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 the 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* [**REDACTED**] *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* [**REDACTED**].

OVERVIEW

We are a leading provider of private higher education in Shanxi Province, the PRC. According to the Frost & Sullivan Report, we ranked first among all private higher education institutions in Shanxi Province in terms of total full-time student enrollment, with a market share of 15.6% for the 2020/2021 school year. During the Track Record Period and as of the Latest Practicable Date, we operated one college, Shanxi Technology and Business College in Taiyuan City, Shanxi Province, the PRC. In 2011, our College was approved and upgraded by the MOE to become the first private undergraduate college in Shanxi Province. Our solid reputation and extensive expertise in the private higher education sector have allowed us to continue to grow our College since then. The total number of students enrolled at our College has grown from approximately 8,000 students in the 2011/2012 school year to over 17,000 students in the 2020/2021 school year. During the Track Record Period, all of the enrolled students in our College were full-time students and most of our students enrolled were boarding students except for very few students who were approved by us to live off campus for personal reasons. As of December 31, 2020, we employed 558 full-time teachers and 544 part-time teachers.

As of the Latest Practicable Date, our College offered bachelor's degree programs in a total of 36 majors (i.e. the specific area of study a student chooses to focus on, such as accounting, business administration, computer science and technology and preschool education) and three concentrations (which are specific study areas of emphasis within certain majors, including an internet technology concentration under major of computer science and technology, a child massage healthcare concentration and an early education concentration under the major of preschool education) to undergraduate students through its 12 schools. As of the Latest Practicable Date, our College operated two campuses, namely, Longcheng campus and Beige campus, with a total area of approximately 481,504 sq. m. and building space of approximately 377,556 sq. m.

We focus on providing application-oriented education to equip our students with practical skills relevant to careers. We continue to optimize our course offerings and practical training programs to provide our students with the practical and readily applicable skills. We offer mandatory and elective courses in entrepreneurship and innovation-related subjects, and provide a variety of opportunities for students to hone their business skills. We reinforce our application-oriented course offerings with meaningful collaboration with companies in private industry ranging from joint development and delivery of entire courses and construction of simulated work-environment training bases on our campuses, to inviting industry experts and visiting lecturers and helping arrange internship and practical training opportunities for our students. We believe our emphasis on developing advanced, career-focused skill sets helps make our students more appealing to potential employers. The Initial Employment Rate for graduates of our College reached approximately 94.2% and 90.8% for the 2017/2018 and 2018/2019 school years, respectively. In contrast, China's overall Initial Employment Rates for higher education graduates were significantly lower, at approximately 78.2% and 78.2%, respectively, in the same school years, according to the Frost & Sullivan Report.

Our revenue remained largely stable over the Track Record Period. Our revenue decreased slightly from RMB267.4 million for the year ended August 31, 2018 to RMB266.3 million for the year ended August 31, 2019, and then increased to RMB271.1 million for the year ended August 31, 2020. Our revenue decreased from RMB110.9 million for the four months ended December 31, 2019 to RMB110.3 million for the four months ended December 31, 2020, primarily due to a delay in the beginning of the 2020/2021 school year for new students from September to October as a result of the COVID-19 pandemic, resulting in only three months of revenue for that year being recognized as of December 31, 2020. This timing effect was partially offset by an increase in the total number of students enrolled in our College from 16,616 for the 2019/2020 school year to 17,233 for the 2020/2021 school year. Our gross profit decreased from RMB171.1 million for the year ended August 31, 2018 to RMB157.8 million for the year ended August 31, 2019, and increased to RMB163.9 million for the year ended August 31, 2020. Our gross profit decreased slightly from RMB64.8 million for the four months ended December 31, 2019 to RMB64.2 million for the four months ended December 31, 2020. Our profit and total comprehensive income for the year decreased from RMB144.8 million for the year ended August 31, 2018 to RMB137.6 million for the year ended August 31, 2019, and increased to RMB142.7 million for the year ended August 31, 2020. Our profit and total comprehensive income for the period decreased from RMB58.5 million for the four months ended December 31, 2019 to RMB50.9 million for the four months ended December 31, 2020.

OUR COLLEGE

During the Track Record Period and as of the Latest Practicable Date, we operated one college, Shanxi Technology and Business College in Taiyuan City, Shanxi Province, the PRC. As of the Latest Practicable Date, our College offered bachelor's degree programs in a total of 36 majors and three concentrations to undergraduate students including accounting, auditing, civil engineering and business administration, among many others.

As a higher education service provider, we are dedicated to (i) building our College into a modern institution of higher education of superior quality, and (ii) equipping our students with practical and readily applicable skills that meet the ever-changing demands of the job market.

SUMMARY OF BUSINESS OPERATING DATA

The following table sets forth information on per student tuition fees and boarding fees for the school years indicated.

	Tuition and boarding fees per year per student			
	School Year			
	2017/2018	2018/2019	2019/2020	2020/2021
	(RMB)	*(RMB)*	*(RMB)*	*(RMB)*
Fee types				
Tuition fee				
– Management, literature (excluding foreign language), economics, education and law majors	14,900-15,120	14,900-15,120	14,900-15,120	14,900-15,120
– Literature (foreign language) majors	14,900	14,900	14,900	15,900
– Engineering majors	15,900	15,900	15,900	15,900
– Art majors	17,000	17,000	17,000	17,000
Boarding fee (1)	1,000-1,500	1,000-1,500	1,000-1,500	1,000-1,500

Note:

(1) We offer three classes of student dormitories in our Longcheng campus and Beige campus, for which boarding fee rates vary based on factors including the size of the room provided, the number of students sharing a room, and the type of furniture and facilitates available, among others. The boarding fee rates charged for these different classes were RMB1,000, RMB1,200 and RMB1,500, respectively, per year per student for each school year in the Track Record Period.

Tuition fee rates for our junior college program were RMB6,500 to RMB7,500 for the 2018/2019 and 2019/2020 school years. Starting in the 2020/2021 school year, we did not have any students enrolled in our junior college program.

The following table sets forth information relating to the total student enrollment, newly-enrolled students, admission quota, admission quota utilization rate, school capacity and school utilization rate of our College for the school years indicated:

	School Year			
	2017/2018	2018/2019	2019/2020	2020/2021
Total student enrollment(1)	16,847	16,278	16,616	17,233
Newly-enrolled students(1)(2)	4,321	3,966	4,500	4,841
Admission quota(3)	4,955	4,250(4)	4,660	5,000
Admission quota utilization rate(3)	87.2%(5)	93.3%	96.6%	96.8%
School capacity	17,256	16,812	19,325	19,010
School utilization rate (6)	97.6%	96.8%	86.0%(7)	90.7%

Notes:

(1) The student enrollment and newly-enrolled students information for the school years indicated was based on the internal records of our College. Total school enrollment includes newly-enrolled students and returning students.

(2) Enrollment figures for newly-enrolled students are as of September 30 for the 2017/2018, 2018/2019 and 2019/2020 school years and as of October 31 for the 2020/2021 school year as the beginning of that school year was delayed for approximately one month for new students as a result of the impact of the COVID-19 pandemic.

(3) The number of new students our College may admit each school year is generally limited by an admission quota specified by the relevant education authorities, and subject to subsequent adjustment by such authorities after admitting prospective students based on students' listed preferences and the scores they obtained. The original admission quota and any subsequent adjustments made by the relevant education authorities are beyond our control. The admission quota utilization rate is calculated as the aggregate student enrollment for a school year divided by the aggregate admission quota approved by the relevant education authorities.

(4) The decrease in admission quota in the 2018/2019 school year was primarily due to the decrease in admission quota for junior college students as we ceased recruiting new junior college students starting in the 2018/2019 school year.

(5) Admission quota utilization rate in the 2017/2018 school year was lower than that of other school years in the Track Record Period primarily due to the admission quota utilization rate for our junior college program being 57.6%, as we allocated more school capacity to our bachelor's degree program in the 2017/2018 school year which lowered the overall admission quota utilization rate in the school year. In the 2017/2018 school year, the admission quota utilization rate for our bachelor's degree program was 90.5%.

(6) The school utilization rate is calculated by dividing the number of students residing in Longcheng campus and Beige campus in a particular school year by the maximum student capacity in those campuses for the same school year.

(7) The school utilization rate in the 2019/2020 school year was lower than that of other school years in the Track Record Period primarily due to two new student dormitories on Beige campus being put into use in July 2019 which increased our school capacity by an additional approximately 2,000 students.

OUR COMPETITIVE STRENGTHS

We believe the following competitive strengths have contributed to our success and will continue to distinguish us from our competitors: (i) leading private higher education provider in Shanxi Province with a long history of successful growth and extensive industry experience; (ii) application-oriented course offerings focused on teaching practical skills and preparing students to readily enter the workforce; (iii) active coordination with companies in various industry sectors through joint curriculum design, student cultivation and practical training programs; (iv) well-positioned to benefit from the growing market demand for private higher education and technical talents in Shanxi Province; and (v) experienced, stable and well-established management team with proven track record, supported by seasoned high-caliber teachers with extensive teaching experience.

OUR BUSINESS STRATEGIES

We intend to continue to expand our business and school network. To achieve our goals, we plan to pursue the following business strategies: (i) increase our College's capacity and student body and improve the teaching and living environment by building new facilities; (ii) expand our operations through acquisition; (iii) further improve and diversify our curriculum offerings and course design and continue to provide practical training to our students; (iv) expand the scope of our educational service offerings to capture additional growth opportunities; and (v) continue to build and improve our highly qualified teaching team.

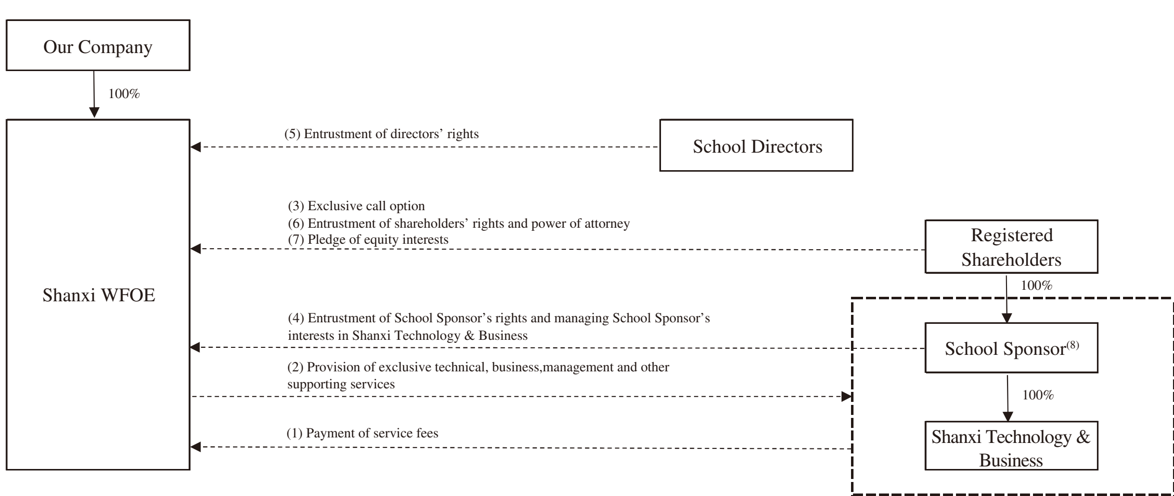
CUSTOMERS AND SUPPLIERS

Our customers primarily consist of our students. We did not have any single customer who accounted for more than 5% of our revenue for any of the years ended August 31, 2018, 2019 or 2020 or the four months ended December 31, 2020. Our suppliers primarily consist of logistics service providers, construction project contractors, maintenance and renovation contractors, heating service providers, booksellers and teaching equipment suppliers. For the years ended August 31, 2018, 2019 and 2020 and the four months ended December 31, 2020, purchases from our five largest suppliers amounted to RMB41.8 million, RMB66.5 million, RMB22.3 million and RMB6.8 million, respectively, accounting for 51.5%, 64.8%, 45.1% and 43.3% of our total purchases for the relevant periods. For the same periods, purchases from our largest supplier for the period amounted to RMB12.0 million, RMB46.4 million, RMB9.0 million and RMB3.0 million, accounting for 14.8%, 45.1%, 18.2% and 19.2%, respectively, of our total purchases for the relevant periods.

During the Track Record Period, (i) Mr. Niu Jian (our executive Director and chief executive officer) held a 31.8% interest and a position as supervisor in a non-decision making capacity in Shanxi Tuohuang, one of our top five suppliers during the Track Record Period, until disposing of such interest in June 2018; and (ii) Tongcai Investment, one of our top five suppliers during the Track Record Period, was a connected person of our Company. Pursuant to a cooperative operation termination agreement, our College and Tongcai Investment agreed to terminate the arrangement with Tongcai Investment in November 2020. See "Business — Customers and Suppliers — Independence of our Top Five Suppliers" in this document for further details.

CONTRACTUAL ARRANGEMENTS

The following simplified diagram illustrates the flow of economic benefits from our College and/or our School Sponsor to our Group stipulated under the Contractual Arrangements. See "Contractual Arrangements — Operation of the Contractual Arrangements" in this document for further details.



"______" denotes direct legal and beneficial ownership in the equity interest

"--------" denotes Contractual Arrangements

Notes:

(1) Payment of service fees. See "Contractual Arrangements — Operation of the Contractual Arrangements — Summary of the Material Terms of the Contractual Arrangements — (2) Exclusive Technical Service and Management Consultancy Agreement" in this document for details.

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

(3) Exclusive call option to acquire all or part of our School Sponsor's interest in Shanxi Technology & Business and equity interest in our School Sponsor. See "Contractual Arrangements — Operation of the Contractual Arrangements — Summary of the Material Terms of the Contractual Arrangements — (3) Exclusive Call Option Agreement" in this document for details.

(4) Entrustment of School Sponsor's rights in Shanxi Technology & Business by our School Sponsor. See "Contractual Arrangements — Operation of the Contractual Arrangements — Summary of the Material Terms of the Contractual Arrangements — (4) School Sponsor's and Directors' Rights Entrustment Agreement" and "Contractual Arrangements — Operation of the Contractual Arrangements — Summary of the Material Terms of the Contractual Arrangements — (5) School Sponsor's Powers of Attorney" in this document for details.

(5) Entrustment of directors' rights in Shanxi Technology & Business by directors of Shanxi Technology & Business including directors' powers of attorney. See "Contractual Arrangements — Operation of the Contractual Arrangements — Summary of the Material Terms of the Contractual Arrangements — (4) School Sponsor's and Directors' Rights Entrustment Agreement" and "Contractual Arrangements — Operation of the Contractual Arrangements — Summary of the Material Terms of the Contractual Arrangements — (6) Directors' Powers of Attorney" in this document for details.

(6) Entrustment of shareholders' right of the Registered Shareholders and our School Sponsor including shareholders' powers of attorney. See "Contractual Arrangements — Operation of the Contractual Arrangements — Summary of the Material Terms of the Contractual Arrangements — (7) Shareholders' Rights Entrustment Agreement" and "Contractual Arrangements — Operation of the Contractual Arrangements — Summary of the Material Terms of the Contractual Arrangements — (8) Shareholders' Powers of Attorney" in this document for details.

(7) Pledge of equity interest by the Registered Shareholders of their equity interest in our School Sponsor. See "Contractual Arrangements — Operation of the Contractual Arrangements — Summary of the Material Terms of the Contractual Arrangements — (10) Equity Pledge Agreement" in this document for details.

(8) According to PRC laws and regulations, entities and individuals who establish private schools are commonly referred to as "school sponsors" instead of "owners" or "shareholders". See "Regulatory Overview" in this document for details.

FOREIGN INVESTMENT RESTRICTION

We currently conduct our private higher education business through our PRC Affiliated Entities in the PRC as PRC laws and regulations generally restrict foreign ownership in the private higher education industry in the PRC. PRC laws and regulations currently restrict the operation of higher education institutions to Sino-foreign cooperation ownership, in addition to imposing qualification requirements on the foreign owners. We do not hold any equity interest in our PRC Affiliated Entities. The Contractual Arrangements, through which we obtain control over and derive the economic benefits from our PRC Affiliated Entities, have been narrowly tailored to achieve our business purpose and minimize the potential conflict with relevant PRC laws and regulations.

Pursuant to the Negative List, the provision of higher education in the PRC falls within the "restricted" category. Foreign investors are only allowed to invest in higher education through cooperation with a domestic party who shall play a dominant role in the Sino-foreign cooperation. We had fully complied with the relevant foreign control restriction in respect of Shanxi Technology & Business on the basis that (a) the principals and the chief executive officers of Shanxi Technology & Business are all PRC nationals; and (b) all the members of the board of directors are PRC nationals.

In relation to the interpretation of Sino-foreign cooperation, pursuant to the Sino-Foreign Regulation and 2004 Implementing Regulations, the foreign investor in a Sino-foreign school (a "**Sino-Foreign 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 (《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》), the foreign portion of the total investment in a Sino-Foreign School should be below 50% (the "**Foreign Ownership Restriction**") and the establishment of these schools is subject to approval of education authorities at the provincial or national level. Notwithstanding our compliance with the Foreign Ownership Restriction, our PRC Legal Advisors have advised that no detailed rules have been released 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. Nevertheless, we are committed to working towards meeting the Qualification Requirement. See "Contractual Arrangements — Background of the Contractual Arrangements" in this document for further details.

FOREIGN INVESTMENT LAW

On March 15, 2019, the 13th National People's Congress approved the Foreign Investment Law which came into effect on January 1, 2020. The Foreign Investment Law does not explicitly stipulate that arrangements such as the Contractual Arrangements are a form of foreign investment. As advised by our PRC Legal Advisors, since contractual arrangements are not specified as foreign investment under the Foreign Investment Law, and if the future laws, regulations and rules do not incorporate or recognize such contractual arrangements as a form of foreign investment, our Contractual Arrangements as a whole and each of the agreements comprising the Contractual Arrangements will not be affected and will continue to be legal, valid and binding on the parties.

For details of risks relating to the Foreign Investment Law, see "Risk Factors — Risks relating to our Contractual Arrangements — Substantial uncertainties exist with respect to the interpretation and implementation of the Foreign Investment Law and how it may impact the viability of our current corporate structure, corporate governance and business operations" in this document.

THE 2016 DECISION AND THE IMPLEMENTATION RULES UNDER THE 2016 DECISION

In addition to the 2016 Decision, the General Office of the People's Government of Shanxi Province promulgated the Shanxi Opinions on July 11, 2018, according to which, school sponsors can freely elect to establish for-profit schools or non-profit schools with the exception that schools providing compulsory education must be non-profit. Sponsors of non-profit private schools do not obtain school operating income, and operating balances are all used for running the schools. For-profit private school sponsors can obtain school operating income, and distribution of the school balances are based on relevant state regulations. Private schools approved for establishment before November 7, 2016 can freely elect to establish for-profit schools or non-profit schools with the exception that schools providing compulsory education must be non-profit, the re-registration shall be completed within 5 years after the publication of Shanxi Opinions.

Our College did not require reasonable returns before the 2016 Decision came into effect. Based on our management's judgment on the current legal framework in the PRC, including the 2016 Decision and the 2021 Implementing Regulations, and the existing ownership structure of our College, we currently expect to register our College as a for-profit private school. We will closely monitor and make the relevant decision regarding the status of our College in response to the development of the 2016 Decision and the 2021 Implementing Regulations after consulting our PRC legal advisors.

Implications on Our College

According to the 2021 Implementing Regulations, we may be required to pay land transaction fees to the local land resources bureau for the land we held interests in at Longcheng campus and Beige campus, as we currently expect to register our College as a for-profit private school. While no laws and regulations have been promulgated as to the calculation of the land transaction fees, taking into consideration (i) the historical transaction prices of land parcels designated for science and education purposes obtained from the State-owned Land Resources Bureau in Shanxi Province since 2018; and (ii) the reference value of such land as of March 31, 2021 as set out in Appendix III to this document, which has been assessed by analysing relevant land sale comparables by Vincorn Consulting and Appraisal Limited, an independent valuer we engaged, our Directors currently estimate, and the Sole Sponsor concurs, that the land transaction fee would not be materially different from the reference value of approximately RMB286.9 million. We currently expect to fund the land transaction fees using internally generated funds from our operations. Taking into account (i) cash and cash equivalents of RMB211.4 million and RMB48.1 million as of December 31, 2020 and April 30, 2021, respectively; (ii) financial assets at fair value through profit or loss of RMB400.0 million (which had maturity within three months) and RMB540.0 million (which had maturity within four months) as of December 31, 2020 and April 30, 2021, respectively; and (iii) expected future cash inflow from our operating activities going forward (we had cash flows from operating activities of RMB226.2 million for the four months ended December 31, 2020), our Directors consider our internally generated funds would be sufficient to satisfy the above funding needs.

As advised by our PRC Legal Advisors, our College is obliged to reapply or apply for amendments to its licenses, permits, approvals and certificates necessary to conduct its operations in accordance with relevant PRC laws in connection with registering our College as a for-profit private school. In this regard, an entity to be registered as a for-profit private school may need to be newly established and therefore, our Company may adopt new contractual arrangements which are expected to be in substantially the same terms as those currently in place under the Contractual Arrangements. Given our College does not provide compulsory education, it is not subject to the prohibition on transaction with interested parties. However, in the unlikely event that our Contractual Arrangements are not deemed to have been entered into on an open, fair and impartial basis in accordance with the current applicable laws and regulations by the relevant PRC government authorities, Shanxi WFOE may need to make changes to the terms of the Contractual Arrangements to comply with the open, fair and impartial requirements. Only in the extreme scenario where we fail to make such changes to the terms of our Contractual Arrangements necessary to comply with the open, fair and impartial requirements and the relevant authorities demand that our Contractual Arrangements be terminated, or the relevant authorities are of the view that no service fees could be charged by Shanxi WFOE in order for the Contractual Arrangements to be open, fair and impartial, we will cease to be able to consolidate our PRC Affiliated Entities, which, in turn, will have a material adverse impact on our business, results of operations and financial condition.

According to the 2021 Implementing Regulations, private schools shall set up an information disclosure mechanism for dealing with their Interested Parties. However, as of the Latest Practicable Date, no specific requirements have been promulgated relating to the information disclosure mechanism, including but not limited to, requirements on financial reporting. Compliance costs may be incurred for establishing disclosure mechanisms if required by future specific measures.

According to the 2021 Implementing Regulations, financial institutions are allowed to develop financial products that are suitable for private schools with controllable risks. Private schools are allowed to raise funds by using future operating income, intellectual property and others. As advised by our PRC Legal Advisors, the 2021 Implementation Regulations did not provide any further detailed requirements in this regard. Before the promulgation of 2021 Implementing Regulations, no laws in the PRC explicitly stipulated how private schools could raise funds.

For illustration purposes only, assuming that during the Track Record Period the profit before tax of our College had been subject to PRC enterprise income tax of 25%, we estimate that our tax exposure would have increased by approximately RMB37.5 million, RMB34.7 million, RMB36.5 million and RMB13.1 million, respectively for the years ended August 31, 2018, 2019 and 2020 and the four months ended December 31, 2020. Our College is not subject to PRC value-added tax for our revenue generated from providing formal education in the PRC. Had such taxes applied to us during the Track Record Period, we estimate that, our net profit would have decreased by approximately RMB37.5 million, RMB34.7 million, RMB36.5 million and RMB13.1 million, respectively, accounting for 25.9%, 25.2%, 25.6% and 25.8% of our net profit, respectively, for the years ended August 31, 2018, 2019 and 2020 and the four months ended December 31, 2020.

In accordance with the 2016 Decision and 2021 Implementing Regulations, if we elect our College to register as a for-profit private school, we will be required to conduct financial settlement, the purpose of which is to clarify the ownership and amount of the schools' assets instead of liquidating such school. Subsequently, we may be required to pay relevant taxes and fees, obtain a new school operating license, apply for re-registration of a newly established company in the PRC, transfer all the assets and liabilities of our College to the newly established company and thereafter, continue school operations under the new private school operating license. With reference to other higher education institutions in the PRC which are in the process of registering to become for-profit private schools and whose information was publicly available as of the Latest Practicable Date, our Directors have not observed any material impact on business, operation and financial condition of those higher education institutions in respect of financial settlement by such higher education institutions. In light of the foregoing, as of the Latest Practicable Date, our Directors are of the view that, and concurred by Sole Sponsor, the business operation and financai performance of our College during the financial settlement process should not be materially affected.

THE CONTROLLING SHAREHOLDERS

Immediately after completion of the [**REDACTED**] and the [**REDACTED**], Niusanping Limited will directly hold [**REDACTED**]% of the issued share capital 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 Share Option Scheme. Niusanping Limited is solely owned by Mr. Niu Sanping, the chairman of our Board and an executive Director. The Directors are satisfied that our Group is capable of carrying on its business independently of the Controlling Shareholders and its or his respective associates. See "Relationship with Controlling Shareholders" in this document.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION OF OUR GROUP

The following tables set forth our summary consolidated financial information as of and for the years ended August 31, 2018, 2019 and 2020 and the four months ended December 31, 2020. You should read this summary together with the consolidated financial information set forth in the Accountants' Report of our Group in Appendix I to this document, including the related notes, as well as the information set forth in the "Financial Information" section in this document.

Selected Consolidated Statements of Profit or Loss and Other Comprehensive Income

	Year ended August 31,			Four Months ended December 31,	
	2018	2019	2020	2019	2020
	(RMB in thousands)				
Revenue	267,361	266,273	271,083	110,949	110,284
Cost of sales	(96,309)	(108,474)	(107,147)	(46,100)	(46,107)
Gross profit	171,052	157,799	163,936	64,849	64,177
Other income and gains	12,779	18,196	18,967	7,823	4,820
Selling and distribution expenses	(221)	(300)	(277)	(224)	(277)
Administrative expenses	(34,620)	(37,928)	(39,782)	(13,976)	(17,436)
Other expenses	(4,236)	(189)	(109)	–	(423)
Profit before tax	144,754	137,578	142,735	58,472	50,861
Income tax expense	–	–	–	–	–
Profit and total comprehensive income for the year/period	144,754	137,578	142,735	58,472	50,861
Attributable to:					
Owners of the Company	144,754	137,594	142,761	58,509	50,861
Non-controlling interests	–	(16)	(26)	(37)	–
	144,754	137,578	142,735	58,472	50,861

The following table sets forth a breakdown of our revenue for the periods indicated:

	Year ended August 31,			Four Months ended December 31,	
	2018	2019	2020	2019	2020
	(RMB in thousands)				
Tuition fees	247,290	245,234	255,176	101,874	100,751
Boarding fees	20,071	21,039	15,907	9,075	9,533
Total	267,361	266,273	271,083	110,949	110,284

Our revenue remained largely stable over the Track Record Period. Our revenue decreased slightly from RMB267.4 million for the year ended August 31, 2018 to RMB266.3 million for the year ended August 31, 2019, and increased to RMB271.1 million for the year ended August 31, 2020. Our revenue decreased from RMB110.9 million for the four months ended December 31, 2019 to RMB110.3 million for the four months ended December 31, 2020.The decrease in our revenue for the year ended August 31, 2019 as compared to the year ended August 31, 2018 was primarily due to the fact that we ceased recruiting new junior college students since the 2018/2019 school year as we decided to focus entirely on our undergraduate program in order to improve the overall quality and reputation of our College and make better use of our faculty resources. Our revenue increased for the year ended August 31, 2020 as compared to the year ended August 31, 2019, mainly due to an increase in our revenue from tuition fees as a result of the increase in the total number of students enrolled in our College from 16,278 for the 2018/2019 school year to 16,616 for the 2019/2020 school year, and partially offset by the refund in boarding fees that we collected from students at the beginning of the 2019/2020 school year to account for the fact that students were unable to board at our College for much of the second semester of the 2019/2020 school year due to the COVID-19 pandemic. We refunded a total of RMB5.4 million in boarding fees to our students. The decrease in our revenue for the four months ended December 31, 2020 as compared to the four months ended December 31, 2019 was primarily due to a delay in the beginning of the 2020/2021 school year for new students from September to October as a result of the COVID-19 pandemic, resulting in only three months of revenue for that year being recognized as of December 31, 2020. This timing effect was partially offset by an increase in the total number of students enrolled in our College from 16,616 for the 2019/2020 school year to 17,233 for the 2020/2021 school year.

Our profit and total comprehensive income for the year decreased by RMB7.2 million, or 5.0%, from RMB144.8 million for the year ended August 31, 2018 to RMB137.6 million for the year ended August 31, 2019 mainly due to an increase in our cost of sales. Such increase was primarily attributable to (i) an increase in salary costs, primarily due to an increase in average salary for our teaching staff and an increase in the total number of our full-time teaching staff from 499 as of September 30, 2017 to 551 as of September 30, 2018 and the total number of our part-time teaching staff decreased slightly from 537 as of September 30, 2017 to 512 as of September 30, 2018; and (ii) an increase in depreciation and amortization of RMB6.8 million, primarily due to a number of real properties being put into use in the 2018/2019 school year as construction projects relating to two teaching buildings, one gymnasium and one student dormitory on Beige campus were completed and purchases of additional equipment, furniture and software. Our profit and total comprehensive income decreased by RMB7.6 million, or 13.0%, from RMB58.5 million for the four months ended December 31, 2019 to RMB50.9 million for the four months ended December 31, 2020 mainly due to (i) an increase of RMB3.7 million in [**REDACTED**]; (ii) a decrease of RMB1.1 million in fair value gains on financial assets at fair value through profit or loss mainly due to the fact that as purchase of financial products were all made at the end of the year in 2020 and therefore no fair value change occurred; and (iii) a decrease of RMB1.4 million in others which primarily as a result of the decrease in income from scientific research and development services we provided to private companies as a result of the COVID-19 pandemic.

We were not required to pay any PRC enterprise income tax throughout the Track Record Period. Following the execution of the Contractual Arrangements, Shanxi WFOE is currently subject to PRC enterprise income tax of 25% of profit before tax and value-added tax of 3% (as its annual taxable revenue is currently below RMB5.0 million) in respect of the service fees it receives from our PRC Affiliated Entities. See "Financial Information — Key Components of our Results of Operations — Income Tax Expense" for further details. For illustrative purposes only, assuming that the Contractual Arrangements were effective during the Track Record Period, Shanxi WFOE would be subject to PRC enterprise income tax of 25% of profit before tax and value-added tax of 6% in respect of the service fees it receives from our PRC Affiliated Entities (as the annual taxable revenue would exceed RMB5.0 million), we estimate that our tax exposure would have increased by approximately RMB44.9 million, RMB42.6 million, RMB44.2 million and RMB15.8 million, respectively, for the years ended August 31, 2018, 2019 and 2020 and the four months ended December 31, 2020. Had such taxes applied to us during the Track Record Period, we estimate that, based on current prevailing laws and regulations, our net profit would have decreased by approximately RMB44.9 million, RMB42.6 million, RMB44.2 million and

RMB15.8 million, respectively, accounting for approximately 31.0%, 31.0%, 31.0% and 31.0% of our net profit, respectively for the years ended August 31, 2018, 2019 and 2020 and the four months ended December 31, 2020, in the worst case scenario.

In addition, for illustrative purposes only, assuming that our College had elected to register as a for-profit private school, and the Contractual Arrangements were effective during the Track Record Period, Shanxi WFOE was subject to PRC enterprise income tax of 25% of profit before tax and value-added tax of 6% in respect of the service fees it received from our PRC Affiliated Entities (as the annual taxable revenue would exceed RMB5.0 million) and assuming that such service fee to be received by Shanxi WFOE is eligible to be tax deductible for the PRC enterprise income tax of our College, we estimate that our tax exposure would have increased by approximately RMB44.9 million, RMB42.6 million, RMB44.2 million and RMB15.8 million, respectively for the years ended August 31, 2018, 2019 and 2020 and the four months ended December 31, 2020. Had such taxes applied to us during the Track Record Period, we estimate that, our net profit would have decreased by approximately RMB44.9 million, RMB42.6 million, RMB44.2 million and RMB15.8 million, respectively, accounting for 31.0%, 31.0%, 31.0% and 31.0% of our net profit, respectively, for the years ended August 31, 2018, 2019 and 2020 and the four months ended December 31, 2020.

For the three years ended August 31, 2018, 2019 and 2020 and the four months ended December 31, 2019 and 2020, our gross profit margin was 64.0%, 59.3%, 60.5%, 58.4% and 58.2%, respectively. During the sames periods, our net profit margin was 54.1%, 51.7%, 52.7%, 52.7% and 46.1%, respectively. Our net profit margin decreased from 52.7% for the four months ended December 31, 2019 to 46.1% for the four months ended December 31, 2020, mainly due to (i) a decrease in our revenue as the beginning of the 2020/2021 school year being delayed from September 2020 to October 2020 for new students as a result of the COVID-19 pandemic; (ii) a decrease in other income and gains as a result of the decrease in income from scientific research and development services we provided to private companies as a result of the COVID-19 pandemic; and (iii) an increase in our administrative expenses as we incurred [**REDACTED**] of RMB4.8 million during the period.

Selected Consolidated Statements of Financial Position

	As of August 31,			As of December 31,
	2018	2019	2020	2020
	(RMB in thousands)			
Current assets	414,347	489,178	420,532	619,142
Prepayments, other receivables and other assets	74,124	247,113	19,654	6,708
Financial assets at fair value through profit or loss	–	30,124	311,657	400,000
Current liabilities	326,582	329,183	103,056	237,516
Contract liabilities	221,191	203,481	2,508	180,046
Other payables and accruals	104,273	119,678	95,047	57,462
Net current assets	87,765	159,995	317,476	381,626
Total non-current assets	690,623	755,971	751,725	738,436
Total equity	778,388	915,966	1,069,201	1,120,062
Non-controlling interests	–	(16)	(42)	–

Our prepayments, other receivables and other assets increased by RMB173.0 million, or 233.5%, from RMB74.1 million as of August 31, 2018 to RMB247.1 million as of August 31, 2019, primarily due to (i) an increase of RMB150.0 million in financial products, which were principal-protected with original maturities of three months; and (ii) an increase of RMB24.6 million in student fees receivables from the third-party payment platforms primarily due to tuition, boarding and miscellaneous fees paid by students through the third-party payment platforms on August 31, 2019 and received by our Group in early 2019.

Our prepayments, other receivables and other assets decreased by RMB227.4 million, or 92.0%, from RMB247.1 million as of August 31, 2019 to RMB19.7 million as of August 31, 2020, primarily due to (i) a decrease of RMB200 million in financial products as all such financial products as of August 31, 2019 matured and we decided to invest such amounts in financial products which are recorded as financial assets at fair value through profit or loss; (ii) a decrease of RMB24.8 million in student fees receivables from the third-party payment platforms as the 2020/2021 school year started later than usual due to the COVID-19 pandemic and we received most tuition fees and boarding fees from students in September 2020 and (iii) a decrease in prepayments to a supplier of RMB8.1 million mainly due to the settlement of such amount by the supplier, which was provided by our College for logistics services, partially offset by (i) an increase in advances of RMB5.3 million in relation to fees for books; and (ii) an increase in [**REDACTED**] in connection with the [**REDACTED**] of RMB1.3 million.

Our prepayments, other receivables and other assets decreased by RMB13.0 million, or 66.0%, from RMB19.7 million as of August 31, 2020 to RMB6.7 million as of December 31, 2020, primarily due to (i) a decrease of RMB8.3 million in equity-transfer-fund receivable in relation to the disposal of Tongcai Media which was fully settled in November 2020; and (ii) a decrease of RMB5.8 million in advance to third parties which included RMB0.5 million advanced to a supplier of decoration services in relation to decoration fees incurred for our on-campus incubation facilities and RMB5.3 million advanced to a supplier of textbooks in relation to purchases of books, both of which were fully settled in September 2020, partially offset by an increase of RMB1.5 million in prepaid [**REDACTED**] from RMB3.3 million as of August 31, 2020 to RMB4.8 million as of December 31, 2020.

Our financial assets at fair value through profit or loss increased significantly from nil as of August 31, 2018 to RMB30.1 million as of August 31, 2019, and further to RMB311.7 million as of August 31, 2020 and further to RMB400.0 million as of December 31, 2020, mainly because we made additional financial investments by utilizing surplus cash on hand to purchase floating return financial products.

Our contract liabilities decreased by RMB201.0 million, or 98.8%, from RMB203.5 million as of August 31, 2019 to RMB2.5 million as of August 31, 2020 because the 2020/2021 school year started later than usual due to the COVID-19 pandemic and we received most tuition fees and boarding fees from students for the 2020/2021 school year in September 2020.

Selected Consolidated Statements of Cash Flows

	Year ended August 31,			Four Months ended December 31,	
	2018	**2019**	**2020**	**2019**	**2020**
	(RMB in thousands)				
Net cash flows from/(used in) operating activities	371,767	141,640	(25,439)	45,708	226,180
Cash generated from operations before changes in working capital	175,659	168,809	171,350	67,962	60,984
Changes in working capital	195,882	(27,531)	(197,136)	(22,467)	164,935
Interest received	226	362	347	213	261
Net cash flows used in investing activities	(115,140)	(232,640)	(105,576)	(115,543)	(103,951)
Net cash flows from financing activities	–	2,184	8,316	500	–
Net increase/(decrease) in cash and cash equivalents	256,627	(88,816)	(122,699)	(69,335)	122,229
Cash and cash equivalents at beginning of year	44,015	300,642	211,826	211,826	89,127
Cash and cash equivalents at end of year	300,642	211,826	89,127	142,491	211,356
Cash and bank balances	300,642	211,826	89,127	142,491	211,356
Time deposits	10,000	–	–	–	–
Less: pledged time deposits for banking facilities of a related party	10,000	–	–	–	–
Cash and cash equivalents as stated in the consolidated statements of cash flows	300,642	211,826	89,127	142,491	211,356

For the year ended August 31, 2020, we had net cash flow used in operating activities of RMB25.4 million, primarily reflecting (i) profit before tax of RMB142.7 million and (ii) positive adjustment on depreciation of property, plant and equipment of RMB36.6 million, offset by a decrease in contract liabilities of RMB201.0 million and a decrease in other payables and accruals of RMB14.1 million, primarily due to the fact that the 2020/2021 school year started later than usual due to the COVID-19 pandemic and we received most tuition fees, boarding fees and miscellaneous fees from students for the 2020/2021 school year in September 2020. We expect receiving our tuition fees, boarding fees and miscellaneous fees from students in August in advance of the commencement of each school year as usual will result in our cash flow from operating activities improving in future years. We will also closely monitor the cash flow used in purchases of items of property, plant and equipment and financial investments and their effect on our liquidity position.

As of August 31, 2018, 2019 and 2020 and December 31, 2020, we had cash and cash equivalents of RMB300.6 million, RMB211.8 million, RMB89.1 million and RMB211.4 million, respectively. The significant drop in cash and cash equivalents to RMB89.1 million as of August 31, 2020 was primarily due to the delay in receiving tuition and boarding fees until after August 31, as described above. Our cash and cash equivalents increased significantly to RMB211.4 million as of December 31, 2020 primarily due to the tuition fees and boarding fees we received from our students in September 2020 prior to the beginning of the 2020/2021 school year. Our cash and cash equivalents decreased to RMB48.1 million as of April 30, 2021 primarily due to an increase of RMB140.0 million in financial assets at fair value through profit or loss for the financial products we purchased. The financial products we purchased were principal protected with floating returns ranging from 1.15% to 3.40% per annum with maturities within four months. The financial products were issued by sizable and reputable licensed banks in the PRC. For risks relating to the purchase of financial products and our treasury and investment policy, see "Risk Factors — Risks relating to our business and our industry — Our results of operations, financial condition and prospects may be adversely affected by our financial assets at fair value through profit or loss due to the uncertainty of accounting estimates in the fair value measurement using of significant observable inputs in the valuation technique" and "Financial Information — Discussion of Selected Items from Our Consolidated Statements of Financial Position — Our Treasury and Investment Policy" in this document for details. We believe that we have sufficient working capital to meet our present and future cash requirements for at least the next 12 months from the date of this document, after taking into account the financial resources currently available to us, including the estimated [**REDACTED**] from the [**REDACTED**] and expected cash flow generated from our operations.

Key Financial Ratios

	As of/for the year ended August 31,			As of/for the four months ended December 31,
	2018	2019	2020	2020
Return on assets(1)	13.1%	11.0%	12.2%	11.2%
Return on equity(2)	18.6%	15.0%	13.3%	13.6%
Current ratio(3)	126.9%	148.6%	408.1%	260.7%

Notes:

(1) Return on assets equals net profit/(annualized net profit) for the year/period divided by total assets as of the end of the year/period.

(2) Return on equity equals net profit/(annualized net profit) for the year/period divided by total equity amounts as of the end of the year/period.

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

Our current ratio increased from 126.9% as of August 31, 2018 to 148.6% as of August 31, 2019, primarily due to an increase of our current assets as a result of an increase in prepayments, other receivables and other assets mainly attributable to an increase in financial products, partially offset by a decrease in cash and cash equivalents. Our current ratio further increased to 408.1% as of August 31, 2020, primarily due to a significant decrease in current liabilities as the 2020/2021 school year started later than usual due to the COVID-19 pandemic and we received most tuition fees and boarding fees from students enrolled in the 2020/2021 school year in September 2020. Our current ratio decreased from 408.1% as of August 31, 2020 to 260.7% as of December 31, 2020, primarily due to the increase in current liabilities mainly attributable to an increase in contract liabilities reflecting the receipt of tuition and boarding fees in September 2020, partially offset by an increase in financial assets at fair value through profit or loss and cash and cash equivalents.

[**REDACTED**]

We expect to incur a total of RMB[**REDACTED**] million (equivalent to approximately HK$[**REDACTED**] million) of [**REDACTED**], including [**REDACTED**] commissions for the [**REDACTED**], representing approximately [**REDACTED**] of the gross [**REDACTED**] from the [**REDACTED**], (assuming an [**REDACTED**] of HK$[**REDACTED**], being the mid-point of the indicative [**REDACTED**] range between HK$[**REDACTED**] and HK$[**REDACTED**], and assuming that the [**REDACTED**] is not exercised) of which RMB[**REDACTED**] million, RMB[**REDACTED**] million, RMB[**REDACTED**] million and RMB[**REDACTED**] million (equivalent to approximately HK$[**REDACTED**] million, HK$[**REDACTED**] million, HK$[**REDACTED**] million and HK$[**REDACTED**] million, respectively) have been charged to our consolidated statements of profit or loss and other comprehensive income for the years ended August 31, 2018, 2019 and 2020 and the four months ended December 31, 2020, respectively, an additional RMB[**REDACTED**] million (equivalent to approximately HK$[**REDACTED**] million) is expected to be charged to our consolidated statement of profit or loss and other comprehensive income for the year ending August 31, 2021 and RMB[**REDACTED**] million (equivalent to approximately HK$[**REDACTED**] million) is directly attributable to the issue of the Shares to the public and will be capitalized. [**REDACTED**] represent professional fees and other fees incurred in connection with the [**REDACTED**], including [**REDACTED**] commissions for the [**REDACTED**]. 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 expect these [**REDACTED**] to have an impact on our results of operations for the year ending August 31, 2021.

[**REDACTED**]

[**REDACTED**]

DIVIDENDS

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 College, which are primarily incorporated in China. Our College must comply with its constitutional documents and the laws and regulations of China in declaring and paying dividends to us. Pursuant to the laws applicable to the PRC foreign investment enterprises, our Company's subsidiaries must make appropriations from after-tax profit to non-distributable reserve funds 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.

In principle, we currently expect to retain our Group's earnings for use in expanding our Group's operation to the extent deem necessary, and do not plan for that the members of our Group established in the PRC to distribute such earnings in the foreseeable future. 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 Companies Act of the Cayman Islands. Our Shareholders in a general meeting may approve any declaration of dividends, which must not exceed the amount recommended by our Board. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of the Board.

During the Track Record Period, we did not declare or distribute any dividends.

RISK FACTORS

We believe that there are certain risks and uncertainties involved in our operations, some of which are beyond our control. Major risks we face include, among others, the following: (i) new legislation or changes in the PRC regulatory requirements regarding private higher education may affect our business, financial condition, results of operations and prospects. We are subject to uncertainties brought by the 2016 Decision, the 2021 Implementing Regulations and related implementation rules; (ii) we are subject to extensive governmental approvals and compliance requirements for establishing our campuses and school premises and several of the properties we use for our operations are not in compliance with applicable laws and regulations; (iii) we face intense competition in the PRC education industry. If we are unable to compete effectively, our business, financial condition and results of operations may be adversely affected; (iv) our business is heavily dependent on our reputation; (v) our business, financial condition, and results of operations depend largely on the number of students our College may admit, which in turn is subject to the admission quota approved by the relevant education authorities and limited by the capacity of our College's facilities. Our ability to expand our business may also be hindered; and (vi) our business and results of operations depend on the level of tuition fees and boarding fees we are able to charge and our ability to maintain and raise tuition fees and boarding fees. See "Risk Factors" in this document for details.

PROPERTY VALUATION

According to the property valuation report prepared by Vincorn Consulting and Appraisal Limited, an independent valuer we engaged, as set forth in Appendix III to this document, the market value of the properties interests held by us for occupation in the PRC as of March 31, 2021 was approximately RMB330.0 million. See "Business — Properties" and Appendix III in this document for further 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 value of our properties may be different from their actual realizable value and are subject to uncertainty or change" in this document for details.

LEGAL PROCEEDINGS AND NON-COMPLIANCE

During the Track Record Period, we were not in compliance with certain PRC laws and regulations, including, (i) we failed to make full payments to the social insurance scheme and contributions to the housing provident fund for our employees; (ii) we have not obtained land use right certificates or real estate title certificates with respect to three parcels of land used by our College; (iii) we occupied collective land without governmental approval; (iv) we have not obtained all relevant permits or carried out all relevant regulatory requirements in relation to all the buildings in which we held interests, including one or more of: completing the fire control design and inspection before commencement of construction, fire control inspection and acceptance before putting properties into use, commencing construction in accordance with the construction planning permit, obtaining construction commencement permit before commencing construction, completing construction project completion acceptance check before putting properties into use and filing the requisite construction project completion acceptance check for buildings; (v) we did not comply with Monitoring Indicators in relation to the ratio of school site area to the number of students enrolled; and (vi) we did not comply with Qualified Indicators in relation to the teacher-to-students ratio and the ratio of teaching and administrative building area to the number of students enrolled. See "Business — Legal Proceedings and Non-compliance" in this document for further details.

The different indicators that applied to our College and our compliance status over the Track Record Period are as follows:

	Qualified Indicators	Restrictive Indicators	Monitoring Indicators	Our compliance status during the Track Record Period
Teacher-to-student ratio	1:18	1:23	N/A	Complied with Restrictive Indicators, but not complied with Qualified Indicators(1)
Ratio of teaching and administrative building area to the number of students enrolled	not less than nine sq. m. per student	not less than five sq. m. per student	N/A	Compliant with Qualified Indicators for the 2019/2020 and 2020/2021 school year, but not compliant with Qualified Indicators for the 2017/2018 and 2018/2019 school year
Ratio of school site area to the number of students enrolled	N/A	N/A	not less than 54 sq. m.	Not compliant

Note:

(1) Under the calculation method prescribed in the Conditions, our teacher-to-student ratio for 2017/2018, 2018/2019, 2019/2020 and 2020/2021 school year would be 1:22.0, 1:20.2, 1:20.0 and 1:21.2, respectively, which was compliant with the Restrictive Indicators but was not compliant with the Qualified Indicators.

As advised by our PRC Legal Advisors, with regard to the Basic Indicators, there is no provision under the Conditions stipulating that the schools which fail to meet the Qualified Indicators but have met the Restrictive Indicators are subject to any legal consequences.

See "Business — Properties — Regulatory Requirements Relating to the Ratio of School Site Area/Teaching and Administrative Building Area to the Number of Students Enrolled" and "Business — Legal Proceedings and Non-compliance" for details.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Since December 31, 2020 and up to the date of this document, our business remained stable and in line with the past trends and our expectations. As of December 31, 2020 and the Latest Practicable Date, the total number of student enrollment at our College was 17,201 and 17,148, respectively. The decrease in the total number of student enrollment was primarily due to 46 students temporarily suspending their studies and seven students withdrawing from our College for personal reasons. With tuition fee rates charged for the 2020/2021 school year remaining relatively stable as compared with the 2019/2020 school year, this will potentially increase our revenue for the year ending August 31, 2021. However, our forecast profit for the year ending August 31, 2021 is expected to decrease as compared with the year ended August 31, 2020 primarily due to an increase in [**REDACTED**]. To the best of our knowledge, there is no change to the overall economic and market condition in China or in the PRC private education industry in which we operate that may have a material adverse effect on our business operations and financial position.

Impact of the COVID-19 on our College

Since the end of December 2019, the outbreak of a novel strain of coronavirus named COVID-19 has materially and adversely affected the global economy. The outbreak of COVID-19 cases in the PRC and globally have caused governments around the world to implement unprecedented measures such as city lockdowns, travel restrictions, quarantines and business shutdowns.

In light of the outbreak of the COVID-19 epidemic in the PRC, our College postponed the opening of both school campuses for the spring semester of the 2019/2020 school year. In order to minimize disruption to the school year as much as possible, we taught classes and offered other learning activities via online platforms from March 2020 to June 2020 while the students and faculty of our College were unable to return to school. Pursuant to the Guiding Opinions on the Organization and Management of Online Teaching in Colleges and Universities in Shanxi Province During the Period of Epidemic Prevention and Control (《關於在疫情防控期間做好全省高等學校在線教學組織與管理工作的指導意見》) issued by the Department of Education of Shanxi Province, teachers at our College attended relevant technology training provided by various online platforms and we selected a number of suitable platforms including WeChat, QQ, DingTalk, Tencent Meeting, among others, on which to conduct teaching. We cannot guarantee you that teaching courses online can be as effective as teaching courses offline.

In addition, due to the outbreak of COVID-19, the Department of Education of Shanxi Province, the Shanxi Development and Reform Commission, and the Department of Finance jointly issued the Notice. Pursuant to the Notice, for the 2019/2020 school year, notwithstanding that our College was unable to timely open its campuses for the spring semester of 2020 as previously scheduled, we managed to provide education services to our students via third-party online education platforms. Therefore, we were not required to refund any tuition fees to our students. However, we were required to refund to our students a portion of boarding fees we collected at the beginning of the 2019/2020 school year, in the aggregate amount of RMB5.4 million. We refunded all of such RMB5.4 million in boarding fees to our students in the year ended August 31, 2020. Other than this, the outbreak of COVID-19 did not have significant impact on our operations and financial position for the year ended August 31, 2020. See "Business — Tuition and boarding fees — Student Withdrawals and Refund" for further details.

As of the Latest Practicable Date, the spread of COVID-19 in Shanxi Province was under control and our College campuses remained open. We have enrolled 17,233 students for the 2020/2021 school year. Despite the beginning of the semester being delayed until October 12, 2020 for new students, our students have returned to school and we have carried out our classes in both school campuses since the commencement of the 2020/2021 school year.

In the event our students are not able to attend classes on our school campuses for any portion of the 2020/2021 school year due to any major health and safety concerns, we will be able to respond quickly and arrange resuming teaching online. As we still render education services to our students online even when on-campus learning is not possible, we continue to receive tuition fees and recognize such revenue in the ordinary course of business. However, if our students were not able to attend classes on our school campuses for any portion of the 2020/2021 school year due to any major health and safety concerns, we could be required to refund some of the boarding fees received and lose a portion of the revenue from boarding fees if our students were no longer able to use the dormitories on campuses. For the years ended August 31, 2018, 2019 and 2020 and the four months ended December 31, 2020, revenue from boarding fees amounted to RMB20.1 million, RMB21.0 million, RMB15.9 million and RMB9.5 million, respectively, accounting for 7.5%, 7.9%, 5.9% and 8.6%, respectively, of our total revenue. In addition, we could face more challenges if the COVID-19 outbreak prolongs, and the operation of our schools, including our student recruitment, could be adversely affected, which, in turn, could impact our financial performance in the 2020/2021 school year.

Our Directors are of the view that if the COVID-19 pandemic were to worsen in China, assuming that (i) our operations were fully suspended and thus, our College was unable to generate any revenue from May 1, 2021; (ii) the remaining tuition fees and boarding fees we collected from students prior to the beginning of the 2020/2021 school year which we had not yet recognized as revenue was refunded; (iii) trade payables were settled when due; (iv) full time staff, including both teaching and administrative staff, got paid during the suspension of our operations; (v) no other income, including but not limited to fair value gain from financial assets at fair value through profit or loss, government grant, and bank interest income, was generated; (vi) there were no other sources of funding except for cash on hand and [**REDACTED**] of the estimated [**REDACTED**] of the [**REDACTED**] designated for our working capital and general corporate purposes; (vii) no [**REDACTED**] of the [**REDACTED**] in accordance with the anticipated uses as set forth in the section headed "Future Plans and [**REDACTED**]" in this document were considered as our expansion plan was delayed; and (viii) all other variables remained constant, we would still expect to remain financially viable for more than two years.