018, and October 31, 2018, were as follows:

	As of December 31,			As of June 30,	As of October 31,
	2015	2016	2017	2018	2018
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*	*(RMB'000)* *(Unaudited)*
Unsecured and unguaranteed other borrowings					
Amounts due to related parties	42,500	22,600	9,100	—	—
Loans from third parties	—	—	—	2,532	6,224
	42,500	22,600	9,100	2,532	6,224

We primarily borrow loans from banks to pay the joint tuition support fee and to pay for the construction of new dormitories. The bank borrowings and other borrowings as of December 31, 2015, 2016 and 2017, June 30 and October 31, 2018 were all denominated in Renminbi and Hong Kong Dollar. As of October 31, 2018, the date being the latest practicable date for the purpose of the indebtedness statement, our unutilized banking facilities amounted to approximately RMB500.0 million.

The table below sets forth the effective interest rates (per annum) of our bank and other borrowings as of the dates indicated:

	As of December 31,			As of June 30,	As of October 31,
	2015	2016	2017	2018	2018
					(Unaudited)
Variable:					
Bank borrowings	—	—	—	6.18%	6.18%
Unsecured and unguaranteed other borrowings	5.32%	5.36%	5.91%	—	—
Fixed:					
Unsecured and unguaranteed other borrowings	6.88%	—	—	5.00%	5.00%-12.00%

During the Track Record Period, certain of our bank borrowings were secured by a pledge of a commercial building of a related party, corporate guarantees from Gingko Asset Management and WFOE, and a personal guarantee from Mr. Fang. We have obtained written confirmation from the bank that the personal guarantee provided by Mr. Fang and the pledge provided by the relevant related party will be released prior to the Listing.

Except as aforesaid and apart from intra-group liabilities, as of the Latest Practicable Date, we did not have any other loan issued and outstanding or any loan agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities. Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, there was no material covenant on any of our outstanding debt and there was no breach of any covenants. Our Directors further confirm that our Group did not experience any difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

CONTINGENT LIABILITIES

As of June 30, 2018, we did not have any material contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of our Group. Our Directors have confirmed that there has not been any material change in the contingent liabilities of our Group since June 30, 2018.

LISTING EXPENSES

We expect to incur a total of approximately RMB34.1 million of listing expenses (assuming an Offer Price of HK$1.61, being the mid-point of the indicative Offer Price range between HK$1.24 and HK$1.98, and assuming that the Over-allotment Option is not exercised at all) in relation to the Global Offering, of which approximately RMB10.2 million were charged to consolidated statements of comprehensive income and approximately RMB2.9 million was capitalized during the Track Record Period. For the remaining expenses, we expect to charge approximately RMB11.2 million to our consolidated statements of comprehensive income and to capitalize approximately RMB9.8 million. Listing expenses represent professional fees and other fees incurred in connection with the Listing, including underwriting commissions but excluding discretionary bonus. The listing expenses above are the best estimate as of the Latest Practicable Date and for reference only and the actual amount may differ from this estimate.

FINANCIAL RATIOS

	As of/for the year ended December 31,			As of/for the six months ended June 30,
	2015	2016	2017	2018
Net profit margin[(1)]	30.5%	29.8%	29.6%	23.9%
Adjusted net profit margin[(2)]	30.5%	29.8%	29.6%	36.2%
Gross profit margin[(3)]	47.8%	46.7%	44.1%	51.2%
Return on assets[(4)]	9.5%	9.5%	9.1%	8.3%
Adjusted return on assets[(5)]	9.5%	9.5%	9.1%	12.6%
Return on equity[(6)]	18.3%	16.7%	14.7%	12.7%
Adjusted return on equity[(7)]	18.3%	16.7%	14.7%	19.2%
Current ratio[(8)]	0.4	0.4	0.5	1.3
Gearing ratio[(9)]	N/A	N/A	N/A	3.2%

Notes:

(1) Net profit margin equals our net profit for the year/period divided by revenue for the year/period.

(2) Adjusted net profit margin equals our adjusted net profit for the year/period divided by revenue for the year/period. For more information of our adjusted net profit, see "— Our Financial Information During the Track Record Period — Non-HKFRS Measure — Adjusted Net Profit."

(3) Gross profit margin equals our gross profit for the year/period divided by revenue for the year/period.

(4) Return on assets equals net profit for the year/period divided by the average total assets as of the beginning and the end of the year/period. Return on assets for the six months ended June 30, 2018 was calculated using the profit for the six months ended June 30, 2018 adjusted on an annualized basis.

(5) Adjusted return on assets equals adjusted net profit for the year/period divided by the average total assets as of the beginning and the end of the year/period. Adjusted return on assets for the six months ended June 30, 2018 was calculated using the profit for the six months ended June 30, 2018 adjusted on an annualized basis.

(6) Return on equity equals net profit for the year/period divided by the average total equity amounts as of the beginning and the end of the year/period. Return on equity for the six months ended June 30, 2018 was calculated using the profit for the six months ended June 30, 2018 adjusted on an annualized basis.

(7) Adjusted return on equity equals adjusted net profit for the year/period divided by the average total equity amounts as of the beginning and the end of the year/period. Adjusted return on equity for the six months ended June 30, 2018 was calculated using the profit for the six months ended June 30, 2018 adjusted on an annualized basis.

(8) Current ratio equals our current assets divided by current liabilities as of the end of the year/period.

(9) Gearing ratio equals net debt divided by total equity as of the end of the year/period. Net debt is calculated as total debt less cash and cash equivalents.

Analysis of Key Financial Ratios

Net Profit Margin and Adjusted Net Profit Margin

Our net profit margin decreased from 30.5% for the year ended December 31, 2015 to 29.8% for the year ended December 31, 2016, to 29.6% for the year ended December 31, 2017, and further decreased from 39.7% for the six months ended June 30, 2017 to 23.9% for the six months ended June 30, 2018. Our adjusted net profit margins for the same period were 30.5%, 29.8%, 29.6%, 39.7% and 36.2%, respectively. The decreases in our net profit margins and adjusted net profit margins from 2015 to 2017 and from the six months ended June 30, 2017 to the six months ended June 30, 2018 were primarily due to an increase in employee benefit expenses and depreciation expenses from increasing plant, property and equipment and the incurrence of the listing expenses which amounted to RMB10.2 million.

Gross Profit Margin

Our gross profit margin decreased from 47.8% for the year ended December 31, 2015 to 46.7% for the year ended December 31, 2016, and then decreased to 44.1% for the year ended December 31, 2017, and decreased to 51.2% for the six months ended June 30, 2018 from 52.5% for the same period in 2017. The decreases in our gross profit margin were primarily because the increasing employee benefit expenses and depreciation expenses of our increasing plant, property and equipment outpaced the increase in our revenue.

Return on Assets

Our return on assets was 9.5%, 9.5%, 9.1% and 8.3% as of December 31, 2015, 2016 and 2017 and June 30, 2018, respectively. The decrease was primarily because our average total assets increased at a higher rate than the increase in the net profit.

Adjusted Return on Assets

Our adjusted return on assets was 9.5%, 9.5%, 9.1% and 12.6% as of December 2015, 2016 and 2017 and June 30, 2018, respectively. Our adjusted return on assets was affected primarily by the same factors discussed in "— Return on Assets."

Return on Equity

Our return on equity was 18.3%, 16.7%, 14.7% and 12.7% as of December 31,2015, 2016 and 2017 and June 30, 2018, respectively. The decrease was primarily because our average total equity increased at a higher rate than the increase in net profit.

Adjusted Return on Equity

Our adjusted return on equity was 18.3%, 16.7%, 14.7% and 19.2% as of December 2015, 2016 and 2017 and June 30, 2018, respectively. Our Adjusted return on equity was affected primarily by the same factors discussed in "— Return on Equity."

Current Ratio

Our current ratio was 0.4, 0.4, 0.5 and 1.3 as of December 31, 2015, 2016 and 2017 and June 30, 2018, respectively. The increase from December 31, 2015 to December 31, 2017 resulted from the continuous increase in our current assets compared to the continuous decrease in our current liabilities. The increase in our current assets was primarily due to the increase in our cash and cash equivalents and amounts due from a related party. The decrease in our current liabilities reflect our efforts to reduce amounts due to related parties. The increase from December 31, 2017 to June 30, 2018 was primarily due to (i) the payment of joint tuition support fee payable to CUIT in March 2018; (ii) the recognition of deferred tuition revenue for the 2017/2018 school year; and (iii) the receipts of repayment of loans to related parties.

Gearing Ratio

We did not have any bank borrowings as of December 31, 2015, 2016 and 2017. Therefore, the gearing ratio was not applicable as of such dates. Our gearing was 3.2% as of June 30, 2018, primarily because we borrowed RMB100.0 million in the first quarter of 2018.

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. During the Track Record Period, we had certain loans to and from related parties. See "— Our Financial Information During the Track Record Period — Discussion of Key Balance Sheet Items — Amounts due to related parties" and "— Our Financial Information During the Track Record Period — Discussion of Key Balance Sheet Items — Amounts due from a related party." We settled all balances with related parties on June 14, 2018. These balances were unsecured and had no fixed term of repayment. Please see Note 27 to the Accountant's Report of the Group in Appendix I to this prospectus for details of these and other related party transactions.

Our Directors believe that each of the related party transactions set out in Note 27 to the Accountant's Report of the Group in Appendix I to this prospectus was conducted in the ordinary course of business on an arm's length basis. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our track record results or make our historical results not reflective of our future performance.

As advised by our PRC Legal Advisors, Article 61 of the *General Lending Provisions* (《貸款通則》) (the "**General Provisions**"), a regulation promulgated by the PBOC in 1996, prohibits any financing arrangements/lending transactions between non-financial institutions. Accordingly, above loans from/to related parties did not comply with the abovementioned General Provisions. On August 6, 2015, the Supreme Court promulgated the *Notice of the Supreme People's Court on Carefully Study and Implementation of the Provisions of the Supreme People's Court on Several Issues Concerning the Application of Law in the Trial of Private Lending Case* (《最高人民法院關於認真學習貫徹適用<最高人民法院關於審理民間借貸案件適用法律若干問題的規定>的通知》), taking into effect from September 1, 2015, which stipulates that the People's Court shall apply the *Provisions of the Supreme People's Court on Several Issues Concerning the Application of Law in the Trial of Private Lending Cases* (《最高人民法院關於審理民間借貸案件適用法律若干問題的規定》) (the "**Judicial Interpretations on Private Lending Cases**") in determining the validity of private lending transactions. The Judicial Interpretations on Private Lending Cases prevail over the rules that prohibit any financing arrangements/lending transactions between non-financial institutions under Article 61 of the General Provisions, if such private lending transactions happened before September 1, 2015. Our PRC Legal Advisors further advised that, the Judicial Interpretations on Private Lending Cases are applicable to any dispute, concerning financing arrangements/lending transactions between non-financial institutions, that arises after September 1, 2015, whether or not the financing arrangements/lending transactions in concern happened before or after September 1, 2015. According to Article 11 of the Judicial Interpretations on Private Lending Cases, the Supreme People's Court recognizes the validity and legality of financing arrangements/lending transactions between non-financial institutions so long as certain requirements, such as the interest rates charged, are satisfied. On this basis, and given that (i) we have settled all loans with related parties as of June 14, 2018; and (ii) as of the Latest Practicable Date, no disputes had arisen among our Group and related parties, our PRC Legal Advisors are of the opinion that, after the implementation of the Judicial Interpretations on Private Lending Cases, such inter-company loan agreements are legal, valid and enforceable and the possibility for the PBOC to impose administrative penalty on our Group, in relation to such loans is remote.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT FINANCIAL RISK

We are exposed to a variety of financial risks, including interest rate risk, credit risk and liquidity risk, as set out below. We regularly monitor our exposure to these risks. As of the Latest Practicable Date, we did not hedge or consider it was necessary to hedge any of these risks.

Interest Rate Risk

Our interest rate risk arises from bank deposits and borrowings. Borrowings obtained at variable rates expose us to cash flow interest rate risk which is partially offset by cash at bank with variable interest rates. Borrowings obtained at fixed rates expose us to fair value interest rate risk.

Bank deposits carried at prevailing market interest rate expose us to cash flow interest rate risk. We closely monitor trend of interest rate and its impact on our interest rate risk exposure to ensure it is within an acceptable level. We currently have not used any interest rate swap arrangements but will consider hedging interest rate risk should the need arises.

Credit Risk

We have no concentration of credit risk from third party debtors. Deposits are mainly placed with licensing banks which are all high-credit-quality financial institutions. Our maximum exposure to credit risk is the carrying amounts of cash and cash equivalents, trade and other receivables, amounts due from a related party.

As of December 31, 2015, 2016, 2017 and June 30, 2018, substantially all of our bank deposits were deposited with major financial institutions incorporated in the PRC, which management believes are of high-credit-quality without significant credit risk.

All of our trade receivables, other receivables and amounts due from a related party have no collateral. We assessed the credit quality of the counterparties by taking into account their financial position, credit history and other factors. Management also regularly reviews the recoverability of these receivables and follow up the disputes or amounts overdue, if any. The Directors are of the opinion that the risk of default by counterparties is low.

We consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, we compare the risk of a default occurring on the asset as of the reporting date with the risk of default as of the date of initial recognition. It considers available reasonable and supportive forwarding-looking information.

Liquidity Risk

To manage the liquidity risk, we monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance our operations and mitigate the effects of fluctuations in cash flows. We expect to fund our future cash flow needs through internally generated cash flows from operations and borrowings from financial institutions. Our management believes that there is no significant liquidity risk in view of the expected cash flows from operations and continuous support from banks in the coming twelve months.

The table below analyzes our non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 2 years	Total
	RMB'000	*RMB'000*	*RMB'000*
As of December 31, 2015			
Accruals and other payables (excluding non-financial liabilities)	73,071	—	73,071
Amounts due to related parties	42,539	—	42,539
Total	115,610	—	115,610
As of December 31, 2016			
Accruals and other payables (excluding non-financial liabilities)	69,712	—	69,712
Amounts due to related parties	22,612	—	22,612
Total	92,324	—	92,324
As of December 31, 2017			
Accruals and other payables (excluding non-financial liabilities)	78,334	—	78,334
Amounts due to related parties	9,181	—	9,181
Total	87,515	—	87,515
As of June 30, 2018			
Bank borrowings (principle plus interests)	27,978	82,863	110,841
Accruals and other payables (excluding non-financial liabilities)	36,447	—	36,447
Amounts due to related parties	497	—	497
Total	64,922	82,863	147,785

For further details about our liquidity risk, see Note 3 to the Accountant's Report in Appendix I to this prospectus.

DISTRIBUTABLE RESERVES

Our Company was incorporated in the Cayman Islands and has not carried out any business since the date of its incorporation. Accordingly, our Company had no reserve available for distribution to the Shareholders as of June 30, 2018.

DIVIDEND

As we are a holding company, our ability to declare and pay dividends will depend on receipt of sufficient funds from our subsidiaries and, particularly, our consolidated affiliated entities, which are incorporated in the PRC. Our consolidated affiliated entities must comply with their respective constitutional documents and the laws and regulations of the PRC in declaring and paying dividends to us. Pursuant to the laws applicable to the PRC's Foreign Investment Enterprises, our Company's subsidiaries must make appropriations from after-tax profit to non-distributable reserve funds as determined by the board of directors of each relevant entity prior to payment of dividends. These reserves include a general reserve and a development fund. Subject to certain cumulative limits, the general reserve requires annual appropriations of 10% of after-tax profits as determined under PRC laws and regulations at each year-end until the balance reaches 50% of the relevant PRC entity's registered capital. PRC laws and regulations require private schools where the school sponsors require reasonable returns to make annual appropriations of 25% of net income to its development fund prior to payments of reasonable returns. Such appropriations are required to be used for the construction or maintenance of the school or for the procurement or upgrading of educational equipment. A private school that does not require reasonable returns cannot distribute dividends to its school sponsors.

Any amount of dividends we pay will be at the discretion of our Directors and will depend on our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors which our Directors consider relevant. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the relevant laws. No dividend has been declared during the Track Record Period. We have no intention to declare any dividend in the near future.

No dividend had been paid or proposed by our Company during the Track Record Period and up to the Latest Practicable Date.

DISCLOSURE REQUIRED UNDER CHAPTER 13 OF THE LISTING RULES

Our Directors have confirmed that, as of the Latest Practicable Date, there are no circumstances which, had we been required to comply with Rules 13.13 to 13.19 in Chapter 13 of the Listing Rules, would have given rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

PROPERTY INTERESTS AND PROPERTY VALUATION REPORT

The value of our property interests as of October 31, 2018 as valued by JLL, an independent property valuation firm, was RMB634.5 million. The text of its letter and valuation certificate are set out in the Property Valuation Report as set forth in Appendix III to this prospectus.

The following table presents the reconciliation of the net book value of the relevant property interests as of June 30, 2018 to their market value as of October 31, 2018 attributed by JLL as stated in the valuation certificate in the property valuation report set out in Appendix III to this prospectus:

	(RMB'000)
Net book value of buildings, construction in progress and prepaid land lease payments as of June 30, 2018	335,785
Add: Addition in construction in progress	33,453
Less: Depreciation for the four months ended October 31, 2018	(2,634)
	366,604
Valuation surplus	267,926
Valuation as of October 31, 2018	634,530

SUBSEQUENT EVENTS

Save as disclosed in the section headed "Summary — Recent Developments and Material Adverse Change" and Note 29 to the Accountant's Report set out in Appendix I to this prospectus, there is no significant event occurred subsequently after the balance sheet date.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this prospectus, there had been no material adverse change in our financial or trading position and prospects since June 30, 2018 (being the date on which the latest audited consolidated financial information of our Group was prepared) except that our expected net profit and net profit margin for the year ending December 31, 2018 may decrease significantly comparing with corresponding figures for the year ended December 31, 2017 due to the expected increase in our finance expenses as a result of the increase in bank borrowings for our expansion plan and the estimated listing expenses. Save as disclosed above, there had been no event since June 30, 2018 which would materially affect the information shown in our consolidated financial statements included in the Accountant's Report in Appendix I to this prospectus.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets of our Group has been prepared by our Directors in accordance with Rule 4.29 of the Listing Rules to illustrate the effect of the Global Offering on the audited consolidated net tangible assets of our Group attributable to owners of our Company as if the Global Offering had taken place on June 30, 2018.

The unaudited pro forma statement of adjusted consolidated net tangible assets of our Group has been prepared for illustrative purposes only and, because of its hypothetical nature, may not give a true picture of the financial position of our Group had the Global Offering been completed on June 30, 2018 or any future date.

The unaudited pro forma statement of adjusted consolidated net tangible assets of our Group is based on the audited consolidated net tangible assets of our Group attributable to owners of our Company as of June 30, 2018 derived from the Accountant's Report set out in Appendix I to this prospectus, and adjusted as follows:

	Audited consolidated net tangible assets of our Group attributable to owners of our Company as of June 30, 2018[1]	**Estimated net proceeds from the Global Offering[2]**	**Unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company as of June 30, 2018**	**Unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company as of June 30, 2018 per Share**	
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB)[3]*	*(HK$)[4][5]*
Based on an Offer Price of HK$1.24 per Share	319,396	114,425	433,821	0.87	0.98
Based on an Offer Price of HK$1.98 per Share	319,396	193,670	513,066	1.03	1.16

Notes:

(1) The audited consolidated net tangible assets of our Group attributable to owners of our Company as of June 30, 2018 are based on audited consolidated net assets of our Group attributable to the owners of our Company as of June 30, 2018 of approximately RMB320,380,000 with an adjustment for the intangible assets as at June 30, 2018 of approximately RMB984,000, as set out in Appendix I to this prospectus.

(2) The estimated net proceeds from the Global Offering are based on 125,000,000 Shares to be issued under the Global Offering and the Offer Price of HK$1.24 and HK$1.98 per Offer Share, respectively, being the low-end and high-end of the stated Offer Price range, after deduction of the underwriting fees and other related expenses to be incurred by our Group (excluding listing expenses of approximately RMB10,168,000 which has been accounted for in the consolidated statements of comprehensive income up to June 30, 2018) and assuming the Over- allotment Option is not exercised and no Shares are issued upon the exercise of options that may be granted under the Share Option Schemes or allotted and issued or repurchased by the Company pursuant to the general mandates for the allotment and issue or repurchase of Shares referred to in Appendix V to this prospectus. The estimated net proceeds from the Global Offering are converted from Hong Kong dollars into RMB at an exchange rate of HK$1 to RMB0.8830, which was the rate of People's Bank of China prevailing on December 11, 2018. No representation is made that the Hong Kong dollars amounts have been, could have been or could be converted into Renminbi, or vice versa, at that rate or at any other rates or at all.

(3) The unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company as of June 30, 2018 per Share is calculated based on 500,000,000 Shares assuming that the Capitalization Issue and the Global Offering had been completed on June 30, 2018, but without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option, or any Shares which may be issued upon the exercise of options that may be granted under the Share Option Schemes or allotted and issued or repurchased by our Company pursuant to the general mandate as for the allotment and issue or repurchase of Shares referred to in Appendix V to this prospectus.

(4) The unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company per Share is converted from RMB into Hong Kong dollars at an exchange rate of RMB0.8830 to HK$1, which was the rate of People's Bank of China prevailing on December 11, 2018. No representation is made that the RMB amounts have been, could have been or could be converted to Hong Kong dollars, or vice versa, at that rate or at any other rates or at all.

(5) No adjustment has been made to the audited consolidated net tangible assets of our Group attributable to owners of our Company as of June 30, 2018 to reflect any trading result or other transaction of our Group entered into subsequent to June 30, 2018.

FUTURE PLANS AND PROSPECTS

For a detailed description of our future plans, see "Business — Business Strategies."

USE OF PROCEEDS

We estimate that we will receive net proceeds of approximately HK$177.9 million from the Global Offering, after deducting the underwriting commissions and other estimated expenses payable by us in connection with the Global Offering, assuming that the Over-allotment Option is not exercised, without taking into account any Shares which may be issued upon exercise of any options which may be granted under the Share Option Scheme and assuming an Offer Price of HK$1.61 per Share (being the mid-point of the indicative Offer Price range set forth on the cover page of this prospectus). We intend to use such net proceeds from the Global Offering for the purposes and in the amounts set forth below:

- approximately 85%, or approximately HK$151.2 million, will be used for the construction of the Nanxi New Campus. See "Business — Expansion Plans — New Campus Plan;"

- approximately 10%, or approximately HK$17.8 million, will be used to recruit high-caliber teachers and staff; and

- approximately 5%, or approximately HK$8.9 million, will be used for general business operations and working capital.

If the Over-allotment Option is exercised in full, we estimate that the additional net proceeds from the offering of these additional Shares will be approximately HK$29.1 million, after deducting the underwriting commissions and other estimated expenses payable by us in connection with the Global Offering, assuming an Offer Price of HK$1.61 per Share, being the mid-point of the indicative Offer Price range. If the Offer Price is determined at HK$1.98 per Offer Share, being the high end of the indicative Offer Price range stated in this prospectus, we will receive additional net proceeds of approximately HK$44.6 million. We intend to use such additional net proceeds fully for the construction of the Nanxi New Campus. If the Offer Price is fixed at HK$1.24 per Offer Share, being the low end of the indicative Offer Price range stated in this prospectus, the net proceeds we receive will be reduced by approximately HK$44.6 million. Under such situation, we currently intend to reduce the net proceeds applied for the same purposes as set out above on a pro rata basis.

To the extent that the net proceeds from the Global Offering are not immediately applied to the purposes stated above, and to the extent permitted by applicable laws and regulations, we intend to deposit net proceeds to short-term demand deposits and/or money market instrument. We will make a formal announcement in the event that there is any change in our use of net proceeds from the purposes stated above or in our allocation of the net proceeds in the proportions stated above.

HONG KONG UNDERWRITERS

China Securities (International) Corporate Finance Company Limited
First Shanghai Securities Limited
Aristo Securities Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Underwriting arrangements

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters and the International Offering is expected to be fully underwritten by the International Underwriters, both on several bases and subject to agreement on pricing of the Offer Shares being entered into between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and us. The Hong Kong Underwriting Agreement was entered into on December 19, 2018. In connection with the International Offering, our Company expects to enter into the International Underwriting Agreement with, among others, the International Underwriters. The Hong Kong Underwriting Agreement is conditional upon (among other things) the International Underwriting Agreement being entered into, and the Underwriting Agreements are expected to be inter-conditional.

Hong Kong Underwriting Agreement

Under the Hong Kong Underwriting Agreement, we have agreed to offer the Hong Kong Offer Shares to the public in Hong Kong for subscription on and subject to the terms and conditions of this prospectus and the Application Forms.

Pursuant to the Hong Kong Underwriting Agreement, and conditional upon, among other conditions, the Listing Committee granting or agreeing to grant the listing of, and permission to deal in, the Shares, in issue and to be issued as mentioned in this prospectus (subject only to allotment and/or despatch of share certificates for the Offer Shares and such other usual conditions for transaction of this nature) and certain other conditions including the Offer Price being determined by our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters), the entering into of the International Underwriting Agreement and the Price Determination Agreement on or before the Price Determination Date, the Hong Kong Underwriters have agreed to subscribe for, or procure subscribers to subscribe for, the Hong Kong Offer Shares which are not taken up under the Hong Kong Public Offering on the terms and conditions of the Hong Kong Underwriting Agreement, this prospectus and the Application Forms.

Grounds for termination

The Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) is entitled to terminate the Hong Kong Underwriting Agreement by giving written notice before 8:00 a.m. (Hong Kong time) on the Listing Date ("Termination Time") to our Company if any of the following events shall occur prior to the Termination Time:

(a) there develops, occurs, exists or comes into force any change or development involving a prospective change or development, or any event or series of events, matters or circumstances likely to result in or representing a change or development, or prospective change or development concerning or relating to:

(i) any new law or any change in existing law, or any change in the interpretation or application thereof by any court or other competent authority in or affecting Hong Kong, the PRC, the Cayman Islands, the United States, Canada, any member of the European Union, Japan, Singapore or any other relevant jurisdiction (each a "**Relevant Jurisdiction**"); or

(ii) any local, national, regional or international financial, political, military, industrial, economic, currency market, fiscal or regulatory or market conditions (including, without limitation, conditions in stock, equity securities and bond markets, money and foreign exchange markets and inter-bank markets), or any monetary or trading settlement system or matters and/or disaster (including, without limitation a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or a devaluation of the Hong Kong dollars or an appreciation of the Renminbi against the currency of any of the United States, the European Union, the United Kingdom or Japan) in or affecting any Relevant Jurisdiction; or

(iii) any event or series of events in the nature of force majeure (including, without limitation, acts of government, declaration of a national or international emergency of war, epidemic, pandemic, outbreak of disease, economic sanction, strikes, lock-outs, fire, explosion, flooding, earthquake, civil commotion, acts of war, acts of terrorism (whether or not responsibility has been claimed), riot, public disorder, economic sanctions or acts of God) in or affecting any Relevant Jurisdiction; or

(iv) any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or calamity or crisis in or any Relevant Jurisdiction; or

(v) (A) any suspension or limitation on trading in shares or securities generally on the Stock Exchange, the New York Stock Exchange, the Nasdaq National Market, the London Stock Exchange, the Tokyo Stock Exchange, Shanghai Stock Exchange or Shenzhen Stock Exchange or (B) a general moratorium on commercial banking

activities in New York, London, Cayman Islands, Hong Kong, Japan or the PRC declared by the relevant competent authorities, or a material disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance services in or affecting any Relevant Jurisdiction; or

(vi) any adverse change or development involving prospective adverse change in taxation or exchange controls, currency exchange rates or foreign investment regulations in any Relevant Jurisdiction adversely affecting an investment in the Shares; or

(vii) any Director being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company or the commencement by any governmental, political or regulatory body of any action against any Director in his or her capacity as such or an announcement by any governmental, political or regulatory body that it intends to take any such action; or

(viii) a contravention by any member of the Group of a material provision of the Companies Ordinance or Companies (WUMP) Ordinance or Cayman Islands Companies Law or the Listing Rules or the laws of such member company's own jurisdiction; or

(ix) other than with the approval of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters), the issue or requirement to issue by the Company of a supplementary prospectus, Application Form, preliminary or final offering circular pursuant to the Companies Ordinance or Companies (WUMP) Ordinance or the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC; or

(x) any adverse change or development involving a likely adverse change of any of the risks set out in the section headed "Risk Factors" in this prospectus or the occurrence of any such events therein; or

(xi) any demand by creditors for repayment of indebtedness prior to its stated maturity or a petition is presented for the winding-up or liquidation of any member of the Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of the Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of the Group or anything analogous thereto occurs in respect of any member of the Group; or

(xii) save as disclosed in this prospectus, any litigation or claim being threatened or instigated against the Company or any member of the Group or any Director; or

(xiii) the chairman and chief executive officer of the Company vacating his or her office for any reason,

which in any such case, whether individually or in aggregate and in the sole opinion of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters),

(A) is or may or will be or is likely to be materially adverse to, or prejudicially affect, the general affairs or the business or financial or trading or other condition or prospects of the Company and its subsidiaries taken as a whole; or

(B) has or may have or will have or is likely to have a material adverse effect on the success of the Global Offering and/or make it impracticable, incapable, inexpedient or inadvisable for any part of Hong Kong Underwriting Agreement (including underwriting), the International Underwriting Agreement, the Hong Kong Public Offering or the Global Offering to be performed or implemented as envisaged or which prevents the processing of applications and/or payments pursuant to the Global Offering or underwriting thereof; or

(C) makes or will or is likely to make it impracticable, inexpedient or inadvisable to proceed with or to market the Hong Kong Public Offering and/or the Global Offering or the delivery of the Offer Shares on the terms and in the manner contemplated by this prospectus, the Application Forms, the formal notice or the final offering circular;

(b) there has come to the notice of the Sole Global Coordinator or any of the Hong Kong Underwriters as at or after the date of Hong Kong Underwriting Agreement:

(i) that any statement contained in this prospectus, the Application Forms, the formal notice and any notices, announcements, advertisements, communications, or other documents in the agreed form issued by the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was, when it was issued, or has become untrue, incorrect or incomplete in any material respect or misleading, or that any forecasts, estimates, expression of opinion, intention or expectation expressed in such documents are not in all material aspects, fair and honest and based on reasonable assumptions, when taken as a whole; or

(ii) any matter has arisen or has been discovered which would, had it arisen immediately before the date of this prospectus, not having been disclosed in this prospectus, constitutes a material omission therefrom; or

(iii) any of the warranties given by the warrantors in the Hong Kong Underwriting Agreement is (or might when repeated be) being untrue or misleading or inaccurate in any respect; or

(iv) any event, act or omission which gives or is likely to give rise to any liability of the Company pursuant to the indemnities given by the Company under the Hong Kong Underwriting Agreement or the International Underwriting Agreement; or

(v) any breach of any of the obligations or undertakings of the warrantors under the Hong Kong Underwriting Agreement or the International Underwriting Agreement which has or may have or will have or is likely to have a material adverse effect on the success of the Global Offering or the business or financial condition or prospects of the Group; or

(vi) any breach of any of the obligations of any party (other than the Sole Global Coordinator or the Underwriters, if applicable) to any of the Deed of Indemnity, the Deed of Non-competition, the Price Determination Agreement, the receiving bank agreement, the registrar agreements and the Stock Borrowing Agreement which has or may have or will have or is likely to have a material adverse effect on the success of the Global Offering or the business or financial condition or prospects of the Group; or

(vii) any material adverse change or development involving prospective material adverse change in the assets, liabilities, conditions, earnings, profits, losses, business, properties, results of operations, in the financial or trading position or prospects or performance of the Company and its subsidiaries taken as a whole; or

(viii) any of the experts named in "Statutory and General Information — D. Other Information — 9. Qualification of Experts" in Appendix V to this prospectus has withdrawn its respective consent to the issue of this prospectus with the inclusion of its reports, letters, opinions and/or legal opinions (as the case may be) and references to its name included in the form and context in which it respectively appears; or

(ix) the Company withdraws this prospectus and the Application Forms or the Global Offering.

Undertakings

Undertakings to the Hong Kong Underwriters

Undertakings by our Company

Under the Hong Kong Underwriting Agreement, our Company has undertaken to and covenanted with the Sole Sponsor, the Sole Global Coordinator, Joint Bookrunners, Joint Lead Managers and the Hong Kong Underwriters that save as pursuant to the Global Offering (including pursuant to the Over-allotment Option) or the Capitalization Issue or issue of options or Shares under the Share Option Scheme, without the prior written consent of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters),

(i) our Company will not at any time during the period commencing from the date of the Hong Kong Underwriting Agreement and ending on the date which is six months from the Listing Date ("First Lock-up Period"):

(a) offer, accept subscription for, pledge, charge, allot, issue, sell, lend, mortgage, assign, contract to allot, issue or sell any option or contract to purchase, purchase any option

or contract to sell, grant or agree to grant any option, right, warrant or contract to purchase or subscribe for, lend, purchase any option, right, warrant or contract to sell, or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, or repurchase any of its share capital or other securities of the Company or any interest therein (including, but not limited to, any securities convertible into or exercisable or exchangeable for or that represent the right to receive any such share capital or securities or any interest therein); or

(b) enter into any swap, derivative, lending, repurchase, mortgage or other arrangement that transfers to another, in whole or in part, directly or indirectly, any of the economic consequences of ownership of such share capital or other securities of the Company or any interest therein; or

(c) enter into any transaction with the same economic effect as any transaction described in paragraphs (a) or (b) above; or

(d) agree or contract to, or publicly announce any intention to enter into, any transaction described in (a), (b) or (c) above,

whether any of the foregoing transactions described in sub-paragraphs (a) to (c) above is to be settled by delivery of share capital or such other securities of the Company or shares or other securities of such other member of the Group, as applicable, or in cash or otherwise (whether or not the issue of shares or such other securities will be completed within the First Lock-up Period); and

(ii) at any time during the six months commencing on the date which the First Lock-up Period expires (the "Second Lock-up Period"), in the event that our Company enters into any of the foregoing transactions described in paragraphs (i)(a), (b), (c) or agree or contract to, or publicly announce any intention to enter into any such transactions, as the case may be, our Company must take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of our Company.

Undertakings by our Controlling Shareholders

Under the Hong Kong Underwriting Agreement, each of our Controlling Shareholders has jointly and severally undertaken to the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that, save as pursuant to the Global Offering, the Over-allotment Option or if applicable, the Stock Borrowing Agreement and the Capitalization Issue without the prior written consent of the Sole Global Coordinator, at any time during the First Lock-up Period, none of the Controlling Shareholders will:

(i) offer, pledge, charge, mortgage, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend, make any short sale or otherwise transfer or dispose of (nor enter into any agreement to transfer or dispose of or otherwise create any options, rights, interests or encumbrances in respect of), either directly or indirectly, conditionally or unconditionally, any of the share capital or other securities of the Company or any interest therein (including, but not limited to, any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, any such capital

or securities or any interest therein) whether now owned or hereinafter acquired, owned directly by the Controlling Shareholders (including holding as a custodian) or with respect to which any of the Controlling Shareholders has beneficial ownership (collectively the "**Lock-up Shares**") (the foregoing restriction is expressly agreed to preclude the Controlling Shareholders from engaging in any hedging or other transaction which is designed to or which reasonably could be expected to lead to or result in a sale or disposition of the Lock-up Shares even if such Shares would be disposed of by someone other than the Controlling Shareholders, respectively. Such prohibited hedging or other transactions would include without limitation any short sale or any sale or grant of any right (including without limitation any put or call option) with respect to any of the Lock-up Shares or with respect to any security that includes, relates to, or derives any significant part of its value from such Shares); or

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, directly or indirectly, any of the economic consequences of ownership of any such capital or securities of the Company or any interest therein; or

(iii) enter into any transaction with the same economic effect as any transaction described in (i) or (ii) above; or

(iv) agree or contract to, or publicly announce any intention to enter into, any transaction described in (i) to (iii) above,

whether any such transaction described in (i), (ii) or (iii) above is to be settled by delivery of Shares or such other securities of the Company or shares or other securities of such other member of the Group, as applicable, in cash or otherwise (whether or not the issue of shares or such other securities will be completed within the aforesaid period), save as provided under Note (2) to Rule 10.07(2) of the Listing Rules and subject always to compliance with the provisions of the Listing Rules.

During the Second Lock-up Period, the Controlling Shareholders will not enter into any of the foregoing transactions in sub-clauses (i), (ii) or (iii) above or agree or contract to, or publicly announce any intention to enter into any such transactions if, immediately following such transfer or disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, any of the Controlling Shareholders will cease to be a "controlling shareholder" (as defined under the Listing Rules) of the Company.

Until the expiry of the Second Lock-up Period, in the event that any of the Controlling Shareholders enters into any such transactions or agrees or contracts to, or publicly announces an intention to enter into any such transactions, it will take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of the Company.

Undertakings to the Stock Exchange pursuant to the Listing Rules

Undertakings by our Company

Under Rule 10.08 of the Listing Rules, no further Shares or securities convertible into our equity securities (whether or not a class already listed) may be issued by us or form the subject of any agreement to such an issue within six months from the Listing Date (whether or not such an issue of Shares or our securities will be completed within six months from the Listing Date), except in certain circumstances as prescribed by Rule 10.08(1) to (5) of the Listing Rules.

Undertakings by our Controlling Shareholders

Under Rule 10.07(1) of the Listing Rules, our Controlling Shareholders have undertaken to us and to the Stock Exchange that they shall not, and procure that the relevant registered holder(s) shall not:

(a) during the First Lock-up Period, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares or our securities in respect of which they are shown by this prospectus to be the beneficial owner; or

(b) at any time during the Second Lock-up Period, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares or securities referred to in (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, our Controlling Shareholders would cease to be our controlling shareholders (as defined in the Listing Rules).

In accordance with Note (3) of Rule 10.07(2) of the Listing Rules, each of our Controlling Shareholders has also undertaken to us and the Stock Exchange that, during the First Lock-up Period and the Second Lock-up Period, he/it will:

(1) when he/it pledges or charges any securities of our Company beneficially owned by him/it in favour of an authorised institution pursuant to Note (2) to Rule 10.07(2) of the Listing Rules, immediately inform us of such pledge or charge together with the number of securities so pledged or charged; and

(2) when he/it receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged securities of our Company will be disposed of, immediately inform us of such indications.

Under Note (3) to Rule 10.07 (2) of the Listing Rules, we are required to inform the Stock Exchange as soon as practicable after we have been informed of the matters referred to in (1) or (2) above by any of our Controlling Shareholders and disclose such matters by way of an announcement in compliance with the Listing Rules.

International Underwriting Agreement

In connection with the International Offering, it is expected that our Company and our Controlling Shareholders will enter into the International Underwriting Agreement with, among others, the Sole Sponsor, the Sole Global Coordinator and the International Underwriters on or around the Price Determination Date. It is expected that under the International Underwriting Agreement, the International Underwriters will, subject to certain conditions set out therein, severally agree to subscribe for or procure subscribers to subscribe for the International Offer Shares to be initially being offered under the International Offering (subject to reallocation) on and subject to the terms of the International Underwriting Agreement. The International Underwriting Agreement is expected to contain force majeure provisions as that contained in the Hong Kong Underwriting Agreement as mentioned above. In the event that the International Underwriting Agreement is not entered into on or around the Price Determination Date, or does not become unconditional or is terminated in accordance with its terms, the Global Offering will not proceed and will lapse.

It is expected that under the International Underwriting Agreement, our Company will grant the Over-allotment Option to the International Underwriters, exercisable at the sole discretion of the Sole Global Coordinator (for itself and on behalf of the International Underwriters) to require our Company at any time within a period commencing from the Listing Date and ending on the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering, to allot and issue up to an aggregate of 18,750,000 additional new Shares, representing 15% of the Offer Shares initially being offered under the Global Offering, on the same terms as those applicable to the Global Offering, to cover over-allocations in the International Offering.

Commission and expenses

Pursuant to the terms of the Hong Kong Underwriting Agreement, our Company has agreed to pay to the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) and, in the case of the International Underwriting Agreement, our Company will agree to pay to the Sole Global Coordinator (for itself and on behalf of the International Underwriters), an underwriting commission of 2.5% of the aggregate final Offer Price payable for the Offer Shares (including the Shares to be issued under the Over-allotment Option), out of which they will (as the case may be) pay any sub-underwriting commissions. The Company may, at its sole and absolute discretion, pay an additional incentive fee to the Joint Bookrunners based on a percentage to be determined before the Listing of the aggregate sale proceeds of the Global Offering. Assuming the Over-allotment Option is not exercised, based on an Offer Price of HK$1.61 (being the mid-point of the Offer Price range of HK$1.24 per Offer Share and HK$1.98 per Offer Share), such underwriting commissions and fees (excluding discretionary incentive fee, if any), together with the Stock Exchange listing fees, the Stock Exchange trading fees, SFC transaction levy, legal and other professional fees, applicable printing and other expenses relating to the Global Offering are estimated to amount to approximately HK$38.6 million in total and will be payable by our Company.

Underwriters' interests in our Company

Save for their respective obligations and interests under the Underwriting Agreements as disclosed above, none of the Underwriters has any shareholding interest in our Company or any member of our Group or has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group nor any interest in the Global Offering.

Minimum Public Float

Our Directors and the Sole Global Coordinator will ensure that there will be a minimum 25% of our Company's total number of the total issued Shares held in public hands in accordance with Rule 8.08 of the Listing Rules immediately after completion of the Global Offering.

Sole Sponsor's independence

The Sole Sponsor satisfies the independence criteria applicable to sponsor as set out in Rule 3A.07 of the Listing Rules.

THE GLOBAL OFFERING

The Global Offering comprises the International Offering and the Hong Kong Public Offering. A total of 125,000,000 Shares will initially be made available under the Global Offering, of which 112,500,000 Shares, representing 90% of the total number of Shares initially being offered under the Global Offering, will initially be offered for subscription under the International Offering. The remaining 12,500,000 Shares, representing 10% of the total number of Shares initially being offered under the Global Offering, will initially be offered for subscription under the Hong Kong Public Offering. The number of Shares offered for subscription under the International Offering and the Hong Kong Public Offering will be subject to re-allocation on the basis described below and the number of Shares offered for subscription under the International Offering will also be subject to the exercise of the Over-allotment Option below. No pre-emption right or right to subscribe for the Offer Shares has been granted.

Investors may apply for Offer Shares under the Hong Kong Public Offering or indicate an interest, if qualified to do so, for the Offer Shares under the International Offering, but may not do both. Reasonable steps will be taken to identify and reject applications in the Hong Kong Public Offering from investors who have received Offer Shares in the International Offering, and to identify and reject indications of interest in the International Offering from investors who have applied for Hong Kong Offer Shares in the Hong Kong Public Offering.

The Hong Kong Public Offering is open to the public as well as to institutional, professional and private investors in Hong Kong. The International Offering involves selective marketing of the International Offer Shares by the International Underwriters to professional, institutional and private investors in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. The International Underwriters are soliciting from prospective investors' indications of interest in acquiring the Offer Shares in the International Offering. Prospective professional, institutional and other investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. The Offer Shares are not available for subscription by existing beneficial owner of the Shares, our Directors, chief executive of our Company or their respective close associates, or any other core connected persons (as defined under the Listing Rules) of our Company or persons who will become core connected persons of our Company immediately upon completion of the Global Offering.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares is conditional upon the satisfaction of all of the following conditions, among others:

(i) the Listing Committee granting the approval of the listing of, and permission to deal in, the Shares in issue and the Shares to be issued pursuant to the Global Offering, the Capitalization Issue and Shares which fall to be allotted and issued upon the exercise of the Over-allotment Option and the options which may be granted under the Share Option Scheme (and such listing and permission not subsequently being revoked prior to the commencement of dealings in the Shares on the Stock Exchange).

(ii) the Offer Price having been fixed on or around the Price Determination Date; and

(iii) the entering into of the International Underwriting Agreement between, among others, our Company and the International Underwriters, on or around the Price Determination Date and the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including, among other things, the Offer Price be agreed by no later than the Price Determination Date and the Price Determination Agreement has been duly entered into, and if relevant, as a result of the waiver of any conditions given by the Sole Global Coordinator (for itself and on behalf of the Underwriters)), and none of the Underwriting Agreements not being terminated in accordance with its terms or otherwise, in each case on or before the dates and times specified in the Underwriting Agreements (unless to the extent such conditions are validly waived on or before such dates and times) and in any event not later than the date which is 30 days after the date of this prospectus.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. We will cause a notice of the lapse of the Hong Kong Public Offering to be published on the website of the Stock Exchange at **www.hkexnews.hk** and our website at **www.chinagingkoedu.com** on the next business day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in "How to Apply for Hong Kong Offer Shares" in this prospectus.

In the meantime, your application money will be held in one or more separate bank account(s) with the receiving banker or other bank(s) licenced under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

Share certificates for the Offer Shares are expected to be issued on Thursday, January 17, 2019 but will only become valid certificates of title at 8:00 a.m. on Friday, January 18, 2019 provided that (i) the Global Offering has become unconditional in all respects; and (ii) the right of termination as

described in "Underwriting — Underwriting Arrangements and Expenses — Grounds for termination" in this prospectus has not been exercised. Investors who trade the Shares prior to the receipt of Share certificates or prior to the Share certificates bearing valid certificates of title do so entirely at their own risk.

THE HONG KONG PUBLIC OFFERING

Our Company is initially offering, at the Offer Price, 12,500,000 Shares (subject to re-allocation as mentioned in "— Re-allocation of Offer Shares between the Hong Kong Public Offering and the International Offering" below in this section), representing 10% of the total number of Shares being initially offered under the Global Offering, for subscription under the Hong Kong Public Offering (before any exercise of the Over-allotment Option). Subject to the reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering as mentioned below, the number of the Hong Kong Offer Shares will represent 2.5% of our Company's issued share capital immediately after completion of the Global Offering and the Capitalization Issue without taking into account any Shares which may be issued and allotted upon any exercise of Over-allotment Option and the options which may be granted under the Share Option Scheme.

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters subject to the terms and conditions of the Hong Kong Underwriting Agreement. Applicants for the Hong Kong Offer Shares are required on application to pay the Offer Price plus 1% brokerage, 0.0027% SFC transaction levy and 0.005% Stock Exchange trading fee.

The Hong Kong Public Offering is open to all members of the public in Hong Kong. An applicant for Hong Kong Offer Shares will be required to give an undertaking and confirmation in the relevant Application Form submitted by him/her that he/she has not applied for nor taken up any International Offer Shares nor participated in the International Offering. Applicants should note that if such undertaking and/or confirmation given by the applicant is breached and/or is untrue (as the case may be), such applicant's application under the Hong Kong Public Offering is liable to be rejected.

The total number of the Offer Shares (without taking into account of any reallocation of Offer Shares between the Hong Kong Public Offering and the International Offering) available under the Hong Kong Public Offering is to be divided into two pools of 6,250,000 Hong Kong Offer Shares for each of pool A and pool B, respectively, for allocation purposes:

- Pool A: The Hong Kong Offer Shares in Pool A will be allocated on an equitable basis to applicants who have applied for the Hong Kong Offer Shares with an aggregate subscription price of HK$5 million (excluding the brokerage, the Stock Exchange trading fee and the SFC transaction levy payable) or less; and

- Pool B: The Hong Kong Offer Shares in Pool B will be allocated on an equitable basis to applicants who have applied for the Hong Kong Offer Shares with an aggregate subscription price of more than HK$5 million (excluding the brokerage, the Stock Exchange trading fee and the SFC transaction levy payable) and up to the value of pool B.

For the purpose of this section only, the "price" for Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined).

Investors should be aware that the allocation ratios for applications in the two pools, as well as the allocation ratios for applications in the same pool, are likely to be different. Where one of the pools is undersubscribed, the surplus Hong Kong Offer Shares will be transferred to satisfy demand in the other pool and be allocated accordingly. Applicants can only receive an allocation of Hong Kong Offer Shares from any one pool but not from both pools and can only make applications to either pool A or pool B but not both.

Allocation of the Hong Kong Offer Shares to investors under the Hong Kong Public Offering, both in relation to pool A or pool B, will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of the Hong Kong Offer Shares validly applied for by each applicant. When there is over subscription under the Hong Kong Public Offering, allocation of the Hong Kong Offer Shares may involve balloting, which would mean that some applicants may be allotted more Hong Kong Offer Shares than others who have applied for the same number of the Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares. The results of the Hong Kong Public Offering and basis of allocation of the Hong Kong Offer Shares (with successful applicants' identification document numbers, where appropriate) are expected to be published on the Hong Kong Stock Exchange's website at **www.hkexnews.hk** and on the Company's website at **www.chinagingkoedu.com**.

Applications under the Hong Kong Public Offering from investors receiving the International Offer Shares under the International Offering will be identified and rejected and investors receiving the Hong Kong Offer Shares under the Hong Kong Public Offering will not be offered the International Offer Shares under the International Offering. Multiple applications or suspected multiple applications or applications for more than 50% of the Hong Kong Offer Shares initially available for public subscription under the Hong Kong Public Offering (i.e. to apply for more than 6,250,000 Hong Kong Offer Shares) are liable to be rejected.

The Sole Global Coordinator (on behalf of the Underwriters) may require any investor who has been offered Shares under the International Offering, and who has made an application under the Hong Kong Public Offering, to provide sufficient information to the Sole Global Coordinator so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that it is excluded from any application for Shares under Hong Kong Public Offering.

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the Application Form submitted by him/her that he/she and any person(s) for whose benefit he/she is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated (including conditionally and/or provisionally) Offer Shares under the International Offering.

The completion of the Hong Kong Public Offering is subject to the conditions as stated in "— Conditions of the Global Offering" above in this section.

THE INTERNATIONAL OFFERING

Our Company is initially offering, at the Offer Price, 112,500,000 Shares (subject to re-allocation as mentioned in "— Re-allocation of Offer Shares between the Hong Kong Public Offering and the International Offering" below in this section), representing 90% of the total number of Shares being initially offered under the Global Offering (before any exercise of the Over-Allotment Option), for subscription by way of International Offering. Subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, the number of International Offer Shares will represent 22.5% of our Company's issued share capital immediately after completion of the Global Offering and the Capitalization Issue without taking into account any Shares which may be issued and allotted upon any exercise of the Over-allotment Option and the options which have been or may be granted under the Share Option Scheme.

The International Offering will be managed by the Sole Global Coordinator and is expected to be fully underwritten by the International Underwriters. Pursuant to the International Offering, it is expected that the International Underwriters or any selling agents which they nominate will, on behalf of our Company, conditionally place the International Offer Shares at the Offer Price plus 1% brokerage, 0.0027% SFC transaction levy and 0.005% Stock Exchange trading fee with selected professional, institutional and private investors. Professional and institutional investors generally include brokers, dealers, companies and fund managers, whose ordinary businesses involve dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. It is expected that the International Underwriting Agreement will be executed on or around the Price Determination Date.

Allocation of the International Offer Shares to professional, institutional and private investors pursuant to the International Offering will be effected in accordance with the book-building process and based on a number of factors, including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the investor is likely to purchase further Shares, or hold or sell the Shares placed, after Listing. Such allocation is intended to result in a distribution of the International Offer Shares on the basis which would lead to the establishment of a solid broad shareholder base to the benefit of our Company and our Shareholders taken as a whole. Investors to whom International Offer Shares are offered are required to undertake not to apply for the Hong Kong Offer Shares under the Hong Kong Public Offering. The level of indication of interest in the International Offering is expected to be published on the Hong Kong Stock Exchange's website at **www.hkexnews.hk** and on the Company's website at **www.chinagingkoedu.com**. The completion of the International Offering is subject to the conditions stated in "— Conditions of the Global Offering" above in this section.

RE-ALLOCATION OF OFFER SHARES BETWEEN THE HONG KONG PUBLIC OFFERING AND THE INTERNATIONAL OFFERING

The allocation of the Offer Shares between the International Offering and the Hong Kong Public Offering is subject to re-allocation. If the International Offering is fully subscribed or oversubscribed and the number of Offer Shares validly applied for in the Hong Kong Public Offering:

(a) represents 15 times or more but less than 50 times of the number of Shares initially available for subscription under the Hong Kong Public Offering, then 25,000,000 Shares will be re-allocated to the Hong Kong Public Offering from the International Offering, so that an aggregate of 37,500,000 Shares will be available under the Hong Kong Public Offering, representing 30% of the Offer Shares initially available under the Global Offering;

(b) represents 50 times or more but less than 100 times of the number of Shares initially available for subscription under the Hong Kong Public Offering, then 37,500,000 Shares will be re-allocated to the Hong Kong Public Offering from the International Offering, so that an aggregate of 50,000,000 Shares will be available under the Hong Kong Public Offering, representing 40% of the Offer Shares initially available under the Global Offering;

(c) represents 100 times or more of the number of Shares initially available for subscription under the Hong Kong Public Offering, then 50,000,000 Shares will be re-allocated to the Hong Kong Public Offering from the International Offering, so that an aggregate of 62,500,000 Shares will be available under the Hong Kong Public Offering, representing 50% of the Offer Shares initially available under the Global Offering; and

(d) in each of the above cases, the number of Shares allocated to the International Offering will be correspondingly reduced, subject to the exercise of the Over-allotment Option.

If the Hong Kong Public Offering is not fully subscribed, the Sole Global Coordinator has the absolute discretion to re-allocate all or any of the unsubscribed Hong Kong Offer Shares originally included in the Hong Kong Public Offering to the International Offering in such number as it deems appropriate to satisfy the demand under the International Offering. In addition, the Sole Global Coordinator may in its sole discretion reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering. In particular, if (i) the International Offering is not fully subscribed and the Hong Kong Public Offering is fully subscribed or oversubscribed; or (ii) the International Offering is fully subscribed or oversubscribed and the Hong Kong Public Offering is fully subscribed or oversubscribed with the number of Offer Shares validly applied for in the Hong Kong Public Offering representing less than 15 times of the number of Shares initially available for subscription under the Hong Kong Public Offering, the Sole Global Coordinator has the authority to re-allocate International Offer Shares originally included in the International Offering to the Hong Kong Public Offering in such number as it deems appropriate, provided that in accordance with Guidance Letter HKEX-GL91-18 issued by the Stock Exchange, (i) the number of International Offer Shares re-allocated to the Hong Kong Public Offering should not exceed 12,500,000 Shares, representing 10% of the Offer Shares initially

available under the Global Offering, increasing the total number of Offer Shares available under the Hong Kong Public Offering to 25,000,000 Shares; and (ii) the final Offer Price should be fixed at the bottom end of the indicative Offer Price range (i.e. HK$1.24 per Offer Share) stated in this prospectus. Details of any re-allocation of Offer Shares between the Hong Kong Public Offering and the International Offering will be disclosed in the results announcement, which is expected to be made on Thursday, January 17, 2019.

In all cases, the additional Shares re-allocated to the Hong Kong Public Offering will be allocated, if applicable, equally between pool A and pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced, in such manner as the Sole Global Coordinator deems appropriate.

OVER-ALLOTMENT OPTION

It is expected that under the International Underwriting Agreement, our Company will grant the Over-allotment Option to the International Underwriters, exercisable at the sole discretion of the Sole Global Coordinator (for itself and on behalf of the International Underwriters) to require our Company at any time within a period commencing from the Listing Date and ending on the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering, to allot and issue up to an aggregate of 18,750,000 additional new Shares, representing 15% of the Offer Shares initially being offered under the Global Offering, on the same terms as those applicable to the Global Offering, to cover over-allocations in the International Offering. The additional Shares to be allotted and issued pursuant to the exercise of the Over-allotment Option will be allocated to the International Offering and/or to satisfy the Sole Global Coordinator's obligation to return Shares borrowed under the Stock Borrowing Agreement. The Sole Global Coordinator may also cover any over-allocations under the International Offering through the purchase of Shares in the secondary market or otherwise as may be permitted under applicable laws. Any purchases of Shares in the market to cover the over-allocations will be made at prices not exceeding the Offer Price. The number of Shares that may be over-allocated may not be greater than the number of Shares that may be allotted and issued pursuant to the exercise of the Over-allotment Option. Assuming the Over-allotment Option is not exercised, the Offer Shares will represent 25% of our Company's enlarged issued share capital immediately after completion of the Global Offering and the Capitalization Issue (without taking into account any shares which may fall to be issued upon the exercise of any options to be granted under the Share Option Scheme). If the Over-allotment Option is exercised in full, the Offer Shares will represent about 27.71% of the enlarged issued share capital of our Company immediately after completion of the Global Offering, the Capitalization Issue and the exercise of the Over-allotment Option in full (without taking into account any shares which may fall to be issued upon the exercise of any options to be granted under the Share Option Scheme). In the event that the Over-allotment Option is exercised, an announcement will be made on the Hong Kong Stock Exchange's website at **www.hkexnews.hk** and on the Company's website at **www.chinagingkoedu.com**.

Based on an Offer Price of HK$1.61 per Offer Share (being the mid-point of the Offer Price range between HK$1.24 per Offer Share and HK$1.98 per Offer Share), the net proceeds of the Global Offering, assuming that the Over-allotment Option is not exercised and after deducting related expenses, are estimated to be about HK$177.9 million. If the Over-allotment Option is exercised in full, our Company will receive additional net proceeds of about HK$29.1 million, after deducting commissions and expenses attributable to the exercise of the Over-allotment Option.

DETERMINING THE OFFER PRICE

The Offer Price is expected to be fixed by the Price Determination Agreement to be entered into between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company on or before the Price Determination Date, which is currently scheduled on Friday, January 11, 2019, or such later date as the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company may agree but in any event no later than on Wednesday, January 16, 2019. **If, for any reason, the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company are unable to reach an agreement on the Offer Price by Wednesday, January 16, 2019, the Global Offering will not become unconditional and will lapse.**

Prospective investors should be aware that the Offer Price to be determined on or before the Price Determination Date may be, but is not expected to be, lower than the Offer Price range as stated in this prospectus. The Offer Price will not be more than HK$1.98 per Offer Share and is expected to be not less than HK$1.24 per Offer Share. The Offer Price will fall within the Offer Price range as stated in this prospectus unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering.

The Sole Global Coordinator (for itself and on behalf of the Underwriters) may, where considered appropriate, based on the level of interests expressed by prospective professional, institutional and other investors during a book-building process, and with the consent of our Company, reduce the number of Offer Shares offered in the Global Offering and/or the indicative Offer Price range below as stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, our Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering, cause to be published on our Company's website at **www.chinagingkoedu.com** and the website of the Stock Exchange at **www.hkexnews.hk** notice of such a change. Upon issue of such a notice, the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon with our Company, will be fixed within such revised Offer Price range. Such notice will also include confirmation or revision, as appropriate, of the working capital statement, the Global Offering statistics as currently set out in "Summary" in this prospectus, and any other financial information which may change as a result of such reduction. In addition, the Company is required to (i) issue a supplemental prospectus informing potential investors of, among other things, the changes to the Global Offering, including the change in the Offer Price range and offer period and the impact of such change on the sufficiency of working capital and use of proceeds; and (ii) extend the offer period to allow potential investors to have sufficient time to consider and require them to positively confirm their applications for the Hong Kong Offer Shares in light of the change in the Offer Price range, or their applications will be rejected. In the absence of any notice being published on our Company's website at **www.chinagingkoedu.com**

and the website of the Stock Exchange at **www.hkexnews.hk** of a reduction in the number of Offer Shares offered in the Global Offering and/or the indicative Offer Price range as stated in this prospectus on or before the morning of the last day for lodging applications under the Hong Kong Public Offering, the Offer Price, if agreed upon with our Company, will under no circumstances be set outside the Offer Price range as stated in this prospectus.

We expect to announce the final Offer Price, the level of indication of interests under the International Offering and the basis of allotment of the Hong Kong Offer Shares under the Hong Kong Public Offering on or before Thursday, January 17, 2019 on our Company's website at **www.chinagingkoedu.com** and the website of the Stock Exchange at **www.hkexnews.hk**.

Results of allocations in the Hong Kong Public Offering, including the Hong Kong identity card/passport/Hong Kong business registration certificate numbers of successful applicants (where supplied) and the number of Offer Shares successfully applied for under WHITE or YELLOW Application Forms or by giving electronic application instructions to HKSCC via CCASS or by applying through White Form eIPO service which will be made available as described in "How to Apply for Hong Kong Offer Shares — 11. Publication of Results" in this prospectus.

PRICE PAYABLE ON APPLICATION

The Offer Price will not be more than HK$1.98 per Offer Share and is expected to be not less than HK$1.24 per Offer Share. Applicants under the Hong Kong Public Offering should pay, on application, the maximum price of HK$1.98 per Offer Share plus 1% brokerage, 0.005% Stock Exchange trading fee and 0.0027% SFC transaction levy, amounting to a total of HK$3,999.91 per board lot of 2,000 Offer Shares.

If the Offer Price, as finally determined in the manner described above, is lower than the maximum price of HK$1.98 per Offer Share, appropriate refund payments (including the related brokerage, the Stock Exchange trading fee and the SFC transaction levy attributable to the excess application monies) will be made to applicants, without interest. Further details are set out in "How to Apply for Hong Kong Offer Shares" in this prospectus.

STABILIZATION ACTION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the new securities in the secondary market during a specified period of time to retard and, if possible, prevent any decline in the market price of the securities below the Offer Price. In Hong Kong, activities aimed at reducing the market price are prohibited and the price at which stabilization is effected is not permitted to exceed the Offer Price.

In connection with the Global Offering, the Sole Global Coordinator, as stabilizing manager, or its affiliates or any person acting for it, (for itself and on behalf of the Underwriters and not as agent for our Company) may, to the extent permitted any applicable laws, over-allocate Shares or effect transactions with a view to supporting the market price of the Offer Shares at a level higher than that which might otherwise prevail for a limited period after the issue date. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements. Any market purchase of the Shares may be effected on any stock exchange, including the Stock Exchange, any over-the-counter market or otherwise, provided that they are made in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilizing Manager, its affiliates or any person acting for it to conduct any such stabilization action which, if commenced, may be discontinued at any time at the absolute discretion of the Sole Global Coordinator, its affiliates or any person acting for it, and must be brought to an end after a limited period. The number of Shares that may be over-allocated will not be greater than the maximum number of Shares which may be issued upon exercise of the Over-allotment Option, being 18,750,000 Shares, which is 15% of the Shares initially available under the Global Offering.

Stabilization action cannot be taken to support the price of the Offer Shares for longer than the stabilizing period which begins on the Listing Date and ends on the 30th day after the last day for lodging of applications under the Hong Kong Public Offering (the "Stabilization Period"). The Stabilization Period is expected to expire on Sunday, February 10, 2019 and that after this date, when no further stabilizing action may be taken, demand for our Shares, and therefore its price, could fall.

During the Stabilization Period, the Sole Global Coordinator as stabilizing manager or its affiliates, or any person acting for it, may purchase or agree to purchase, or offer, the Shares for the sole purpose of preventing or minimizing any reduction in the market price of the Shares, which will be effected in compliance with all applicable laws and regulatory requirements, including the Securities and Futures (Price Stabilizing) Rules made under the SFO. In connection with any such stabilization actions as described above, the Stabilizing Manager, its affiliates, or any person acting for it, may allocate a greater number of Shares than the number that is initially offered, or sell or agree to sell Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of the Shares. It may close out any such short position by exercising the Over-allotment Option, as described above. It may also agree to sell or sell any Shares acquired by it in the course of any stabilization transactions in order to liquidate any position that has been established by such action.

The Stabilizing Manager may, in connection with the stabilizing action, maintain a long position in the Shares. The size of the long position, and the time period for which the Stabilizing Manager will maintain such a position during the Stabilization Period, are at the sole discretion of the Stabilizing Manager and is uncertain. In the event that the Stabilizing Manager liquidates this long position by making sales in the open market, this may lead to a decline in the market price of the Shares.

Investors should be aware that the price of the Shares cannot be assured to stay at or above its Offer Price either during or after the Stabilization Period by the taking of any stabilizing action during the Stabilization Period. Stabilization bids may be made or transactions effected in the course of the stabilizing action at any price at or below the Offer Price, which means that stabilizing bids may be made or transactions effected at a price below the price the investor has paid for the Offer Shares.

In order to facilitate the settlement of over-allocations, the Stabilizing Manager, or its affiliates or any reason for it may, among other means, purchase Shares in the secondary market, enter into stock borrowing arrangements with holders of Shares, exercise the Over-allotment Option, engage in a combination of these means or otherwise as may be permitted under applicable laws. Any such secondary market purchases will be made in compliance with all applicable laws, rules and regulations.

In this connection, the Stabilizing Manager will enter into the Stock Borrowing Agreement with Vast Universe whereby the Stabilizing Manager may borrow up to 18,750,000 Shares from Vast Universe, equivalent to the maximum number of additional Shares to be offered upon full exercise of the Over-allotment Option, under the Stock Borrowing Agreement. The Stock Borrowing Agreement is not subject to the restrictions of Rule 10.07(1) of the Listing Rules which restricts the disposal of Shares by controlling shareholders following a new listing, provided the following requirements under Rule 10.07(3) of the Listing Rules are complied with:

- the Stock Borrowing Agreement will only be effected by the Stabilizing Manager for covering any short position arising from over-allocations under the International Offering prior to the exercise of the Over-allotment Option;

- the maximum number of Shares to be borrowed from Vast Universe will be limited to the maximum number of Shares which may be issued upon exercise of the Over-allotment Option;

- unless otherwise agreed by parties, the same number of Shares so borrowed must be returned to Vast Universe or its nominees on or before the third business day, a day that is not a Saturday, Sunday or public holiday in Hong Kong, following the earlier of (i) the last day on the Over-allotment Option may be exercised, and (ii) the day on which the Over-allotment Option is exercised in full;

- borrowing of Shares pursuant to the Stock Borrowing Agreement will be effected in compliance with all applicable Listing Rules, laws and other regulatory requirements; and

- no payments will be made to Vast Universe in relation to the Stock Borrowing Agreement.

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Friday, January 18, 2019, it is expected that dealings in our Shares on the Stock Exchange will commence at 9:00 a.m. on Friday, January 18, 2019. The Shares will be traded in board lots of 2,000 Shares.

The application for the Hong Kong Offer Shares will commence on Friday, December 21, 2018 through Friday, January 11, 2019, being longer than normal market practice of four days. The application monies (including the brokerage fees, SFC transaction levies and Stock Exchange trading fees) will be held by the receiving bank on behalf of the Company and the refunded monies, if any, will be returned to the applicants without interest on Thursday, January 17, 2019. Investors should be aware that the dealings in the Shares on the Stock Exchange are expected to commence on Friday, January 18, 2019.

1. HOW TO APPLY

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest for International Offer Shares.

To apply for Hong Kong Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **White Form eIPO** service at **www.eipo.com.hk**; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Sole Global Coordinator, the **White Form eIPO** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a U.S. person (as defined in Regulation S); and
- are not a legal or natural person of the PRC.

If you apply online through the **White Form eIPO** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Sole Global Coordinator may accept it at its discretion and on any conditions it thinks fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of **White Form eIPO** service for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you are:

- an existing beneficial owner of Shares in our Company and/or any of its subsidiaries;
- a Director or chief executive of our Company and/or any of its subsidiaries;
- a core connected person (as defined in the Listing Rules) of our Company or will become a core connected person of our Company immediately upon completion of the Global Offering;
- a close associate (as defined in the Listing Rules) of any of the above; or
- have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering.

3. APPLYING FOR HONG KONG OFFER SHARES

Which Application Channel to Use

For Hong Kong Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through **White Form eIPO** service at **www.eipo.com.hk**.

For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a copy of this prospectus during normal business hours from 9:00 a.m. on Friday, December 21, 2018 until 12:00 noon on Friday, January 11, 2019 from:

(i) the following offices of the Hong Kong Underwriters:

China Securities (International) Corporate Finance Company Limited, 18th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong

First Shanghai Securities Limited, 19/F., Wing On House, 71 Des Voeux Road Central, Central, Hong Kong

Aristo Securities Limited, Room 101, 1st Floor, On Hong Commercial Building, 145 Hennessy Road, Wanchai, Hong Kong

(ii) any of the designated branches of the receiving bank:

Bank of China (Hong Kong) Limited

	Branch	Address
Hong Kong Island	409 Hennessy Road Branch	409-415 Hennessy Road, Wan Chai, Hong Kong
Kowloon	Wong Tai Sin Branch	Shop G13, Wong Tai Sin Plaza, Wong Tai Sin, Kowloon
	Jordan Road Branch	1/F, Sino Cheer Plaza, 23-29 Jordan Road, Kowloon
New Territories	Tseung Kwan O Plaza Branch	Shop 112-125, Level 1, Tseung Kwan O Plaza, Tseung Kwan O, New Territories
	Castle Peak Road (Tsuen Wan) Branch	G/F-1/F, Sin Ching Building, 201-207 Castle Peak Road (Tsuen Wan), Tsuen Wan, New Territories

You can collect a **YELLOW** Application Form and a copy of this prospectus during normal business hours from 9:00 a.m. on Friday, December 21, 2018 until 12:00 noon on Friday, January 11, 2019 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "**BANK OF CHINA (HONG KONG) NOMINEES LIMITED — GINGKO EDUCATION PUBLIC OFFER**" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

Friday, December 21, 2018 — 9:00 a.m. to 5:00 p.m.
Saturday, December 22, 2018 — 9:00 a.m. to 1:00 p.m.
Monday, December 24, 2018 — 9:00 a.m. to 5:00 p.m.
Thursday, December 27, 2018 — 9:00 a.m. to 5:00 p.m.
Friday, December 28, 2018 — 9:00 a.m. to 5:00 p.m.
Saturday, December 29, 2018 — 9:00 a.m. to 1:00 p.m.
Monday, December 31, 2018 — 9:00 a.m. to 5:00 p.m.
Wednesday, January 2, 2019 — 9:00 a.m. to 5:00 p.m.
Thursday, January 3, 2019 — 9:00 a.m. to 5:00 p.m.
Friday, January 4, 2019 — 9:00 a.m. to 5:00 p.m.
Saturday, January 5, 2019 — 9:00 a.m. to 1:00 p.m.
Monday, January 7, 2019 — 9:00 a.m. to 5:00 p.m.
Tuesday, January 8, 2019 — 9:00 a.m. to 5:00 p.m.
Wednesday, January 9, 2019 — 9:00 a.m. to 5:00 p.m.
Thursday, January 10, 2019 — 9:00 a.m. to 5:00 p.m.
Friday, January 11, 2019 — 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Friday, January 11, 2019, the last application day or such later time as described in "— 10. Effect of Bad Weather on the Opening of the Applications Lists" below in this section.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **White Form eIPO** service, among other things, you (and if you are joint applicants, each of you jointly and severally) for yourself or as an agent or a nominee on behalf of each person for whom you act:

(i) undertake to execute all relevant documents and instruct and authorise our Company and/or the Sole Global Coordinator (or their agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles;

(ii) agree to comply with the Companies Law, the Companies (WUMP) Ordinance and the Articles;

(iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;

(iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;

(v) confirm that you are aware of the restrictions on the Global Offering in this prospectus;

(vi) agree that none of our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);

(vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering nor participated in the International Offering;

(viii) agree to disclose to our Company, the Sole Sponsor, the Sole Global Coordinator, the Underwriters, the Hong Kong Share Registrar, the receiving bank, and/or their respective advisors and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Underwriters nor any of their respective officers or advisors will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;

(x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xi) agree that your application will be governed by the laws of Hong Kong;

(xii) represent, warrant and undertake that (a) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (b) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(xiii) warrant that the information you have provided is true and accurate;

(xiv) agree to accept the Hong Kong Offer Shares applied for, or any lesser number of such Shares allocated to you under the application;

(xv) authorise our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and our Company and/or its agents to send any Share certificate(s) and/or any e-Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you are eligible to collect the Share certificate(s) and/or refund cheque(s) in person;

(xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xvii) understand that our Company and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **White Form eIPO** Service Provider by you or by any one as your agent or by any other person; and

(xix) (if you are making the application as an agent for the benefit of another person) warrant that (a) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (b) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional Instructions for YELLOW Application Form

You may refer to the **YELLOW** Application Form for details.

5. APPLYING THROUGH WHITE FORM eIPO SERVICE

General

Individuals who meet the criteria set out in "— 2. Who Can Apply" above in this section, may apply through the **White Form eIPO** service for the Offer Shares to be allotted and registered in their own names through the designated website at **www.eipo.com.hk**.

Detailed instructions for application through the **White Form eIPO** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website, you authorise the **White Form eIPO** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** service.

Time for Submitting Applications under the White Form eIPO

You may submit your application to the **White Form eIPO** Service Provider at **www.eipo.com.hk** (24 hours daily, except on the last application day) from 9:00 a.m. on Friday, December 21, 2018 until 11:30 a.m. on Friday, January 11, 2019 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Friday, January 11, 2019 or such later time under "— 10. Effects of Bad Weather on the Opening of the Applications Lists" below in this section.

No Multiple Applications

If you apply by means of **White Form eIPO**, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **White Form eIPO** more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **White Form eIPO** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (WUMP) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give electronic application instructions is a person who may be entitled to compensation under Section 40 of the Companies (WUMP) Ordinance (as applied by Section 342E of the Companies (WUMP) Ordinance).

Environmental Protection

The obvious advantage of **White Form eIPO** is to save the use of papers via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated **White Form eIPO** Service Provider, will contribute HK$2 for each "China Gingko Education Group Company Limited" **White Form eIPO** application submitted via **www.eipo.com.hk** to support the funding of "Dongjiang River Source Tree Planting" project initiated by Friends of the Earth (HK).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System (**https://ip.ccass.com**) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Center
1/F, One & Two Exchange Square
8 Connaught Place
Central
Hong Kong

and complete an input request form.

You can also collect a copy of this prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Sole Global Coordinator and our Hong Kong Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Hong Kong Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

(i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(ii) HKSCC Nominees will do the following things on your behalf:

- agree that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;

- agree to accept the Hong Kong Offer Shares applied for or any lesser number of such Shares allocated;

- undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering;

- (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;

- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as their agent;

- confirm that you understand that our Company, the Directors, the Sole Sponsor and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;

- authorise our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send Share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;

- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;

- agree that none of our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);

- agree to disclose your personal data to our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, our Hong Kong Share Registrar, receiving bank and/or its respective advisors and agents;

- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;

- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (WUMP) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Hong Kong Public Offering results;

- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Hong Kong Offer Shares;

- agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies (WUMP) Ordinance and the Articles; and

- agree that your application, any acceptance of it and the resulting contract will be governed by the laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;

- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and

- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 2,000 Hong Kong Offer Shares. Instructions for more than 2,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions (Note)

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Friday, December 21, 2018 — 9:00 a.m. to 8:30 p.m.
Saturday, December 22, 2018 — 8:00 a.m. to 1:00 p.m.
Monday, December 24, 2018 — 8:00 a.m. to 8:30 p.m.
Thursday, December 27, 2018 — 8:00 a.m. to 8:30 p.m.
Friday, December 28, 2018 — 8:00 a.m. to 8:30 p.m.
Saturday, December 29, 2018 — 8:00 a.m. to 1:00 p.m.
Monday, December 31, 2018 — 8:00 a.m. to 8:30 p.m.
Wednesday, January 2, 2019 — 8:00 a.m. to 8:30 p.m.
Thursday, January 3, 2019 — 8:00 a.m. to 8:30 p.m.
Friday, January 4, 2019 — 8:00 a.m. to 8:30 p.m.
Saturday, January 5, 2019 — 8:00 a.m. to 1:00 p.m.
Monday, January 7, 2019 — 8:00 a.m. to 8:30 p.m.
Tuesday, January 8, 2019 — 8:00 a.m. to 8:30 p.m.
Wednesday, January 9, 2019 — 8:00 a.m. to 8:30 p.m.
Thursday, January 10, 2019 — 8:00 a.m. to 8:30 p.m.
Friday, January 11, 2019 — 8:00 a.m. to 12:00 noon

Note:

The times in this sub-section are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants and/or CCASS Investor Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Friday, December 21, 2018 until 12:00 noon on Friday, January 11, 2019 (24 hours daily, except on Friday, January 11, 2019 the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Friday, January 11, 2019, the last application day or such later time as described in "— 10. Effect of Bad Weather on the Opening of the Application Lists" below in this section.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (WUMP) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (WUMP) Ordinance (as applied by Section 342E of the Companies (WUMP) Ordinance).

Personal Data

The section of the Application Form headed "Personal Data" applies to any personal data held by our Company, the Hong Kong Share Registrar, the receiving bank, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and any of their respective advisors and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **White Form eIPO** service is also only a facility provided by the **White Form eIPO** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, the Directors, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **White Form eIPO** service will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Friday, January 11, 2019.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through **White Form eIPO** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"*Unlisted company*" means a company with no equity securities listed on the Stock Exchange.

"*Statutory control*" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The **WHITE** or **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **White Form eIPO** service in respect of a minimum of 2,000 Hong Kong Offer Shares. Each application or **electronic application instruction** in respect of more than 2,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at **www.eipo.com.hk**.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details of the Offer Price, please see "Structure and Conditions of the Global Offering — Determining the Offer Price" in this prospectus.

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a "black" rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, January 11, 2019. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Friday, January 11, 2019 or if there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in "Expected Timetable" in this prospectus, an announcement will be made in such event.

11. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indication of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on Thursday, January 17, 2019 on our Company's website at **www.chinagingkoedu.com** and the website of the Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on our Company's website at **www.chinagingkoedu.com** and the Stock Exchange's website at **www.hkexnews.hk** by no later than Thursday, January 17, 2019;
- from the designated results of allocations website at **www.iporesults.com.hk** (alternatively: English **https://www.eipo.com.hk/en/Allotment**; Chinese **https://www.eipo.com.hk/zh-hk/Allotment**) with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Thursday, January 17, 2019 to 12:00 midnight on Wednesday, January 23, 2019;
- by telephone enquiry line by calling 2862 8669 between 9:00 a.m. and 10:00 p.m. from Thursday, January 17, 2019 to Sunday, January 20, 2019;
- in the special allocation results booklets which will be available for inspection during opening hours from Thursday, January 17, 2019 to Saturday, January 19, 2019 at all designated branches of the receiving bank.

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in "Structure and Conditions of the Global Offering" in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Hong Kong Offer Shares will not be allotted to you:

(i) **If your application is revoked:**

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or to **White Form eIPO** Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (WUMP) Ordinance (as applied by Section 342E of the Companies (WUMP) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) **If our Company or its agents exercise their discretion to reject your application:**

Our Company, the Sole Global Coordinator, the **White Form eIPO** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) **If the allotment of Hong Kong Offer Shares is void:**

The allotment of Hong Kong Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies our Company of that longer period within three weeks of the closing date of the application lists.

(iv) **If:**

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offer Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- our Company or the Sole Global Coordinator believes that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum Offer Price of HK$1.98 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with "Structure and Conditions of the Global Offering — Conditions of the Global Offering" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on or before Thursday, January 17, 2019.

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one Share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- Share certificate(s) for all the Hong Kong Offer Shares allotted to you (for **YELLOW** Application Forms, Share certificates will be deposited into CCASS as described below); and

- refund cheque(s) crossed "Account Payee Only" in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest).

- Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on despatch/collection of Share certificates and refund monies as mentioned below, any refund cheques and Share certificates are expected to be posted on or before Thursday, January 17, 2019. The right is reserved to retain any Share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on Friday, January 18, 2019 provided that the Global Offering has become unconditional and the right of termination described in "Underwriting" in this prospectus has not been exercised. Investors who trade shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

Personal Collection

(i) ***If you apply using a WHITE Application Form***

If you apply for 1,000,000 or more Hong Kong Offer Shares have provided all information required by your Application Form, you may collect your refund cheque(s) and/or Share certificate(s) from the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, January 17, 2019 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.

If you do not collect your refund cheque(s) and/or Share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) and/or Share certificate(s) will be sent to the address on the relevant Application Form on or before Thursday, January 17, 2019, by ordinary post and at your own risk.

(ii) ***If you apply using a YELLOW Application Form***

If you apply for 1,000,000 Hong Kong Offer Shares or more, please follow the same instructions as described above for collection of your refund cheque(s). If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on or before Thursday, January 17, 2019, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Thursday, January 17, 2019, or in the event of a contingency, on any other date determined by HKSCC or HKSCC Nominees.

- *If you apply through a designated CCASS Participant (other than a CCASS investor participant)*

For Hong Kong Offer Shares credited to your designated CCASS Participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allotted to you with that CCASS Participant.

- *If you are applying as a CCASS Investor Participant*

Our Company expects to publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in "— 11. Publication of Results" above in this section. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, January 17, 2019 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) ***If you apply through the White Form eIPO service***

If you apply for 1,000,000 Hong Kong Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, January 17, 2019, or such other date as notified by our Company in the newspapers as the date of despatch/collection of Share certificates/e-Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Thursday, January 17, 2019 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(iv) ***If you apply via Electronic Application Instructions to HKSCC***

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Thursday, January 17, 2019, or, on any other date determined by HKSCC or HKSCC Nominees.

- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner specified in "11. Publication of Results" above in this section on Thursday, January 17, 2019. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. Thursday, January 17, 2019 or such other date as determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Thursday, January 17, 2019. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Thursday, January 17, 2019.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional advisor for details of the settlement arrangements as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report set out on pages I-1 to I-3, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared and addressed to the Directors of the Company and to the Sole Sponsor pursuant to the requirements of HKSIR 200 Accountants' Report on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.



羅兵咸永道

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF CHINA GINGKO EDUCATION GROUP COMPANY LIMITED AND CHINA SECURITIES (INTERNATIONAL) CORPORATE FINANCE COMPANY LIMITED

Introduction

We report on the historical financial information of China Gingko Education Group Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-70, which comprises the consolidated balance sheets as at December 31, 2015, 2016 and 2017 and June 30, 2018, the balance sheet of the Company as at June 30, 2018, and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements for each of the periods then ended (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-70 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated December 21, 2018 (the "Prospectus") in connection with the initial listing of shares (the "Listing") of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The Directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information, and for such internal control as the Directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountant's responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
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Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the Company as at June 30, 2018, and the consolidated financial position of the Group as at December 31, 2015, 2016, and 2017 and June 30, 2018 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statements of comprehensive income, changes in equity and cash flows for the six months ended June 30, 2017 and other explanatory information (the "Stub Period Comparative Financial Information"). The Directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountant's report, is not prepared, in all material respects, in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

No dividends have been paid by the Company in respect of the Track Record Period.

No statutory financial statements for the Company

No statutory financial statements have been prepared for the Company since its date of incorporation.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong
December 21, 2018

I HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Set out below is the Historical Financial Information which forms an integral part of this accountant's report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

(A) Consolidated statements of comprehensive income

		Year ended December 31,			Six months ended June 30,	
	Note	2015	2016	2017	2017	2018
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Revenue	5	120,855	133,974	139,020	73,315	82,338
Cost of sales	8	(63,080)	(71,397)	(77,708)	(34,837)	(40,201)
Gross profit		57,775	62,577	61,312	38,478	42,137
Selling expenses	8	(1,446)	(1,600)	(1,640)	(1,034)	(1,195)
Administrative expenses	8	(21,702)	(23,212)	(22,272)	(10,313)	(20,133)
Other income	6	3,013	1,049	696	648	44
Other gains/(losses) — net	7	5	3	14	(10)	726
Operating profit		37,645	38,817	38,110	27,769	21,579
Finance income	10	225	341	786	357	492
Finance expenses	10	(2,677)	(1,143)	—	(91)	(1,997)
Finance (expenses)/income — net		(2,452)	(802)	786	266	(1,505)
Share of net profit of an associate accounted for using the equity method		1,648	1,879	2,300	1,091	1,031
Profit before income tax		36,841	39,894	41,196	29,126	21,105
Income tax expenses	11	—	—	—	—	(1,427)
Profit for the year/period		36,841	39,894	41,196	29,126	19,678
Other comprehensive income for the year/period		—	—	—	—	—
Total comprehensive income for the year/period		36,841	39,894	41,196	29,126	19,678
Profit and total comprehensive income attributable to:						
— Owners of the Company		36,841	39,894	41,196	29,126	19,678
Earnings per share for profit attributable to owners of the Company						
Basic and diluted (RMB Yuan)	12	3,684	3,989	4,120	2,913	1,968

The earnings per share as presented above has not taken into account the proposed Capitalization Issue pursuant to the resolution in writing of the shareholders passed on December 12, 2018, because the proposed Capitalization Issue has not become effective as at the date of this report.

(B) **Consolidated balance sheets**

	Note	As at December 31, 2015	2016	2017	As at June 30, 2018
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS					
Non-current assets					
Prepaid land lease payments	13	41,758	40,750	39,742	39,238
Property, plant and equipment	14	283,145	301,811	327,517	336,222
Intangible assets	15	1,627	1,669	1,093	984
Prepayments	18	3,230	6,321	284	2,927
Interest in an associate	19	9,546	10,765	12,558	—
		339,306	**361,316**	**381,194**	**379,371**
Current assets					
Trade and other receivables	17	2,015	2,232	1,431	1,569
Amounts due from a related party	27	—	—	12,312	—
Prepayments	18	945	647	744	4,714
Cash and cash equivalents	20	64,675	66,531	75,965	92,428
		67,635	**69,410**	**90,452**	**98,711**
Total assets		**406,941**	**430,726**	**471,646**	**478,082**
EQUITY					
Share capital	21	—	—	—	—
Reserves	22	66,851	66,618	68,050	68,050
Retained earnings	22	152,761	192,888	232,652	252,330
Total equity		**219,612**	**259,506**	**300,702**	**320,380**
LIABILITIES					
Non-current liabilities					
Borrowings	24	—	—	—	80,000
Current liabilities					
Accruals and other payables	23	82,221	80,226	88,764	43,399
Amounts due to related parties	27	42,539	22,612	9,181	497
Borrowings	24	—	—	—	22,532
Contract liabilities	5	62,569	68,382	72,999	10,322
Current income tax liabilities		—	—	—	952
		187,329	**171,220**	**170,944**	**77,702**
Total liabilities		**187,329**	**171,220**	**170,944**	**157,702**
Total equity and liabilities		**406,941**	**430,726**	**471,646**	**478,082**

(C) **Balance sheet of the Company**

	Note	As at June 30, 2018
		RMB'000
ASSETS		
Non-current assets		
Investment in subsidiaries	28	318,242
Current assets		
Cash and cash equivalents	20	9
Total assets		318,251
EQUITY		
Share capital	21	—
Other reserves	22	318,242
Accumulated loss		(23)
Total equity		318,219
LIABILITIES		
Current liabilities		
Accruals and other payables	23	32
		32
Total liabilities		32
Total equity and liabilities		318,251

(D) Consolidated statements of changes in equity

	Attributable to owners of the Company				
	Share capital	**Capital reserves**	**Statutory surplus reserves**	**Retained earnings**	**Total**
	RMB'000 (Note 21)	*RMB'000 (Note 22(a))*	*RMB'000 (Note 22(b))*	*RMB'000*	*RMB'000*
As at January 1, 2015	—	50,000	15,525	117,246	182,771
Profit and total comprehensive income for the year	—	—	—	36,841	36,841
Transactions with owners in their capacity as owners					
Transferred from retained earnings	—	—	1,326	(1,326)	—
As at December 31, 2015	—	50,000	16,851	152,761	219,612
As at January 1, 2016	—	50,000	16,851	152,761	219,612
Profit and total comprehensive income for the year	—	—	—	39,894	39,894
Transactions with owners in their capacity as owners					
Transferred to retained earnings	—	—	(233)	233	—
As at December 31, 2016	—	50,000	16,618	192,888	259,506
As at January 1, 2017	—	50,000	16,618	192,888	259,506
Profit and total comprehensive income for the year	—	—	—	41,196	41,196
Transactions with owners in their capacity as owners					
Transferred from retained earnings	—	—	1,432	(1,432)	—
As at December 31, 2017	—	50,000	18,050	232,652	300,702
As at January 1, 2018	—	50,000	18,050	232,652	300,702
Profit and total comprehensive income for the period	—	—	—	19,678	19,678
Transactions with owners in their capacity as owners					
Capital contribution from owners	—	—	—	—	—
As at June 30, 2018	—	50,000	18,050	252,330	320,380
Unaudited:					
As at January 1, 2017	—	50,000	16,618	192,888	259,506
Profit and total comprehensive income for the period	—	—	—	29,126	29,126
As at June 30, 2017	—	50,000	16,618	222,014	288,632

(E) **Consolidated cash flow statements**

	Note	Year ended December 31,			Six months ended June 30,	
		2015	2016	2017	2017	2018
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Cash flows from operating activities						
Cash generated from/(used in) operations	25	62,580	63,317	62,132	(21,098)	(80,680)
Interest received		225	341	491	333	122
Net cash generated from/(used in) operating activities		62,805	63,658	62,623	(20,765)	(80,558)
Cash flows from investing activities						
Purchases of property, plant and equipment		(21,313)	(40,350)	(27,369)	(16,311)	(20,137)
Purchases of intangible assets		(391)	(574)	(18)	(10)	(97)
Proceeds from disposal of property, plant and equipment	25	1	—	—	—	2
Dividends from an associate		660	660	507	—	689
Proceeds from disposal of interest in an associate		—	—	—	—	13,602
Proceeds from disposal of a subsidiary, net of cash paid		—	—	—	—	15
Interest received from related parties		—	—	—	—	704
Loans to related parties	27	—	—	(14,500)	(14,500)	(153,000)
Receipts of repayment of loans to related parties		—	—	2,500	—	165,000
Net cash (used in)/generated from investing activities		(21,043)	(40,264)	(38,880)	(30,821)	6,778
Cash flows from financing activities						
Capital contribution from owners		—	—	—	—	—
Proceeds from bank borrowings		—	—	—	—	100,000
Borrowings from a third party		—	—	—	—	2,532
Borrowings from related parties	27	27,400	11,200	—	—	5,000
Repayment of borrowings from related parties	27	(38,100)	(31,100)	(13,500)	—	(14,100)
Interest paid		(2,778)	(1,638)	(809)	(218)	(1,929)
Professional expenses paid in connection with the issuance of new shares during the listing process		—	—	—	—	(1,260)
Net cash (used in)/generated from financing activities		(13,478)	(21,538)	(14,309)	(218)	90,243
Net increase/(decrease) in cash and cash equivalents		28,284	1,856	9,434	(51,804)	16,463
Cash and cash equivalents at beginning of the year/period		36,391	64,675	66,531	66,531	75,965
Cash and cash equivalents at end of the year/period		64,675	66,531	75,965	14,727	92,428

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION OF THE GROUP

1 General information of the Group and reorganization

1.1 *General information*

The Company was incorporated in the Cayman Islands on March 23, 2018 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company and its subsidiaries (collectively referred to as the "Group") are principally engaged in providing private tertiary education services (the "Listing Business") in the People's Republic of China (the "PRC").

The ultimate controlling shareholder is Mr. Gongyu Fang (the "Controlling Shareholder" or "Mr. Fang"), who has been controlling the group companies since their incorporation or establishment.

1.2 *Reorganization*

Immediately prior to the Reorganization as defined below and during the Track Record Period, the main operating activities of the Group were carried out by Gingko Asset Management Co., Ltd. ("Gingko Asset Management"), Yinxing Hospitality Management College of CUIT ("Yinxing College") and Chengdu Yinxing Hotel Vocational Skills Training School ("Yinxing Training School") (collectively the "Consolidated Affiliated Entities") which were incorporated or established in the PRC and ultimately controlled by the Controlling Shareholder.

In preparation for the initial public offering of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited, the Group underwent a reorganization (the "Reorganization"), pursuant to which the beneficial interests of the companies engaged in the Listing Business were transferred to the Company. Details of the Reorganization are set out below:

(i) On March 23, 2018, the Company was incorporated in Cayman Islands as an exempted company with limited liability in the Cayman Islands with one share being allotted and issued to the initial subscriber. On the same date, the subscriber share of the Company was transferred to Vast Universe Company Limited ("Vast Universe"), a company incorporated in the British Virgin Islands ("BVI") on March 21, 2018 and wholly-owned by the Controlling Shareholder. The Company then issued and allotted an additional 9,774 shares at par value to Vast Universe and 225 shares at par value to HFYX Company Limited ("HFYX"), a company incorporated in the BVI on March 21, 2018 and wholly-owned by Mr. Tao Tian ("Mr. Tian"). Upon the issuance and allotment of shares, Mr. Fang and Mr. Tian effectively owned 97.75% and 2.25% equity interest of the Company.

(ii) On March 26, 2018, Gingko Education Investment Company Limited ("Gingko BVI") was incorporated as a limited liability company under the laws of the BVI, one share was issued and allotted to the Company at US$1 per share on the same date.

(iii) On April 23, 2018, Gingko Education Management Holding Company Limited ("Gingko HK") was incorporated in Hong Kong as a limited liability company. On the same date, 10,000 shares, respresents the entire equity interest of Gingko HK, were issued and allotted to Gingko BVI at par value.

(iv) On May 15, 2018, pursuant to an equity transfer agreement dated March 12, 2018, Yinxing College transferred its entire equity interests in Chengdu Shujiang Tourism Planning Co., Ltd. ("Chengdu Tourism") to Chengdu Gingko Jin'ge Investment Co., Ltd. ("Jin'ge Investment"), a company controlled by Mr. Fang, at a consideration of RMB100,000 and settled in cash.

(v) On May 30, 2018, Chengdu Yinxing Education Management Co., Ltd. ("WFOE") is established in PRC by Gingko HK as wholly-foreign owned enterprise with a register capital of HK$10,000,000.

(vi) On June 14, 2018, pursuant to an equity transfer agreement dated May 30, 2018, Gingko Asset Management transferred the 11% equity interest in Sichuan Airlines Chongqing Airport Catering Services Co., Ltd. ("Sichuan Catering"), which has been accounted for interests in an associate before disposal, to Jin'ge Investment at a consideration of RMB13,602,000 and was settled in cash. Sichuan Catering is not an associate to the Group upon the completion of the equity transfer.

(vii) Pursuant to a series of contractual agreements signed on June 14, 2018 (the "Contractual Agreement") among WFOE, the Consolidated Affiliated Entities and the equity shareholder including Mr. Fang and Mr. Tian, WFOE is able to effectively control of the Consolidated Affiliated Entities and became entitled to the economic benefits generated by these entities. Accordingly, the Consolidated Affiliated Entities became subsidiaries of WFOE. Further details of the Contractual Arrangements are set out in Note 2.2.1 below.

Upon completion of the Reorganization, as at the date of this report, the Company has direct or indirect interests in the following subsidiaries:

Company name	Country/Place and date of incorporation/ establishment	Paid up/ registered capital	Attributable equity interest of the Group					Principal activities	Place of operations	Statutory auditors
			December 31,			June 30,	As at the date of this report			
			2015	2016	2017	2018				
Directly held by the Company										
Gingko BVI	BVI/March 26, 2018	US$1	N/A	N/A	N/A	100%	100%	Investment holding	BVI	Note (1)
Indirectly held by the Company										
Gingko HK	Hong Kong/ April 23, 2018	HK$10,000	N/A	N/A	N/A	100%	100%	Investment holding	Hong Kong	Note (1)
WFOE	PRC/May 30, 2018	HK$10,000,000	N/A	N/A	N/A	100%	100%	Investment holding	PRC	Note (1)
Gingko Asset Management* (成都銀杏資產管理有限公司)	PRC/August 2 , 2002	RMB 50,000,000	100%	100%	100%	100%	100%	Assets management	PRC	Note (1)
Yinxing College* (成都信息工程大學銀杏酒店管理學院)	PRC/February 23, 2004	RMB 9,920,000	100%	100%	100%	100%	100%	College	PRC	Note (2)
Yinxing Training School* (成都銀杏酒店職業技能培訓學校)	PRC/March 12, 2010	RMB 150,000	100%	100%	100%	100%	100%	Training School	PRC	Note (2)

Notes :

(1) No audited financial statements have been prepared for these companies as they are newly incorporated or not required to issue audited financial statements under statutory requirements of their respective places of incorporation.

(2) These subsidiaries had statutory accounting year end date of December 31. For the purpose of this financial information, the Directors have prepared historical financial information of these subsidiaries as at and for the year ended December 31, 2015, 2016 and 2017 and six months ended June 30, 2018 for inclusion of these financial information in the Group's consolidated accounts. The statutory financial statements of the subsidiaries established in the PRC were prepared in accordance with the relevant accounting principles and financial regulations applicable to the PRC enterprises. Yinxing College and Yinxing Training School were audited by Sichuan Xingliangxin CPA Co., Ltd. ("四川興良信會計師事務所有限責任公司").

* The English names of certain subsidiaries referred to above represent the best effort made by management of the Company to directly translate the Chinese names as they have not registered any official English names.

1.3 ***Basis of presentation***

Immediately prior to and after the Reorganization, the Listing Business was mainly conducted by the Consolidated Affiliated Entities, and was managed and controlled by the Controlling Shareholder. Pursuant to the Reorganization, both the Consolidated Affiliated Entities and the Listing Business are under the effective control of the WFOE and ultimately the Company through the Contractual Arrangements. The Company had not been involved in any other business prior to the Reorganization and does not result in any changes in management, owner and business substance. Accordingly the Group resulting from the Reorganization is regarded as a continuation of the Listing Business and the Historical Financial Information of the companies now comprising the Group have been prepared on a consolidated basis and is presented using the respective carrying value of the Listing Business for all periods presented.

Inter-company transactions, balances and unrealized gains/losses on transactions between the companies within the Group are eliminated on consolidation.

2 **Summary of significant accounting policies**

The principal accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied to all the years/periods presented, unless otherwise stated.

2.1 ***Basis of preparation***

The principal accounting policies applied in the preparation of the Historical Financial Information which are in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the HKICPA are set out below. The Historical Financial information has been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

New and amended standards adopted by the Group

HKFRS 9, 'Financial instruments' and HKFRS 15, 'Revenue from contracts with customers' are effective for annual periods beginning on or after January 1, 2018 and earlier application is permitted. The Group has applied HKFRS 9 and HKFRS 15 consistently throughout the Track Record Period.

New standards and interpretations not yet adopted

As at the date of this report, the HKICPA has issued the following new standards and amendments relevant to the Group which are not yet effective for accounting periods beginning after January 1, 2019 and have not been early adopted.

		Effective for accounting periods beginning on or after
HK (IFRIC) 23	Uncertainty over income tax treatment	January 1, 2019
HKFRS 16	Leases	January 1, 2019
HKFRS 17	Insurance contracts	January 1, 2021
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined
Amendments to HKFRS 9	Prepayment features with negative compensation	January 1, 2019
Amendments to HKAS 19	Plan amendment, curtailment or settlement	January 1, 2019
Amendments to HKAS 28	Long-term interest in associate and joint ventures	January 1, 2019

Except as disclosed below, the Group has already commenced an assessment of the likely impact of adopting the above new standards but is not yet in a position to state whether they will have a significant impact on the reporting results of operations and financial position. The management of the Group plans to adopt these new standards and amendments to existing standards when they become effective.

HKFRS 16 Leases

Under HKFRS 16, lessees are required to recognize a lease liability reflecting future lease payments and a right-of-use asset for all lease contracts in the balance sheet. Lessees will also have to present interest expense on the lease liability and depreciation on the right-of-use asset in the income statement. In comparison with operating leases under HKAS 17, this will change not only the allocation of expenses but also the total amount of expenses recognized for each period of the lease term. The combination of a straight-line depreciation of the right-of-use asset and the effective interest rate method applied to the lease liability will result in a higher total charge to profit or loss in the initial years of the lease, and decreasing expenses during the latter part of the lease term. The new standard has included an optional exemption for certain short-term leases and leases of low-value assets. This exemption can only be applied by lessees.

There will be no material impact on the Group's accounting for operating leases as the accounting for lessors will not significantly change and the Group does not have material non-cancellable operating lease commitments as lessee as at the reporting date. As at June 30, 2018, the Group had non-cancellable operating lease commitments of approximately RMB20,000 (Note 26(b)).

2.2 ***Principles of consolidation and equity accounting***

2.2.1 *Consolidation*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(a) Subsidiaries controlled through Contractual Arrangements

As part of the Reorganization, a wholly-owned subsidiary of the Company, WFOE, has entered into a series of contractual agreements (the "Contractual Arrangements") with Consolidated Affiliated Entities and their respective shareholders, including Mr. Fang and Mr. Tian, on June 14, 2018, which enable WFOE and the Group to:

— exercise effective financial and operational control over the Consolidated Affiliated Entities;

— exercise equity voting rights of the Consolidated Affiliated Entities;

— receive substantially all of the economic interest returns generated by the Consolidated Affiliated Entities in consideration for the corporate management and educational management consultancy services, as well as technical and business support services provided by WFOE. Such services include development, design, upgrade and ordinary maintenance on educational software and website; design on college course and major; compilation and selection and/or recommendation on college course materials; recruitment and training supporting on teachers and other employee; admission and enrollment supporting services; public relation services; market research and development services; management and marketing consulting and related services; and other additional services as the parties may mutually agree from time to time;

— obtain an irrevocable and exclusive right to purchase all of equity interests in the Consolidated Affiliated Entities from the respective equity holders at nil consideration or a minimum purchase price permitted under PRC laws and regulations. WFOE may exercise such options at any time until it has acquired all equity interests in and/or all assets of the Consolidated Affiliated Entities permitted under the PRC laws and regulations. In addition, the Consolidated Affiliated Entities are not allowed to sell, transfer, or dispose any assets, or make any distributions to their equity holders without prior consent of WFOE; and

— obtain a pledge over the entire equity interest of the Consolidated Affiliated Entities from their equity holders to secure performance of the obligations of the Consolidated Affiliated Entities under the Contractual Arrangements.

The Group does not have any equity interest in the Consolidated Affiliated Entities. However, as a result of the Contractual Arrangements, the Group has rights to variable returns from its involvement with the Consolidated Affiliated Entities and has the ability to affect those returns through its power over the Consolidated Affiliated Entities and is considered to control the Consolidated Affiliated Entities. Accordingly, the Company regards the Consolidated Affiliated Entities as indirect subsidiaries under HKFRS. The Group has included the financial position and financial results of the Consolidated Affiliated Entities in the consolidated financial statements during the Track Record Period. Please refer to Note 1.3 for details of the related presentation basis.

Nevertheless, the Contractual Arrangements may not be as effective as direct legal ownership in providing the Group direct control over the Consolidated Affiliated Entities, due to the uncertainties presented by the PRC legal system to impede the Group's beneficiary rights of the results, assets and liabilities of the Consolidated Affiliated Entities. The Directors, based on the advice of its legal counsel, consider that the Contractual Arrangements among the Consolidated Affiliated Entities and their equity shareholders are in compliance with the relevant PRC laws and regulations and are legally enforceable.

(b) Business combination

Except for the Reorganization, the Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognized amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognized in profit or loss.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with HKFRS 9 in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the consolidated statements of comprehensive income.

Intra-group transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

(c) Changes in ownership interests

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions — that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

(d) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously

recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. It means the amounts previously recognized in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/ permitted by applicable HKFRS.

(e) Associates

Associates are all entities over which the group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting (see (f) below), after initially being recognized at cost.

(f) Equity accounting

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.8.

2.2.2 *Separate financial statements*

Investments in subsidiaries are accounted for at cost less impairment. Cost includes directly attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 ***Segment reporting***

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief executive officer who considers the business from the service perspective.

2.4 ***Foreign currency translation***

(a) *Functional and presentation currency*

Items included in the financial statements of each of the entities within the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). Since the majority of the assets and operations of the Group are located in the PRC, the Historical Financial Information is presented in Renminbi ("RMB"), which is the Company's functional currency and the Group's presentation currency.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end/period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statement of comprehensive income within 'finance income or cost'. All other foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within 'other gains/(losses) — net'.

2.5 ***Property, plant and equipment***

All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the consolidated statements of comprehensive income during the financial year in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Buildings	the shorter of useful life or lease term
Decoration	6 years
Electronic equipment	5 years
Furniture and fixtures	5 years
Vehicles	5 years
Books	2 - 3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting year/period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.8).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within 'other gains/(losses) — net' in the consolidated statements of comprehensive income.

Construction in progress represents buildings and plant under construction and is stated at cost less impairment losses. Historical expenditure that is directly attributable to the construction comprises construction costs, the cost of plant and machineries and applicable borrowing costs incurred during the construction year/period. No provision for depreciation is made on construction-in-progress until such time as the relevant assets are completed and ready for the intended use. When the assets concerned are brought into use, the costs are transferred to relevant categories of property, plant and equipment and depreciated in accordance with the policy as stated above.

2.6 ***Prepaid land lease payments***

Prepaid land lease payments are stated at cost less accumulated amortization and impairment losses. Cost represents consideration paid for the rights to use the land on which various plants and buildings are situated for 50 years. Amortization of land use right is calculated on a straight-line basis over the year of the land use right.

2.7 ***Intangible assets***

Intangible assets represent the computer software. Computer software are stated at cost less accumulated amortization and accumulated impairment losses. Cost represents consideration paid for the rights to use the computer software for 5 years. Amortization of computer software are calculated on the straight-line method over five years.

2.8 ***Impairment of non-financial assets***

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.9 ***Financial assets***

2.9.1 *Classification*

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

2.9.2 *Measurement*

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are recorded in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Groups business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments into the following measurement category:

Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest method.

2.9.3 *Impairment*

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost including loan receivables. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

Impairment on other receivables is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

2.10 ***Offsetting financial instruments***

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.11 ***Trade and other receivables and amounts due from a related party***

Trade receivables are amounts due from students and other third parties for services performed in the ordinary course of business. Amounts due from a related party are loans provided to a related party with interests, they are unsecured and repayable on demand. If collection of trade and other receivables and amounts due from a related party are expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables and amounts due from a related party are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less allowance for impairment.

2.12 ***Contract assets and liabilities***

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assumes performance obligations to transfer goods or services to the customer. The combination of those rights and performance obligations gives rise to a net asset or a net liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognized as contract assets if the measure of the remaining conditional rights to consideration exceeds the satisfied performance obligations. Conversely, the contract is a liability and recognized as contract liabilities if the measure of the remaining performance obligations exceeds the measure of the remaining rights.

2.13 ***Cash and cash equivalents***

In the consolidated cash flow statements, cash and cash equivalents includes cash at bank and on hand and short-term bank deposits with original maturities of three months or less.

2.14 ***Share capital***

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.15 ***Accruals and other payables and amounts due to related parties***

Other payables and accruals and amounts due to related parties are classified as current liabilities if payment is due within one year or less (or within the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Other payables and amounts due to related parties are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.16 ***Borrowings***

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statements of comprehensive income over the year of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, canceled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting year/period.

2.17 ***Borrowing costs***

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the year/period in which they are incurred.

2.18 ***Current and deferred income tax***

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) *Current income tax*

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) *Deferred income tax*

Inside basis differences

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognized.

Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries, only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

(c) *Offsetting*

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.19 ***Employee benefits***

(a) *Pension obligations*

The entities within the Group registered in the PRC make employee benefit contributions base on certain percentage of the salaries of the employees to a defined contribution retirement benefit plan and medical benefit plan organized by relevant government authorities in the PRC on a monthly basis. The government authorities undertake to assume the retirement benefit obligation payable to the existing and future retired employees under these plans and the Group has no further obligation for post-retirement benefits beyond the contributions made. Contributions to these plans are expensed as incurred. Assets of the plans are held and managed by government authorities and are separate from those of the Group.

(b) *Housing funds*

The PRC employees of the Group are also entitled to participate in various government-sponsored housing funds. The Group contributes on a monthly basis to those funds based on a certain percentage of the employee's salaries. The Group's liabilities in respect of these funds in limited to the contributions payable in each year/period. The non-PRC employees are not covered by the housing funds.

(c) *Employee leave entitlements*

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity leave are not recognized until the time of leave.

2.20 ***Provisions***

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

2.21 ***Revenue recognition***

Tuition and boarding fees are generally received in advance prior to the beginning of each academic year, and are initially recorded as contract liabilities. Tuition and boarding fees are recognized proportionately over the terms of the applicable program. The portion of tuition and boarding payments received from students but not earned is recorded as contract liabilities. Amounts which will be earned within one year is reflected as a current liability, and those which will be earned beyond one year is reflected as a non-current liability.

Revenue from meal catering service provided at the on-campus canteens is recognized at a point in time when control of the goods has transferred, being when the goods are accepted by the customers.

Revenue from research projects and training programs are recognized proportionately over the terms of the applicable program.

2.22 ***Interest income***

Interest income is recognized using the effective interest method.

2.23 ***Government grant***

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in the consolidated statements of comprehensive income over the year necessary to match them with the costs that they are intended to compensate.

2.24 ***Dividend distribution***

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or Directors, where appropriate.

2.25 ***Financial guarantee contracts***

Financial guarantee contracts are recognized as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognized less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognized as part of the cost of the investment.

3 **Financial risk management**

3.1 ***Financial risk factors***

The Group's activities expose it to a variety of financial risks: market risk (including cash flow and fair value interest rate risk), credit risk and liquidity risk. The overall risk management program of the Group focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance of the Group.

(a) *Market risk*

(i) Interest rate risk

The Group's interest rate risk arises from bank deposits and borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash at bank with variable interest rates. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk.

Bank deposits carried at prevailing market interest rate expose the Group to cash flow interest rate risk. The Group closely monitors trend of interest rate and its impact on the Group's interest rate risk exposure to ensure it is within an acceptable level. The Group currently has not used any interest rate swap arrangements but will consider hedging interest rate risk should the need arise.

As at December 31, 2015, 2016 and 2017 and June 30, 2018, if the interest rates on the borrowings had been 50 basis points higher/lower than the prevailing rate announced by People's Bank of China, with all other variables held constant, the Groups profit for the year/period would have been RMB7,000, RMB4,000, RMB2,000 and RMB103,000 lower/ higher.

(b) *Credit risk*

The Group has no concentration of credit risk from third party debtors. Deposits are mainly placed with licensing banks which are all high-credit-quality financial institutions. The Group's maximum exposure to credit risk is the carrying amounts of cash and cash equivalents, trade and other receivables and amounts due from a related party.

As at December 31, 2015, 2016 and 2017 and June 30, 2018, substantially all of the Group's bank deposits were deposited with major financial institutions incorporated in the PRC, which management believes are of high-credit-quality without significant credit risk.

All of the Group's trade receivables, other receivables and amounts due from a related party have no collateral. The Group assessed the credit quality of the counterparties by taking into account their financial position, credit history and other factors. Management also regularly reviews the recoverability of these receivables and follow up the disputes or amounts overdue, if any. The Directors are of the opinion that the risk of default by counterparties is low.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information.

(i) Trade receivables

The Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. Based on historical experience, majority of the trade receivables were settled within credit term, hence the expected loss rate of current trade receivables are assessed to be 0.1%. The loss allowance provision for these balances was not material during the Track Record Period.

(ii) Other receivables and amounts due from a related party

As at December 31, 2015, 2016 and 2017 and June 30, 2018, the credit rating of other receivables and amounts due from a related party were performing. The Group has assessed that the expected credit losses for these receivables and amounts due from a related party are not material under the 12 months expected losses method. Thus no loss allowance provision was recognized during the Track Record Period.

(c) *Liquidity risk*

To manage the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group expects to fund its future cash flow needs through internally generated cash flows from operations and borrowings from financial institutions. Management believes that there is no significant liquidity risk in view of the expected cash flow from operations and continuous support from banks in the coming twelve months.

The table below analyzes the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

The Group

	Less than 1 year	Between 1 and 2 years	Total
	RMB'000	*RMB'000*	*RMB'000*
As at December 31, 2015			
Accruals and other payables (excluding non-financial liabilities)	73,071	—	73,071
Amounts due to related parties	42,539	—	42,539
Total	115,610	—	115,610
As at December 31, 2016			
Accruals and other payables (excluding non-financial liabilities)	69,712	—	69,712
Amounts due to related parties	22,612	—	22,612
Total	92,324	—	92,324
As at December 31, 2017			
Accruals and other payables (excluding non-financial liabilities)	78,334	—	78,334
Amounts due to related parties	9,181	—	9,181
Total	87,515	—	87,515
As at June 30, 2018			
Borrowings (principal plus interests)	27,978	82,863	110,841
Accruals and other payables (excluding non-financial liabilities)	36,447	—	36,447
Amounts due to related parties	497	—	497
Total	64,922	82,863	147,785

3.2 ***Capital management***

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total debt less cash and cash equivalents.

As at December 31, 2015, 2016 and 2017, the Group maintained at net cash position.

As at June 30, 2018, the gearing ratio was as follow:

	As at June 30, 2018
	RMB'000
Total borrowings (note 24)	102,532
Less: Cash and cash equivalents (note 20)	(92,428)
Net debt	10,104
Total equity	320,380
Gearing ratio	3.15%

3.3 ***Fair value estimation***

Financial instruments carried at fair value or where fair value was disclosed can be categorized by levels of the inputs to valuation techniques used to measure fair value. The inputs are categorized into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The carrying amounts of the Group's financial assets include cash and cash equivalents, trade and other receivables and amounts due from a related party and financial liabilities including accruals and other payables, and amounts due to related parties, approximate their fair values due to their short maturities. The carrying amount of the Group's non-current borrowings approximate their fair values as they are carried at floating interest rates.

4 **Critical accounting estimates and judgments**

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 ***Critical accounting estimates and assumptions***

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) *Contractual Arrangements*

The Group conducts a substantial portion of the business through the Consolidated Affiliated Entities in the PRC due to regulatory restrictions on the foreign ownership in the Group's schools in the PRC. The Group does not have any equity interest in the Consolidated Affiliated Entities. The Directors assessed whether or not the Group has control over the Consolidated Affiliated Entities by assessing whether it has power over the Consolidated Affiliated Entities, has the rights to variable returns from its involvement with the Consolidated Affiliated Entities and has the ability to affect those returns through its power over the Consolidated Affiliated Entities. After assessment, the Directors concluded that the Group has control over the Consolidated Affiliated Entities as a result of the Contractual Arrangements and accordingly the financial position and the operating results of the Consolidated Affiliated Entities are included in the Group's consolidated financial statements throughout the Track Record Period. Nevertheless, the Contractual Arrangements may not be as effective as direct legal ownership in providing the Group with direct control over the Consolidated Affiliated Entities and uncertainties presented by the PRC legal system could impede the Group's beneficiary rights of the results, assets and liabilities of the Consolidated Affiliated Entities. The Directors, based on the advice of its legal counsel, consider that the Contractual Arrangements with the Consolidated Affiliated Entities and their equity shareholders are in compliance with the relevant PRC laws and regulations and are legally enforceable.

(b) *Income taxes and deferred taxation*

According to the Implementation Rules for the Law for Promoting Private Education ("Implementing Rules"), private schools, whether requiring reasonable returns or not, may enjoy preferential tax treatment. The Implementing Rules provide that the private schools for which the sponsors do not require reasonable returns are eligible to enjoy the same preferential tax treatment as public schools, and relevant authorities under the State Council may introduce preferential tax treatments and related policies applicable to private schools requiring reasonable returns. However, as of the date of this report, no separate policies, regulations or rules have been introduced by the authorities in this regard. Based on the historical tax returns filed to the relevant tax authorities, the Yinxing College has historically enjoyed preferential tax treatment since their establishment.

Significant judgement is required in interpreting the relevant tax rules and regulations so as to determine whether our Group is subject to corporate income tax. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes our Group to change its judgement regarding the adequacy of the tax liabilities. Such changes to tax liabilities will impact tax expense in the year that such determination is made.

(c) *Useful lives and residual values of property, plant and equipment*

The Group's management determines the estimated useful lives, residual values and related depreciation charges for its property, plant and equipment, and reviews the useful lives and residual values periodically to ensure that the method and rates of depreciation are consistent with the expected pattern of realization of economic benefits from property, plant and equipment. This estimate is based on the historical experience of the actual residual values and useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. If there are significant changes from previously estimated useful lives and residual values, the amount of depreciation expenses may change.

5 Segment information

The Group is principally engaged in provision of private tertiary education services in the PRC. The Group's chief operating decision maker ("CODM") has been identified as the chief executive officer who considers the business from the service perspective.

For the purpose of resource allocation and performance assessment, the CODM reviews the overall results and financial position of the Group as a whole prepared based on the same accounting policies set out in Note 2. Accordingly, their segment information is aggregated as a single reportable segment. Management of the Group assesses the performance of the reportable segment based on the revenue and gross profit for the year/period of the Group as presented in the consolidated statements of comprehensive income. No analysis of the Group's assets and liabilities is regularly provided to the management of the Group for review.

Revenues during the Track Record Period are as follows:

	Year ended December 31,			Six months ended June 30,	
	2015	2016	2017	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*Unaudited*)	*RMB'000*
Tuition fees	98,450	106,380	115,127	62,155	67,463
Boarding fees	8,470	8,765	9,119	4,489	4,700
Meal catering service fees	9,434	11,986	11,555	5,040	5,900
Others (a)	4,501	6,843	3,219	1,631	4,275
	120,855	133,974	139,020	73,315	82,338

(a) Others mainly represent revenue from research projects and training programs, which are recognized proportionately over the terms of the applicable programs.

Represented by:

	Year ended December 31,			Six months ended June 30,	
	2015	2016	2017	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*Unaudited*)	*RMB'000*
Recognized over time					
Tuitions fees	98,450	106,380	115,127	62,155	67,463
Boarding fees	8,470	8,765	9,119	4,489	4,700
Others- research projects and training programs	4,311	6,793	3,172	1,607	4,236
Recognized at a point in time					
Meal catering service fees	9,434	11,986	11,555	5,040	5,900
Others	152	—	—	—	—
Revenue from other source					
Lease income	38	50	47	24	39
	120,855	133,974	139,020	73,315	82,338

The Group's revenue is subject to seasonal fluctuations. Where students are required to pay tuition fees at the beginning of that school year, recognition of tuition fees may be affected by regular school term breaks and vacation periods.

No customers individually accounted for more than 10% of the Group's revenue during the Track Record Period.

Contract liabilities

The Group has recognized the following revenue-related contract liabilities:

	As at December 31,			As at June 30,
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contract liabilities related to Tuition fees	56,810	62,400	66,627	8,728
Contract liabilities related to Boarding fees	5,759	5,982	6,372	1,594
	62,569	68,382	72,999	10,322

(1) Revenue recognized in relation to contract liabilities

The following table shows how much of the revenue recognized in the current reporting period relates to carried-forward contract liabilities.

	Year ended December 31,			Six months ended June 30,	
	2015	**2016**	**2017**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Revenue recognized that was included in the balance of contract liabilities at the beginning of the year/period					
Tuition fees	53,573	56,810	62,400	62,155	66,627
Boarding fees	5,596	5,759	5,982	4,489	4,700
	59,169	62,569	68,382	66,644	71,327

(2) Unsatisfied contracts

	As at December 31,			As at June 30,
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Expected to be recognized within one year				
Tuitions fees	56,810	62,400	66,627	8,728
Boarding fees	5,759	5,982	6,372	1,594
Others-research projects and training programs	38	900	20	—
Expected to be recognized within one to two year				
Others-research projects and training programs	—	20	—	—
	62,607	69,302	73,019	10,322

6 Other income

	Year ended December 31,			Six months ended June 30,	
	2015	2016	2017	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*Unaudited*)	*RMB'000*
Government subsidies (Note (a))	2,000	502	590	590	—
Others	1,013	547	106	58	44
	3,013	1,049	696	648	44

(a) Government subsidies mainly represent unconditional subsidies from government for school operations.

7 **Other gains/(losses) — net**

	Year ended December 31,			Six months ended June 30,	
	2015	**2016**	**2017**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*Unaudited*)	*RMB'000*
Gain on disposal of an interest in an associate (Note (a))	—	—	—	—	702
Gain on disposal of a subsidiary (Note (b))	—	—	—	—	15
Loss on disposal of property, plant and equipment	(7)	—	(14)	(10)	(11)
Others	12	3	28	—	20
	5	3	14	(10)	726

(a) The Group completed the disposal of equity interest in Sichuan Catering on June 14, 2018 as stated in Note 1.2(vi), and recognized a gain on this disposal of RMB 702,000.

(b) The Group completed the disposal of entire equity interests in Chengdu Tourism on May 15, 2018 as stated in Note 1.2(iv), and recognized a gain on this disposal of RMB 15,000.

8 **Expenses by nature**

	Year ended December 31,			Six months ended June 30,	
	2015	**2016**	**2017**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*Unaudited*)	*RMB'000*
Employee benefit expenses (Note 9)	38,474	42,594	45,820	21,495	22,452
Depreciation and amortization	13,098	13,855	16,355	7,628	9,297
Joint tuition support fee (Note (a))	6,923	7,455	8,109	4,382	4,659
Office expenses	9,405	8,082	8,097	4,065	3,951
Canteen purchases	7,014	8,708	7,824	3,583	3,458
Training expenses	1,687	1,518	645	417	1,881
Property management fee	160	—	1,987	255	1,259
Student activities expenses	3,955	5,031	4,532	1,426	1,135
Expenses in relation to the Listing	—	—	—	—	10,168
Auditors' remuneration	10	10	12	—	—
Other expenses	5,502	8,956	8,239	2,933	3,269
Total cost of sales, selling expenses and administrative expenses	86,228	96,209	101,620	46,184	61,529

(a) The Group entered into an agreement with Chengdu University of Information Technology ("CUIT"), an independent third party, under which the Group would pay a joint tuition support fee to CUIT in each academic year based on 7% of the tuition fees of Yinxing College. Such fees have been charged to "cost of sales" in the consolidated statements of comprehensive income.

9 **Employee benefit expenses**

	Year ended December 31,			Six months ended June 30,	
	2015	**2016**	**2017**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Wages, salaries and bonuses	30,946	35,100	38,129	17,859	18,496
Contribution to pension plan	3,352	3,288	3,333	1,622	1,810
Welfare and other expenses	4,176	4,206	4,358	2,014	2,146
	38,474	42,594	45,820	21,495	22,452

Employee benefit expenses were charged to the consolidated statements of comprehensive income during the Track Record Period as follows:

	Year ended December 31,			Six months ended June 30,	
	2015	**2016**	**2017**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Cost of sales	22,434	24,989	32,092	14,324	16,840
Administrative expenses	16,040	17,605	13,728	7,171	5,612
	38,474	42,594	45,820	21,495	22,452

(a) ***Benefits and interests of Directors***

The remuneration of each Director borne by the Group for the year ended December 31, 2015 is set out below:

Name	Basic salaries	Discretionary bonuses	Contribution to pension plan	Welfare, medical and other expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive Directors					
Mr. Gongyu Fang (i)	—	—	—	—	—
Mr. Tao Tian (i)	—	—	—	—	—
Ms. Yuan Yu (i) (iii)	—	—	—	—	—
Ms. Dan Liu (i)	70	—	10	10	90
Non-Executive Directors					
Mr. Jiang Qian (ii)	—	—	—	—	—
Mr. Chong Man Hung Jeffrey (ii)	—	—	—	—	—
Mr. Yuan Jun (ii)	—	—	—	—	—
	70	—	10	10	90

The remuneration of each Director borne by the Group for the year ended December 31, 2016 is set out below:

Name	Basic salaries	Discretionary bonuses	Contribution to pension plan	Welfare, medical and other expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive Directors					
Mr. Gongyu Fang (i)	—	—	—	—	—
Mr. Tao Tian (i)	—	80	—	—	80
Ms. Yuan Yu (i) (iii)	—	—	—	—	—
Ms. Dan Liu (i)	66	2	13	12	93
Non-Executive Directors					
Mr. Jiang Qian (ii)	—	—	—	—	—
Mr. Chong Man Hung Jeffrey (ii)	—	—	—	—	—
Mr. Yuan Jun (ii)	—	—	—	—	—
	66	82	13	12	173

The remuneration of each Director borne by the Group for the year ended December 31, 2017 is set out below:

Name	Basic salaries	Discretionary bonuses	Contribution to pension plan	Welfare, medical and other expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive Directors					
Mr. Gongyu Fang (i)	—	—	—	—	—
Mr. Tao Tian (i)	24	82	—	—	106
Ms. Yuan Yu (i)	121	10	—	1	132
Ms. Dan Liu (i)	172	14	10	9	205
Non-Executive Directors					
Mr. Jiang Qian (ii)	—	—	—	—	—
Mr. Chong Man Hung Jeffrey (ii)	—	—	—	—	—
Mr. Yuan Jun (ii)	—	—	—	—	—
	317	106	10	10	443

The remuneration of each Director borne by the Group for the six months ended June 30, 2017 (Unaudited) is set out below:

Name	Basic salaries	Discretionary bonuses	Contribution to pension plan	Welfare, medical and other expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive Directors					
Mr. Gongyu Fang (i)	—	—	—	—	—
Mr. Tao Tian (i)	12	—	—	—	12
Ms. Yuan Yu (i)	60	—	—	—	60
Ms. Dan Liu (i)	74	—	5	5	84
Non-Executive Directors					
Mr. Jiang Qian (ii)	—	—	—	—	—
Mr. Chong Man Hung Jeffrey (ii)	—	—	—	—	—
Mr. Yuan Jun (ii)	—	—	—	—	—
	146	—	5	5	156

The remuneration of each Director borne by the Group for the six months ended June 30, 2018 is set out below:

Name	Basic salaries	Discretionary bonuses	Contribution to pension plan	Welfare, medical and other expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive Directors					
Mr. Gongyu Fang (i)	14	—	3	2	19
Mr. Tao Tian (i)	11	—	—	—	11
Ms. Yuan Yu (i)	62	—	—	—	62
Ms. Dan Liu (i)	104	—	10	13	127
Non-Executive Directors	—	—	—	—	—
Mr. Jiang Qian (ii)	—	—	—	—	—
Mr. Chong Man Hung Jeffrey (ii)	—	—	—	—	—
Mr. Yuan Jun (ii)	—	—	—	—	—
	191	—	13	15	219

(i) As at June 7, 2018, Mr. Gongyu Fang, Mr. Tao Tian, Ms. Yuan Yu and Ms. Dan Liu were appointed as the Company's executive directors.

(ii) As at December 12, 2018, Mr. Jiang Qian, Mr.Chong Man Hung Jeffrey and Mr. Yuan Jun were appointed as the Company's independent non-executive directors.

(iii) The emoluments of Ms. Yuan Yu in relation to their services rendered for the Group for the the years ended December 31, 2015 and December 31, 2016 were borne by the related party named Jin'ge Investment. The emoluments were not allocated to the Group as the management of the Company considers there is no reasonable basis of allocation.

(b) ***Directors' retirement benefits***

No retirement benefits were paid to or receivable by any Directors in respect of their other services in connection with the management of the affairs of the Company or its subsidiaries undertakings during the Track Record Period.

(c) ***Directors' termination benefits***

No payment was made to Directors as compensation for the early termination of the appointment during the Track Record Period.

(d) ***Consideration provided to third parties for making available Directors' services***

No payment was made to the former employer of Directors for making available the services of them as a Director of the Company during the Track Record Period.

(e) ***Information about loans, quasi-loans and other dealings in favor of Directors, controlled bodies corporate by and connected entities with such Directors***

Other than those disclosed in Note 27(b), there are no loans, quasi-loans and other dealings in favor of Directors, controlled body corporate by and connected entities with such Directors during the Track Record Period.

(f) ***Directors' material interests in transactions, arrangements or contracts***

Other than those as disclosed in Note 24 (a) and Note 27(b), there are no significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a Director of the Company had a material interest directly or indirectly, subsisted at the end of the year/period or at any time during the Track Record Period.

(g) ***Five highest paid individuals***

The five individuals whose emoluments were the highest in the Group include no Directors whose emoluments are reflected in the analysis presented in Note 9(a) for each of the years ended December 31, 2015, 2016 and 2017 and periods ended June 30, 2017 and 2018 respectively. Detail of the remunerations of the remaining highest paid non-Director individuals during the Track Record Period are set out as below:

	Year ended December 31,			Six months ended June 30,	
	2015	**2016**	**2017**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Wages, salaries and bonuses	1,047	1,114	1,157	560	506
Contribution to pension plan	60	72	67	26	29
Welfare and other expenses	53	64	59	27	34
	1,160	1,250	1,283	613	569

The emoluments of the highest paid non-Director individuals fell within the following band:

	Year ended December 31,			Six months ended June 30,	
	2015	2016	2017	2017	2018
				(Unaudited)	
Emolument bands					
Nil — HKD$1,000,000	5	5	5	5	5

During the Track Record Period, none of the five highest paid individuals waived or has agreed to waive any emoluments, and none of the five highest paid individuals received emoluments from the Group as inducement to join or upon joining the Group, or as compensation for loss of office.

10 **Finance (expenses)/income — net**

	Year ended December 31,			Six months ended June 30,	
	2015	2016	2017	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Finance expenses:					
- Interest expenses on amounts due to related parties (Note 27(b))	(2,778)	(1,638)	(809)	(438)	(20)
- Interest expenses on bank borrowings	—	—	—	—	(2,081)
	(2,778)	(1,638)	(809)	(438)	(2,101)
- Amounts capitalised in qualifying assets (note 14)	101	495	809	347	104
	(2,677)	(1,143)	—	(91)	(1,997)
Finance income:					
- Interest income on loans to a related party (Note 27(b))	—	—	295	24	370
- Bank interest income	225	341	491	333	122
	225	341	786	357	492
Net finance (expenses)/income	(2,452)	(802)	786	266	(1,505)

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the interest rate applicable to the entity's borrowings for construction in process during the year, in this case 6.29% , 5.91%, 5.91%, 5.91%, and 6.18% for the years ended December 31, 2015, 2016 and 2017 and for the six months ended June 30, 2017 and 2018, respectively.

11 **Income tax expenses**

	Year ended December 31,			Six months ended June 30,	
	2015	**2016**	**2017**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Current tax					
Current tax on profits for the year/period	—	—	—	—	1,427

The taxation on the Group's profit before income tax differs from the theoretical amount that would arise using the taxation rate of PRC, the principal place of the Group's operations, as follows:

	Year ended December 31,			Six months ended June 30,	
	2015	**2016**	**2017**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Profit before income tax	36,841	39,894	41,196	29,126	21,105
Tax calculated at a taxation rate of 25% or relevant domestic tax rate applicable to profits in the respective countries	9,210	9,973	10,299	7,282	5,665
Tax effects of tuition income not subject to tax (iv)	(10,621)	(11,456)	(11,846)	(7,944)	(8,260)
Share of net profit of an associate accounted for using the equity method	(412)	(470)	(575)	(273)	(258)
Taxable income on disposal of interest in an associate	—	—	—	—	2,620
Deemed taxable income that land and buildings of Gingko Asset Management used by Yinxing College for free	1,853	1,926	2,028	1,014	1,086
Utilization of previously unrecognized tax losses	(30)	(29)	(41)	(79)	(232)
Tax loss for which no deferred tax asset has been recognized	—	56	135	—	806
Income tax expense	—	—	—	—	1,427

(i) ***Cayman Islands corporate income tax***

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the *Companies Law of the Cayman Islands* and accordingly, is exempted from Cayman Islands corporate income tax.

(ii) ***British Virgin Islands profit tax***

The Company's direct subsidiary in the British Virgin Islands was incorporated under the *BVI Companies Act, 2004* and accordingly, is exempted from British Virgin Islands income tax.

(iii) ***Hong Kong profit tax***

No provision for Hong Kong profit tax was provided as the Company and the Group did not have assessable profits in Hong Kong during the Relevant Periods.

(iv) ***PRC corporate income tax ("CIT")***

CIT is provided on assessable profits of entities incorporation in the PRC. Pursuant to the *Corporate Income Tax Law of the PRC* (the "CIT Law"), which was effective from January 1, 2008, the CIT was 25% during the Track Record Period.

According to the *Implementation Rules for the Law for Promoting Private Education*, private schools for which the school sponsors do not require reasonable returns are eligible to enjoy the same preferential tax treatment as public schools. The preferential tax treatment polices applicable to private schools requiring reasonable returns are to be separately formulated by the financing authority, taxation authority and other authorities under the State Council. During the Track Record Period and up to the date of this report, no regulations have been promulgated by such authorities in this regard. In accordance with the historical tax returns filed to the relevant tax authorities and the tax compliance confirmations obtained therefrom, Yinxing College has been granted corporate income tax exemption for income from the provision of formal academic education. As a result, no income tax expense was recognised for the income from the provision of formal academic education during the Track Record Period.

(v) ***Tax losses***

Deferred income tax assets were recognized for losses carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable. The Group did not recognize deferred income tax assets of RMB100,032, RMB126,381, RMB232,185 and RMB806,388 as at December 31, 2015, 2016, 2017 and June 30, 2018 in respect of losses amounting to RMB400,126, RMB505,522, RMB928,738 and RMB4,757,200.

The amount of tax losses from subsidiaries in the PRC will expire in the following years:

	As at December 31,			As at June 30,
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
2019	400	282	165	—
2020	—	—	—	—
2021	—	224	224	—
2022	—	—	540	—
2023	—	—	—	252
	400	506	929	252

As at June 30, 2018, amounting to RMB 4,504,850 of unused tax losses was incurred by Gingko HK and Gingko HK is not likely to generate taxable income in the foreseeable future. The losses can be carried forward and has not expired date.

12 Earnings per share

(a) *Basic and diluted earnings per share*

Basic and diluted earnings per share is calculated by dividing the profit attributable to owners of the Company, by the weighted average number of ordinary shares outstanding during the financial year.

	Year ended December 31,			Six months ended June 30,	
	2015	2016	2017	2017	2018
				(Unaudited)	
Basic and diluted earnings per share attributable to the ordinary equity holders of the Company (RMB Yuan)	3,684	3,989	4,120	2,913	1,968

(b) ***Reconciliations of earnings used in calculating earnings per share in calculating earnings per share***

	Year ended December 31,			Six months ended June 30,	
	2015	**2016**	**2017**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Basic and diluted earnings per share					
Profit attributable to the ordinary equity holders of the Company used in calculating basic earnings per share:	36,841	39,894	41,196	29,126	19,678

(c) ***Weighted average number of shares used as the denominator***

	Year ended December 31,			Six months ended June 30,	
	2015	**2016**	**2017**	**2017**	**2018**
				(Unaudited)	
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	10,000	10,000	10,000	10,000	10,000

The weighted average number of ordinary shares has been retrospectively adjusted for the effects of the issue of shares in connection with the Reorganization completed on June 14, 2018.

The earnings per share as presented above has not taken into account the proposed Capitalization Issue pursuant to the resolution in writing of the shareholders passed on December 12, 2018, because the proposed Capitalization Issue has not become effective as at the date of this report.

13 **Prepaid land lease payments**

The Group's interests in land use rights represent land use right payments for land, located in the PRC and held on leases for 50 years.

	As at December 31,			As at June 30,
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at the beginning of the year/period				
Cost	50,398	50,398	50,398	50,398
Accumulated amortization	(7,632)	(8,640)	(9,648)	(10,656)
Net book amount	42,766	41,758	40,750	39,742
Opening net book amount	42,766	41,758	40,750	39,742
Amortization	(1,008)	(1,008)	(1,008)	(504)
Closing net book amount	41,758	40,750	39,742	39,238
As at the end of the year/period				
Cost	50,398	50,398	50,398	50,398
Accumulated amortization	(8,640)	(9,648)	(10,656)	(11,160)
Net book amount	41,758	40,750	39,742	39,238

Amortization of the Group's prepaid land lease payments was included in the following categories in the consolidated statements of comprehensive income:

	Year ended December 31,			Six months ended June 30,
	2015	**2016**	**2017**	**2018**
	RMB '000	*RMB'000*	*RMB'000*	*RMB'000*
Cost of sales	979	979	979	489
Administrative expenses	29	29	29	15
	1,008	1,008	1,008	504

14 Property, plant and equipment

	Buildings	Decoration	Electronic equipment	Furniture and fixture	Vehicles	Books	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2015								
Cost	281,589	734	15,983	27,948	2,370	1,236	680	330,540
Accumulated depreciation	(24,125)	(57)	(10,353)	(19,576)	(1,605)	(74)	—	(55,790)
Net book amount	257,464	677	5,630	8,372	765	1,162	680	274,750
Year ended December 31, 2015								
Opening net book amount	257,464	677	5,630	8,372	765	1,162	680	274,750
Additions	7,019	415	745	4,029	56	21	7,706	19,991
Transfers	4,670	—	—	—	—	—	(4,670)	—
Disposals	—	—	—	(8)	—	—	—	(8)
Depreciation charge	(5,735)	(175)	(1,927)	(3,041)	(226)	(484)	—	(11,588)
Closing net book amount	263,418	917	4,448	9,352	595	699	3,716	283,145
As at December 31, 2015								
Cost	293,278	1,149	16,728	31,832	2,426	1,257	3,716	350,386
Accumulated depreciation	(29,860)	(232)	(12,280)	(22,480)	(1,831)	(558)	—	(67,241)
Net book amount	263,418	917	4,448	9,352	595	699	3,716	283,145
Year ended December 31, 2016								
Opening net book amount	263,418	917	4,448	9,352	595	699	3,716	283,145
Additions	—	4,007	873	6,217	86	1,256	18,542	30,981
Transfers	—	—	177	2,782	—	—	(2,959)	—
Disposals	—	—	—	—	—	—	—	—
Depreciation charge	(6,002)	(500)	(1,769)	(3,158)	(208)	(678)	—	(12,315)
Closing net book amount	257,416	4,424	3,729	15,193	473	1,277	19,299	301,811
As at December 31, 2016								
Cost	293,278	5,156	17,778	40,831	2,512	2,513	19,299	381,367
Accumulated depreciation	(35,862)	(732)	(14,049)	(25,638)	(2,039)	(1,236)	—	(79,556)
Net book amount	257,416	4,424	3,729	15,193	473	1,277	19,299	301,811
Year ended December 31, 2017								
Opening net book amount	257,416	4,424	3,729	15,193	473	1,277	19,299	301,811
Additions	—	10,856	510	6,944	261	2,409	19,493	40,473
Transfers	37,798	—	—	—	—	—	(37,798)	—
Disposals	—	—	—	—	(14)	—	—	(14)
Depreciation charge	(6,387)	(1,562)	(1,453)	(4,254)	(196)	(901)	—	(14,753)
Closing net book amount	288,827	13,718	2,786	17,883	524	2,785	994	327,517

	Buildings	Decoration	Electronic equipment	Furniture and fixture	Vehicles	Books	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2017								
Cost	331,076	16,012	18,288	47,775	2,321	4,922	994	421,388
Accumulated depreciation	(42,249)	(2,294)	(15,502)	(29,892)	(1,797)	(2,137)	—	(93,871)
Net book amount	288,827	13,718	2,786	17,883	524	2,785	994	327,517
Six months ended June 30, 2018								
Opening net book amount	288,827	13,718	2,786	17,883	524	2,785	994	327,517
Additions	—	1,923	441	1,605	350	680	12,306	17,305
Transfers	—	—	—	—	—	—	—	—
Disposals	—	—	(4)	—	(9)	—	—	(13)
Depreciation charge	(3,463)	(1,385)	(523)	(2,400)	(123)	(693)	—	(8,587)
Closing net book amount	285,364	14,256	2,700	17,088	742	2,772	13,300	336,222
As at June 30, 2018								
Cost	331,076	17,935	18,605	49,377	2,370	5,602	13,300	438,265
Accumulated depreciation	(45,712)	(3,679)	(15,905)	(32,289)	(1,628)	(2,830)	—	(102,043)
Net book amount	285,364	14,256	2,700	17,088	742	2,772	13,300	336,222

Depreciation charges were included in the following categories in the consolidated statements of comprehensive income:

	Year ended December 31,			Six months ended June 30,
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost of sales	10,794	11,389	13,736	8,017
Administrative expenses	794	926	1,017	570
	11,588	12,315	14,753	8,587

Construction-in-progress mainly comprises buildings under construction in the PRC.

15 **Intangible assets**

	Computer software
	RMB'000
As at January 1, 2015	
Cost	3,387
Accumulated amortization	(1,649)
Net book amount	1,738
Year ended December 31, 2015	
Opening net book amount	1,738
Additions	391
Amortization charge	(502)
Closing net book amount	1,627
As at December 31, 2015	
Cost	3,778
Accumulated amortization	(2,151)
Net book amount	1,627
Year ended December 31, 2016	
Opening net book amount	1,627
Additions	574
Amortization charge	(532)
Closing net book amount	1,669
As at December 31, 2016	
Cost	4,352
Accumulated amortization	(2,683)
Net book amount	1,669
Year ended December 31, 2017	
Opening net book amount	1,669
Additions	18
Amortization charge	(594)
Closing net book amount	1,093
As at December 31, 2017	
Cost	4,370
Accumulated amortization	(3,277)
Net book amount	1,093

	Computer software
	RMB'000
Six months ended June 30, 2018	
Opening net book amount	1,093
Additions	97
Amortization charge	(206)
Closing net book amount	984
As at June 30, 2018	
Cost	4,467
Accumulated amortization	(3,483)
Net book amount	984

Amortization of the intangible assets was included in the following categories in the consolidated statements of comprehensive income:

	Year ended December 31,			Six months ended June 30,
	2015	2016	2017	2018
	RMB '000	*RMB'000*	*RMB'000*	*RMB'000*
Cost of sales	493	523	585	202
Administrative expenses	9	9	9	4
	502	532	594	206

16 **Financial instruments by category**

	As at December 31,			As at June 30,
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at amortized cost				
Cash and cash equivalents	64,675	66,531	75,965	92,428
Amounts due from a related party	—	—	12,312	—
Trade and other receivables	2,015	2,232	1,431	1,569
	66,690	68,763	89,708	93,997
Liabilities at amortized cost				
Borrowings	—	—	—	102,532
Accruals and other payables (excluding non-financial liabilities)	73,071	69,712	78,334	36,447
Amounts due to related parties	42,539	22,612	9,181	497
	115,610	92,324	87,515	139,476

17 **Trade and other receivables**

	As at December 31,			As at June 30,
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables				
- Due from students	309	234	103	44
- Due from others	179	693	829	809
	488	927	932	853
Other receivables				
- Staff advances	365	216	356	515
- Others	1,162	1,089	143	201
	2,015	2,232	1,431	1,569

As at December 31, 2015, 2016, 2017 and June 30, 2018, the aging analysis of the trade receivables based on the recognition date is as followings:

	As at December 31,			As at June 30,
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Less than 1 year	488	927	932	282
Over 1 year	—	—	—	571
	488	927	932	853

As at December 31, 2015, 2016, 2017 and June 30, 2018, trade receivables of RMB309,000, RMB234,000, RMB103,000 and RMB615,000 were past due but not impaired. These primarily relate to a number of independent students for whom there is no significant financial difficulty, and based on past experience and management's assessment, the overdue amounts can be recovered. The aging analysis of these trade receivables is as follows:

	As at December 31,			As at June 30,
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Less than 1 year	309	234	103	44
Over 1 year	—	—	—	571
	309	234	103	615

18 Prepayments

The Group

	As at December 31,			As at June 30,
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments for purchases of property, plant and equipment	3,230	6,321	284	2,927
Prepayments for listing expenses	—	—	—	2,890
Prepayments for student related and other expenses	945	647	744	1,824
Less: non-current portion of prepayments	(3,230)	(6,321)	(284)	(2,927)
	945	647	744	4,714

19 Interest in an associate

Set out below is the associate of the group as at December 31, 2015, 2016 and 2017 which, in the opinion of the Directors, are material to the group, and it was disposed in June 2018 as stated in Note 1.2. The entity listed below has share capital consisting solely of ordinary shares, which are held directly by the group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	Place of business/country of incorporation	% of ownership				Nature of relationship	Measurement method	Quoted fair value	Carrying amount			
		2015	2016	2017	2018				2015	2016	2017	2018
		%	%	%	%				*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Sichuan Airlines Chongqing Air Catering Co.,Ltd (Note a)	PRC	11	11	11	—	Associate	Equity method	—*	9,546	10,765	12,558	—

* Private entity — no quoted price available.

(a) Sichuan Airlines Chongqing Air Catering Co. Ltd. is a manufacturer of airline catering food and providing catering services to Sichuan Airlines. Before the completion of the disposal of equity interest in Sichuan Catering, the Group appointed a director to and had significant influence on the decision-making of Sichuan Catering. The Group completed the disposal of equity interest in Sichuan Catering on June 14, 2018 as stated in Note 1.2(vi). Set out below is summarized financial information for the associate as at December 31, 2015, 2016, 2017 and June 30, 2018.

Summarized financial information for the associate

Summarized balance sheet	**As at December 31,**			**As at June 30,**
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current assets	79,703	92,339	118,597	Nil*
Non-current assets	26,715	26,023	26,135	Nil*
Current liabilities	19,638	20,500	30,571	Nil*
Net assets	86,780	97,862	114,161	Nil*

	Year ended December 31,			**Six months ended June 30,**	**Period from January 1, 2018 to June 14, 2018 (date of disposal)**
	2015	**2016**	**2017**	**2017**	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Summarized profit or loss					
Revenue	89,718	96,415	118,092	53,051	53,302
Depreciation and amortization	(1,859)	(1,734)	(1,374)	(173)	(894)
Income tax expense	(2,516)	(3,060)	(3,721)	(1,750)	(1,654)
Profit before income tax	17,500	20,142	24,631	11,667	11,022
Profit for the year/period	14,984	17,082	20,910	9,917	9,368

* As stated in Note 1.2(vi), the Group completed the disposal of equity interest in Sichuan Catering on June 14, 2018, the summarized financial information of balance sheet as at June 30, 2018 is not applicable.

20 **Cash and cash equivalents**

The Group

	As at December 31,			As at June 30,
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash at banks and on hand	64,675	66,531	75,965	92,428

The Company

	As at December 31,			As at June 30,
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash at banks and on hand	—	—	—	9

As at December 31, 2015, 2016 and 2017 and June 30, 2018, Cash and cash equivalents of the Group are denominated in RMB and Hong Kong dollars ("HKD").

21 **Share capital**

	Number of ordinary shares	Nominal value of ordinary shares
		HKD
Company		
Authorized shares of HK$0.01 each at June 30, 2018	38,000,000	380,000

	Number of ordinary shares	Nominal value of ordinary shares	Equivalent nominal value of ordinary shares
		HKD	*RMB*
Issued and paid up:			
Issuance of shares upon incorporation of the Company	10,000	100	80
As at June 30, 2018	10,000	100	80

The Company was incorporated in the Cayman Islands under the Companies Law of the Cayman Islands as an exempted company with limited liability on March 23, 2018 with an authorized share capital of HK$380,000 divided into 38,000,000 shares of a nominal value or par value of HK$0.01 each. On the same date, one subscriber share of the Company was transferred to Vast Universe at par value. The Company then issued and allotted an additional 9,774 shares at par value to Vast Universe and 225 shares at par value to HFYX.

22 **Reserves and retain earnings**

The Group

(a) ***Capital reserve***

Capital reserve of the Group represented the consolidated issued capital of the Consolidated Affiliated Entities.

(b) ***Statutory surplus reserves***

Pursuant to the relevant laws and regulations in the PRC, the Company's subsidiaries in the PRC should make appropriations from after-tax profit to certain non-distributable reserve funds as determined by the boards of Directors of the relevant PRC subsidiaries. These reserves include (i) statutory reserve fund of the limited liability companies, (ii) general reserve funds of foreign invested enterprise and (iii) development funds for the schools.

(i) In accordance with the relevant laws and regulations in the PRC and Articles of Association of the companies incorporated in the PRC now comprising the Group (the "PRC Subsidiaries"), the PRC Subsidiaries are required to appropriate 10% of the annual statutory net profits, after offsetting any prior years' losses as determined under the PRC accounting standards, to the statutory reserves fund before distributing the net profit. When the balance of the statutory reserves fund reaches 50% of the registered capital of the PRC Subsidiaries, any further appropriation is at the discretion of shareholders. The statutory

reserves fund can be used to offset prior years' losses, if any, and may be converted into share capital by issuing new shares to shareholders in proportion to their existing shareholding, provided that the remaining balance of the statutory reserves fund after such issue is not less than 25% of registered capital.

(ii) Pursuant to the laws applicable to China's Foreign Investment Enterprises, the Company's subsidiary that is a foreign investment enterprise in China has to make appropriations from its after-tax profit (as determined under PRC accounting standards) to reserve funds including (i) general reserve fund, and (ii) enterprise expansion fund. The appropriation to the general reserve fund must be at least 10% of the after tax profits calculated in accordance with PRC accounting standards. Appropriation is not required if the reserve fund has reached 50% of the registered capital of the company. Appropriations to the other two reserve funds are at the discretion of the company.

(iii) According to the relevant PRC laws and regulations, private schools are required to appropriate to development funds of not less than 25% of the net profit or the annual increase of net assets of the relevant schools as determined in accordance with PRC accounting standards. The development fund is for the construction or maintenance of the school or procurement or upgrading of educational equipment and not available for distribution to shareholders. Upon incurring the corresponding expenditure, an equivalent amount is transferred from development fund to retained earnings.

The Company

Other reserves

	Merger reserve	**Total**
	RMB'000	*RMB'000*
As at January 1, 2018	—	—
Issuance of shares during reorganization	318,242	318,242
As at June 30, 2018	318,242	318,242

23 **Accruals and other payables**

The Group

	As at December 31,			As at June 30,
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Payables for joint tuition support fee (a) (Note 8)	47,590	50,044	53,153	—
Government subsidies payable to students (b)	2,252	1,746	1,595	5,815
Miscellaneous fee received from students (c)	6,673	6,665	5,997	4,603
Payables for purchases of property, plant and equipment	9,156	2,383	8,641	8,348
Salary and welfare payables	9,070	10,364	10,350	6,688
Payables in relation to the Listing	—	—	—	8,448
Other taxes payable	80	150	80	264
Interest payable	—	—	—	172
Others	7,400	8,874	8,948	9,061
	82,221	80,226	88,764	43,399

The Company

	As at December 31,			As at June 30,
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts due to third parties	—	—	—	32

(a) As at December 31, 2015, 2016 and 2017 and June 30, 2018, Payables for joint tuition support fee were interest-free and secured by a corporate guarantee from Gingko Asset Management.

(b) The amounts represent the subsidies received from government which would be paid out to students by the Group on behalf of government.

(c) The amounts represent the miscellaneous fee received from students which would be paid out by the Group on behalf of students.

(d) All accruals and other payables of the Group were denominated in RMB and HKD.

(e) As at December 31, 2015, 2016 and 2017 and June 30, 2018, the fair values of accruals and other payables approximate their carrying amounts due to their short-term maturities.

24 **Borrowings**

	As at December 31,			As at June 30,
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current:				
- Secured bank borrowings (a)	—	—	—	20,000
- Unsecured loans from a third party (b)	—	—	—	2,532
	—	—	—	22,532
Non-current:				
- Secured bank borrowings	—	—	—	80,000
Total borrowings	—	—	—	102,532

(a) As at June 30, 2018, bank borrowings were secured by a pledge of a commercial building of a related party, Chengdu Changshun Investment Co., Ltd. ("Chengdu Changshun"), corporate guarantees from Gingko Asset Management and WFOE, and a personal guarantee from Mr. Fang. Personal guarantee from Mr. Fang and the pledge provided by Chengdu Changshun will be released prior to Listing.

(b) The amounts represent loans from a third party, amounting to HKD3,000,000 (approximately RMB2,532,000) as at June 30, 2018, bearing a fixed interest rate of 5.00% per annum respectively which are unsecured and repayable on January 30, 2019.

(c) The weighted average effective interest rates (per annum) were as follows:

	As at December 31,			As at June 30,
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank borrowings	—	—	—	6.18%
Loans from a third party	—	—	—	5.00%

(d) The maturity date of the borrowing was analyzed as follows:

	As at December 31,			As at June 30,
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Less than 1 year	—	—	—	22,532
Between 1 and 2 years	—	—	—	80,000
	—	—	—	102,532

The carrying amount for non-current borrowings approximated their fair values as they were carried at floating interest rates.

(e) As at June 30, 2018, the Group's bank borrowings were denominated in RMB and HKD.

25 **Cash generated from/(used in) operations**

	Note	Year ended December 31,			Six months ended June 30,	
		2015	2016	2017	2017	2018
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Profit before income tax		36,841	39,894	41,196	29,126	21,105
Adjustments for:						
- Depreciation of property, plant and equipment	14	11,588	12,315	14,753	6,779	8,587
- Amortization of prepaid land lease payments	13	1,008	1,008	1,008	504	504
- Amortization of intangible assets	15	502	532	594	345	206
- Loss on disposal of property, plant and equipment	7	7	—	14	10	11
- Share of net profits of an associate		(1,648)	(1,879)	(2,300)	(1,091)	(1,031)
- Gains on disposal of interest in an associate	7	—	—	—	—	(702)
- Gains on disposal of a subsidiary	7	—	—	—	—	(15)

	Note	Year ended December 31, 2015	2016	2017	Six months ended June 30, 2017	2018
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*Unaudited*)	*RMB'000*
- Finance income	10	(225)	(341)	(491)	(333)	(122)
- Finance expense	10	2,677	1,143	—	91	1,997
- Interest income on loans to a related party	27(b)	—	—	(295)	(24)	(370)
Operating profit before changes in working capital:		50,750	52,672	54,479	35,407	30,170
Changes in working capital						
- Decrease/(increase) in trade receivables		161	(439)	(5)	(63)	79
- (Increase)/decrease in prepayments		(146)	298	(96)	565	(1,080)
- (Increase)/decrease in other receivables		(199)	222	806	(756)	(217)
- Increase/(decrease) in accruals and other payables		8,642	4,778	2,262	2,733	(47,371)
- (Decrease)/increase in amounts due to related parties		(29)	(27)	69	451	416
- Increase/(decrease) in contract liabilities		3,401	5,813	4,617	(59,435)	(62,677)
Cash generated from/(used in) operations		62,580	63,317	62,132	(21,098)	(80,680)

In the consolidated cash flow statements, proceeds from sale of property, plant and equipment comprise:

	Year ended December 31,			Six months ended June 30,	
	2015	2016	2017	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Net book amount (Note 14)	8	—	14	10	13
Losses on disposal of property, plant and equipment (Note 7)	(7)	—	(14)	(10)	(11)
Proceeds from disposal of property, plant and equipment	1	—	—	—	2

Reconciliation of liabilities arising from financing activities

	Borrowings	Amounts due to related parties	Total
	RMB'000	*RMB'000*	*RMB'000*
Total debt as at January 1, 2015	—	53,200	53,200
Cash flows	—	(10,700)	(10,700)
Total debt as at December 31, 2015	—	42,500	42,500
Cash flows	—	(19,900)	(19,900)
Total debt as at December 31, 2016	—	22,600	22,600
Cash flows	—	(13,500)	(13,500)
Total debt as at December 31, 2017	—	9,100	9,100
Cash flows	102,532	(9,100)	93,432
Total debt as at June 30, 2018	102,532	—	102,532
Unaudited:			
Total debt as at January 1, 2017	—	22,600	22,600
Cash flows	—	(218)	(218)
Non-cash flows	—	438	438
Total debt as at June 30, 2017	—	22,820	22,820

26 **Commitments**

(a) ***Capital commitments***

The following is the details of the capital expenditure contracted but not provided for in the Historical Financial Information.

	As at December 31,			As at June 30,
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Commitments for acquisition of property, plant and equipment	2,614	19,933	25	675,045

As at June 30, 2018, the capital commitments includes investment in Nanxi New Campus. On May 18, 2018, the Group has entered into the Nanxi New Campus Project Investment Agreement with the People's Government of Nanxi District, Yibin City, pursuant to which the Group would invest approximately of RMB600 million for building a new campus in Yibin, Sichuan Province. The actual investment amount would vary according to formal contracts with constructors in the future.

(b) ***Operating lease commitments***

The Group leases certain buildings under non-cancellable operating lease agreements. The Group has future aggregate minimum lease payments in respect of land and buildings under non-cancellable operating leases are as follows:

	As at December 31,			As at June 30,
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
No later than 1 year	—	—	—	10
Later than 1 year and no later than 5 years	—	—	—	10
	—	—	—	20

27 **Related party transactions**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, common significant influence or joint control.

The owners, members of key management and their close family members of the Group are also considered as related parties. In the opinion of the Directors, the related party transactions were carried out in normal course of business and at terms negotiated between the Group and the respective related parties.

(a) ***Names and relationships with related parties***

The following companies are related parties of the Group that had balances and/or transactions with the Group during the Track Record Period.

Name of related parties	Relationship with the Group
Jin'ge Investment (成都銀杏金閣投資有限公司)	A company controlled by the Controlling Shareholder
Chengdu Gingko Jin'ge Catering Corporation (成都銀杏金閣餐飲股份有限公司)	A company controlled by the Controlling Shareholder
Chengdu Gingko Catering Management Co., Ltd. (成都銀杏餐飲管理有限公司)	A company controlled by the Controlling Shareholder
Chengdu Gingko Hotel Management Co., Ltd. (成都銀杏酒店管理有限公司)	A company controlled by the Controlling Shareholder
Chengdu Yinxing Logistics Co., Ltd. (成都銀杏配送有限公司)	A company controlled by the Controlling Shareholder
Chengdu Jinhe Shunxing Enterprise Management Co., Ltd. (成都錦和順興企業管理有限公司)	A company controlled by the Controlling Shareholder
Chengdu Changshun Investment Co., Ltd. (成都長順投資有限公司)	A company controlled by the Controlling Shareholder

(i) The entities shown above do not have official English names and their Chinese names have been translated into English, for reference only, by the Directors on a best effort basis.

(b) ***Transactions with related parties***

Other than those related party transactions as disclosed in elsewhere in this accountant's report, during the Track Record Period, the Group had the following significant transactions with related parties.

	Year ended December 31,			Six months ended June 30,	
	2015	**2016**	**2017**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Loans from related parties					
- Chengdu Gingko Jin'ge Catering Corporation (成都銀杏金閣餐飲股份有限公司)	27,000	10,000	—	—	4,000
- Chengdu Gingko Catering Management Co., Ltd. (成都銀杏餐飲管理有限公司)	—	—	—	—	1,000
- Jin'ge Investment (成都銀杏金閣投資有限公司)	400	1,200	—	—	—
	27,400	11,200	—	—	5,000
Repayment of loans from related parties					
- Chengdu Gingko Jin'ge Catering Corporation (成都銀杏金閣餐飲股份有限公司)	38,100	31,100	13,000	—	11,000
- Chengdu Gingko Catering Management Co., Ltd. (成都銀杏餐飲管理有限公司)	—	—	500	—	1,000
- Jin'ge Investment (成都銀杏金閣投資有限公司)	—	—	—	—	2,100
	38,100	31,100	13,500	—	14,100

	Year ended December 31,			Six months ended June 30,	
	2015	2016	2017	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Loans to related parties					
- Chengdu Yinxing Logistics Co., Ltd.(成都銀杏配送有限公司)	—	—	—	—	70,000
- Chengdu Gingko Jin'ge Catering Corporation (成都銀杏金閣餐飲股份有限公司)	—	—	—	—	39,500
- Chengdu Gingko Catering Management Co., Ltd. (成都銀杏餐飲管理有限公司)	—	—	12,000	12,000	42,000
- Chengdu Changshun Investment Co., Ltd. (成都長順投資有限公司)	—	—	2,000	2,000	—
- Chengdu Jinhe Shunxing Enterprise Management Co., Ltd. (成都錦和順興企業管理有限公司)	—	—	500	500	—
- Jin'ge Investment (成都銀杏金閣投資有限公司)	—	—	—	—	1,500
	—	—	14,500	14,500	153,000
Receipts of repayment of loans to related parties					
- Chengdu Yinxing Logistics Co., Ltd. (成都銀杏配送有限公司)	—	—	—	—	70,000
- Chengdu Gingko Jin'ge Catering Corporation (成都銀杏金閣餐飲股份有限公司)	—	—	—	—	39,500
- Chengdu Gingko Catering Management Co., Ltd. (成都銀杏餐飲管理有限公司)	—	—	—	—	54,000
- Jin'ge Investment (成都銀杏金閣投資有限公司)	—	—	—	—	1,500
- Changshun Investment Co., Ltd. (成都長順投資有限公 司)	—	—	2,000	—	—
- Chengdu Jinhe Shunxing Enterprise Management Co., Ltd. (成都錦和順興企業管理有限公司)	—	—	500	—	—
	—	—	2,500	—	165,000

	Year ended December 31,			Six months ended June 30,	
	2015	2016	2017	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Interest expenses on loans from a related party					
- Chengdu Gingko Jin'ge Catering Corporation (成都銀杏金閣餐飲股份有限公司)	2,778	1,638	809	438	20
Interest income on loans to a related party					
- Chengdu Gingko Catering Management Co, Ltd. (成都銀杏餐飲管理有限公司)	—	—	295	24	370
Purchases of goods and services					
- Chengdu Yinxing Logistics Co., Ltd. (成都銀杏配送有限公司)	329	633	289	285	33
- Chengdu Gingko Catering Management Co., Ltd. (成都銀杏餐飲管理有限公司)	—	—	—	—	301
- Chengdu Gingko Jin'ge Catering Corporation (成都銀杏金閣餐飲股份有限公司)	—	—	—	—	196
- Chengdu Gingko Hotel Management Co.,Ltd. (成都銀杏酒店管理有限公司)	—	—	—	—	5
- Chengdu Jinhe Shunxing Enterprise Management Co., Ltd. (成都錦和順興企業管理有限公司)	—	—	2,239	—	1,672
	329	633	2,528	285	2,207

(c) ***Key management compensation***

Key management compensation for the Track Record Period, other than those relating to the emoluments of Directors being disclosed in Note 9, are set out below:

	Year ended December 31,			Six months ended June 30,	
	2015	**2016**	**2017**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Wages, salaries and bonuses	824	863	959	407	462
Contributions to pension plans	58	59	48	15	18
Welfare, medical and other expenses	53	55	45	26	37
	935	977	1,052	448	517

(d) ***Balances with related parties***

	As at December 31,			As at June 30,
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts due from a related party				
Non-trade:				
- Chengdu Gingko Catering Management Co., Ltd. (成都銀杏餐飲管理有限公司) (a)	—	—	12,312	—

	As at December 31,			As at June 30,
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts due to related parties				
Non-trade:				
- Chengdu Gingko Jin'ge Catering Corporation (成都銀杏金閣餐飲股份有限公司) (b) (d)	41,100	20,000	7,000	—
- Jin'ge Investment (成都銀杏金閣投資有限公司) (c) (d)	1,400	2,600	2,100	—
Trade:				
- Chengdu Jinhe Shunxing Enterprise Management Co., Ltd. (成都錦和順興企業管理有限公司) (c)	—	—	54	301
- Chengdu Yinxing Logistics Co., Ltd. (成都銀杏配送有限公司) (c)	39	12	27	—
- Chengdu Gingko Jin'ge Catering Corporation (成都銀杏金閣餐飲股份有限公司) (c)	—	—	—	196
	42,539	22,612	9,181	497

(a) The loan to Chengdu Gingko Catering Management Co., Ltd. amounting to RMB12,000,000 as at December 31, 2017 bearing an effective interest rate of 4.75% per annum respectively are unsecured and repayable on demand. The interest receivable is RMB 312,000 as at December 31, 2017.

The Group had provided loans to this related party during the Track Record Period for working capital purpose and the balance has been fully settled in June 2018.

(b) The entrusted loan from Chengdu Gingko Jin'ge Catering Corporation amounting to RMB20,000,000 as at December 31, 2015 bearing a fixed interest rate of 6.88% per annum respectively are unsecured and repayable on demand.

The loan from Chengdu Gingko Jin'ge Catering Corporation amounting to RMB20,000,000, RMB20,000,000 and RMB7,000,000 as at December 31, 2015, 2016 and 2017 bearing an effective interest rate of 5.32%, 5.36% and 5.91% per annum respectively are unsecured and repayable on demand.

The loan from Chengdu Gingko Jin'ge Catering Corporation amounting to RMB1,100,000 as at December 31, 2015 is unsecured, interest-free, and repayable on demand.

(c) Other balance due to related parties are unsecured, interest-free, and repayable on demand.

(d) The Group had received loans from these related parties during the Track Record Period for working capital purpose and these balances have been fully settled in June 2018.

(e) As at December 31, 2015, 2016, 2017 and June 30, 2018, the carrying amounts of amounts due from a related party and amounts due to related parties approximate their fair values and denominated in RMB.

28 **Investment in subsidiaries**

	As at June 30, 2018
	RMB'000
Investment in subsidiaries — at cost, unlisted(a)	318,242

(a) It represented the aggregate net assets value of the subsidiaries acquired pursuant to the Reorganization.

29 **Subsequent events**

Save as disclosed elsewhere in this report, there is no significant event occurred subsequently after the balance sheet date.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to June 30, 2018 and up to date of this report. No dividend or distribution has been declared or made by the Company or any of the companies now comprising the Group in respect of any period subsequent to June 30, 2018.

The information set out in this Appendix II does not form part of the Accountant's Report from PricewaterhouseCoopers, Certified Public Accountants, the reporting accountant of the Company, as set out in Appendix I to this prospectus, and is included herein for illustrative purpose only. The unaudited pro forma financial information should be read in conjunction with the section entitled "Financial Information" in this prospectus and the Accountant's Report set out in Appendix I to this prospectus.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets of our Group has been prepared by our Directors in accordance with Rule 4.29 of the Listing Rules to illustrate the effect of the Global Offering on the audited consolidated net tangible assets of our Group attributable to owners of our Company as if the Global Offering had taken place on June 30, 2018.

The unaudited pro forma statement of adjusted consolidated net tangible assets of our Group has been prepared for illustrative purposes only and, because of its hypothetical nature, may not give a true picture of the financial position of our Group had the Global Offering been completed on June 30, 2018 or any future date.

The unaudited pro forma statement of adjusted consolidated net tangible assets of our Group is based on the audited consolidated net tangible assets of our Group attributable to owners of our Company as of June 30, 2018 derived from the Accountant's Report set out in Appendix I, and adjusted as follows:

	Audited consolidated net tangible assets of our Group attributable to owners of our Company as of June 30, 2018[1]	**Estimated net proceeds from the Global Offering[2]**	**Unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company as of June 30, 2018**	**Unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company as of June 30, 2018 per Share**	
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB)[3]*	*(HK$)[4][5]*
Based on an Offer Price of HK$1.24 per Share	319,396	114,425	433,821	0.87	0.98
Based on an Offer Price of HK$1.98 per Share	319,396	193,670	513,066	1.03	1.16

Notes:

(1) The audited consolidated net tangible assets of our Group attributable to owners of our Company as of June 30, 2018 are based on audited consolidated net assets of our Group attributable to the owners of our Company as of June 30, 2018 of approximately RMB320,380,000 with an adjustment for the intangible assets as at June 30, 2018 of approximately RMB984,000, as set out in Appendix I.

(2) The estimated net proceeds from the Global Offering are based on 125,000,000 Shares to be issued under the Global Offering and the Offer Price of HK$1.24 and HK$1.98 per Offer Share, respectively, being the low-end and high-end of the stated Offer Price range, after deduction of the underwriting fees and other related expenses to be incurred by our Group (excluding listing expenses of approximately RMB10,168,000 which has been accounted for in the consolidated statements of comprehensive income up to June 30, 2018) and assuming the Over- allotment Option is not exercised and no Shares are issued upon the exercise of options that may be granted under the Share Option Schemes or allotted and issued or repurchased by the Company pursuant to the general mandates for the allotment and issue or repurchase of Shares referred to in Appendix V. The estimated net proceeds from the Global Offering are converted from Hong Kong dollars into RMB at an exchange rate of HK$1 to RMB0.8830, which was the rate of People's Bank of China prevailing on December 11, 2018. No representation is made that the Hong Kong dollars amounts have been, could have been or could be converted into Renminbi, or vice versa, at that rate or at any other rates or at all.

(3) The unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company as of June 30, 2018 per Share is calculated based on 500,000,000 Shares assuming that the Capitalization Issue and the Global Offering had been completed on June 30, 2018, but without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option, or any Shares which may be issued upon the exercise of options that may be granted under the Share Option Schemes or allotted and issued or repurchased by our Company pursuant to the general mandate as for the allotment and issue or repurchase of Shares referred to in Appendix V.

(4) The unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company per Share is converted from RMB into Hong Kong dollars at an exchange rate of RMB0.8830 to HK$1, which was the rate of People's Bank of China prevailing on December 11, 2018. No representation is made that the RMB amounts have been, could have been or could be converted to Hong Kong dollars, or vice versa, at that rate or at any other rates or at all.

(5) No adjustment has been made to the audited consolidated net tangible assets of our Group attributable to owners of our Company as of June 30, 2018 to reflect any trading result or other transaction of our Group entered into subsequent to June 30, 2018.

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.



羅兵咸永道

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of China Gingko Education Group Company Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of China Gingko Education Group Company Limited (the "Company") and its subsidiaries (collectively the "Group") by the Directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at June 30, 2018, and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages II-1 to II-2 of the Company's prospectus dated December 21, 2018, in connection with the proposed initial public offering of the shares of the Company. The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-2.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed initial public offering on the Group's financial position as at June 30, 2018 as if the proposed initial public offering had taken place at June 30, 2018. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial information for the period ended June 30, 2018, on which an accountant's report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the proposed initial public offering at June 30, 2018 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and

- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, December 21, 2018

The following is the text of a letter and a valuation certificate, prepared for the purpose of incorporation in this prospectus received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, in connection with its valuation as at 31 October 2018 of the property interest held by the Group.

Jones Lang LaSalle Corporate Appraisal and Advisory Limited
6/F Three Pacific Place 1 Queen's Road East Hong Kong
tel +852 2846 5000 fax +852 2169 6001
Licence No.: C-030171

21 December 2018

The Board of Directors
China Gingko Education Group Company Limited(中國銀杏教育集團有限公司)
No. 2, Jinli Middle Road,
Qingyang District,
Chengdu City,
Sichuan Province,
The People's Republic of China (the "**PRC**")

Dear Sirs,

In accordance with your instructions to value the property interest held by China Gingko Education Group Company Limited (the "**Company**") and its subsidiaries and the entities controlled by the Company through structured contracts (hereinafter together referred to as the "**Group**") in the People's Republic of China (the "**PRC**"), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property interest as at 31 October 2018 (the "**valuation date**").

Our valuation is carried out on a market value basis. Market value is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

Due to the nature of the buildings and structures of the property which is held and occupied by the Group and the particular location in which they are situated, there are unlikely to be relevant market comparable sales readily available, the relevant property interest has been valued by the cost approach with reference to its depreciated replacement cost.

Depreciated replacement cost is defined as "the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization." It is based on an estimate of the market value for the existing use of the land, plus the current cost of replacement of the improvements, less deduction for physical deterioration and all relevant forms of obsolescence and optimization. In arriving at the value of the land portion, reference

has been made to the sales evidence as available in the locality. The depreciated replacement cost of the property interest is subject to adequate potential profitability of the concerned business. In our valuation, it applies to the whole of the complex or development as a unique interest, and no piecemeal transaction of the complex or development is assumed.

Our valuation has been made on the assumption that the seller sells the property interest in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the property interest.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interest valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value.

In valuing the property interest, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by the Stock Exchange of Hong Kong Limited; the RICS Valuation — Global Standards 2017 published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors, and the International Valuation Standards issued by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have been shown copies of various title documents including State-owned Land Use Rights Certificates, Building Ownership Certificates and other official plans relating to the property interest and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interest in the PRC and any material encumbrance that might be attached to the property interest or any tenancy amendment. We have relied considerably on the advice given by the Company's PRC legal advisers — Commerce & Finance Law Offices, concerning the validity of the property interest in the PRC.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the property but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the property. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the property is free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

Inspection of the property was carried out in April 2018 by Ms. Cyndi Huang, who is a China Real Estate Appraiser/China Land Valuer/Member of the Royal Institute of Chartered Surveyors and has more than 5 years' experience in the valuation of properties in the PRC.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

Our valuation is summarized below and the valuation certificate is attached.

Yours faithfully,
For and on behalf of
Jones Lang LaSalle Corporate Appraisal and Advisory Limited

Eddie T. W. Yiu
MRICS MHKIS RPS (GP)
Director

Note: Eddie T.W. Yiu is a Chartered Surveyor who has 24 years' experience in the valuation of properties in Hong Kong and the PRC as well as relevant experience in the Asia-Pacific region.

VALUATION CERTIFICATE

PROPERTY INTEREST HELD AND OCCUPIED BY THE GROUP IN THE PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2018 *RMB*
Yinxing Hospitality and Management College of Chengdu Unversity of Information Technology located at No. 60 Guangchang Road North Second Section, Hongguang Town, Pidu District, Chengdu City, Sichuan Province, The PRC (成都信息工程大學銀杏酒店管理學院)	The property occupies 2 parcels of land with a total site area of approximately 277,622.70 sq.m., which were being developed into an educational development with a total planned gross floor area of approximately 247,616.36 sq.m. As advised by the Group, 13 completed buildings ("Completed Buildings"), 4 buildings which were under construction ("CIP buildings") and various structures are erected on portion of the subject land parcels as at the valuation date. The construction works with a planned gross floor area of approximately 55,608.95 sq.m. on the remaining portion of the land parcels had not been commenced as at the valuation date. The Completed Buildings have a total gross floor area of approximately 161,756.53 sq.m. which were completed in various stages between 2008 and 2017. They mainly include academic buildings, office buildings, dormitories, canteens and ancillary buildings. As advised by the Group, the CIP buildings which are 4 dormitories are scheduled to be completed in August 2019. Upon completion, the CIP buildings will have a total gross floor area of approximately 30,250.88 sq.m. The total construction cost is estimated to be approximately RMB98,400,000, of which approximately RMB45,800,000 had been paid as at the valuation date. The structures mainly include track-and-field ground, football field and outdoor sports ground. The land use rights of the property have been granted for the terms of 50 years expiring on 27 November 2056 and 10 July 2057 for educational use.	As at the valuation date, the completed buildings were occupied by the Group for educational and ancillary purposes, whilst the CIP buildings were under construction, and the remaining portion of the subject land parcels were bare land.	634,530,000

Notes:

1. Pursuant to 2 State-owned Land Use Rights Grant Contracts — No. 2006-00790 dated 27 November 2006 and No. 2007-00885 dated 10 July 2007, the land use rights of 2 parcels of land with a total site area of approximately 277,622.70 sq.m. were contracted to be granted to Chengdu Gingko Asset Management Co., Ltd. (成都銀杏資產管理有限公司, "**Gingko Asset Management**"), one of the consolidated affiliated entities of the Company for the terms of 50 years for educational use commencing from the land delivery date. The total land premium was RMB11,104,908.

2. Pursuant to 2 State-owned Land Use Rights Certificates — Pi Guo Yong (2013) Di Nos. 4812 and 4813, the land use rights of the aforesaid land parcels with a total site area of approximately 277,622.70 sq.m. have been granted to Gingko Asset Management for the terms of 50 years expiring on 27 November 2056 and 10 July 2057 for educational use.

3. Pursuant to 12 Building Ownership Certificates — Pi Fang Quan Zheng Jian Zheng Zi Di Nos. 0113150, 0113155, 0113156, 0107735 to 0107739, 0445271, 0480163, 0480954 and 0480955, 12 Completed Buildings with a total gross floor area of approximately 152,369.83 sq.m. are owned by Gingko Asset Management for educational and ancillary uses.

4. Pursuant to a Construction Work Completion and Inspection Certificate — Pi Gui Jian Bei (2018) No. 001, in favour of Gingko Asset Management, the construction of a completed building with a gross floor area of approximately 9,386.70 sq.m. has passed the inspection acceptance. As advised by the Group, the Building Ownership Certificate is under application.

5. Pursuant to a Construction Work Planning Permit — Jian Zi Di No. 510124201730028 in favour of Gingko Asset Management, 4 buildings with a total gross floor area of approximately 30,250.88 sq.m. have been approved for construction.

6. Pursuant to a Construction Work Commencement Permit — No. 510117201804120201 in favour of Gingko Asset Management, permission by the relevant local authority was given to commence the construction work of 4 buildings with a total gross floor area of approximately 30,250.88 sq.m..

7. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:

   a. Gingko Asset Management has legally obtained the State-owned Land Use Rights Certificates mentioned in note 2 and is entitled to legally occupy, use, lease and transfer the land use rights in accordance with the terms stipulated in the State-owned Land Use Rights Certificates;

   b. Gingko Asset Management has legally obtained the Building Ownership Certificates of the buildings as mentioned in note 3 and is entitled to legally occupy, use, lease and transfer the buildings in accordance with the terms stipulated in the Building Ownership Certificates;

   c. Gingko Asset Management has obtained necessary documents of planning, construction, fire inspection and completion acceptance for the completed building as mentioned in note 4, and there is no material legal impediments to obtain its Building Ownership Certificate; and

   d. Gingko Asset Management has the rights to proceed with the construction work of the CIP buildings in accordance with the approval documents mentioned in note 5 & note 6.

8. As the property is the major asset held by the Group, we are of the view that the property is a material property.

Details of the material property

a) General description of location of the property	:	The property is located at No. 60 Guangchang Road North Second Section, Hongguang Town, Pidu District, Chengdu City, Sichuan Province. The locality is well served by various means of public transportation. There are some residential buildings, retail and educational facilities in the surrounding area.
b) Details of encumbrances, liens, pledges, mortgages against the property	:	Nil.
c) Environmental Issue	:	No environmental study has been carried out.
d) Details of investigations, notices, pending litigation, breaches of law or title defects	:	Nil.
e) Future plans for construction, renovation, improvement or development of the property and estimated associated costs	:	Pursuant to the economic and technical indexes on the planning and design proposal of the property, the total planned gross floor area is approximately 247,616.36 sq.m. As at the valuation date, 13 buildings were completed with a total gross floor area of approximately 161,756.53 sq.m, and as advised by the Group, the CIP buildings are scheduled to be completed in August 2019 and the remaining planned gross floor area of approximately 55,608.95 sq.m. is scheduled to begin construction in 2019.

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman Islands Company Law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 23 March 2018 under the Cayman Islands Companies Law. The Company's constitutional documents consist of its Memorandum of Association and its Articles of Association.

1. MEMORANDUM OF ASSOCIATION

(a) The Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Cayman Islands Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

(b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on December 12, 2018 with effect from the Listing Date. The following is a summary of certain provisions of the Articles:

(a) Shares

(i) Classes of shares

The share capital of the Company consists of ordinary shares.

(ii) Variation of rights of existing shares or classes of shares

Subject to the Cayman Islands Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned

meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(iii) **Alteration of capital**

The Company may by ordinary resolution of its members:

(i) increase its share capital by the creation of new shares;

(ii) consolidate all or any of its capital into shares of larger amount than its existing shares;

(iii) divide its shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;

(iv) subdivide its shares or any of them into shares of smaller amount than is fixed by the Memorandum; or

(v) cancel any shares which, at the date of passing of the resolution, have not been taken and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(iv) **Transfer of shares**

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time.

Notwithstanding the foregoing, for so long as any shares are listed on the Stock Exchange, titles to such listed shares may be evidenced and transferred in accordance with the laws applicable to and the rules and regulations of the Stock Exchange that are or shall be applicable to such listed shares. The register of members in respect of its listed shares (whether the principal

register or a branch register) may be kept by recording the particulars required by Section 40 of the Companies Law in a form otherwise than legible if such recording otherwise complies with the laws applicable to and the rules and regulations of the Stock Exchange that are or shall be applicable to such listed shares.

The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of that share.

The board may, in its absolute discretion, at any time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

The board may decline to recognise any instrument of transfer unless a fee (not exceeding the maximum sum as the Stock Exchange may determine to be payable) determined by the Directors is paid to the Company, the instrument of transfer is properly stamped (if applicable), it is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in any newspaper or by any other means in accordance with the requirements of the Stock Exchange, at such times and for such periods as the board may determine. The register of members must not be closed for periods exceeding in the whole thirty (30) days in any year.

Subject to the above, fully paid shares are free from any restriction on transfer and free of all liens in favour of the Company.

(v) **Power of the Company to purchase its own shares**

The Company is empowered by the Cayman Islands Companies Law and the Articles to purchase its own shares subject to certain restrictions and the board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by the Stock Exchange.

Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender must be limited to a maximum price determined by the Company in general meeting. If purchases are by tender, tenders must be made available to all members alike.

The board may accept the surrender for no consideration of any fully paid share.

(vi) **Power of any subsidiary of the Company to own shares in the Company**

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

(vii) **Calls on shares and forfeiture of shares**

The board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(b) **Directors**

(i) **Appointment, retirement and removal**

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification. Further, there are no provisions in the Articles relating to retirement of Directors upon reaching any age limit.

The Directors have the power to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and members of the Company may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated if:

(aa) he resigns by notice in writing delivered to the Company;

(bb) he becomes of unsound mind or dies;

(cc) without special leave, he is absent from meetings of the board for six (6) consecutive months, and the board resolves that his office is vacated;

(dd) he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;

(ee) he is prohibited from being a director by law; or

(ff) he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed must, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(ii) **Power to allot and issue shares and warrants**

Subject to the provisions of the Cayman Islands Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued (a) with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Directors may determine, or (b) on terms that, at the option of the Company or the holder thereof, it is liable to be redeemed.

The board may issue warrants or convertible securities or securities of similar nature conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may determine.

Subject to the provisions of the Cayman Islands Companies Law and the Articles and, where applicable, the rules of the Stock Exchange and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company are at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount to their nominal value.

Neither the Company nor the board is obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) **Power to dispose of the assets of the Company or any of its subsidiaries**

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Cayman Islands Companies Law to be exercised or done by the Company in general meeting.

(iv) **Borrowing powers**

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets and uncalled capital of the Company and, subject to the Cayman Islands Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(v) **Remuneration**

The ordinary remuneration of the Directors is to be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors are also entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

The board may resolve to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund (including a share premium account and the profit and loss account) whether or not the same is available for distribution by applying such sum in paying up unissued shares to be allotted to (i) employees (including directors) of the Company and/or its affiliates (meaning any individual, corporation, partnership, association, joint-stock company, trust, unincorporated association or other entity (other than the Company) that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, the Company) upon exercise or vesting of any options or awards granted under any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the members in general meeting, or (ii) any trustee of any trust to whom shares are to be allotted and issued by the Company in connection with the operation of any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the members in general meeting.

(vi) **Compensation or payments for loss of office**

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(vii) **Loans and provision of security for loans to Directors**

The Company must not make any loan, directly or indirectly, to a Director or his close associate(s) if and to the extent it would be prohibited by the Companies Ordinance (Chapter 622 of the laws of Hong Kong) as if the Company were a company incorporated in Hong Kong.

(viii) **Disclosure of interests in contracts with the Company or any of its subsidiaries**

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and upon such terms as the board may determine, and may be paid such extra remuneration therefor in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits

received by him as a director, officer or member of, or from his interest in, such other company. The board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

No Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company must declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his close associates is materially interested, but this prohibition does not apply to any of the following matters, namely:

(aa) any contract or arrangement for giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close associates at the request of or for the benefit of the Company or any of its subsidiaries;

(bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(dd) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or

(ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his close associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(c) **Proceedings of the Board**

The board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(d) **Alterations to constitutional documents and the Company's name**

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(e) **Meetings of members**

(i) **Special and ordinary resolutions**

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

Under the Cayman Islands Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

(ii) **Voting rights and right to demand a poll**

Subject to any special rights or restrictions as to voting for the time being attached to any shares, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorized representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company 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 person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(iii) **Annual general meetings and extraordinary general meetings**

The Company must hold an annual general meeting of the Company every year within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of not more than eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of the Stock Exchange.

Extraordinary general meetings may be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall

be made in writing to the board or the secretary for the purpose of requiring an extraordinary general meeting to be called by the board for the transaction of any business specified in such requisition. Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the board fails to proceed to convene such meeting, the requisitionist(s) himself/herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the board shall be reimbursed to the requisitionist(s) by the Company.

(iv) **Notices of meetings and business to be conducted**

An annual general meeting must be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days. All other general meetings must be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice is exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time and place of the meeting and particulars of resolutions to be considered at the meeting and, in the case of special business, the general nature of that business.

In addition, notice of every general meeting must be given to all members of the Company other than to such members as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to, among others, the auditors for the time being of the Company.

Any notice to be given to or by any person pursuant to the Articles may be served on or delivered to any member of the Company personally, by post to such member's registered address or by advertisement in newspapers in accordance with the requirements of the Stock Exchange. Subject to compliance with Cayman Islands law and the rules of the Stock Exchange, notice may also be served or delivered by the Company to any member by electronic means.

All business that is transacted at an extraordinary general meeting and at an annual general meeting is deemed special, save that in the case of an annual general meeting, each of the following business is deemed an ordinary business:

(aa) the declaration and sanctioning of dividends;

(bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;

(cc) the election of directors in place of those retiring;

(dd) the appointment of auditors and other officers; and

(ee) the fixing of the remuneration of the directors and of the auditors.

(v) **Quorum for meetings and separate class meetings**

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

The quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(vi) **Proxies**

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and is entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy is entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

(f) **Accounts and audit**

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Cayman Islands Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records must be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting. However, an exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles; however, subject to compliance with all applicable laws, including the rules of the Stock Exchange, the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

At the annual general meeting or at a subsequent extraordinary general meeting in each year, the members shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the next annual general meeting. Moreover, the members may, at any general meeting, by special resolution remove the auditors at any time before the expiration of his terms of office and shall by ordinary resolution at that meeting appoint another auditor for the remainder of his term. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards which may be those of a country or jurisdiction other than the Cayman Islands. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor must be submitted to the members in general meeting.

(g) **Dividends and other methods of distribution**

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Cayman Islands Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit.

The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

The board may resolve to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund (including a share premium account and the profit and loss account) whether or not the same is available for distribution by applying such sum in paying up unissued shares to be allotted to (i) employees (including directors) of the Company and/or its affiliates (meaning any individual, corporation, partnership, association, joint-stock company, trust, unincorporated association or other entity (other than the Company) that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, the Company) upon exercise or vesting of any options or awards granted under any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the members in general meeting, or (ii) any trustee of any trust to whom shares are to be allotted and issued by the Company in connection with the operation of any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the members in general meeting.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(h) **Inspection of corporate records**

Pursuant to the Articles, the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Cayman Islands Companies Law or, upon a maximum payment of HK$1.00 or such lesser sum specified by the board, at the office where the branch register of members is kept, unless the register is closed in accordance with the Articles.

(i) **Rights of minorities in relation to fraud or oppression**

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

(j) **Procedures on liquidation**

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

(i) if the Company is wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and

(ii) if the Company is wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company is wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Cayman Islands Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(k) **Subscription rights reserve**

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Cayman Islands Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Cayman Islands Companies Law and, therefore, operates subject to Cayman Islands law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) **Company operations**

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) **Share capital**

The Cayman Islands Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium.

The Cayman Islands Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Cayman Islands Companies Law); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

The Cayman Islands Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "**Court**"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

(c) **Financial assistance to purchase shares of a company or its holding company**

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

(d) **Purchase of shares and warrants by a company and its subsidiaries**

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Cayman Islands Companies Law expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company is to be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company is not be treated as a member for any purpose and must not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share must not be voted, directly or indirectly, at any meeting of the company and must not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Cayman Islands Companies Law.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) **Dividends and distributions**

The Cayman Islands Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account. With the exception of the foregoing, there are no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits.

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.

(f) **Protection of minorities and shareholders' suits**

The Courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) **Disposal of assets**

The Cayman Islands Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) **Accounting and auditing requirements**

A company must cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

An exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(i) **Exchange control**

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

(j) **Taxation**

Pursuant to the Tax Concessions Law of the Cayman Islands, the Company has obtained an undertaking:

(1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and

in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable:

(i) on or in respect of the shares, debentures or other obligations of the Company; or

(ii) by way of the withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law.

The undertaking is for period of 20 years from 11 April 2018.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

(k) **Stamp duty on transfers**

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) **Loans to directors**

There is no express provision in the Cayman Islands Companies Law prohibiting the making of loans by a company to any of its directors.

(m) **Inspection of corporate records**

Members of the Company have no general right under the Cayman Islands Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

(n) **Register of members**

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. A branch register must be kept in the same manner in which a principal register is by the Cayman Islands Companies Law required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time.

There is no requirement under the Cayman Islands Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(o) **Register of Directors and Officers**

The Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within sixty (60) days of any change in such directors or officers.

(p) **Beneficial Ownership Register**

An exempted company is required to maintain a beneficial ownership register at its registered office that records details of the persons who ultimately own or control, directly or indirectly, more than 25% of the equity interests or voting rights of the company or have rights to appoint or remove a majority of the directors of the company. The beneficial ownership register is not a public document and is only accessible by a designated competent authority of the Cayman Islands. Such requirement does not, however, apply to an exempted company with its shares listed on an approved stock exchange, which includes the Stock Exchange. Accordingly, for so long as the shares of the Company are listed on the Stock Exchange, the Company is not required to maintain a beneficial ownership register.

(q) **Winding up**

A company may be wound up (a) compulsorily by order of the Court, (b) voluntarily, or (c) under the supervision of the Court.

The Court has authority to order winding up in a number of specified circumstances including where the members of the company have passed a special resolution requiring the company to be wound up by the Court, or where the company is unable to pay its debts, or where it is, in the opinion of the Court, just and equitable to do so. Where a petition is presented by members of the company as contributories on the ground that it is just and equitable that the company should be wound up, the Court has the jurisdiction to make certain other orders as an alternative to a winding-up order, such as making an order regulating the conduct of the company's affairs in the future, making an order authorising civil proceedings to be brought in the name and on behalf of the company by the petitioner on such terms as the Court may direct, or making an order providing for the purchase of the shares of any of the members of the company by other members or by the company itself.

A company (save with respect to a limited duration company) may be wound up voluntarily when the company so resolves by special resolution or when the company in general meeting resolves by ordinary resolution that it be wound up voluntarily because it is unable to pay its debts as they fall due. In the case of a voluntary winding up, such company is obliged to cease to carry on its business (except so far as it may be beneficial for its winding up) from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court therein, there may be appointed an official liquidator or official liquidators; and the court may appoint to such office such person, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court must declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court.

As soon as the affairs of the company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and how the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting must be called by at least 21 days' notice to each contributory in any manner authorised by the company's articles of association and published in the Gazette.

(r) **Reconstructions**

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(s) **Take-overs**

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(t) **Indemnification**

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

4. GENERAL

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Cayman Islands Companies Law, is available for inspection as referred to in the paragraph headed "Documents available for inspection" in Appendix VI to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation of our Company

Our Company was incorporated in the Cayman Islands under the Cayman Islands Companies Law as an exempted company with limited liability on March 23, 2018 and was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on July 9, 2018. We have established a principal place of business in 31/F., 148 Electric Road, North Point, Hong Kong. Mr. Wan Chi Hei who resides at 31/F., 148 Electric Road, North Point, Hong Kong has been appointed as the authorized representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company was incorporated in the Cayman Islands, its corporate structure and its constitution comprising the Memorandum and the Articles are subject to the Cayman Islands Companies Law. A summary of certain provisions of its constitution and relevant aspects of the company law of the Cayman Islands is set out in Appendix IV to this prospectus.

2. Changes in the share capital of our Company

Our authorized share capital as of the date of our incorporation was HK$380,000 divided into 38,000,000 shares of HK$0.01 each. On March 23, 2018, one Share was allotted and issued to an Independent Third Party and transferred to Vast Universe on the same day, following which 9,774 Shares were allotted and issued to Vast Universe and 225 Shares were allotted and issued to HFYX, respectively.

Pursuant to the written resolutions of our Shareholders passed on December 12, 2018, our authorized share capital was increased from HK$380,000 to HK$10,000,000 by the creation of additional 962,000,000 Shares. We alloted and issued an aggregate of 374,990,000 Shares to our then existing Shareholders pursuant to the Capitalization Issue.

Immediately following the completion of the Global Offering and the Capitalization Issue but not taking into account any Shares which may be issued upon the exercise of the Over-allotment Option and the options which may be granted under the Share Option Scheme, the issued share capital of our Company will be HK$5,000,000 divided into 500,000,000 Shares of HK$0.01 each, all fully paid or credited as fully paid and 500,000,000 Shares will remain unissued.

Save for the aforesaid and as mentioned in the paragraph headed "3. Resolutions in Writing of the Shareholders of Our Company Passed on December 12, 2018" below in this Appendix, there has been no alteration in the share capital of our Company since its incorporation.

3. **Resolutions in writing of the Shareholders of our Company passed on December 12, 2018**

(a) Pursuant to written resolutions of the Shareholders of our Company passed on December 12, 2018:

(i) we approved and adopted the Memorandum of Association with immediate effect;

(ii) we approved and conditionally adopted the Articles of Association which will become effective from the Listing Date;

(iii) the authorized share capital of our Company was increased from HK$380,000 divided into 38,000,000 Shares to HK$10,000,000 divided into 1,000,000,000 Shares by the creation of an additional 962,000,000 Shares;

(iv) conditional on (i) the Listing Committee granting the listing of, and permission to deal in, the Shares in issue, Shares to be issued pursuant to the Global Offering and the Capitalization Issue and Shares to be issued as mentioned in this prospectus (including any additional Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and the exercise of the options which may be granted under the Share Option Scheme); (ii) the entering into of the agreement on the Offer Price between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company on the Price Determination Date; (iii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms therein or otherwise, in each case on or before such dates as may be specified in the Underwriting Agreements:

(1) the Global Offering was approved and our Directors were authorized to allot and issue the new Shares pursuant to the Global Offering;

(2) the Over-allotment Option was approved;

(3) the rules of the Share Option Scheme, the principal terms of which are set out in the paragraph headed "D. Other Information — 1. Share Option Scheme" below in this Appendix, were approved and adopted and our Directors were authorized, at their absolute discretion, to grant options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of options granted under the Share Option Scheme; and

(4) conditional on the share premium account of our Company being credited as a result of the issue of the Offer Shares by our Company pursuant to the Global Offering, our Directors were authorized to capitalize an amount of HK$3,749,900 standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par 374,990,000 Shares, such Shares to be allotted and issued to our Shareholder(s) as of the date of the passing of the resolution on a pro rata basis.

(v) a general unconditional mandate was given to our Directors to allot, issue and deal with (including the power to make an offer or agreement, or grant securities which would or might require Shares to be allotted and issued), otherwise than pursuant to a rights issue or pursuant to any scrip dividend schemes or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles or pursuant to the grant of options under the Share Option Scheme or other similar arrangements or pursuant to a specific authority granted by the Shareholders in general meeting, unissued Shares not exceeding the aggregate of 20% of the number of issued Shares immediately following the completion of the Global Offering and Capitalization Issue (but taking no account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and the exercise of the options which may be granted under the Share Option Scheme), such mandate to remain in effect until the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable laws to be held, or until revoked or varied by an ordinary resolution of the Shareholders in general meeting, whichever occurs first;

(vi) a general unconditional mandate was given to our Directors authorizing them to exercise all powers of our Company to repurchase on the Stock Exchange or on any other approved stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose such number of Shares as will represent up to 10% of the number of issued Shares immediately following the completion of the Global Offering and the Capitalization Issue (but taking no account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and the exercise of the options which may be granted under the Share Option Scheme), such mandate to remain in effect until the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable laws to be held, or until revoked or varied by an ordinary resolution of the Shareholders in general meeting, whichever occurs first; and

(vii) the general unconditional mandate mentioned in paragraph (v) above was extended by the addition to the number of issued Shares which may be allotted and issued or agreed conditionally or unconditionally to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the total number of issued Shares repurchased by our Company pursuant to the mandate to repurchase Shares referred to in paragraph (vi) above.

4. **Corporate Reorganization**

The companies comprising our Group underwent the Reorganization in preparation for the Listing. For information relating to the Reorganization, please see "History, Reorganization and Corporate Structure" in this prospectus.

5. **Changes in share capital of subsidiaries**

Our subsidiaries and consolidated affiliated entities are referred to in the Accountant's Report in Appendix I to this prospectus. Save for the subsidiaries mentioned in the Accountant's Report and in "History, Reorganization and Corporate Structure", our Company has no other subsidiaries.

Save as disclosed in "History, Reorganization and Corporate Structure" and Appendix I to this prospectus, there are no changes in share capital of our subsidiaries within the two years immediately preceding the date of this prospectus.

6. **Repurchases of our Own Securities**

(a) ***Provisions of the Listing Rules***

The Listing Rules permit companies whose primary listing is on the Main Board of the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the more important of which are summarized below:

(i) *Shareholders' approval*

All proposed repurchases of securities on the Stock Exchange by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of its shareholders in general meeting, either by way of general mandate or by specific approval of a particular transaction.

Note: Pursuant to the written resolutions passed by the Shareholders of our Company on December 12, 2018, a general unconditional mandate (the "**Buyback Mandate**") was granted to our Directors authorizing the repurchase of shares by our Company on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, with the total number of Shares not exceeding 10% of the total number of Shares in issue and to be issued as mentioned herein, at any time until the conclusion of the next annual general meeting of our Company, the expiration of the period within which the next annual general meeting of our Company is required by an applicable law or the Articles to be held or when such mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting, whichever is the earliest.

(ii) *Source of funds*

Repurchases must be funded out of funds legally available for the purpose in accordance with our Articles and the laws of the Cayman Islands. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange in effect from time to time.

(b) ***Reasons for repurchases***

Our Directors believe that it is in the best interests of our Company and Shareholders for our Directors to have general authority from our Shareholders to enable our Directors to repurchase Shares in the market. Repurchases of Shares will only be made when our Directors believe that such repurchases will benefit our Company and its members. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of our Company and its assets and/or its earnings per Share.

(c) ***Funding of repurchases***

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with the Articles, the Listing Rules and the applicable laws of the Cayman Islands.

It is presently proposed that any repurchase of Shares will be made out of the profits of our Company, from sums standing to the credit of the share premium amount of our Company or the proceeds of a fresh issue of Shares made for the purpose of the repurchase or, subject to the Cayman Islands Companies Law, out of capital and, in the case of any premium payable on the purchase over the par value of the Shares to be repurchased must be provided for, out of either or both of the profits of our Company or from sums standing to the credit of the share premium account of our Company or, subject to the Cayman Islands Companies Law, out of capital.

Our Directors do not propose to exercise the Buyback Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or its gearing levels which, in the opinion of our Directors, are from time to time appropriate for our Company. However, there might be a material adverse impact on the working capital or gearing level as compared with the position disclosed in this prospectus in the event that the Buyback Mandate is exercised in full.

(d) ***Share capital***

Exercise in full of the Buyback Mandate, on the basis of 500,000,000 Shares in issue immediately after the Listing (but not taking into account our Shares which may be issued pursuant to the exercise of the Over-allotment Option and the options which may be granted under the Share Option Scheme), could accordingly result in up to 50,000,000 Shares being repurchased by our Company during the period until:

(i) the conclusion of the next annual general meeting of our Company;

(ii) the expiration of the period within which the next annual general meeting of our Company is required by any applicable law or the Articles to be held; or

(iii) the date on which the Buyback Mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting, whichever occurs first.

(e) ***General***

None of our Directors nor, to the best of their knowledge, information and belief, having made all reasonable enquiries, any of their respective close associates (as defined in the Listing Rules), has any present intention to sell any Shares or our subsidiaries.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Buyback Mandate in accordance with the Listing Rules, the Memorandum and Articles of Association, and the applicable laws of the Cayman Islands.

No core connected person (as defined in the Listing Rules) has notified us that he/she/it has a present intention to sell Shares to us, or has undertaken not to do so, if the Buyback Mandate is approved and exercised by the Directors.

If as a result of a securities repurchase pursuant to the Buyback Mandate, a shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a shareholder, or a group of Shareholders acting in concert (within the meaning of the Takeovers Code), depending on the level of increase of the shareholders' interest, could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of any such increase. Our Directors are not aware of any other consequences which may arise under the Takeovers Code if the Buyback Mandate is exercised.

If the Buyback Mandate is fully exercised immediately following completion of the Global Offering and the Capitalization Issue (but not taking into account our Shares which may be issued pursuant to the exercise of the Over-allotment Option or the options which may be granted under the Share Option Scheme), the total number of Shares which will be repurchased pursuant to the Buyback Mandate will be 50,000,000 Shares, being 10% of the total number of Shares based on the aforesaid assumptions. The percentage shareholding of our Controlling Shareholders will be increased to approximately 81.5% of the issued share capital of our Company immediately following the full exercise of the Buyback Mandate. Any repurchase of Shares which results in the number of Shares held by the public being reduced to less than the prescribed percentage of our Shares then in issue could only be implemented with the approval of the Stock Exchange to waive the Listing Rules requirements regarding the public float under Rule 8.08 of the Listing Rules. However, our Directors have no present intention to exercise the Buyback Mandate to such an extent that, in the circumstances, there is insufficient public float as prescribed under the Listing Rules.

B. INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by us or any of our subsidiaries within the two years preceding the date of this prospectus that are or may be material:

(a) a business cooperation agreement dated June 14, 2018 entered into by and among WFOE, Gingko Asset Management, Yinxing College, Yinxing Training School, Mr. Fang and Mr. Tian, pursuant to which WFOE agreed to, among other things, provide technical services, management support services, consulting services and intellectual property licences to Gingko Asset Management, Yinxing College and Yinxing Training School as required by private education activities, and in return, Gingko Asset Management, Yinxing College and Yinxing Training School shall pay service fees to WFOE;

(b) an exclusive technical services and management consulting agreement dated June 14, 2018 entered into by and among WFOE, Gingko Asset Management, Yinxing College and Yinxing Training School pursuant to which WFOE agreed to, among other things, provide technical services, management supporting services and consulting services and other services reasonably requested by Gingko Asset Management, Yinxing College and Yinxing Training School on an exclusive basis, and in return, Gingko Asset Management, Yinxing College and Yinxing Training School shall pay service fees to WFOE;

(c) an exclusive call option agreement dated June 14, 2018 entered into by and among WFOE, Gingko Asset Management, Yinxing College, Yinxing Training School, Mr. Fang and Mr. Tian, pursuant to which Mr. Fang and Mr. Tian irrevocably granted WFOE or its designated purchaser the exclusive right to purchase all or part of his interest in Gingko Asset Management, Yinxing College and Yinxing Training School;

(d) a school sponsor's and directors' rights entrustment agreement dated June 14, 2018 entered by and among WFOE, Gingko Asset Management, Gingko Asset Management appointed directors of Yinxing College (being Mr. Fang, Mr. Tian and Ms. Yu Yuan (余媛)) and Gingko Asset Management appointed directors of Yinxing Training School (being Mr. Tian, Ms. Huang Fang (黃芳), Ms. Yu Yuan (余媛), Ms. Liu Dan (劉丹) and Mr. Chen Bo (陳波)), pursuant to which: (i) Gingko Asset Management irrevocably authorized and entrusted WFOE or person(s) designated by WFOE to exercise all the rights as the sponsor of Yinxing College and Yinxing Training School; and (ii) each of the relevant directors of Yinxing College and Yinxing Training School irrevocably authorized and entrusted WFOE or person(s) designated by WFOE to exercise all his/her rights as director of Yinxing College and Yinxing Training School, respectively;

(e) an equity pledge agreement dated June 14, 2018 entered into between WFOE, Gingko Asset Management, Mr. Fang and Mr. Tian, pursuant to which Mr. Fang and Mr. Tian unconditionally and irrevocably agreed to pledge and grant first priority pledge over, all of their respective equity interests in Gingko Asset Management to WFOE;

(f) a shareholders' rights entrustment agreement dated June 14, 2018 entered into by and among WFOE, Gingko Asset Management, Mr. Fang and Mr. Tian, pursuant to which Mr. Fang and Mr. Tian irrevocably authorized and entrusted WFOE or person(s) designated by WFOE to exercise all their respective rights as shareholder of Gingko Asset Management on a joint and several basis;

(g) the Deed of Indemnity;

(h) the Deed of Non-Competition; and

(i) the Hong Kong Underwriting Agreement.

2. **Intellectual Property Rights of Our Group**

(a) ***Trademarks***

As of the Latest Practicable Date, our Group had registered the following trademarks in the PRC and Hong Kong:

Trademark	Registration Number	Class	Name of Registered Proprietor	Place of Registration	Date of Registration	Expiry Date
	4566176	39	Gingko Asset Management	PRC	October 14, 2008	October 13, 2028
	4566177	43	Gingko Asset Management	PRC	October 14, 2008	October 13, 2028
	4566178	41	Gingko Asset Management	PRC	October 14, 2008	October 13, 2028
	304516227	41	The Company	Hong Kong	May 4, 2018	May 3, 2028

(b) ***Patent***

As of the Latest Practicable Date, our Group was the registered proprietor of the following patents in the PRC which, in the opinion of our Directors, are material to our Group's business:

Patent Name	Type	Patent Number	Registered Owner	Place of Registration	Application Date	Expiry Date
Dragon shaped cup (龍形水杯)	Design	ZL201730600426.5	Yingxing College	PRC	November 30, 2017	November 30, 2027

Patent Name	Type	Patent Number	Registered Owner	Place of Registration	Application Date	Expiry Date
Street light (streamlined) (路燈(流線形))	Design	ZL201830335540.4	Yingxing College	PRC	June 27, 2018	June 27, 2028
Anime display rack (動漫展架)	Design	ZL201830224379.3	Yingxing College	PRC	May 16, 2018	May 16, 2028
Brush tube (畫筆筒)	Design	ZL201830277376.6	Yingxing College	PRC	June 5, 2018	June 5, 2028

(c) ***Domain names***

As of the Latest Practicable Date, our Group was the registered proprietor of the following domain names:

Domain name	Name of Registered Proprietor	Place of Registration	Expiry Date
chcedu.cn	Yinxing College	PRC	July 11, 2019
yihms.cn	Yinxing College	PRC	October 28, 2019
yihms.com.cn	Yinxing College	PRC	June 12, 2019
yihms.com	Yinxing College	PRC	October 25, 2020
chinagingkoedu.com	WFOE	PRC	June 9, 2019
chinayxedu.com	WFOE	PRC	June 9, 2019
銀杏教育.com	WFOE	PRC	June 9, 2019

C. FURTHER INFORMATION ABOUT DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Directors

(a) ***Disclosure of Interests — Interests and short positions of the Directors and the chief executive of our Company in the Shares, underlying Shares and debentures of our Company and its associated corporations***

Immediately following completion of the Global Offering and the Capitalization Issue and assuming that the Over-allotment Option is not exercised and without taking into account Shares to be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme, the interests or short positions of our Directors or chief executives of our Company in the shares, underlying shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to our Company and the Stock Exchange, once our Shares are listed will be as follows:

(i) *Interest in our Company*

Name of Director	Name of Interest	Number of Shares[(1)]	Approximate percentage of shareholding
Mr. Fang	Interest of a controlled corporation[(2)]	366,562,500 (L)	73.3%
Mr. Tian	Interest of a controlled corporation[(3)]	8,437,500 (L)	1.7%

Notes:

(1) The letter "L" denotes the person's long position in our Shares.

(2) Vast Universe is beneficially and wholly owned by Mr. Fang. By virtue of the SFO, Mr. Fang is deemed to be interested in the Shares held by Vast Universe.

(3) HFYX is beneficially and wholly owned by Mr. Tian. By virtue of the SFO, Mr. Tian is deemed to be interested in the Shares held by HFYX.

(ii) *Interest in associated corporations of our Company*

Name	Name of associated corporation	Name of Interest	Interest of Shares	Percentage holding
Mr. Fang	Vast Universe	Beneficial owner	1	100%
Mr. Tian	HFYX	Beneficial owner	1	100%

(b) ***Particulars of service agreements and letters of appointment***

Each of our executive Directors has entered into a service agreement with our Company for a term of three years commencing from the Listing Date, which may be terminated by not less than three months' notice in writing served by either party on the other.

Each of our independent non-executive Directors has entered into a letter of appointment with our Company for a term of three years commencing from the Listing Date, which may be terminated by not less than three months' notice in writing served by either party on the other.

(c) ***Directors' remuneration***

Each of our executive Directors is entitled to a remuneration and shall be paid on the basis of a twelve-month year. During the year ended December 31, 2017, the aggregate remuneration (including basic salaries, discretionary bonuses, contribution to pension plan, welfare, medical and other expenses) paid to our Directors was approximately RMB443,000. For details, please refer to note 9 of the accountant's report set out in Appendix I to this prospectus.

Each of our independent non-executive Directors have been appointed for a term of three years. We intend to pay a director's fee of HK$192,000 per annum to each of Mr. Jiang Qian, Mr. Yuan Jun and Mr. Chong Man Hung Jeffrey. Save for directors' fees, none of our independent non-executive Directors is expected to receive any other remuneration for holding their office as an independent non-executive Director.

Under the arrangement currently in force, the aggregate remuneration (including basic salaries and discretionary bonuses) of our Directors for the year ending December 31, 2018 is estimated to be no more than HK$720,000.

2. **Substantial Shareholders**

Save as disclosed in the "Substantial Shareholders" section in this prospectus, immediately following the completion of the Global Offering and the Capitalization Issue assuming that the Over-allotment Option is not exercised and taking no account of any Shares that may be issued pursuant to the exercise of options which were granted under the Share Option Scheme, our Directors are not aware of any other persons (other than our Directors and chief executives of our Company), who has an interest and/or short position in our Shares or the underlying Shares which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO, or who will be, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of our Group.

3. **Agency fees or commissions received**

Save as disclosed in this prospectus, no commissions, discounts, brokerages or other special terms were granted in connection with the issue or sale of any capital of any member of our Group within the two years immediately preceding the date of this prospectus.

4. **Disclaimers**

Save as disclosed this prospectus:

(a) none of our Directors or chief executives of our Company has any interest or short position in our shares, underlying shares or debentures of our Company or any of its associated corporation (within the meaning of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers once our Shares are listed;

(b) none of our Directors or experts referred to under the paragraph headed "— D. Other information — 8. Qualification of experts" in this Appendix has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this prospectus been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(c) none of our Directors is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole;

(d) none of our Directors has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation));

(e) taking no account of Shares which may be taken up under the Global Offering, none of our Directors knows of any person (not being a Director or chief executive of our Company) who will, immediately following completion of the Global Offering, have an interest or short position in our Shares or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of SFO or be interested, directly or indirectly, in 10% or more of the issued voting shares of any member of our Group;

(f) none of the experts referred to under the paragraph headed "— D. Other information — 8. Qualification of experts" in this Appendix has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group; and

(g) so far as is known to our Directors as at the Latest Practicable Date, none of our Directors, their respective close associates (as defined under the Listing Rules) or Shareholders of our Company who are interested in more than 5%of the issued share capital of our Company has any interests in the five largest customers or the five largest suppliers of our Group.

D. OTHER INFORMATION

1. Share Option Scheme

The following is a summary of the principal terms of the Share Option Scheme conditionally adopted by the written resolutions of our Shareholders passed on December 12, 2018.

(a) ***Purpose***

The Share Option Scheme is a share incentive scheme prepared in accordance with Chapter 17 of the Listing Rules and is established to recognize and acknowledge the contributions that the Eligible Participants (as defined in paragraph (b) below) had or may have made to our Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in our Company with the view to achieving the following objectives:

(i) motivate the Eligible Participants to optimize their performance efficiency for the benefit of our Group; and

(ii) attract and retain or otherwise maintain an on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of our Group.

(b) ***Who may join***

The Board may, at its discretion, offer to grant an option to the following persons (collectively the "**Eligible Participants**") to subscribe for such number of new Shares as the Board may determine at an exercise price determined in accordance with paragraph (f) below:

(i) any full-time or part-time employees, executives or officers of our Group;

(ii) any directors (including non-executive directors and independent nonexecutive directors) of our Group; and

(iii) any advisers, consultants, suppliers, customers, distributors and such other persons who, in the sole opinion of the Board, will contribute or have contributed to our Group.

Upon acceptance of the option, the grantee shall pay HK$1.00 to our Company by way of consideration for the grant.

(c) ***Acceptance of an offer of options***

An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptances of the options duly signed by the grantee, together with a remittance or payment in favor of our Company of HK$1.00 by way of consideration for the grant thereof, is received by our Company on or before the relevant acceptance date. Such remittance or payment shall in no circumstances be refundable. Any offer to grant an option to subscribe for Shares may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer document constituting acceptance of the option. To the extent that the offer to grant an option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably declined.

Subject to paragraphs (l), (m), (n), (o) and (p), an option shall be exercised in whole or in part and, other than where it is exercised to the full extent outstanding, shall be exercised in integral multiples of such number of Shares as shall represent one board lot for dealing in Shares on the Stock Exchange for the time being, by the grantee by giving notice in writing to our Company stating that the option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance or payment for the full amount of the exercise price for our Shares in respect of which the notice is given. Within 21 days after receipt of the notice and the remittance or payment and, where appropriate, receipt of the certificate by the auditors to our Company or the approved independent financial adviser as the case may be pursuant to paragraph (r), our Company shall allot and issue the relevant number of Shares to the grantee credited as fully paid and issue to the grantee certificates in respect of our Shares so allotted.

The exercise of any option shall be subject to our Shareholders in general meeting approving any necessary increase in the authorized share capital of our Company.

(d) ***Maximum number of Shares***

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and under any other share option schemes of our Company must not in aggregate exceed 10% of the total number of Shares in issue immediately following completion of the Global Offering, being 50,000,000 Shares, excluding for this purpose Shares which would have been issuable pursuant to options which have lapsed in accordance with the terms of the Share Option Scheme (or any other share option schemes of our Company). Subject to the issue of a circular by our Company and the approval of our Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time, the Board may:

(i) renew this limit at any time to 10% of our Shares in issue as at the date of the approval by our Shareholders in general meeting; and/or

(ii) grant options beyond the 10% limit to Eligible Participants specifically identified by the Board. The circular issued by our Company to our Shareholders shall contain a generic description of the specified Eligible Participants who may be granted such options, the number and terms of the options to be granted, the purpose of granting options to the specified Eligible Participants with an explanation as to how the options serve such purpose, the information required under Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4) of the Listing Rules.

Notwithstanding the foregoing and subject to paragraph (r) below, the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company at any time shall not exceed 30% of our Shares in issue from time to time. No options shall be granted under any schemes of our Company (including the Share Option Scheme) if this will result in the 30% limit being exceeded. The maximum number of Shares in respect of which options may be granted shall be adjusted, in such manner as the auditors of our Company or an approved independent financial adviser shall certify to be appropriate, fair and reasonable in the event of any alteration in the capital structure of our Company in accordance with paragraph (r) below whether by way of consolidation, capitalization issue, rights issue, sub-division or reduction of the share capital of our Company but in no event shall exceed the limit prescribed in this paragraph.

(e) ***Maximum number of options to any one individual***

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of our Company (including both exercised and outstanding options) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of our Shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to:

(i) the issue of a circular by our Company containing the identity of the Eligible Participant, the numbers of and terms of the options to be granted (and options previously granted to such participant), the information as required under Rules 17.02(2)(d) and the disclaimer required under 17.02(4) of the Listing Rules; and

(ii) the approval of our Shareholders in general meeting and/or other requirements prescribed under the Listing Rules from time to time with such Eligible Participant and his/her close associates (as defined in the Listing Rules) (or his/her associates if the Eligible Participant is a core connected person) abstaining from voting. The numbers and terms (including the exercise price) of options to be granted to such participant must be fixed before our Shareholders' approval and the date of the Board meeting at which the Board proposes to grant the options to such Eligible Participant shall be taken as the date of grant for the purpose of calculating the subscription price of our Shares. The Board shall forward to such Eligible Participant an offer document in such form as the Board may from time to time determine (or, alternatively, documents accompanying the offer document which state), among others:

(1) the Eligible Participant's name, address and occupation;

(2) the date on which an option is offered to an Eligible Participant which must be a date on which the Stock Exchange is open for the business of dealing in securities;

(3) the date upon which an offer for an option must be accepted;

(4) the date upon which an option is deemed to be granted and accepted in accordance with paragraph (c);

(5) the number of Shares in respect of which the option is offered;

(6) the subscription price and the manner of payment of such price for our Shares on and in consequence of the exercise of the option;

(7) the date of the expiry of the option as may be determined by the Board;

(8) the method of acceptance of the option which shall, unless the Board otherwise determines, be as set out in paragraph (c); and

(9) other terms and conditions (including, without limitation, any minimum period for which an option must be held before it can be exercised and/or any performance targets which must be achieved before the option can be exercised) relating to the offer of the option which in the opinion of the Board are fair and reasonable but not being inconsistent with Share Option Scheme and the Listing Rules.

(f) ***Price of Shares***

Subject to any adjustments made as described in paragraph (r) below, the subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price must be at least the higher of:

(i) the official closing price of our Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities;

(ii) the average of the official closing prices of our Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and

(iii) the nominal value of a Share.

(g) ***Granting options to a director, chief executive or substantial shareholder of our Company or any of their respective associates***

Any grant of options to a director, chief executive or substantial shareholder (as defined in the Listing Rules) of our Company or any of their respective associates (as defined in the Listing Rules) is required to be approved by the independent non-executive Directors of our Company (excluding any independent non-executive Director who is the grantee of the options). If the Board proposes to grant options to a substantial shareholder or any independent non-executive Director (or any of their respective associates (as defined in the Listing Rules)) which will result in the number of Shares issued and to be issued upon exercise of options granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

(i) representing in aggregate over 0.1% or such other percentage as may be from time to time provided under the Listing Rules of our Shares in issue; and

(ii) having an aggregate value in excess of HK$5 million or such other sum as may be from time to time provided under the Listing Rules, based on the official closing price of our Shares at the date of each grant, such further grant of options will be subject to the issue of a circular by our Company and the approval of our Shareholders in general meeting on a poll at which the grantee, his/her associates and all core connected persons (as defined in the Listing Rules) of our Company shall abstain from voting in favor, and/or such other requirements prescribed under the Listing Rules from time to time. Any vote taken at the meeting to approve the grant of such options shall be taken as a poll.

The circular to be issued by our Company to our Shareholders pursuant to the above paragraph shall contain the following information:

(i) the details of the number and terms (including the exercise price) of the options to be granted to each selected Eligible Participant which must be fixed before our Shareholders' meeting and the date of Board meeting for proposing such further grant shall be taken as the date of grant for the purpose of calculating the exercise price of such options;

(ii) a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options) to the independent Shareholders as to voting;

(iii) the information required under Rule 17.02(2)(c) and (d) and the disclaimer required under Rule 17.02(4) of the Listing Rules; and

(iv) the information required under Rule 2.17 of the Listing Rules.

(h) ***Restrictions on the times of grant of Options***

A grant of options shall not be made after inside information has come to the knowledge of our Company until it has announced such inside information pursuant to the requirements of the Listing Rules and the Inside Information Provisions of Part XIVA of the SFO. In particular, no options shall be granted during the period commencing one month immediately preceding the earlier of:

(i) the date of the Board meeting (as such date to first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's annual results half-year, quarterly or other interim period (whether or not required under the Listing Rules); and

(ii) the deadline for our Company to publish an announcement of its annual results or half-year, or quarterly or other interim period (whether or not required under the Listing Rules)

and ending on the date of actual publication of the results announcement, and where an option is granted to a Director:

(iii) no options shall be granted during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and

(iv) no option shall be granted during the period of 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

(i) ***Rights are personal to grantee***

An option and an offer to grant an option shall be personal to the grantee and shall not be transferrable or assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favor of any third party over or in relation to any option or attempt so to do (save that the grantee may nominate a nominee in whose name our Shares issued pursuant to the Share Option Scheme may be registered). Any breach of the foregoing shall entitle our Company to cancel any outstanding options or any part thereof granted to such grantee.

(j) ***Time of exercise of Option and duration of the Share Option Scheme***

An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. No option may be granted more than 10 years after the date of approval of the Share Option Scheme. Subject to earlier termination by our Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years from the date of its adoption.

(k) ***Performance target***

A grantee may be required to achieve any performance targets as the Board may then specify in the grant before any options granted under the Share Option Scheme can be exercised.

(l) ***Rights on ceasing employment or death***

If the grantee of an option ceases to be an Eligible Participant

(i) by any reason other than death or termination of his/her employment on the grounds specified in paragraph (m) below, the grantee may exercise the option up to the entitlement of the grantee as at the date of cessation (to the extent not already exercised) within a period of one month from such cessation; or

(ii) by reason of death, his/her personal representative(s) may exercise the option within a period of 12 months from such cessation, which date shall be the last actual working day with our Company or the relevant subsidiary whether salary is paid in lieu of notice or not, failing which it will lapse.

(m) ***Rights on dismissal***

If the grantee of an option ceases to be an employee of our Group on the grounds that he/she has been guilty of serious misconduct, or has been convicted of any criminal offence involving his/her integrity or honesty or in relation to an employee of our Group (if so determined by the Board), or has become insolvent, bankrupt or has made arrangements or compositions with his/her creditors

generally, or on any other ground on which an employee would be entitled to terminate his/her employment at common law or pursuant to any applicable laws or under the grantee's service contract with our Group, his/her option will lapse and not be exercisable after the date of termination of his/her employment.

(n) ***Rights on takeover***

If a general offer is made to all our Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror (as defined in the Takeovers Codes)) and such offer becomes or is declared unconditional during the option period of the relevant option, the grantee of an option shall be entitled to exercise the option in full (to the extent not already exercised) at any time within 14 days after the date on which the offer becomes or is declared unconditional.

(o) ***Rights on winding-up***

In the event a notice is given by our Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall forthwith give notice thereof to all grantees and thereupon, each grantee (or his/her legal personal representative(s)) shall be entitled to exercise all or any of his/her options (to the extent not already exercised) at any time not later than two business days prior to the proposed general meeting of our Company referred to above by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for our Shares in respect of which the notice is given, whereupon our Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting, allot the relevant Shares to the grantee credited as fully paid and register the grantee as holder thereof.

(p) ***Rights on compromise or arrangement between our Company and its members or creditors***

If a compromise or arrangement between our Company and its members or creditors is proposed for the purposes of a scheme for the reconstruction of our Company or its amalgamation with any other companies pursuant to the laws of jurisdictions in which our Company was incorporated, our Company shall give notice to all the grantees of the options on the same day as it gives notice of the meeting to its members or creditors summoning the meeting to consider such a compromise or arrangement and any grantee may by notice in writing to our Company accompanied by a remittance for the full amount of the aggregate subscription price for our Shares in respect of which the notice is given (such notice to be received by our Company not later than two business days prior to the proposed meeting), exercise the option to its full extent or to the extent specified in the notice and our Company shall as soon as possible and in any event no later than 12:00 noon (Hong Kong time) on the business day immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the grantee which falls to be issued on such exercise of the option credited as fully paid and register the grantee as holder thereof.

With effect from the date of such meeting, the rights of all grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse and determine. If for any reason such compromise or arrangement does not become effective and is terminated or lapses, the rights of grantees to exercise their respective options shall with effect from such termination be restored in full but only upon the extent not already exercised and shall become exercisable.

(q) ***Ranking of Shares***

Our Shares to be allotted upon the exercise of an option will not carry voting, dividend or other rights until completion of the registration of the grantee (or such other person nominated by the grantee) as the holder thereof. Subject to the aforesaid, Shares allotted and issued on the exercise of options will carry the same rights in all respects and shall have the same voting, dividend, transfer and other rights, including those arising on liquidation as attached to the other fully-paid Shares in issue on the date of issue and rights in respect of any dividend or other distributions paid or made on or after the date of issue.

(r) ***Effect of alterations to capital***

In the event of any alteration in the capital structure of our Company whilst any option may become or remains exercisable, whether by way of capitalization issue, rights issue, open offer (if there is a price dilutive element), consolidation, sub-division or reduction of share capital of our Company, or otherwise howsoever, such corresponding alterations (if any) shall be made in the number of Shares subject to any options so far as unexercised and/or the subscription price per Share of each outstanding option as the auditors of our Company or an independent financial adviser shall certify in writing to the Board to be in their/his/her opinion fair and reasonable in compliance with Rule 17.03(13) of the Listing Rules and the note thereto and the supplementary guidance issued by the Stock Exchange on 5 September 2005 and any future guidance and interpretation of the Listing Rules issued by the Stock Exchange from time to time and the note thereto. The capacity of the auditors of our Company or the approved independent financial adviser, as the case may be, in this paragraph is that of experts and not arbitrations and their certificate shall, in absence of manifest error, be final and conclusive and binding on our Company and the grantees.

Any such alterations will be made on the basis that a grantee shall have the same proportion of the issued share capital of our Company for which any grantee of an option is entitled to subscribe pursuant to the options held by him/her before such alteration and the aggregate subscription price payable on full exercise of any option is to remain as nearly as possible the same (and in any event not greater than) as it was before such event. No such alteration will be made the effect of which would be to enable a Share to be issued at less than its nominal value. The issue of securities as consideration in a transaction is not to be regarded as a circumstance requiring any such alterations.

(s) ***Expiry of option***

An option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

(i) the date of expiry of the option as may be determined by the Board;

(ii) the expiry of any of the periods referred to in paragraphs (l), (m), (n), (o) or (p);

(iii) the date on which the scheme of arrangement of our Company referred to in paragraph (p) becomes effective;

(iv) subject to paragraph (o), the date of commencement of the winding-up of our Company;

(v) the date on which the grantee ceases to be an Eligible Participant by reason of such grantee's resignation from the employment of our Group or the termination of his/her employment or contract on any one or more of the grounds that he or he/she has been guilty of serious misconduct, or has been convicted of any criminal offence involving his/her integrity or honesty, or in relation to an employee of our Group (if so determined by the Board), or has been insolvent, bankrupt or has made compositions with his/her creditors generally or any other ground on which an employee would be entitled to terminate his/her employment at common law or pursuant to any applicable laws or under the grantee's service contract with our Group. A resolution of the Board to the effect that the employment of a grantee has or has not been terminated on one or more of the grounds specified in this paragraph shall be conclusive; or

(vi) the date on which the Board shall exercise our Company's right to cancel the option at any time after the grantee commits a breach of paragraph (i) above or the options are cancelled in accordance with paragraph (u) below.

(t) ***Alteration of the Share Option Scheme***

The Share Option Scheme may be altered in any respect by resolution of the Board except that:

(i) any alteration to the advantage of the grantees or the Eligible Participants (as the case may be) in respect of the matters contained in Rule 17.03 of the Listing Rules; and

(ii) any material alteration to the terms and conditions of the Share Option Scheme or any change to the terms of options granted, shall first be approved by our Shareholders in general meeting provided that if the proposed alteration shall adversely affect any option granted or agreed to be granted prior to the date of alteration, such alteration shall be further subject to the grantees' approval in accordance with the terms of the Share Option Scheme. The amended terms of the Share Option Scheme shall still comply with Chapter 17 of the Listing Rules and any change to the authority of the Board in relation to any alteration to the terms of the Share Option Scheme must be approved by Shareholders in general meeting.

(u) ***Cancellation of Options***

Any cancellation of options granted but not exercised must be approved by the grantees of the relevant options in writing. For the avoidance of doubt, such approval is not required in the event any Option is cancelled pursuant to paragraph (i).

(v) ***Termination of the Share Option Scheme***

Our Company may by resolution in general meeting or the Board at any time terminate the Share Option Scheme and in such event no further option shall be offered but the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any option granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme. Options granted prior to such termination but not yet exercised at the time of termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

(w) ***Administration of the Board***

The Share Option Scheme shall be subject to the administration of the Board whose decision as to all matters arising in relation to the Share Option Scheme or its interpretation or effect (save as otherwise provided herein) shall be final and binding on all parties.

(x) ***Condition of the Share Option Scheme***

The Share Option Scheme is conditional on:

(i) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in our Shares which may fall to be issued pursuant to the exercise of options to be granted under the Share Option Scheme;

(ii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including, if relevant, as a result of the waiver of any such condition(s)) and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise;

(iii) the commencement of dealings in our Shares on the Stock Exchange.

If the conditions in paragraph (x) above are not satisfied within six calendar months from the Adoption Date:

(i) the Share Option Scheme shall forthwith determine;

(ii) any option granted or agreed to be granted pursuant to the Share Option Scheme and any offer of such a grant shall be of no effect; and

(iii) no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the Share Option Scheme or any option granted thereunder.

(y) ***Disclosure in annual and interim reports***

Our Company will disclose details of the Share Option Scheme in its annual and interim reports including the number of options, date of grant, exercise price, exercise period and vesting period during the financial year/period in the annual/interim reports in accordance with the Listing Rules in force from time to time.

(z) ***Present status of the Share Option Scheme***

As at the Latest Practicable Date, no option had been granted or agreed to be granted under the Share Option Scheme.

Application has been made to the Listing Committee of the Stock Exchange for the listing of and permission to deal in our Shares which may fall to be issued pursuant to the exercise of the options to be granted under the Share Option Scheme, being 50,000,000 Shares in total.

2. **Tax and other indemnities**

Our Controlling Shareholders have entered into a deed of indemnity with and in favor of our Company (for itself and as trustee for each of its present subsidiaries) (being the contract referred to in paragraph (g) of the section headed "B. — Information about Our Business — 1. Summary of Material Contracts" above) to provide indemnities on a joint and several basis in respect of, among other matters, taxation resulting from income, profits or gains earned, accrued or received and any claim to which any member of our Group may be subject and payable on or before the date when the Global Offering becomes unconditional.

3. **Litigation**

As of the Latest Practicable Date, we were not aware of any other litigation or arbitration proceedings of material importance pending or threatened against us or any of our Directors that could have a material adverse effect on our financial condition or results of operations.

4. **Sole Sponsor**

The Sole Sponsor has made an application on behalf of our Company to the Listing Committee for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus (including any Shares which may be issued pursuant to the exercise of the Over-allotment Option and any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme).

The Sole Sponsor satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

The Sole Sponsor's fees are HK$5.0 million and are payable by our Company.

5. **Preliminary Expenses**

The preliminary expenses incurred and paid by our Company were approximately HK$44,000.

6. **Promoter**

Our Company has no promoter for the purpose of the Listing Rules. Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the Global Offering and the related transactions described in this prospectus.

7. **Taxation of holders of Shares**

(a) ***Hong Kong***

The sale, purchase and transfer of Shares registered with our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty, the current rate charged on each of the purchaser and seller is 0.1% of the consideration of, if higher, of the fair value of the Shares being sold or transferred. Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax. Our Directors have been advised that no material liability or estate duty under the laws of China or Hong Kong would be likely to fall upon any member of our Group.

(b) ***Cayman Islands***

Under the present Cayman Islands law, there is no stamp duty payable in the Cayman Islands on transfers of Shares given that the Company has no interest in land in the Cayman Islands.

(c) ***Consultation with professional advisers***

Intending holders of the Shares are recommended to consult their professional advisers if they are in doubt as to the taxation implications or subscribing for, purchasing, holding or disposing of or dealing in the Shares. It is emphasized that none of our Company, our Directors or the other parties involved in the Global Offering can accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares or exercise of any rights attaching to them.

8. **Qualification of Experts**

The following are the qualifications of the experts who have given their opinion or advice which are contained in, or referred to in this prospectus:

Name	Qualification
China Securities (International) Corporate Finance Company Limited	Licensed corporation under the SFO to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) of the regulated activities
PricewaterhouseCoopers	Certified Public Accountants
Conyers Dill & Pearman	Cayman Islands legal advisor
Commerce & Finance Law Offices	PRC Legal Advisors
Frost & Sullivan	Industry consultant
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	Independent property valuer
Beijing Anshen Tax Agent Co., Ltd.	Independent tax advisor

9. **Consents of Experts**

Each of the experts named in paragraph 8 of this Appendix has given and has not withdrawn its respective written consent to the issue of this prospectus with the inclusion of its report and/or letter and/or opinion and/or the references to its name included herein in the form and context in which it is respectively included.

10. **Interests of experts in our Company**

None of the persons named in paragraph 8 of this Appendix is interested beneficially or otherwise in any Shares or shares of any member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any shares or securities in any member of our Group.

11. **Binding Effect**

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (WUMP) Ordinance so far as applicable.

12. **Miscellaneous**

(a) Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus:

(i) no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or a consideration other than cash;

(ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(iii) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries; and

(iv) no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of our subsidiaries;

(b) save as disclosed in this prospectus, there are no founder, management or deferred shares nor any debentures in our Company or any of our subsidiaries;

(c) our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since June 30, 2018 (being the date which the latest audited consolidated financial information of our Group were made up);

(d) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus;

(e) the principal register of members of our Company will be maintained in the Cayman Islands by Conyers Trust Company (Cayman) Limited and a branch register of members of our Company will be maintained in Hong Kong by Computershare Hong Kong Investor Services Limited. Unless our Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by our Hong Kong Branch Share Registrar and may not be lodged in the Cayman Islands. All necessary arrangements have been made to enable the Shares to be admitted to CCASS;

(f) no company within our Group is presently listed on any stock exchange or traded on any trading system;

(g) our Directors have been advised that under Cayman Islands law the use of a Chinese name by our Company in conjunction with our English name does not contravene Cayman Islands law;

(h) save as disclosed in this prospectus, our Company has no outstanding convertible debt securities or debentures;

(i) there is no arrangement under which future dividends are waived or agreed to be waived; and

(j) there is no restriction affecting the remittance of profits or repatriation of capital by us into Hong Kong from outside Hong Kong.

13. **Bilingual Prospectus**

The English and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies (Exemption from Companies and Prospectuses from Compliance Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

(a) a copy of each of the **WHITE, YELLOW** AND **GREEN** Application Forms;

(b) the written consents referred to in the section headed "D. Other Information — 9. Consents of Experts" in Appendix V to this prospectus; and

(c) a copy of each of the material contracts referred to in the section headed "B. Information about Our Business — 1. Summary of Material Contracts" in Appendix V to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Sidley Austin at Level 39, Two International Finance Centre, 8 Finance Street, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(a) the Memorandum of Association and the Articles;

(b) the Accountant's Report from PricewaterhouseCoopers, the text of which is set out in Appendix I to this prospectus;

(c) the report from PricewaterhouseCoopers in respect of the unaudited pro forma financial information, the text of which is set out in Appendix II to this prospectus;

(d) the audited consolidated financial statements of our Group for the financial years ended December 31, 2015, 2016 and 2017 and the six months ended June 30, 2018;

(e) the legal opinions issued by Commerce & Finance Law Offices, our PRC Legal Advisors in respect of our Group's business operations and property interests in the PRC;

(f) the letter of advice from Conyers Dill & Pearman, our Cayman legal advisor, summarizing certain aspects of Cayman company law referred to in "Summary of the Constitution of the Company and Cayman Islands Company Law" in Appendix IV to this prospectus;

(g) the letter, summary of valuations and valuation certificates relating to the property interests of our Group prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, the text of which is set out in Appendix III to this prospectus;

(h) the Frost and Sullivan Report;

(i) the opinion issued by Beijing Anshen Tax Agent Co., Ltd. in respect of the tax influence of the Contractual Arrangements;

(j) the Cayman Islands Companies Law;

(k) the material contracts referred to in the section headed "B. Information about Our Business — 1. Summary of Material Contracts" in Appendix V to this prospectus;

(l) the service agreements and letters of appointment with each of the Directors referred to in the section headed "C. Further Information about Directors and Substantial Shareholders — 1. Directors — (b) Particulars of Service Agreements and Letters of Appointment" in Appendix V to this prospectus;

(m) the written consents referred to in the section headed "D. Other information — 9. Consents of Experts" in Appendix V to this prospectus; and

(n) the rules of the Share Option Scheme.


中國銀杏教育集團有限公司
CHINA GINGKO EDUCATION GROUP COMPANY LIMITED