This summary aims to give you an overview of the information contained in this document. Since it is a summary, it does not contain all the information that may be important to you. You should read this document in its entirety before you decide whether to invest in the [**REDACTED**]*. There are risks associated with any investment. Some of the particular risks in* [**REDACTED**] *in our Shares are set out in the section headed "Risk Factors" in this document. You should read that section carefully before you decide to* [**REDACTED**] *in our Shares.*

OVERVIEW

We are the largest vocational training education provider in China with a market share of approximately 1.7% and 2.5% in terms of average students enrolled and revenue generated for the year ended December 31, 2017, respectively, according to the Frost & Sullivan Report. We have a leading position in China in providing vocational training education in three segments, namely, culinary arts, information technology and internet technology, as well as auto services, where we ranked first in each segment in terms of average students enrolled for the year ended December 31, 2017, according to the Frost & Sullivan Report. Headquartered in Hefei, Anhui province, we have established a nationwide school network consisting of 145 Schools in operation as of December 31, 2018 spanning 29 of the 31 provinces in mainland China and Hong Kong. We also provide secondary vocational education through 26 Schools. We operate our business and establish our Schools under five renowned school brands, namely, New East Culinary Education, Omick Education of Western Cuisine and Pastry, Xinhua Internet Technology Education, Wisezone Data Technology Education and Wontone Automotive Education. For the year ended December 31, 2018, our average students enrolled under these brands were 69,141, 3,106, 31,023, 1,364 and 19,323, respectively. As of December 31, 2018, we also operated 18 customized catering experience centers under Cuisine Academy.

We are a pioneer in providing vocational training education in China in culinary arts, information technology and internet technology, as well as auto services. These industry sectors are areas in China where there is significant unmet demand for vocational training education to bridge the supply and demand gap between employers and students. Our primary goal is to provide students with solid knowledge and practical skills in their chosen profession that are tailored to the needs of employers with a view to increasing graduates' employability and their average compensation levels. Between December 31, 2016 and December 31, 2018, the number of our Schools and our average students enrolled grew at a CAGR of 26.9% and 8.6%, respectively.

We have established a centralized and standardized management system across our business operations throughout China, which we believe is essential to our success as it enables us to expand our school and center network into new geographic markets in an efficient manner while maintaining our quality standards. We centrally manage different aspects of our operations, including, among others, teaching, logistics, procurement, accounting and finance, the research and design of our curriculums, career advice services, and talent cultivation so that all of our Schools and centers are able to maintain consistent standards in terms of their quality of education, business operations and efficiencies of financial management, while sharing and utilizing resources in terms of market information and career opportunities on a nationwide basis. Our efficient centralized and differentiated management approach, our consolidated financial resources and our strong brand reputation have allowed us to expand our school and center network effectively and to capitalize on the business opportunities in China's private vocational education industry.

During the Track Record Period, there were some immaterial non-compliance incidents in our business operations. In order to prevent the recurrence of such non-compliance incidents, we have established and implemented policies and procedures to monitor the ongoing compliance with applicable rules and regulations in our operations. See "Business — Immaterial Non-compliance Incidents — Rectification actions and enhanced internal control measures" of this document for details. We have established a compliance committee comprising Mr. Sha Xu, the vice president of our Group, Mr. Au Yeung Siu Kei, the chief financial officer of our Group and Mr. Mao Chaosheng, the joint company secretary of our Group, to oversee our Group's compliance in respect of business, finance and legal related matters, respectively. In

May 2019, after obtaining advice from our PRC Legal Advisors and our Internal Control Consultant on the improvement of our internal control measures, we designed a school opening checklist in an effort to ensure full compliance with applicable rules and regulations before operating a school or a Regional Center, subject to any consents or waivers relevant local authorities may grant. Our compliance committee will only approve for a new school or Regional Center to commence operations if all items on this school opening checklist have been properly addressed to their satisfaction. See "Business — Internal Control and Risk Management — Internal Control" of this document for details. With assistance from our legal advisors, we intend to continuously monitor the development and promulgation of new laws and regulations, as well as review the checklist every six months. Our legal affairs department will be responsible for updating the checklist based on the advice of our legal advisors and notify all relevant departments of our Group. In addition, before making any acquisition of land or buildings, we will engage legal advisors to issue legal opinions on the regulatory compliance of the land and buildings to be purchased. We will only make the purchases if the legal advisors confirm that the land and buildings to be purchased are in compliance with the relevant rules and regulations.

OUR BUSINESS SEGMENTS

New East Culinary Education

New East Culinary Education has been providing comprehensive culinary training programs to students who pursue a career in becoming professional chefs. We teach our students the cooking traditions and practices of diversified Chinese cuisines, including the well-known and widely recognized eight regional cuisines in China, supported by an integration of classic Chinese and Western culinary skills. As of December 31, 2018, we had 50 Schools in operation under New East Culinary Education. Each of our Schools under New East Culinary Education offers various culinary training programs with different program lengths to meet students' differentiated learning focuses and demands.

Omick Education of Western Cuisine and Pastry

Omick Education of Western Cuisine and Pastry offers high-quality western style catering education, which is committed to providing specialized culinary training to students with a focus on western pastry and western food. As of December 31, 2018, we operated 23 Schools under our Omick Education of Western Cuisine and Pastry. We offer a variety of courses, including baking, desserts, western cuisines, bartending, and barista training.

Xinhua Internet Technology Education

We provide information technology and internet technology-related training programs under Xinhua Internet Technology Education. As of December 31, 2018, we had 24 Schools in operation under Xinhua Internet Technology Education, providing a wide range of information technology and internet technology-related training to students, including 125 courses with different course lengths.

Wisezone Data Technology Education

Wisezone Data Technology Education primarily provides short-term programs to junior college and university students who have possessed the basic knowledge and seek to further develop relevant practical skills. By cooperating with a number of technology enterprises and higher education institutions, we have set up 22 Schools in China to train professional data technology engineers as of December 31, 2018.

Wontone Automotive Education

We focus on provides hands-on auto repair skill training as well as practical training of other auto services, such as automobile commerce. As of December 31, 2018, we had 26 Schools in operation under Wontone Automotive Education in China.

Customized Catering Experience Center

We founded Cuisine Academy in 2017 with a view to providing customized catering experience services to customers who are interested in cooking or who plan to establish their own businesses in the catering industry. Cuisine Academy primarily providing customers with customized catering experience programs. As of December 31, 2018, we operated 18 customized catering experience centers under Cuisine Academy in the PRC.

OUR COMPETITIVE STRENGTHS

We seek to leverage our competitive strengths to strengthen our market position and expand our business operations. We believe that the following competitive strengths have contributed to our success and will continue to distinguish us from our competitors: (i) largest vocational training education provider in China with a portfolio of renowned brands; (ii) nationwide self-operated school and center network empowered by our highly replicable business model; (iii) innovative work simulation teaching methodologies to equip our students with readily applicable job skills; (iv) renowned track record in offering well-established curriculums catering the economy needs; (v) strong job placement results supplemented by our professional career counselling services and alumni network; and (vi) visionary, strong and stable management team.

OUR BUSINESS STRATEGIES

Our goal is to provide the best vocational training education in China. We intend to continue to expand our business and school and center network and enhance our market position. To achieve these goals, we plan to: (i) continue to strengthen our market leadership and reputation; (ii) expand school and center network domestically and internationally; (iii) continue to diversify and innovate our course offerings and curriculums; (iv) further improve our practical training methods and facilities; and (v) further emphasize our corporate social responsibility.

SUMMARY OF OUR OPERATING DATA

The following table sets forth the average students enrolled under each school brand and the average number of customers registered in Cuisine Academy for the years indicated:

	Year ended December 31,		
Segments and Brands	**2016**	**2017**	**2018**
Average Students Enrolled[(1)]			
CULINARY ARTS			
New East	62,122	71,180	69,141
Omick	—	1,114	3,106
INFORMATION TECHNOLOGY AND INTERNET TECHNOLOGY			
Xinhua Internet	23,764	24,981	31,023
Wisezone	1,138	1,165	1,364
AUTO SERVICES			
Wontone	18,071	18,100	19,323
Total	105,095	116,540	123,957
Average Number of Customers Registered[(2)]			
Cuisine Academy	—	63	577

Note:

(1) As our Schools provide various vocational training education programs during a year and the course length and the program commencement date varies for our different long-term and short-term programs, we believe that the average students enrolled is a measure that is comparable to that of our competitors and therefore can fairly present our ranking and market position in the industry. Our average students enrolled for a year is only an approximation of the average number of students enrolled during a certain period, representing the sum of the number of students enrolled at our operating Schools at the end of each month divided by the number of months during such period, without taking into account any transfer or withdrawal. See "Business — Pricing Policy — Student/Customer Withdrawal and Refund Policy" for more information.

(2) Our average number of customers registered for a year represents the sum of the number of customers registered at Cuisine Academy at the end of each month divided by the number of months during such period, without taking into account any withdrawal. The courses for one month or shorter are regarded as one-month programs for the calculation.

The following table sets forth the new student enrollments under each school brand and the number of new customers registered in our Cuisine Academy for the years ended December 31, 2016, 2017 and 2018:

	Year ended December 31,		
Segments and Brands	**2016**	**2017**	**2018**
New Student Enrollment(1)			
CULINARY ARTS			
New East	65,306	71,942	71,335
Omick	—	2,788	9,180
INFORMATION TECHNOLOGY AND INTERNET TECHNOLOGY			
Xinhua Internet	17,243	19,369	24,415
Wisezone	3,465	3,573	4,558
AUTO SERVICES			
Wontone	14,449	16,203	20,263
Total	100,463	113,875	129,751
Number of New Customers Registered(2)			
Cuisine Academy(2)	—	146	5,778

Note:

(1) New student enrollment represents the total number of students newly enrolled at our operating schools in a certain period. We use new student enrollment to reflect our ability of student recruitment and the popularity of our programs.

(2) We commenced operations of Cuisine Academy in 2017. Number of new customers registered represent the total number of new customers attending our customized catering experience programs of Cuisine Academy in a certain period.

THE 2016 DECISION AND THE MOJ DRAFT FOR COMMENTS

On November 7, 2016, the Standing Committee of the NPC published the *Decision on Amendment of the Law for Promoting Private Education of the PRC* (《關於修改<中華人民共和國民辦教育促進法>的決定). Under the 2016 Decision, school sponsors of an existing not-for-profit private school may elect to register the school as a non-profit or for-profit private schools at their own discretion.

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. The MOJ Draft for Comments may have certain implications on our expansion strategy through acquisition. The scope of our acquisition may be limited to for-profit private schools only. Please see "Business — Potential Implications of the 2016 Decision and the MOJ Draft for Comments" in this document for more details.

RISK FACTORS

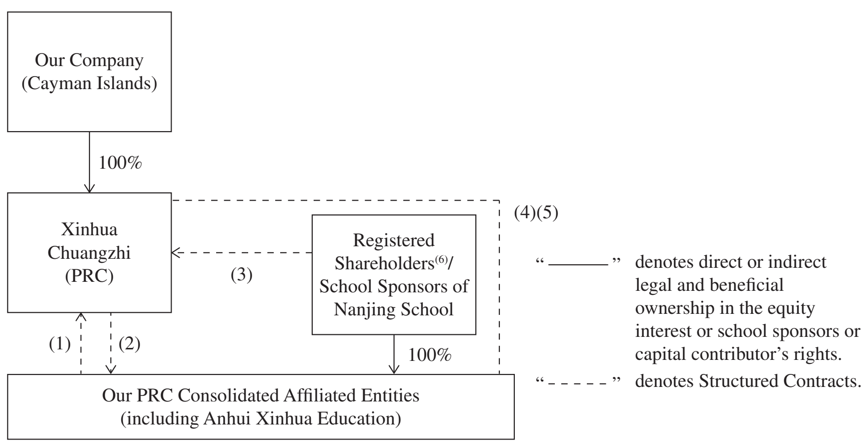
Our operations and the [**REDACTED**] involve certain risks and uncertainties, some of which are beyond our control and may affect your decision to invest in us and/or the value of your investment. See "Risk Factors" in this document for details of our risk factors. Some of the major risks we face include: (i) we are dependent on the market recognition of our brand; our failure to maintain or enhance our brand recognition could materially and adversely affect our business, financial condition and result of operations; (ii) we face intense competition in the PRC vocational education industry and our business, financial condition and results of operations may be adversely affected if we are unable to compete effectively; (iii) our graduates' employment rates and average starting salaries may decrease and satisfaction with our vocational training programs may otherwise decline; (iv) we may not be able to improve the content of our existing courses or to develop new courses on a timely basis and in a cost-effective manner; and (v) failure to effectively and efficiently manage the expansion of our school and center network may materially and adversely affect our ability to capitalize on new business opportunities.

CUSTOMERS AND SUPPLIERS

Our customers primarily consist of students of our Schools and their parents as well as customers of our customized catering experience centers of Cuisine Academy. For the years ended December 31, 2016, 2017 and 2018, we did not have any single customer who accounted for more than 5% of our revenue for each of the period. Our suppliers primarily consist of providers of advertising services, construction services, teaching equipment, and raw materials. For the years ended December 31, 2016, 2017 and 2018, purchases from our five largest suppliers amounted to RMB121.9 million, RMB162.4 million and RMB207.4 million, respectively, accounting for 11.5%, 12.2% and 13.0% of our total purchases for the relevant periods. See "Business — Customers and Suppliers" in this document for further details.

STRUCTURED CONTRACTS

The following simplified diagram illustrates the flow of economic benefits from our PRC Consolidated Affiliated Entities (including Nanjing School) to our Group stipulated under the Structured Contracts. See "Structured Contracts — Operation of the Structured Contracts" in this document for further details.



Notes:

(1) Payment of service fees. See "Structured Contracts — Summary of the Material Terms of the Structured Contracts — (1) Exclusive Management Consultancy and Business Cooperation Agreements under Structured Contracts I and Structured Contracts II" for further details.

(2) Provision of services. See "Structured Contracts — Summary of the Material Terms of the Structured Contracts — (1) Exclusive Management Consultancy and Business Cooperation Agreements under Structured Contracts I and Structured Contracts II" for further details.

(3) Powers of attorney to exercise all shareholders' rights in our PRC Consolidated Affiliated Entities (excluding Nanjing School) and entrustment of school sponsors' or capital contributors' rights by the school sponsors or capital contributors of Nanjing School including the school sponsor's or capital contributor's powers of attorney. See "Structured Contracts — Summary of the Material Terms of the Structured Contracts — (4) Powers of attorney under Structured Contracts I", "Structured Contracts — Summary of the Material Terms of the Structured Contracts — (6) School Sponsors' or Capital Contributors' Rights Entrustment Agreement under Structured Contracts II", and "Structured Contracts — Summary of the Material Terms of the Structured Contracts — (7) School Sponsor's or Capital Contributor's Powers of Attorney under Structured Contracts II" for further details.

(4) Exclusive call option to acquire all or part of the equity interest in our PRC Consolidated Affiliated Entities. See "Structured Contracts — Summary of the Material Terms of the Structured Contracts — (2) Exclusive Call Option Agreements under Structured Contracts I and Structured Contracts II" for further details.

(5) Pledge of all the equity interest in Anhui Xinhua Education and pledge of all accounts receivable of Nanjing School. See "Structured Contracts — Summary of the Material Terms of the Structured Contracts — (3) Equity Pledge Agreement under Structured Contracts I" and "Structured Contracts — Summary of the Material Terms of the Structured Contracts — (5) Accounts Receivable Pledge Agreement under Structured Contracts II" for further details.

(6) Registered Shareholders refer to the registered shareholders of Anhui Xinhua Education, namely, Mr. Wu Junbao, Mr. Wu Wei and Mr. Xiao Guoqing.

[REDACTED]

On October 26, 2018, Lu Lu Education subscribed for and our Company issued and allotted 30 Shares to Lu Lu Education for a consideration of HK$600,000. After issuance and allotment of 30 Shares to Lu Lu Education, our Company became owned as to 42.6654% by Wu Junbao Education, 29.2213% by Wu Wei Education, 28.1103% by Xiao Guoqing Education and 0.0030% by Lu Lu Education. There were no special rights granted to Lu Lu Education that will survive the [**REDACTED**]. See "History and Corporate Structure — Corporate Reorganization — 12. [**REDACTED**] into our Company by Lu Lu Education" in this document for further details.

OUR CONTROLLING SHAREHOLDERS

Our Controlling Shareholders upon [**REDACTED**] are Mr. Wu Junbao and Wu Junbao Education, which is wholly-owned by Mr. Wu Junbao. Immediately after completion of the Capitalization Issue and the [**REDACTED**], our Controlling Shareholders will together control the exercise of voting rights of more than 30% of the Shares eligible to vote in the general meeting of our Company (assuming the [**REDACTED**] is not exercised and without taking into account any Shares which may be issued upon the exercise of options granted under the [**REDACTED**] Share Option Scheme or the Share Option Scheme). See "Relationship with Our Controlling Shareholders" in this document for details.

[REDACTED] SHARE OPTION SCHEME

On December 7, 2018, our Company conditionally adopted the [**REDACTED**] Share Option Scheme and on the same date, we granted options under the [**REDACTED**] Share Option Scheme to 178 grantees, including one Director, to subscribe for an aggregate of 135,244,720 Shares, representing 6.206% of the issued Shares immediately following the completion of the Capitalization Issue and the [**REDACTED**] (assuming no exercise of the [**REDACTED**] or any options that may be granted under the [**REDACTED**] Share Option Scheme or the Share Option Scheme). The diluted earnings per share from continuing operations for the year ended December 31, 2018 was RMB[**REDACTED**] cents. Assuming full exercise of the outstanding options granted under the [**REDACTED**] Share Option Scheme, the shareholding of the Shareholders immediately following completion of the Capitalization Issue and the [**REDACTED**] (assuming no exercise of the [**REDACTED**] or any options that may be granted under the Share Option Scheme) will be diluted by approximately [**REDACTED**] as calculated based on [**REDACTED**] Shares then in issue. The principal terms of the [**REDACTED**] Share Option Scheme are summarized in "F. [**REDACTED**] Share Option Scheme and Share Option Scheme — 1. [**REDACTED**] Share Option Scheme" in Appendix V to this document.

SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme on May 21, 2019. Subject to our Shareholders' approval on refreshing or granting options beyond the Scheme Mandate Limit, the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes (including but not limited to the [**REDACTED**] Share Option Scheme) of the Company must not in aggregate exceed 10% of the total number of Shares in issue as of the [**REDACTED**], namely [**REDACTED**] Shares, excluding Shares which may fall to be issued upon the exercise of the [**REDACTED**] granted by our Company. The principal terms of the Share Option Scheme are summarized in "F. [**REDACTED**] Share Option Scheme and Share Option Scheme — 2. Share Option Scheme" in Appendix V to this document.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth summary of consolidated financial information as of and for the years ended December 31, 2016, 2017 and 2018. You should read this summary together with the consolidated financial information set forth in the Accountants' Report of the Group in Appendix I to this document, including the related notes, and the information set forth in "Financial Information" in this document.

Selected Consolidated Statements of Profit or Loss Data

	Year ended December 31,		
	2016	2017	2018
		(RMB'000)	
Continuing operations			
Revenue	2,335,730	2,850,165	3,264,964
Gross profit	1,321,465	1,568,826	1,705,108
Profit before taxation	719,657	832,155	687,004
Profit and total comprehensive income for the year from continuing operations	587,379	661,190	515,141
Discontinued operation			
Loss and total comprehensive expense for the year from discontinued operation	(21,901)	(19,569)	(5,048)
Profit and total comprehensive income for the year	565,478	641,621	510,093

During the Track Record Period, we experienced stable growth in our revenue from our continuing operations, which was mainly due to an increase in revenue from tuition fees as a result of the increase in our student enrollment.

Our profit and total comprehensive income from continuing operations increased by 12.6% from RMB587.4 million for the year ended December 31, 2016 to RMB661.2 million for the year ended December 31, 2017. Our average students enrolled grew cumulatively from 105,095 for the year ended December 31, 2016 to 123,957 for the year ended December 31, 2018, representing a CAGR of 8.6%. Our profit and total comprehensive income from continuing operations decreased by 22.1% to RMB515.1 million for the year ended December 31, 2018, primarily due to a significant increase in our selling expenses to promote our brand name and facilitate the student recruitment of our newly established schools as well as a significant increase in our administrative expenses because we hired additional administrative staff and professional consultants to meet the needs of our expanded school network.

During the Track Record Period, our gross profit also steadily increased, which was in line with the growth of our business. However, our gross profit margin decreased from 56.6% for the year ended December 31, 2016 to 55.0% for the year ended December 31, 2017 and further to 52.2% for the year ended December 31, 2018 as we operated 36 new Schools and six new centers in 2017 and 19 new Schools and 12 new centers in 2018. Generally, the establishment of new schools has a negative impact on our gross profit margin. During the initial ramp-up period after a new school commences operations, we will incur substantial fixed costs for teaching staff salaries and benefits, leasing expenses, and other fixed costs while initial revenue from the new school is limited due to the relatively small number of student enrollment in their ramp-up period.

During the Track Record Period, our cost of revenue increased, which was mainly due to (i) the increases in teaching staff salaries and benefits as we hired additional teaching staff to meet needs of the increased number of students and we increased our teaching staff's salary in 2016 and 2017; (ii) the increases in teaching related consumables and other costs as a result of the increased cost of procuring practical training raw materials to meet the needs of the increased number of students; (iii) the increases in campus maintenance and depreciation mainly due to the increase in expenses for renovating school facilities in connection with the expansion of our school network; and (iv) the increases in leasing expenses for our newly opened Schools.

During the Track Record Period, our net profit margin decreased from 25.1% for the year ended December 31, 2016 to 23.2% for the year ended December 31, 2017, primarily due to we operated 36 new Schools in 2017 which has a negative impact on our net profit margin during the ramp-up period. Our net profit margin decreased to 15.8% for the year ended December 31, 2018, primarily due to the same reason.

For the years ended December 31, 2016, 2017 and 2018, we opened 19, 36 and 19 new Schools, respectively. Besides, we commenced operations of Cuisine Academy in 2017 and opened six and 12 new centers in 2017 and 2018. Our new Schools and centers generally incur significant fixed costs while their initial revenue is limited due to the relatively small number of student enrollment or customer registration in their ramp-up periods, which typically range from two to three years on average. Therefore, new Schools and centers generally have a negative impact on our gross profit, net profit and the relevant profit margins which may give the investors an inaccurate impression of the performance of our Schools and centers. In the table below, new Schools and centers in a period mainly represent Schools and centers that began to generate revenue for the first time during the period. The following table is presented because our management believes that such information will be helpful for investors to assess our performance and the profitability of our Schools and centers that had been in relatively stable operations for an extended period of time.

	Year ended December 31,		
	2016	**2017**	**2018**
		(RMB'000)	
Profit and total comprehensive income for the year from continuing operations	587,379	661,190	515,141
Profit/(loss) in relation to new schools/centers:			
Aggregate amount of net profit/(loss) of Schools/centers commenced to generate revenue from 2015[1]	(10,912)	5,864	11,431
Aggregate amount of net profit/(loss) of Schools/centers commenced to generate revenue from 2016[1]	(21,373)	(7,505)	(37,727)
Aggregate amount of net profit/(loss) of Schools/centers commenced to generate revenue from 2017[1]	—	(116,314)	(115,592)
Aggregate amount of net profit/(loss) of Schools/centers commenced to generate revenue from 2018[1]	—	—	(81,324)

Notes:

(1) These new Schools disclosed in the above table do not take into account the 11 New Technical Schools (技工學校) that commenced to generate revenue from 2015 to 2018 as they did not go through the initial ramp-up period ranging from six months to 18 months.

Our new Schools/centers that commenced operations in 2015 incurred net losses for 2016, began to generate a net profit for 2017 and their profitability continued to improve in 2018 compared with 2017. Our new Schools that commenced operations in 2016 recorded a decrease in net loss for 2017 but had an increase net losses for 2018 primarily because we opened 16 new Schools under our Wisezone brand in 2016 and the profitability of these Schools under Wisezone Data of Technology Education decreased between these years. Wisezone Data Technology Education's gross profit margin decreased from 20.8% for the year ended December 31, 2017 to 4.7% for the year ended December 31, 2018, primarily because this business segment was still in the stage of market development and had not yet established stable operations as a whole. We made continuous investments in the brand of Wisezone Data Technology Education during the Track Record Period to promote its future development and drive sustainable, profitable growth for our Group. However, due to the fierce competition and limited brand awareness of Wisezone Data Technology Education in the vocational training market, the growth rates of the fixed costs incurred were much higher than the growth rate of revenue during the Track Record Period. See "Financial Information — Key Components of Our Results of Operations — Continuing Operations — Gross Profit and Gross Profit Margin" in this document for further details.

We had 32 Schools of New East Culinary Education, 19 Schools of Xinhua Internet Technology Education and 12 Schools of Wontone Automotive Education, which commenced operations before 2015. We did not operate any Schools or centers under Omick Western Catering Education, Wisezone Data Technology Education and Cuisine Academy before 2015. The following table sets forth a breakdown of gross profit and gross profit margin of the Schools that commenced operations before 2015 by brand for the years indicated:

	Year ended December 31,					
	2016		2017		2018	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
		%		%		%
	(RMB'000 except percentages)					
Gross profit from continuing operations						
New East[(1)]	746,735	57.3	914,188	60.2	855,830	55.7
Xinhua Internet[(2)]	253,661	51.7	279,078	51.6	343,745	56.7
Wontone[(3)]	184,456	52.9	190,269	51.5	198,159	53.1
Total	1,184,852	55.3	1,383,535	57.0	1,397,734	55.6

Notes:

(1) The gross profit margin of New East Culinary Education increased from 2016 to 2017 primarily because the operations of newly established Schools became mature after the initial ramp-up period, and decreased in 2018 primarily because the rent and amortization of construction cost of certain Schools increased slightly but the revenue generated remained relatively stable.

(2) The gross profit margin of Xinhua Internet Technology Education increased from 2017 to 2018 primarily due to increases in the average students enrolled and the tuition fee, which resulted in increases in our revenue while our cost of revenue remained relatively stable.

(3) The gross profit margin of Wontone Automotive Education decreased from 2016 to 2017, primarily due to the growth of our new student enrollment slowed down but cost of revenue increased due to the expansion, and increased in 2018 primarily due to a decrease in cost of revenue and other expenses as we enhanced our cost control measures.

The following table sets forth a breakdown of our revenue from continuing operations by brand for the years indicated:

	Year ended December 31,					
	2016		2017		2018	
	Revenue	% of Total	Revenue	% of Total	Revenue	% of Total
	(RMB'000 except percentages)					
Revenue from continuing operations						
New East	1,432,112	61.3	1,738,743	61.0	1,900,126	58.2
Xinhua Internet	480,533	20.6	542,249	19.0	604,413	18.5
Wontone	354,256	15.2	419,347	14.7	444,305	13.6
Omick	—	—	74,838	2.6	213,256	6.5
Wisezone	53,188	2.3	64,139	2.3	70,076	2.2
Cuisine Academy	—	—	333	—	20,797	0.6
Other Miscellaneous Businesses[(1)]	15,641	0.6	10,516	0.4	11,991	0.4
Total [(2)]	2,335,730	100	2,850,165	100	3,264,964	100

Notes:

(1) Other miscellaneous businesses primarily include revenue from the internet technology solution and staff outsourcing services provided by Langjie Technology to Independent Third Parties.

(2) The total revenue and percentages do not include inter-segment sales which are eliminated upon consolidation.

The following table sets forth a breakdown of our gross profit and gross profit margin by brand for the years indicated:

	Year ended December 31,					
	2016		2017		2018	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
		%		%		%
	(RMB'000 except percentages)					
Gross profit from continuing operations						
New East	826,305	57.7	1,029,223	59.2	1,073,709	56.5
Xinhua Internet	266,272	55.4	302,337	55.8	362,584	60.0
Wontone	197,890	55.9	216,611	51.7[(2)]	197,652	44.5
Omick	—	—	5,890	7.9	73,354	34.4
Wisezone[(3)]	22,390	42.1	13,342	20.8	3,297	4.7
Cuisine Academy[(4)]	—	—	(2,664)	-800.0	(10,257)	-49.3
Other Miscellaneous Businesses[(5)]	8,608	55.0	4,087	38.9	4,769	39.8
Total	1,321,465	56.6	1,568,826	55.0	1,705,108	52.2

Notes:

(1) The establishment of new Schools and centers under a segment has a negative impact on our gross profit margin for the relevant segment. During the initial ramp-up period after a new School or center commences operations, we incur substantial fixed costs for teaching staff salaries and benefits, leasing expenses, and other fixed costs while initial revenue from the new Schools and centers are limited due to the relatively small number of student enrollment or customer registration in the ramp-up period of the Schools and centers.

(2) Wontone Automotive Education's gross profit margin decreased from 55.9% for the year ended December 31, 2016 to 51.7% for the year ended December 31, 2017 as we operated eight new Schools in 2017 which had a negative impact on our gross profit margin during the initial ramp-up period. For the same reason, the gross profit margin of Wontone Automotive Education decreased to 44.5% for the year ended December 31, 2018.

(3) Wisezone Data Technology Education's gross profit margin decreased during the Track Record Period primarily because this business segment was still in the stage of market development and had not yet established stable operations as a whole. We made continuous investments in the brand of Wisezone Data Technology Education during the Track Record Period to promote its future development and drive sustainable, profitable growth for our Group. However, due to the fierce competition and limited brand awareness of Wisezone Data Technology Education in the vocational training market, the growth rates of the fixed costs incurred were much higher than the growth rate of revenue during the Track Record Period. See "Financial Information — Key Components of our Results of Operations — Continuing Operations — Gross Profit and Gross Profit Margin" for more information.

(4) Cuisine Academy incurred losses for 2017 and 2018 primarily because we commenced our operations of Cuisine Academy in 2017 and incurred significant fixed costs at the beginning but the revenue was still limited at the initial stage of operations. See "Financial Information — Key Components of our Results of Operations — Continuing Operations — Gross Profit and Gross Profit Margin" in this document for details.

(5) Other miscellaneous businesses primarily include gross profit derived from the internet technology solution and staff outsourcing services provided by Langjie Technology to Independent Third Parties.

Selected Consolidated Statements of Financial Position Data

	As of December 31,		
	2016	2017	2018
		(RMB'000)	
Current assets	1,896,055	2,259,124	1,270,348
Current liabilities	1,553,265	1,871,155	1,883,152
Net current (liabilities)/assets[(1)]	342,790	387,969	(612,804)
Non-current assets[(2)]	752,089	1,259,201	1,545,187
Non-current liabilities[(3)]	29,776	40,446	59,752
Net assets	1,065,103	1,606,724[(4)]	872,631[(5)]

Note:

(1) During the Track Record Period, we had net current liabilities as of December 31, 2018, primarily because (i) RMB1,233.2 million of our contract liabilities representing revenue that we expect to earn within one year was treated as a current liability and such amount is non-cash in nature; (ii) we declared dividends of RMB907.9 million in 2018, of which RMB873.7 million were paid in cash and RMB34.1 million were recorded as dividend payable; (iii) we recorded a decrease in cash of RMB401.9 million for deduction in paid-in capital/share capital; and (iv) we invested cash generated from tuition fees and service fees in property and equipment for new Schools and centers, which are categorized as non-current assets.

(2) The non-current assets increased during the Track Record Period primarily because for the years ended December 31, 2016, 2017 and 2018, we opened 19, 36 and 19 new Schools, respectively. Further, we commenced operations of Cuisine Academy in 2017 and opened six and 12 new centers in 2017 and 2018, respectively. The property and equipment we purchased and renovated for our new Schools and centers were categorized as non-current assets which increased in line with the openings of new Schools and centers.

(3) Our non-current liabilities increased during the Track Record Period was primarily because the non-current liabilities of our contract liabilities increased as a result of the increase in our student enrollment and tuition fee payment. We recorded non-current liabilities from tuition fees as some students chose to make one-time tuition payment for the full tuition amounts of their two-year programs.

(4) Our net assets increased from RMB1,065.1 million as of December 31, 2016 to RMB1,606.7 million as of December 31, 2017 was primarily because of the growth of our revenue and profit for the year ended December 31, 2017.

(5) Our net assets decreased from RMB1,606.7 million as of December 31, 2017 to RMB872.6 million as of December 31, 2018 was primarily because (i) we declared dividends of RMB907.9 million in 2018, of which RMB873.7 million were paid in cash and (ii) we used RMB401.9 million in cash to purchase the equity interests of the registered equity interest owners of Anhui Xinhua Education as part of Anhui Xinhua Education's internal shareholding restructuring. Please see "History and Corporate Structure – Corporate Reorganization – 4. Changes in registered capital of Anhui Xinhua Education" in this document for details.

We expect to further improve our net current liabilities position through (i) cash generated from our business operations and (ii) the [**REDACTED**] from the [**REDACTED**]. During the Track Record Period, we utilized prepayment of the tuition and service fees we received from our students and customers which was recorded as current liabilities to finance the purchases of non-current assets such as property and equipment. In addition, we declared dividends of RMB907.9 million in 2018, of which RMB873.7 million were paid in cash, thereby reducing our cash position. Both of these factors contributed to our net current liabilities position as of December 31, 2018. We do not expect to make similar dividend payments and we intend to primarily use our [**REDACTED**] from the [**REDACTED**] to finance capital expenditures on non-current assets in the near future, which will help improve our net current liabilities position.

Consolidated Statement of Cash Flows

	Year ended December 31,		
	2016	2017	2018
		(RMB'000)	
OPERATING ACTIVITIES			
Net cash from operating activities	981,579	997,248	980,120
INVESTING ACTIVITIES			
Net cash from (used in) investing activities	(149,115)	(601,097)	(572,962)
FINANCING ACTIVITIES			
Net cash used in financing activities	—	(100,000)	(1,455,615)
Net increase (decrease) in cash and cash equivalents	832,464	296,151	(1,048,457)
Cash and cash equivalents at the beginning of the year	906,135	1,738,599	2,034,750
Cash and cash equivalents at the end of the year	1,738,599	2,034,750	986,293

Key Financial Ratios

	As of/for the year ended December 31,		
	2016	2017	2018
Gross profit margin	56.6%	55.0%	52.2%
Net profit margin	25.1%	23.2%	15.8%
Return on assets	22.2%	18.8%	18.3%
Current ratio	1.22	1.21	0.67
Return on equity	55.1%	41.2%	59.0%

Discontinued Operation

During the Track Record Period, we operated six driving schools, namely Hefei Yuxing, Hefei Xin’an, Nanjing Yuxing, Xi’an Yuxing, Chongqing Yuxing, Changsha Yuxing and Miwei Technology. In October 2018, we decided to divest these businesses as they do not fall with our core competencies of vocational training and we wish to focus our resources on providing vocational training education. These schools have been accounted for as discontinued operation in the Accountants’ Report of our Group in Appendix I to this document for the Track Record Period. See “History and Corporate Structure — Corporate Reorganization — 3. Disposal of equity interests or school sponsor’s interests in subsidiaries engaged in non-core businesses” for further information. These schools are not included in the contractual arrangements under the Structured Contracts. After our disposal of these schools, their results of operations will not be consolidated with our Group’s results of operations in any future period.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Set forth below are recent developments of our business and results of operations after December 31, 2018, which is the end of the Track Record Period, and up to the Latest Practicable Date:

- Our business has remained stable which as generally in line with the past trends and our expectations;
- We have started operations of four Schools and one center across our business segments;
- We have adopted HKFRS 16 on January 1, 2019. The application of HKFRS 16 has not significantly affected the financial performance and net assets of our Group upon its adoption. See the Accountants’ Report of our Group in Appendix I to this document for details; and
- The FIL was approved by the National People’s Congress on March 15, 2019 and will come into effect on January 1, 2020. See “Structured Contracts – Development in the PRC Legislation on Foreign Investment” in this document for details, in particular its impact and consequences on our Group.

To the best of our knowledge, there is no change to the overall economic and market condition in China or in the PRC vocational training education market in which we operate that may have a material adverse effect on our business operations and financial position.

Our Directors confirm that there has been no material adverse change in our business, financial, operating or trading condition since December 31, 2018, being the most recent date of our audited financial statements, and up to the date of this document.

DIVIDEND POLICY

During the Track Record Period, we declared dividends of RMB100.0 million in 2017 and RMB907.9 million in 2018. We intend to adopt, after our [**REDACTED**], a general dividend policy of declaring and paying dividends on an annual basis of no less than 30% of our distributable net profit attributable to our Shareholders in the future but subject to, among other things, our future operation and earnings, capital requirements and surplus, financial condition, working capital requirements and other factors that 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. There can be no assurance that we will be able to declare or distribute any dividend in the amount set out in any plan of the Board or at all.

[**REDACTED**]

[**REDACTED**]

We expect to incur a total of HK$[**REDACTED**] million of [**REDACTED**] (assuming an [**REDACTED**] of HK$[**REDACTED**], being the mid-point of the indicative [**REDACTED**] range between HK$[**REDACTED**] and HK$[**REDACTED**], and assuming that the [**REDACTED**] is not exercised) until the completion of the [**REDACTED**], of which HK$[**REDACTED**] million has been charged to our consolidated statements of profit or loss and other comprehensive income for the year ended December 31, 2018, and HK$[**REDACTED**] million is expected to be charged to our consolidated statements of profit or loss and other comprehensive income for the year ending December 31, 2019, and HK$[**REDACTED**] million is directly attributable to the [**REDACTED**] of the Shares to the public and to be capitalized. [**REDACTED**] represent professional fees and other fees incurred in connection with the [**REDACTED**], including [**REDACTED**] but excluding discretionary bonus. The [**REDACTED**] above are the best estimate as of the Latest Practicable Date and for reference only and the actual amount may differ from this estimate. We do not expect these [**REDACTED**] to have a material impact on our results of operations for the year ending December 31, 2019.

[**REDACTED**]

[**REDACTED**]

PROPERTY VALUATION

According to the property valuation report prepared by Cushman & Wakefield Limited, an independent valuer we engaged, as set forth in Appendix III to this document, the market value of the properties we owned and occupied as of March 31, 2019 was approximately RMB17.3 million. See "Business — Properties" and Appendix III to this document 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" in this document.

HEALTH AND SAFETY MATTERS

During the Track Record Period, a total of 14 legal proceedings initiated against us that were related to injuries or suicides of our students or employees were entered into judgement. We have put in place enhanced internal control measures with a view to preventing the recurrence of similar incidents on our school premises, including (i) holding educational talks to increase student awareness of health and safety matters; (ii) enhancing safety management responsibilities at all management levels; (iii) conducting periodic overall safety checks of our schools; and (iv) introducing clear disciplines to strictly forbid to play dangerous activities at school or going outside of school for adventure.

LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period, we were not in compliance with certain PRC laws and regulations, mainly including, (i) (1) certain of our Schools in the PRC commenced operations without obtaining private school operating licenses, (2) the private school operating licenses of some schools had expired, and (3) some schools had branch campus that differs from the addresses set out on their respective school operating licenses; (ii) (1) certain of our operating Schools/entities failed to open social insurance and/or housing provident fund accounts, and (2) social insurance and/or housing provident fund that we paid for our employees in certain of our Schools were not based on their actual salary levels; (iii) we had not obtained the planning permits, construction permits, approvals for passing environmental impact assessments, approvals for passing fire control assessments and construction completion inspections, for certain buildings owned by Chengdu Tianji. See "Business — Legal Proceedings and Compliance" in this document for details.