BOJUN

BOJUN EDUCATION COMPANY LIMITED
博駿教育有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code: 1758

GLOBAL OFFERING

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

中信建投國際
CHINA SECURITIES INTERNATIONAL

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

首控證券
FIRST CAPITAL SECURITIES LIMITED

第一上海
FIRST SHANGHAI GROUP
FIRST SHANGHAI SECURITIES LIMITED

Joint Bookrunners and Joint Lead Managers

農銀國際
ABC INTERNATIONAL

方正证券(香港)
FOUNDER SECURITIES (HONG KONG)

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

Bojun Education Company Limited
博駿教育有限公司

(Incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Total Number of Offer Shares under the Global Offering	:	**200,000,000 Shares (subject to the Over-allotment Option)**
Number of Hong Kong Public Offer Shares	:	**20,000,000 Shares (subject to adjustment)**
Number of International Offering Shares	:	**180,000,000 Shares (subject to the Over-allotment Option and adjustment)**
Offer Price	:	**Not more than HK$2.36 per Offer Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027% and a Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	:	**HK$0.01 per Share**
Stock code	:	**1758**

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Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus. A copy of this prospectus, having attached thereto the documents specified in the paragraph headed "Documents Delivered to the Registrar of Companies" in Appendix VI to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other documents referred to above.

The Offer Price is expected to be determined by agreement between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company on or before Tuesday, 24 July 2018 or such later date as may be agreed between the parties. If, for any reason, the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company are unable to reach an agreement on the Offer Price by Thursday, 26 July 2018, the Global Offering will not proceed and will lapse immediately. The Offer Price will be not more than HK$2.36 per Share and is expected to be not less than HK$1.99 per Share, unless otherwise announced. Investors applying for the Hong Kong Public Offer Shares must pay, on application, the maximum offer price of HK$2.36 for each Offer Share together with brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% subject to refund if the Offer Price is lower than HK$2.36. The Joint Global Coordinators (for themselves and on behalf of the Underwriters) may, with the consent of our Company, reduce the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range below that stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, notices of such reduction will be published on the websites of the Stock Exchange at **www.hkexnews.hk** and the Company at **bojuneducation.com** as soon as practicable but in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering.

Prior to making an investment decision, prospective investors should carefully consider all of the information set out in this prospectus, in particular, the risk factors set out in the section headed "Risk Factors" in this prospectus.

Pursuant to the termination provisions contained in the Hong Kong Underwriting Agreement in respect of the Offer Shares, the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) have the right in certain circumstances, in their absolute discretion, to terminate the obligations of the Hong Kong Underwriters pursuant to the Hong Kong Underwriting Agreement at any time prior to 8:00 a.m. on the Listing Date. Further details of the terms of the termination provisions are set out in the section headed "Underwriting — Underwriting arrangements and expenses — Hong Kong Public Offering — Grounds for Termination" in this prospectus. It is important that you refer to that section for further details.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States, or to, or for the account or benefit of U.S. persons, except that the Offer Shares may be offered, sold or delivered (i) within the United States in reliance on an exemption from registration under the U.S. Securities Act provided by, and in accordance with the restrictions of, Rule 144A under the U.S. Securities Act or another exemption from registration under the U.S. Securities Act; and (ii) in offshore transactions outside the United States in reliance on Regulation S under the U.S. Securities Act.

19 July 2018

The Company will publish an announcement on the website of the Stock Exchange at ***www.hkex.com.hk*** *and our website at* ***bojuneducation.com*** *if there is any change in the following expected timetable of the Hong Kong Public Offering.*

	Date *(note 1)*
Hong Kong Public Offering commences and **WHITE** and **YELLOW** Application Forms available from	9:00 a.m. on Thursday, 19 July 2018
Latest time to complete electronic applications under **HK eIPO White Form** service through the designated website at **www.hkeipo.hk** *(note 4)*	11:30 a.m. on Tuesday, 24 July 2018
Application lists for the Hong Kong Public Offering open *(note 2)*	11:45 a.m. on Tuesday, 24 July 2018
Latest time for lodging **WHITE** and **YELLOW** Application Forms and giving **electronic application instructions to HKSCC** *(note 3)*	12:00 noon on Tuesday, 24 July 2018
Latest time to complete payments for **HK eIPO White Form** applications by effecting internet banking transfer(s) or PPS payment transfer(s)	12:00 noon on Tuesday, 24 July 2018
Application lists for Hong Kong Public Offering close *(note 2)*	12:00 noon on Tuesday, 24 July 2018
Expected Price Determination Date *(note 6)*	Tuesday, 24 July 2018
Announcement of the final Offer Price, the indications of the level of interest in the International Offering, the level of applications in the Hong Kong Public Offering, and the basis of allocation of the Hong Kong Public Offer Shares to be published at the websites of the Stock Exchange at **www.hkexnews.hk** and the Company at **bojuneducation.com** on or before *(note 7)*	Monday, 30 July 2018
Results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels (see the section headed "How to Apply for Hong Kong Public Offer Shares — 11. Publication of Results") from	Monday, 30 July 2018
Results of allocations in the Hong Kong Public Offering will be available at **www.tricor.com.hk/ipo/result** with a "search by ID Number/Business Registration Number" function from	Monday, 30 July 2018
Despatch/collection of share certificates in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering on or about *(notes 5, 8 & 9)*	Monday, 30 July 2018

Share certificates in respect of wholly or partially successful applications to be despatched or deposited into CCASS on *(note 8)*	Monday, 30 July 2018
HK eIPO White Form e-Auto Refund payment instructions/ refund cheques in respect of wholly successful (if applicable) or wholly or partially unsuccessful applications to be despatched/collected on or about *(notes 7, 10 & 11)*	Monday, 30 July 2018
Dealings in Shares on the Main Board of the Stock Exchange to commence on	9:00 a.m. on Tuesday, 31 July 2018

Notes:

(1) All times refer to Hong Kong local time. Details of the structure of the Global Offering, including its conditions, are set out in the section headed "Structure of the Global Offering" in this prospectus.

(2) If there is a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, 24 July 2018, the application lists will not open and close on that day. Further information is set out in the section headed "How to Apply for Hong Kong Public Offer Shares — 10. Effect of bad weather on the opening of the application lists". If the application lists do not open and close on Tuesday, 24 July 2018, the dates mentioned in this section headed "Expected Timetable" in this prospectus may be affected. An announcement will be made by us in such event.

(3) Applicants who apply for Hong Kong Public Offer Shares by giving **electronic application instructions** to HKSCC should refer to the section headed "How to Apply for Hong Kong Public Offer Shares — 6. Applying by Giving Electronic Application Instructions to HKSCC via CCASS" for details.

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

(5) Share certificates for the Hong Kong Public Offer Shares will become valid certificates of title at 8:00 a.m. on Tuesday, 31 July 2018, provided that (i) the Global Offering has become unconditional in all respects; and (ii) neither of the Underwriting Agreements has been terminated in accordance with its terms. Investors who trade Shares on the basis of publicly available allocation details before the receipt of share certificates or before the share certificates become valid certificates do so entirely at their own risk.

(6) The Offer Price is expected to be determined by Tuesday, 24 July 2018. If, for any reason, the Offer Price is not agreed between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company by Thursday, 26 July 2018, the Global Offering will not proceed and will lapse.

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

(8) Applicants who apply on **WHITE** Application Forms for 1,000,000 Hong Kong Public Offer Shares or more under the Hong Kong Public Offering and have provided all information required on their Application Forms, they may collect any refund cheque(s) and/or share certificate(s) in person from our Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong from 9:00 a.m. to 1:00 p.m. on Monday, 30 July 2018. Applicants being individuals who apply for 1,000,000 Hong Kong Public Offer Shares or more and eligible for personal collection must not authorize any other person to make collection on their behalf. Applicants being corporations who are applying for 1,000,000 Hong Kong Public Offer Shares or more and eligible for personal collection must attend by their authorized representatives bearing letters of authorization from their corporations stamped with the corporations' chop. Identification and (where applicable) authorization documents acceptable to our Hong Kong Branch Share Registrar, Tricor Investor Services Limited, must be produced at the time of collection.

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

(10) Applicants who apply for Hong Kong Public Offer Shares via **HK eIPO White Form** should refer to the section headed "How to Apply for Hong Kong Public Offer Shares — 13. Refund of Application Monies" in this prospectus.

(11) Uncollected share certificate(s) and refund cheque(s) will be despatched by ordinary post at the applicants' own risk to the addresses specified on the relevant applications. Further details are set out in the section headed "How to apply for Hong Kong Public Offer Shares — 14. Despatch/Collection of Share Certificates and Refund Monies" in this prospectus.

For details of the structure of the Global Offering, including the conditions thereof, please refer to the section headed "Structure of the Global Offering" in this prospectus.

IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by Bojun Education Company Limited solely in connection with the Hong Kong Public Offering and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Public Offer Shares offered by this prospectus pursuant to the Hong Kong Public Offering. This prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong.

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

CONTENTS

This summary aims to give you an overview of the information contained in this prospectus. As it is a summary, it does not contain all the information that may be important to you. You should read the whole prospectus before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk Factors" in this prospectus. You should read that section carefully in full before you decide to invest in the Offer Shares.

OVERVIEW

We are a private education service group with over 16-year track record in providing private education services in Chengdu, Sichuan Province, China. As at the Latest Practicable Date, we operated one middle and high school, two middle schools and six kindergartens in Chengdu. As measured by student enrollment, we ranked second in the private middle school education industry and fifth in the private preschool education industry in Chengdu with approximately 5.2% and 0.5% of market share respectively in the 2016/2017 school year and approximately 6.6% and 0.4% of market share respectively in the 2017/2018 school year.

Throughout the years of our operation from 2001, we rooted in the private preschool education industry and expanded our footprints in the private middle school education industry. In June 2001, our first kindergarten, Youshi Kindergarten, obtained the license to offer private preschool education services. Subsequently, we established Lidu Kindergarten in May 2003, Riverside Kindergarten in June 2003, Longquan Kindergarten in February 2009, Qingyang Kindergarten in March 2010 and Peninsula Kindergarten in September 2013. From 2009 to 2011, we co-operated and managed the Experimental School with Sichuan Normal University. After gaining experience in managing a middle school, we established our first middle school, Jinjiang School, in April 2012 and then Longquan School in September 2015 and Tianfu School in April 2016 to provide private middle school education services. In 2016, we successfully replicated our business model for school management and set up our first high school at Longquan School.

We aim to provide all-round education services to our students and endeavor to nurture students to pursue not only academic excellence by offering them vibrant learning opportunities. Our middle schools and high school students can participate in a wide selection of extracurricular activities, ranging from music, arts, foreign languages to sports and robotics. We believe our high quality educational services help develop our students' communication, creativity and collaboration skills, which in turn assist our students to achieve outstanding academic performance. For example, for Zhongkao administered in 2015, 2016 and 2017, approximately 86.6%, 88.5% and 92.0% of our graduating middle school students who participated in such examinations scored well enough to be accepted by first-tier high schools in Chengdu. Some of our top students even received early admission offered by first-tier high schools in Chengdu, international program of other high schools or our high school (which was established in 2016) and did not participate in Zhongkao administered in 2015, 2016 and 2017.

We grew steadily in terms of revenue, gross profit and student enrollment over the Track Record Period. Our revenue increased from approximately RMB103.2 million for the year ended 31 August 2015 to approximately RMB135.4 million for the year ended 31 August 2016, and further to approximately RMB181.2 million for the year ended 31 August 2017. We recorded revenue of approximately RMB115.2 million for the six months ended 28 February 2018. Our gross profit increased from approximately RMB35.3 million for the year ended 31 August 2015 to approximately RMB49.4 million for the year ended 31 August 2016, and further to approximately RMB59.1 million for the year ended 31 August 2017. We recorded gross profit of approximately RMB30.2 million for the six months ended 28 February 2018. Our overall student enrollment grew from 4,625 as of 1 September 2015 to 5,789 as of 1 September 2016, and further to 7,211 as of 1 September 2017.

OUR SCHOOLS

All of our schools are located in Chengdu, Sichuan Province. We focus on providing high-quality education services and attach great importance to all-round development of our students. With rising demand of PRC parents for quality private education, we have experienced significant growth since our inception in 2001.

Middle Schools and High School

Our Jinjiang School and Tianfu School currently operate middle schools and our Longquan School currently operates both middle school and high school, of which the high school commenced operation in September 2016. All of our middle schools and high school share the same school motto, "learning intently in pursuit of knowledge and caring about the world" educational philosophy, "to lay a solid foundation for the life of our students", and goal as in nurturing students with good manners, intellectual curiosity, a passion for life and a sense of humanity. Please refer to the section headed "Business — Our schools — Our middle school and high school education services" in this prospectus for further details.

Kindergartens

The education philosophy of our kindergartens is that we should respect the individualities of our students, help develop their personalities and provide them with care and love. Our education goal is for our students to grow up as healthy, happy, intelligent and artistic people. The features of our education program include: (i) providing a bilingual learning environment to our students so as to enable them to understand and appreciate cultural diversity; and (ii) fostering the reading habits of our students so as to lay a solid foundation for the life-long learning of our students. We generally admit students aged two or above into our kindergartens. All of our kindergartens provide a full-day program to our students with beds for noon-time naps. We currently divide our kindergarten students into two categories: students who are younger than three years old are in nursery and students who are three years of age or older attend K1 through K3 classes based on their respective age. Please refer to the section headed "Business — Our schools — Our preschool education services" in this prospectus for further details.

OUR STUDENTS AND STUDENT RECRUITMENT

As of 1 September 2017, we had a total student enrollment of 7,211 students, including 1,556 kindergarten students, 5,325 middle school students and 330 high school students. As of 1 March 2018, we had a total student enrollment of 7,188 students, including 1,592 kindergarten students, 5,269 middle school students and 327 high school students. The following table sets forth information relating to the student enrollment for each of our schools as of the dates indicated:

School	Student Enrollment			
	As of 1 September			
	2014[(1)]	2015[(2)]	2016[(3)]	2017[(4)]
Jinjiang School				
Middle school	2,576	2,654	2,726	2,885
Longquan School				
High school	—	—	171	330
Middle school	—	418	993	1,537
Tianfu School				
Middle school	—	—	313	903
Subtotal (middle schools and high school)	2,576	3,072	4,203	5,655
Youshi Kindergarten	230	278	308	321
Lidu Kindergarten	327	350	327	303
Longquan Kindergarten	258	278	258	241
Peninsula Kindergarten	127	216	272	278
Riverside Kindergarten	143	153	151	146
Qingyang Kindergarten	264	278	270	267
Subtotal (Kindergarten)	1,349	1,553	1,586	1,556
Total	3,925	4,625	5,789	7,211

Notes:

(1) Represents the beginning of the 2014/2015 school year.

(2) Represents the beginning of the 2015/2016 school year.
(3) Represents the beginning of the 2016/2017 school year.
(4) Represents the beginning of the 2017/2018 school year.

For our kindergartens, we conduct interviews for both prospective students and their parents. Their interview performance are taken into account for admission purpose. The recruitment processes for our middle schools and high school are more selective. We aim to recruit students who are enthusiastic about learning and eager to keep expanding their academic horizons. For our middle schools, we generally accept primary school graduates with excellent academic records. In order to maintain the quality of our high school students, we encourage our middle school graduates to apply for our high school. We grant offers to our middle school students who score well enough in the internal examinations of our middle schools. Please refer to the section headed "Business — Our students and student recruitment" in this prospectus for further details.

MARKETING

In addition to word-of-mouth referrals, we also arranged our students to participate in TV shows and community activities organized by the local government authorities. Please refer to the section headed "Business — Marketing" in this prospectus for further details.

TUITION AND BOARDING FEES

For middle schools and high school, we charge tuition fee at a range of RMB16,000 to RMB32,000 annually per student and a boarding fee of RMB1,200 annually per student if boarding is required for school years 2014/2015 to 2017/2018. For kindergartens, we charge tuition fee at a range of RMB24,960 to RMB48,960 annually per student for school years 2014/2015 to 2017/2018.

TEACHERS AND TEACHER RECRUITMENT

We believe teachers are the key to maintaining our high-quality educational program and services as well as maintaining the reputation of our schools. As of 1 September 2017, we had 580 teachers and among our middle and high school teachers, approximately 98.6% of our teachers have a bachelor's degree or above, and approximately 25% of them have a master's degree or above. Some of our teachers achieved outstanding performance in teaching and received recognition from the relevant PRC authorities. As at the Latest Practicable Date, three teachers were recognized as Exceptional Teacher* (特級教師), 64 teachers held the Advanced Teaching Qualification* (高級教師), 15 teachers were recognized as Excellent Teacher at or above City Level* (市級或以上優秀教師), one teacher was recognized as Excellent Class Teacher at City Level* (市級優秀班主任), one teacher was recognized as Excellent Moral Educator at City Level* (市級優秀德育工作者) and one kindergarten principal was recognized as Model Principal of Private Kindergarten* (民辦幼兒園模範園長). Please refer to the section headed "Business — Teachers and teacher recruitment" in this prospectus for further details.

OUR COMPETITIVE STRENGTHS

We seek to leverage our competitive strengths to reinforce our leading market position and further expand our operations. We believe the following factors contribute to our success and differentiate us from our competitors: (i) we have a track record of over 16 years in offering high-quality private education services; (ii) we have strong reputation for student performance and high-quality education services in Chengdu; (iii) we provide high-quality education services by a highly qualified teaching team; (iv) we focus on enabling our students to have all-round development with vibrant learning opportunities; and (v) we have a dedicated management team with extensive knowledge and experience in the private education industry in the PRC. Please refer to the section headed "Business — Our competitive strengths" in this prospectus for further details.

OUR BUSINESS STRATEGIES

We aim to consolidate our leading position in the private education market in Chengdu and further expand our school network. In view of that, we plan to pursue the following business strategies: (i) further expand our school network to broaden our geographic coverage in China and the United States by ways of market penetration and market diversification; (ii) increase student enrollment level of our newly established schools; (iii) provide private education services in a "through-train" mode under our new brand of Bojun School (博駿公學); (iv) continue to provide high-quality education and maintain a strong team of experienced and qualified teaching team; and (v) enhance our profitability by optimizing our pricing ability and enhancing our services. Please refer to the section headed "Business — Our business strategies" in this prospectus for further details of our strategies.

CUSTOMERS AND SUPPLIERS

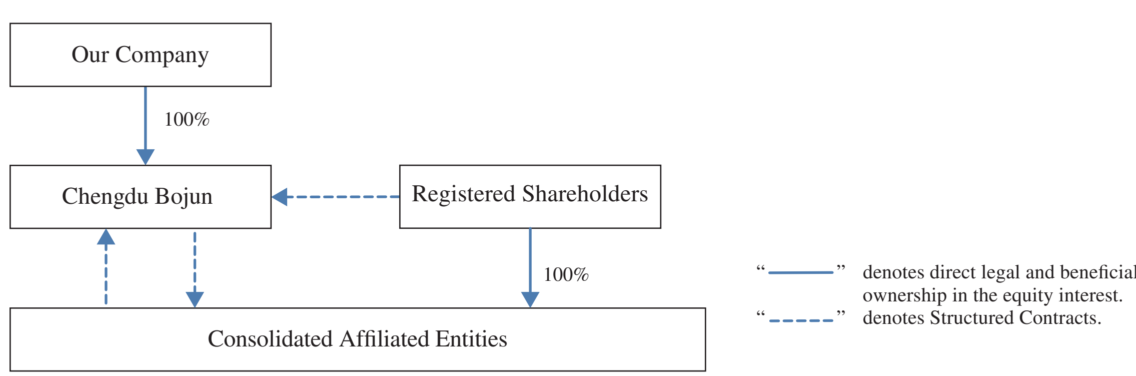
During the Track Record Period, our customers primarily consisted of our students and their parents. We did not have any single customer who accounted for more than 5% of our revenue for each of the years ended 31 August 2015, 2016, 2017 and the six months ended 28 February 2018.

During the Track Record Period, our suppliers primarily comprised (i) Sichuan Haowen, which granted the authorized use of the brand of Sichuan Normal University to Jinjiang School, Longquan School and Tianfu School, (ii) construction and renovation companies and (iii) property developers. For the years ended 31 August 2015, 2016 and 2017 and the six months ended 28 February 2018, transactions with our five largest suppliers amounted to approximately RMB24.7 million, RMB29.6 million, RMB20.5 million and RMB202.7 million, respectively. Transactions with our largest supplier during the Track Record Period amounted to approximately RMB10.2 million, RMB10.6 million, RMB9.4 million and RMB133.1 million, respectively. Please refer to the section headed "Business — Suppliers" in this prospectus for further details of our suppliers.

STRUCTURED CONTRACTS

Overview of the Structured Contracts

We now conduct our private education business through our Consolidated Affiliated Entities in the PRC which has laws and regulations in place prohibiting foreign ownership of middle schools in the PRC and restricting operation of preschools and high schools by Sino-foreign ownership with qualification requirements imposed on the foreign owners. Although we do not hold any equity interest in our Consolidated Affiliated Entities, we have control over and derive economic benefits from our Consolidated Affiliated Entities through the provision of services by Chengdu Bojun and receipt of service fees in return in accordance with the Structured Contracts. Please see the section headed "Structured Contracts — Operation of the Structured Contracts" in this prospectus for further details. According to our PRC Legal Advisors, no current PRC laws or regulations restrict or prohibit Chengdu Bojun's contractual rights to receive service fees from our Consolidated Affiliated Entities for the services provided under the Structured Contracts irrespective of whether the school sponsors require "reasonable returns" or, after the Decision taking effect, as for-profit or not-for-profit schools. The following simplified diagram illustrates the flow of economic benefits from our Consolidated Affiliated Entities to our Group under the Structured Contracts:



IMPACT OF THE DECISION

The Decision has made certain amendments to the Private Education Law, allowing the school sponsors of a private school, which provides education services other than compulsory education, to choose to be a for-profit private school or a not-for-profit private school. However, the Decision is silent on the specific measures regarding how existing private schools can choose to become for-profit private schools or not-for-profit private schools and there are uncertainties regarding the interpretation and application of the Decision, such as procedures to be undergone for private schools to become for-profit private schools or not-for-profit private schools. Notwithstanding the promulgation of the Sichuan Implementing Regulations, there are still uncertainties in relation to the implementation of the Decision and its related regulations in Sichuan Province, given that there are no specific procedural rules for the conversion of existing private schools into for-profit or non-profit schools under the Sichuan Implementing Regulations nor any detailed guideline has been further promulgated by Sichuan Province. As a result, as of the Latest Practicable Date, our schools had not yet chosen to register either as a for-profit private school or a not-for-profit private school under the Decision. As advised by our PRC Legal Advisors, given that Jinjiang School, Longquan School and Tianfu School are providing middle school education services, they shall be registered as not-for-profit private schools under the Decision. In the future, as we plan to set up Chengdu School, Nanjiang School, Wangcang School and Lezhi School to provide, among others, primary school and middle school education services, they will be registered as not-for-profit private schools. As of the Latest Practicable Date, we were not able to accurately quantify the potential impact on our business operations and financial results at the current stage. Our PRC Legal Advisors are of the opinion that, since the Decision, the Sichuan Implementing Regulations and its related regulations do not specify any clear deadline for existing private schools to carry out such registrations, each of our Operating Schools would not violate the Decision, the Sichuan Implementing Regulations and its related regulations for not choosing the type of registration at the current stage. Please refer to the section headed "Business – The Decision on amending the Private Education Law" in this prospectus for further details and information about the relevant impacts. Having considered that (i) if we register as not-for-profit private school, we shall amend the articles of association of our schools in accordance with applicable laws and complete the new registration formalities, and (ii) Chengdu Bojun can still receive service fees from our Consolidated Affiliated Entities under the Structured Contracts if our schools are not-for-profit private schools, our Directors are of the view that the registration of our schools as not-for-profit schools would not have a material adverse effect on our business and financial conditions and operations under the current situation.

THE CONTROLLING SHAREHOLDERS

Immediately following completion of the Capitalization Issue and the Global Offering and taking no account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and any option which may be granted under the Share Option Scheme, our Company will be owned as to (i) approximately 26.64% by Cosmic City, which is wholly-owned by Mr. Xiong Tao; (ii) approximately 15.42% by Zheng Yong, which is wholly-owned by Mr. Ran Tao; and (iii) approximately 10.40% by Surpass Luck, which is wholly-owned by Ms. Liao Rong. As Cosmic City, Zheng Yong, Surpass Luck, Mr. Xiong Tao, Mr. Ran Tao and Ms. Liao Rong are directly or indirectly entitled to exercise or control the exercise of, in aggregate, approximately 52.46% of the voting power at general meetings of our Company immediately following the Listing and Mr. Xiong Tao, Mr. Ran Tao and Ms. Liao Rong are parties acting in concert (for details, please refer to the section headed "History and Development — Parties acting in concert" in this prospectus), Cosmic City, Zheng Yong, Surpass Luck, Mr. Xiong Tao, Mr. Ran Tao and Ms. Liao Rong will be regarded as a group of Controlling Shareholders under the Listing Rules. Having taken into account of the following factors, our Directors are satisfied that our Group is capable of carrying on our business independently of our Controlling Shareholders and their respective close associates (other than our Group) after the Listing. Please refer to the section headed "Relationship with Controlling Shareholders" in this prospectus for further details.

PRE-IPO INVESTMENT

Pursuant to the Pre-IPO Investment Agreement, Wuxi Guolian subscribed for 25,000 Shares in our Company. Upon the Listing, Cosmic City, Wuxi Guolian, Zheng Yong, Surpass Luck, Prosper Century, Full Hope and Urban Delight will hold approximately 26.64%, 18.75%, 15.42%, 10.40%, 2.76%, 0.52% and 0.52% of the total issued Shares in our Company, respectively (assuming the Over-allotment Option is not exercised). As of the Latest Practicable Date, all proceeds from the Pre-IPO Investment have been utilized for operating Tianfu School and other new schools and development and operation of education business. Please refer to the section headed "History and Development – Pre-IPO Investment" in this prospectus for further details.

KEY FINANCIAL INFORMATION

Our key financial data set forth below has been derived from the Accountants' Report set out in Appendix I to this prospectus and should be read in conjunction with our financial information included in "Appendix I — Accountants' Report" including the accompanying notes and the information set forth in the section headed "Financial Information" in this prospectus.

Key consolidated statements of profit or loss information

	Year ended 31 August			Six months ended 28 February	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Revenue	103,223	135,371	181,240	90,103	115,203
Profit from continuing operations	20,597	31,909	35,050	15,381	9,601
Non-HKFRS measures:					
Adjusted Net Profit[1]	14,778	30,035	37,858	17,771	13,951

Note:

(1) The Adjusted Net Profit, which is unaudited in nature, represents profit from continuing operations excluding the effects of imputed interest income from advances to related companies, imputed interest income from advances to directors and the listing expenses. The Adjusted Net Profit is not a measure of performance under HKFRS. As a non-HKFRS measure, the Adjusted Net Profit is presented because our management believes such information will be helpful for investors in assessing the level of our net profit by eliminating the effects of certain one-off or non-recurring items. The use of the Adjusted Net Profit has material limitations as an analytical tool, as it does not include all items that impact our profit for the relevant year. Below is the table reconciles our Adjusted Net Profit for the years presented to the most directly comparable financial measure calculated and presented in accordance with HKFRS, which is profit from continuing operations:

	Year ended 31 August			Six months ended 28 February	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Profit from continuing operations	20,597	31,909	35,050	15,381	9,601
Imputed interest income from advances to related companies	(5,448)	(3,925)	(2,426)	(1,188)	(1,288)
Imputed interest income from advances to directors	(371)	(1,008)	(2,416)	(1,154)	(1,284)
Add:					
Listing expenses	—	3,059	7,650	4,732	6,922
Adjusted Net Profit	14,778	30,035	37,858	17,771	13,951

Our revenue increased from approximately RMB103.2 million for the year ended 31 August 2015 to approximately RMB181.2 million for the year ended 31 August 2017, representing a CAGR of approximately 32.5%. Our revenue amounted to approximately RMB115.2 million for the six months ended 28 February 2018. Our profit from continuing operations increased from approximately RMB20.6 million for the year ended 31 August 2015 to approximately RMB35.1 million for the year ended 31 August 2017, representing a CAGR of approximately 30.4%. Our profit from continuing operations amounted to approximately RMB9.6 million for the six months ended 28 February 2018.

Our Adjusted Net Profit rose from approximately RMB14.8 million for the year ended 31 August 2015 to approximately RMB37.9 million for the year ended 31 August 2017, representing a CAGR of approximately 60.1%. Our Adjusted Net Profit amounted to approximately RMB14.0 million for the six months ended 28 February 2018. For more information of our Adjusted Net Profit, please refer to the note above and the section headed "Financial Information — Non-HKFRS Measure" in this prospectus for further details.

Key consolidated statements of financial position information

	As at 31 August			As at 28 February
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB '000
Non-current assets	158,774	326,001	274,041	580,123
Current assets	848,318	386,225	427,327	227,363
Current liabilities	363,906	376,280	333,295	386,645
Net current (liabilities)/assets	(97,489)	9,945	94,032	(159,282)
Total assets	1,007,092	712,226	701,368	807,486
Net assets	53,224	329,750	365,127	374,873

Key financial ratios

	As of and for the year ended 31 August			As of and for the six months ended 28 February
	2015	2016	2017	2018
Current ratio	0.9	1.0	1.3	0.6
Return on assets	1.8%	3.7%	5.0%	2.5%
Return on equity	59.6%	16.7%	10.1%	5.2%
Gearing ratio	1.7	0.02	0.01	Nil
Interest coverage ratio	4.0	9.6	28.0	197.8

Please see the section headed "Financial Information — Key Financial Ratios" in this prospectus for further details.

	Years ended 31 August									Six months ended 28 February		
	2015			2016			2017			2018		
	Revenue	Gross profit margin	Average tuition fee(1)	Revenue	Gross profit margin	Average tuition fee(1)	Revenue	Gross profit margin	Average tuition fee(1)	Revenue	Gross profit margin	Average tuition fee
	RMB'000	%	RMB/ student	RMB'000	%	RMB/ student	RMB'000	%	RMB/ student	RMB'000	%	RMB/ student(2)
Jinjiang School . . .	63,823	42.1	24,776	73,495	46.7	27,692	79,504	43.3	29,165	43,626	43.0%	30.454
Longquan School . .	–	–	–	11,959	(11.8)	28,610	35,164	22.8	30,209	28,524	19.2%	30,654
Tianfu School	–	–	–	–	–	–	10,339	(12.8)	33,032	14,804	(10.3%)	33,455
Youshi Kindergarten . . .	6,903	25.9	30,013	9,321	42.2	33,528	10,793	34.8	35,043	5,707	38.5%	36,583
Lidu Kindergarten .	10,590	31.2	32,386	12,109	30.3	34,598	12,849	21.2	39,293	6,054	23.6	40,905
Longquan Kindergarten . . .	5,746	8.2	22,270	6,081	9.6	21,875	6,218	1.0	24,102	2,770	(9.7)	27,024
Peninsula Kindergarten . . .	4,908	12.5	38,648	8,456	35.9	39,147	11,910	32.8	41,142	5,996	37.4	43,607
Riverside Kindergarten . . .	4,222	32.7	29,523	4,787	34.1	31,289	5,289	21.2	35,028	2,675	25.9	38,214
Qingyang Kindergarten . . .	7,031	30.1	26,634	9,163	37.4	32,960	9,893	28.2	36,642	5,047	23.8	38,823

Note:

(1) The average tuition fee is calculated by dividing revenue (including both tuition fees and boarding fees) of the respective school by the corresponding student enrollment level as of the beginning of the respective school year.

(2) The average tuition fee is calculated by dividing revenue (including both tuition fees and boarding fees) of the respective school adjusted on an annualized basis by the corresponding number of student enrolled as at 28 February 2018.

NET CURRENT LIABILITIES

As of 31 August 2015, 2016 and 2017 and 28 February 2018, we recorded net current liabilities of approximately RMB97.5 million and net current assets of approximately RMB9.9 million and RMB94.0 million and a net current liabilities of approximately RMB159.3 million, respectively. We recorded net current liabilities as at 31 August 2015 primarily because historically we mainly financed our capital expenditures with short term bank borrowings and/or cash flows generated from our operations. Net current assets of approximately RMB9.9 million and RMB94.0 million were recorded as at 31 August 2016 and 2017 mainly because our bank balance and cash increased from approximately RMB77.9 million as at 31 August 2015 to approximately RMB373.6 million as at 31 August 2016 and RMB332.5 million as at 31 August 2017 as a result of the completion of the Pre-IPO Investment. Net current liabilities of approximately RMB159.3 million was recorded as at 28 February 2018 primarily attributable to aggregate effect of decrease in bank balances for capital expenditure payment and increase in payables with respect to the purchase of property, plant and equipment and leasehold land for long-term business development of our Group of approximately RMB303.9 million, which mainly arose from the expansion of the campus of Tianfu School and the construction of campuses of Nanjiang School and Wangcang School. Such additional property, plant and equipment and leasehold land mainly caused the bank balances of the Group to decrease by RMB158.0 million and the payables for leasehold land and property, plant and equipment of the Group to increase by RMB145.9 million. We expect that our net current assets position will be further enhanced after the receipt of the net proceeds from the Global Offering.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Our Directors confirm that there has been no principal developments in our financial, operational or trading positions or prospects since 28 February 2018, being the date of our consolidated financial statements as set out in the Accountants' Report included in Appendix I up to the Latest Practicable Date. Our Directors also confirm that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospect since 28 February 2018 and there has been no event since 28 February 2017 which would materially affect the information shown in the Accountants' Report in Appendix I to this prospectus.

We may experience a decline in net profit for the year ending 31 August 2018, primarily due to (i) the increase in expenses incurred in relation to the Listing, (ii) the increase in staff costs, in particular for the expanding operation of Longquan School and Tianfu School and (iii) the property rental expenses which Tianfu School incurred for student residence.

The Sichuan Implementing Regulations, which set out the registration approval procedures for newly established for-profit or not-for-profit private schools and the requirements of classification registration of the existing private schools, became effective in June 2018. However, the detailed rules and regulations or specific procedures regarding the conversion of existing private schools into for-profit or non-profit schools have not been set out under the Sichuan Implementing Regulations nor any detailed implementation rules have been further promulgated by local governmental authorities as of the Latest Practicable Date. Please refer to the section headed "Regulatory Overview — Regulations on private education in the PRC — Implementing Rules on Classification Registration of Private Schools" in this prospectus for further details.

LISTING EXPENSES

The listing expenses in connection with the Global Offering consist primarily of professional fees and underwriting commission, and are estimated to be approximately RMB51.7 million (assuming that the Global Offering is conducted at the mid-point of the Offer Price range). During the Track Record Period, we incurred listing expenses of approximately RMB23.1 million, of which RMB17.6 million was charged to our consolidated statements of profit and loss and other comprehensive income for the year ended 31 August 2016 and 31 August 2017 and for the six months ended 28 February 2018, and the remaining amount of approximately RMB5.5 million was included in other receivables, deposits and prepayments and will be subsequently charged to equity. We estimate that listing expenses of approximately RMB28.6 million will be incurred upon Listing, of which approximately RMB15.8 million will be charged to the consolidated statements of profit and loss and other comprehensive income for the year ending 31 August 2018, and RMB12.8 million will be charged to equity.

GLOBAL OFFERING STATISTICS

	Based on Offer Price of HK$1.99 per Share	Based on Offer Price of HK$2.36 per Share
Market capitalization of our Shares	HK$1,592.0 million	HK$1,888.0 million
Unaudited pro forma adjusted combined net tangible asset value per Share		
– RMB	0.854	0.930
– HK$	0.996	1.086

For the calculation of the unaudited pro forma adjusted net tangible asset value per Share, please refer to the section headed "Appendix II — Unaudited Pro Forma Financial Information" in this prospectus.

USE OF PROCEEDS

We estimate that we will receive net proceeds of approximately HK$402.7 million (equivalent to approximately RMB345.1 million) from the Global Offering, assuming that the Over-allotment Option is not exercised, after deducting the underwriting commissions and other estimated offering expenses payable by us and assuming the initial Offer Price of HK$2.175 per Share, being the mid-point of the indicative Offer Price range. We intend to use all of the net proceeds of approximately HK$402.7 million from the Global Offering for the following purposes:

Use of proceeds	% of the net proceeds	HKD million	(equivalent to RMB million)
Establishment of Nanjiang School	28.0	112.8	96.6
Establishment of Wangcang School	28.0	112.8	96.6
Establishment of high school of Tianfu School	22.0	88.6	75.9
Establishment of Chengdu School	9.0	36.2	31.1
Establishment of Lezhi School	5.0	20.1	17.3
Establishment of US School	3.0	12.1	10.4
Working capital and general corporate purposes	5.0	20.1	17.3

We expect to use the proceeds in the two years ending 31 August 2018 and 31 August 2019. For more details, please see the section headed "Future Plans and Use of Proceeds" in this prospectus.

DIVIDEND

We have not formulated any policy for future dividend payments. As a holding company, our ability to declare and pay dividends will rely principally on receipt of sufficient funds from our subsidiaries and, particularly, our Consolidated Affiliated Entities incorporated in the PRC. Any dividend we pay will be at the recommendation of our Board and its discretion 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 the constitutional documents of the Company and the Companies Law. Please refer to the section headed "Financial Information — Dividend" in this prospectus for details.

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: (i) we may be subject to severe penalties if the PRC government finds that the Structured Contracts do not comply with applicable PRC laws and regulations; (ii) the Draft Foreign Investment Law proposes sweeping changes to the PRC foreign investment legal regime, which will likely to have a significant impact on businesses in China controlled by foreign invested enterprises primarily through contractual arrangements, such as our business, and our compliance with the Draft Foreign Investment Law depends on the compliance by Mr. Xiong Tao, Mr. Ran Tao and Ms. Liao Rong with the undertakings given by them, which the Stock Exchange has limited power to enforce; and (iii) we have limited experience in high school education and no experience in primary school education. Please refer to the section headed "Risk Factors" in this prospectus for details of our risk factors.

PROPERTY VALUATION

According to the property valuation report prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer we engaged, as set out in Appendix III to this prospectus, the market value of the properties we owned and occupied as at 30 April 2018 was approximately RMB199.8 million. Please refer to the section headed "Business — Properties" and Appendix III in this prospectus for further details.

LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period, we did not fully comply with certain PRC laws and regulations, including, (i) we breached the relevant requirements for making full contributions to the social insurance plans and the housing provident fund for some of our employees, and (ii) our Jinjiang School had not obtained the building ownership certificates and construction planning permits for 13 buildings located on its school premises. Please refer to the section headed "Business — Legal proceedings and compliance" in this prospectus for further details. As at the Latest Practicable Date, all the buildings used for our schools' major operations were in compliance with the seismic resistance requirements. For details, please refer to the section headed "Business — Properties — Requirements for seismic resistance" in this prospectus.

In this prospectus, unless the context otherwise requires, the following expressions have the following meanings. Technical terms in relation to our Group's industry and business operations are explained in the section headed "Glossary of Technical Terms".

"affiliate(s)"	with respect to any specific person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"Application Form(s)"	**WHITE** application form(s), **YELLOW** application form(s) and **GREEN** application form(s), or where the context so requires, any one of them, to the Hong Kong Public Offering
"Articles of Association" or "Articles"	the articles of association of our Company adopted on 12 July 2018 and effective from the Listing Date, a summary of which is set out in Appendix IV to this prospectus, as amended from time to time
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board" or "Board of Directors"	the board of Directors of our Company
"Bojun Investment"	Bojun Education Investment Holdings Company Limited, a company incorporated in the BVI with limited liability on 7 June 2016 and a wholly-owned subsidiary of our Company
"Business Day" or "business day"	a day on which banks in Hong Kong are generally open for business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
"BVI"	the British Virgin Islands
"CAGR"	compound annual growth rate
"Capitalization Issue"	the issue of Shares to be made upon capitalization of certain sums standing to the credit of the share premium account of our Company referred to in the paragraph headed "Further Information about our Company and our Subsidiaries — 3. Resolutions in writing of all Shareholders passed on 12 July 2018" in Appendix V to this prospectus
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC

"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing Participant, or a CCASS Custodian Participant or a CCASS Investor Participant
"Chengdu Bojun"	Chengdu Tianfu Bojun Education Management Company Limited* (成都天府博駿教育管理有限公司), a wholly-foreign owned enterprise established under the laws of PRC on 26 July 2016 and a wholly-owned subsidiary of our Company
"Chengdu Bozhong"	Chengdu Bozhong Education Investment Management Company Limited* (成都博眾教育投資管理有限公司), a limited liability company established under the laws of the PRC on 3 March 2010 and was owned as to 60% by Mr. Ran Tao and 40% by Ms. Gong Yahong (龔亞虹), who is the spouse of Mr. Ran Tao
"Chengdu Hengyu"	Chengdu Hengyu Industrial Company Limited* (成都恒宇實業有限公司), a limited liability company established under the laws of the PRC on 17 March 1998 and was owned by Mr. Xiong Tao as to 95%
"Chengdu Jinbojun"	Chengdu Jinbojun Education Consultancy Company Limited* (成都金博駿教育諮詢有限公司), a limited liability company established under the laws of the PRC on 13 March 2015 and a Consolidated Affiliated Entity of our Company
"Chengdu Mingxian"	Chengdu Mingxian Education Investment Company Limited* (成都銘賢教育投資有限公司), a limited liability company established under the laws of the PRC on 10 March 2004 and a Consolidated Affiliated Entity of our Company

"Chengdu School"	Chengdu Bojun School* (成都博駿公學), a private kindergarten, primary, middle and high school to be established by a joint venture to be owned by Chengdu Mingxian and an Independent Third Party as to 51% and 49%, respectively. Such joint venture will be a school sponsor of Chengdu School
"Chengdu Youshi Preschool Investment"	Chengdu Youshi Preschool Education Investment Management Company Limited* (成都幼獅幼兒教育投資管理有限公司), a limited liability company established under the laws of the PRC on 16 July 2010 and a Consolidated Affiliated Entity of our Company
"China" or "PRC"	the People's Republic of China excluding for the purpose of this prospectus, Hong Kong, the Macau Special Administrative Region and Taiwan
"Circular 3"	Notice of the Ministry of Finance and the State Administration of Taxation on Issues Concerning Strengthening the Administration over the Collection of Business Tax on Educational Services (《財政部、國家稅務總局關於加強教育勞務營業稅徵收管理有關問題的通知》), which was promulgated by the SAT on 12 January 2006 and became effective on 1 January 2006
"Circular 13"	Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》), which was promulgated by the SAFE on 13 February 2015 and became effective on 1 June 2015
"Circular 19"	Circular on Reforming the Management Approach regarding the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》), which was promulgated by the SAFE on 30 March 2015 and became effective on 1 June 2015

"Circular 36"	Circular of the Ministry of Finance and the State Administration of Taxation on Comprehensively Promoting the Pilot Program of the Collection of Value-added Tax in Lieu of Business Tax (《財政部、國家稅務總局關於全面推開營業稅改徵增值稅試點的通知》), which was promulgated on 23 March 2016 and became effective on 1 May 2016
"Circular 37"	Circular on the Management of Offshore Investment and Financing and Round Trip Investment By Domestic Residents through Special Purpose Vehicles (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》), which was promulgated by the SAFE and became effective on 4 July 2014
"Circular 39"	Notice of the Ministry of Finance and the State Administration of Taxation on Tax Policies Relating to Education (《財政部、國家稅務總局關於教育稅收政策的通知》), which was promulgated by the SAT on 5 February 2004 and became effective on 1 January 2004
"close associate(s)"	has the meaning ascribed to it under the Listing Rules
"Companies Law"	the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as the same may be amended, supplemented or otherwise modified from time to time
"Companies (WUMP) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) as the same may be amended, supplemented or otherwise modified from time to time
"Company" or "our Company"	Bojun Education Company Limited (博駿教育有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 14 June 2016
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Consolidated Affiliated Entities" or "Consolidated Affiliated Entity"	the entities that we control through the contractual arrangement contemplated under the Structured Contracts which comprised, as at the Latest Practicable Date, our School Sponsors and PRC Operating Schools

"Controlling Shareholder(s)"	has the meaning ascribed to it in the Listing Rules and unless the context requires otherwise, refers to the controlling shareholders of our Company, namely Mr. Xiong Tao, Mr. Ran Tao, Ms. Liao Rong, Cosmic City, Zheng Yong and Surpass Luck
"Corporate Reorganization"	the corporate reorganization of our Group conducted in preparation for the Listing, details of which are set out in the section headed "History and Development — Corporate Reorganization" in this prospectus
"Cosmic City"	Cosmic City Holdings Limited (宇都控股有限公司), a company incorporated in the BVI with limited liability on 6 April 2016 and is wholly-owned by Mr. Xiong Tao
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會), a regulatory body responsible for the supervision and regulation of the PRC national securities markets
"Decision"	the Decision of the Standing Committee of the National People's Congress relating to the amendment of the Private Education Law* (全國人民代表大會常務委員會關於修改《中華人民共和國民辦教育促進法》的決定), which was promulgated by the Standing Committee of the National People's Congress on 7 November 2016 and became effective on 1 September 2017
"Deed of Indemnity"	a deed of indemnity dated 12 July 2018 entered into by our Controlling Shareholders in favor of our Company (for ourselves and as trustee for each of our Subsidiaries) in respect of certain indemnities, further information of which is set out in the section headed "Other Information — 16. Estate duty, tax and other indemnities" in Appendix V to this prospectus
"Deed of Non-competition"	a deed of non-competition dated 12 July 2018 entered into by our Controlling Shareholders in favor of our Company (for ourselves and as trustee for each of our Subsidiaries from time to time) regarding the non-competition undertaking, further information of which is set out in the section headed "Relationship with Controlling Shareholders" in this prospectus
"Director(s)"	the directors of our Company

"Directors' (Council Members') Powers of Attorney"	the school director's (council members') power of attorney executed by each of Mr. Xiong Tao, Mr. Ran Tao, Ms. Liao Rong, Mr. Xie Gang, Ms. Gong Yahong (龔亞虹), Mr. Li Junfeng (李俊鋒), Ms. Liu Xiaoguang (劉曉光), Mr. Tian Xiaogang (田曉崗), Ms. Huang Xue (黃雪), Ms. Xiong Yueyao (熊月遙), Ms. Liao Hong (廖紅), Ms. Liu Jing (劉靜), Ms. Ai Bingyu (艾冰玉), Gao Wenju (高文菊), Ms. Jiang Hong (蔣紅), Ms. Fang Jia (方佳) and Huang Mingyong (黃明勇) in favor of Chengdu Bojun dated 26 January 2018
"Draft Foreign Investment Law"	the draft version of the Foreign Investment Law* (《中華人民共和國外國投資法(草案徵求意見稿)》) issued by MOFCOM on 19 January 2015 for public consultation
"Education Law"	the Education Law of the PRC (《中華人民共和國教育法》), which was promulgated by the National People's Congress of the PRC (中華人民共和國全國人民代表大會) on 18 March 1995 and was amended on 27 August 2009 and 27 December 2015
"EIT"	the enterprise income tax of the PRC
"EIT Law"	the PRC Enterprise Income Tax Law* (《中華人民共和國企業所得稅法》) adopted by the National People's Congress of the PRC on 16 March 2007 and became effective on 1 January 2008
"Equity Pledge Agreement"	the equity pledge agreement dated 29 August 2016 entered into by and among Chengdu Bojun, the Registered Shareholders, Chengdu Mingxian, Chengdu Youshi Preschool Investment, Chengdu Jinbojun, Sichuan Boai and Renshou Bojun as supplemented by the amended and restated agreement dated 26 January 2018 entered into by and among the same parties and together with Nanjiang Bojun and Wangcang Bojun, and the agreement on additional party to cooperation agreements dated 25 June 2018 entered into by and among Chengdu Bojun, Chengdu Mingxian and Lezhi Bojun

"Exclusive Business Cooperation Agreement"	the exclusive business cooperation agreement dated 29 August 2016 entered into by and among Chengdu Bojun, the Registered Shareholders, Chengdu Mingxian, Chengdu Youshi Preschool Investment, Chengdu Jinbojun, Sichuan Boai and Renshou Bojun and our PRC Operating Schools as supplemented by the amended and restated agreement dated 26 January 2018 entered into by and among the same parties and together with Nanjiang Bojun and Wangcang Bojun, and the agreement on additional party to cooperation agreements dated 25 June 2018 entered into by and among Chengdu Bojun, Chengdu Mingxian and Lezhi Bojun
"Exclusive Call Option Agreement"	the exclusive call option agreement dated 29 August 2016 entered into by and among Chengdu Bojun, the Registered Shareholders, Chengdu Mingxian, Chengdu Youshi Preschool Investment, Chengdu Jinbojun, Sichuan Boai, Renshou Bojun and our PRC Operating Schools as supplemented by the amended and restated agreement dated 26 January 2018 entered into by and among the same parties and together with Nanjiang Bojun and Wangcang Bojun, and the agreement on additional party to cooperation agreements dated 25 June 2018 entered into by and among Chengdu Bojun, Chengdu Mingxian and Lezhi Bojun
"Experimental School"	Experimental School (Secondary School Division) Attached to Sichuan Normal University* (四川師範大學附屬實驗學校(中學部)), a school established by Sichuan Normal University as school sponsor, and an Independent Third Party
"Foreign Investment Catalog"	the Foreign Investment Industries Guidance Catalog (Revised in 2017) (《外商投資產業指導目錄(2017年修訂)》), which was promulgated jointly by the MOFCOM and the NDRC on 28 June 2017 and became effective from 28 July 2017 and the Special Management Measures (Negative List) for the Access of Foreign Investment (being the negative list) (version of 2018) (《外商投資准入特別管理措施(負面清單)(2018年版)》), which was promulgated jointly by the MOFCOM and the NDRC on 28 June 2018 and will become effective from 28 July 2018 to replace the negative list under the Foreign Investment Industries Guidance Catalog (Revised in 2017)

"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., a global market research and consulting company, which is an Independent Third Party
"Frost & Sullivan Report"	an independent market research report dated 9 July 2018, commissioned by our Company on the PRC private education market and prepared by Frost & Sullivan
"Full Hope"	Full Hope Global Limited (溢希環球有限公司), a company incorporated in the BVI with limited liability on 4 July 2016 and wholly-owned by Mr. Zeng Guang
"GDP"	gross domestic product
"Global Offering"	the Hong Kong Public Offering and the International Offering
"GREEN Application Form(s)"	the application form(s) to be completed by HK eIPO White Form Service Provider, designated by our Company
"Group", "our Group", "we" or "us"	our Company, its subsidiaries, our Consolidated Affiliated Entities and the consolidated affiliated entities from time to time, or, where the context so requires in respect of the period before our Company became the holding company of our present subsidiaries, the entities which carried on the business of the present Group at the relevant time
"HK$", "Hong Kong dollar(s)", "HKD" or "cents"	Hong Kong dollars and cents respectively, the lawful currency for the time being of Hong Kong
"HKFRSs"	Hong Kong Financial Reporting Standards (including Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by Hong Kong Institute of Certified Public Accountants
"HKSCC"	Hong Kong Securities Clearing Company Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Bojun"	Hong Kong Bojun Education Investment Co., Limited (香港博駿教育投資有限公司), a company incorporated in Hong Kong with limited liability on 14 June 2016 and a wholly-owned subsidiary of our Company

"Hong Kong Branch Share Registrar"	Tricor Investor Services Limited, the branch share registrar and transfer office of our Company in Hong Kong
"Hong Kong Public Offering"	the offer for subscription of the Hong Kong Public Offer Shares at the Offer Price and on, and subject to, the terms and conditions of this prospectus and the Application Forms, as further described in the section headed "Structure of the Global Offering" in this prospectus
"Hong Kong Public Offer Share(s)"	the 20,000,000 new Shares being made available by our Company for subscription pursuant to the Hong Kong Public Offering, subject to adjustment as described in the section headed "Structure of the Global Offering" in this prospectus
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering
"Hong Kong Underwriting Agreement"	the Hong Kong underwriting agreement dated 18 July 2018, relating to the Hong Kong Public Offering of our Company, entered into by, among others, our Company, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters, as further described in the section headed "Underwriting" in this prospectus
"IFRS"	the International Financial Reporting Standard(s)
"Implementation Rules for the Private Education Law"	the Implementation Rules for the Private Education Law (《中華人民共和國民辦教育促進法實施條例》), which was promulgated on 5 March 2004 and became effective on 1 April 2004
"Implementation Opinions on Private Fund's Entry into the Education Sector"	the Implementation Opinions of the MOE on Encouraging and Guiding Private Fund's Entry into the Education Sector and Promoting 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》), which was issued by the MOE on 18 June 2012
"Independent Third Party(ies)"	an individual(s) or a company(ies) who or which is/are independent of and not connected with (within the meaning of the Listing Rules) any Director, chief executive or substantial shareholder (within the meaning of the Listing Rules) of our Company, its subsidiaries or any of their respective associates

"Interim Record-filing Measures for Foreign-invested Enterprises"	the Interim Administrative Measures for the Record-filing of the Incorporation and Change of Foreign-invested Enterprises (《外商投資企業設立及變更備案管理暫行辦法》), which was promulgated by the MOFCOM on 8 October 2016
"International Offering"	the conditional placing by the International Underwriters of the International Offering Shares for cash at the Offer Price plus brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% of the Offer Price, details of which are described in the section headed "Structure of the Global Offering" in this prospectus, on and subject to the terms and conditions stated herein and in the International Underwriting Agreement
"International Offering Share(s)"	the 180,000,000 new Shares initially offered by our Company for subscription at the Offer Price under the International Offering (subject to adjustment as described in the section headed "Structure of the Global Offering" in this prospectus) together with (unless the context otherwise requires) any Shares issued pursuant to any exercise of the Over-allotment Option
"International Underwriters"	the underwriters of the International Offering
"International Underwriting Agreement"	the conditional placing and underwriting agreement relating to the International Offering and to be entered into by, among others, the Company, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the International Underwriters, on or about the Price Determination Date
"Jianyang School"	a private school comprising a primary school, a middle school and a high school to be established by our Group in Jianyang City, Sichuan, the PRC
"Jinjiang School"	Chengdu Jinjiang District No. 1 Experimental Middle School Attached to Sichuan Normal University* (成都市錦江區四川師大附屬第一實驗中學), a private middle school established under the laws of the PRC on 27 April 2012, where the school sponsor's interest is wholly-owned by Chengdu Mingxian, and a Consolidated Affiliated Entity of our Company

"Joint Bookrunners"	(i) China Securities (International) Corporate Finance Company Limited, (ii) First Capital Securities Limited, (iii) First Shanghai Securities Limited, (iv) ABCI Capital Limited, and (v) Founder Securities (Hong Kong) Limited
"Joint Global Coordinators"	(i) China Securities (International) Corporate Finance Company Limited, (ii) First Capital Securities Limited, and (iii) First Shanghai Securities Limited
"Joint Lead Managers"	(i) China Securities (International) Corporate Finance Company Limited, (ii) First Capital Securities Limited, (iii) First Shanghai Securities Limited, (iv) ABCI Securities Company Limited, and (v) Founder Securities (Hong Kong) Limited
"Latest Practicable Date"	9 July 2018, being the latest practicable date for the purpose of ascertaining certain information in this prospectus prior to its publication
"Lezhi Bojun"	Lezhi Bojun Education Management Company Limited* (樂至縣博駿教育管理有限公司), a limited liability company established under the laws of the PRC on 10 January 2018, and a Consolidated Affiliated Entity of our Company
"Lezhi School"	Lezhi Bojun School* (樂至博駿公學), a private kindergarten, primary, middle and high school to be established by a subsidiary of Lezhi Bojun as the school sponsor and, upon its establishment, a Consolidated Affiliated Entity of our Company
"Lidu Kindergarten"	Chengdu Youshi Lidu Experimental Kindergarten* (成都幼師麗都實驗幼兒園), a private kindergarten established under the laws of the PRC on 12 May 2003, where the school sponsor's interest is wholly-owned by Sichuan Boai, and a Consolidated Affiliated Entity of our Company
"Listing"	the listing of our Shares on the Main Board of the Stock Exchange
"Listing Committee"	the Listing Committee of the Stock Exchange
"Listing Date"	the date, expected to be on or about 31 July 2018, on which our Shares are listed and from which dealings therein are permitted to take place on the Stock Exchange

"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or modified from time to time
"Loan Agreement"	the loan agreement dated 29 August 2016 entered into by and among Chengdu Bojun, Chengdu Mingxian, Chengdu Youshi Preschool Investment, Chengdu Jinbojun, Sichuan Boai and Renshou Bojun, and our PRC Operating Schools as supplemented by the amended and restated agreement dated 26 January 2018 entered into by and among the same parties and together with Nanjiang Bojun and Wangcang Bojun and the agreement on additional party to cooperation agreements dated 25 June 2018 entered into by and among Chengdu Bojun, Chengdu Mingxian and Lezhi Bojun
"Longquan Kindergarten"	Chengdu Youshi Longquan Dongshan Experimental Kindergarten* (成都幼師龍泉東山實驗幼兒園), a private kindergarten established under the laws of the PRC on 23 February 2009, where the school sponsor's interest is wholly-owned by Sichuan Boai, and a Consolidated Affiliated Entity of our Company
"Longquan School"	Chengdu Longquanyi District No. 1 Experimental Middle School Attached to Sichuan Normal University* (成都市龍泉驛區四川師大附屬第一實驗中學), a private middle and high school established under the laws of the PRC on 29 September 2015, where the school sponsor's interest is wholly-owned by Chengdu Jinbojun, and a Consolidated Affiliated Entity of our Company
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange
"MCA"	the Ministry of Civil Affairs of the PRC
"Memorandum of Association" or "Memorandum"	the memorandum of association of our Company adopted on 12 July 2018 and as amended from time to time
"MOE"	the Ministry of Education of the PRC
"MOFCOM"	the Ministry of Commerce of the PRC
"Mr. Ran Tao"	Mr. Ran Tao (冉濤), one of our Controlling Shareholders and an executive Director

"Mr. Xie Gang"	Mr. Xie Gang (謝綱), the sole shareholder of Prosper Century
"Mr. Xiong Tao"	Mr. Xiong Tao (熊濤), one of our Controlling Shareholders, an executive Director and the chairman of our Board. Mr. Xiong Tao is the husband of Ms. Liao Rong
"Mr. Zeng Guang"	Mr. Zeng Guang (曾光), the sole shareholder of Full Hope and an indirect Shareholder
"Ms. Li Jingmei"	Ms. Li Jingmei (李京梅), the sole shareholder of Urban Delight and an indirect Shareholder
"Ms. Liao Rong"	Ms. Liao Rong (廖蓉), one of our Controlling Shareholders and an executive Director. Ms. Liao Rong is the wife of Mr. Xiong Tao
"M&A Rules"	Provisions on the Merger and Acquisition of Domestic Enterprises by Foreign Investors, which was jointly issued by six PRC regulatory agencies, including the MOFCOM, the State Assets Supervision and Administration Commission, SAT, SAIC, CSRC and SAFE on 8 August 2006 and became effective on 8 September 2006, and was amended on 22 June 2009
"Nanjiang Bojun"	Nanjiang Bojun Education Management Company Limited* (南江博駿教育管理有限公司), a limited liability company established under the laws of the PRC on 24 August 2017 and a Consolidated Affiliated Entity of our Company
"Nanjiang School"	Nanjiang Bojun School* (南江博駿公學), a private primary, middle and high school to be established by Nanjiang Bojun as the school sponsor and, upon its establishment, a Consolidated Affiliated Entity of our Company
"National People's Congress" or "NPC"	the National People's Congress of the PRC (中華人民共和國全國人民代表大會)
"NDRC"	The National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)

"Offer Price"	the maximum Hong Kong dollar price per Hong Kong Public Offer Share (exclusive of brokerage, SFC transaction levy and Stock Exchange trading fee) at which the Hong Kong Public Offer Shares are to be subscribed for pursuant to the Hong Kong Public Offering, to be determined as described in the section headed "Structure of the Global Offering" in this prospectus
"Offer Share(s)"	the Hong Kong Public Offer Shares and the International Offering Shares, where relevant, including any additional Shares issued pursuant to the exercise of the Over-allotment Option
"Over-allotment Option"	the option granted by our Company to the International Underwriters, exercisable by the Joint Global Coordinators on behalf of the International Underwriters, to require our Company to allot and issue up to an aggregate of 30,000,000 additional Shares at the Offer Price, representing approximately 15% of the initial size of the Global Offering, to cover over allocations in the International Offering as described in the section headed "Structure of the Global Offering" in this prospectus
"Peninsula Kindergarten"	Chengdu High and New District Youshi Peninsula City Center Kindergarten* (成都高新區幼獅半島城邦幼兒園), a private kindergarten established under the laws of the PRC on 27 September 2013, where the school sponsor's interest is wholly-owned by Chengdu Youshi Preschool Investment, and a Consolidated Affiliated Entity of our Company
"PRC Company Law"	the Company Law of the PRC (《中華人民共和國公司法》), as enacted by the Standing Committee of the Eighth National People's Congress on 29 December 1993 and effective on 1 July 1994, and subsequently amended on 25 December 1999, 28 August 2004, 27 October 2005 and 28 December 2013, as amended, supplemented or otherwise modified from time to time
"PRC government" or "State"	the central government of the PRC, including all governmental sub-divisions (such as provincial, municipal and other regional or local government entities)
"PRC Legal Advisors"	Jingtian & Gongcheng, our legal advisors as to the PRC laws

"PRC Operating Schools" or "PRC Operating School"	Jinjiang School, Longquan School, Tianfu School, Peninsula Kindergarten, Youshi Kindergarten, Lidu Kindergarten, Longquan Kindergarten, Riverside Kindergarten and Qingyang Kindergarten as at the Latest Practicable Date
"PRC Tax Consultant"	Zhonghui (Sichuan) Certified Tax Agents Co., Ltd (中匯(四川)稅務師事務所有限公司), our PRC tax consultant
"Pre-IPO Investment"	the investment made by the Pre-IPO Investor, details of which are set out in the section headed "History and Development" in this prospectus
"Pre-IPO Investment Agreement"	the pre-IPO investment agreement entered into by and among Chengdu Mingxian, Mr. Xiong Tao, Ms. Liao Rong, Mr. Ran Tao, Mr. Xie Gang, Ms. Li Jingmei, Mr. Zeng Guang, Wuxi Guolian and our Company dated 28 July 2016
"Pre-IPO Investor" or "Wuxi Guolian"	Wuxi Guolian Shoukong Capital Investment LLP* (無錫國聯首控股權投資基金中心(有限合夥)), whose details are set out in the section headed "History and Development" in this prospectus
"Price Determination Agreement"	an agreement between our Company and the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) to fix the Offer Price
"Price Determination Date"	the date, expected to be on or about Tuesday, 24 July 2018, or such later date as may be agreed between our Company and the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters), on which the Offer Price is to be fixed by agreement between our Company and the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriter) to determine the Offer Price
"Private Education Law"	the Law for Promoting Private Education of the PRC (《中華人民共和國民辦教育促進法》), which was promulgated on 28 December 2002 and was amended on 29 June 2013 and on 7 November 2016 and remained effective
"Prospectus"	this prospectus
"Prosper Century"	Prosper Century Global Limited (興世環球有限公司), a company incorporated in the BVI with limited liability on 5 July 2016 and wholly-owned by Mr. Xie Gang

"Qingyang Kindergarten"	Chengdu Qingyang Youshi Jingjie Experimental Kindergarten* (成都青羊幼師境界實驗幼兒園), a private kindergarten established under the laws of the PRC on 15 March 2010, where the school sponsor's interest is wholly-owned by Sichuan Boai, and a Consolidated Affiliated Entity of our Company
"Registered Shareholders" or "Registered Shareholder"	the shareholders of Chengdu Mingxian, namely Mr. Xiong Tao, Mr. Ran Tao, Ms. Liao Rong, Mr. Xie Gang, Li Jingmei (李京梅) and Zeng Guang (曾光)
"Regulation S"	Regulation S under the U.S. Securities Act
"Renshou Bojun"	Renshou Bojun Education Investment Management Company Limited* (仁壽博駿教育投資管理有限公司), a limited liability company established under the laws of the PRC on 15 October 2015 and a Consolidated Affiliated Entity of our Company
"Renshou School"	a private school comprising a kindergarten, a primary school, a middle school and a high school to be established by our Group in Renshou County, Sichuan, the PRC
"Riverside Kindergarten"	Chengdu Youshi Riverside Impression Experimental Kindergarten* (成都幼師河濱印象實驗幼兒園), a private kindergarten established under the laws of the PRC on 18 June 2003, where the school sponsor's interest is wholly-owned by Sichuan Boai, and a Consolidated Affiliated Entity of our Company
"RMB" or "Renminbi"	Renminbi, the lawful currency for the time being of the PRC
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局), the PRC governmental agency responsible for matters relating to foreign exchange administration, including local branches, when applicable
"SAIC" or "State Administration for Industry and Commerce"	the State Administration for Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局)
"SAT"	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)

"School Sponsors"	(i) Chengdu Mingxian, Chengdu Youshi Preschool Investment, Chengdu Jinbojun and Sichuan Boai, which were our school sponsors as at the Latest Practicable Date and (ii) Renshou Bojun, Lezhi Bojun, Nanjiang Bojun and Wangcang Bojun, which will be our school sponsors of our new schools
"School Sponsors' and Directors' (Council Members') Rights Entrustment Agreement"	the school sponsors' and directors' (council members') rights entrustment agreement dated 29 August 2016 entered into by and among Chengdu Bojun, Chengdu Mingxian, Chengdu Youshi Preschool Investment, Chengdu Jinbojun, Sichuan Boai, Renshou Bojun, Mr. Xiong Tao, Mr. Ran Tao, Ms. Liao Rong, Xie Gang, Gong Yahong (龔亞虹), Li Junfeng (李俊鋒), Liu Xiaoguang (劉曉光), Tian Xiaogang (田曉崗), Huang Xue (黃雪), Xiong Yueyao (熊月遙), Liao Hong (廖紅), Liu Jing (劉靜), Ai Bingyu (艾冰玉), Qu Yingshu (瞿穎姝), Jiang Hong (蔣紅) and Fang Jia (方佳) and our PRC Operating Schools as supplemented by the amended and restated agreement dated 26 January 2018 entered into by and among Chengdu Bojun, our Consolidated Affiliated Entities, Mr. Xiong Tao, Mr. Ran Tao, Ms. Liao Rong, Mr. Xie Gang, Gong Yahong (龔亞虹), Li Junfeng (李俊鋒), Liu Xiaoguang (劉曉光), Tian Xiaogang (田曉崗), Huang Xue (黃雪), Xiong Yueyao (熊月遙), Liao Hong (廖紅), Liu Jing (劉靜), Ai Bingyu (艾冰玉), Gao Wenju (高文菊), Jiang Hong (蔣紅), Fang Jia (方佳) and Huang Mingyong (黃明勇) and our PRC Operating Schools and the agreement on additional party to cooperation agreements dated 25 June 2018 entered into by and among Chengdu Bojun, Chengdu Mingxian and Lezhi Bojun
"School Sponsors' Powers of Attorney"	the school sponsor's power of attorney dated 29 August 2016 executed by Chengdu Mingxian, Sichuan Boai, Chengdu Youshi Preschool Investment and Chengdu Jinbojun in favor of Chengdu Bojun, the school sponsor's power of attorney dated 26 January 2018 executed by Renshou Bojun, Nanjiang Bojun and Wangcang Bojun in favor of Chengdu Bojun and the school sponsor's power of attorney dated 25 June 2018 executed by Lezhi Bojun in favor of Chengdu Bojun
"Shareholders' Powers of Attorney"	the respective powers of attorney dated 26 January 2018 executed by each of the Registered Shareholders and Chengdu Mingxian, respectively

"Shareholders' Rights Entrustment Agreement"	the shareholders' rights entrustment agreement dated 26 January 2018 entered into by and among Chengdu Bojun, the Registered Shareholders and Chengdu Mingxian with effect from 30 August 2017
"SFC" or "Securities and Futures Commission"	the Securities and Futures Commission of Hong Kong
"SFO" or "Securities and Futures Ordinance"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or modified from time to time
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of our Company
"Share Option Scheme"	the share option scheme conditionally adopted by our Company on 12 July 2018, the principal terms of which are summarized under the section headed "Other Information — 15. Share Option Scheme" in Appendix V to this prospectus
"Shareholder(s)"	holder(s) of the Share(s)
"Shuangliu Kindergarten"	a private kindergarten to be established by our Group in Shuangliu County, Chengdu, the PRC
"Shuangliu Primary School"	a private primary school to be established by our Group in Shuangliu County, Chengdu, the PRC
"Sichuan Boai"	Sichuan Boai Preschool Education Development Company Limited* (四川省博愛幼兒教育事業發展有限責任公司), a limited liability company established under the laws of the PRC on 26 July 2001 and a Consolidated Affiliated Entity of our Company
"Sichuan Bojun"	Sichuan Bojun Education Investment Management Company Limited* (四川博駿教育投資管理有限公司), a limited liability company established under the laws of the PRC on 8 July 2010, which is owned as to 56% by Mr. Xiong Tao and 44% by Mr. Ran Tao
"Sichuan Haowen"	Sichuan Shida Haowen Education Investment Management Company Limited* (四川師大浩文教育投資管理有限公司), a limited liability company established under the laws of the PRC on 8 April 2011, which is an affiliated company wholly-owned by Sichuan Normal University

"Sichuan Implementing Regulations"	the Implementing Regulations on Classification Registration of Private Schools in Sichuan Province* (《四川省民辦學校分類登記實施辦法》), which was promulgated by, among others, the Education Department of Sichuan Province in May 2018 and became effective in June 2018
"Sichuan Wenxuan"	Sichuan Wenxuan Education Investment Company Limited* (四川文軒教育投資有限公司), a limited liability company established under the laws of the PRC on 7 July 2010 and which was owned as to 50% by Mr. Xiong Tao and 50% by Chengdu Bozhong
"Sino-Foreign Regulation"	the Regulation on Sino-Foreign Cooperation in Operating Schools (《中華人民共和國中外合作辦學條例》), promulgated by the State Council in 2003 and amended on 18 July 2013
"Sole Sponsor" or "CSCI"	China Securities (International) Corporate Finance Company Limited, a licensed corporation under the SFO permitted to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities (as defined under the SFO)
"Spouse Undertakings"	the spouse undertakings executed by each of the respective spouse of the Registered Shareholders, namely Mr. Xiong Tao, Ms. Liao Rong, Ms. Gong Yahong (龔亞虹), Ms. Hu Sha (胡莎) and Mr. Zheng Quanguo (鄭權國), all dated 26 January 2018
"Stabilizing Manager"	China Securities (International) Corporate Finance Company Limited
"State Council"	the State Council of the PRC (中華人民共和國國務院)
"Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited

"Structured Contracts"	collectively, the Exclusive Business Cooperation Agreement, the Exclusive Call Option Agreement, the Equity Pledge Agreement, the School Sponsors' and Directors' (Council Members') Rights Entrustment Agreement, the School Sponsors' Powers of Attorney, the Director's (Council Members') Powers of Attorney, the Loan Agreement, the Spouse Undertakings, the Shareholders' Rights Entrustment Agreement and the Shareholders' Powers of Attorney, further details of which are set out in the section headed "Structured Contracts" in this prospectus
"Subsidiary(ies)"	has the meaning ascribed to it in the Listing Rules. For the avoidance of doubt, the Subsidiaries include Consolidated Affiliated Entities in this prospectus
"Substantial Shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Surpass Luck"	Surpass Luck Global Limited (超運環球有限公司), a company incorporated in the BVI with limited liability on 5 July 2016 and wholly-owned by Ms. Liao Rong, which is one of our Controlling Shareholders
"Tianfu School"	Chengdu New Tianfu District No. 1 Experimental Middle School Attached to Sichuan Normal University* (成都市天府新區四川師大附屬第一實驗中學), a private middle school established under the laws of the PRC on 20 April 2016, where the school sponsor's interest is wholly-owned by Chengdu Mingxian, and a Consolidated Affiliated Entity of our Company
"Track Record Period"	the years ended 31 August 2015, 2016 and 2017 and the six months ended 28 February 2018
"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. dollar(s)" or "US$" or "USD"	United States dollars, the lawful currency for the time being of the United States
"U.S. Securities Act"	the U.S. Securities Act of 1933, as amended from time to time, and the rules and regulations promulgated thereunder

"US Bojun"	USA Bojun Education, Inc., a company incorporated under the laws of State of California, the United States, with limited liability, on 19 August 2016 and a wholly-owned subsidiary of our Company
"US Partner"	Excelsior School System Inc., a company incorporated under the laws of State of California, the United States, with limited liability, on 13 July 2005 and an Independent Third Party principally engaged in the provision of private education in the United States
"US School"	a for-profit grades 7-12 private international school to be operated by our Group in the State of California, the United States
"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"Urban Delight"	Urban Delight Investments Limited (喜都投資有限公司), a company incorporated in the BVI with limited liability on 5 July 2016 and wholly-owned by Ms. Li Jingmei
"Wangcang Bojun"	Wangcang Bojun Education Management Company Limited* (旺蒼博駿教育管理有限公司), a limited liability company established under the laws of the PRC on 18 August 2017 and a Consolidated Affiliated Entity of our Company
"Wangcang School"	Wangcang Bojun School* (旺蒼博駿公學), a private primary, middle and high school to be established by Wangcang Bojun as the school sponsor and, upon its establishment, a Consolidated Affiliated Entity of our Company
"WFOE Law"	the revised version of the Law of the PRC on Wholly Foreign-Owned Enterprises, which was promulgated by the Standing Committee of the National People's Congress on 3 September 2016 and became effective on the same date
"HK eIPO White Form"	the application for Hong Kong Public Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website of **HK eIPO White Form — www.hkeipo.hk**

"HK eIPO White Form Service Provider"	the HK eIPO White Form service provider designated by our Company, as specified on the designated website at **www.hkeipo.hk**
"Youshi Kindergarten"	Chengdu Youshi Experimental Kindergarten* (成都幼師實驗幼兒園), a private kindergarten established under the laws of the PRC on 12 August 2002, where the school sponsor's interest is wholly-owned by Sichuan Boai, and a Consolidated Affiliated Entity of our Company
"Youshi Trademarks"	the two PRC registered trademarks owned by Chengdu Bojun and were owned by Sichuan Boai before the trademarks were transferred by Sichuan Boai to Chengdu Bojun, details of which are set out in the section headed "Further information about the business of our Group — 10. Intellectual property rights of our Group — Trademarks registered in the name of our Group members" in Appendix V to this prospectus
"Zheng Yong"	Zheng Yong Global Limited (正永環球有限公司), a company incorporated in the BVI with limited liability on 8 June 2016 and wholly-owned by Mr. Ran Tao
"sq.m."	square metre
"%"	per cent

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

In this prospectus, unless otherwise stated, certain amounts denominated in Renminbi have been translated into Hong Kong dollars or U.S. dollars at an exchange rate of HK$1.00 = RMB0.857 or HK$7.819 = US$1.00, respectively, for illustration purpose only. Such conversions shall not be construed as representations that amounts in Renminbi were or could have been or could be converted into Hong Kong dollars or U.S. dollars at such rates or any other exchange rates on such date or any other date.

If there is any inconsistency between the Chinese names of entities or enterprises established in the PRC and their English translations, the Chinese names shall prevail. The English translation of company or entity names in Chinese or another language which are marked with "" and the Chinese translation of company or entity names in English which are marked with "*" is for identification purpose only.*

Unless otherwise specified, all relevant information in this prospectus assumes no exercise of the Over-allotment Option.

This glossary of technical terms contains explanation of certain terms used in this prospectus in connection with our business. The terminology contained in this glossary and their given meanings may not correspond to standard industry meaning or usage of these terms.

"compulsory education"	grade one to grade nine education, which all citizens in China must receive, according to the Compulsory Education Law of the PRC
"first-tier high schools"	the exemplary high schools (示範性高中) as designated by the Education Department of Sichuan Province* (四川省教育廳)
"Gaokao"	also known as the National Higher Education Entrance Examination, is an academic examination held annually in the PRC. It is a prerequisite for entrance into almost all higher education institutions at the undergraduate level in the PRC
"high schools"	schools that provide education for students from grade ten through grade twelve
"K-12"	preschool to grade twelve, also known as "fundamental education"
"middle schools"	schools that provide education for students from grade seven to nine
"primary education"	typically the first stage of compulsory education, which comprises grades one through six
"private schools"	schools which are not administered by local, provincial or national governments
"public schools"	schools administered by local, provincial or national governments
"school sponsor" or "sponsor of the school"	the individual(s) or group(s) that funds or holds interests in an educational institution
"school year"	except for our preschools, the school year for all of our schools, which generally starts on 1 September of each calendar year and ends on 30 June of the next calendar year
"secondary education"	normally takes place after primary education, which comprises grades seven through twelve, and may be followed by higher education or vocational training
"Zhongkao"	also known as the Senior High School Entrance Examination, the academic examination held annually in the PRC to distinguish middle school students

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

- our business operations and prospects;
- future developments, trends and conditions in the industry and markets in which we operate;
- our strategies, plans, objectives and goals and our ability to implement such strategies, plans, objectives and goals;
- our ability to maintain or increase student enrollment;
- our ability to maintain or raise tuition fees and boarding fees;
- general economic conditions;
- our capital expenditure programs and future capital requirements;
- changes to regulatory and operating conditions in the industry and markets in which we operate;
- our ability to control costs;
- the amount and nature of, and potential for, future development of our business;
- capital market developments;
- the actions and developments of our competitors; and
- all other risks and uncertainties described in the section headed “Risk Factors” in this prospectus.

Potential investors should consider carefully all the information set out in this prospectus and, in particular, should evaluate the following risks associated with the investment in our Shares. You should pay particular attention to the fact that we conduct our operations in the PRC, the legal and regulatory environment of which in some respects may differ from that in Hong Kong. Any of the risks and uncertainties described below could have a material adverse effect on our business, results of operations, financial condition or on the trading price of our Shares, and could cause you to lose all or part of your investment.

We believe there are certain risks and uncertainties involved in our operations, some of which are beyond our control. These risks and uncertainties can be broadly categorized into: (a) risks relating to our business and our industry; (b) risks relating to our Structured Contracts; (c) risks relating to conducting business in China; and (d) risks relating to the Global Offering.

RISKS RELATING TO OUR BUSINESS AND OUR INDUSTRY

Our expansion plans to establish six additional schools during the two years ending 31 August 2019, which may significantly drain our operational and financial resources.

We plan to establish Nanjiang School, Wangcang School, Lezhi School, Chengdu School, US School and high school of Tianfu School during the two years ending 31 August 2019. Such expansion plan will incur significant capital expenditure and it is expected that we will incur capital expenditure of approximately RMB316.6 million, RMB251.8 million and RMB269.5 million for the two years ending 31 August 2018 and 2019 and after 31 August 2019 in connection with these expansion plans. For further details of our expansion plans, please refer to the section headed "Business — Our business strategies" in this prospectus. Our expansion plans may significantly drain our operational and financial resources, may lead to reduced profitability and may adversely affect our results of operations in the near future. Moreover, to support these expansion plans, we may also need to incur significant expenditure for management and staff recruitment and operation of new schools. We may not be able to secure adequate funding and resources to support these expansion plans in a timely manner or at all and that could negatively affect our expansion plans and the operation of our schools. Moreover, we may not be able to increase our student enrollment at our new schools during the startup or as expected, which may materially and adversely affect our business, financial condition and results of operation.

We may be unable to implement our growth strategies or manage our growth effectively, which may materially and adversely affect our ability to capitalize on new business opportunities.

We have experienced steady growth and expansion that has placed, and continues to place, significant pressure on our management and resources. We intend to expand our school network to increase our market penetration and market diversification through the following strategies: (i) establishing new schools by purchasing land use rights; (ii) establishing new schools by cooperating with third-party business partners; and (iii) establishing high school in our Tianfu School campus. For details of our expansion plans, please refer to the section headed "Business — Our business strategies — Further expansion of our school network to expand our geographic coverage in China and the United States by ways of market penetration and market diversification" in this prospectus.

We must improve our existing operational, administrative and technological systems and our financial and management controls, and recruit, train and retain additional qualified teachers and management personnel to manage and support our growth. All of these endeavors require substantial management time and skills as well as significant additional expenditures. If we fail to adequately update and strengthen our operational, administrative and technological systems and our financial and management controls to support our future expansion, we may not be able to effectively and efficiently manage our operational growth and recruit and retain qualified personnel and integrate entities we establish into our operations. Any failure to effectively and efficiently manage our expansion may materially and adversely affect our ability to capitalize on new business opportunities, which in turn may have a material adverse effect on our business and financial results. Moreover, even if we are able to maintain or expand student enrollment in our existing schools, we may be unable to retain a sufficient number of these students or attract new students in the future to expand the scale of our operations, which could adversely affect our business and results of operations.

We may not be able to successfully establish new schools on time, on budget, or at all.

We intend to continue to expand our school network by establishing new schools in China and overseas. Our new schools in Nanjiang County, Wangcang County and Chengdu of Sichuan Province are expected to commence operations in September 2018. Successful establishment of a new school depends on various factors, including obtaining financing, completing the construction of school campus and buildings, receiving government approvals, licences and permits, recruitment of qualified teachers and staff and recruitment of students, many of which are out of our control. Moreover, our timeline can also be affected by the construction work of our new schools. There are a number of factors, including the performance and efficiency of our contractors, changes in relevant regulations and government policies, construction accidents, adverse weather conditions, delays in obtaining the necessary licences, permits or approvals from relevant authorities in the PRC and other unforeseen problems and circumstances, which may adversely affect the schedule, costs and the success of our construction work. Any delays in the construction schedule, deviation from our planned specifications, failure to control the costs within budget as a result of the above factors may affect the time that our schools commence schooling and our results of operations and financial position may also be adversely affected. We cannot assure you that we will not experience any significant delays in the construction work of our campuses nor assure you that new schools will be established according to our proposed timeline. Any delays in the completion of our campuses may adversely affect our business, financial condition, results of operations and growth prospects.

Our business and results of operations depend on our ability to maintain or raise tuition fees and boarding fees we charge at our schools.

One of the most significant factors affecting our profitability is the tuition fees we charge at our schools. For the financial years ended 31 August 2015, 2016 and 2017 and the six months ended 28 February 2018, tuition fees constituted approximately 97.9%, 97.9%, 98.0% and 97.7% of our total revenue, respectively, while the boarding fees accounted for the remainder. Our tuition rates are primarily based on the cost of our operations, the demand for our educational programs, the geographic markets where we operate our schools, the tuition fees charged by our competitors, our pricing strategy in relation to expanding market share and general economic conditions in China. Our tuition rates are subject to approval or guidance from the relevant government authorities in the areas where we operate. On 2 March 2005, the PRC government authorities promulgated the Interim Measures for the Management of the

Collection of Private Education Fees (《民辦教育費徵收的管理暫行辦法》), which provides that the types and amounts of fees charged by a private school providing educational qualifications must be reviewed and approved by the relevant governmental pricing authority. In April 2015, Chengdu Municipal Development and Reform Commission and Chengdu Ministry of Education jointly issued the Notice on the Issues Concerning the Tuition Fees of Private Educational Schools (《關於民辦學歷教育學校學費等有關問題的通知》), pursuant to which adjustments to tuition fees of private schools in Chengdu are pre-approved as long as the tuition fees will not increase by more than 20% from the applicable base levels stipulated by the local PRC governmental pricing authority. Further, according to the same notice, new tuition fees will only be applicable to newly admitted students and the tuition levels for other students will not be affected. For the 2016/2017 school year, as permitted by the relevant PRC government authorities, we increased tuition fees in Jinjiang School and Longquan School by approximately 14% over the tuition fees for the previous school year, which were applicable to newly admitted students only, while other students were not affected by the fee increase and would continue to pay the tuition fees at pre-existing levels. Further, for the 2016/2017 school year, we increased tuition fees for newly admitted students in all of our kindergartens except Longquan Kindergarten by up to approximately 17% over the tuition fees for the previous school year. However, we cannot assure that we will be able to maintain or raise the tuition and/or boarding fee levels we charge at our schools in the future due to various reasons, including the failure to obtain necessary approvals from the government authorities, when required. Even if we are able to maintain or raise tuition fees or boarding fees, there can be no assurance that we will be able to attract prospective students to apply for our schools at such increased fee rates. Our business, financial position and results of operations may be materially and adversely affected if we fail to maintain or raise the tuition or attract sufficient prospective students.

Our business, financial condition and results of operations are heavily dependent on the market recognition of our reputation.

Our ability to maintain our reputation depends on a number of factors, some of which are beyond our control. As we continue to grow in size and expand our programs, services and products, it may become difficult to maintain the quality and consistency of the services we offer, which may lead to diminishing confidence in our reputation.

Our reputation may potentially be adversely affected by a number of factors, including, but not limited to, levels of student and parent satisfaction with our curriculums, teachers and teaching quality, the grades achieved by our students, the number of our graduate students being accepted into domestic and overseas universities, accidents on campus, teacher or student scandals, negative press, disruptions to our educational services and failure to pass an inspection by a government educational authority. In particular, any negative publicity concerning our school, our Group, our Controlling Shareholders, our Directors, our employees or any of them, even if untrue, could adversely affect our brand image, reputation, business, growth prospect, our ability to recruit teachers and staff and take up excessive time of our management and other resources. Further, there may be possibility that Sichuan Normal University will grant authorized use of its brand to other schools. The brand will be adversely affected if the quality of education that such other schools provide deteriorates, which in turn will damage our reputation. If our reputation is damaged, students' and parents' interest in our schools may decrease and our business could be materially and adversely affected.

Our student enrollment at our schools is largely driven by word-of-mouth referrals of our students and their parents and our marketing efforts. For our middle and high schools, we publish our application information and admission requirements on the Internet and social media. For our kindergartens, we promoted mainly through our school websites and social media. We also distributed promotional materials and pamphlets about our kindergartens to the residential buildings that are located close to the kindergartens and arranged our students to participate in TV shows and community activities. However, we cannot assure you that our marketing efforts will be successful or sufficient in further promoting our reputation or in helping us to remain competitive.

If we are unable to further enhance our reputation and increase market awareness of our programs and services, or if we are required to incur excessive marketing and promotional expenses in order to remain competitive, our business, financial condition and results of operations may be materially and adversely affected. If we are unable to maintain or sustain our reputation and recognition, we may also be unable to maintain or increase student enrollment, which may have a material adverse effect on our business, financial condition and results of operations.

If we could not renew the existing cooperative agreements with Sichuan Haowen for use of the brand name of Sichuan Normal University by our Jinjiang School, Longquan School and Tianfu School, our business, results of operations and financial condition could be materially and adversely affected.

We have entered into various cooperation agreements with Sichuan Normal University and its affiliated company for the use of its brand name by our middle schools and high school. For details, please refer to the section headed "Business — Our schools — Our middle school and high school education services — Our cooperative relationship with Sichuan Normal University" in this prospectus.

We believe the cooperation agreements are important to our business operations. Without such cooperation agreements, our schools may need to change their names and, as a result, we may lose existing or prospective students. We cannot guarantee that such agreements will not be terminated due to circumstances which are beyond our control. Moreover, the cooperation agreements with Sichuan Haowen for use of the brand name of Sichuan Normal University by Jinjiang School, Longquan School and Tianfu School will, unless further extended, expire in 2028, 2035 and 2046, respectively. In the event that Sichuan Haowen refuses to renew the cooperation agreements with us or the terms offered by Sichuan Haowen are not as favorable to us as the existing agreements, such cooperation agreements will be terminated and we will not be able to continue to use the brand name of Sichuan Normal University. As a result, our business, results of operations and financial condition could be materially and adversely affected.

Our students' academic performance may fall and satisfaction with our educational services may decline.

Our students' academic performance may be affected by various factors, including teaching method and materials, personal efforts, learning environment, pressure and family influence, some of which may be beyond our control. If their academic performance fall or do not improve as expected, our students may be unable to achieve the test scores necessary for their desired university, high school or middle school admissions and satisfaction with our educational services may decline. Satisfaction with our educational services may also decline due to negative publicity on our schools, Directors or management, lack of qualified teachers, unsatisfactory learning environment or other factors, which may result in a decrease in word-of-mouth referrals and reputation, students' withdrawal from our schools and decreased application for our schools. If our student retention rate decreases substantially or if we otherwise fail to continue to attract and admit students due to decreased students' or parents' satisfaction with our educational services, our business, financial condition and results of operations may be materially and adversely affected.

Highly competitive PRC education sector could result in reduced profit margins and market shares, increased pricing pressure, departures of qualified teaching staff and increased spendings.

The education sector in China is highly competitive. In Chengdu, we face intense competition from public schools and other private schools that offer similar programs. We compete with these schools across a range of factors, including program and curriculum offerings, tuition fee levels, school location and premises, competent teachers and other key personnel. Public schools may enjoy preferential governmental support in respect of, among others, tax exemptions and government subsidies. Our competitors may adopt similar curriculums, school support and marketing approaches, with different pricing and service packages that may have greater appeal than those we offer. Further, our competitors may devote greater resources, financial or otherwise, than we can to student recruitment, campus development and promotion, and respond more quickly than we can to changes in student demands and market needs. In view of such severe competition, we may be required to reduce tuition fees and boarding fees or increase spending in order to retain or attract students or gain market share. If we are unable to successfully compete for new students, maintain or increase our tuition level, attract and retain competent teaching staff or other key personnel, enhance the quality of our educational services or control competition costs, our business and results of operations may be materially and adversely affected.

We may lose government support or fail to partner with the relevant local government authorities for the establishment and operations of our schools.

We entered into agreements with local governments to expand our school network. Pursuant to these agreements, the relevant local governments agreed to provide us with various assistance, including government assistance with regulatory filings and applications and campus construction. We believe that with support from relevant local governments we can establish our new schools and expand our school network in a timely manner. However, we cannot assure you that the government authorities will continue to support our existing schools or that we will be able to obtain the support from the government authorities with which we intend to cooperate for the establishment of our new schools. The government authorities may decide not to support our schools or cooperate with us in the future due to various reasons, many of which may be beyond our control. If we lose government support for our existing schools or are unable to find government authorities that are willing to cooperate with us for the establishment of our new schools, we may lose access to certain resources, incur significant costs or have to change the target location for our new schools, and our business, financial condition and results of operations may be materially and adversely affected.

We are subject to extensive governmental approvals and compliance requirements for establishing our campuses and school premises.

For campuses and school premises constructed and developed for our schools, we must obtain various permits, certificates and other approvals from the relevant administrative authorities at various stages of property development, e.g. planning permits, construction permits, land use rights certificates, certificates for passing environmental assessments, certificates for passing fire control assessments and certificates for passing construction completion inspections. We may in the future encounter problems in fulfilling the conditions precedent to the receipt of those permits, certificates and approvals, and we may not always be able to obtain them in a timely manner, or at all. Particularly, we may encounter such problem when we develop new campuses and school premises. If we are not able to rectify the above incidents in a timely manner, or fail to obtain requisite permits, certificates or approvals for campuses and school premises we will develop and construct in the future, we may become subject to administrative fines and other penalties or may be ordered to relocate our schools which could disrupt our business and cause us to incur additional expenses which may have a material adverse effect on our business, prospects, financial condition and results of operations.

We cannot guarantee that the launch of our new schools under the new brand name "Bojun School (博駿公學)" will be successful

Our Chengdu School, Nanjiang School and Wangcang School will be launched under the new brand name "Bojun School (博駿公學)". A new brand may face challenges relating to brand positioning and marketing strategies. Furthermore, a new brand typically requires a period of initial development, marketing efforts and on-going investment, which may negatively affect overall profitability. Therefore, we cannot guarantee the success of our business under our new brand name. If the development of our new brand is not successful, our business, financial condition and results of operations may be materially and adversely affected.

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

We rely substantially on our teachers for the provision of educational services to our students. Therefore, our teachers are the key to maintaining the quality of our programs and services and to upholding our reputation. As of 1 September 2017, we had a team of 580 teachers.

We endeavor to continue to attract qualified teachers who have a strong command of their respective subject areas and meet our high standards. We target to hire teachers who are capable of delivering innovative and effective classroom instruction. There are a limited number of principals, vice principals, teachers and other school administrators with the necessary experience to operate our schools and teach our courses in Sichuan Province. There is no assurance that we can recruit and retain such personnel in the future. As a result, we must provide competitive remuneration and benefits packages to attract and retain qualified teachers and other school personnel. In addition, criteria such as commitment and dedication are difficult to ascertain during the recruitment process, given that we need to expand and add teachers and other school personnel quickly in order to meet rising student enrollment. We must also provide continuous training to our teachers so that they can stay abreast of changes in student demands, admission and assessment test requirements, admissions standards and other key trends necessary to effectively teach their respective courses.

We may not be able to hire and retain a sufficient number of qualified teachers and qualified school personnel to keep pace with our anticipated growth while maintaining consistent teaching quality and the overall quality of our education programs across different schools. If we fail to recruit and retain an appropriate number of qualified teachers and qualified school personnel, the quality of our services or overall education programs may decrease or be perceived to decrease in one or more of our schools, which may have a material and adverse effect on our reputation, business and results of operations. In addition, there are foreign teachers who teach classes in our kindergartens. Since these foreign teachers are provided to our kindergartens by independent third-party education service providers, we do not have direct control over their educational qualification and teaching quality. In the event the quality of the foreign teachers deteriorates, the quality of education programs of our kindergartens will be adversely affected, which will negatively impact our business, reputation and results of operations.

Our business, financial condition and results of operations may be adversely affected if the land on which our Jinjiang School is located is expropriated by the PRC government.

The school premises of Jinjiang School are built on five parcels of collectively-owned land we leased from an Independent Third Party. As advised by our PRC Legal Advisors, these parcels of collectively-owned land are included in the expropriation plan released by the government of Chengdu in 2006 and 2010, respectively. As a result, there is a risk that these parcels of collectively-owned land will be expropriated by the government, and we may be required to vacate the relevant properties and relocate our Jinjiang School. Please refer to the section headed "Business — Properties — Land expropriation" in this prospectus for further details. Chengdu Jinjiang District Chenglong Road Street Office* (成都市錦江區成龍路街道辦事處) informed our PRC Legal Advisors that it has not taken any actions to execute the expropriation plan in respect of the land on which our Jinjiang School is located and it will not take any actions unless a consensus has been reached between the Chengdu State-Owned Land Resources Bureau* (成都市國土資源局), the owners of the collectively-owned land and our Jinjiang School on the details of the indemnification and relocation arrangement in respect of the expropriation of the land. Moreover, the Jinjiang branch office of the Chengdu State-Owned Land Resources Bureau* (成都市國土資源局錦江分局) confirmed with us that it will not demolish and relocate our Jinjiang School or use the land concerned unless (a) a consensus has been reached between the Jinjiang branch office of the Chengdu State-Owned Land Resources Bureau, the owners of the collectively-owned land and our Jinjiang School on the details of the indemnification and relocation arrangement in respect of the expropriation of the land; and (b) the full payment of the indemnification has been made and the indemnification and relocation arrangement has been implemented. However, we cannot guarantee that consensus will be reached between the Chengdu State-Owned Land Resources Bureau and us. Moreover, according to the information obtained by our PRC Legal Advisors from the Information Center of Chengdu Planning Management Bureau* (成都市規劃管理局), the collectively-owned land is currently designated as school premises for elementary school or middle school. Therefore, the current usage of the collectively-owned land as the school premises of our Jinjiang School complies with the existing town planning of Chengdu. However, we cannot guarantee that such designated usage will not be changed in the future. If we fail to reach a consensus with the Jinjiang branch office of the Chengdu State-Owned Land Resources Bureau or the designated usage of the land is changed in the future, we may need to relocate the school premises of our Jinjiang School. Moreover, we may be unable to obtain new leases at desirable locations or on desirable terms, and we may not be able to find suitable alternative premises for our Jinjiang School in a timely manner. Further, we may incur additional costs arising from the relocation as well as business disruption. For the three years ended 31 August 2015, 2016 and 2017 and the six months ended 28 February 2018, the revenue generated from tuition fees of Jinjiang School amounted to RMB61.6 million, RMB71.2 million, RMB77.5 million and RMB42.6 million, representing approximately 59.7%, 52.6%, 42.7% and 37.0% of our total revenue, respectively. Therefore, our business, financial condition and results of operations may be adversely affected if the collectively-owned land on which our Jinjiang School is located is expropriated by the government and we are unable to find suitable alternative premises or obtain new leases at desirable locations or on desirable terms for our Jinjiang School.

We face certain risks relating to the properties leased by us.

As at the Latest Practicable Date, we leased seven parcels of land with a total gross site area of approximately 96,198 sq.m. and 16 buildings with a total gross floor area of approximately 54,675 sq.m. for our schools from lessors which are Independent Third Parties. Please see the section headed "Business — Properties" in this prospectus for further details. As we do not own these properties, we are not in a position to effectively control the quality, maintenance and management of such premises, buildings and facilities. In the event the quality of the school premises, buildings and facilities deteriorates, or if any or all of our lessors fail to properly maintain and renovate such premises, buildings or facilities in a timely manner or at all, the operation of our schools could be materially and adversely affected. In addition, at the end of each lease term, we may not be able to negotiate for another lease and may therefore be forced to relocate to a different location, or the lessors may significantly increase the rent if we continue to utilize the leased premises. These risks and limitations could adversely affect or disrupt our operations. In addition, if we are forced to relocate, we may be unable to obtain new leases at desirable locations on acceptable terms to accommodate our future growth, which could materially and adversely affect our results of operations.

Further, we have a number of title defects with respect to the school premises of Lidu Kindergarten, Peninsula Kindergarten and Longquan School all of which are our leased properties. With respect to these leased properties, our lessors have not provided us with the relevant building ownership certificates. Should disputes arise due to title encumbrances to such properties or government action, we may encounter difficulties in continuing to lease such properties and may be required to relocate. In such event, we may not be able to find suitable alternative premises or obtain new leases at desirable locations or on desirable terms. Further, we may incur additional costs arising from the relocation as well as business disruption. Therefore, our business, financial condition and results of operations may be adversely affected if we are unable to find suitable alternative premises or obtain new leases at desirable locations or on desirable terms in the event that we are required to vacate from these properties. For details of the above title defects, please refer to the section headed "Business — Properties — Title defects" in this prospectus.

Our business depends on our ability to maintain the quality of our educational services, students' academic performance and the level of satisfaction with our educational services. Our business also depends on our ability to promptly and adequately respond to changes in education standards in the PRC.

The success of our business depends on our ability to maintain the quality of education we provide, which includes students' satisfactory learning experience, and to ensure the academic performance of our students. Our schools may not be able to meet students' and parents' expectations for academic performance. A student may not experience expected academic improvement and his or her performance may otherwise decline significantly due to reasons beyond our control. There is no assurance that we can provide school learning experiences that are satisfactory to all of our students. Student and parent satisfaction with our educational programs may decline. We may also experience a decrease in word-of-mouth referrals. In particular, we cannot ensure that our middle school students will be accepted by their desired high schools at rates we have experienced in the past. Any such negative developments could result in students' withdrawal from or unwillingness to apply for our schools, and therefore have an adverse impact on our reputation. If our student retention rate decreases substantially or if we otherwise fail to continue to attract and admit students of a suitable standard or at all, our business, financial condition and results of operations may be materially and adversely affected.

Furthermore, if we fail to develop and introduce new education services and programs at our schools based on the changing education standards in China in a timely manner, our ability to attract and retain students and our reputation could be materially and adversely affected, which may have a material adverse impact on our business, financial condition and results of operations.

We have limited experience in high school education and no experience in primary school education.

We have not operated any high school before the establishment of our high school of Longquan School in September 2016 and any primary school before the Latest Practicable Date. Although we have abundant experience in operating middle schools and kindergartens, we do not have much experience in managing high schools and we have yet to operate any primary school. In the event that we are not successful in managing our high school or primary school and the operation results of our high school or primary school is not satisfactory as we have expected, our results of operations and financial condition may be materially and adversely affected.

We propose to invest in the US School, which may be subject to risks.

We intend to establish the US School, which is a for-profit grades 7-12 private international school in California, the United States jointly with the US Partner. However, we have not invested in or managed any school overseas and may encounter challenges upon entering into such markets. Also, we may not be familiar with the applicable local laws and regulations and the education system in the United States, which may affect our investments and the schools we intend to invest. Moreover, we plan to hire local staff and teachers with relevant experience to operate the US School, but we cannot assure you that we will be able to identify and hire suitable candidates or we will be able to work effectively with them. Further, we may not be able to attract students to enroll in the US School or as expected and to generate sufficient revenue to justify the investment we would made. We cannot assure you that the establishment of the US School will be successful. In the event we are not successful in establishing the school overseas or the operation results of the school are not as satisfactory as we have expected, our results of operations and financial condition may be materially and adversely affected.

We recorded net current liabilities during the Track Record Period.

As of 31 August 2015 and 28 February 2018, we recorded net current liabilities of approximately RMB97.5 million and RMB159.3 million respectively. Please refer to the section headed "Financial Information" in this prospectus for details. We cannot assure you that we will not experience periods of net current liabilities in the future. We may continue to record net current liabilities in future periods as we continue to expand. A net current liabilities position could expose us to liquidity risks, constrain our operational flexibility and adversely affect our ability to obtain financing and expand our business. There can be no assurance that we will always be able to generate sufficient cash flow from our operations or obtain necessary funding to meet our present and future financial needs, including to repay our loans upon maturity and finance our capital commitments. If we fail to meet our financial obligations, our business, liquidity, financial position and prospects could be materially and adversely affected.

We recorded net operating cash outflows for the six months ended 28 February 2017 and 28 February 2018.

We had net cash outflows from operating activities of approximately RMB29.2 million and RMB86.1 million for the six months ended 28 February 2017 and 28 February 2018, respectively. Our negative net operating cash flows were mainly attributable to the decreases in deferred revenue of approximately RMB59.1 million and RMB96.0 million for the six months ended 28 February 2017 and 2018, respectively and the increase in other receivables, deposits and prepayments of approximately RMB2.7 million and RMB5.8 million for the six months ended 28 February 2017 and 2018, respectively. We recorded decreases in deferred revenue as a result of the proportionate recognition of prepaid tuition fees and boarding fees as revenue over the relevant periods. Please refer to the section headed "Financial Information" in this prospectus for details. While our Directors believe that we have sufficient funds to finance our current working capital requirements, our operating cash flow may be adversely affected by unforeseeable factors. As such, we cannot assure you that we will not experience net operating cash outflow in the future. In the event that we fail to maintain sufficient cash inflows, we may fail to meet our financial obligations, our business, liquidity, financial position and prospects could be materially and adversely affected.

Our educational services may be adversely affected if we are not able to obtain all necessary approvals, licenses and permits and to make all necessary registrations and filings for our educational services in the PRC.

We are required to obtain and maintain various approvals, licenses and permits and fulfill registration and filing requirements in order to conduct and operate our education and other services. For instance, to establish and operate a school, we are required to obtain a private school operation permit from the local education bureau and to register with the local civil affairs bureau to obtain a certificate of registration for a privately run non-enterprise unit, or legal entity.

While we intend to obtain, using our best endeavors, all requisite permits and complete the necessary filings, renewals and registrations on a timely basis for our schools, we cannot guarantee that we will be able to obtain all required permits given the significant amount of discretion the local PRC authorities may have in interpreting, implementing and enforcing relevant rules and regulations, as well as other factors beyond our control and anticipation. If we are unable to receive required permits in a timely manner or obtain or renew any permits and certificates, we may be subject to fines, confiscation of the gains derived from our noncompliant operations, the suspension of our noncompliant operations or the compensation of any economic loss suffered by our students or other relevant parties, which may materially and adversely affect our business and results of operations.

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

We have experienced steady growth in revenue during the Track Record Period. Our historical growth was driven by the increase in the number of students enrolled at our schools and the level of tuition fees we charged. Our financial condition and results of operations may fluctuate due to a number of other factors, many of which are beyond our control, including: (i) our ability to maintain and increase student enrollment at our schools and maintain and raise tuition and boarding fees; (ii) general economic and social conditions and government regulations or actions pertaining to the provision of private education in China, Sichuan Province and Chengdu; (iii) increased competition and market perception and acceptance of any newly introduced educational programs in any given year; (iv) expansion and related costs in a given period; (v) shifts in attitude of students and their parents towards private education in China; and (vi) our ability to control our cost of services and other operating costs, and enhance our operational efficiency as our teachers' salaries, rental expenses and other operating costs may be increased in accordance with market rates. In addition, we may not be successful in continuing to increase the number of students admitted to the schools we operate due to our limited capacity, and we may not be as successful in carrying out our growth strategies and expansion plans. As a result, we may not be able to sustain our past growth rates in future periods, and we may not be able to sustain profitability on a quarterly, interim or annual basis in the future. Our historical results, growth rates and profitability may not be indicative of our future performance. Our Shares could be subject to significant price volatility should our earnings fail to meet the expectations of the investment community. Any of these events could cause the price of our Shares to materially decrease.

We generate all of our revenue from our schools in Chengdu.

All of the nine schools we currently operate are located in Chengdu, Sichuan Province. Therefore, any material adverse social, economic or political development, or any natural disaster or epidemic affecting Sichuan Province or Chengdu could have a material and adverse effect on our business, financial condition and results of operations. We may also be materially and adversely affected if new regulations relating to the private kindergarten, middle school and high school education businesses are adopted in Sichuan Province or Chengdu that may place additional restrictions or burdens on us. In addition, because we currently operate only two middle schools, one middle and high school and six kindergartens, any material negative development with respect to any of these schools could have a material and adverse effect on our business, financial condition and results of operations.

We generate a significant portion of our revenue from Jinjiang School during the Track Record period.

For the three years ended 31 August 2015, 2016 and 2017 and the six months ended 28 February 2018, the revenue generated from tuition fees of Jinjiang School amounted to RMB61.6 million, RMB71.2 million, RMB77.5 million and RMB42.6 million, representing approximately 59.7%, 52.6%, 42.7% and 37.0% of our total revenue, respectively. Jinjiang School may continue to generate a noticeable portion of our revenue for the foreseeable future. Therefore, if Jinjiang School experiences an event that materially and negatively affects its student enrollment, tuition, school operations or reputation in general, our business, financial condition and results of operations may be materially and adversely affected.

The application of HKFRS 16 may affect our financial position and performance due to our operating lease arrangements.

HKFRS 16, which will become effective for annual periods beginning on or after 1 January 2019, set out new provisions for the accounting treatment of leases and its application in the future means that all non-current leases must be recognized in the form of right-of-use assets and a financial liability for payment obligations. For further details, please refer to the Accountants' Report set out in Appendix I to this prospectus. Our Group recorded non-cancellable operating lease commitments of approximately RMB192.0 million as at 28 February 2018. Under HKFRS 16, our Group will recognize a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. The application of HKFRS 16 might have adverse impact on the net financial position and performance of our Group.

We derived imputed interest income from advances to directors and related companies during the Track Record Period which was non-recurring in nature.

During the Track Record Period, we made advances to certain directors and related companies. These advances were non-trade in nature. For the three years ended 31 August 2015, 2016 and 2017 and the six months ended 28 February 2018, we recorded (i) imputed interest income from advances to directors of approximately RMB0.4 million, RMB1.0 million, RMB2.4 million and RMB1.3 million, respectively, and (ii) imputed interest income from advances to related companies of approximately RMB5.4 million, RMB3.9 million, RMB2.4 million and RMB1.3 million, respectively. Such imputed interest income is only a hypothetical income under HKFRS and had no cash inflow during the Track Record Period. Our Directors confirm that all outstanding amount due from the directors and related parties which were non-trade in nature will be fully settled before Listing. Therefore, such imputed interest income from directors and related parties will no longer be a source of income to us following the Listing.

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

We provide private kindergarten, middle school and high school education to our students. Our future success heavily depends on the continuing services of our executive Directors and senior management.

If one or more of our executive Directors, senior management and other key personnel are unable or unwilling to continue their employment with us, we may not be able to replace them with qualified personnel in a timely manner, or at all, and our business may be disrupted and our results of operations and financial condition may be materially and adversely affected. Competition for high-quality teachers in the PRC is intense. We may not be able to retain experienced senior management members or other qualified personnel in the future. In the event we lose their services, or if any member of our executive Directors or senior management or other key personnel joins our competitor(s) or forms a competing company, we may not be able to retain our teachers, students, key educators and other professionals, which could have a material and adverse effect on our business, results of operations and financial condition.

We maintain limited insurance coverage.

We maintain various insurance policies, such as school liability insurance and property insurance to safeguard against risks and unexpected events in our kindergartens, middle schools and high school. However, our insurance coverage may not be sufficient in terms of amount, scope and benefit. If we were held liable for amounts and claims exceeding the scope or amounts covered by our insurance policies, or suffered losses from incidents for which we do not currently maintain any insurance, we may be required to pay significant damages or suffer significant loss without being able to recover all or part of the amounts from insurance companies, and our business, results of operations and financial condition may be materially and adversely affected. In addition, we do not have any business disruption insurances to cover losses caused by natural disasters or catastrophic events, which may significantly disrupt our business operations and incur substantial costs on us, and may materially and adversely affect our business, financial condition and results of operations.

Accidents or injuries suffered by our students, our employees or other personnel at our school premises may adversely affect our reputation and subject us to liabilities.

We could be held liable for the accidents or injuries or other harm to students or other people at our schools, including those caused by or otherwise arising in connection with our school facilities or employees. We could also face claims alleging that we were negligent, provided inadequate maintenance to our school facilities or supervision of our employees and therefore may be held liable for accidents or injuries suffered by our students or other people at our schools. In addition, if any of our students or teachers commits acts of violence, we could face allegations that we fail to provide adequate security or were otherwise responsible for his or her actions. Our schools may be perceived to be unsafe, which may discourage prospective students from applying to or attending our schools. Furthermore, although we maintain certain liability insurance, this insurance coverage may not be adequate to fully protect us from these kinds of claims and liabilities. In addition, we may not be able to obtain liability insurance in the future at reasonable prices or at all. A liability claim against us or any of our employees could adversely affect our reputation and student enrollment and retention. Even if unsuccessful, such a claim could create unfavorable publicity, cause us to incur substantial expenses and divert the time and attention of our management, all of which may have a material adverse effect on our business, prospects, financial condition and results of operations.

As our schools manage their own canteens, we may be exposed to potential liabilities if we cannot maintain food quality standards.

As we manage canteens ourselves, we may be exposed to potential liabilities if we cannot maintain food quality standard. Although we strive to maintain the quality of food we provide at our canteens, we cannot assure you that we would always meet the changing food quality standards and maintain proper operation of our canteens. If we fail to meet the required food standards, our students' health may suffer and medical emergency may occur, which may damage our reputation and affect our student enrollment. This could have a material adverse effect on our business, financial condition and results of operations.

We may lose students to our competitors because of capacity constraints of our school facilities.

The educational facilities of our schools are limited in space and size. We may not be able to admit all qualified students who would like to enroll in our schools due to the capacity constraints of our current school facilities. Furthermore, without building additional facilities such as classrooms and dormitories, we may not be able to expand our capacity at our current campuses unless we relocate to other facilities in the local area with more space. If we fail to expand our capacity as quickly as the demand for our services grows, or if we otherwise fail to grow by establishing or acquiring additional schools and campuses, we could lose potential students to our competitors, and our results of operations and business prospects could be materially and adversely affected.

We may lose our competitive advantage and our reputation and operations may be materially and adversely affected if we fail to protect our intellectual property rights or prevent the loss or misappropriation of our intellectual property rights.

Unauthorized use of any of our intellectual property may adversely affect our business and reputation. We may, from time to time, rely on a combination of copyright, trademark and trade secrets laws to protect our intellectual property rights. Nevertheless, third parties may obtain and use our intellectual property without due authorization. We may also need to resort to litigation and other legal proceedings to enforce our intellectual property rights. Any such action, litigation or other legal proceedings could result in substantial costs and diversion of our management's attention and resources and could disrupt our business. In addition, there is no assurance that we will be able to enforce our intellectual property rights effectively or otherwise prevent others from the unauthorized use of our intellectual property. Failure to adequately protect our intellectual property could materially and adversely affect our reputation, and our business, financial condition and results of operations.

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

We cannot assure you that materials and other educational content used in our schools and programs do not or will not infringe intellectual property rights of third parties. As at the Latest Practicable Date, we did not encounter any material claims for intellectual property infringement. However, there is no guarantee in the future that third parties will not claim that we have infringed their proprietary rights.

Even if we defend ourselves vigorously in any such litigation or legal proceedings, there is no assurance that we will prevail in these proceedings. Such legal proceedings may accompany with court orders which prevent us, temporarily or permanently, from using our materials and other educational content which may result in disruption to our teaching activities. Participation in such litigation and legal proceedings may also cause us to incur substantial expenses and divert the time and attention of our management. We may be required to pay damages or incur settlement expenses. In addition, in case we are required to pay any royalties or enter into any licensing agreements with the owners of intellectual property rights, we may find that the terms are not commercially acceptable and we may finally lose the ability to use the related content or materials, which in turn could materially affect our educational programs. Any similar claim against us, even without any merit, could also hurt our reputation and image. Any such event could have a material and adverse effect on our business, financial condition and results of operations.

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

According to the PRC Security Law and the PRC Property Law, mortgages, pledges or other encumbrances should not be created on properties which are used for public welfare facilities. The buildings that certain of our schools own and occupy may be considered "public welfare facilities" according to the Private Education Law, which provides that private education is considered in the nature of "public welfare" in the PRC. Accordingly, these properties may not be pledged as collateral when our schools enter into loan agreements with banks. In such case, the schools' ability to obtain financing to fund their operations will be limited. Even if collateral is meant to be created based on such properties under any loan agreement to be entered into between any of our schools and the potential lender, such pledge may not be valid or enforceable under the laws and regulations of the PRC, and we cannot preclude the possibility that a government authority, including PRC court or administrative authority, may consider the pledge created on such facilities to be in violation of PRC laws if we and the lenders have any dispute with regards to the relevant loans under applicable loan agreements or if the validity of the pledges are otherwise challenged. In such a case it is likely that such pledges would not be enforceable and we may be requested by our lenders to provide other forms of guarantees or prepay the outstanding balance of the loans immediately, which may cause the business operations of the relevant schools and our financial condition to be materially and adversely affected.

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

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

Our operations may be adversely affected by natural disasters, health epidemics or terrorist attacks in China.

Our business operations could be materially and adversely affected by natural disasters, such as earthquakes, floods, landslides, outbreaks of health epidemics such as avian influenza and severe acute respiratory syndrome, or SARS, and Influenza A virus, such as H5N1 subtype and H5N2 subtype flu viruses, as well as terrorist attacks, other acts of violence or war or social instability in the region in which we operate or those generally affecting China. In particular, as all of our high school and middle schools are boarding schools and the kindergartens provide noon-time naps to students, the boarding environment makes our students, teachers and staff exceptionally vulnerable to epidemics or pandemics, which may make it more difficult for us to take preventive measures if an epidemic or pandemic were to occur. Any of the above may cause material disruptions to our operations, such as temporary closure of our schools, which in turn may materially and adversely affect our financial condition and results of operations. If any of these occur, our schools and facilities may suffer damage or be required to temporarily or permanently close and our business operations may be suspended or terminated. Our students, teachers and staff may also be negatively affected by such events. In addition, any of these could adversely affect the PRC economy and demographics of the affected region, which could cause significant declines in the number of our students applying to or enrolled in our schools. If this takes place, our business, financial condition and results of operations could be materially and adversely affected.

RISKS RELATING TO OUR STRUCTURED CONTRACTS

We may be subject to severe penalties if the PRC government finds that the Structured Contracts do not comply with applicable PRC laws and regulations.

We entered into a series of arrangements in which our wholly-owned subsidiary, Chengdu Bojun, receives full economic benefits from our Consolidated Affiliated Entities. Please refer to the section headed "Structured Contracts" in this prospectus for more information.

Foreign investment in the education industry in China is extensively regulated and subject to numerous restrictions. Under the Foreign Investment Catalog, foreign investors are prohibited from investing in primary and middle schools in the PRC for students in grades one through nine. In addition, preschool education, high school education and higher education are restricted industries for foreign investors, and foreign investors are only allowed to invest in preschool education, high school education and higher education in cooperative ways and the domestic party shall play a dominant role in the cooperation. Furthermore, under the Implementation Opinions on Private Fund's Entry into the Education Sector, which was issued by the MOE on 18 June 2012, the foreign portion of the total investment in a Sino-foreign joint venture preschool or high school should be below 50%. According to relevant regulations, the foreign investors investing in preschools, high schools and higher education must be foreign education institutions, with relevant qualification and experience. Please refer to the section headed "Regulatory Overview" in this prospectus for more information.

Accordingly, our subsidiary in China is currently ineligible to apply for the required education licenses and permits in China for the operation of primary and middle schools. In addition, although foreign investment in preschools, high schools and higher education is not prohibited, our subsidiary in China is still ineligible to independently operate preschools and high schools. Please refer to the section headed "Structured Contracts — Background of the structured contracts" in this prospectus for further information. Accordingly, we have been and are expected to continue to be dependent on our Structured Contracts to operate our education business.

If the Structured Contracts that establish the structure for operating our business in the PRC are found to be in violation of any PRC laws or regulations in the future or we fail to obtain or maintain any of the required permits or approvals, the relevant PRC regulatory authorities, including the MOE, which regulates the education industry, would have broad discretion in dealing with such violations, including:

- revoking the business and operating licenses of our PRC subsidiary or Consolidated Affiliated Entities;
- discontinuing or restricting the operations of any related-party transactions among our PRC subsidiary or Consolidated Affiliated Entities;
- imposing fines or other requirements with which we or our PRC subsidiary or Consolidated Affiliated Entities may not be able to comply;
- requiring us to restructure our operations in such a way as to compel us to establish new entities, re-apply for the necessary licenses or relocate our businesses, staff and assets;
- imposing additional conditions or requirements with which we may not be able to comply;

- restricting the use of proceeds from our additional public offering or financing to finance our business and operations in China; or

- restricting or prohibiting our Group from receiving the service fees under the Structured Contracts.

If any of the above penalties is imposed on us, our business may be materially and adversely affected. In addition, if the imposition of any of these penalties causes us to lose the rights to direct the activities of our Consolidated Affiliated Entities or our right to receive their economic benefits, we would no longer be able to consolidate such entities, which currently contribute all of our consolidated revenues.

The Draft Foreign Investment Law proposes sweeping changes to the PRC foreign investment legal regime, which will likely to have a significant impact on businesses in China controlled by foreign-invested enterprises primarily through contractual arrangements, such as our business, and our compliance with the Draft Foreign Investment Law depends on the compliance by Mr. Xiong Tao, Mr. Ran Tao and Ms. Liao Rong with the undertakings given by them, which the Stock Exchange has limited power to enforce.

On 19 January 2015, MOFCOM published a draft of the PRC Law on Foreign Investment (Draft for Comment) (《中華人民共和國外國投資法(草案徵求意見稿)》), or the Draft Foreign Investment Law. At the same time, MOFCOM published accompanying explanatory notes of the Draft Foreign Investment Law, which contain important information about the Draft Foreign Investment Law, including its drafting philosophy and principles, main content, plans to transition to the new legal regime and treatment of business in the PRC controlled by foreign-invested enterprises, or foreign invested entities, primarily through contractual arrangements. The Draft Foreign Investment Law is intended to replace the current foreign investment legal regime consisting of three laws: the Sino-Foreign Equity Joint Venture Enterprise Law, the Sino-Foreign Cooperative Joint Venture Enterprise Law and the Wholly Foreign-Invested Enterprise Law, as well as detailed implementing rules. The Draft Foreign Investment Law proposes significant changes to the PRC foreign investment legal regime and introduced the concept of "actual control" determined by the identity of the ultimate natural person or enterprise that controls the domestic enterprise. If an enterprise is actually controlled by a foreign investor through structured contracts or contractual arrangements, such enterprise may be regarded as a foreign invested entity. Such foreign invested entity is restricted or prohibited from investment in certain industries listed on the negative list unless permission from the competent authority in the PRC is obtained. The Draft Foreign Investment Law also provides that any foreign invested entities operating in industries on the negative list will require entry permission that are not required of PRC domestic entities. As a result of the entry permission, certain foreign invested entities operating in industries on the negative list may not be able to continue to conduct their operations through contractual arrangements.

In March 2018, the State Council promulgated the legislation plan of year 2018 including the Draft Foreign Investment Law, and there is substantial uncertainty regarding the Draft Foreign Investment Law, including, among others, what the actual content of the law will be as well as the adoption timeline or effective date of the final form of the law. Whilst Mr. Xiong Tao, Mr. Ran Tao and Ms. Liao Rong, who are Chinese nationals and parties acting in concert, are collectively and indirectly interested in more than 50% of the issued share capital of our Company, we cannot assure that our Company will be deemed as controlled by a Chinese investor and the Structured Contacts will be deemed as domestic investment under the Draft Foreign Investment Law. Further, the issues as to the level of "actual control" for being qualified as a domestic enterprise, how existing domestic enterprises which are operated by foreign investors under contractual arrangements are to be handled are yet to be clarified at this stage. While such uncertainty exists, we cannot determine whether the new foreign investment law, when it is adopted and becomes effective, will have a material impact on our corporate structure and business. In the event that the Structured Contracts under which we operate our education business are not treated as a domestic investment under the Draft Foreign Investment Law if and when it becomes effective, such Structured Contracts may be deemed as invalid and illegal and we may be required to unwind the Structured Contracts and/or dispose of such education business. As we primarily conduct education business and operate in the PRC, the occurrence of such event could have a material and adverse effect on our business, financial condition and results of operations such that the financial results of our Consolidated Affiliated Entities would no longer be consolidated into our Group's financial results and we would have to derecognize their assets and liabilities according to the relevant accounting standards. An investment loss would be recognized as a result of such derecognition. Moreover, our Company may be delisted by the Stock Exchange if we no longer have a sustainable business after the disposal of our education business.

As a measure to ensure the Structured Contracts remain a domestic investment and compliant with the Draft Foreign Investment Law, Mr. Xiong Tao, Mr. Ran Tao and Ms. Liao Rong, who are our Controlling Shareholders, have given an undertaking in favor of our Company that they will continue to maintain their Chinese nationality for as long as they hold a controlling interest in our Company. See the section headed "Structured Contracts — Development in the PRC legislation on foreign investment — Potential measures to maintain control over and receive economic benefits from our Consolidated Affiliated Entities" in this prospectus. Our compliance with the Draft Foreign Investment Law depends on adherence of Mr. Xiong Tao, Mr. Ran Tao and Ms. Liao Rong to the terms of such undertaking. In the event that any of Mr. Xiong Tao, Mr. Ran Tao and Ms. Liao Rong breaches the undertaking, the Stock Exchange has limited enforcement power against the defaulting party and the Structured Contracts may be deemed invalid and illegal and we may be required to unwind the Structured Contracts and/or dispose our Consolidated Affiliated Entities, which could have a material and adverse effect on our business, financial condition and result of operations. In addition, there may be uncertainties that the measures to be adopted by us to maintain control over and receive economic benefits from our Consolidated Affiliated Entities alone may not be effective in ensuring compliance with the Draft Foreign Investment Law (if and when it becomes effective). In the event that such measures are not complied with, the Stock Exchange may take enforcement actions against us which may have a material adverse effect on the trading of our Shares. For details of the Draft Foreign Investment Law and the negative list and its potential impact on our Company, and our potential measures to maintain control over and receive economic benefits from our Consolidated Affiliated Entities, please refer to the section headed "Structured Contracts — Development in the PRC legislation on foreign investment" in this prospectus.

The Structured Contracts may not be as effective in providing control over our Consolidated Affiliated Entities as direct ownership.

We have relied and expect to continue to rely on the Structured Contracts to operate our education business in China. For a description of these Structured Contracts, see the section headed "Structured Contracts" in this prospectus. These Structured Contracts may not be as effective in providing us with control over our Consolidated Affiliated Entities as equity ownership. If we had equity ownership of our

Consolidated Affiliated Entities, we would be able to exercise our rights as a direct or indirect shareholder of our Consolidated Affiliated Entities to effect changes in the board of directors of our Consolidated Affiliated Entities, which in turn could effect changes, subject to any applicable fiduciary obligations, at the management level. However, as these Structured Contracts stand now, if our Consolidated Affiliated Entities or the Registered Shareholders fail to perform their respective obligations under these Structured Contracts, we cannot exercise shareholders' rights to direct such corporate action as the direct ownership would otherwise entail.

Nevertheless, pursuant to the Exclusive Business Cooperation Agreement, the company seals (including the common seals, contract seals, financial chops and legal representative chops) of our Consolidated Affiliated Entities shall be kept in the safe custody of the finance department of Chengdu Bojun and cannot be used by the Registered Shareholders without our permission. Please refer to the section headed "Structured Contracts — Operation of the Structured Contracts — Summary of the material terms of the Structured Contracts — (1) Exclusive Business Cooperation Agreement" in this prospectus for further details.

If the parties under such Structured Contracts refuse to carry out our directions in relation to everyday business operations, we will be unable to maintain effective control over the operations of our Consolidated Affiliated Entities. If we were to lose effective control over our Consolidated Affiliated Entities, certain negative consequences would result, including our being unable to consolidate the financial results of our Consolidated Affiliated Entities with our financial results. Given that revenue from our Consolidated Affiliated Entities constituted all of the total revenue in our combined financial statements for the years ended 31 August 2015, 2016 and 2017 and the six months ended 28 February 2018, our financial position would be materially and adversely impacted if we were to lose effective control over our Consolidated Affiliated Entities. In addition, losing effective control over our Consolidated Affiliated Entities may negatively impact our operational efficiency and reputation. Further, losing effective control over our Consolidated Affiliated Entities may impair our access to their cash flow from operations, which may reduce our liquidity.

The Registered Shareholders may have conflicts of interest with us, which may materially and adversely affect our business and financial condition.

Our control over our Consolidated Affiliated Entities is based upon the Structured Contracts with our Consolidated Affiliated Entities, the Registered Shareholders and the directors or council members of our Consolidated Affiliated Entities. The Registered Shareholders, being shareholders of Chengdu Mingxian, are also our Shareholders. The Registered Shareholders may potentially have conflicts of interest with us and breach their contracts or undertakings with us if it would further their own interest or if they otherwise act in bad faith. We cannot assure you that when conflicts of interest arise between us on the one hand, and our Consolidated Affiliated Entities on the other hand, the Registered Shareholders will act completely in our interest or that the conflicts of interest will be resolved in our favor. In the event that such conflict of interest cannot be resolved in our favor, we would have to rely on legal proceedings which could result in disruption to our business and we are subject to any uncertainty as to the outcome of such legal proceedings. If we are unable to resolve such conflicts, including the Registered Shareholders breached their contracts or undertakings with us and as a result or otherwise subject to claims from third parties, our business, financial condition and operations could be materially and adversely affected.

Our exercise of the option to acquire equity interest of Chengdu Mingxian may be subject to certain limitations and we may incur substantial costs and expend significant resources to enforce the Structured Contracts if any of our Consolidated Affiliated Entities fails to perform its obligations thereunder.

Pursuant to the Foreign Investment Catalog and the Sino-Foreign Regulation, the foreign investor in a Sino-foreign joint venture school offering preschool, high school and higher education must be a foreign education institution with relevant qualification and experience (the "**Qualification Requirement**"), hold less than 50% of the capital in a Sino-foreign education institute ("**Foreign Ownership Restriction**") and the domestic party shall play a dominant role ("**Foreign Control Restriction**"). Based on our consultation with the Education Department of Sichuan Province, the foreign investor should be an education institution with relevant qualification and high quality of education and the education authorities will determine whether a foreign investor is an education institution with relevant qualification and high quality education on a case-by-case basis after taking into account of factors such as the quality of the education service provided by the foreign investor in its home country. As advised by our PRC Legal Advisors, our Group may encounter practical difficulties in applying for reorganizing any of our kindergartens and high schools as a Sino-Foreign Joint Venture Private School in Sichuan Province as there are uncertainties as to how the Sichuan governmental authorities will implement the Qualification Requirement. For details about such uncertainties, please refer to the paragraph headed "Structured Contracts — Background of the Structured Contracts — Preschool and high school education" in this prospectus. Notwithstanding such uncertainties, we had taken concrete steps to comply with the Qualification Requirement. Please refer to the section headed "Structured Contracts — Background of the Structured Contracts — Plan to comply with the qualification requirement" in this prospectus for details on our plans to comply with the Qualification Requirement.

We cannot assure you that we will meet the Qualification Requirement in the future and the plans we have adopted will be sufficient to satisfy the Qualification Requirement. If the Foreign Ownership Restriction and Foreign Control Restriction are lifted, we may be unable to unwind the Structured Contracts by acquiring the equity interest of our Consolidated Affiliated Entities before we are in a position to comply with the Qualification Requirement. If we otherwise attempt to unwind the Structured Contracts by acquiring the equity interest of our Consolidated Affiliated Entities before we satisfy the Qualification Requirement, we may be considered by the regulatory authorities as ineligible for operating schools and forced to cease operation of our Consolidated Affiliated Entities, which could have a material adverse effect on our business, financial condition and results of operations.

Furthermore, we may incur substantial cost on our part on exercise of the option to acquire the equity interest of our Consolidated Affiliated Entities. Pursuant to the Exclusive Call Option Agreement, Chengdu Bojun has the exclusive right to purchase all or part of the equity interest of Chengdu Mingxian at the minimum amount of consideration permitted under the PRC laws and regulations. In the event that Chengdu Bojun acquires the equity interest in Chengdu Mingxian and the relevant PRC authorities determine that the purchase price for acquiring the equity interest of Chengdu Mingxian is below market value, Chengdu Bojun may be required to pay enterprise income tax with reference to the market value such that the amount of tax may be substantial, which could materially and adversely affect our business, financial condition and results of operations.

The Structured Contracts may be subject to scrutiny of PRC tax authorities and additional tax may be imposed, which may materially and adversely affect our results of operation and value of your investment.

Under PRC laws and regulations, arrangements and transactions among related parties may be subject to audit or challenge by the PRC tax authorities. We could face material and adverse tax consequences if the PRC tax authorities determine that the Exclusive Business Cooperation Agreement we have with our Consolidated Affiliated Entities does not represent an arm's-length price and adjust any of those entities' income in the form of a transfer pricing adjustment. A transfer pricing adjustment could increase our tax liabilities. In addition, PRC tax authorities may have reason to believe that our subsidiaries or Consolidated Affiliated Entities are dodging their tax obligations, and we may not be able to rectify such incident within the limited timeline required by PRC tax authorities. As a result, the PRC tax authorities may impose late payment interest or surcharge and other penalties on us for under-paid taxes, which could materially and adversely affect our business, financial condition and results of operations.

Certain terms of the Structured Contracts may not be enforceable under the laws of the PRC.

The Structured Contracts provide for dispute resolution by way of arbitration in accordance with the arbitration rules of the China International Economic and Trade Arbitration Commission in Beijing, the PRC. The Structured Contracts contain provisions to the effect that the arbitral body may award remedies over the equity interests and/or assets of our Consolidated Affiliated Entities, injunctive relief and/or winding up of our Consolidated Affiliated Entities. However, we have been advised by our PRC Legal Advisors that such provisions contained in the Structured Contracts may not be enforceable. Under the laws of the PRC, an arbitral body does not have the power to grant any injunctive relief or winding-up order. Therefore, such remedies may not be available to us, notwithstanding the relevant contractual provisions contained in the Structured Contracts. As a result, in the event that our Consolidated Affiliated Entities or any of the Registered Shareholders breaches any of the Structured Contracts, we may not be able to obtain sufficient remedies in a timely manner, and our ability to exert effective control over our Consolidated Affiliated Entities and conduct our education business could be materially and adversely affected. Please refer to the section headed "Structured Contracts — Dispute resolution" in this prospectus for details regarding the enforceability of the dispute resolution provisions in the Structured Contracts as opined by our PRC Legal Advisors.

We rely on funds from our subsidiary in the PRC to pay dividends and other cash distributions to our Shareholders.

We are a holding company and our ability to pay dividends and other cash distributions to our Shareholders, service any debt we may incur and meet our other cash requirements depends significantly on our ability to receive dividends and other distributions from Chengdu Bojun, our PRC subsidiary. The amount of dividends paid to our Company by Chengdu Bojun depends solely on the service fees paid by our Consolidated Affiliated Entities to Chengdu Bojun. Furthermore, Chengdu Bojun must comply with its constitutional documents and the laws and regulations of the PRC in declaring and paying dividends to us. Pursuant to the relevant laws and regulations, Chengdu Bojun must make appropriations from after-tax profit to statutory reserve funds as determined by its shareholder or board of directors prior to payment of dividends. Subject to certain cumulative limits, the statutory reserve funds require 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. Chengdu Bojun's income in turn depends on the services fees paid by our Consolidated Affiliated Entities after deduction of costs for school operations, tax payment, government subsidies (if any), the reserved development fund and other expenses of our Consolidated Affiliated Entities as required by the regulations. In particular, each of our schools are required to allocate no less than 25% of their annual net income or annual after-tax profit to the reserved development fund of the schools which are used for the construction or maintenance of the school properties or purchase or upgrade of school facilities.

If any of our Consolidated Affiliated Entities becomes subject to winding up or liquidation proceedings, we may lose the ability to enjoy certain important assets, which could negatively impact our business and materially and adversely affect our ability to generate revenue.

We currently conduct our operations in China through Structured Contracts with our Consolidated Affiliated Entities and the Registered Shareholders. As part of these arrangements, substantially all of our education-related assets that are important to the operation of our business are held by our Consolidated Affiliated Entities. If any of these Consolidated Affiliated Entities is wound up, and all or part of their assets become subject to liens or rights of third-party creditors or are distributed to other persons of higher priority than the school sponsor of the schools in accordance with the applicable PRC laws and regulations, we may be unable to continue some or all of our business activities, which could materially and adversely affect our business, financial condition and results of operations. If any of our Consolidated Affiliated Entities undergoes a voluntary or involuntary liquidation proceeding, our Consolidated Affiliated Entities may be required to distribute their assets to other persons of higher priority than the school sponsor, or its equity owner or unrelated third-party creditors may claim rights relating to some or all of these assets, which would hinder our ability to operate our business and could materially and adversely affect our business, our ability to generate revenue and the market price of our Shares.

Our Consolidated Affiliated Entities may be subject to limitations on their ability to operate private education business or make payments to related parties.

The principal regulations governing private education in China are the Private Education Law, which became effective in 2003, was amended in 2013 and was further amended in 2016 (such amendment became effective in September 2017), and the Implementation Rules for the Private Education Law. Under these regulations and before the implementation of the Decision, a private school may elect to be a school that does not require reasonable returns or a school that requires reasonable returns. A private school that does not require reasonable returns cannot distribute dividends to its school sponsors. At the end of each year, a private school is required to allocate a certain amount to its development fund for the construction or maintenance of the school or procurement or upgrade of educational equipment. For a private school that requires reasonable returns, this amount is at least 25% of the annual net income of the school. For a private school that does not require reasonable returns, this amount is at least 25% of the annual increase in the net assets of the school, if any. A private school that requires reasonable returns must publicly disclose such election and additional information required under the regulations. A private school should consider factors such as the school's tuition fees, ratio of the funds used for education-related activities to the course fees collected, admission standards and educational quality when determining the percentage of the school's net income that would be distributed to the investors as reasonable returns. All of our School Sponsors have elected to require reasonable returns. Current PRC laws and regulations do not distinguish between the requirements or restrictions on a private school's ability to operate its education business based on its status as a school of which the sponsors require reasonable returns or a school of which the sponsors do not require reasonable returns.

Pursuant to the Decision, sponsors of private school may choose to establish for-profit or not-for profit private schools (with the exception that schools providing compulsory education can only be established as non-profit entities) and will no longer be required to indicate whether they require reasonable returns or not. School sponsors of for-profit private schools are entitled to retain the profits and proceeds from the schools and the operation surplus may be allocated to the sponsors pursuant to the PRC Company Law and other relevant laws and regulations. Sponsors of not-for profit private schools are not entitled to any distribution of profits or revenue from the non-profit schools they operate and all operation surpluses of the schools shall be used for the operation of the schools. However, the Decision remains silent on the requirement of the development fund of the for-profit or not-for profit private schools. For further details of the Decision, please refer to the section headed "Regulatory Overview" in this prospectus.

As a holding company, our ability to pay dividends and other cash distributions to our Shareholders depends solely on our ability to receive dividends and other distributions from Chengdu Bojun, which in turn depends on the service fees paid to Chengdu Bojun from our Consolidated Affiliated Entities. Our PRC Legal Advisors advise us that Chengdu Bojun's right to receive the service fees from our Consolidated Affiliated Entities does not contravene any mandatory requirement under the PRC laws and regulations. Further, pursuant to the Decision, school sponsors of not-for-profit schools are not allowed to receive operating profits. Even if we choose to register as not-for-profit schools, our schools can still pay service fees to Chengdu Bojun in accordance with the Structured Contracts, which, as advised by our PRC Legal Advisors, would not be regarded as a distribution of earnings or operating profits of schools to the investors/school sponsors under current PRC laws and regulations. For further details regarding our PRC Legal Advisors' view on the legality of the payment of service fees under the Structured Contracts, please refer to the section headed "Structured Contracts — Legality of the Structured Contracts" in this prospectus.

However, if the relevant PRC government authorities take a different view, they may seek to confiscate any or all of the service fees that have been paid by our schools to Chengdu Bojun, even retrospectively, to the extent that such service fees are tantamount to "reasonable returns" or "operating profits" taken by the sponsors of these schools in violation of PRC laws and regulations. Moreover, if any PRC laws and regulations promulgated in the future impose any further requirements or restrictions on the payment of such service fees, the ability of our schools to pay service fees to Chengdu Bojun may be adversely affected, which, as a result, may substantially limit our ability to pay dividends and other cash distributions to our Shareholders.

Substantial uncertainties exist regarding the interpretation and application of the Decision.

For further implementation of the Decision in Sichuan Province, the Sichuan Implementing Regulations, which were promulgated in May 2018, mainly set out the approval and registration procedures for newly established for-profit or not-for-profit private schools and the requirements of classification registration of the existing private schools. However, as of the Latest Practicable Date specific procedural rules for the conversion of existing private schools into for-profit or non-profit schools have not been set out under the Sichuan Implementing Regulations nor any detailed guideline has been further promulgated by local governmental authorities. In addition to the aforesaid matter, there are still uncertainties involved in interpreting and implementing the Decision, such as (i) when should we notify the relevant authorities regarding our decision for our schools to be for-profit or non-profit school; (ii) specific procedures to be completed for an existing private school to be converted into a for-profit school or non-profit school; (iii) the respective preferential tax treatments that may be enjoyed by a for-profit school and a non-profit school, respectively; (iv) respective public fundings can be obtained by a for-profit school and a non-profit school; and (v) respective costs for a for-profit and non-profit school to obtain land use right. Consequently, we are unable to accurately evaluate the potential impact on our operations at this stage, such as tax liabilities our schools may be exposed to if we choose for our schools to be for-profit private schools, public fundings our schools are able to receive or extra costs that may be incurred to obtain land use rights. We will consult our PRC Legal Advisors when such rules and regulations in addition to the Sichuan Implementing Regulations are promulgated regarding the potential impact on all aspects of the operations of our schools and will make announcements as and when appropriate. As of the Latest Practicable Date, specific procedural rules for the conversion of existing private schools into for-profit schools or not-for-profit schools have not been set out under the Sichuan Implementing Regulations nor any detailed guideline has been further promulgated by local governmental authorities, there can be no assurance that the conversion of our schools into for-profit or non-profit schools will not materially and adversely affect our business, financial condition and results of operations.

RISKS RELATING TO CONDUCTING BUSINESS IN CHINA

Our business, financial condition, results of operations and growth prospects may be materially and adversely affected by any adverse changes in the PRC laws and government policies as well as economic, political and social conditions.

The PRC differs from other more developed countries in terms of the economic, political and social conditions in particular in structure, government involvement, level of development, growth rate, control of foreign exchange, capital reinvestment, allocation of resources, rate of inflation and trade balance position. Before the implementation of its reform and opening up policies in 1978, the PRC primarily adopted a planned economy system. More recently, the PRC government has been reforming the PRC economic system and government structure. For example, the PRC government has implemented economic reform and measures emphasizing the utilization of market forces in the development of the PRC economy in the past three decades. These reforms have resulted in significant economic growth and social prospects. However, economic reform measures may be adjusted, modified or applied inconsistently from industry to industry or across different regions of the country.

Whether the resulting changes will have any adverse effect on our current or future business, financial condition or results of operations is unpredictable. Despite these economic reforms and measures, the PRC government continues to play a significant role in regulating industrial development, allocation of natural and other resources, production, pricing and management of currency, and there can be no assurance that the PRC government will continue to pursue a policy of economic reform or that the direction of reform will continue to be market friendly.

Our successful expansion in business operations is subject to a number of factors, including macro-economic and other market conditions, and credit availability from lending institutions. Stricter credit or lending policies in the PRC may affect our ability to obtain external financing, which may reduce our ability to implement our expansion strategies. We cannot assure you that the PRC government will not implement any additional measures to tighten credit or lending standards, or that, if any such measure is implemented, it will not adversely affect our future results of operations or profitability. Demand for our services and our business, financial condition and results of operations may be materially and adversely affected by the following factors:

- changes in laws, regulations, and administrative directives or the interpretation thereof;

- measures which may be introduced to control inflation or deflation;

- political instability or changes in social conditions of the PRC; and

- changes in the rate or method of taxation.

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

Regulations in the PRC in respect of loans and direct investment by offshore holding companies made to PRC entities may delay or prevent us from using the proceeds of the Global Offering by way of making loans or additional capital contributions to our Consolidated Affiliated Entities. This could materially and adversely affect our liquidity and our ability to fund and expand our business operations.

As an offshore holding company of our PRC subsidiary utilizing the proceeds of the Global Offering in the manner described in the section headed "Future Plans and Use of Proceeds" in this prospectus, we may (i) make loans to our Consolidated Affiliated Entities, (ii) make additional capital contributions to our PRC subsidiary, (iii) establish new subsidiaries and make additional new capital contributions to these new PRC subsidiaries. However, most of these uses are subject to PRC regulations and approvals. For example:

- loans by us to Chengdu Bojun, our subsidiary in China and a foreign-invested enterprise, cannot exceed statutory limits and must be registered with SAFE, or its local counterparts;

- loans by us to our Consolidated Affiliated Entities, over a certain threshold, must be approved by the relevant government authorities and must also be registered with the SAFE or its local counterparts; and

- capital contribution to our PRC Operating Schools must be approved by MOE and Ministry of Civil Affairs of the PRC or their respective local counterparts.

On 30 March 2015, the SAFE promulgated Circular 19. According to Circular 19, the use of capital by foreign-invested enterprises shall follow the principles of authenticity and self-use within the business scope of enterprises. For further details of Circular 19, please refer to the section headed "Regulatory Overview — Legal regulations over foreign exchange in the PRC" in this prospectus. As a result, we are required to apply Renminbi funds converted from the proceeds of the Global Offering within the business scope of Chengdu Bojun. Circular 19 may significantly limit our ability to transfer and/or utilise the proceeds of the Global Offering or any other offering of additional equity securities to Chengdu Bojun or invest in or acquire any other companies in the PRC.

Further, any capital contributions to Chengdu Bojun or to any new subsidiaries that we may establish in the future must be approved by or filed with the MOFCOM or its local counterparts. We cannot assure you that we will be able to obtain these government approvals or make the relevant filings on a timely basis, if at all. If we fail to receive such registrations or approvals, our ability to use the proceeds of the Global Offering and to capitalize our PRC operations may be negatively affected, which could adversely and materially affect our liquidity and our ability to fund and expand our business.

Our ability to convert cash derived from operating activities into foreign currencies is subject to restrictions on currency exchange under PRC laws which may adversely affect the value of your investment.

Conversion of the Renminbi into foreign currencies and remittance of currency out of China are subject to stringent control by the PRC government. All of our income is received in Renminbi and shortages in the availability of foreign currencies may restrict our ability to pay dividends or other payments, or otherwise satisfy our foreign currency denominated obligations. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and expenditures from trade-related transactions, can be made in foreign currencies without prior approval from SAFE, by complying with certain procedural requirements. Filing with or approval from appropriate government authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. Further, the PRC government may, at its discretion, impose any restriction on access to foreign currencies for current account transactions and if this occurs in the future, we may not be able to pay dividends in foreign currencies to our Shareholders.

Our business and investors' investments may be adversely affected by fluctuation in Renminbi exchange rates.

Our revenue and expenses have been are expected to continue to be primarily denominated in RMB thus we are exposed to the risks associated with the fluctuation in the currency exchange rate of RMB. Should RMB appreciate against other currencies, the value of the proceeds from the Global Offering and any future financings, which are to be converted from HK dollar or other currencies into RMB, would be reduced in value. One the other hand, in the event of the devaluation of RMB, the dividend payments of our Company, which are to be paid in HK dollars after the conversion of the distributable profit denominated in RMB, would be reduced. Should RMB depreciate against other currencies, our expenditures that are to be denominated in other currencies, such as our proposed investment in establishing a private school in the United States, may increase in value in terms of RMB.

Uncertainties with respect to the PRC legal system may affect the protection afforded to our business and our Shareholders.

Our business and operations in the PRC are governed by the PRC legal system that is based on written statutes. Prior court decisions may be cited for reference but have limited precedential value. Since the late 1970s, the PRC government has promulgated laws and regulations dealing with economic matters such as foreign investment, corporate organization and governance, commerce, taxation and trade. However, as these laws and regulations are relatively new and continue to evolve, interpretation and enforcement of these laws and regulations involve significant uncertainties and different degrees of inconsistency. Some of the laws and regulations are still in the developmental stage and are therefore subject to policy changes. Many laws, regulations, policies and legal requirements have only been recently adopted by PRC central or local government agencies, and their implementation, interpretation and enforcement may involve uncertainty due to the lack of established practice available for reference. We cannot predict the effect of future legal developments in the PRC, including the promulgation of new laws, changes in existing laws or their interpretation or enforcement, or the pre-emption of local regulations by national laws. As a result, there is substantial uncertainty as to the legal protection available to us and our Shareholders. Furthermore, due to the limited volume of published cases and the non-binding nature of prior court decisions, the outcome of dispute resolution may not be as consistent or predictable as in other more developed jurisdictions, which may limit the legal protection available to us. In addition, any litigation in the PRC may be protracted and result in substantial costs and the diversion of resources and management attention.

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

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

Our Company is incorporated in the Cayman Islands. We operate our business predominantly in China and nearly all of our assets are located in China. Further, most of our Directors are residents in China and are PRC nationals. Shareholders who wish to take action against us or our Directors may find it difficult to effect service of process in China. Further, the legal requirements for bringing an action against a company by a shareholder in the PRC may significantly differ from those of Hong Kong or other jurisdictions where investors may be located. As a result, minority shareholders may not enjoy the same rights as pursuant to the laws of Hong Kong or such other jurisdictions.

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

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

If we are classified as a PRC "resident enterprise", we could be subject to PRC income tax at the rate of 25% on our worldwide income, holders of our Shares may be subject to a PRC withholding tax upon the dividends payable by us and upon gain from the sale of our Shares.

Under the EIT Law and its implementation rules, if an enterprise incorporated outside the PRC has its "*de facto* management bodies" located within the PRC, such enterprise may be recognized as a PRC resident enterprise and be subject to the unified enterprise income tax rate of 25% on its worldwide income. Under the implementation rules for the EIT Law, "*de facto* management bodies" is defined as the bodies that have material and overall management control over the business, personnel, accounts and properties of an enterprise. Since most of our management members are currently located in the PRC, we may be recognized as a PRC resident enterprise for the purpose of the EIT Law and therefore we would be subject to PRC income tax at the rate of 25% on our worldwide income. In such event, our income tax expenses may increase significantly and our net profit and profit margin could be materially and adversely affected.

Further, under the EIT Law, withholding tax at 10% will normally apply to dividends payable to non-PRC investors by PRC resident enterprise or on gain recognized by the non-PRC investors with respect to the sale of shares of the PRC resident enterprise as such dividend or gain is derived from sources within PRC. If we are deemed by the PRC tax authorities as a PRC resident enterprise for tax purpose in the future, the dividends to be distributed by the Company and the gain with respect to the sale of shares of the Company may be regarded as income from "sources within China" and be subject to PRC income tax, unless such tax is reduced by an applicable income tax treaty between China and the jurisdiction of the non-PRC investors. If we are required under the EIT Law to withhold PRC income tax on our dividends payable to our Shareholders, or if our Shareholders are required to pay PRC income tax on the transfer of the shares, the returns on our Shareholders' investment in our Shares will be reduced.

The discontinuation of any preferential tax treatments currently available to us and the change in entity in generating assessable profits could materially and adversely affect our results of operations.

According to the Implementation Rules, private schools for which the school sponsors do not require reasonable returns are eligible to enjoy the same preferential tax treatment as public schools. As a result, private schools providing academic qualification education are eligible to enjoy income tax exemption treatment if the school sponsors of such schools do not require reasonable returns. The school sponsors of all of our schools have elected to require reasonable returns. Preferential tax treatment policies applicable to private schools requiring reasonable returns are to be separately formulated by the relevant authorities. To date, however, no separate regulations or policies have been promulgated in this regard. As at the Latest Practicable Date, all of our kindergartens have been exempted from business tax and value-added tax for being nurseries and kindergartens providing nursing and educational services, and all of our kindergartens enjoyed a preferential PRC enterprise income tax rate of 15% for being engaged in an industry listed on the Catalogue of Encouraged Industries in the Western Region* (西部地區鼓勵類產業目錄), according to the confirmation letters issued by the Chengdu Municipal Development and Reform Commission (成都市發展和改革委員會). We recognized effect of tax concessions and partial tax exemption amounted to approximately RMB7.2 million, RMB11.6 million, RMB11.3 million and RMB5.9 million for the years ended 31 August 2015, 2016 and 2017 and the six months ended 28 February 2018 respectively. Further, the local competent tax authorities in Chengdu confirmed that Jinjiang School, Longquan School and Tianfu School were not regarded as tax paying entities in respect of PRC enterprise income tax nor imposed PRC enterprises income tax since their establishment. However, there is a possibility that the PRC government may promulgate relevant tax regulations that will eliminate our preferential tax treatment, or the local tax bureaus may change their policy, in each such case, we will not be able to continue to enjoy our preferential tax treatment. The discontinuation of any preferential tax treatment currently available to us or the determination of any of the relevant tax authorities that any of the preferential tax treatment we have enjoyed or currently enjoy is not in compliance with the PRC laws would cause our effective tax rate to increase, which would increase our tax expenses and reduce our net profit. In addition, following the Corporate Reorganization and pursuant to the Structured Contracts, the economic benefits arising from the business of our Consolidated Affiliated Entities are transferred to Chengdu Bojun by means of services fees payable by our Consolidated Affiliated Entities to Chengdu Bojun. As at the Latest Practicable Date, Chengdu Bojun was subject to PRC enterprise income tax of 25% and value-added tax of 3% as a small-scale taxpayer. In the event that a significant portion of our Group's assessable profits are generated by Chengdu Bojun rather than our Consolidated Affiliated Entities which are subject to preferential tax treatment, our income tax expenses and effective tax rate might increase which will have a negative impact on our net profit and net profit margin.

We may face risk regarding to the recoverability of deferred tax assets

As at 28 February 2018, our Group's deferred tax assets were approximately RMB10,645,000. While the deferred tax assets may enable our Group to reduce future tax payment, our deferred tax assets may also pose risk to our Group as its recoverability is dependent on our Group's ability to generate future taxable profit. There is no assurance that the deferred tax assets can be recovered. In the case that the value of the deferred tax assets has changed, our Group may have to write-down the deferred tax assets, which may significantly affect our expenditure, profit and loss and financial condition in that respective financial year.

RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for our Shares and there can be no assurance that an active market would develop.

Prior to the Global Offering, there has been no public market for our Shares. The initial issue price range for our Shares was the result of negotiations among us and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and the Offer Price may differ significantly from the market price for our Shares following the Global Offering. We have applied for listing of and permission to deal in our Shares on the Stock Exchange. There is no assurance that the Global Offering will result in the development of an active, liquid public trading market for our Shares. Factors such as variations in our revenue, earnings and cash flows or any other developments of us may affect the volume and price at which our Shares will be traded.

The liquidity, trading volume and market price of our Shares following the Global Offering may be volatile.

The price at which our Shares will trade after the Global Offering will be determined by the marketplace, which may be influenced by many factors, some of which are beyond our control, including:

- our financial results;

- changes in securities analysts' estimates, if any, of our financial performance;
- the history of, and the prospects for, us and the industry in which we compete;
- an assessment of our management, our past and present operations, and the prospects for, and timing of, our future revenues and cost structures such as the views of independent research analysts, if any;
- the present state of our development;
- the valuation of publicly traded companies that are engaged in business activities similar to ours;
- general market sentiment regarding the private education industry and companies;
- changes in laws and regulations in China;
- our inability to compete effectively in the market; and
- political, economic, financial and social developments in China and worldwide.

In addition, the Stock Exchange has from time to time experienced significant price and volume fluctuations that have affected the market prices for the securities of companies quoted on the Stock Exchange. As a result, investors in our Shares may experience volatility in the market price of their Shares and a decrease in the value of their Shares regardless of our operating performance or prospects.

Because the initial public Offer Price per Share is higher than the net tangible book value per Share, purchasers of our Shares in the Global Offering will experience immediate dilution.

The Offer Price of our Offer Shares is higher than the net tangible book value per Share immediately prior to the Global Offering. Therefore, purchasers of our Offer Shares in the Global Offering will experience an immediate dilution in pro forma adjusted combined net tangible asset value, whereas the existing Shareholders will receive an increase in the pro forma adjusted consolidated net tangible asset value per share of their shares. If we issue additional Shares in the future, purchasers of our Offer Shares may experience further dilution.

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

Sales of substantial amount of Shares in the public market after the completion of the Global Offering, or the perception that these sales could occur, could adversely affect the market price of our Shares. There will be 800,000,000 Shares outstanding immediately following the Global Offering, assuming no exercise of the Over-allotment Option. Our Controlling Shareholders agreed that any Shares held by them will be subject to a lock-up after the Listing. Please refer to the section headed "Underwriting — Underwriting arrangements and expenses" in this prospectus for more information. However, the Underwriters may release these securities from these restrictions at any time and such Shares will be freely tradable after the expiry of the lock-up period. Shares which are not subject to a lock-up arrangement represent approximately 25% of the total issued share capital immediately following the Global Offering (assuming no exercise of the Over-allotment Option) and will be freely tradable immediately following the Global Offering.

The interest of our Controlling Shareholders may differ from your interests and they may exercise their vote to the disadvantage of our minority Shareholders.

Immediately after the completion of the Global Offering and the Capitalization Issue (without taking into account of the Shares which may be issued upon the exercise of the Over-allotment Option or the Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme), our Controlling Shareholders will own approximately 52.46% of our Shares. As such, our Controlling Shareholders will have substantial influence over our business, including decisions regarding mergers, consolidations and the sale of all or substantially all of our assets, election of Directors and other significant corporate actions. This concentration of ownership may discourage, delay or prevent a change in control of our Company, which could deprive our shareholders of an opportunity to receive a premium for their Shares in a sale of our Company or may reduce the market price of our Shares. These actions may be taken even if they are opposed by our other Shareholders, including those who purchased Shares in the Global Offering. In addition, the interests of our Controlling Shareholders may differ from the interests of our other Shareholders.

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

The Offer Price of our Offer Shares is expected to be determined on the Price Determination Date. However, our Shares will not commence trading on the Stock Exchange until they are delivered, which is expected to be four business days after the pricing date. As a result, investors may not be able to sell or deal in our Shares during that period. Accordingly, holders of our Shares are subject to the risk that the price of our Shares could fall before trading begins as a result of adverse market conditions or other adverse developments, that could occur between the time of sale and the time trading begins.

Prior dividend distributions are not an indication of our future dividend payment.

No dividend has been declared or paid by our Company during the Track Record Period and up to the Latest Practicable Date. Save for the dividend of approximately RMB168,000 declared and paid by Sichuan Boai to a former shareholder immediately before disposal of equity interest to Ms. Liao Rong, no dividend has been declared by any member of our Group during the Track Record Period and up to the Latest Practicable Date. Any future dividend declaration and distribution by our Company 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 that our Directors deem relevant. Any declaration and payment as well as the amount of dividends will also be subject to our Articles of Association and the PRC laws, including (where required) the approvals from our shareholders and our Directors. In addition, our future dividend payments will depend upon the availability of dividends and/or funds received from our subsidiaries. As a result of the above, we cannot assure you that we will make any dividend payments on our Shares in the future with reference to our historical dividends. For further details relating to the dividend of our Company, please refer to the section headed "Financial Information — Dividend" in this prospectus.

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

Our management may spend the net proceeds from the Global Offering in ways you may not agree with or that do not yield a favorable return to our Shareholders. We intend to use all of the net proceeds from the Global Offering in (i) the expansion of our school network by developing new schools in Sichuan Province, PRC and the United States; and (ii) the construction, maintenance, renovation and expansion of Tianfu School. Please refer to the section headed "Future Plans and Use of Proceeds — Use of proceeds" in this prospectus for more information. However, our management will have discretion as to the actual application of our net proceeds. Our Shareholders will entrust their funds to our management, upon whose judgment they must depend, for the specific uses we will make of the net proceeds from this Global Offering.

Waivers have been granted from compliance with certain requirements of the Listing Rules by the Stock Exchange. Shareholders will not have the benefit of the Listing Rules that are so waived. These waivers could be revoked, exposing us and our Shareholders to additional legal and compliance obligations.

We have applied for, and the Stock Exchange has granted to us, a number of waivers from strict compliance with the Listing Rules. Please see the section headed "Waivers from Strict Compliance with the Listing Rules" in this prospectus for further details. There is no assurance that the Stock Exchange will not revoke any of these waivers granted or impose certain conditions on any of these waivers. If any of these waivers were to be revoked or to be subject to certain conditions, we may be subject to additional compliance obligations, incur additional compliance costs and face uncertainties arising from issues of multijurisdictional compliance, all of which could adversely affect us and our Shareholders.

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

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

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

Forward-looking statements contained in this prospectus are subject to risks and uncertainties.

This prospectus contains certain statements and information that are forward-looking and uses forward-looking terminology such as “anticipate”, “believe”, “could”, “going forward”, “intend”, “plan”, “project”, “seek”, “expect”, “may”, “ought to”, “should”, “would” or “will” and similar expressions. You are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. In light of these and other risks and uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations or warranties by us that our plans and objectives will be achieved and these forward-looking statements should be considered in light of various important factors, including those set forth in this section. Subject to the requirements of the Listing Rules, we do not intend to update or otherwise revise the forward-looking statements in this prospectus to the public, whether as a result of new information, future events or otherwise. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this prospectus are qualified by reference to this cautionary statement.

You may face difficulties in protecting your interests under the laws of the Cayman Islands.

Our corporate affairs are governed by, among other things, our Memorandum and Articles and the Companies Law and common law of the Cayman Islands. The rights of Shareholders to take action against our Directors, actions by minority shareholders and the fiduciary responsibilities of our Directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as that from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders differ in some respects from those in other jurisdictions. Such differences mean that the remedies available to our minority Shareholders may be different from those they would have under the laws of Hong Kong or other jurisdictions. For detailed information, please refer to the section headed “Summary of the constitution of the Company and Cayman Islands company law and taxation” in Appendix IV to this prospectus.

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

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

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

In preparation for the Listing, we have sought the following waiver from strict compliance with the relevant provisions of the Listing Rules:

MANAGEMENT PRESENCE

Rule 8.12 of the Listing Rules requires that a new applicant applying for a primary listing on the Stock Exchange must have a sufficient management presence in Hong Kong. This normally means that at least two of its executive directors must be ordinarily resident in Hong Kong. Since our principal business operations are primarily located in the PRC and will continue to be based in the PRC, our executive Directors and senior management members are and will continue to be based in the PRC. At present, none of our executive Directors is ordinarily resident in Hong Kong. We have applied to the Stock Exchange for, and obtained, a waiver from strict compliance with the requirements set out in Rule 8.12 of the Listing Rules subject to the following conditions:

(a) we have appointed two authorized representatives pursuant to Rule 3.05 of the Listing Rules who will act as our principal channel of communication with the Stock Exchange. The two authorized representatives are Mr. Wang Ping (王平), our non-executive Director, and Mr. Lam Wai Kei (林偉基), our joint company secretary. Both Mr. Wang Ping and Mr. Lam Wai Kei are ordinarily residents in Hong Kong. Each of the authorized representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable period of time upon request and will be readily contactable by home, office, mobile and other telephone numbers, email address and correspondence address (if the authorized representative is not based at the registered office), facsimile numbers if available, and any other contact details prescribed by the Stock Exchange from time to time. Each of the authorized representatives has been duly authorized to communicate on our behalf with the Stock Exchange. All of them have confirmed that they possess valid travel documents to Hong Kong and will be able to meet with the Stock Exchange within a reasonable period of time, when required;

(b) our authorized representatives have means of contacting all Directors promptly at all times as and when the Stock Exchange wishes to contact our Directors on any matters. To enhance communication between the Stock Exchange, the authorized representatives and our Directors, our Company has implemented a policy whereby (i) each Director will provide his office phone number, mobile phone number, residential phone number, office facsimile number and email address to the authorized representatives; (ii) each Director will provide valid phone numbers or means of communication to the authorized representatives when he travels; and (iii) all Directors will provide their mobile phone numbers, office phone numbers, email addresses and office fax numbers to the Stock Exchange;

(c) our Company has, in accordance with Rule 3A.19 of the Listing Rules, also appointed First Shanghai Capital Limited as its compliance adviser, who will act as an additional channel of communication with the Stock Exchange. The compliance adviser will advise on on-going compliance requirements and other issues arising under the Listing Rules and other applicable laws and regulations in Hong Kong for a period commencing on the Listing Date at least until the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of our Company's financial results for the first full financial year after the Listing Date;

(d) meetings between the Stock Exchange and our Directors could be arranged through our authorized representatives or our Company's compliance adviser, or directly with our Directors within a reasonable time frame. Our Company will inform the Stock Exchange promptly in respect of any change in our Company's authorized representatives and compliance adviser; and

(e) each Director who is not an ordinarily resident in Hong Kong has confirmed that he/she has valid travel documents to visit Hong Kong and will be able to meet with the Stock Exchange in Hong Kong within a reasonable period upon request.

COMPANY SECRETARY

Rule 8.17 of the Listing Rules provides that an issuer must appoint a company secretary who satisfies Rule 3.28 of the Listing Rules. Rule 3.28 of the Listing Rules provides that an issuer must appoint as its company secretary an individual who, by virtue of his academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

Most of our Group's operations are currently based in the PRC and it is expected that, for the foreseeable future, our Group will not have a sufficient management presence in Hong Kong. As such, it is vitally important that the company secretary of our Company should possess sufficient knowledge and experience to discharge the functions of a company secretary.

Our Group has appointed Mr. Wang Shudong (王樹東), who is not a resident in Hong Kong, as the company secretary of our Company. We believe that having regard to Mr. Wang Shudong's past experience in handling corporate matters, he has a thorough understanding of our operations and our Board, and is able to perform his duties as our company secretary. Please refer to the section headed "Directors and Senior Management" in this prospectus for further details of Mr. Wang Shudong's qualifications.

However, Mr. Wang Shudong does not possess full qualifications as required under Rule 3.28 of the Listing Rules and as he has not previously had personal experience of the Hong Kong regulatory system, he may not be able to fulfil the requirements under Rule 3.28 of the Listing Rules. As such, we have appointed Mr. Lam Wai Kei (林偉基) as the joint company secretary of our Company and to provide joint company secretary support and assistance to Mr. Wang Shudong to enable Mr. Wang Shudong to acquire the relevant experience as required under Rule 3.28 of the Listing Rules and to duly discharge the functions of a company secretary. While Mr. Wang Shudong has not previously had personal experience of the Hong Kong regulatory system, he will be assisted and have the resources and expertise of Mr. Lam Wai Kei as a joint company secretary.

Mr. Lam Wai Kei, being a certified public accountant (as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong)), satisfied the requirements under Rules 8.17 and 3.28 of the Listing Rules.

Therefore, our Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements of Rules 8.17 and 3.28 of the Listing Rules and the following arrangements have bene made to satisfy those requirements:

(a) we propose to engage Mr. Lam Wai Kei as a joint company secretary for a minimum period of three years commencing from the Listing Date. During his engagement period, Mr. Lam Wai Kei will work closely with Mr. Wang Shudong and ensure that he will be available at all times to provide assistance to Mr. Wang Shudong for discharging his duty as a company secretary, including but not limited to communicating regularly with Mr. Wang Shudong on matters relating to corporate governance, the Listing Rules, as well as the applicable Hong Kong laws and regulations which are relevant to us. We will further ensure that Mr. Wang Shudong will receive the relevant trainings and support to enable him to be familiar with the Listing Rules and the responsibilities of a company secretary as required under the Listing Rules;

(b) pursuant to Rule 3.29 of the Listing Rules, each of Mr. Lam Wai Kei and Mr. Wang Shudong will attend in each financial year no less than 15 hours of relevant professional training courses to familiarise himself with the requirements of the Listing Rules and other Hong Kong regulatory requirements;

(c) upon expiry of the three-year period, we will re-evaluate the qualifications and experience of Mr. Wang Shudong in order to determine whether he satisfies the requirements as stipulated under Rules 3.28 and 8.17 of the Listing Rules;

(d) if Mr. Lam Wai Kei ceases to provide assistance to Mr. Wang Shudong, the waiver will be revoked by the Stock Exchange with immediate effect; and

(e) at the end of the three-year period as mentioned above, the Stock Exchange will revisit the situation. We shall then demonstrate to the Stock Exchange's satisfaction that Mr. Wang Shudong, having had the benefit of the assistance of Mr. Lam Wai Kei for three years, would have acquired the relevant experience within the meaning of Rule 3.28 of the Listing Rules so that a further waiver would not be necessary.

CONTINUING CONNECTED TRANSACTIONS

We have entered into, and are expected to continue, certain transactions which will constitute non-exempt continuing connected transactions of our Company under the Listing Rules upon the Listing.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, waivers in relation to certain continuing connected transactions between us and certain connected persons under Chapter 14A of the Listing Rules. For further details in this respect, please see the section headed "Connected Transactions — Continuing connected transactions — Non-exempt continuing connected transactions" in this prospectus.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

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

INFORMATION ON THE GLOBAL OFFERING

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorized by us, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Sole Sponsor, any of the Underwriters, any of our or their respective directors, officers or representatives or any other person involved in the Global Offering. Neither the delivery of this prospectus nor any offering, sale or delivery made in connection with the Shares should, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as of any date subsequent to the date of this prospectus.

Details of the structure of the Global Offering, including its conditions, are set out in the section headed "Structure of the Global Offering" in this prospectus, and the procedures for applying for the Hong Kong Public Offer Shares are set out in the section headed "How to Apply for Hong Kong Public Offer Shares" in this prospectus and in the relevant Application Forms.

UNDERWRITING

For applicants under the Hong Kong Public Offering, this prospectus and the Application Forms set out the terms and conditions of the Hong Kong Public Offering.

The listing of, and permission to deal in, the Shares on the Stock Exchange is sponsored by the Sole Sponsor. Pursuant to the Hong Kong Underwriting Agreement, the Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The International Offering is expected to be fully underwritten by the International Underwriters. If, for any reason, the Offer Price is not agreed among us and the Joint Global Coordinators (for themselves and on behalf of the Underwriters), the Global Offering will not proceed. For further details about the Underwriters and the underwriting arrangements, please refer to the section headed "Underwriting" in this prospectus.

RESTRICTIONS ON OFFERS AND SALES OF SHARES

Each person acquiring the Hong Kong Public Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his acquisition of Offer Shares to, confirm that he is aware of the restrictions on offers of the Offer Shares described in this prospectus.

No action has been taken to permit a public offering of the Offer Shares or the general distribution of this prospectus and/or the Application Forms in any jurisdiction other than in Hong Kong. Accordingly, this prospectus may not be used for the purposes of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions and pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

APPLICATION FOR LISTING OF THE SHARES ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including any Shares which may be issued pursuant to the exercise of the Over-allotment Option) and any Shares which may be issued under the Share Option Scheme.

No part of the share capital of our Company is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or is proposed to be sought in the future.

COMMENCEMENT OF DEALINGS IN THE SHARES

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Tuesday, 31 July 2018, it is expected that dealings in our Shares on the Stock Exchange will commence at 9:00 a.m. on Tuesday, 31 July 2018. The Shares will be traded in board lots of 2,000 Shares each, the stock code of the Shares will be 1758.

PROFESSIONAL TAX ADVICE RECOMMENDED

You should consult your professional advisers if you are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of, or dealing in, the Shares or exercising any rights attaching to the Shares. We emphasize that none of our Company, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Sole Sponsor, the Underwriters, any of our or their respective directors, officers, employees, agents, advisers or representatives or any other person involved in the Global Offering accepts responsibility for any tax effects or liabilities resulting from your subscription, purchase, holding or disposing of, or dealing in, the Shares or your exercise of any rights attaching to the Shares.

REGISTERS OF MEMBERS AND STAMP DUTY

Our principal register of members holding Shares will be maintained by our principal share registrar, Conyers Trust Company (Cayman) Limited, in the Cayman Islands, and our Hong Kong branch register of members will be maintained by our Hong Kong Branch Share Registrar, Tricor Investor Services Limited, in Hong Kong.

No stamp duty is payable by applicants in the Global Offering. Dealings in the Shares registered in our Hong Kong branch share register will be subject to stamp duty in Hong Kong. The current ad valorem rate of Hong Kong stamp duty is 0.1% on the higher of the consideration for or the market value of the Shares and it is charged on the purchaser on every purchase and on the vendor on every sale of the Shares. In other words, a total stamp duty of 0.2% is currently payable on a typical sale and purchase transaction involving the Shares.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the Shares on the Stock Exchange and our compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Investors should seek the advice of their stockbroker or other professional advisor for details of the settlement arrangements as such arrangements may affect their rights and interests. All necessary arrangements have been made for the Shares to be admitted into CCASS.

STABILISATION AND OVER-ALLOTMENT OPTION

Details of the arrangements relating to the Over-allotment Option and stabilisation are set out in the section headed “Structure of the Global Offering” in this prospectus.

OTHER

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

Unless otherwise specified, amounts denominated in RMB and US$ have been translated, for the purpose of illustration only, into HK dollars or US$ in this prospectus at the following exchange rates: HK$1.00 = RMB0.857 or HK$7.819 = US$1.00. No representation is made that any amounts in RMB or US$ were or could have been or could be converted into HK dollars or US$ at such rates or any other exchange rates on such date or any other date.

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

Unless otherwise specified, all references to any shareholdings in our Company following the completion of the Global Offering assume that the Over-allotment Option is not exercised.

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Xiong Tao (熊濤)	No. 4, Floor 19, Unit 2, Block 1 No. 5 Lin Yin Street Wuhou District, Chengdu Sichuan Province PRC	Chinese
Mr. Ran Tao (冉濤)	Unit 501, Tower 7, First Phase, 299 Lingan Road Jinjiang District Chengdu Sichuan Province PRC	Chinese
Ms. Liao Rong (廖蓉)	No. 4, Floor 19, Unit 2, Block 1 No. 5 Lin Yin Street Wuhou District, Chengdu Sichuan Province PRC	Chinese
Non-executive Directors		
Mr. Bai Zimin (柏子敏)	26-1, Unit 2, Block 5 Jinjiang Fanying Chengdu Sichuan Province PRC	Chinese
Mr. Wang Ping (王平)	Flat B, 22nd Floor, Tower 1 Marbella, 23 On Chun Street Ma On Shan New Territories Hong Kong	Chinese
Independent non-executive Directors		
Mr. Cheng Tai Kwan Sunny (鄭大鈞)	Flat A, 11th Floor Tower 27 South Horizons Aplichau Hong Kong	Chinese

Name	Address	Nationality
Mr. Mao Daowei (毛道維)	19-31, Unit 2, Block 19 Zhulin Village, Sichuan University No. 29 Wang Jiang Road Jinjiang District Chengdu Sichuan Province PRC	Chinese
Ms. Luo Yunping (雒蘊平)	Room 1-2-22-03 No.33 Qinghe Li South Section Jinjiang District Chengdu PRC	Chinese

SENIOR MANAGEMENT

Mr. Jiang Bohan (蔣伯瀚)	No. 12, 6th Floor Unit 2, Block 6 No. 3 Jing'an Road Jinjiang District Chengdu PRC	Chinese
Mr. Wang Shudong (王樹東)	No. 288 Jingan Road Jinjiang District Chengdu Sichuan Province PRC	Chinese

Please also refer to the section headed "Directors and Senior Management" in this prospectus for more information.

PARTIES INVOLVED IN THE GLOBAL OFFERING

Sole Sponsor	**China Securities (International) Corporate Finance Company Limited** *A corporation licensed under the SFO to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities as defined in the SFO* 18th Floor, Two Exchange Square 8 Connaught Place Central Hong Kong
Joint Global Coordinators	**China Securities (International) Corporate Finance Company Limited** *A corporation licensed under the SFO to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities as defined in the SFO* 18th Floor, Two Exchange Square 8 Connaught Place Central Hong Kong
	First Capital Securities Limited *A corporation licensed under the SFO to carry on type 1 (dealing in securities) and type 4 (advising on securities) regulated activities as defined in the SFO* Unit 4512, 45/F The Center 99 Queen's Road Central Central Hong Kong
	First Shanghai Securities Limited *A corporation licensed under the SFO to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities as defined in the SFO* 19/F & Room 2505-10 Wing On House 71 Des Voeux Road Central Hong Kong

Joint Bookrunners

China Securities (International) Corporate Finance Company Limited
A corporation licensed under the SFO to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities as defined in the SFO
18th Floor, Two Exchange Square
8 Connaught Place
Central
Hong Kong

First Capital Securities Limited
A corporation licensed under the SFO to carry on type 1 (dealing in securities) and type 4 (advising on securities) regulated activities as defined in the SFO
Unit 4512, 45/F
The Center
99 Queen's Road Central
Central
Hong Kong

First Shanghai Securities Limited
A corporation licensed under the SFO to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities as defined in the SFO
19/F & Room 2505-10
Wing On House
71 Des Voeux Road Central
Hong Kong

ABCI Capital Limited
A corporation licensed under the SFO to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities as defined in the SFO
11/F
Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

Founder Securities (Hong Kong) Limited
A corporation licensed under the SFO to carry on type 1 (dealing in securities) regulated activity as defined in the SFO
Suites 1710-1719
Jardine House
1 Connaught Place
Central
Hong Kong

Joint Lead Managers

China Securities (International) Corporate Finance Company Limited
A corporation licensed under the SFO to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities as defined in the SFO
18th Floor, Two Exchange Square
8 Connaught Place
Central
Hong Kong

First Capital Securities Limited
A corporation licensed under the SFO to carry on type 1 (dealing in securities) and type 4 (advising on securities) regulated activities as defined in the SFO
Unit 4512, 45/F
The Center
99 Queen's Road Central
Central
Hong Kong

First Shanghai Securities Limited
A corporation licensed under the SFO to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities as defined in the SFO
19/F & Room 2505-10
Wing On House
71 Des Voeux Road Central
Hong Kong

ABCI Securities Company Limited
A corporation licensed under the SFO to carry on type 1 (dealing in securities) and type 4 (advising on securities) regulated activities as defined in the SFO
10/F
Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

Founder Securities (Hong Kong) Limited
A corporation licensed under the SFO to carry on type 1 (dealing in securities) regulated activity as defined in the SFO
Suites 1710-1719
Jardine House
1 Connaught Place
Central
Hong Kong

Legal advisors to our Company

As to Hong Kong law:
Loeb & Loeb LLP
21st Floor, CCB Tower
3 Connaught Road Central
Hong Kong

As to PRC law:
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Principal place of business in Hong Kong	21st Floor, CCB Tower 3 Connaught Road Central Hong Kong
Company's website	bojuneducation.com *(the information contained in this website does not form part of this prospectus)*
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This section contains certain information, statistics and data which are derived from official government publications and industry sources as well as a commissioned report from Frost & Sullivan, an Independent Third Party. The information from official government publications and the Frost & Sullivan Report may not be consistent with information available from other sources within or outside the PRC and Hong Kong. We believe that the sources of the information in this section are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any part has been omitted that would render such information false or misleading. The information has not been independently verified by us, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or any other party involved in the Global Offering and no representation is given as to its accuracy.

SOURCES OF INFORMATION

We commissioned Frost & Sullivan, an independent market research consulting firm which is principally engaged in the provision of market research consultancy services, to conduct a detailed analysis of the PRC private fundamental education market in the PRC and in particular in Sichuan and Chengdu.

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

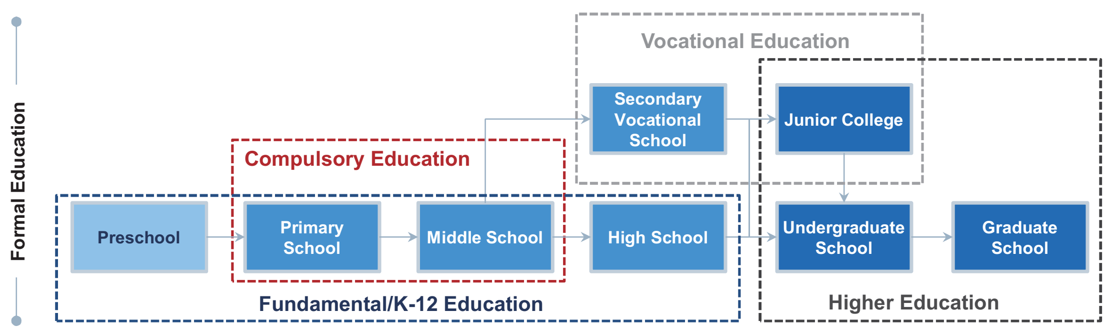
The Frost & Sullivan Report was compiled based on the following assumptions: (i) China's economy will maintain steady growth in the next decade; (ii) China's social, economic and political environment will remain stable in the forecast period from 2017 to 2021; and (iii) market drivers, such as Chinese families' attention on children's education, the support from PRC central and local governments the increase of investment in private education in China, the increase of household income and wealth and the relaxation of One-Child Policy, will continue to drive the PRC private fundamental education industry.

Frost & Sullivan is an independent global consulting firm, which was founded in 1961 in New York. It offers industry research and market strategies, and provides growth consulting and corporate training. It has over 40 offices worldwide with over 2,000 industry consultants, market research analysts and economists. We are contracted to pay a fee of RMB900,000 to Frost & Sullivan in connection with the preparation of the Frost & Sullivan Report. We have extracted certain information from the Frost & Sullivan Report in this section, as well as in the sections headed "Summary", "Risk Factors", "Business", "Financial Information" and elsewhere in this prospectus to provide our potential investors with a more comprehensive presentation of the industries in which we operate.

OVERVIEW OF PRC PRIVATE FUNDAMENTAL EDUCATION INDUSTRY

Overview

In general, the PRC education system includes formal education and informal education, between which the key difference is that formal education provides students with official certificates from the PRC government based on the fulfillment of certain period of study and the qualification of relevant performance and result. The informal education system merely enables students to obtain completion certificates for the training and learning courses they take, which may not be officially recognized in China. The PRC fundamental education market belongs to the formal education system, and it generally includes four phases, which are preschool, primary school, middle school, and high school education. Among the four phases of fundamental education, primary and middle schools constitute the nine years of compulsory education in China. The following diagram illustrates the composition of the PRC private formal education industry:



It was in the early of 1980s that fundamental education was firstly allowed in China to be operated by private entities. The key purpose the Chinese government allowed the entry of private capitals was to address the shortage of public funds to run educational businesses. Stepping into the 1990s, private fundamental education has entered a rapid growth stage. And so far, private fundamental education has become an important force in the China's overall education system.

Market Size of and Trends in the PRC Private Fundamental Education Industry

Private education has become an important force in the Chinese educational system. With consumers' rising preference towards private schools, more and more parents in China tend to send their children to private schools, driving the increasing enrollments of private schools and also the uprising their income of the education industry from tuition fees and growing private investment into the industry.

Meanwhile, the PRC government issued a series of policies and regulations to encourage and promote the development of private fundamental education, including the Private Education Law, the Implementation Rules for the Private Education Law, the Implementation Opinions of the Ministry of Education on Encouraging and Guiding Private Fund's Entry into the Education Sector and Promoting the Sound Development of Private Education.* (《教育部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》).

From 2012 to 2016, total annual revenue of private fundamental education industry in the PRC increased from approximately RMB124.0 billion to approximately RMB241.6 billion, representing a CAGR of approximately 18.1%. In 2016, total revenue of private fundamental education industry in the PRC accounted for approximately 9.9% of total revenue of fundamental education industry in the PRC. Going forward, total revenue of private fundamental education industry in the PRC is expected to uphold a rapid pace for growth and increases from approximately RMB241.6 billion in 2016 to approximately RMB466.5 billion in 2021, representing a CAGR of approximately 14.1%.

According to the Frost & Sullivan Report, the total number of student enrollment in the PRC private fundamental education increased from approximately 31.4 million in 2012 to approximately 40.1 million in 2016, representing a CAGR of approximately 6.2%. Going forward, the growing trend is expected to uphold, and total number of student enrollment in the PRC fundamental education is forecasted to reach approximately 54.4 million in 2021, realizing a CAGR of approximately 6.4% from 2016 to 2021. Preschool leads the growth during both historical and forecast periods. Supported by the expected impact of the Two-Child Policy (二胎政策), preschool is expected to grow at a CAGR of approximately 7.2% from 2016 to 2021.

Overall, driven by the great attention on children's education of Chinese households, the supports from central and local government, the increasing investment on private education of the entire society, the increase of household income and wealth, and the relaxation of One-Child Policy, the PRC private education industry is expected to continue to expand in terms of both the monetary value size and the total number of student enrollment.

OVERVIEW OF PRIVATE FUNDAMENTAL EDUCATION INDUSTRY IN SICHUAN AND CHENGDU

Overview

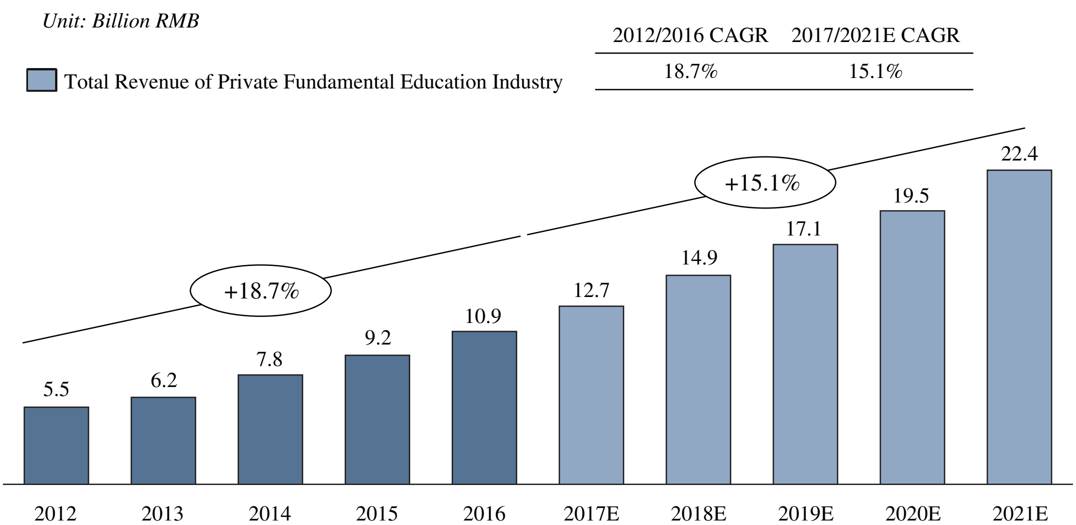
Sichuan, due to its large population base, has been one of the largest private fundamental education markets in China in terms of total student enrollments. In 2016, the penetration rate of private fundamental education in Sichuan province reached 17.4% based on an approximately 2,084,000 total student enrollments. Chengdu, as the provincial capital of Sichuan and the most important economic, political and cultural center in Sichuan, accounted for approximately 19.3% of Sichuan's total population and approximately 37.2% of provincial GDP in 2016. Chengdu led the province's private fundamental education market with a total student enrollment of approximately 578,200. The penetration rate in Chengdu was approximately 28.8%, 11.4% higher than the average rate of Sichuan.

Market Size of and Trends in Private Fundamental Education Industry in Sichuan

According to the Frost & Sullivan Report, total annual revenue of private fundamental education industry in Sichuan climbed from approximately RMB5.5 billion to approximately RMB10.9 billion from 2012 to 2016, representing a CAGR of approximately 18.7%. By 2016, total annual revenue of private fundamental education accounted for approximately 8.6% of the overall fundamental education industry in Sichuan. From 2017 to 2021, total annual revenue of private fundamental education industry in Sichuan is expected to rise from approximately RMB12.7 billion to approximately RMB22.4 billion, representing a CAGR of approximately 15.1%.

Compared to public schools, private schools have more flexibility in enrollment plan and school operation, stronger motivation for improvement and more diversified curriculums. Thus, private fundamental education enjoys fast growth in Sichuan. It helps to narrow the gap between educational supply and demand, diversify education system, expand sources for education funds, promote better the management of schools and balance between public schools and private schools. Looking into the future, for further funds-raising, private education should be able to attract government's favorable policies, improve social recognition and make long-term and balanced plans for development.

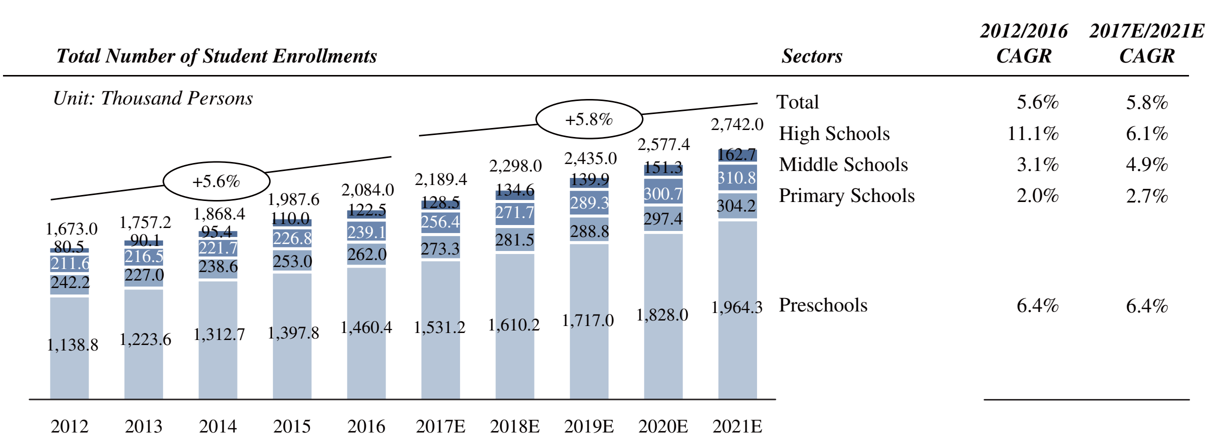
Total Revenue of Private Fundamental Education Industry in Sichuan, 2012 – 2021E



Student Enrollment in Private Fundamental Education in Sichuan

The total enrollment of private fundamental education in Sichuan has witnessed a stable growth from approximately 1.7 million in 2012 to approximately 2.1 million in 2016, representing a CAGR of approximately 5.6%. Enrollments of high school enjoyed the fastest growth with a CAGR of approximately 11.1%. The number of student enrolment in high school increased from approximately 80,500 in 2012 to approximately 122,500 in 2016. Preschool enrollments occupied the largest proportion and grew at a CAGR of approximately 6.4% from 2012 to 2016. The higher birth rate since 2010, parents' higher willingness and affordability for children's education drive up the market. Looking forward, the total enrollments of Sichuan private fundamental education is expected to maintain the stable growing trend, reaching approximately 2.7 million in 2021. Preschool is likely to continue to be a major driver of the market in the coming years due to the relaxation of One-Child Policy.

Total Number of Student Enrollments of Private Fundamental Education in Sichuan, 2012 – 2021E

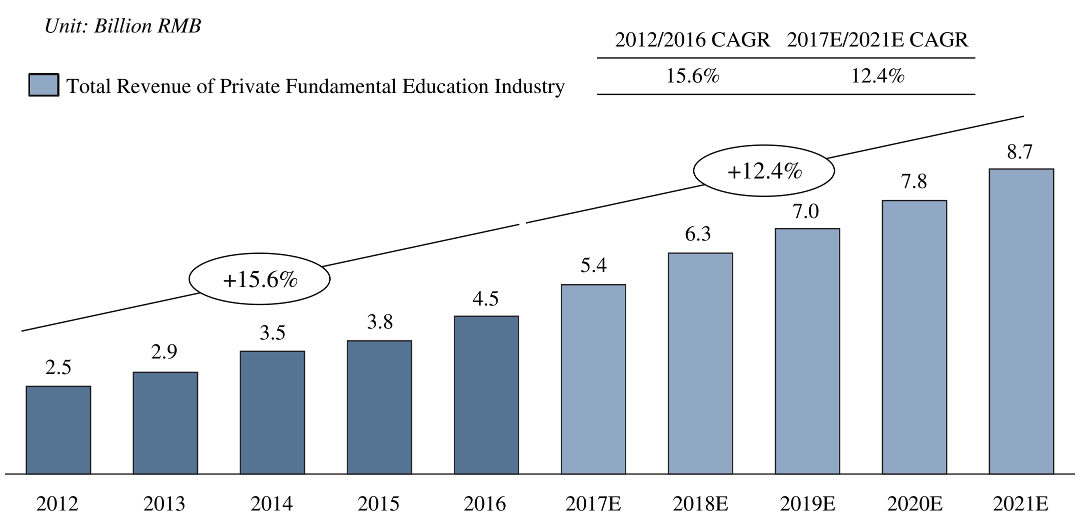


Market Size of and Trends in Private Fundamental Education Industry in Chengdu

According to the Frost & Sullivan Report, total annual revenue of private fundamental education industry in Chengdu climbed from approximately RMB2.5 billion to approximately RMB4.5 billion from 2012 to 2016, representing a CAGR of approximately 15.6%. By 2016, total annual revenue of private fundamental education accounted for approximately 17.5% of the overall fundamental education industry in Chengdu. From 2017 to 2021, total annual revenue of private fundamental education industry in Chengdu is expected to rise from approximately RMB5.4 billion to approximately RMB8.7 billion, representing a CAGR of approximately 12.4%.

Chengdu is the capital city of Sichuan Province. Development of private education in Chengdu began much earlier than in other cities in Sichuan Province. Total annual revenue of private fundamental education industry in Chengdu accounted for around 41.6% of that in Sichuan, although private fundamental student enrollments in Chengdu only accounted for around 27.7% of total private fundamental student enrollments in Sichuan in the same year. Per student expenditure paid by parents of private fundamental education in Chengdu is much higher than Sichuan average owing to its relatively developed economic status. Primarily, the operational costs of private fundamental education in Chengdu are generally higher than those in other cities of Sichuan because of differences in local living standards. Meanwhile, the higher average household income of Chengdu also nurtures the demand for high quality private fundamental education which usually charges higher tuition fee for the schools' better academic network, well-recognized reputation, higher teaching quality, premium teacher resources, distinguished education philosophy, better physical facilities, unique curriculum provision, and other premium resources.

Total Revenue of Private Fundamental Education Industry in Chengdu, 2012 – 2021E

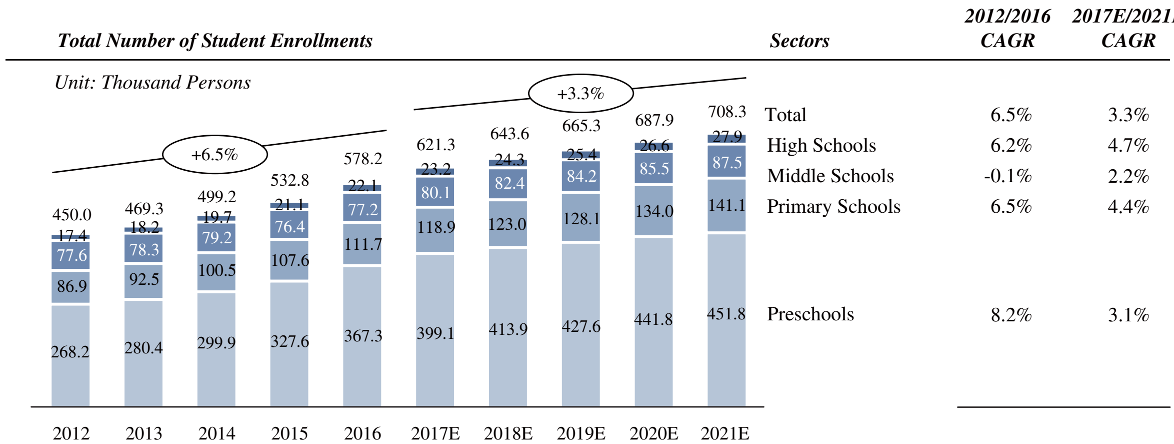


Student Enrollment in Private Education in Chengdu

Total number of student enrollments of private fundamental education in Chengdu has grown from approximately 450,000 persons in 2012 to approximately 578,200 persons in 2016, representing a CAGR of approximately 6.5%. From 2017 to 2021, the number of student enrollments is expected to grow from approximately 621,300 persons to approximately 708,300 persons, with a CAGR of approximately 3.3%.

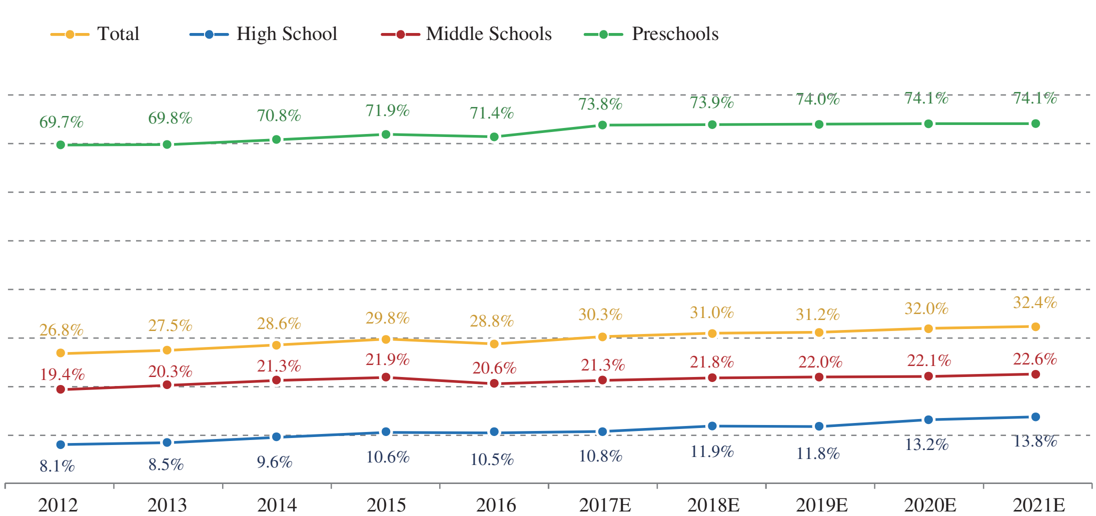
On one hand, public education resources in Chengdu cannot meet the education demand of migrant children, who move to Chengdu with their family from other cities in Sichuan. Migrant children, accounting for around 20.3% of total enrollments in compulsory education in Chengdu in 2016, have led to insufficient supply of compulsory education. Private fundamental schools supplement the supply of education resources in compulsory education. On the other hand, many families in Chengdu are not satisfied with the public education resources. Many families prefer private education as private education can provide more diversified education, such as international courses and art lessons. Therefore, demand for private education from both segments drove the enrollments of private fundamental education in Chengdu.

Total Number of Student Enrollments of Private Fundamental Education in Chengdu, 2012 – 2021E



As a whole, according to the Frost & Sullivan Report, the penetration of private schools in the overall fundamental education system in Chengdu has increased over the past five years, which has indicated that more students have chosen to go to private schools instead of public ones; and this trend is likely to continue in the coming period. In different stages of fundamental education in Chengdu, preschools have the highest private schools' penetration rate which was between 69.7% and 71.4% during 2012 to 2016. Private preschools constitute the major part of preschool education in Chengdu, and it is expected to continue playing a key role for the forecast period from 2017 to 2021. Chengdu government encouraged the development of private preschools including by way of providing subsidies for private preschools. In Chengdu, around 85.9% of the kindergartens are public interest kindergartens (普惠性幼兒園) in 2016, which has government appropriations or subsidiaries according to the enrollments of the kindergarten no matter whether the kindergarten is private or public.

Private Schools Penetration in Fundamental Education by Number of Student Enrollments (Chengdu), 2012 – 2021E



Drivers of Private Fundamental Education Market in Chengdu

According to the Frost & Sullivan Report, the development of the private fundamental education market in Chengdu is driven by primarily the following factors:

- **Chengdu's Economic Development as Sichuan Provincial Capital and Increasing Amount of Migrant Population:** Chengdu, the capital of Sichuan province, has been developing rapidly based on its human capital, central government support, established industries in high-end aerospace and aircraft design, and a more recently developed electronics manufacturing sector. Economic development of Chengdu has been driving an increasing trend in migrant population, which creates increasing demand for fundamental education. This nurtures the development of private fundamental education in Chengdu, as public educational resources are relatively limited. Chengdu government also supports the development of private fundamental education to meet the increasing demand and has been issuing measures to strengthen the implementation of relevant policies.

- **Leading Quality and Resources of Private Fundamental Educational Institutions in Chengdu:** based on overall development of Sichuan economy, residents' income and wealth have been constantly growing, driving an upward trend in their pursuit and affordability for high quality educational resources for children. Chengdu is a highland of fundamental education in Sichuan in terms of quality and resources of educational institutions, attracting more and more school-age population from other cities in Sichuan to enroll in fundamental educational institutions in Chengdu. This has been driving the growth of private fundamental education in Chengdu, because of limited capacity of public schools and increasing demand of private schools.

- **Supports from Local Government:** local government of Sichuan has been making continuous effort in supporting the development of private education. In 2008, the government issued Measures for the Implementation of Law of the People's Republic of China on Promotion of Private Schools of Sichuan Province which specified several key measures to support private education development in Sichuan. In 2012 and 2013, the Interim Procedures of the Management of Special Funds for Private Education in Sichuan and Chengdu were issued respectively. In 2015, Guidance for the identification and Recognition of Private Kindergartens of General Welfare was issued which laid out conditions for the identification and recognition of private kindergartens of general welfare and specified supportive measures covering different aspects.

- **Continuously improving Quality of Private Education in Sichuan and Chengdu:** during the early phase of development, private fundamental education in Sichuan and Chengdu lacks resources and experience, resulted in quality gap of teaching between public and private fundamental education. Nevertheless, based on the enhanced regulative framework and policy environment, private fundamental education is gaining access to more quality resources. Favorable policies also attracted national renowned private education brands to set up branches in Sichuan. Overall, the quality of private education in Sichuan and Chengdu is significantly increasing, motivating more people to choose private education over public.

- **Increase in Income and Wealth:** with continuous and strong economic development and urbanization process, it is expected that there is an increasing demand for private fundamental education in Chengdu. People's expenditure on leisure and educational activities is likely to increase with enhanced wealth and income level. Meanwhile, the society's general awareness of the importance of education is also increasing. Consequently, the demand for high-quality private fundamental education is expected to observe strong increase, although the tuition fees for such schools are higher than public schools and the market average.

Teaching Costs for Private Fundamental Education in Chengdu

Teaching cost of private fundamental schools is determined by multiple factors, such as average salary for teachers, student-teacher ratio and the ratio of the number of teaching staff to the overall number of staff. The average annual salary of teachers in Chengdu fundamental education (including both public and private schools) increased from approximately RMB52,200 in 2012 to approximately RMB79,000 in 2016.

Development Trends in Private Fundamental Education Industry in Chengdu

According to the Frost & Sullivan Report, the development trends of the private fundamental education industry in Chengdu include the following:

- **Increasing Penetration:** the demand for private fundamental education in Sichuan and Chengdu is likely to increase in the coming future. The young generation parents lay special emphasis on the education for all-round development, and the private schools that possess abundant extracurricular courses and resources are expected to benefit from this trend. Meanwhile, private education in Sichuan and Chengdu is continuously improving in terms of the quality of teaching, motivating more people to choose to enroll in private schools.

- **Local Brand Development:** another key trend is expected to be the rise of more strong local education brands. Sichuan and Chengdu relatively lag behind developed regions in terms of the development private fundamental education. Hence local private education market had been rather fragmented. However, along with economic development, the improvements in policy environment, as well as experience gains of local players, local brands are expected to rapidly develop with the rise of local market leaders that are highly competitive in resource integration and commercial operations.

- **Differentiation:** with continuous development in Sichuan and Chengdu private fundamental education market, the competition among private school counterparts and with public schools is expected to further intensify. Compared with developed markets such as Beijing and Shanghai, private fundamental education in Sichuan and Chengdu relatively lack differentiation from public education. In the coming future, more characteristic education is expected for private education, such as features of foreign languages, sports and art courses, and international environment.

- **Industry Consolidation:** Sichuan and Chengdu education market is also undergoing reform process. Large numbers of ownership transfer and merger and acquisition cases continue to take place and the market is expected to observe increasing consolidation with the emergence and further development of leading private education operators based primarily on such organic growth strategy.

COMPETITIVE LANDSCAPE

Competitive Landscape of Private Middle School Education Industry in Chengdu

According to the Frost & Sullivan Report, in 2016, Chengdu takes a share of around 27% in Sichuan in terms of total private fundamental student enrollments. Meanwhile, in terms of private middle school, the share of student enrollment is even higher, at around 33%. Furthermore, in terms of total number of private middle schools in Sichuan, Chengdu takes a share of around 40%. Overall, these indices demonstrate Chengdu's important position in Sichuan's private fundamental education industry.

Total enrollment of private middle school education in Chengdu is estimated to be approximately 80,100 in 2017. The market is relatively concentrated in 2017, with the top five leading players occupying 33.7% of the market in terms of student enrollment. Company A leads the market with a share of approximately 13.4%. Our Group is the second largest company with a total middle school enrollment of approximately 5,300, accounting for approximately 6.6% of the total market. Company B ranked the third with a market share of 5.6%. Company C and Company D ranked the fourth and fifth with approximately 3.7% and approximately 3.1% market share respectively. Our Group has achieved highest A line ratio*note* among its competitors in 2017. Approximately 92.9% of our students reached A line ratio with Chengdu average of 38.2%.

Note: A Line Ratio refers to the proportion of students who are primarily: 1) directly enrolled by the high school department of the same school; 2) attended Zhongkao and reached key school line which is delimited by the education department based on the general result of the examination every year.

Rank(1)	Market Players	Market Share in 2016	Market Share in 2017
1	Company A	13.2%	13.4%
2	Our Group	5.2%	6.6%
3	Company B	5.1%	5.6%
4	Company C	3.9%	3.7%
5	Company D	3.1%	3.1%

Note(1): The ranking was based on the players' market share in 2017.

Competitive Landscape of Private Preschool Education Industry in Chengdu

According to the Frost & Sullivan Report, in Chengdu's preschool education market, there are above 2,000 kindergartens in 2016, among which above 1,600 are private kindergartens. In contrast to private middle school, private preschool education market is highly fragmented. In 2017, the total student enrollment in private preschool education in Chengdu is around 399,100, and the top five leading companies took approximately 4.6% in total. Our Group ranked at the 5th place with a total student enrollment of approximately 1,600, accounting for 0.4% market share.

Rank(2)	Market Players	Market Share in 2016	Market Share in 2017(3)
1	Company E	2.4%	2.5%
2	Company F	0.8%	0.7%
3	Company G	0.6%	0.6%
4	Company H	0.8%	0.5%
5	Our Group	0.5%	0.4%

Note(2): The ranking was based on the players' market share in 2017.

Note(3): Franchised kindergartens are not included in the ranking.

According to conditions and quality of kindergartens, Chengdu Education Bureau classifies Chengdu's kindergarten into three levels, which are Class A, Class B and Class C from high level to low level. By the end of 2016, Chengdu has 146 Class A kindergartens, and 1,074 Class B kindergartens.

In Chengdu, around 85.9% of the kindergartens are public interest kindergartens in 2016. These kindergartens enjoy policy benefits such as financial subsidies, preferential land and tax schemes and others from local governments, no matter whether the kindergarten is private or public. Nevertheless, the pricing of their tuition and other fees is also guided and supervised by local governments. According to the Notice on Interim Measures Concerning Strengthening the Management of the Collection of Kindergarten Fees in Chengdu* (《關於加強成都市幼兒園收費管理的通知》), the tuition fee of public kindergartens should be below RMB650 per month, and the tuition fee of private public interest kindergarten should be below RMB600 per month. None of our kindergartens are public interest kindergarten. Among private kindergartens the tuition fee of which is higher than RMB650 per month, our Group ranked at the 4th place in terms of total student enrollments in 2016, accounting for 2.3% market share with a total student enrollment of approximately 1,600.

Entry Barriers for Private Education Industry in Chengdu

According to the Frost & Sullivan Report, the private education industry in Chengdu is strictly regulated by relevant laws and regulative bodies. Specific entry barriers are set forth below:

- **Approval of the Government:** in China, the establishment of private schools must firstly be approved by the relevant governmental authorities. Central and local governments have issued laws to detail requirements of management and teaching team and other stuffs on the establishment of private schools. For example, in order to establish a private high school in Sichuan, headmaster must have a teaching experience more than five years and over 70% of the teachers must hold a degree of bachelor or above. Companies with track record or past experience may have an advantage in applying for the establishment.

- **Brand Awareness and Student Source:** brand awareness is especially essential for private schools, because it is always one of the top criteria for students and parents to choose schools. Students and their parents would like to choose a noted school with long operating history and well-established reputation. However, it needs time and years of experiences to establish brand awareness and reputation for new entrants in the market. Accordingly, it is really hard for new entrants to enroll sufficient students.

- **Sufficient Initial Capital and Durative Investment:** at the beginning of the establishment of schools, a large amount of initial capital is needed to invest in campus construction, facilities and equipment and so on. Moreover, this kind of investment is durative rather than one-time. The players in the market must have sufficient capital and be able to afford the durative additional investment. Therefore, it sets up a high capital barrier for new entrants.

- **Qualified Teachers:** qualified teachers are commonly regarded as the most critical educational resources, directly reflecting the education quality of schools. Thus, all the schools especially put emphasis and full attention on the building of their teaching staff team. High-quality teachers have usually been commanded by public schools and well-established private schools. It is difficult for new entrants to gain access to resources of qualified teachers.

- **Land Resource and Relevant Facilities:** to meet various requirements of teaching and extracurricular activities, schools always need plenty of land resource to build teaching constructions and establish relevant facilities. The land resource is usually authorized by the local governments or achieved by renting. With the tight supply of available land resource and the rising rental cost of current land resource, it is becoming more and more difficult to gain additional land resource.

- **Operational Experience and Management Capability:** with a high level of competition in the market, operational experiences and management capability serves as a key entry barrier for new entrants. The operation of educational institutions involves the management of a large amount of people with a complex set of roles, which foster a highly complex system. Without operational and management experience, new entrants could encounter great challenge in achieving larger scales and realize scale economy.

FOREIGN INVESTMENT IN EDUCATION IN THE PRC

Foreign Investment Industries Guidance Catalog

Pursuant to the Foreign Investment Catalog, foreign investors are prohibited from investing in compulsory education, namely primary school and middle school. In addition, preschool education, high school education and higher education are restricted industries for foreign investors. Foreign investments are only allowed to invest in preschool education, high school education and higher education in cooperative ways and the domestic party shall play a dominant role in the cooperation, which means the principal or other chief executive officer of the schools shall be a PRC national and the representative of the domestic party shall account for no less than half of the total members of the board of directors, the executive council or the joint administration committee of the Sino-foreign cooperative educational institution.

Regulations on Sino-foreign cooperation in operating schools

Sino-foreign cooperation in operating schools is specifically governed by the Sino-Foreign Regulation and the Implementing Rules for the Regulations on Operating Sino-foreign Schools of the PRC (《中華人民共和國中外合作辦學條例實施辦法》) (the "**Implementing Rules**"), which were issued by the MOE on 2 June 2004 and became effective on 1 July 2004.

The Sino-Foreign Regulation and its Implementing Rules apply to the activities of educational institutions established in the PRC cooperatively by foreign educational institutions and Chinese educational institutions, the students of which are to be recruited primarily among PRC citizens. The Sino-Foreign Regulation and its Implementing Rules also encourage substantial cooperation between PRC educational organizations and overseas educational organizations with relevant qualifications and experience in providing high-quality education to jointly operate various types of schools in the PRC, particularly in the areas of higher education and occupational education. However, the PRC-foreign cooperation schools are not permitted to engage in compulsory education and military, police, political and other kinds of education that are of a special nature in the PRC. The overseas educational organization participating in the establishment of PRC-foreign cooperation schools must be a foreign educational institution with relevant qualification and high-quality education ability. Our PRC Legal Advisors have advised that based on their current understanding and knowledge, it is uncertain as to what type of information (including the length and type of experience) a foreign investor must provide to the competent PRC government authority to demonstrate that it meets the qualification requirement. Any PRC-foreign cooperation school and cooperation program shall be approved by relevant education authorities and obtain an operation permit for Sino-foreign cooperation school, and a Sino-foreign cooperation school established without the above approval or permit may be prohibited by the relevant authorities, be ordered to refund the fees collected from its students and be subject to a fine of no more than RMB100,000, while a Sino-foreign cooperation program established without such approval or permit may also be banned and be ordered to refund the fees collected from its students.

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

REGULATIONS ON PRIVATE EDUCATION IN THE PRC

Education Law of the PRC

The Education Law sets forth provisions relating to the fundamental education systems of the PRC, including a school education system comprising preschool education, primary education, secondary education and higher education, a system of nine-year compulsory education, a national education examination system, and a system of education certificates. The Education Law stipulates that the government formulates plans for the development of education and establishes and operates schools and other educational institutions. Furthermore, it provides that in principle, enterprises, social organizations and individuals are encouraged to establish and operate schools and other educational institutions in accordance with the PRC laws and regulations. The Education Law also stipulates that some basic conditions shall be fulfilled for the establishment of a school or any other educational institutions, and the establishment, modification or termination of a school or any other educational institutions shall, in accordance with the relevant PRC laws and regulations, go through the procedures of examination, verification, approval, registration or filing.

On 27 December 2015, the Education Law was amended (the "**Amended Education Law**"), which came into effect on 1 June 2016. The Amended Education Law no longer includes the requirement that no organization or individual may establish or operate a school or any other educational institutions for profit-making purposes, but schools and other educational institutions sponsored by all or part of government financial funds and donated assets are still forbidden to be established as for-profit organizations. However, no law or regulation provides a clear guideline for setting up for-profit private schools prior to the implementation of the Decision.

The Private Education Law and the Implementation Rules

The Private Education Law became effective on 1 September 2003 and was amended on 29 June 2013 and further amended on 7 November 2016, which has come into effect on 1 September 2017, and the Implementation Rules for the Private Education Law became effective on 1 April 2004. For the details of amendments of the Private Education Law, please refer to the paragraphs headed "The Decisions on amending the Private Education Law" below.

Under the above regulations, "private schools" are defined as schools established by social organizations or individuals using non-government funds. The establishment of a private school shall meet the local need for educational development and the requirements provided for by the Education Law and relevant laws and regulations, and the standards for the establishment of private schools shall conform to those for the establishment of public schools of the same grade and category. In addition, private schools providing academic qualifications education, preschool education, education for self-study examination and other education shall be subject to approval by the education authorities at or above the county level, while private schools engaging in occupational qualification training and occupational skill training shall be subject to approvals from the authorities in charge of labor and social welfare at or above the county level. A duly approved private school will be granted a Permit for Operating a Private School (民辦學校辦學許可證), and shall be registered with the registration authority, i.e. the MCA. As at the Latest Practicable Date, each of our Operating Schools had obtained the Permit for Operating a Private School and has been registered with the relevant local counterpart of the MCA.

Under the above regulations, private schools have the same status as public schools, though private schools are prohibited from providing military, police, political and other kinds of education which are of a special nature. Public schools providing compulsory education are not permitted to be converted into private schools. The operations of a private school are highly regulated. For example, a private school shall establish the executive council, the board of directors or any other form of the decision-making body and such decision-making body shall meet at least once a year. Furthermore, the text books selected by private primary schools and middle schools for teaching state fundamental classes should be approved in accordance with related laws and regulations, and the curriculum arrangements of the teaching courses should be in conformity with the provisions of the MOE. Teachers employed by a private school shall have the qualifications specified for teachers and meet the conditions for the post as provided for in the Teachers Law of the PRC (《中華人民共和國教師法》) and other relevant laws and regulations, and there shall be a definite number of full-time teachers in a private school, and in private schools offering academic qualifications education full-time teachers shall account for not less than one-third of the total number of the teachers. Each of our schools (excluding our kindergartens) provides a diploma or certificate to students. In line with relevant regulations, all of our courses required for PRC diplomas are taught by teachers that are certified by the relevant city education bureaus after undergoing systematic training and passing standardized tests in the subject as they teach.

According to the PRC laws and regulations, entities and individuals who establish private schools are commonly referred to as "school sponsors" instead of "owners" or "shareholders". A school sponsor of a private school has the obligation to make capital contributions to the school in a timely manner. The contributed capital can be in the form of tangible or non-tangible assets such as materials in kind, land use rights or intellectual property rights. The capital contributed by the school sponsor becomes assets of the school and the school has independent legal person status. In addition, the sponsor of a private school has the right to exercise ultimate control over the school by becoming the member of (if school sponsor is individual) and controlling the composition of the school's decision-making body. Specifically, the school sponsor has control over the private school's constitutional documents and has the right to elect and replace the private school's decision-making bodies, such as the school's board of directors, and therefore controls the private school's business and affairs. The economic substance of "school sponsorship" with respect to private schools is substantially similar to that of ownership with regard to legal, regulatory and tax matters. The main differences between school sponsorship and equity ownership can be found in the specific provisions of the laws and regulations applicable to school sponsors and owners, as follows:

- School Sponsors' right to receive a reasonable return on investment prior to the implementation of the Decision. For details, please see the paragraph headed "School sponsor's reasonable returns" below; and

- right to the distribution of residual assets upon termination and liquidation. Under the PRC Company Law, assets that remain upon termination and liquidation of a company after payment of relevant fees and compensations are to be distributed to its owners. With respect to schools, while residual assets of not-for-profit schools upon liquidation shall be used for the operation of other not-for-profit schools, residual assets of for-profit schools upon liquidation shall be distributed in accordance with the PRC Company Law after settlement of their debts.

School sponsor's reasonable returns

Private education is treated as a public welfare business under the PRC regulations. Nonetheless, according to the Private Education Law prior to the implementation of the Decision, school sponsor of a private school may choose to require "reasonable returns" from the annual net balance of the school after deduction of costs for school operations, donations received, government subsidies (if any), the reserved development fund and other expenses as required by the regulations. Private schools are divided into three categories: (i) private schools established with donated funds; (ii) private schools the school sponsors of which require reasonable returns; and (iii) private schools the school sponsors of which do not require reasonable returns.

The election to establish a private school of which the school sponsors require reasonable returns must be set out in the articles of association of the school. The percentage of the school's annual net balance that can be distributed as reasonable return shall be determined by the school's council, board of directors or other form of decision-making body, taking into consideration the following factors: (i) items and criteria for the school's fees, (ii) the ratio of the school's expenses used for educational activities and improving the educational conditions to the total fees collected; and (iii) the school operation level and educational quality. The relevant information relating to the school operation level and the quality of education shall be publicly disclosed before the determination of the percentage of the school's annual net balance that can be distributed as reasonable returns. Such information and the decision to distribute reasonable returns shall also be filed with the approval of authorities within 15 days from the decision made. However, none of the current PRC laws and regulations provides a formula or guidelines for the definition of "reasonable return". In addition, no current PRC laws or regulations set forth any requirements or restrictions on a private school's ability to operate its education business based on its status as a school of which the sponsors require reasonable returns or a school of which the sponsors do not require reasonable returns. All of our schools were elected to be a school whose school sponsor required reasonable return.

Prior to its amendment on 27 December 2015, the Education Law stipulated that "no organization or individual may establish or operate a school or any other educational institution for profit-making purpose". The Amended Education Law no longer includes the aforementioned requirements; however, no law or regulation provides a clear guideline for setting up for-profit private schools prior to the implementation of the Decision. Therefore, before the implementation of the Decision, it is not practicable for school sponsors to establish for-profit private schools and existing private schools shall not distribute their net balance of revenue to their school sponsors as dividends generated from the investment made into the schools.

Notwithstanding the above, before the implementation of the Decision, sponsors of private schools are allowed to obtain "reasonable return" from the net balance of revenue of the private schools by following certain legal and procedural requirements pursuant to the Private Education Law and the implementation rules for the Private Education Law, which are exclusively for private schools in the PRC. Furthermore, the aforesaid laws and regulations do not prohibit private schools from generating revenue from their operations such as receiving tuition fees or board fees from the students nor do they prohibit private schools from retaining the net balance of the private schools revenue after deducting the expenses incurred for school operations. Therefore, as long as the Group complies with the aforesaid laws and regulations, the Group's schools are allowed to distribute their net balance of revenue to their school sponsors in the form of reasonable return and such distribution will not be regarded as violating either the "not-for-profit basis" or the meaning of "non-profit" under the Amended Education Law and the Private Education Law before the implementation of the Decision. For details of the Amended Education Law and the Decision, please refer to the paragraphs headed "Education Law of the PRC" and "Decision on amending the Private Education Law" of this section.

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

The Decision on amending the Private Education Law

The Decision, which became effective on 1 September 2017, has made certain amendments to the Private Education Law, including, among other things:

Before the promulgation and implementation of the Decision, private schools should be registered with MCA or its local counterparts as a non-enterprise institution on not-for-profit purposes according to the Education Law, the Law for Promoting Private Education of the PRC and the Non-enterprise Institution Registration Administrative and Interim Regulations* (《民辦非企業單位登記管理暫行條例》). The Decision established a new classification system for classifying whether private schools are established and operated on for-profit purpose.

According to the Decision, as long as a school does not involve in the provision of compulsory education, school sponsor of the private school are allowed to register and operate the school as for-profit or not-for-profit private schools. School sponsors of for-profit private schools are allowed to receive income from the operation of the school and the balance of running such school is permitted to be handled in accordance with the PRC Company Law and other relevant laws and administrative regulations. While school sponsors of not-for-profit private schools are prohibited from getting income from the operation of their school and the balance of running such schools shall be only used for the operation of their schools. Furthermore, the remaining assets upon liquidation of for-profit private schools are permitted to be handled in accordance with the relevant provisions of the PRC Company Law and that of not-for-profit private schools shall only be used for the operation of other not-for-profit private schools.

Further, pursuant to Decision, for-profit private schools are entitled to make their own decisions about the fees collection in accordance with the market situations while the fees collection of not-for-profit private schools shall be subject to concrete measures to be promulgated by the provincial, autonomous regional or municipal government. In addition, private schools are entitled to tax preferential policies and land policies in accordance with the PRC laws, with the emphasis that not-for-profit private schools shall enjoy the tax preferential policies and land policies equivalent to those applicable to public schools. If school sponsors of private schools established prior to the promulgation date of Decision choose to register and operate their schools as not-for-profit private schools, they shall procure their schools to amend their articles of association in accordance with the Decision and continue the operation of their schools pursuant to such revised articles of association. Furthermore, upon the termination of such not-for-profit private schools, the government authority may grant some compensation or reward to the school sponsors who have made capital contribution to such schools from the remaining assets of the schools upon their liquidation and then apply the rest of the assets to the operation of other not-for-profit private schools. If school sponsors of private schools established prior to the promulgation date of the Decision choose to register and operate their schools as for-profit private schools, the schools shall go through some procedures including but not limited to conducting financial settlement, defining the property right, paying relevant taxes and expenses and renewing their registration, the details of which shall be subject to concrete measures to be promulgated by the provincial, autonomous regional or municipal government.

Several Opinions on Encouraging the Operation of Education by Social Forces and Promoting the Healthy Development of Private Education

According to Several Opinions on Encouraging the Operation of Education by Social Forces and Promoting the Healthy Development of Private Education* (《關於鼓勵社會力量興辦教育促進民辦教育健康發展的若干意見》), which was issued by the State Council of PRC on 18 January 2017, it propound innovating educational system to promote the sustainable development of private education, and the main opinions provided in which includes but not limited to: (i) private schools should be managed under the categories of profit-oriented and not-for-profit, and both categories should give priority to school sponsor's choice; (ii) governments at all levels are required to enhance their financial support for private education in accordance with related laws and regulations. The funds used in this regard should be included in the government budget and made open to the society, with an aim to improve the efficiency in fund usage; (iii) encouraging and attracting social funds for school-establishment or projects in the field of education. Innovating educational investment and financing mechanism, attracting social funds via multiple channels, broadening the financial channels for private schools; (iv) private schools will enjoy a series of preferential tax policies in accordance with national regulations; (v) not-for-profit private schools enjoy the same land policy as that for public schools and get lands by way of land allocation. For-profit schools shall get lands in accordance with national regulations and policies; and (vi) the charging standards of not-for-profit private schools shall be determined by the people's government of the province, while for-profit private schools may determine its own charging standards on a market regulating bases.

Implementing Rules on Classification Registration of Private Schools

According to the Implementing Measures on Classification Registration of Private Schools (《民辦學校分類登記實施細則》), which was issued jointly by the Ministry of Education, the Ministry of Human Resources and Social Security, the Ministry of Civil Affairs, the State Commission Office of Public Sectors Reform and the State Administration for Industry and Commerce and announced to the public on 5 January 2017, the establishment of a private school is subject to approval. Private Schools approved to be established shall apply for the registration certificate or business license in accordance with the classification registration regulations after they are granted with the license for school operation by the competent governmental authorities.

The Classification Registration Rules shall apply to private schools. Not-for-profit private schools which meet the requirements under the Interim Administrative Regulations on the Registration of Private Non-enterprise Entities (民辦非企業單位登記管理暫行條例) and other relevant regulations shall apply to the civil affairs department for registration as private non-enterprise entities. Not-for-profit private schools which meet the requirements under the Interim Regulations on the Administration of the Registration of Public Institutions (事業單位登記管理暫行條例) and other relevant regulations shall apply to the relevant administrative authority for registration as public institutions. For-profit private schools shall apply to the industry and commerce department for registration in accordance with the jurisdiction provisions set out by relevant laws and regulations.

The Classification Registration Rules are also applicable to private schools which were established before the promulgation of the Amendment of the Private Education Law on 7 November 2016 ("**Existing Private Schools**"). If an Existing Private School chooses to register as a not-for-profit private school, it shall amend its articles of association in accordance with laws, continue its school operation, and complete the new registration formalities. If an Existing Private School chooses to register as a for-profit private school, it shall make financial settlement, clarify the ownership of the schools' land, buildings and accumulations with the consent of the relevant departments of the people's governments at or below the provincial level, pay relevant taxes and fees, obtain new school permits, carry out their re-registration and continue their school operation. The provincial people's government is responsible for formulating the detailed measures on the alteration registration of the private schools in accordance with national laws and the local situation.

In May 2018, five departments of Sichuan Province including the Education Department of Sichuan Province promulgated the Sichuan Implementing Regulations, which were made publicly available on the website of the Education Department of Sichuan Province on 14 May 2018. The Sichuan Implementing Regulations implemented on 1 June 2018 is valid for five years. Newly established for-profit or not-for-profit private schools shall, in accordance with the requirements under the Sichuan Implementing Regulations, respectively fulfil relevant approval and registration procedures. With respect to the existing private schools (being private schools which were established before 7 November 2016), after the implementation of the classification registration, (i) any existing private school which chooses to register as a not-for-profit private school shall amend its articles of association accordingly, fulfil new registration procedures, enhance its corporate governance structure and internal management rules in continuing with its operations, and (ii) any existing private school that chooses to register as a for-profit private school, shall obtain a new Permit for Operating a Private School and be re-registered so as to continue its schooling after completing its financial clearance and settlement, clarifying its ownership of assets, paying relevant taxes and fees and cancelling its existing registration.

Implementing Rules for the Supervision and Administration of For-Profit Private Schools

According to the Implementing Measures for the Supervision and Administration of For-profit Private Schools (《營利性民辦學校監督管理實施細則》), which was issued jointly by the Ministry of Education, the Ministry of Human Resources and Social Security and the State Administration for Industry and Commerce and announced to the public on 5 January 2017, social organizations or individuals are permitted to run for-profit private colleges and universities and other higher education institutions, high schools and kindergartens, but are prohibited from running for-profit private schools implementing compulsory education.

According to the implementation regulations, the social organization or individual running a profit-private school shall have financial strength appropriate to the level, type and scale of the school, and their net assets or monetary funds shall be able to satisfy the needs of the school construction and development. Furthermore, the social organization running the for-profit private schools shall be a legal person that in good credit standing, and shall not be listed as an enterprise operating abnormally or be listed as an enterprise that be in materially non-compliance of laws or be dishonest. Individuals running for-profit private schools should be a PRC citizen who resides in China, be in good credit standing without any criminal record and enjoy political rights and complete civil capacity. For-profit private schools, which has been approved to be established, shall register with the industry and commerce departments.

For-profit private schools shall establish board of directors, boards of supervisors (or supervisors), administrative organs, organizations of the communist party of china, the employee representatives' assembly as well as the labor union. Secretary of the communist party of china shall be a member of the board of directors and of the administrative organs of the school and no less than 1/3 of the members of the board of supervisors of the school shall be the employee representatives.

For-profit private school shall implement the financial and accounting system required by the PRC Company Law and other relevant regulations and include all of their income into their financial accounts and issue legal invoice and other documents as required by tax authorities for such income. For-Profit Private Schools enjoy legal person property rights and shall be entitle to manage and use all of its assets in accordance with applicable regulations in its duration. The sponsors of For-Profit Private Schools shall neither withdraw his/her share of registered capital nor mortgage the teaching facilities for loans or guarantee. The balance of school operation could only be distributed after the annual financial settlement.

For-profit private schools shall, in accordance with the Provisional Regulations on Enterprise Information Publicity, publicize their credit information such as annual report information, administrative license information and administrative penalty information through the national enterprise credit information publicity system. In addition to information that has been made public by the school, the social organizations or individuals could make written application to the school for additional information.

The division, merger, termination and other major changes of for-profit schools shall be subject to the approval of the board of the school, the approval by relevant governmental authorities as well as the registration requirements by the industry and commerce departments.

According to the Notice of the State Administration for Industry and Commerce and the Ministry of Education on the Registration and Administration of the Name of For-Profit Private Schools (《工商總局、教育部關於營利性民辦學校名稱登記管理有關工作的通知》), which was issued jointly by the MOE and the State Administration for Industry and Commerce on 31 August 2017 and became effective on 1 September 2017, private schools shall be registered as a limited liability company or a joint stock limited company according to the Company Law of the PRC (《中華人民共和國公司法》) and the Private Education Law and their names shall comply with the relevant laws and regulations on company registration and education.

Interim Measures for the Management of the Collection of Private Education Fees

Pursuant to the Interim Measures for the Management of the Collection of Private Education Fees (《民辦教育收費管理暫行辦法》), which was promulgated by the NDRC, the MOE and the Ministry of Labor and Social Security (currently known as the Ministry of Human Resources and Social Security of the PRC (中華人民共和國人力資源和社會保障部)) on 2 March 2005, and the Implementation Rules for the Private Education Law, the types and amounts of fees charged by a private school providing academic qualifications education shall be examined and verified by education authorities or the labor and social welfare authorities and approved by the governmental pricing authority, and the school shall obtain the Fee Charge Permit. A private school providing non-academic qualifications education shall file its pricing information with the governmental pricing authority and publicly disclose such information. If a school raise its tuition levels without obtaining the proper approval or making the relevant filing with the relevant government pricing authorities, the school would be required to return the additional tuition fees obtained through the raise and become liable for compensation of any losses caused to the students in accordance with relevant PRC laws.

However, since 1 September 2017, the governmental approval requirement for the fees charged by private schools has be removed, and the types and amounts of fees charged by private schools shall be determined based on costs and market demand pursuant to the Decision. The fees charged by for-profit schools shall be determined by the schools at their discretion, while the fees charged by not-for-profit schools shall be regulated by the relevant local government authorities.

According to the Notice regarding Cancellation of the Fee Charge Permit System and Strengthening the Supervision in process and afterwards (《關於取消收費許可證制度加強事中事後監管的通知》), which was issued jointly by the NDRC and the Ministry of Finance of PRC on 9 January 2015, the fee charge permit system shall be cancelled nationwide from 1 January 2016. The processing of the Fee Charge Permit was stopped and the Fee Charge Permit System was cancelled in Sichuan Province from 1 February 2015.

Moreover, according to the Notice on the Relevant Issues Concerning Tuition fees of Private Education Schools for Academic Qualifications (《關於民辦學歷教育學校學費等有關問題的通知》) which was jointly promulgated by Chengdu Municipal Development and Reform Commission (成都市發展和改革委員會) and Chengdu Education Bureau* (成都市教育局) on 27 April 2015, the tuition fees of private education schools for academic qualifications shall be managed by government-guided prices and the tuition fees shall take the guidance price determined by the price administrative departments as benchmark prices, with mark-up of no more than 20%.

Pursuant to the Notice on Regulations Applicable to Service Charges and Fees Collected-on- behalf in the Primary and Middle Schools (《關於規範中小學服務性收費和代收費管理有關問題的通知》) jointly promulgated by the National Development and Reform Commission and Ministry of Education on 23 July 2010, service charges in primary and middle schools refer to the fees charged by the school for the services provided by the school and selected by the students or their parents on a voluntary basis after completion of normal teaching. "Fees collected-on-behalf" in primary and middle schools refer to the fees collected from students or their parents on a voluntary basis by the school on behalf of third parties which provide services for the purpose of convenience of students' learning and living in school. Services charges and fees collected-on-behalf should be publicly disclosed and paid on a voluntary and not-for-profit basis.

The Interim Measures for the Management of the Collection of Kindergarten Fees (《幼兒園收費管理暫行辦法》) was promulgated by the NDRC, the MOE and the Ministry of Finance of the PRC (中華人民共和國財政部) on 31 December 2011, which set forth that healthcare, education and boarding fees charged by a private preschool shall be determined by the private preschool according to its cost and filed with the local governmental pricing authority and educational authority before execution.

Regulations on safety and health protection of schools

Pursuant to the Food Safety Law of the PRC (《中華人民共和國食品安全法》), which was amended on 24 April 2015 and became effective on 1 October 2015, collective canteens of schools shall obtain the license in accordance with the laws and strictly abide by the laws, regulations and food safety standards. With regard to the order of meals from the catering entity, the order shall be issued to an enterprise obtaining the food production and trading license and the inspection shall be conducted on the food ordered as required.

According to Administrative Measures on License of Catering Industry (《餐飲服務許可管理辦法》), which was promulgated on 4 March 2010 and became effective on 1 May 2010, a licensing system for catering industry is implemented. A catering service provider shall obtain food service license, and assume the food safety liability in accordance with the law. Pursuant to Administrative Measures for Food Operation Licensing (《食品經營許可管理辦法》) promulgated on 31 August 2015 and became effective on 1 October 2015, food operation license shall be obtained in accordance with the law to engage in food selling and catering services within the territory of the PRC. The principle of one license for one site shall apply to the licensing for food operation, and classified licensing for food operation according to food operators' types of operation and the degree of risk of their operation projects is implemented.

Pursuant to Administrative Measures for the Supervision of Food Safety in Catering Service (《餐飲服務食品安全監督管理辦法》), which was promulgated on 4 March 2010 and became effective on 1 May 2010, catering service providers shall carry out catering service activities in accordance to laws, regulations, food safety standards and relevant requirements, be responsible for society and the general public, ensure food safety, accept social supervision, and take responsibilities for food safety in catering service.

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

Under the Administrative Measures on Safety of School Canteens* (《四川省學校食堂安全管理辦法》), jointly promulgated by Sichuan Food and Drug Administration and Education Department of Sichuan Province on 2 July 2014 (valid for five years), (i) in relation to the canteens of schools providing compulsory education, the canteens should be operated and managed in a unified manner by schools themselves and shall not be outsourced; and (ii) in relation to the canteens of schools providing non-compulsory education, the schools shall choose such catering enterprises, which have the capacity to take responsibility of food safety, and establish the mechanism in respect of the admission and termination of such catering enterprises. As advised by our PRC Legal Advisors, according to the Notice of the Department of Education of Sichuan on Further Strengthening the Food Safety Measures of the School Canteens (Chuan Jiao Han [2012] No. 521)* (《四川省教育廳關於進一步加強學校食堂食品安全

工作的通知》(川教函[2012] 521號)) issued on 16 March 2015, the school canteens which are outsourced by the schools providing non-compulsory education in Sichuan Province to the catering enterprises should be operated on a not-for-profit basis. However, there are no express provisions defined under the laws and regulations in the Sichuan Province relating to the "not-for-profit" requirement on school canteens operated by schools providing compulsory education. According to the Education Law, the Private Education Law, the Non-enterprise Institution Registration Administrative and Interim Regulations, the private schools were registered with MCA or its local counterparts as non-enterprise institution on not-for-profit purpose before the Decision was promulgated and came into effect. Our PRC Legal Advisors are of the view that since private schools are currently operated on a not-for-profit basis and the school canteens are not independent entities and they form part of the schools, the canteens operated by the private schools in Sichuan Province (including canteens of our school) should be on a not-for-profit basis.

According to the Laws on the Protection of Minors of the PRC (《中華人民共和國未成年人保護法》), which was amended on 26 October 2012 and became effective in January 2013, schools shall establish safety system, improve safety education among the minors and adopt measures to guarantee their personal safety.

In accordance with the Administrative Measures on Safety Management of Middle and Primary Schools and Kindergartens (《中小學幼兒園安全管理辦法》), which was promulgated on 30 June 2006 and became effective on 1 September 2006, schools shall be responsible for safety management and safety education, establish and improve internal safety management system and safety emergency response mechanism, incorporate safety education into teaching content and carry out safety education among the students.

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

According to the Administrative Regulations on Medical Institutions (《醫療機構管理條例》), which was promulgated by the State Council on 26 February 1994 and became effective on 1 September 1994, amended on 6 February 2016 and came effect on the same day, and the Implementation Measures of the Administrative Regulations on Medical Institution 《醫療機構管理條例實施細則》, which was promulgated by the Ministry of Health of the PRC (中華人民共和國衛生部) (the "**MOH**") (currently known as the National Health and Family Planning Commission of the PRC (中華人民共和國國家衛生和計劃生育委員會)) on 29 August 1994 and became effective on 1 September 1994, amended on 21 February 2017 and came effect on 1 April 2017, medical institutions shall apply to the administrative department of health for the medical institution practicing license (醫療機構執業許可證) before operation. According to the provisions of the "Basic Standards for the Trial Implementation of the National School Physical Education and Hygiene Conditions" (《國家學校體育衛生條件試行基本標準》) in the Notice of the Ministry of Education the Ministry of Public Health the Ministry of Finance on Printing and Distributing the Basic Standards for the Trial Implementation of the National School Sports Hygiene Conditions (Teaching Arts [2008] No. 5) (《教育部 衛生部 財政部關於印發〈國家學校體育衛生條件試行基本標準〉的通知》(教體藝[2008]5號)), primary schools, rural primary schools and general secondary schools should be equipped with full-time health technicians at ratio of 1 to 600 students. Boarding schools must set up clinics, i.e. school health institutions that have obtained the medical institution practicing license. Boarding schools should be equipped with health professional and technical personnel with a health professional practice qualification certificate. As at the Latest Practicable Date, all of our middle schools had obtained the medical institution practicing license and were equipped with clinics according to relevant requirements.

Pursuant to the Administrative Measures on Healthcare of Nursery and Kindergarten《托兒所幼兒園衛生保健管理辦法》, which was promulgated by the MOE together with the MOH on 6 September 2010 and became effective on 1 November 2010, nursery and kindergarten shall equip with health centers and on-site medical staff or health care personnel to take charge of the sanitary work.

Regulations on compulsory education

In accordance to the Law for Compulsory Education of the PRC (《中華人民共和國義務教育法》), which was promulgated by the National People's Congress on 12 April 1986 and was amended on 29 June 2006 and 24 April 2015, a nine-year system of compulsory education, including six years of primary school and three years of middle school, was adopted.

Regulations on the administration of kindergartens

The Regulations on the Management of Kindergartens (《幼兒園管理條例》) (the "**Preschool Regulations**"), which was promulgated by the then State Education Commission (now renamed as the MOE) on 11 September 1989 and implemented on 1 February 1990, applies to the kindergartens admitting, nursing and educating preschool children under three years old. The nursery staffs, educators, medical staffs and other staffs in the kindergartens shall be qualified in accordance with the PRC laws and regulations. The kindergartens may be operated after registered with the administrative department for education.

Pursuant to the Preschool Regulations and the Law for Promoting of Private Education, the establishment of private kindergartens by any type of PRC legal entities and individuals is subject to the approval of the local counterpart of the MOE. All of our kindergartens have acquired such approval.

LEGAL REGULATIONS OVER PROPERTY IN THE PRC

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

According to the Property Law, transferable fund units and equity, property right in intellectual property rights of transferable exclusive trademark rights, patent rights, copyrights, accounts receivable and other property rights as stipulated by any law or administrative regulation to be pledgeable may be pledged. As advised by our PRC Legal Advisors, as no law or administrative regulation stipulates that school sponsor's right is pledgeable, the school sponsor's right cannot be pledged under the PRC laws and regulations.

LEGAL REGULATIONS OVER TRADEMARK AND DOMAIN NAME IN THE PRC

Trademark

Pursuant to the Trademark Law of the PRC (《中華人民共和國商標法》) (the "**Trademark Law**"), which was revised on 30 August 2013 and with effect from 1 May 2014, registered trademarks refer to trademarks that have been approved and registered by the Trademark Office of the State Administration For Industry & Commerce (國家工商行政管理總局商標局), which include commodity trademarks, service trademarks, collective marks and certification marks. The trademark registrant shall enjoy an exclusive right to use the trademark, which shall be protected by law. According to the Trademark Law, using a trademark that is identical with or similar to a registered trademark in connection with the same or similar goods without the authorization of the owner of the registered trademark constitutes an infringement of the exclusive right to use a registered trademark. The infringer shall, in accordance with the regulations, undertake to cease the infringement, take remedial action, and pay damages, etc.

Domain Name

Pursuant to the Measures for the Administration of Internet Domain Names (《互聯網域名管理辦法》), which was promulgated by Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部) on 5 November 2004 and with effect from 20 December 2004 and revised on 24 August 2017 and became effective on 1 November 2017, "domain name" shall refer to the character mark of hierarchical structure, which identifies and locates a computer on the internet and corresponds to the Internet protocol (IP) address of that computer. And the principle of "first come, first serve" is followed for the domain name registration service. After completing the domain name registration, the applicant becomes the holder of the domain name registered by him/it. Furthermore, the holder shall pay operation fees for registered domain names on schedule. If the domain name holder fails to pay the corresponding fees as required, the original domain name registrar shall write it off and notify the holder of the domain name in written form.

LEGAL REGULATIONS OVER LABOR PROTECTION IN THE PRC

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

The Labor Contract Law of the PRC (《中華人民共和國勞動合同法》), which was promulgated by the Standing Committee of the National People's Congress on 29 June 2007, came into effect on 1 January 2008, and was amended on 28 December 2012 and came into effect on 1 July 2013, and the Implementation Regulations on Labor Contract Law (《勞動合同法實施條例》), which was promulgated and became effective on 18 September 2008, regulate employer and employee relations and contain specific provisions involving the terms of the labor contract. Labor contract must be made in writing. An employer and an employee may enter into a fixed-term labor contract, an un-fixed term labor contract, or a labor contract that concludes upon the completion of certain work assignments, after reaching agreement upon due negotiations. An employer may legally terminate a labor contract and dismiss its employees after reaching agreement upon due negotiations with the employee or by fulfilling the statutory conditions. Where a labour relationship has already been established without a written labour contract, the written labour contracts shall be entered into within one month from the date on which the employee commences to work.

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

According to the Interim Measures for Participation in the Social Insurance System by Foreigners Working within the Territory of China (《在中國境內就業的外國人參加社會保險暫行辦法》) (the "**Interim Measures**"), which was promulgated by the Ministry of Human Resources and Social Security on 6 September 2011 and became effective on 15 October 2011, employers who recruit foreigners shall participate in the basic pension insurance, unemployment insurance, basic medical insurance, occupational injury insurance, and maternity leave insurance in accordance with the relevant laws, with the social insurance premiums to be contributed respectively by the employers and foreigner employees as required. In accordance with such Interim Measures, the social insurance administrative authorities and agencies shall have the right to oversee and inspect the legal compliance of foreign employees and employers. Employers who do not pay social insurance premium in conformity with the laws shall be subject to the administrative provisions provided in the Social Insurance Law and the relevant regulations and rules mentioned above.

According to the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》), which was promulgated and became effective on 3 April 1999, and was amended on 24 March 2002, employers are required to contribute, on behalf of their employees, to housing provident funds.

The employer shall process housing provident fund payment and deposit registrations with the housing provident fund administration center. The employer shall timely pay up and deposit housing provident fund contributions in full amount, any employer who violates the above regulations shall be fined and ordered to make good the deficit within a designed period. Those who fail to process their registrations within the designated period shall be subject to a fine ranging from RMB10,000 to RMB50,000. When companies breach the these regulations and fail to pay up housing provident fund contributions in full amount as due, the housing provident fund administration center shall order such companies to pay up within a designated period, and may further apply to the People's Court for mandatory enforcement against those who still fail to comply after the expiry of such period.

LEGAL REGULATIONS OVER TAX IN THE PRC

Income Tax

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

According to Circular 39 and Circular 3, schools shall be exempt from EIT on fees they have collected upon approval and have incorporated under the fiscal budget management or the special account management of the funds outside the fiscal budget. Schools shall be exempt from EIT on the financial allocations they have received and special subsidies they have obtained from their administrative departments or institutions at higher levels.

According to the Private Education Law and its implementing rules, a private school the school sponsors of which did not require reasonable returns enjoyed the same preferential tax treatment as public schools, whereas the preferential tax treatment policies applicable to private schools the school sponsors of which required reasonable returns were separately formulated by the relevant authorities under the PRC State Council. According to the Decision, which has become effective on 1 September 2017, not-for-profit private schools enjoy the same preferential tax treatments as public schools, while for-profit schools enjoy the preferential tax treatments provided by the applicable laws.

Pursuant to the Notice of the Ministry of Finance, the General Administration of Customs and the State Administration of Taxation on Tax Policy Issues concerning Further Implementing the Western China Development Strategy (《關於深入實施西部大開發戰略有關稅收政策問題的通知》) from 1 January 2011 to 31 December 2020, the enterprise income tax on an enterprise in an encouraged industry established in western China shall be paid at the reduced rate of 15%. The aforesaid "enterprise in an encouraged industry" refers to an enterprise whose main business falls within the scope of industry projects set out in the Catalogue of Encouraged Industries in Western China and whose revenue from its main business accounts for 70% or more of its gross income.

Income Tax In Relation To Dividend Distribution

The PRC and the government of Hong Kong entered into the Arrangement between the Mainland of the PRC and Hong Kong for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得稅避免雙重徵稅和防止偷漏稅的安排》) (the "**Arrangement**") on 21 August 2006. According to the Arrangement, if the beneficiary of the dividends is a Hong Kong resident enterprise, which directly holds no less than 25% equity interests of the aforesaid enterprise, the tax levied shall be 5% of the distributed dividends. The 10% withholding tax rate applies to dividends paid by a PRC company to a Hong Kong resident if such Hong Kong resident holds less than 25% of the equity interests in the PRC company.

Pursuant to the Circular of the State Administration of Taxation on Relevant Issues relating to the Implementation of Dividend Clauses in Tax Agreements (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》) promulgated by the SAT and became effective on 20 February 2009, all of the following requirements shall be satisfied where a fiscal resident of the other party to a tax agreement needs to be entitled to such tax agreement treatment as being taxed at a tax rate specified in the tax agreement for the dividends paid to it by a Chinese resident company: (i) such a fiscal resident who obtains dividends should be a company as provided in the tax agreement; (ii) owner 's equity interests and voting shares of the Chinese resident company directly owned by such a fiscal resident reaches a specified percentage; and (iii) the equity interests of the Chinese resident company directly owned by such a fiscal resident, at any time during the twelve months prior to the obtainment of the dividends, reach a percentage specified in the tax agreement.

Pursuant to the Administrative Measures for Tax Convention Treatment for Non-resident Taxpayers (《非居民納稅人享受稅收協定待遇管理辦法》), which came into force on 1 November 2015, a non-resident taxpayer meeting conditions for enjoying the convention treatment may be entitled to the convention treatment itself/himself when filing a tax return or making a withholding declaration through a withholding agent, subject to the subsequent administration by the tax authorities.

Business Tax

According to Circular 39 and Circular 3, nursing services provided by the nurseries, kindergartens and educational services provided by schools and other educational institutions shall be exempt from business tax. Hence, the nursing services and educational services provided by our schools and kindergartens are not subject to business tax.

According to the Circular on Comprehensively Promoting the Pilot Program of the Collection of Value-added Tax in Lieu of Business Tax (《關於全面推開營業稅改增值稅試點的通知》) ("**Circular 36**"), which was promulgated on 23 March 2016 and became effective from 1 May 2016, VAT is in lieu of business tax.

Value-added Tax

According to the Temporary Regulations on Value-added Tax (《中華人民共和國增值稅暫行條例》), which was promulgated by the State Council on 13 December 1993, came into effect on 1 January 1994, and was amended on 10 November 2008, 6 February 2016 and 19 November 2017, respectively and the Detailed Implementing Rules of the Temporary Regulations on Value-added Tax (《中華人民共和國增值稅暫行條例實施細則》), which was promulgated by the MOF and came into effect on 25 December 1993, and was amended on 15 December 2008 and 28 October 2011, all taxpayers selling goods, providing processing, repairing or replacement services or importing goods within the PRC shall pay value-added tax. Unless provided otherwise, the rate of the value-added tax shall be 17%.

According to Circular 36, which was promulgated on 23 March 2016 and became effective from 1 May 2016, education services provided by schools engaged in diploma education shall be exempted from VAT. Circular 36 stipulates that income from the provision of education services that is exempted from VAT refers to the income from the provision of degree education services for student enrolled within the officially prescribed admission plans, specifically including: income from tuitions, accommodation fees, textbook fees, exercise-book fees, and exam entry fees that are examined and approved by the relevant government authorities and charged according to the prescribed standards, as well as income from boarding fees for catering services provided by school canteens. Except for aforesaid income, income from the sponsorship fees and school-selection fees charged by schools in any name is not exempted from VAT.

Other Tax Exemptions

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

REGULATIONS ON COMPANIES IN PRC

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

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

On 3 September 2016, the Standing Committee of the National People's Congress promulgated the WFOE Law. On 8 October 2016, the MOFCOM promulgated the Record-filing Measures for Foreign-invested Enterprises. To further clarify the scope of special access administrative measures for foreign investment (the "**Negative List**"), the NDRC and the MOFCOM jointly issued an Announcement (《國家發展改革委商務部公告2016年第22號》) ("**Announcement 22**") on 8 October 2016 which stated that upon approval of the State Council, such scope shall be subject to relevant provisions on equity and executives requirements in the categories of restricted, prohibited and encouraged industries as stipulated in the Foreign Investment Catalogue. And on 28 June 2018, the MOFCOM and the NDRC jointly issued an Order (《國家發展改革委商務部令2018年第18號》) to promulgate the negative list of 2018 (《外商投資准入特別管理措施(負面清單)(2018年版)》), which will become effective from 28 July 2018 to replace the negative list under the Foreign Investment Catalog (Revised in 2017).

Pursuant to the new WFOE Law, the Record-filing Measures for Foreign-invested Enterprises and Announcement 22, the incorporation and changes of a wholly foreign-owned enterprise ("**WFOE**") which do not involve the implementation of special access administrative measures prescribed by the state are subject to record-filing management. The WFOE shall file with the MOFCOM by submitting application documents for its establishment or any change through the online Foreign Investment Management System (外商投資綜合管理信息系統) within thirty days after the issuance of a business license or the occurrence of any change to the WFOE, instead of obtaining the pre-approval for establishment or changes from MOFCOM.

The business scope of Chengdu Bojun as set out in its business licence, which falls within the encouraged and permitted category without any restriction on equity percentage or senior management requirements under the Foreign Investment Catalogue. Therefore, if the business scope of Chengdu Bojun does not fall within the Negative List upon its promulgation, then any registrable changes of Chengdu Bojun shall be subject to record-filing management instead of approval management.

LEGAL REGULATIONS OVER FOREIGN EXCHANGE IN THE PRC

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

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

According to Circular 37, before a domestic resident contributes its legally owned onshore or offshore assets and equity into an SPV, the domestic resident shall be required to register with local branch of SAFE for foreign exchange registration of overseas investments before contributing the domestic and overseas lawful assets or interests to a SPV, and to update such registration in the event of any change of basic information of the registered SPV or major change in capital, including increases and decreases of capital, share transfers, share swaps, mergers or divisions. The SPV is defined as "offshore enterprise directly established or indirectly controlled by the domestic resident (including domestic institution and individual resident) with their legally owned assets and equity of the domestic enterprise, or legally owned offshore assets or equity, for the purpose of investment and financing"; "Round Trip Investments" refer to "the direct investment activities carried out by a domestic resident directly or indirectly via an SPV, i.e. establishing a foreign-invested enterprise or project within the PRC through a new entity, merger or acquisition and other ways, while obtaining ownership, control, operation and management and other rights and interests". In addition, according to the procedural guidelines as attached to Circular 37, the principle of review has been changed to "the domestic individual resident is only required to register the SPV directly established or controlled (first level)".

Pursuant to Circular 13, the initial foreign exchange registration for establishing or taking control of a SPV by domestic residents can be conducted with a qualified bank, instead of the local foreign exchange bureau, and Circular 13 also simplifies some procedures of foreign exchange for direct investments.

According to Circular 19, the foreign exchange capital of foreign-invested enterprises shall be subject to the Discretional Foreign Exchange Settlement ("**Discretional Foreign Exchange Settlement**"). The Discretional Foreign Exchange Settlement refers to the foreign exchange capital in the capital account of an foreign-invested enterprise for which the rights and interests of monetary contribution has been confirmed by the local foreign exchange bureau (or the book-entry registration of monetary contribution by the banks) can be settled at the banks based on the actual operational needs of the foreign-invested enterprise. The proportion of Discretional Foreign Exchange Settlement of the foreign exchange capital of a foreign-invested enterprise is temporarily determined as 100%. The Renminbi converted from the foreign exchange capital will be kept in a designated account and if a foreign-invested enterprise needs to make further payment from such account, it still needs to provide supporting documents and go through the review process with the banks.

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

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

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

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

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

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

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

Under the M&A Rules, a foreign investor is required to obtain necessary approvals when (i) a foreign investor acquires equity in a domestic non-foreign invested enterprise thereby converting it into a foreign-invested enterprise, or subscribes for new equity in a domestic enterprise via an increase of registered capital thereby converting it into a foreign-invested enterprise; or (ii) a foreign investor establishes a foreign- invested enterprise which purchases and operates the assets of a domestic enterprise, or which purchases the assets of a domestic enterprise and injects those assets to establish a foreign-invested enterprise. According to Article 11 of the M&A Rules, where a domestic company or enterprise, or a domestic natural person, through an overseas company established or controlled by it/him/her, acquires a domestic company which is related to or connected with it/him/her, approval from MOFCOM is required. Particularly, the M&A Rules requires special purpose offshore companies formed for overseas listing purposes and controlled directly or indirectly by Chinese companies or individuals to obtain the approval of the CSRC prior to publicly listing their securities on an overseas stock exchange.

REGULATIONS GOVERNING PRIVATE SECONDARY SCHOOL IN THE STATE OF CALIFORNIA

The California Education Code

The California Education Code establishes the structure of the school system in the State of California and governs the operations of both public and private educational institutions.

Licensing

With the exception of non-public, non-sectarian schools which are specialized private schools that enroll public school students with exceptional needs pursuant to an individualized education program, there is (i) no state agency tasked with licensing, regulating or monitoring private secondary schools, and (ii) no special license nor certification required to own or operate a private secondary school.

Each year, the owner or head of a private secondary school must file an affidavit with the State Superintendent of Public Instruction between 1 and 15 October. The annual affidavit, sworn under penalty of perjury, must include all of the information required by the California Education Code. In addition, the affidavit must contain the location of the school's records and the name and address of the custodian of records. The school must also confirm that the attendance records, courses of study, and faculty information records it maintains are true and accurate. Private schools must maintain a record of attendance for students and every absence of a half-day or more must be documented.

Though there is no specialized licensing requirement, as a business entity, private schools must comply with state and local law. This includes, but is not limited to, obtaining a local business license and permits, and complying with zoning, health and safety codes, fire codes, and other local ordinances for the jurisdiction, county, or city in which the school is located.

Voluntary non-governmental accreditation process

There are no accreditation requirements. However, private secondary schools may elect to pursue accreditation from accrediting agencies such as Accrediting Commission of Schools Western Association of Schools and Colleges.

Teacher qualifications

Private school teachers are not required to be certified by the California Commission on Teacher Credentialing. Instead, at a private full-time day school, it is simply required that student instruction be provided by "persons capable of teaching". Subject to limited exceptions, private schools cannot employ any person who has been convicted of a violent or serious felony or a person who would be prohibited from employment by a public school district pursuant to any provision of the California Education Code because of his or her conviction for a crime.

Required instruction

For its students to qualify for an exemption to the public school attendance mandate, the school must be a "full-time day school". The California Education Code does not define "full-time" and the California Department of Education typically leaves it to the private school to determine whether they are in compliance with the law. However, the California Education Code clearly requires that the school must be generally taught in English (with certain exceptions) and offer instruction in the several branches of study required in the state's public schools.

OVERVIEW

Our history can be traced back to 2001 when Mr. Xiong Tao and Ms. Liao Rong decided to operate private kindergartens which provide high-quality preschool education in Chengdu, Sichuan Province, the PRC. In June 2001, Youshi Kindergarten, as our first kindergarten, obtained the license to offer private preschool education service. Youshi Kindergarten was established by Chengdu Hengyu as school sponsor. At the time, Chengdu Hengyu was owned as to (i) 40% by Mr. Xiong Tao, (ii) 10% by Ms. Liao Rong, (iii) 10% by Ms. Liao Jing (廖菁) (the sister of Ms. Liao Rong), and (iv) 40% by an Independent Third Party. Chengdu Hengyu was principally engaged in project investment, investment consultancy and investment management.

In July 2001, Sichuan Boai, a company principally engaged in preschool education investment and management, was established. Sichuan Boai was owned as to (i) 50% by Chengdu Hengyu and (ii) 50% by Chengdu Preschool Normal School* (成都幼兒師範學校), an Independent Third Party, with the use of their internal funds. Chengdu Preschool Normal School was an education institute which provided child education training programs in Sichuan Province at the relevant time and was later merged into Chengdu University (成都大學) in 2006. In March 2002, Sichuan Boai became the school sponsor of Youshi Kindergarten in place of Chengdu Hengyu. Over the years, Sichuan Boai, as school sponsor, established four kindergartens, namely Lidu Kindergarten, Riverside Kindergarten, Longquan Kindergarten and Qingyang Kindergarten.

In March 2004, Mr. Xiong Tao and Mr. Ran Tao, after having considered the increasing demand for private education services under the growing economy in Chengdu, established Chengdu Mingxian for investments in the education business with the use of their personal funds, with two other Independent Third Parties. Since March 2004, Mr. Xiong Tao, Mr. Ran Tao and Ms. Liao Rong, with a view to providing high-quality private education services in Chengdu, have managed and controlled our Group and made collective decisions in respect of the commercial decisions and the financial operating policies of the members of our Group. For further details, please refer to the paragraphs headed "Parties acting in concert" in this section.

In 2008, Chengdu Mingxian entered into a cooperation agreement with Sichuan Normal University (四川師範大學), pursuant to which Chengdu Mingxian and Sichuan Normal University agreed to co-operate and manage the Experimental School, which offered private middle school education services. At the time, the school sponsor of the Experimental School was Sichuan Normal University. According to the said cooperation agreement, Sichuan Normal University shall grant the authorized use of its brand to the Experimental School and provide support for operating the school while Chengdu Mingxian shall provide the school premises, buildings and facilities for operating the school and Chengdu Mingxian was entitled to economic interests in the Experimental School. In 2011, after running the Experimental School for two years, Mr. Xiong Tao, Mr. Ran Tao and Ms. Liao Rong believed that they had accumulated sufficient experience in managing a middle school and decided to take a more active role in running the private middle school business by establishing Jinjiang School. In June 2011, Chengdu Mingxian and Sichuan Normal University agreed that a school bearing the name of "No. 1 Experimental School Attached to Sichuan Normal University* (四川師大附屬第一實驗中學)" should be established. It was also agreed and confirmed by Sichuan Normal University that the said cooperation agreement should continue after the establishment of Jinjiang School and Sichuan Normal University should be entitled to fees payable to it in relation to the use of the brand of Sichuan Normal University under the said cooperation agreement. As a result, in April 2012, Chengdu Mingxian, as school sponsor, established

Jinjiang School as our first middle school to provide private middle school education services in Chengdu and the Experimental School ceased to provide private middle school education services in September 2012. Jinjiang School commenced schooling in September 2012 at the school premises which were previously used by the Experimental School. Subsequently, Sichuan Normal University's affiliated company, namely Sichuan Haowen, granted the authorized use of the brand of Sichuan Normal University to Jinjiang School, Longquan School and Tianfu School under various cooperation agreements. For further information about the relationship between our Group and Sichuan Normal University, please refer to the section headed "Business — Our schools — Our middle school and high school education services — Our cooperative relationship with Sichuan Normal University" in this prospectus.

At the time of its establishment of Jinjiang School, the equity interest of Chengdu Mingxian was owned as to (i) 80% by Sichuan Bojun, which was in turn owned by Mr. Xiong Tao as to 56% and Mr. Ran Tao as to 44%, (ii) 10% by Mr. Xiong Tao, (iii) 5% by Mr. Zeng Guang (曾光), and (iv) 5% by Ms. Li Jingmei (李京梅). Both of Mr. Zeng Guang and Ms. Li Jingmei were investors of our Group and were not involved in any management of our business.

In September 2013, Peninsula Kindergarten was established by Chengdu Youshi Preschool Investment for provision of private kindergarten education services in Chengdu, with the use of its internal funds. At the time, the equity interest of Chengdu Youshi Preschool Investment was held as to 90% by Ms. Liao Rong and 10% by Xiong Yueyao. As at the Latest Practicable Date, Chengdu Youshi Preschool Investment was wholly-owned by Chengdu Mingxian.

In September 2015, Longquan School was established by Chengdu Jinbojun for the provision of private middle school education services in Chengdu, with the use of its internal funds. At the time, the equity interest of Chengdu Jinbojun was owned as to (i) 54% by Chengdu Hengyu, (ii) 26% by Chengdu Bozhong and (iii) 20% by Mr. Xie Gang (謝綱). At the time, Chengdu Hengyu was owned by (i) Mr. Xiong Tao as to 95% and (ii) Ms. Liao Jing as to 5%. As at the Latest Practicable Date, Chengdu Jinbojun was wholly-owned by Chengdu Mingxian.

In April 2016, Tianfu School was established by Chengdu Mingxian for provision of private middle school education services in Chengdu, with the use of its internal funds. At the time, Chengdu Mingxian was owned by (i) Mr. Xiong Tao as to 54%, (ii) Mr. Ran Tao as to 36%, (iii) Ms. Li Jingmei as 5% and (iv) Mr. Zeng Guang as to 5%.

As at the Latest Practicable Date, we established and operated (i) one middle and high school, namely Longquan School, (ii) two middle schools, namely Jinjiang School and Tianfu School and (iii) six kindergartens, namely Youshi Kindergarten, Lidu Kindergarten, Longquan Kindergarten, Peninsula Kindergarten, Riverside Kindergarten and Qingyang Kindergarten, in Chengdu, Sichuan Province, the PRC.

Business milestones

The key milestones in our business development are as follows:

June 2001	Our first kindergarten, Youshi Kindergarten, obtained the license to offer private preschool education services.
May 2003	Lidu Kindergarten was established to offer private preschool education services.
June 2003	Riverside Kindergarten was established to offer private preschool education services.
February 2009	Longquan Kindergarten was established to offer private preschool education services.
March 2010	Qingyang Kindergarten was established to offer private preschool education services.
April 2012	Our first middle school, Jinjiang School, was established to offer private middle school education services.
September 2013	Peninsula Kindergarten was established to offer private preschool education services.
September 2015	Longquan School was established to offer private middle school education services.
April 2016	Tianfu School was established to offer private middle school education services.
May 2016	Longquan School obtained the license to offer private high school education services and became our first middle and high school.
August 2017	We entered into two agreements with relevant local governments regarding the launch of Nanjiang School and Wangcang School.

Please refer to the section headed "Business — Awards and recognitions" in this prospectus for further details of the awards and recognitions received by our schools.

OUR CONSOLIDATED AFFILIATED ENTITIES

Our Consolidated Affiliated Entities are the entities which principally contributed to the results, assets and liabilities of our Group. The following table sets out the details of our Consolidated Affiliated Entities as at the Latest Practicable Date:

Name of Consolidated Affiliated Entity	Date of establishment/ commencement of schooling	Registered capital	Principal business activities
Our school sponsors			
Chengdu Mingxian	10 March 2004	RMB32,500,000	Education investment and management
Sichuan Boai	26 July 2001	RMB4,000,000	Preschool education investment and management

Name of Consolidated Affiliated Entity	Date of establishment/ commencement of schooling	Registered capital	Principal business activities
Chengdu Youshi Preschool Investment	16 July 2010	RMB1,000,000	Preschool education investment and management
Chengdu Jinbojun	13 March 2015	RMB5,000,000	Education investment and management
Renshou Bojun	15 October 2015	RMB20,000,000	Education investment and management
Nanjiang Bojun	24 August 2017	RMB10,000,000	Education investment and management
Wangcang Bojun	18 August 2017	RMB10,000,000	Education investment and management
Lezhi Bojun	10 January 2018	RMB10,000,000	Education consultancy and management
Our schools			
Jinjiang School	27 April 2012	RMB12,000,000	Provision of middle school education services
Longquan School	29 September 2015	RMB10,000,000	Provision of middle school and high school education services
Tianfu School	20 April 2016	RMB1,000,000	Provision of middle school education services
Youshi Kindergarten	12 August 2002	RMB30,000	Provision of kindergarten education services
Lidu Kindergarten	12 May 2003	RMB60,000	Provision of kindergarten education services
Riverside Kindergarten	18 June 2003	RMB50,000	Provision of kindergarten education services
Longquan Kindergarten	23 February 2009	RMB100,000	Provision of kindergarten education services
Qingyang Kindergarten	15 March 2010	RMB100,000	Provision of kindergarten education services
Peninsula Kindergarten	27 September 2013	RMB600,000	Provision of kindergarten education services

OUR SCHOOL SPONSORS

Our schools and school sponsors which are the registered owners of our schools are members of our Group. The following table sets out the relevant information of the companies which were the school sponsors of our schools (including the interest of the school sponsors in our schools) as at the Latest Practicable Date:

Name of school sponsor	Percentage of school sponsor's direct interest in our schools	Name of our school
Chengdu Mingxian	100%	Jinjiang School
	100%	Tianfu School
Sichuan Boai	100%	Youshi Kindergarten
	100%	Lidu Kindergarten
	100%	Longquan Kindergarten
	100%	Riverside Kindergarten
	100%	Qingyang Kindergarten
Chengdu Youshi Preschool Investment	100%	Peninsula Kindergarten
Chengdu Jinbojun	100%	Longquan School
Renshou Bojun[(1)]	—	—
Lezhi Bojun[(1)]	—	—
Nanjiang Bojun[(1)]	—	—
Wangcang Bojun[(1)]	—	—

Note:

(1) As at the Latest Practicable Date, Renshou Bojun, Lezhi Bojun, Nanjiang Bojun and Wangcang Bojun did not hold any equity interest in any school. It is intended that new schools of our Group will be established by Renshou Bojun, Lezhi Bojun, Nanjiang Bojun and Wangcang Bojun to expand our school network.

Chengdu Mingxian

Chengdu Mingxian was established on 10 March 2004 by Mr. Xiong Tao, Mr. Ran Tao and two Independent Third Parties, with an initial registered capital of RMB1,000,000 contributed by (i) Mr. Xiong Tao as to 43%, (ii) Mr. Ran Tao as to 28% and (iii) the two Independent Third Parties as to 29%. Chengdu Mingxian had subsequently undergone a series of capital injections and transfers of equity interests. As at 1 September 2014, the equity interest of Chengdu Mingxian was owned by (i) Sichuan Bojun as to 80% which was in turn owned by (i) Mr. Xiong Tao as to 56% and (ii) Mr. Ran Tao as to 44%, (ii) Mr. Xiong Tao as to 10%, (iii) Ms. Li Jingmei as to 5% and (iv) Mr. Zeng Guang as to 5%.

On 15 December 2015, in order to streamline the shareholding structure of Chengdu Mingxian, Sichuan Bojun transferred (i) 44% equity interest in Chengdu Mingxian to Mr. Xiong Tao at a consideration of RMB440,000 and (ii) 36% equity interest in Chengdu Mingxian to Mr. Ran Tao at a consideration of RMB360,000. The considerations were determined with reference to the amount of registered capital of Chengdu Mingxian held by Sichuan Bojun. The said transfers were completed and settled on 15 December 2015. As a result, the entire equity interest of Chengdu Mingxian was then owned by (i) Mr. Xiong Tao as to 54%, (ii) Mr. Ran Tao as to 36%, (iii) Ms. Li Jingmei as 5% and (iv) Mr. Zeng Guang as to 5%. There was no subsequent change in the shareholding structure of Chengdu Mingxian until the Corporate Reorganization.

Prior to the Corporate Reorganization, Chengdu Mingxian was owned by (i) Mr. Xiong Tao as to 54%, (ii) Mr. Ran Tao as to 36%, (iii) Ms. Li Jingmei as 5% and (iv) Mr. Zeng Guang as to 5%. For details of the Corporate Reorganization, please refer to the paragraph headed "Corporate Reorganization" in this section. As at the Latest Practicable Date, Chengdu Mingxian was controlled by Chengdu Bojun and the equity interest of Chengdu Mingxian was held by (i) Mr. Xiong Tao as to 47.36%, (ii) Mr. Ran Tao as to 27.42%, (iii) Ms. Liao Rong as to 18.48%, (iv) Mr. Xie Gang as to 4.90%, (v) Ms. Li Jingmei as to 0.92% and (vi) Mr. Zeng Guang as to 0.92%.

As advised by our PRC Legal Advisors, the registered capital (including additional capitals) of Chengdu Mingxian was fully paid-up. Chengdu Mingxian is principally engaged in education investment and management. As at the Latest Practicable Date, it was the school sponsor of Jinjiang School and Tianfu School and held the entire equity interest of Sichuan Boai, Chengdu Youshi Preschool Investment, Chengdu Jinbojun, Renshou Bojun, Lezhi Bojun, Nanjiang Bojun and Wangcang Bojun.

Disposal of property development business by Chengdu Mingxian

On 5 May 2016, Chengdu Mingxian entered into (i) an equity transfer agreement with Mr. Xiong Tao, pursuant to which Chengdu Mingxian transferred 50% of the equity interest in Sichuan Wenxuan to Mr. Xiong Tao at a consideration of RMB25,000,000, and (ii) an equity transfer agreement with Chengdu Bozhong, pursuant to which Chengdu Mingxian transferred 1% of the equity interest in Sichuan Wenxuan to Chengdu Bozhong at a consideration of RMB500,000. Sichuan Wenxuan is an investment holding company and its subsidiary is engaged in property development and sales of residential properties in Sichuan Province. The consideration of these transfers was determined after arm's lengths negotiations between the parties taking into account the registered capital of Sichuan Wenxuan at the relevant time. Given that we are engaged in the provision of private education services, we considered that the disposal of property development business was beneficial for us as we can focus our resources on managing our education business and consolidate all the education business of our Company. The transfers were completed on 18 May 2016 and the consideration will be settled by June 2018. As advised by our PRC Legal Advisors, the transfers have been legally completed. For further information about Sichuan Wenxuan, please refer to the section headed "Relationship with Controlling Shareholders — Other interests of the Controlling Shareholders" in this prospectus.

Termination of cooperation with Sichuan University of Science and Engineering (四川理工學院)

In 2005, Chengdu Mingxian entered into a cooperative agreement with Sichuan University of Science and Engineering (四川理工學院), an Independent Third Party, for the purpose of establishing Chengdu College of Fine Arts of Sichuan University of Science and Engineering* (四川理工學院成都美術學院) ("**Fine Arts College**"). It has been confirmed by Chengdu Mingxian that (i) its involvement in the establishment of the Fine Arts College was cooperative in nature and Chengdu Mingxian did not hold any equity interest in the Fine Arts College nor was Chengdu Mingxian the school sponsor of the Fine Arts College; (ii) the Fine Arts College had ceased recruitment of new students since 2012 and the last batch of the students graduated from the Fine Arts College in July 2015 after which the Fine Arts College ceased its operation; and (iii) the cooperation arrangement between Chengdu Mingxian and Sichuan University of Science and Engineering was terminated in June 2015. Prior to its cessation of operation, the Fine Arts College offered undergraduate courses and the business and target clientele of the Fine Arts college were different from that of our Group.

Sichuan Boai

Sichuan Boai was established on 27 July 2001 by Chengdu Hengyu and Chengdu Preschool Normal School, an Independent Third Party, with a initial registered capital of RMB4,000,000 contributed by (i) Chengdu Hengyu as to 50% and (ii) Chengdu Preschool Normal School as to 50%. At the time, Chengdu Hengyu was owned by (i) Mr. Xiong Tao as to 40%, (ii) Ms. Liao Rong as to 10%, (iii) Ms. Liao Jing (the sister of Ms. Liao Rong) as to 10% and (iv) an Independent Third Party as to 40%. Sichuan Boai had subsequently undergone a series of capital injections and transfers of equity interests. As at 1 September 2014, the equity interest of Sichuan Boai was held by (i) Ms. Liao Rong as to 12%, (ii) Ms. Liao Jing as to 70% (such interest was held on trust by Ms. Liao Jing in favor of Ms. Liao Rong), and (iii) Chengdu University, an Independent Third Party, as to 18%. As advised by the PRC Legal Advisors, the PRC laws and regulations do not prohibit the trust arrangement, and therefore the trust arrangement between Ms. Liao Rong and Ms. Liao Jing does not violate any PRC laws and regulations.

On 30 December 2015, as an investment decision of Chengdu University, Chengdu University transferred its 18% equity interest in Sichuan Boai to Ms. Liao Rong at a consideration of RMB2,200,000. The consideration was determined with reference to the value of assets owned by Sichuan Bojun at the relevant time. The transfer was completed and settled on 30 December 2015. As a result, the equity interest of Sichuan Boai was held by Ms. Liao Rong as to 30% and Ms. Liao Jing as to 70%. On 11 May 2016, in order to streamline the shareholding structure of Sichuan Boai, Ms. Liao Jing (as directed by Ms. Liao Rong) transferred 69.99% equity interest in Sichuan Boai to Ms. Liao Rong, resulting that the equity was held by Ms. Liao Rong as to 99.99% and Ms. Liao Jing as to 0.01%. The transfer was completed on 11 May 2016. Prior to the Corporate Reorganization, Sichuan Boai was held by Ms. Liao Rong as to 99.99% and Ms. Liao Jing as to 0.01%. For details of the Corporate Reorganization, please refer to the paragraph headed "Corporate Reorganization" in this section. As at the Latest Practicable Date, the equity interest of Sichuan Boai was held by Chengdu Mingxian as to 100%.

As advised by our PRC Legal Advisors, the registered capital (including additional capitals) of Sichuan Boai was fully paid-up. Sichuan Boai is principally engaged in preschool education investment and management. As at the Latest Practicable Date, it was the school sponsor of Youshi Kindergarten, Lidu Kindergarten, Longquan Kindergarten, Riverside Kindergarten and Qingyang Kindergarten.

Termination of licence arrangement

Sichuan Boai entered into an agreement on 28 June 2012 with an Independent Third Party, pursuant to which Sichuan Boai agreed to assist the Independent Third Party to establish a kindergarten in Hedong District, Suining City, Sichuan Province in the name of "Chengdu Youshi (成都幼師)" including provision of advices regarding kindergarten formation, planning and ancillary facilities. The kindergarten has also been licensed to use the Youshi Trademarks. Under the agreement, Sichuan Boai is entitled to receive an annual fee of RMB200,000 for the first to fifth year with an increment of 5% for each of the sixth to tenth year from the date of the agreement. Sichuan Boai has the right to terminate such agreement by the payment of RMB200,000 compensation to the Independent Third Party. Such arrangement was entered into by Sichuan Boai with a view to exploring the expansion of school network into other cities in Sichuan Province by way of licensing of the Youshi Trademarks and generating income. As confirmed by Sichuan Boai, there was no other license of Youshi Trademarks to any other party as at the Latest Practicable Date. On 16 January 2017, Sichuan Boai entered into a termination agreement with such Independent Third Party pursuant to which the said arrangement would be terminated on 31 August 2017. Such arrangement has been effectively terminated in accordance with the termination agreement.

Chengdu Youshi Preschool Investment

Chengdu Youshi Preschool Investment was established by Ms. Liao Rong on 16 July 2010 with a registered capital of RMB1,000,000 contributed by Ms. Liao Rong and the equity interest of Chengdu Youshi Preschool Investment was held by (i) Ms. Liao Rong as to 90% and (ii) Ms. Xiong Yueyao (the daughter of Mr. Xiong Tao and Ms. Liao Rong) as to 10% (such interest was held on trust by Ms. Xiong Yueyao in favor of Ms. Liao Rong). As advised by the PRC Legal Advisors, the PRC laws and regulations do not prohibit the trust arrangements, and therefore the trust arrangement between Ms. Liao Rong and Ms. Xiong Yueyao does not violate any PRC laws and regulations.

On 11 May 2016, in order to streamline the shareholding structure of Chengdu Youshi Preschool Investment, Ms. Xiong Yueyao (as directed by Ms. Liao Rong) transferred 9.99% equity interest in Chengdu Youshi Preschool Investment to Ms. Liao Rong, resulting that the equity was held by (i) Ms. Liao Rong as to 99.99% and (ii) Ms. Xiong Yueyao as to 0.01%. The transfer was completed on 11 May 2016. Prior to the Corporate Reorganization, the equity interest was held by (i) Ms. Liao Rong as to 99.99% and (ii) Ms. Xiong Yueyao as to 0.01%. For details of the Corporate Reorganization, please refer to the paragraph headed "Corporate Reorganization" in this section. As at the Latest Practicable Date, Chengdu Youshi Preschool Investment was held by Chengdu Mingxian.

As advised by our PRC Legal Advisors, the registered capital of Chengdu Youshi Preschool Investment was fully paid-up. Chengdu Youshi Preschool Investment is principally engaged in preschool education investment and management. As at the Latest Practicable Date, it was the school sponsor of Peninsula Kindergarten.

Chengdu Jinbojun

Chengdu Jinbojun was established by Chengdu Hengyu, Chengdu Bozhong and Mr. Xie Gang on 13 March 2015 with a registered capital of RMB5,000,000 contributed by (i) Chengdu Hengyu as to 54%, (ii) Chengdu Bozhong as to 26% and (iii) Mr. Xie Gang as to 20%. At the time, Chengdu Hengyu was owned by (i) Mr. Xiong Tao as to 95% and (ii) Ms. Liao Jing as to 5%, while Chengdu Bozhong was owned by (i) Mr. Ran Tao as to 60% and (ii) Ms. Gong Yahong (龔亞虹) (the spouse of Mr. Ran Tao) as 40%.

On 20 May 2016, in order to streamline the shareholding structure of Chengdu Jinbojun, (i) Chengdu Hengyu transferred 54% equity interest in Chengdu Jinbojun to Mr. Xiong Tao at a consideration of RMB2,700,000 and (ii) Chengdu Bozhong transferred 26% equity interest in Chengdu Jinbojun to Mr. Ran Tao at a consideration of RMB1,300,000. The considerations were determined with reference to the amount of registered capital of Chengdu Jinbojun held by Chengdu Hengyu and Chengdu Bozhong. The transfers were completed and settled on 20 May 2016. Subsequent to the said transfers and immediately prior to Corporate Reorganization, the equity interest of Chengdu Jinbojun was owned by (i) Mr. Xiong Tao as to 54%, (ii) Mr. Ran Tao as to 26% and (iii) Mr. Xie Gang as to 20%. For details of the Corporate Reorganization, please refer to the paragraph headed "Corporate Reorganization" in this section. As at the Latest Practicable Date, the equity interest of Chengdu Jinbojun was held by Chengdu Mingxian as to 100%.

As advised by our PRC Legal Advisors, the registered capital of Chengdu Jinbojun was fully paid-up. Chengdu Jinbojun is principally engaged in education investment and management. As at the Latest Practicable Date, it was the school sponsor of Longquan School.

Renshou Bojun

Renshou Bojun was established by Mr. Xiong Tao, Mr. Ran Tao and an Independent Third Party on 15 October 2015 with a registered capital of RMB20,000,000 contributed by (i) Mr. Xiong Tao as to 24%, (ii) Mr. Ran Tao as to 16% and (iii) the Independent Third Party as to 60%.

On 18 April 2016, due to the change of its investment decision, the Independent Third Party transferred (i) 36% equity interest in Renshou Bojun to Mr. Xiong Tao at a consideration of RMB7,200,000 and (ii) 24% equity interest in Renshou Bojun to Mr. Ran Tao at a consideration of RMB4,800,000. The considerations were determined with reference to the amount of registered capital of Renshou Bojun held by such Independent Third Party. The transfers were completed and settled on 18 April 2016. Subsequent to the said transfers and immediately prior to Corporate Reorganization, the equity interest of Renshou Bojun was owned by (i) Mr. Xiong Tao as to 60% and (ii) Mr. Ran Tao as to 40%. For details of the Corporate Reorganization, please refer to the paragraph headed "Corporate Reorganization" in this section. As at the Latest Practicable Date, the equity interest of Renshou Bojun was held by Chengdu Mingxian as to 100%.

As advised by our PRC Legal Advisors, the registered capital of Renshou Bojun was fully paid-up. Renshou Bojun is principally engaged in education investment and management. It was set up for new school establishment in the future. As at the Latest Practicable Date, Renshou Bojun did not hold any equity interest in any school.

Lezhi Bojun

Lezhi Bojun was established by Chengdu Mingxian on 10 January 2018 with a registered capital of RMB10,000,000. As at the Latest Practicable Date, the entire equity interest of Lezhi Bojun was held by Chengdu Mingxian.

As advised by our PRC Legal Advisors, the registered capital of Lezhi Bojun of RMB2,000,000 was partially paid-up. Lezhi Bojun is principally engaged in education investment and management. It was set up for new school establishment in the future. As at the Latest Practicable Date, Lezhi Bojun did not hold any equity interest in any school.

Nanjiang Bojun

Nanjiang Bojun was established by Chengdu Mingxian on 23 August 2017 with a registered capital of RMB10,000,000. As at the Latest Practicable Date, the entire equity interest of Nanjiang Bojun was held by Chengdu Mingxian.

As advised by our PRC Legal Advisors, the registered capital of Nanjiang Bojun was fully paid-up. Nanjiang Bojun is principally engaged in education investment and management. It was set up for new school establishment in the future. As at the Latest Practicable Date, Nanjiang Bojun did not hold any equity interest in any school.

Wangcang Bojun

Wangcang Bojun was established by Chengdu Mingxian on 18 August 2017 with a registered capital of RMB10,000,000. As at the Latest Practicable Date, the entire equity interest of Wangcang Bojun was held by Chengdu Mingxian.

As advised by our PRC Legal Advisors, the registered capital of Wangcang Bojun was fully paid-up. Wangcang Bojun is principally engaged in education investment and management. It was set up for new school establishment in the future. As at the Latest Practicable Date, Wangcang Bojun did not hold any equity interest in any school.

OUR SCHOOLS

Jinjiang School

Jinjiang School was established on 23 April 2012 as a full-time private middle school with a capital of RMB12,000,000. It commenced schooling in September 2012. During the Track Record Period and up to the Latest Practicable Date, the school sponsor's interest in Jinjiang School was wholly-owned by Chengdu Mingxian. As at the Latest Practicable Date, Chengdu Mingxian was owned by Mr. Xiong Tao, Mr. Ran Tao, Ms. Liao Rong, Mr. Xie Gang, Mr. Zeng Guang and Ms. Li Jingmei as to 47.36%, 27.42%, 18.48%, 4.90%, 0.92% and 0.92%, respectively. As advised by our PRC Legal Advisors, the capital of Jinjiang School was fully paid-up.

Longquan School

Longquan School was established on September 2015 as a full-time private middle school with an initial capital of RMB5,000,000. It commenced schooling in September 2015. On 4 April 2016, the capital of Longquan School increased by RMB5,000,000 to RMB10,000,000. During the Track Record Period and up to the Latest Practicable Date, the school sponsor's interest in Longquan School was wholly-owned by Chengdu Jinbojun. In May 2016, Longquan School obtained the license to offer private high school education service in addition to its middle school education service and became our first middle and high school. As at the Latest Practicable Date, Chengdu Jinbojun was wholly-owned by Chengdu Mingxian. As advised by our PRC Legal Advisors, the capital (including the additional capitals) of Longquan School was fully paid-up.

Tianfu School

Tianfu School was established in 18 April 2016 as a full-time private middle school with a capital of RMB1,000,000. It commenced schooling in September 2016. During the Track Record Period and up to the Latest Practicable Date, the school sponsor's interest in Tianfu School was wholly-owned by Chengdu Mingxian. As advised by our PRC Legal Advisors, the capital of Tianfu School was fully paid-up.

Youshi Kindergarten

Youshi Kindergarten obtained the license to offer private preschool education services in June 2001. At the time, the school sponsor's interest in Youshi Kindergarten was wholly-owned by Chengdu Hengyu. Starting from August 2002, the school sponsor's interest in Youshi Kindergarten was wholly-owned by Sichuan Boai. At the time, Sichuan Boai was owned as to (i) 50% by Chengdu Hengyu and (ii) 50% by Chengdu Preschool Normal School* (成都幼兒師範學校), an institute which provides child education training programs in Sichuan and was merged into Chengdu University (成都大學) in 2006. Youshi Kindergarten is a private kindergarten for the age of two to six with a capital of RMB30,000. As at the Latest Practicable Date, Sichuan Boai was wholly-owned by Chengdu Mingxian.

As advised by our PRC Legal Advisors, the capital of Youshi Kindergarten was fully paid-up. During the Track Record Period and up to the Latest Practicable Date, there was no change in the capital of Youshi Kindergarten and no change of the school sponsor.

Lidu Kindergarten

Lidu Kindergarten was established on 12 May 2003 as a private kindergarten with a capital of RMB60,000. It commenced schooling in September 2003. During the Track Record Period and up to the Latest Practicable Date, the school sponsor's interest in Lidu Kindergarten was wholly-owned by Sichuan Boai. As advised by our PRC Legal Advisors, the capital of Lidu Kindergarten was fully paid-up.

Riverside Kindergarten

Riverside Kindergarten was established on 18 June 2003 as a private kindergarten with a capital of RMB50,000. It commenced schooling in September 2003. During the Track Record Period and up to the Latest Practicable Date, the school sponsor's interest in Riverside Kindergarten was wholly-owned by Sichuan Boai. As advised by our PRC Legal Advisors, the capital of Riverside Kindergarten was fully paid-up. During the Track Record Period and up to the Latest Practicable Date, there was no change in the capital of Riverside Kindergarten and no change of the school sponsor.

Longquan Kindergarten

Longquan Kindergarten was established on 23 February 2009 as a private kindergarten with a capital of RMB100,000. It commenced schooling in March 2009. During the Track Record Period and up to the Latest Practicable Date, the school sponsor's interest in Longquan Kindergarten was wholly-owned by Sichuan Boai. As advised by our PRC Legal Advisors, the capital of Longquan Kindergarten was fully paid-up.

Qingyang Kindergarten

Qingyang Kindergarten was established on 15 March 2010 as a private kindergarten with a capital of RMB100,000. It commenced schooling in March 2010. During the Track Record Period and up to the Latest Practicable Date, the school sponsor's interest in Qingyang Kindergarten was wholly-owned by Sichuan Boai. As advised by our PRC Legal Advisors, the capital of Qingyang Kindergarten was fully paid-up.

Peninsula Kindergarten

Peninsula Kindergarten was established on 27 September 2013 as a private kindergarten with a capital of RMB600,000. It commenced schooling in September 2013. During the Track Record Period and up to the Latest Practicable Date, the school sponsor's interest in Peninsula Kindergarten was wholly-owned by Chengdu Youshi Preschool Investment. As advised by our PRC Legal Advisors, the capital of Peninsula Kindergarten was fully paid-up.

CORPORATE REORGANIZATION

In preparation for the Global Offering, we underwent the following corporate reorganization:

1. Change of shareholding structure of the school sponsors

The following table sets out the shareholding structure of the companies which are school sponsors of our schools immediately prior to the Corporate Reorganization:

Name of school sponsor	Shareholders of the school sponsor	Percentage of equity interest in the school sponsor
Sichuan Boai	Ms. Liao Rong	99.99%
	Ms. Liao Jing *(Note 1)*	0.01%
Chengdu Youshi Preschool Investment	Ms. Liao Rong	99.99%
	Ms. Xiong Yueyao *(Note 2)*	0.01%
Chengdu Mingxian	Mr. Xiong Tao	54.00%
	Mr. Ran Tao	36.00%
	Ms. Li Jingmei	5.00%
	Mr. Zeng Guang	5.00%
Chengdu Jinbojun	Mr. Xiong Tao	54.00%
	Mr. Ran Tao	26.00%
	Mr. Xie Gang	20.00%

Notes:

1. Ms. Liao Jing is the sister of Ms. Liao Rong and was holding 0.01% equity interest in Sichuan Boai on trust in favor of Ms. Liao Rong pursuant to a trust agreement dated 15 March 2013 made between Ms. Liao Rong and Ms. Liao Jing.

2. Ms. Xiong Yueyao is the daughter of Ms. Liao Rong and Mr. Xiong Tao and was holding 0.01% equity interest in Chengdu Youshi Preschool Investment on trust in favor of Ms. Liao Rong pursuant to a trust agreement dated 16 July 2010 made between Ms. Liao Rong and Ms. Xiong Yueyao.

Transfer of equity interest in Sichuan Boai

On 3 June 2016, Ms. Liao Rong and Ms. Liao Jing (as directed by Ms. Liao Rong) transferred 99.99% and 0.01% equity interest in Sichuan Boai to Chengdu Mingxian, respectively, at the aggregate consideration of RMB4,000,000. The transfers of equity interest were legally completed on 13 June 2016. Upon completion of the transfers, Chengdu Mingxian held the entire equity interest in Sichuan Boai.

Transfer of equity interest in Chengdu Youshi Preschool Investment

On 11 May 2016, Ms. Liao Rong and Ms. Xiong Yueyao (as directed by Ms. Liao Rong) transferred 99.99% and 0.01% equity interest in Chengdu Youshi Preschool Investment to Chengdu Mingxian, respectively, at the aggregate consideration of RMB1,000,000. The transfer of equity interest were legally completed on 1 June 2016. Upon completion of the transfers, Chengdu Mingxian held the entire equity interest in Chengdu Youshi Preschool Investment.

Transfer of equity interest in Chengdu Jinbojun

On 12 June 2016, Mr. Xiong Tao, Mr. Ran Tao and Mr. Xie Gang transferred 54%, 26% and 20% equity interest in Chengdu Jinbojun to Chengdu Mingxian at the consideration of RMB2,700,000, RMB1,300,000 and RMB1,000,000, respectively. The transfers of equity interest were legally completed on 24 June 2016. Upon completion of the transfers, Chengdu Mingxian held the entire equity interest in Chengdu Jinbojun.

Transfer of equity interest in Renshou Bojun

On 17 May 2016, Mr. Xiong Tao and Mr. Ran Tao transferred 60% and 40% equity interest in Renshou Bojun to Chengdu Mingxian at the consideration of RMB12,000,000 and RMB8,000,000, respectively. The transfers of equity interest were legally completed on 15 June 2016. Upon completion of the transfers, Chengdu Mingxian held the entire equity interest in Renshou Bojun.

Increase of registered capital in Chengdu Mingxian

On 13 June 2016, the registered capital of Chengdu Mingxian was increased from RMB1,000,000 to RMB32,500,000. The increase of registered capital of RMB31,500,000 was contributed in cash by (i) Mr. Xiong Tao as to RMB14,853,300; (ii) Mr. Ran Tao as to RMB8,552,300; (iii) Ms. Liao Rong as to RMB6,005,000; (iv) Mr. Xie Gang as to RMB1,591,800; (v) Ms. Li Jingmei as to RMB248,800; and (vi) Mr. Zeng Guang as to RMB248,800. Upon completion of the increase in registered capital, the registered capital of Chengdu Mingxian was held by (i) Mr. Xiong Tao as to 47.36%, (ii) Mr. Ran Tao as to 27.42%, (iii) Ms. Liao Rong as to 18.48%, (iv) Mr. Xie Gang as to 4.90%, (v) Ms. Li Jingmei as to 0.92%; and (vi) Mr. Zeng Guang as to 0.92%.

The following table sets out the shareholding structure of the companies which are school sponsors of our schools as at the Latest Practicable Date:

Name of school sponsor	Shareholders or registered shareholders of the school sponsor	Percentage of equity interest in the school sponsor
Sichuan Boai	Chengdu Mingxian	100%
Chengdu Youshi Preschool Investment	Chengdu Mingxian	100%
Chengdu Mingxian	Mr. Xiong Tao	47.36%
	Mr. Ran Tao	27.42%
	Ms. Liao Rong	18.48%
	Mr. Xie Gang	4.90%
	Ms. Li Jingmei	0.92%
	Mr. Zeng Guang	0.92%
Chengdu Jinbojun	Chengdu Mingxian	100%

2. Incorporation of members of our Group

Our Company

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands on 14 June 2016 with an authorized share capital of HK$380,000 divided into 38,000,000 Shares with par value of HK$0.01 each. On the same day, one nil-paid Share was allotted and issued to the initial subscriber and Mr. Xiong Tao subsequently acquired such nil-paid Share from the initial subscriber.

Bojun Investment

Bojun Investment was incorporated as a limited liability company under the laws of the BVI on 7 June 2016 with an authorized maximum number of shares of 50,000 of a single class of par value of US$1.00 each. On 7 June 2016, 50,000 shares of Bojun Investment were allotted and issued to Mr. Xiong Tao at par value.

Hong Kong Bojun

Hong Kong Bojun was incorporated as a limited liability company under the laws of Hong Kong on 14 June 2016 with 10,000 shares allotted and issued to Mr. Xiong Tao at a nominal value of HK$1.00 per share.

3. Transfer of Hong Kong Bojun to Bojun Investment

On 4 July 2016, Bojun Investment acquired the entire issued share capital of Hong Kong Bojun from Mr. Xiong Tao at a nominal consideration of HK$10,000.00 as part of the Corporate Reorganization. The transfer was completed on the same day, whereupon Hong Kong Bojun became wholly-owned by Bojun Investment.

4. Transfer of Bojun Investment to our Company

On 4 July 2016, our Company acquired the entire issued share capital of Bojun Investment from Mr. Xiong Tao at a nominal consideration of US$50,000.00 as part of the Corporate Reorganization. The transfer was completed on the same day, whereupon Bojun Investment became wholly owned by our Company.

5. Transfer of Share to Cosmic City and allotment of new Shares

On 28 July 2016, Cosmic City acquired one nil-paid Share from Mr. Xiong Tao at HK$0.01 consideration as part of the Corporate Reorganization. The transfer was completed and such nil-paid Share held by Cosmic City was credited as fully paid on the same day. On 28 July 2016, our Company allotted and issued 74,999 Shares to Cosmic City in cash at par value.

6. Establishment of Chengdu Bojun in the PRC

On 26 July 2016, Chengdu Bojun was established in the PRC as a wholly-foreign owned enterprise with a registered capital of HK$50,000,000, which was contributed by Hong Kong Bojun. On 22 August 2016, the registered capital of Chengdu Bojun increased by RMB70,000,000 to RMB120,000,000. Our PRC Legal Advisors confirmed that the registered capital of Chengdu Bojun had been fully paid-up. Chengdu Bojun is principally engaged in the provision of technical and management consultancy services to our Consolidated Affiliated Entities.

7. Transfer of Shares to the shareholders of Chengdu Mingxian

On 28 July 2016, Cosmic City transferred 20,565 Shares, 13,860 Shares, 3,675 Shares, 690 Shares and 690 Shares to Zheng Yong, Surpass Luck, Prosper Century, Full Hope and Urban Delight, respectively, each at a nominal consideration of HK$1.00 as part of the Corporate Reorganization. The transfers were completed on the same day, whereupon our Company was held as to approximately 47.36% by Cosmic City, 27.42% by Zheng Yong, 18.48% by Surpass Luck, 4.90% by Prosper Century, 0.92% by Full Hope and 0.92% by Urban Delight.

8. Incorporation of US Bojun

US Bojun is a corporation incorporated under the laws of the State of California on 19 August 2016 and has an authorized capital of 1,000,000 shares of common stock with no par value, and 80,000 of which were issued to Hong Kong Bojun in cash.

9. Allotment of new Shares to the Pre-IPO Investor

On 29 August 2016, our Company allotted and issued 25,000 Shares to the Pre-IPO Investor at the consideration of RMB250,000,000, whereupon our Company was held as to approximately 35.52% by Cosmic City, 25% by the Pre-IPO Investor, 20.565% by Zheng Yong, 13.86% by Surpass Luck, 3.675% by Prosper Century, 0.69% by Full Hope and 0.69% by Urban Delight.

10. Entering into the Structured Contracts to control our schools

On 26 January 2018, Chengdu Bojun entered into various agreements that constitute the Structured Contracts with, among others, our Consolidated Affiliated Entities, under which all economic benefits arising from the business of our Consolidated Affiliated Entities were transferred to Chengdu Bojun by means of services fees payable by our Consolidated Affiliated Entities to Chengdu Bojun. Please refer to the section headed "Structured Contracts" in this prospectus for further details.

PRC Legal and Compliance

Our PRC Legal Advisors confirmed that all necessary approvals, permits and licences required under the PRC laws and regulations in connection with the Corporate Reorganization have been obtained, and the Corporate Reorganization has complied with all applicable PRC laws and regulations.

PARTIES ACTING IN CONCERT

Mr. Xiong Tao, Mr. Ran Tao and Ms. Liao Rong, being our Controlling Shareholders, were acting in concert with each other and collectively controlled, managed and supervised the entire business, operation, financial and other material key functions of our Group since 2004 and during the Track Record Period. In 2004, they decided, through pooling their skills, network, financial and other resources, to jointly invest in and operate education business as an integrated enterprise and share profits and losses and entitlement to assets. They shared the same idea of education and strategically positioned our Group's schools in the provision of high-quality education services which enable our students to have all-rounded development. Based on their respective background and experience, they agreed that Ms. Liao Rong shall focus on kindergarten business and Mr. Xiong Tao and Mr. Ran Tao shall focus on middle schools and high school business. Notwithstanding the division of operation and management responsibilities among them, our Group's kindergartens and middle schools and high school formed a highly integrated and interconnected unit in the revenue generating process.

Mr. Xiong Tao, Mr. Ran Tao and Ms. Liao Rong formed an integral part of the decision making process of our Group's education business and was involved in the strategic decision making of our Group's education business as a whole. Material and major decisions and actions pertaining to the operation and management of our Group's education business at all levels were determined by unanimous approval of them. Such decisions and actions included (i) setting up new schools, decoration and reformation, hiring of principals, student enrollment programs, determination of tuition fees, market positioning, scale of operation of the schools and formulating expansion plan of school network; (ii) remuneration policy of teaching staff and management personnel, salary structure, adjustment of salary, social and other welfare, rewards and allowances; (iii) the appointment and removal of department heads, deputy general managers, principals and vice-principals; (iv) adjustment of holiday, public holidays and leave arrangements; (v) selection of suppliers for material purchases such as bulk purchase of food and beverage, uniforms, teaching equipment; (vi) the composition of board of directors and supervisory committee and the appointment and removal of members; and (vii) distribution of profits of the schools. Mr. Xiong Tao, Mr. Ran Tao and Ms. Liao Rong held regular meetings among themselves and together with department heads, senior management, principals and vice-principals of kindergartens and schools to discuss the affairs of each kindergarten and school. Each of department heads, senior management members, principals and vice-principals of kindergartens and schools was required to provide Mr. Xiong Tao, Mr. Ran Tao and Ms. Liao Rong with information relating to the operation, development and financial aspects of kindergartens and schools and to obtain their approval with respect to the foregoing major decisions and actions.

Our Group's kindergartens, middle schools and high school have been operated under the same core principle and strategy, i.e., the provision of high-quality education services which enable our students to have all-round development. Our Group's kindergartens, middle schools and high school are governed by their respective board of directors and councils with a school principal responsible for the overall daily management. Our Group's kindergartens, middle schools and high school have been implemented substantially the same financial control and human resources management policies. Some material purchases and procurements of decoration and repair work, greening services and electronic devices used in teaching have been provided by the same suppliers.

In term of financial contribution, back in March 2004 and following the establishment of Chengdu Mingxian by Mr. Xiong Tao and Mr. Ran Tao, Mr. Ran Tao had, through Chengdu Mingxian, contributed RMB800,000 to Sichuan Boai as Mr. Ran Tao's financial contribution to our Group's kindergarten business. However, as the then articles of association of Sichuan Boai restricted the transfer of its equity interest by requiring the consent of half of the shareholders and the other shareholders shall be entitled to purchase the equity interest proposed to be transferred, Mr. Xiong Tao, Mr. Ran Tao and Ms. Liao Rong had decided not to transfer equity interest in Sichuan Boai to Mr. Ran Tao. Through the Corporate Reorganization, the contributions made by Mr. Ran Tao to our Group's kindergarten business was reflected in his shareholding in our Company.

On 13 October 2016, Mr. Xiong Tao, Mr. Ran Tao and Ms. Liao Rong entered into the Deed of Confirmatory of Concert Parties to acknowledge and confirm that since 10 March 2004 (being the date of establishment of Chengdu Mingxian) and as at and after the date of the Deed of Confirmatory of Concert Parties:

(i) they have managed and controlled and shall continue to manage and control the members of our Group on a collective basis and they have made and shall continue to make collective decisions in respect of the commercial decisions and the financial and operating policies of the members of our Group;

(ii) they have given and shall continue to give unanimous consent, approval or rejection on any other material issues and decisions in relation to the business of the members of our Group;

(iii) they have agreed to and shall agree to consult, and have consulted, each other in advance so as to reach unanimous consensus among themselves in respect of all decisions and resolutions passed or proposed to be passed in all meetings of shareholders and directors or council members of our Group; and

(iv) they have cooperated and shall continue to cooperate with each other to obtain and maintain the consolidated control and the management of our Group.

PRE-IPO INVESTMENT

Background of the Pre-IPO Investor

Our Pre-IPO Investor is Wuxi Guolian. Wuxi Guolian is a limited partnership established in the PRC on 26 April 2016. It is principally engaged in foreign investment with the use of its own capital with an aim to carry out equity investment in the education investment projects. Wuxi Guolian is managed by a general partner. Such general partner is a limited partnership established in the PRC and is managed by a wholly-owned subsidiary of China First Capital Group Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Stock Exchange (stock code: 1269).

To the best of our Directors' knowledge, information and belief having made all reasonable enquiries, Wuxi Guolian has invested in our Group because they appreciate our prospect and growth potential in the education business in the PRC. Mr. Bai Zimin, our non-executive Director, was nominated by the Pre-IPO Investor. He has been a director of Shoukong Education Investment (Shenzhen) Company Limited* (首控教育投資(深圳)有限公司), which is a subsidiary of China First Capital Group Limited, since March 2016. He was also a deputy chief executive officer of China First Capital Group Limited from October 2016 to November 2017. Mr. Wang Ping, our non-executive Director, was a chief financial officer and an executive director of China First Capital Group Limited from March 2012 to December 2015 and from April 2014 to December 2015, respectively. Save as disclosed herein, to the best of our Directors' knowledge, information and belief having made all reasonable enquiries, prior to the completion of the Pre-IPO Investment Agreement, Wuxi Guolian did not have any past or present relationships (including without limitation, family, trust, business, employment relationships) or any agreements, arrangements or understanding with our Company, our subsidiaries, Shareholders, Directors or senior management and any of their respective close associates and was an Independent Third Party.

Investment

On 28 July 2016, our Company entered into the Pre-IPO Investment Agreement with Chengdu Mingxian, Mr. Xiong Tao, Ms. Liao Rong, Mr. Ran Tao, Mr. Xie Gang, Ms. Li Jingmei, Mr. Zeng Guang and Wuxi Guolian. Pursuant to the Pre-IPO Investment Agreement, our Company agreed to allot and issue 25,000 Shares, representing 25% of the total issued share capital of our Company as enlarged by the issue of such Shares upon completion of the subscription at an aggregate subscription price of RMB250,000,000. The consideration of the Pre-IPO Investment was determined after arm's length negotiation between the parties with reference to the historical financial performance and business prospect of our Group. The consideration was settled by two installments and the last installment was made by Wuxi Guolian to our Company on 29 August 2016. Wuxi Guolian will hold 18.75% of the enlarged issued share capital of our Company immediately following completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised). Wuxi Guolian will be a substantial shareholder and a core connected person of our Company under the Listing Rules. Accordingly, the Shares held by Wuxi Guolian will not be considered as part of the public float for the purpose of the Listing Rules.

Summary

The following table sets forth a summary of the Pre-IPO Investment:

Date of Pre-IPO Investment Agreement:	28 July 2016
Amount of consideration:	RMB250,000,000 (equivalent to approximately HK$291,715,286)
Payment dates of consideration:	12 August 2016 and 29 August 2016
Total number of Shares held by Wuxi Guolian after the Capitalization Issue:	150,000,000
Cost per Share Paid:	RMB10,000 (equivalent to approximately HK$11,669) per Share immediately before the Capitalization Issue Approximately RMB1.67 (equivalent to approximately HK$1.95) per Share after the Capitalization Issue
Discount to the Offer Price:	Approximately 10.3% over the Offer Price assuming the Offer Price of HK$2.175, being the mid-point of the Offer Price range *(based on the cost per Share immediately after the Capitalization Issue of approximately RMB1.67 per Share (equivalent to approximately HK$1.95 per Share))*
Use of proceeds from the Pre-IPO Investment:	Principally for acquisitions of land which shall be used for operating Tianfu School and other new schools and development and operation of education business. As at the Latest Practicable Date, all proceeds have been used as intended
Benefits from the Pre-IPO Investment:	Widen our shareholder base and strengthen the financial position of our Group
Shareholding upon the Listing (assuming the Over-allotment Option is not exercised):	18.75%

Special rights

Pursuant to the Pre-IPO Investment Agreement, Wuxi Guolian was granted certain special rights, a summary of which is set out below.

- *Right to nominate director*. Wuxi Guolian shall be entitled to nominate one Director. Further, Wuxi Guolian shall be entitled to nominate one director to the board of directors of Chengdu Mingxian. The resolutions passed by the board of directors of Chengdu Mingxian shall only be valid if written consent from the director nominated by Wuxi Guolian approving the resolutions is obtained. Wuxi Guolian will cease to have such rights one day prior to the Listing Date.

- *Information access rights.* Wuxi Guolian shall have the access rights to information, including the rights to obtain and review monthly and quarterly financial statements and annual financial report, audit report, budget and forecast financial statement for the upcoming financial year of our Company and Chengdu Mingxian, the rights to obtain information relating to any matters which are material, the rights to obtain any information relating to the progress of our Company's listing application and the rights to obtain any information relating to the operations and financial status of our Company and Chengdu Mingxian. Wuxi Guolian will cease to have such rights one day prior to the Listing Date.

- *Anti-dilution.* If our Company issues or sells any Shares or other equity securities at an effective price per share that is less than the subscription price of the Pre-IPO Investment or our Company issues any new Shares (or convertible securities) at a unit price that is less than the subscription price of the Pre-IPO Investment, as an anti-dilution protection measure, Wuxi Guolian is entitled to subscribe new Shares at nil consideration or request the then Shareholders after reorganization to transfer the Shares held by them to Wuxi Guolian at nil consideration, so that the average purchase price per share for the shares of our Company then held by Wuxi Guolian is equal to the said effective price per share or the said unit price. Wuxi Guolian will cease to have such rights on the day when our Company submits its listing application to any stock exchange and/or securities regulator. Such rights have been expired as at the Latest Practicable Date.

- *Pre-emptive rights.* If our Company issues any new Shares (or convertible securities), Wuxi Guolian shall be entitled a pre-emptive right to subscribe such new Shares (or convertible securities) under the same conditions. If the Shareholders sell any of the Shares held by them after the Corporate Reorganization, Wuxi Guolian shall have the pre-emptive right to subscribe such Shares. Wuxi Guolian will cease to have such rights on the day when our Company submits its listing application to any stock exchange and/or securities regulator. Such rights have been expired as at the Latest Practicable Date.

Lock-up undertakings from Wuxi Guolian

Pursuant to the Pre-IPO Investment Agreement, Wuxi Guolian has undertaken that, prior to the Listing, Wuxi Guolian will not transfer any Share to any person who is a competitor or a potential competitor of our Group or to any company which is engaged in a business competing with our Group, unless an unanimous consents of all Shareholders are obtained or all the Shares are to be acquired by such person who is competing with our Group. If the Listing does not take place before 31 December 2017, Wuxi Guolian would not be subject to the aforesaid restrictions after 31 December 2017. However, such disposal shall be subject to compliance with relevant laws, rules and requirements under the articles of the Company. As the Listing did not take place before 31 December 2017, Wuxi Guolian is not subject to the aforesaid restrictions.

Pursuant to the Pre-IPO Investment Agreement, Wuxi Guolian has further undertaken to our Company, its sponsor and its joint global coordinators that, without written consent of our Company, its sponsor and its joint global coordinators, Wuxi Guolian will not directly or indirectly dispose any subscribed Shares or any interest of whatsoever nature therein in respect of any part of the subscribed Shares within six months from the date of the Listing. In relation to such non-disposal, Wuxi Guolian agreed to enter into a separate undertaking.

On 16 July 2018, Wuxi Guolian has undertaken to and covenanted with each of our Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Underwriters that it will not sell or transfer or otherwise dispose of, or create any encumbrances on, its legal or beneficial interest or any other right, title, benefit or interest of whatsoever nature therein in respect of any part of the subscribed Shares or enter into any agreement or commitment to give or create any of the foregoing for a period of six months commencing from the Listing Date.

Non-competition

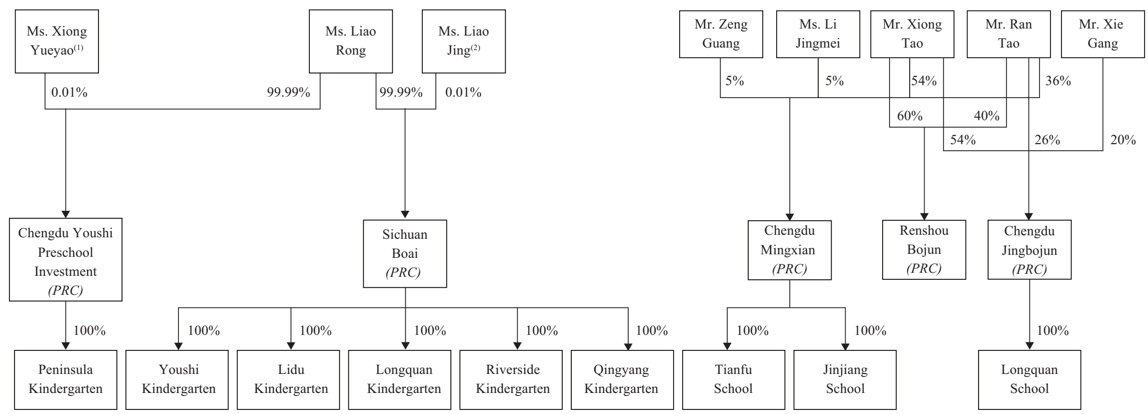
Pursuant to the Pre-IPO Investment Agreement, Mr. Xiong Tao, Ms. Liao Rong, Mr. Ran Tao, Mr. Xie Gang, Ms. Li Jingmei and Mr. Zeng Guang have undertaken that, (i) they will not, directly or indirectly, hold controlling or entire equity interest or engage in any business which competes with the business of Chengdu Mingxian and any school of our Group, save for their respective equity interest in our Group, and (ii) they shall also refer business opportunities to Chengdu Mingxian and the schools of our Group as and when it is possible, provided that Mr. Xiong Tao, Ms. Liao Rong, Mr. Ran Tao, Mr. Xie Gang, Ms. Li Jingmei, Mr. Zeng Guang and Wuxi Guolian are shareholders of our Company.

Sole Sponsor's confirmation

The Sole Sponsor has confirmed that the Pre-IPO Investment is in compliance with the Interim Guidance on Pre-IPO Investments (HKEX-GL29-12), Guidance on Pre-IPO Investments (HKEX-GL43-12) and Guidance on Pre-IPO investments in convertible Instruments (HKEX-GL44-12) issued by the Stock Exchange, to the extent applicable and that all special rights granted to the Pre-IPO Investor under the Pre-IPO Investment Agreement shall be terminated upon Listing.

CORPORATE STRUCTURE

The following chart sets out the corporate structure of our Group immediately prior to the Corporate Reorganization:

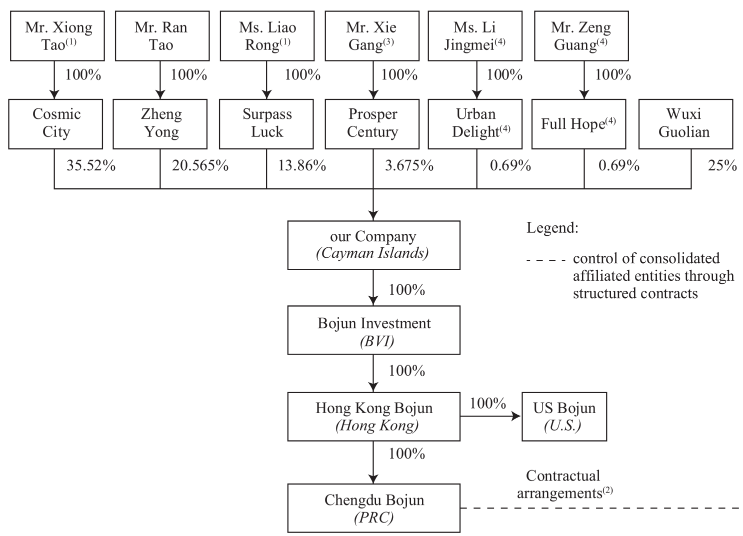


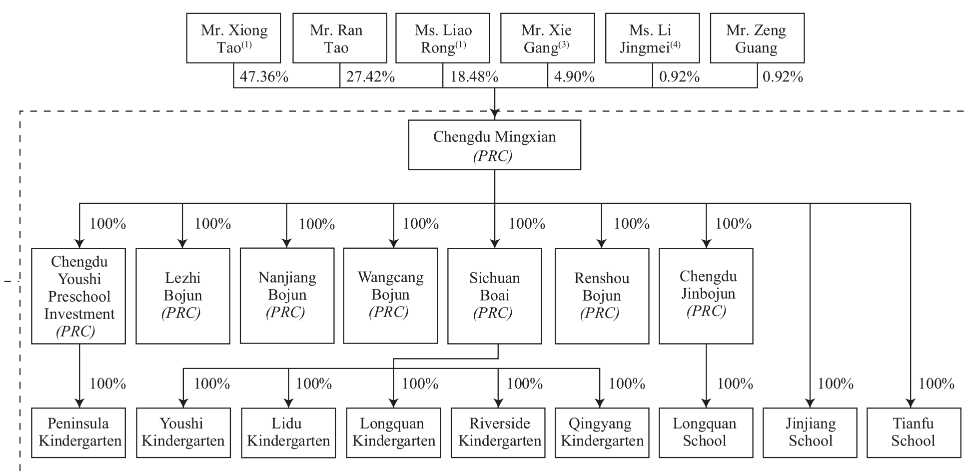
Note:

1. Ms. Xiong Yueyao is the daughter of Ms. Liao Rong and Mr. Xiong Tao and was holding the equity interest in Chengdu Youshi Preschool Investment on trust in favor of Ms. Liao Rong pursuant to a trust agreement dated 16 July 2010 made between Ms. Liao Rong and Ms. Xiong Yueyao.

2. Ms. Liao Jing is the sister of Ms. Liao Rong and was holding the equity interest in Sichuan Boai on trust in favor of Ms. Liao Rong pursuant to a trust agreement dated 15 March 2013 made between Ms. Liao Rong and Ms. Liao Jing.

The following chart sets out our shareholding and beneficial ownership structure immediately after completion of the Corporate Reorganization and the Pre-IPO Investment and prior to the Capitalization Issue and the Global Offering:





Notes:

(1) Mr. Xiong Tao is the spouse of Ms. Liao Rong.

(2) Our Group has control over the Consolidated Affiliated Entities as a result of the entry into the Structured Contracts. For further information about the contractual arrangements contemplated under the Structured Contracts, please refer to the section headed "Structured Contracts" in this prospectus.

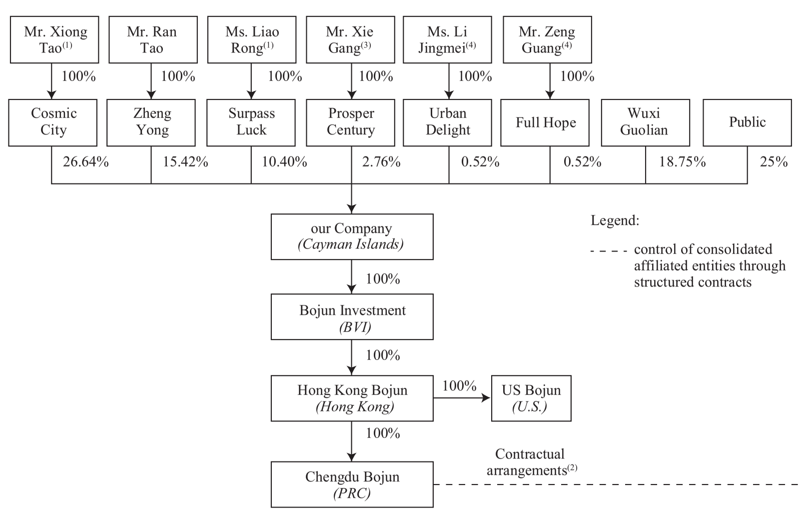
(3) Mr. Xie Gang is a council member of Longquan School and Tianfu School.

(4) Ms. Li Jingmei, Urban Delight, Mr. Zeng Guang and Full Hope do not have any interest in our Group save and except for their interest in our Company.

INCREASE IN AUTHORIZED SHARE CAPITAL OF OUR COMPANY AND THE CAPITALIZATION ISSUE

Pursuant to the written resolutions of the Shareholders passed on 12 July 2018, the authorized share capital of our Company was increased from HK$380,000 to HK$50,000,000 by the creation of 4,962,000,000 new Shares. Our Company will issue 599,900,000 Shares upon capitalization of certain sums standing to the credit of the share premium account of our Company. Details of the Shareholders' written resolutions are referred to in the paragraph headed "Statutory and general information — Further information about our Company and our Subsidiaries — 3. Resolutions in writing of all Shareholders passed on 12 July 2018" in Appendix V to this prospectus.

The following chart sets forth our shareholding and beneficial ownership structure upon Listing (assuming the Over-allotment Option is not exercised):



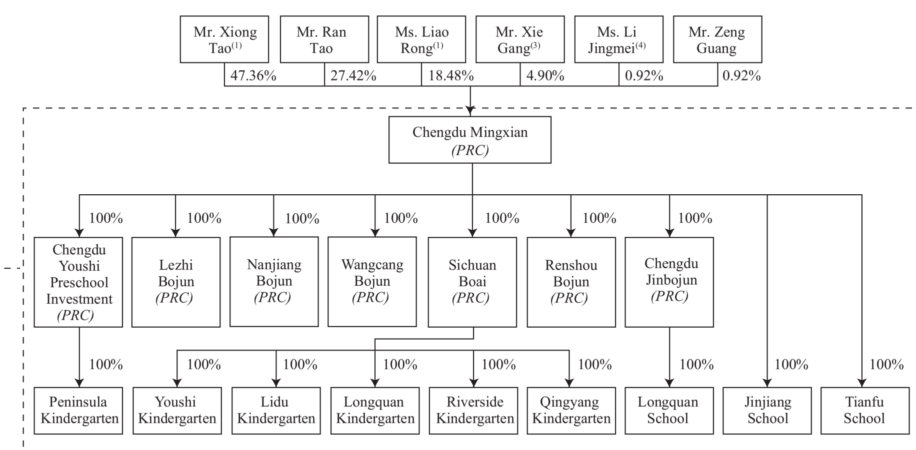
Notes:

(1) Mr. Xiong Tao is the spouse of Ms. Liao Rong.

(2) Our Group has control over the Consolidated Affiliated Entities as a result of the entry into the Structured Contracts. For further information about the contractual arrangements contemplated under the Structured Contracts, please refer to the section headed "Structured Contracts" in this prospectus.

(3) Mr. Xie Gang is a council member of Longquan School and Tianfu School.

(4) Ms. Li Jingmei, Urban Delight, Mr. Zeng Guang and Full Hope do not have any interest in our Group save and except for their interest in our Company.



SAFE REGISTRATION

Pursuant to the Circular 37, promulgated by SAFE and which became effective on 14 July 2014, (a) a PRC resident must register with the local SAFE branch before he or she contributes assets or equity interests in an overseas special purpose vehicle that is directly established or indirectly controlled by the PRC resident for the purpose of conducting investment or financing, and (b) following the initial registration, the PRC resident is also required to register with the local SAFE branch for any major change, in respect of the overseas special purpose vehicle, including a change of overseas special purpose vehicle's PRC resident shareholder(s), the name of the overseas special purpose vehicle, terms of operation, or any increase or reduction of the overseas special purpose vehicle's capital, share transfer or swap, and merger or division. Pursuant to Circular 37, failure to comply with these registration procedures may result in penalties.

Pursuant to the Circular 13, promulgated by SAFE and which became effective on 1 June 2015, the power to accept SAFE registration was delegated from local SAFE to local banks where the assets or interest in the domestic entity was located.

As advised by our PRC Legal Advisors, each of Mr. Xiong Tao, Mr. Ran Tao, Ms. Liao Rong, Mr. Xie Gang, Ms. Li Jingmei and Mr. Zeng Guang has completed the registration under the Circular 13 and Circular 37 on 10 August 2016.

THE M&A RULES

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

Given that (i) Chengdu Bojun was established as a wholly foreign-owned enterprise by means of direct investment rather than by merger or acquisition by our Company under the M&A Rules, and (ii) no regulated activity which requires necessary approvals according to the M&A Rules was involved in the Corporate Reorganization under the M&A Rules, as advised by the PRC Legal Advisors, the establishment of Chengdu Bojun and the Corporate Reorganization are not subject to the M&A Rules, and the Listing of our Company does not require approvals from CSRC and MOFCOM under the M&A Rules.

BACKGROUND OF THE STRUCTURED CONTRACTS

PRC laws and regulations currently prohibit foreign ownership of middle schools in the PRC. The operation of preschools and high schools is restricted to Sino-foreign ownership with qualification requirements imposed on the foreign owners. As foreign ownership in the private education industry in the PRC is subject to prohibition and restrictions under the relevant PRC laws and regulations, we currently conduct our private education business through our Consolidated Affiliated Entities. Although we do not hold any equity interest in our Consolidated Affiliated Entities, we obtain control over and derive the economic benefits from our Consolidated Affiliated Entities through the Structured Contracts. The Structured Contracts have been narrowly tailored to achieve our business purpose and minimize the potential conflict with relevant PRC laws and regulations.

Middle School Education

Under the Implementation Opinions on Private Fund's Entry into the Education Sector, which was promulgated on 18 June 2012, foreign-invested companies that engage in educational activities in the PRC should comply with the Foreign Investment Catalog. According to the Foreign Investment Catalog, the latest version to which was jointly promulgated by the NDRC and the MOFCOM on 28 June 2017 and came into effect on 28 July 2017, middle schools offering compulsory education for students from grade seven to nine in the PRC fall within the "prohibited" catalog for foreign investment.

Due to the prohibitions on foreign ownership, foreign investors (including individuals, companies, partnerships, educational institution and any other entities) are prohibited from owning middle schools in the PRC, whether through direct investments or through wholly-owned subsidiaries in the PRC. Therefore, we do not hold any direct equity interest in any of Jinjiang School, Longquan School and Tianfu School, each of which offers middle school education, and control each of them through the Structured Contracts.

Preschool and High School Education

The operation of preschool and high school in the PRC falls within the "restricted" catalog for foreign investment and is explicitly restricted to Sino-foreign cooperation. Foreign investors may only operate preschool and high school through joint ventures with PRC-incorporated entities that are in compliance with the Sino-Foreign Regulation. Moreover, the Foreign Investment Catalog also provides that the domestic party shall play a dominant role in the Sino-foreign cooperation, and it requires that (a) the principal or other chief executive officer of the schools shall be a PRC national (with which we had fully complied); and (b) the representative of the domestic party shall account for no less than half of the total members of the board of directors, the executive council or the joint administration committee of the Sino-foreign cooperative educational institution (the "**Foreign Control Restriction**").

According to the Implementing Rules for the Regulations on Operating Sino-foreign Schools of the PRC (《中華人民共和國中外合作辦學條例實施辦法》), if we were to apply for any of our kindergartens and high school to be reorganized as a Sino-foreign joint venture private school (a "**Sino-Foreign Joint Venture Private School**"), the foreign investor in the Sino-Foreign Joint Venture Private School must be a foreign educational institution with relevant qualification and high quality of education (the "**Qualification Requirement**"). Furthermore, according to the Implementation Opinions on Private Fund's Entry into the Education Sector, the foreign portion should be below 50% of the total investment in a Sino-Foreign Joint Venture Private School (the "**Foreign Ownership Restriction**") and the establishment of such school is subject to approval of education authorities at the provincial or national level.

On 21 September 2016 and 30 January 2018, with the assistance of our PRC Legal Advisors, we consulted the department of policies and regulations and comprehensive reforms* (政策法規與綜合改革處) of the Education Department of the Sichuan Province, being the competent authority as advised by our PRC Legal Advisors to issue confirmation for matters relating to the Sino-Foreign Joint Venture Private Schools. We were advised by the officer that:

(i) a foreign investor who wishes to establish a private school in the PRC shall comply with the restrictions stipulated under the Sino-Foreign Regulation and the foreign investor shall be a foreign education institution;

(ii) foreign education institutions, other organizations or persons may not by themselves establish schools or other education organizations in the PRC if such schools or organizations mainly enroll Chinese citizens as their students. A foreign investor who wishes to operate a Sino-Foreign Joint Venture Private School must be an education institution with relevant qualification and high quality of education. Such requirement is applicable to education institutions (including kindergartens, high schools, universities (including independent colleges)) which mainly enroll Chinese citizens as their students;

(iii) the education authorities will determine whether a foreign investor is an education institution with relevant qualification and high quality education on a case-by-case basis after taking into account of factors such as the quality of the education service provided by the foreign investor in its place of establishment;

(iv) the arrangement relating to the payment of management fee by a private school to a foreign investor in consideration of the technical and management consulting services provided by the foreign investor under a series of contracts entered into between the foreign investor, the private school and the school sponsor does not require approval from the education authorities;

(v) since the Sino-Foreign Regulations became effective on 1 September 2003, no Sino-Foreign Joint Venture Private School has been approved in Sichuan Province and the approval process for Sino-Foreign Joint Venture Private School in Sichuan Province has been suspended and it is unlikely that there will be any change of such policy within one year from the date of the confirmation given by the officer;

(vi) since the Decision became effective, no detailed rules and regulations with respect to the implementation of the Decision have been promulgated and implemented in Sichuan Province, and it is uncertain when such rules and regulations will be promulgated and implemented; before implementation of such detailed rules and regulations, existing private schools can renew their school sponsor permits upon expiry and continue their operations without amending their articles of association at the current stage; after such detailed rules and regulations have been implemented, private schools shall comply accordingly; and

(vii) we may be able to comply with the Qualification Requirement by expanding our school network in the United States through US Bojun.

In view of the above consultation with the Education Department of the Sichuan Province, our PRC Legal Advisors are of the view that our Group may encounter practical difficulties in applying for reorganizing any of our kindergartens and high schools as a Sino-Foreign Joint Venture Private School in Sichuan Province as there are uncertainties as to how the Sichuan governmental authorities will implement the Qualification Requirement for the following reasons:

(i) the Sichuan governmental authority has not set any specific standard relating to the Qualification Requirement;

(ii) it is currently uncertain as to what specific qualification that a foreign investor should possess (such as length of experience and form and extent of ownership in the foreign jurisdiction) in order to demonstrate to the relevant educational authority in the PRC that it satisfies the Qualification Requirement.

(iii) as mentioned above, since the Sino-Foreign Regulations became effective on 1 September 2003, no Sino-Foreign Joint Venture Private School has been approved in Sichuan Province and the approval process for Sino-Foreign Joint Venture Private School in Sichuan Province has been suspended and it is unlikely that there will be any change of such policy within one year from the date of the above confirmation.

Notwithstanding the above uncertainties, we are committed to working towards meeting the Qualification Requirement and we have adopted a specific plan and will continue to expend genuine efforts and financial resources to do so. The steps taken by the Group is disclosed in details in the paragraph headed "Structured Contracts — Plan to Comply with the Qualification Requirement" in this prospectus. With a view to unwinding the Structured Contracts wholly or partially as and when practicable and permissible under the prevailing PRC laws and regulations, we will make monthly inquiries with the relevant educational authorities following the Listing to understand any regulatory developments, including whether there will be any change in policy for approving Sino-Foreign Joint Venture Private Schools in Sichuan Province, and assess whether we are qualified to meet the Qualification Requirement. In the event that our Group can satisfy the Qualification Requirement or the Qualification Requirement is removed and there is a change in policy, under which Sino-Foreign Joint Venture Private School is approved in Sichuan Province, our Group will unwind the Structured Contracts by following the steps as set out in the paragraph headed "Structured Contracts — Circumstances in which we will unwind the Structured Contracts" below in this prospectus.

Due to the above regulatory restrictions, we do not hold any direct equity interest in our schools but rather control them through the Structured Contracts. Unless the regulatory restrictions are removed in the future, we will also operate the new schools to be established by us in the future through structured contracts. As of the date of this prospectus, we have not encountered any interference or encumbrance from any governing bodies in relation to the adoption of the Structured Contracts and the financial results of our Consolidated Affiliated Entities, which engage in education service, are consolidated to those of our Group. As advised by our PRC Legal Advisors, each of our Consolidated Affiliated Entities has been legally established and the Structured Contracts relating to the operation of preschool, middle school and high school are valid, legal and binding and do not contravene PRC laws and regulations. However, we have not obtained any positive regulatory assurance from relevant PRC regulatory authorities in relation to the use of the Structured Contracts in the education industry. We believe it is impracticable to obtain such assurance as no relevant PRC regulatory authorities have ever issued any regulations, rules or notices prohibiting the use of Structured Contracts in the education industry.

Circumstances in which we will unwind the Structured Contracts

According to the Foreign Investment Catalog, foreign investment may only operate preschools and high schools in the PRC in the form of cooperation between Chinese educational institutions and foreign educational institutions and subject to the Foreign Ownership Restriction and the Foreign Control Restriction, which means foreign investors can only hold less than 50% interest in a Sino-Foreign Joint Venture Private School and not less than 50% of the governing body of the preschool and high school must be appointed by the Chinese investors.

Provided that there is a change in policy under which Sino-Foreign Joint Venture Private School is approved in Sichuan Province, irrespective of whether we can satisfy the Qualification Requirement, we will unwind the Structured Contracts with regards to our preschools and high school as our Group has taken concrete steps which we believe are reasonable and appropriate to demonstrate our compliance with the Qualification Requirement. In particular, in the event that (a) the Foreign Ownership Restriction and the Foreign Control Restriction remain, (b) the Foreign Ownership Restriction remains and the Foreign Control Restriction is removed, or (c) the Foreign Ownership Restriction is removed and the Foreign Control Restriction remains, or (d) both of the Foreign Ownership Restriction and the Foreign Control Restriction are removed, as permitted by the applicable PRC laws and regulations at the relevant time, we intend that:

— in circumstance (a), our Company will partially unwind the Structured Contracts and directly hold equity interest of less than 50% in the relevant school (such as 49.99% equity interest) as our Company or any of its subsidiaries, as a foreign investor, can only hold a portion of the total investment in a Sino-Foreign Joint Venture Private School up to no more than 50%. However, our Company will not be able to control such school without the Structured Contracts in place with respect to the domestic interests. Therefore, if the Foreign Ownership Restriction and the Foreign Control Restriction remain, our Company will still rely on the contractual arrangements to control our schools, regardless of whether the Qualification Requirement is removed or satisfied. Moreover, our Company will also acquire rights to appoint members to the board of directors who together shall constitute less than 50% of board of directors of the relevant school. Therefore, we will then control the voting power of the other members to the board of directors appointed by the domestic interest holder(s) by way of Structured Contracts;

— in circumstance (b), our Company will partially unwind the Structured Contracts and directly hold equity interest of less than 50% in the relevant school (such as 49.99% equity interest) as our Company or any of its subsidiaries, as a foreign investor, can only hold less than 50% of the total investment in a Sino-Foreign Joint Venture Private School. However, our Company will not be able to control such school without the Structured Contracts in place with respect to the domestic interests. Our Company will acquire rights to appoint all members to the board of directors of the school;

— in circumstance (c), notwithstanding we will be able to hold majority interests in Sino-Foreign Joint Venture Private Schools, the Sino-Foreign Regulation still dictates that there be a domestic interest in the school and we are ineligible to operate by ourselves. Under such circumstances, we will acquire rights to appoint members to the board of directors who together shall constitute less than 50% of board of directors of the relevant school. We will then control the voting power of such members appointed by the domestic interest holder(s) by way of the Structured Contracts. Subject to the approval of relevant government authorities, we also plan to hold the maximum percentage of equity interests permissible by the relevant laws and regulations in the relevant schools directly. As for the remaining minority domestic interests which our Company intends to consolidate, we will then control them pursuant to the Structured Contracts; and

— in circumstance (d), our Company is able to operate the schools by ourselves and our Company will fully unwind the Structured Contracts and directly hold all equity interest in the schools. Our Company will also acquire rights to appoint all members to the board of directors of the school.

In addition, Chengdu Bojun has also signed a written undertaking that, if there are changes in applicable PRC laws and regulations and all of the Qualification Requirement, the Foreign Ownership Restriction and the Foreign Control Restriction are removed, Chengdu Bojun will exercise the Equity Call Option (as defined in the paragraph headed "Structured Contracts — Operation of the Structured Contracts — Summary of the material terms of the Structured Contracts — (2) Exclusive Call Option Agreement" in this section) in full to unwind the contractual arrangements so that we are able to operate our schools directly without using the Structured Contracts. For further details, please see "Structured Contracts — Termination of the Structured Contracts" in this prospectus.

Plan to comply with the Qualification Requirement

We have adopted a specific plan and begun to take concrete steps which we reasonably believe are meaningful endeavors to demonstrate compliance with the Qualification Requirement.

As at the Latest Practicable Date, we had taken the following concrete steps to implement our plan. On 19 August 2016, we have formed an operating entity in the United States, US Bojun, which was wholly-owned by Hong Kong Bojun. On 29 January 2018, we, through US Bojun, entered into a memorandum of understanding with the US Partner, which has extensive experience in provision of private education services in the United States, to expand our school network abroad. The US Partner is engaged in the provision of private high school education services in California for grades 9-12 students and is an accredited school of the Western Association of Schools and Colleges. It is also authorized under the US laws to enroll non-immigrant alien students in the United States. Pursuant to the memorandum of understanding, our Group and the US Partner will set up a joint venture which will establish the US School in Los Angeles area. The joint venture will be owned by our Group as to 70% and the US Partner as to 30%. We will provide funding in an amount to be determined at a later date, which would be used for financing the operations and purchase of facilities, and will be involved in designing the education programs to be offered by the US School. The US Partner will, among others, provide management services to the US School, assist our Group in identifying school premises and recruit teachers for the US School. We intend to allocate approximately US$3.2 million for the purpose of establishing the US School, of which approximately US$0.1 million, US$2.2 million and US$0.9 million is expected to be incurred in each of the two years ending 31 August 2018 and 2019 and after 31 August 2019, respectively. We intend to apply approximately RMB10.4 million (equivalent to approximately HK$12.1 million) from the Global Offering (representing approximately 3.0% of the net proceeds from the Global Offering) to finance these capital expenditures and the remainder by equity and/or debt financing and/or our internal funds, as and when we see fit. As of the Latest Practicable Date, we were in the process of identifying a suitable site for the US School.

In addition, we have also engaged counsels in the United States for advice on legal matters relating to the establishment of the US School. For details of the regulatory environment in California for the operation of a private secondary school, please see the section headed "Regulatory Overview — Regulations governing private secondary school in the State of California" in this prospectus.

Based on the consultation with the Education Department of Sichuan Province* (四川教育廳) on 30 January 2018, our PRC Legal Advisors are of the view that the above steps taken by us are reasonable and appropriate for gradually building up a track record in complying with the Qualification Requirements. In the opinion of our PRC Legal Advisors, if the Foreign Ownership Restriction and the Foreign Control Restriction are both removed but the Qualification Requirement remains, we will be able to operate our schools in the PRC directly through the new school operated by US Bojun on the assumption that the new school gains sufficient foreign experience to satisfy the Qualification Requirement and obtains the approval of the relevant education authorities for the establishment of a Sino-Foreign Joint Venture Private School.

We have undertaken to the Stock Exchange that we will:

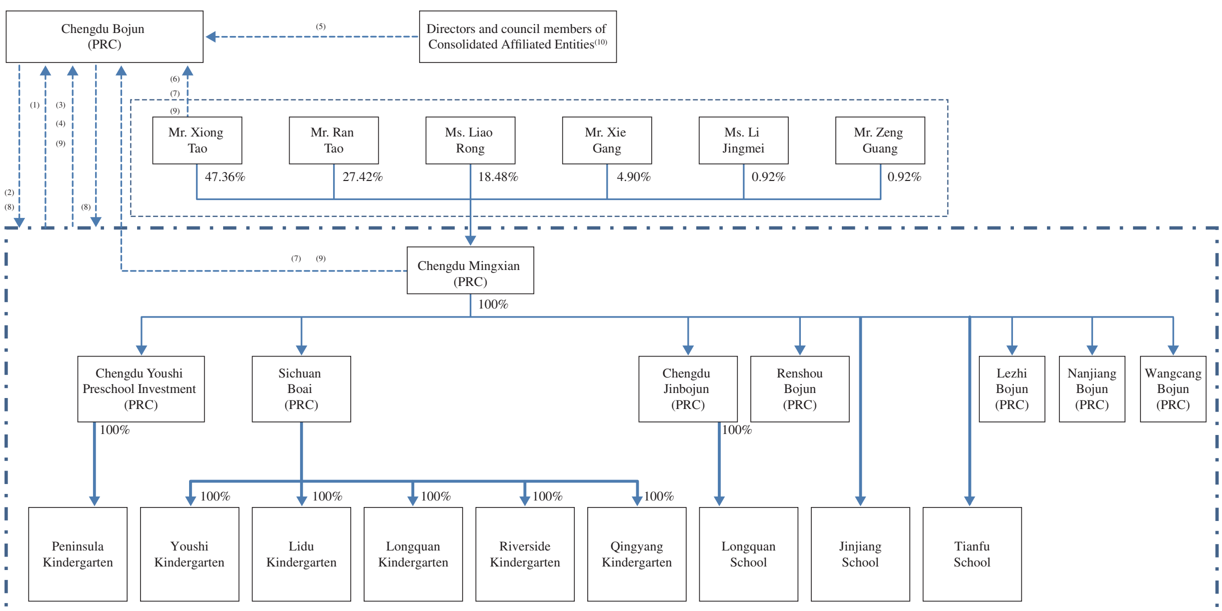
(i) continue to keep ourselves updated with regard to all relevant regulatory developments and guidance relating to the Qualification Requirement under the guidance of our PRC Legal Advisors; and

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

OPERATION OF THE STRUCTURED CONTRACTS

In order to maintain effective control over all of our operations in compliance with the PRC laws and regulations as set out above, our wholly-owned subsidiary, Chengdu Bojun entered into the Structured Contracts with, among others, our Consolidated Affiliated Entities. Pursuant to the Structured Contracts, all economic benefits arising from the business of our Consolidated Affiliated Entities are transferred to Chengdu Bojun to the extent permitted under the PRC laws and regulations by means of services fees payable by our Consolidated Affiliated Entities to Chengdu Bojun.

The following simplified diagram illustrates the flow of economic benefits from our Consolidated Affiliated Entities to our Group under the Structured Contracts:



Notes:

1. Payment of service fees. Please refer to the section headed "Structured Contracts — Operation of the Structured Contracts — Summary of the material terms of the Structured Contracts — (1) Exclusive Business Cooperation Agreement" in this prospectus for details.

2. Provision of exclusive technical and management consultancy services. Please refer to the section headed "Structured Contracts — Operation of the Structured Contracts — Summary of the material terms of the Structured Contracts — (1) Exclusive Business Cooperation Agreement" in this prospectus for details.

3. Exclusive call option to acquire all or part of the equity interest in our School Sponsors and their school sponsor's interest in our PRC Operating Schools (where applicable). Please refer to the section headed "Structured Contracts — Operation of the Structured Contracts — Summary of the material terms of the Structured Contracts — (2) Exclusive Call Option Agreement" in this prospectus for further details.

4. Entrustment of school sponsors' rights in our PRC Operating Schools by our School Sponsors including school sponsors' powers of attorney. Please refer to the section headed "Structured Contracts — Operation of the Structured Contracts — Summary of the material terms of the Structured Contracts — (3) School Sponsors' and Directors' (Council Members') Rights Entrustment Agreement" and "Structured Contracts — Operation of the Structured Contracts — Summary of the material terms of the Structured Contracts — (4) School Sponsors' Powers of Attorney" in this prospectus for further details.

5. Entrustment of directors and council members' rights in our PRC Operating Schools by directors and council members of our PRC Operating Schools appointed by Chengdu Mingxian, Chengdu Youshi Preschool Investment, Sichuan Boai and Chengdu Jinbojun including directors' (council members') powers of attorney. Please refer to the section headed "Structured Contracts — Operation of the Structured Contracts — Summary of the material terms of the Structured Contracts — (3) School Sponsors' and Directors' (Council Members') Rights Entrustment Agreement" and "Structured Contracts — Operation of the Structured Contracts — Summary of the material terms of the Structured Contracts — (5) Directors' (Council Members') Powers of Attorney" in this prospectus for further details.

6. Spouse undertakings by the respective spouse of the Registered Shareholders, who are shareholders of Chengdu Mingxian. Please refer to the section headed "Structured Contracts — Operation of the Structured Contracts — Summary of the material terms of the Structured Contracts — (6) Spouse Undertakings" in this prospectus for further details.

7. Pledge of equity interest by the Registered Shareholders of their equity interest in Chengdu Mingxian, and pledge of equity interest by Chengdu Mingxian of its equity interest in Chengdu Youshi Preschool Investment, Sichuan Boai, Chengdu Jinbojun, Renshou Bojun, Lezhi Bojun, Nanjiang Bojun and Wangcang Bojun. Please refer to the section headed "Structured Contracts — Operation of the Structured Contracts — Summary of the material terms of the Structured Contracts — (7) Equity Pledge Agreement" in this prospectus for further details.

8. Provision of loans by Chengdu Bojun to our Consolidated Affiliated Entities for the operations of our Consolidated Affiliated Entities. Please refer to the section headed "Structured Contracts — Operation of the Structured Contracts — Summary of the material terms of the Structured Contracts — (8) Loan Agreement" of this prospectus for further details.

9. Entrustment of shareholders' rights in our School Sponsors by the Registered Shareholders and Chengdu Mingxian including shareholders' powers of attorney. Please refer to the section headed "Structured Contracts — Operation of the Structured Contracts — Summary of the material terms of the Structured Contracts — (9) Shareholders' Rights Entrustment Agreement and Shareholders' Powers of Attorney" of this prospectus for further details.

10. Directors and council members of our PRC Operating Schools as appointed by Chengdu Mingxian, Chengdu Youshi Preschool Investment, Sichuan Boai or Chengdu Jinbojun.

11. 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." Please refer to the section headed "Regulatory Overview" in this prospectus for details.

12. "————————" denotes direct legal and beneficial ownership in the equity interest.

13. "━━━━━━━━" denotes school sponsor's interest.

14. "-------------" denotes Structured Contracts.

15. "▬ · ▬ ·" denotes our Consolidated Affiliated Entities.

Summary of the material terms of the Structured Contracts

A description of each of the specific agreements that comprise the Structured Contracts is set out below.

(1) Exclusive Business Cooperation Agreement

Pursuant to the Exclusive Business Cooperation Agreement, Chengdu Bojun agreed to provide exclusive technical service, management support and consulting service necessary for the education business to our Consolidated Affiliated Entities which, shall in return make payments to Chengdu Bojun in accordance with the Structured Contracts.

The exclusive technical services to be provided by Chengdu Bojun to our Consolidated Affiliated Entities include: (a) design, development, update and maintenance of educational software for computer and mobile devices; (b) design, development, update and maintenance of webpages and websites necessary for the education activities of our Consolidated Affiliated Entities; (c) design, development, update and maintenance of management information systems necessary for the education consultation and education activities of our Consolidated Affiliated Entities; (d) provision of other technical support necessary for the education activities of our Consolidated Affiliated Entities; (e) provision of technical consulting services; (f) assist our Consolidated Affiliated Entities to formulate employee training and development programs; (g) engaging technical staff to provide on-site technical support (if necessary); (h) provision of service for applying relevant permit for software, domain, trademark and professional technique of our Consolidated Affiliated Entities and (i) providing other services agreed by Chengdu Bojun and the Consolidated affiliated entities based on the actual need of the business and service capacity from time to time.

The exclusive management support and consulting services to be provided by Chengdu Bojun to our Consolidated Affiliated Entities include: (a) design of curriculum; (b) preparation, selection and/or recommendation of course materials; (c) provision of teacher and staff recruitment and training support and services; (d) provision of student recruitment services and support; (e) provision of public relation services; (f) formulation of long term strategic development plans and annual working plans; (g) formulation of management mode, business plans and market development plans; (h) development of financial management systems and recommendation and optimization on annual budget; (i) advising on design of internal structures and internal management system of our Consolidated Affiliated Entities; (j) provision of management and consultancy training for executive staff; (k) conduct of market survey and research, and advising on market information and business development; (l) formulation of regional and national market development plan; (m) assisting our Consolidated Affiliated Entities in building of education management network and improving management of business operation; (n) assisting in building online and offline marketing network; (o) providing management and consultancy services in respect of daily operations, finance, investment, assets, liabilities and debt, human resources, internal informatization and other management and consultancy services; (p) assisting our Consolidated Affiliated Entities and their subsidiaries to find suitable financing channels where fund is required in the operation of our Consolidated Affiliated Entities; (q) assisting our Consolidated Affiliated Entities to formulate programs to maintain relationships with their suppliers, customers, cooperation partners and students, and assisting to maintain such relationships; (r) advising and providing recommendations on asset and business operating of our Consolidated Affiliated Entities; (s) advising and providing recommendations to negotiate, sign and perform the material contracts of our Consolidated Affiliated Entities and (t) providing other technical services reasonably requested by our Consolidated Affiliated Entities.

Pursuant to the Exclusive Business Cooperation Agreement, in consideration of the technical and management consultancy services provided by Chengdu Bojun, each of our Consolidated Affiliated Entities agreed to pay Chengdu Bojun a service fee equal to all of their respective amount of net profit (after deduction of all costs, expenses, taxes, losses from the previous year (if required by the law) and the statutory development fund of the respective school (if required by the law)). The statutory development fund is included as statutory surplus reserve at our Group's level and retained at schools' level. Chengdu Bojun has the right (but not the obligation) to adjust the amount of such service fee by reference to the actual services provided and the actual business operations and needs of our Consolidated Affiliated Entities, provided that any adjusted amount shall not exceed the amount mentioned above. Our Consolidated Affiliated Entities do not have any right to make any such adjustment.

To ensure the due performance of the Structured Contracts, each of our Consolidated Affiliated Entities agreed to comply with, and procure its subordinate enterprises, units and legal entities established from time to time (including its subsidiaries, branches and other entities) to comply with, and the Registered Shareholders agreed to procure our Consolidated Affiliated Entities to comply with the following obligations as prescribed under the Exclusive Business Cooperation Agreement:

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

(b) to prepare school development plans and annual working plans according to the instructions of Chengdu Bojun;

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

(d) to carry out and manage its daily operations and financial management according to the recommendations, advice, principles and other business instructions of Chengdu Bojun;

(e) to execute and act upon recommendations of Chengdu Bojun in relation to employment and removal of senior management and staff;

(f) to adopt the advice, guidance and plans provided by Chengdu Bojun in relation to strategic development; and

(g) to continuously carry out its business operations and maintain and renew its respective necessary licenses for the purpose of business development.

In addition, pursuant to the Exclusive Business Cooperation Agreement:

(a) the Registered Shareholders individually and jointly undertake to Chengdu Bojun that, in the event of death, loss of or restriction on capacity, divorce or other circumstances which may affect the exercise of their equity interest in our School Sponsors, they shall have made all necessary arrangement and signed all necessary documents such that their respective successor, guardian, spouse, and any other person which may as a result of the above events obtain the equity interest or relevant rights shall not prejudice or hinder the performance of the Structured Contracts;

(b) the Registered Shareholders and our Consolidated Affiliated Entities undertake to Chengdu Bojun that, in the event of (i) merger and subdivision of our School Sponsors, (ii) presentation by our School Sponsors or (iii) our School Sponsors being presented any application for winding up, liquidation, winding up restructuring or reconciliation, dissolution and liquidation of them pursuant to an order, (iv) application for involuntary dissolution of our School Sponsors, (v) the winding up or liquidation of our School Sponsors for any other reasons, or (vi) other circumstances which may affect our School Sponsors in exercising their school sponsor's interest in our PRC Operating Schools, they shall have made all necessary arrangement and signed all necessary document such that the successor, administrator, liquidation committee and any other person which may as a result of the above events obtain the school sponsor's interest or relevant rights in our Consolidated Affiliated Entities shall not prejudice or hinder the performance of the Structured Contracts;

(c) the Registered Shareholders and our Consolidated Affiliated Entities undertake that, in the event of dissolution or liquidation of our Consolidated Affiliated Entities, (i) Chengdu Bojun and/or its authorized person shall have the right to exercise all shareholder's and school sponsor's right on behalf of the Registered Shareholders and/or our School Sponsors; (ii) the Registered Shareholders and our School Sponsors shall transfer all assets received or receivable in their capacity as shareholders of our School Sponsors and/or school sponsors of our PRC Operating Schools as a result of the dissolution or liquidation of our School Sponsors and/or our PRC Operating Schools to Chengdu Bojun or other persons designated by us at nil consideration, and instruct the liquidation team of all of our Consolidated Affiliated Entities to transfer such assets directly to Chengdu Bojun and/or other persons designated by us; (iii) if consideration is required for such transfer under the then applicable PRC laws, the Registered Shareholders and our School Sponsors shall compensate Chengdu Bojun or other persons designated by us an equivalent amount in a reasonable manner and guarantee that Chengdu Bojun or other persons designated by us shall not pay any fee or suffer any loss as a result of such transfer; and

(d) (i) no distribution of bonus, dividend, interests, benefits or other payments shall be made by our School Sponsors to the Registered Shareholders by any means without the prior written consent of Chengdu Bojun. In the event that the Registered Shareholders as shareholders of our School Sponsors receive any bonus, dividend or other interests or benefits (regardless of the actual form of the benefits) or amount from our School Sponsors, the Registered Shareholders shall unconditionally and without compensation transfer such amount to a specific account designated by Chengdu Bojun once such amount is received according to the instructions of Chengdu Bojun as security for performance of obligation under the Structured Contracts and repayment of debt; and (ii) no distribution of bonus, dividend, interests, benefits or other payments shall be made by our PRC Operating Schools to our School Sponsors directly or indirectly by any means. In the event that our School Sponsors as school sponsors of our PRC Operating Schools receive any return, interests, benefits (regardless of the actual form of the benefits) or amount from our PRC Operating Schools, our School Sponsors shall unconditionally and without compensation transfer such amount to a specific account designated by Chengdu Bojun once such amount is received according to the instructions of Chengdu Bojun as security for performance of obligation under the Structured Contracts and repayment of debt.

In order to prevent the leakage of assets and values of our Consolidated Affiliated Entities, the Registered Shareholders and each of our Consolidated Affiliated Entities have undertaken that, without prior written consent of Chengdu Bojun or its designated party, they shall not conduct or cause to conduct any activity or transaction which may have actual impact (i) on the assets, business, staff, rights, obligations or operations of our Consolidated Affiliated Entities or (ii) on the ability of the Registered Shareholders and each of our Consolidated Affiliated Entities to perform their obligations under the Structured Contracts. Such activities and transactions include:

(a) establishment or acquisition of any subordinate enterprise, unit or legal entity by our Consolidated Affiliated Entities, including but not limited to subsidiaries, branches and private non-enterprise entities;

(b) carry out any activity by any of our Consolidated Affiliated Entities or their subordinate enterprises, units or legal entities which are outside their ordinary scope of business (i.e. the business of providing preschool education, full-time ordinary middle school education and full-time ordinary high school education (as the case may be)) or change the mode of operations of our Consolidated Affiliated Entities subordinate enterprises, units or legal entities;

(c) consolidation, subdivision, change of form of corporate organization, dissolution or liquidation of our Consolidated Affiliated Entities or their subordinate enterprises, units or legal entities;

(d) providing any loan or guarantee in respect of any debt of, or succeeding or obtaining any debt from, or borrowing any money from our Consolidated Affiliated Entities by the Registered Shareholders;

(e) providing any loan or guarantee in respect of any debt of, or succeeding or obtaining any debt from, or borrowing any money from any third party by our Consolidated Affiliated Entities or their subordinate enterprises, units or legal entities, except such transaction relates to the business of providing preschool education, full-time ordinary middle school education and full-time ordinary high school education (as the case may be) by our Consolidated Affiliated Entities or their subordinate enterprises, units or legal entities and the amount of debt involved in each transaction is less than RMB100,000 and the aggregate amount of debt involved in all transactions is less than RMB300,000 within a financial year;

(f) change or removal of any director, supervisor or senior management of any of our Consolidated Affiliated Entities or their subordinate enterprises, units or legal entities, increase or reduce their salaries and benefits, or change of their employment terms and conditions by our Consolidated Affiliated Entities;

(g) sale, transfer, lending or authorizing the use or disposal of any assets or rights of any of our Consolidated Affiliated Entities or their subordinate enterprises, units or legal entities to any third party other than Chengdu Bojun or its designated party, or purchase from any third party any assets or rights, except the disposal or purchase of asset relates to the business of providing preschool education, full-time ordinary middle school education and full-time ordinary high school education (as the case may be) by our Consolidated Affiliated Entities and the amount of each transaction is less than RMB100,000 and the aggregate amount of all transactions is less than RMB300,000 within a financial year;

(h) sale of any equity or school sponsor interests in our Consolidated Affiliated Entities or their subordinate enterprises, units or legal entities to any third party other than Chengdu Bojun or its designated party, or increase or decrease of the registered capital or change of the structure of the equity or school sponsor's interest of our Consolidated Affiliated Entities or their subordinate enterprises, units or legal entities;

(i) providing security over equity interest and/or school sponsor's interest in or assets or rights of our Consolidated Affiliated Entities or their subordinate enterprises, units or legal entities or cause our Consolidated Affiliated Entities or their subordinate enterprises, units or legal entities to provide any other forms of guarantee to any third parties other than to Chengdu Bojun or its designated party or creating encumbrance over equity interest and/or school sponsor's interest in or assets of our Consolidated Affiliated Entities or their subordinate enterprises, units or legal entities;

(j) altering, amending or revoking any permits of our Consolidated Affiliated Entities or their subordinate enterprises, units or legal entities;

(k) amending any articles of association or scope of business or mode of operation of our Consolidated Affiliated Entities or their subordinate enterprises, units or legal entities;

(l) changing any normal business procedures or amending any internal procedures and system of our Consolidated Affiliated Entities or their subordinate enterprises, units or legal entities, including but not limited to finance management system and job duties of directors, supervisors, managers or other executives;

(m) conducting any transaction or entering into any business contracts with a third party by our Consolidated Affiliated Entities or their subordinate enterprises, units or legal entities which are not relevant to the business of providing preschool education, full-time ordinary middle school education and full-time ordinary high school education (as the case may be) except according to the plan or suggestion given by Chengdu Bojun or us;

(n) (i) distribution of bonus, dividend, interests, benefits or other payments by our School Sponsors to the Registered Shareholders by any means without the prior written consent of Chengdu Bojun. In the event that the Registered Shareholders as shareholders of our School Sponsors receive any bonus, dividend or other interests or benefits (regardless of the actual form of the benefits) or amount from our School Sponsors, the Registered Shareholders shall unconditionally and without compensation transfer such amount to a specific account designated by Chengdu Bojun once such amount is received according to the instructions of Chengdu Bojun as security for performance of obligation under the Structured Contracts and repayment of debt; and (ii) distribution of bonus, dividend, interests, benefits or other payments by our PRC Operating Schools to our School Sponsors directly or indirectly by any means. In the event that our School Sponsors as school sponsors of our Consolidated Affiliated Entities receive any return, interests, benefits (regardless of the actual form of the benefits) or amount from our PRC Operating Schools, our School Sponsors shall unconditionally and without compensation transfer such amount to a specific account designated by Chengdu Bojun once such amount is received according to the instructions of Chengdu Bojun as security for performance of obligation under the Structured Contracts and repayment of debt;

(o) carrying out any activity which has or may have an adverse effect on the daily operations, financial position, business or assets of any of our Consolidated Affiliated Entities or their subordinate enterprises, units or legal entities or their ability to make any payment;

(p) entering into any transaction which has or may have an adverse effect on the transactions or cooperation carried out by the Registered Shareholders and our Consolidated Affiliated Entities or their subordinate enterprises, units or legal entities according to the Structured Contracts by our Consolidated Affiliated Entities and the Registered Shareholders; and

(q) transfer of his/her/its rights and obligations under the Structured Contracts to any third party other than Chengdu Bojun or its designated party, or establishment and commencement of any cooperation or business relationship which is same as or similar to that under the Structured Contracts with any third party by the Registered Shareholders and any of our Consolidated Affiliated Entities or their subordinate enterprises, units or legal entities.

Pursuant to the Exclusive Business Cooperation Agreement, unless otherwise prescribed under the PRC laws, Chengdu Bojun shall have exclusive proprietary rights to any technology, intellectual property developed and materials prepared in the course of the provision of research and development, technical support and services by Chengdu Bojun to our Consolidated Affiliated Entities, and any intellectual property in the products developed, including any other rights derived thereunder, in the course of the performance of obligations under the Exclusive Business Cooperation Agreement and/or any other agreements entered into between Chengdu Bojun and other parties.

Each of our School Sponsors has confirmed with us that, as at the Latest Practicable Date, (i) it had not engaged in any business other than acting as school sponsor of our relevant PRC Operating School (except for Renshou Bojun, Lezhi Bojun, Nanjiang Bojun and Wangcang Bojun which have confirmed with us that they were not engaged in any business); and (ii) they did not have any significant encumbrances or obligations or was involved in claims or litigation that might adversely affect their financial position and the fair value of the equity interests in them. Further, during the Track Record Period, no services were provided by our School Sponsors to our PRC Operating Schools and no remuneration of any employees, directors and council member of our PRC Operating Schools or other expenditures of our PRC Operating Schools were paid by our School Sponsors on behalf of our PRC Operating Schools.

In addition, each of the Registered Shareholders irrevocably undertakes (severally and jointly) to Chengdu Bojun that, unless with its written waiver, the Registered Shareholders shall not (i) directly or indirectly invest, operate, engage, participate in, conduct, acquire or hold any business or activities, which compete or may potentially compete with the business of Chengdu Bojun, our Company, our Consolidated Affiliated Entities or their respective subordinate enterprises, units or legal entities, within or outside of the PRC, whether independently or with other party or as a representative of other party ("**Competing Business**") or have any interest in the Competing Business, (ii) use information obtained from any of our Consolidated Affiliated Entities or their respective subordinate enterprises, units or legal entities for the Competing Business, (iii) obtain any benefit from any Competing Business, and (iv) procure our Consolidated Affiliated Entities to engage in any other businesses. The Registered Shareholders further consent and agree that, in the event that the Registered Shareholders (severally and jointly) directly or indirectly engage, participate in or conduct any Competing Business, Chengdu Bojun and/or other entities as designated by us shall be granted an option to (i) require the entity engaging in the Competing Business to enter into an arrangement similar to that of the Structured Contracts; or (ii) require the entity engaging in the Competing Business to cease operation of the Competing Business within a reasonable time.

(2) Exclusive Call Option Agreement

Pursuant to the Exclusive Call Option Agreement, the Registered Shareholders and our School Sponsors have irrevocably granted Chengdu Bojun or its designated purchaser an exclusive option to purchase all or part of the equity interest in our School Sponsors and their school sponsor's interest in our PRC Operating Schools (where applicable) (the "**Interest**") (the "**Equity Call Option**"). In relation to the transfer of the Interest upon exercise of the Equity Call Option, the purchase price payable by Chengdu Bojun shall be the lowest price permitted under the PRC laws and regulations. Chengdu Bojun or its designated purchaser shall have the right to purchase such proportion of the equity interest and/or school sponsor's interest in our Consolidated Affiliated Entities as it decides at any time.

If Chengdu Bojun is allowed to directly hold all or part of the equity interest and/or school sponsor's interest in our Consolidated Affiliated Entities and operate private education business in the PRC under the PRC laws and regulations, Chengdu Bojun shall issue the notice of exercise of the Equity Call Option as soon as practicable, and the percentage of equity interest and/or sponsor's interest purchased upon exercise of the Equity Call Option shall not be lower than the maximum percentage then allowed to be held by Chengdu Bojun or us under the PRC laws and regulations (as the case may be).

Our School Sponsors have further undertaken to Chengdu Bojun that they:

(a) shall not sell, assign, transfer or otherwise dispose of or create encumbrance over their Interest in our School Sponsors/PRC Operating Schools without prior written consent of Chengdu Bojun;

(b) shall not increase or reduce or agree to the increase or reduction of capital investment in our School Sponsors/PRC Operating Schools without prior written consent of Chengdu Bojun;

(c) shall not agree to or procure our School Sponsors/PRC Operating Schools to divide into or merge with other entities without prior written consent of Chengdu Bojun;

(d) shall not sell, transfer, lend or authorize a third party to use or dispose by any means the assets or rights of any of our Consolidated Affiliated Entities or their subordinate enterprises, units or legal entities, including but not limited to domain names, trademarks, intellectual property, know-how, or purchase any assets or rights from a third party, except such purchase relates to the business of providing preschool education, full-time ordinary middle school education and full-time ordinary high school education (as the case may be) by our Consolidated Affiliated Entities and the amount of each transaction is less than RMB100,000 and the aggregate amount of all transactions is less than RMB300,000 within a financial year;

(e) shall not terminate or procure the management of any of our Consolidated Affiliated Entities to terminate any material contract (which includes any agreement under which the amount involved exceeds RMB100,000, the Structured Contracts and any agreement of similar nature or content to the Structured Contracts) or enter into any other contracts which may be in conflict with such material contracts without prior written consent of Chengdu Bojun and, if any contract to be terminated or entered into by our Consolidated Affiliated Entities, when aggregated with all other contracts terminated or entered into (as the case may be) by our Consolidated Affiliated Entities within the same financial year, involves a total consideration or value of RMB300,000 or above, then prior written consent of Chengdu Bojun shall be obtained prior to the termination of or entering into such contract;

(f) shall not procure any of our Consolidated Affiliated Entities to enter into any transactions which may have an adverse impact on the assets, liabilities, operations, equity structures or other legal rights of our Consolidated Affiliated Entities without prior written consent of Chengdu Bojun, if any transaction to be entered into by our Consolidated Affiliated Entities, where aggregated with all other transactions entered into by our Consolidated Affiliated Entities within the same financial year, involves a total consideration or value of RMB300,000 or above, then prior written consent of Chengdu Bojun shall be obtained prior the entering into of such transaction;

(g) shall not agree to or procure any of our Consolidated Affiliated Entities to declare or in substance distribute any distributable bonus or dividend or agree to such distribution without prior written consent of Chengdu Bojun;

(h) shall not agree to or procure any of our Consolidated Affiliated Entities to amend its articles of association, scope of business or mode of operation without prior written consent of Chengdu Bojun;

(i) shall ensure that, except for the loans and guarantees that existed as of the date of the Structured Contracts (and the renewal of such loans and guarantees shall be subject to the prior written consent of Chengdu Bojun), any of our Consolidated Affiliated Entities does not provide or obtain loans or provide any guarantees or otherwise undertake any other action to guarantee, except such loans or guarantees relates to the business of providing preschool education, full-time ordinary middle school education and full-time ordinary high school education (as the case may be) by our Consolidated Affiliated Entities and the amount of each transaction is less than RMB100,000 and the aggregate amount of all transactions is less than RMB300,000 within a financial year, or undertake any material obligations (including obligations under which the amount payable by our Consolidated Affiliated Entities for each transaction exceeds RMB100,000, obligations which restrict or hinder the due performance of obligations under the Structured Contracts by our Consolidated Affiliated Entities, obligations which restrict or prohibit the financial or business operations of our Consolidated Affiliated Entities, or any obligations which may result in change of the structure of the Interest) outside the business of providing preschool education, full-time ordinary middle school education and full-time ordinary high school education (as the case maybe) by our Consolidated Affiliated Entities without prior written consent of Chengdu Bojun and, if the undertaking of any obligation, when aggregated with all other obligations undertaken within the same financial year, gives rise to a total amount of RMB300,000 or above payable by our Consolidated Affiliated Entities, then prior written consent of Chengdu Bojun shall be obtained prior to the undertaking of such obligation;

(j) shall use their best endeavors to develop the business of our Consolidated Affiliated Entities and ensure our Consolidated Affiliated Entities are in compliance with the PRC laws and regulations, and shall not take or fail to take any action which may prejudice the assets, goodwill or the effectiveness of operational licenses of our Consolidated Affiliated Entities;

(k) shall, prior to the transfer of the Interest to Chengdu Bojun or its designated purchaser and without prejudice to the School Sponsors' and Directors' (Council Members') Rights Entrustment Agreement and the Shareholders' Rights Entrustment Agreement, execute all documents necessary for holding and maintaining the ownership of its Interest;

(l) shall sign all documents and take all necessary actions to facilitate transfer of the Interest to Chengdu Bojun or its designated purchaser;

(m) shall take all such actions to facilitate the performance of the obligations of our Consolidated Affiliated Entities under the Exclusive Call Option Agreement if such performance requires any action to be taken by our Schools Sponsors;

(n) shall, in their capacity as school sponsors of our PRC Operating Schools and without prejudice to the Structured Contracts, procure directors nominated by them to exercise all rights to enable any of our Consolidated Affiliated Entities to perform its rights and obligations under the Exclusive Call Option Agreement, and shall replace any director who fails to do so; and

(o) in the event that the consideration paid by Chengdu Bojun or its designated purchaser for the transfer of all or part of the interest in our Consolidated Affiliated Entities exceeds RMB0, shall pay such excess amount to Chengdu Bojun or its designated entity.

(3) School Sponsors' and Directors' (Council Members') Rights Entrustment Agreement

According to the School Sponsors' and Directors' (Council Members') Rights Entrustment Agreement, each of our School Sponsors has irrevocably authorized and entrusted Chengdu Bojun or its designated party to exercise all its rights as school sponsor of the relevant PRC Operating School to the extent permitted by the PRC laws. These rights include, but are not limited to:

(a) the right to appoint and/or elect directors or council members of the schools;

(b) the right to appoint and/or elect supervisors of the schools;

(c) the right to understand the operation and financial status of the schools;

(d) the right to review the resolutions and records of the board of directors and financial statements and reports of the schools;

(e) the right to obtain reasonable return as school sponsor of the schools in accordance with the laws;

(f) the right to acquire residue assets upon liquidation of the schools in accordance with the laws;

(g) the right to transfer school sponsors' interest in accordance with the laws; and

(h) other school sponsor's rights pursuant to applicable PRC laws and regulations and the articles of association of our Consolidated Affiliated Entities as amended from time to time.

Pursuant to the School Sponsors' and Directors' (Council Members') Rights Entrustment Agreement, each of Mr. Xiong Tao, Mr. Ran Tao, Ms. Liao Rong, Mr. Xie Gang, Gong Yahong (龔亞虹), Li Junfeng (李俊鋒), Liu Xiaoguang (劉曉光), Tian Xiaogang (田曉崗), Huang Xue (黃雪), Xiong Yueyao (熊月遙), Liao Hong (廖紅), Liu Jing (劉靜), Ai Bingyu (艾冰玉), Gao Wengju (高文菊), Jiang Hong (蔣紅), Fang Jia (方佳) and Huang Mingyong (黃明勇) (the "**Appointees**") has irrevocably authorized and entrusted Chengdu Bojun to exercise all his/her rights as directors and/or council members of our relevant PRC Operating School as appointed by Chengdu Mingxian, Chengdu Youshi Preschool Investment, Chengdu Jinbojun or Sichuan Boai and to the extent permitted by the PRC laws. These rights include, but are not limited to:

(a) the right to attend meetings of the board of directors as representative of the directors or meetings of council as representative of the council members appointed by Chengdu Mingxian, Chengdu Youshi Preschool Investment, Chengdu Jinbojun or Sichuan Boai;

(b) the right to exercise voting rights in respect of all matters discussed and resolved at the board or council meeting of our relevant PRC Operating School;

(c) the right to propose to convene interim board or council meetings of our relevant PRC Operating School;

(d) the right to sign all board minutes, board resolutions and other legal documents which the directors and/or council members appointed by Chengdu Mingxian, Chengdu Youshi Preschool Investment, Chengdu Jinbojun or Sichuan Boai have authority to sign in his/her capacity as directors or council members of our relevant PRC Operating School;

(e) the right to instruct the legal representative and financial and business responsible persons of our relevant PRC Operating School, to act in accordance with the instruction of Chengdu Bojun;

(f) the right to exercise all other rights and voting rights of directors or council members as prescribed under the articles of association of our relevant PRC Operating School;

(g) the right to handle the legal procedures of registration, approval and licensing of our relevant PRC Operating School at the education department, the department of civil affairs or other government regulatory departments; and

(h) other directors' or council members' rights pursuant to applicable PRC laws and regulations and the articles of association of our relevant PRC Operating School as amended from time to time.

In addition, each of our School Sponsors and the Appointees has irrevocably agreed that (i) Chengdu Bojun may, without prior notice to or approval by our School Sponsors and the Appointees, delegate its rights under the School Sponsors' and Directors' (Council Members') Rights Entrustment Agreement to the directors of Chengdu Bojun or its designated party; and (ii) any person as successor of civil rights of Chengdu Bojun or liquidator as a result of subdivision, merger, liquidation of Chengdu Bojun or other circumstances shall have authority to replace Chengdu Bojun to exercise all rights under the School Sponsors' and Directors' (Council Members') Rights Entrustment Agreement.

(4) School Sponsors' Powers of Attorney

Pursuant to the School Sponsors' Powers of Attorney executed by each of our School Sponsors in favor of Chengdu Bojun, each of our School Sponsors authorized and appointed Chengdu Bojun, as its agent to act on its behalf to exercise or delegate the exercise of all its rights as school sponsor of our relevant PRC Operating School. For further information of the rights granted, please refer to "Structured Contracts — Operation of the Structured Contracts — Summary of the material terms of the Structured Contracts — (3) School Sponsors' and Directors' (Council Members') Rights Entrustment Agreement" of this prospectus.

Chengdu Bojun shall have the right to further delegate the rights so delegated to directors of Chengdu Bojun or other designated party. Chengdu Bojun confirms that it will not delegate any of these rights to anyone whose interest would potentially conflict with those of our Company. Our School Sponsors irrevocably agreed that the authorization and appointment in the School Sponsor's Powers of Attorney shall not be invalid, revoked, prejudiced or otherwise adversely affected by reason of the subdivision, merger, winding up, consolidation, liquidation or other similar events of our School Sponsors. The School Sponsors' Power of Attorney shall constitute a part and incorporate terms of the School Sponsors' and Directors' (Council Members') Rights Entrustment Agreement.

(5) Directors' (Council Members') Power of Attorney

Pursuant to the Directors' (Council Members') Powers of Attorney executed by each of the Appointees in favor of Chengdu Bojun, each of the Appointees authorized and appointed Chengdu Bojun, as his/her agent to act on his/her behalf to exercise or delegate the exercise of all his/her rights as directors or council members of our relevant PRC Operating School. For further information of the rights granted, please refer to "Structured Contracts — Operation of the Structured Contracts — Summary of the material terms of the Structured Contracts — (3) School Sponsors' and Directors' (Council Members') Rights Entrustment Agreement" of this prospectus.

Chengdu Bojun shall have the right to further delegate the rights so delegated to directors of Chengdu Bojun or other designated party. Chengdu Bojun confirms that it will not delegate any of these rights to anyone whose interest would potentially conflict with those of our Company. Each of the Appointees irrevocably agreed that the authorization and appointment in the Directors' (Council Members') Powers of Attorney shall not be invalid, revoked prejudiced or otherwise adversely affected by reason of his/her loss of or restriction on capacity, death or other similar events. The Directors' (Council Members') Power of Attorney shall constitute a part and incorporate terms of the School Sponsors' and Directors' (Council Members') Rights Entrustment Agreement.

(6) Spouse Undertakings

Pursuant to the Spouse Undertakings, the respective spouse of each of the Registered Shareholders (if any) has irrevocably undertaken that:

(a) the spouse has full knowledge of and has consented to the entering into of the Structured Contracts by the relevant Registered Shareholder, and in particular, the arrangement as set out in the Structured Contracts regarding the restrictions imposed on, pledge, transfer or the disposal of the equity interest in our School Sponsors in any other forms;

(b) the spouse has not, is not and shall not in the future participate in the operation, management, liquidation, dissolution and other matters in relation to our Consolidated Affiliated Entities (except for Mr. Xiong Tao and Ms. Liao Rong);

(c) the spouse authorizes the respective Registered Shareholder and/or his/her authorized person to execute all necessary documents and perform all necessary procedures from time to time for and on behalf of the spouse in relation to the spouse's equity interest in our School Sponsors in order to safeguard the interest of Chengdu Bojun under the Structured Contracts and give effect to the fundamental purposes of the Structured Contacts, and confirms and agrees to all such documents and procedures;

(d) any undertaking, confirmation, consent and authorization under the Spouse Undertakings shall not be revoked, prejudiced, invalidated or otherwise adversely affected by any increase, decrease, consolidation or other similar events relating to the equity interest in our School Sponsors;

(e) any undertaking, confirmation, consent and authorization under the Spouse Undertakings shall not be revoked, prejudiced, invalidated or otherwise adversely affected by death, loss of or restriction on capacity of the spouse, divorce or other similar events; and

(f) all undertakings, confirmations, consents and authorizations under the Spouse Undertakings shall continue to be valid and binding until otherwise terminated by both Chengdu Bojun and the spouse in writing.

The Spouse Undertakings shall have the same term as and incorporate the terms of the Exclusive Business Cooperation Agreement.

(7) Equity Pledge Agreement

Pursuant to the Equity Pledge Agreement, each of the Registered Shareholders unconditionally and irrevocably agreed to pledge and grant first priority security interests over all of his/her equity interest in Chengdu Mingxian and Chengdu Mingxian unconditionally and irrevocably agreed to pledge and grant first priority security interests over all of its equity interests in Chengdu Youshi Preschool Investment, Chengdu Jinbojun, Sichuan Boai, Renshou Bojun, Lezhi Bojun, Nanjiang Bojun and Wangcang Bojun together with all related rights thereto to Chengdu Bojun as security for performance of the Structured Contracts and all direct, indirect, consequential damages and foreseeable loss of interest incurred by Chengdu Bojun as a result of any event of default on the part of the Registered Shareholders or each of our Consolidated Affiliated Entities and all expenses incurred by Chengdu Bojun as a result of enforcement of the obligations of the Registered Shareholders and/or each of our Consolidated Affiliated Entities under the Structured Contracts (the "**Secured Indebtedness**"). For further information of our School Sponsors, please refer to the section headed "History and Development — Sponsors of our Schools" in this prospectus.

According to the Equity Pledge Agreement, the Registered Shareholders and Chengdu Mingxian shall not transfer the pledged equity interests or create further pledge or encumbrance over the pledged equity interest without the prior written consent of Chengdu Bojun. Any unauthorized transfer shall be invalid, and the proceeds of any transfer of the equity interest shall be first used in the payment of the Secured Indebtedness or deposited to such third party as agreed to by Chengdu Bojun. The Registered Shareholders and Chengdu Mingxian also waived any pre-emptive rights upon enforcement and agreed to any transfer of the pledged equity pursuant to the Equity Pledge Agreement.

Any of the following events shall constitute an event of default under the Equity Pledge Agreement:

(a) any of the Registered Shareholders or our Consolidated Affiliated Entities commits any breach of any obligations under the Structured Contracts;

(b) any representations or warranties or information provided by any of the Registered Shareholders or our Consolidated Affiliated Entities under the Structured Contracts is proved incorrect or misleading; or

(c) any provision in the Structured Contracts becomes invalid or incapable of performance due to change in PRC laws and regulations or promulgation of new laws and regulations in the PRC, and the parties have not agreed on any alternative arrangement.

Further, the Registered Shareholders and our School Sponsors agreed that upon the occurrence of an event of default as described above, Chengdu Bojun is entitled to enforce the Equity Pledge Agreement by written notice to the Registered Shareholders and Chengdu Mingxian in one or more of the following ways:

(a) to the extent permitted under the PRC laws and regulations, Chengdu Bojun may request the Registered Shareholders and Chengdu Mingxian to transfer all or part of their equity interest in our School Sponsors to Chengdu Bojun and/or any entity or individual designated by Chengdu Bojun at the lowest consideration permissible under the PRC laws and regulations;

(b) sell the pledged equity interest by way of auction or at a discount and have priority in the entitlement to the sales proceeds provided that the Structured Contracts would not be affected;

(c) dispose of the pledged equity interest in other manner according to the PRC laws and regulations.

The pledges over the equity interest in Chengdu Mingxian, Chengdu Youshi Preschool Investment, Chengdu Jinbojun, Sichuan Boai and Renshou Bojun pursuant to the Equity Pledge Agreement were registered with the relevant Administration of Industry and Commerce* (工商行政管理局) of the PRC in September 2016 and became effective on the same date. The pledges over the equity interest in Nanjiang Bojun and Wangcang Bojun have been registered with relevant authority in March 2018 while the pledge over the equity interest in Lezhi Bojun has been registered with the relevant authority in July 2018.

Under the Structured Contracts, there is no equity pledge arrangement between our Company and our School Sponsors over the school sponsor's interest in our PRC Operating Schools held by our School Sponsors (where applicable). As advised by our PRC Legal Advisors, if we were to make an equity pledge arrangement with our School Sponsors by which their school sponsor's interests in each of our PRC Operating Schools (where applicable) are pledged in favor of us, such arrangement would be unenforceable under the PRC laws and regulations since school sponsor's interests in schools are not pledgeable under the PRC laws and any equity pledge arrangements relating to school sponsor's interests in schools cannot be registered with the relevant PRC regulatory authorities.

Nevertheless, in order to further enhance our control over our PRC Operating Schools, we have implemented various measures which shall remain in place before the Structured Contracts being unwound, in particular:

(a) as disclosed above, pursuant to the Exclusive Business Cooperation Agreement, the Registered Shareholders and each of our Consolidated Affiliated Entities have undertaken that, without prior written consent of Chengdu Bojun or its designated party, he/she/it shall not conduct or cause to conduct any activity or transaction which may have an actual impact (i) on the assets, business, staff, obligations, rights or operations of our Consolidated Affiliated Entities or (ii) on the ability of the Registered Shareholders and each of our Consolidated Affiliated Entities to perform the obligations under the Structured Contracts. For further details, please refer to "Structured Contracts — Operation of the Structured Contracts — Summary of the material terms of the Structured Contracts — (1) Exclusive Business Cooperation Agreement" in this prospectus.

(b) as disclosed above, pursuant to the Exclusive Call Option Agreement, our School Sponsors have further undertaken to Chengdu Bojun that, among others, they shall not sell, assign, transfer or otherwise dispose of or create any encumbrance over their school sponsors' interests in any of our PRC Operating Schools without prior written consent of Chengdu Bojun. For further details, please refer to "Structured Contracts — Operation of the Structured Contracts — Summary of the material terms of the Structured Contracts — (2) Exclusive Call Option Agreement" in this prospectus.

(c) pursuant to the Exclusive Business Cooperation Agreement, the company seals (including the common seals, contract seals, financial chops and legal representative chops) of our Consolidated Affiliated Entities shall be kept in the safe custody of the finance department of Chengdu Bojun and cannot be used by the Registered Shareholders or any of our Consolidated Affiliated Entities without our permission. We have also set up lines of authority for using the company seals of our Consolidated Affiliated Entities and the business registration certificates of our School Sponsors such that these company seals and business registration certificates can only be used under direct authorization of our Company or Chengdu Bojun. The PRC Legal Advisors are of the view that such arrangement between the Registered Shareholders, our Consolidated Affiliated Entities and Chengdu Bojun was made on a voluntary basis, and such arrangement does not violate any applicable PRC laws or regulations and is binding upon relevant parties.

(8) Loan Agreement

Pursuant to the Loan Agreement, Chengdu Bojun agreed to provide interest-free loans to our Consolidated Affiliated Entities for their operations. Our School Sponsors also agreed to utilize the proceeds of such loans to contribute as capital of our PRC Operating Schools in their capacity as school sponsors of our PRC Operating Schools in accordance with our instructions as permitted by the PRC laws and regulations. The parties agreed that all such capital contribution can be directly settled by Chengdu Bojun on behalf of our School Sponsors.

The term of the Loan Agreement shall continue until all school sponsor's interest of our PRC Operating Schools are transferred to Chengdu Bojun or its designee and the required registration process has been completed with the relevant local authorities thereafter.

Each loan to be granted under the Loan Agreement will be for an infinite term until termination at the sole discretion of Chengdu Bojun. The loan will become due and payable upon demand of Chengdu Bojun under any of the following circumstances:

(i) the winding-up or liquidation of any of our Consolidated Affiliated Entities;

(ii) any of our Consolidated Affiliated Entities becoming insolvent or incurring any other significant personal debt which may affect its ability to repay the loan under the Loan Agreement, or

(iii) Chengdu Bojun exercising in full its option to purchase all school sponsor's interests to the extent permitted by PRC laws and regulations.

Our PRC Legal Advisors advised us that the interest-free loans granted by Chengdu Bojun to our Consolidated Affiliated Entities are not in violation of the applicable PRC laws and regulations.

(9) Shareholders' Rights Entrustment Agreement and Shareholders' Powers of Attorney

Pursuant to the Shareholders' Rights Entrustment Agreement and the Shareholders' Powers of Attorney, the Registered Shareholders authorized and entrusted Chengdu Bojun as their sole agent and authorized person to exercise, including but not limited to, the following shareholders' rights to which the Registered Shareholders are entitled to in their capacity as the shareholders of our School Sponsors pursuant to the articles of association of our School Sponsors and the PRC Company Law:

(1) as agent of the Registered Shareholders, to convene and attend shareholders' meeting of our School Sponsors pursuant to their articles of association;

(2) to exercise, on behalf of the Registered Shareholders, their shareholder rights in our School Sponsors pursuant their articles of association and the PRC laws, including but not limited to appointing or removing legal representatives, directors, supervisors, general managers and other senior management, deciding on matters relating to increase or decrease of share capital, merger, subdivision, share transfer, amendment of articles of association, business strategy, business plan, financial budget, distribution plan, dissolution or liquidation, designating members of liquidation team and approving liquidation plans and reports;

(3) to exercise shareholder voting rights in accordance with the articles of association of our School Sponsors (including any other voting rights provided in any amended articles of association);

(4) to sell, transfer, pledge or otherwise dispose of all or part of the equity interest of the School Sponsors;

(5) to sign notice of shareholder meetings on behalf of the Registered Shareholders, to keep signed documents (including but not limited to meeting minutes and resolutions), and to submit to the relevant government departments documents relating the approval, registration or filing which is required for the operation of the School Sponsors;

(6) to receive the residual assets and to exercise voting rights on behalf of the registered shareholders of the School Sponsors upon their dissolution or liquidation; and

(7) to exercise any other shareholders' rights as provided by the other applicable PRC laws and the articles of association of the School Sponsors (as amended from time to time).

Moreover, according to the Shareholders' Rights Entrustment Agreement and the Shareholders' Powers of Attorney, the Registered Shareholders and Chengdu Mingxian agreed that Chengdu Bojun is authorized, as the sole agent and authorized person of Chengdu Mingxian, to exercise all of its shareholder's rights (which shall include the shareholders' rights as mentioned above) in Chengdu Youshi Preschool Investment, Chengdu Jinbojun, Sichuan Boai, Renshou Bojun, Lezhi Bojun, Nanjiang Bojun and Wangcang Bojun.

Chengdu Bojun shall have the right to further delegate the rights to its designated party. Chengdu Bojun confirms that it will not delegate any of these rights to anyone whose interest would potentially conflict with those of our Company. The Registered Shareholders irrevocably agreed that the authorization and appointment in the Shareholders' Rights Entrustment Agreement and the Shareholders' Powers of Attorney shall not be invalid, revoked prejudiced or otherwise adversely affected by reason of the subdivision, merger, winding up, consolidation, liquidation or other similar events of the Registered Shareholders or Chengdu Mingxian.

Based on the above arrangements under the Shareholders' Rights Entrustment Agreement and the Shareholders' Powers of Attorney, our Directors believe we can effectively manage our School Sponsors so as to prevent them from carrying out any activities which may have an adverse impact on the fair value of the equity interests in them, their financial conditions and the operation of the Structured Contracts. Notwithstanding that Chengdu Bojun or its designated party is not authorized to exercise certain shareholders' rights to which the Registered Shareholders and Chengdu Mingxian are entitled in their capacity as the shareholders of our School Sponsors under the PRC Company Law, we are still vested with the above mentioned shareholders' rights including but not limited to the right to propose, convene and attend shareholders' meeting of our School Sponsors, sign the minutes of the shareholders' meeting, submit filings with the relevant government authorities and appoint director to each of the board of directors of our School Sponsors.

DISPUTE RESOLUTION

Each of the Structured Contracts provides that:

(a) any dispute, controversy or claim arising out of or in connection with the performance, interpretation, breach, termination or validity of the Structured Contracts shall be resolved through negotiation upon the delivery of a written negotiation request setting out the specific statements of the disputes or claims by one party to the other parties;

(b) if the parties are unable to settle the dispute within 30 days of delivery of such written negotiation request, any party shall have the right to submit such dispute to and have the dispute finally resolved by arbitration administered by the China International Economic and Trade Arbitration Commission in Beijing, the PRC under the prevailing effective arbitration rules thereof. The arbitration ruling shall be final and binding on all relevant parties;

(c) the arbitration commission shall have the right to award remedies over the equity interest and property interest and other assets of each of our Consolidated Affiliated Entities, injunctive relief (for the conduct of business or to compel the transfer of assets), or order the winding up of our Consolidated Affiliated Entities; and

(d) upon request by any party, the courts of competent jurisdictions shall have the power to grant interim remedies in support of the arbitration pending formation of the arbitral tribunal or in appropriate cases. The courts of the PRC, Hong Kong, the Cayman Islands and the place where the principal assets of our Company and our Consolidated Affiliated Entities are located shall be considered as having jurisdiction for the above purposes.

Regarding the dispute resolution methods as set out in the Structured Contracts and the practical consequences, we are advised by our PRC Legal Advisors that:

(a) under the PRC laws, an arbitral body does not have the power to grant any injunctive relief or provisional or final liquidation order for the purpose of protecting assets of or equity interest in our Consolidated Affiliated Entities in case of disputes. As such, these remedies may not be available to our Group under the PRC laws;

(b) further, under the PRC laws, courts or judicial authorities in the PRC generally would not award remedies over the assets of our Consolidated Affiliated Entities, injunctive relief or winding-up of each of our Consolidated Affiliated Entities as interim remedies, before there is any final outcome of arbitration;

(c) however, the PRC laws do not disallow the arbitral body to give award of transfer of assets of or an equity interest in each of our Consolidated Affiliated Entities at the request of arbitration applicant. In the event of non-compliance with such award, enforcement measures may be sought from the court. However, the court may or may not support such award of the arbitral body when deciding whether to take enforcement measures;

(d) in addition, interim remedies or enforcement orders granted by overseas courts such as Hong Kong and the Cayman Islands may not be recognizable or enforceable in the PRC; therefore, in the event we are unable to enforce the Structured Contracts, we may not be able to exert effective control over each of our Consolidated Affiliated Entities, and our ability to conduct our business may be negatively affected; and

(e) even if the above-mentioned provisions may not be enforceable under the PRC laws, the remaining provisions of the dispute resolution clauses are legal, valid and binding on the parties to the agreement under the Structured Contracts.

As a result of the above, if the Registered Shareholders or our Consolidated Affiliated Entities breaches any of the Structured Contracts, we may not be able to obtain sufficient remedies in a timely manner, and our ability to exert effective control over our Consolidated Affiliated Entities and conduct our business could be materially and adversely affected. For further details, please refer to the section headed "Risk Factors — Risks relating to our Structured Contracts" in this prospectus.

PROTECTION IN THE EVENT OF DEATH, BANKRUPTCY OR DIVORCE OF THE REGISTERED SHAREHOLDERS

As mentioned above, according to the Spouse Undertakings, the respective spouse of each of the Registered Shareholders has irrevocably undertaken that, among others, the spouse authorizes the respective Registered Shareholders and/or his/her authorized person to execute all necessary documents and perform all necessary procedures from time to time for and on behalf of the spouse in relation to the spouse's direct or indirect equity interest in our School Sponsors to safeguard the interest of Chengdu Bojun under the Structured Contracts and give effect to the fundamental purposes thereunder, and confirms and agrees to all such documents and procedures and any undertaking, confirmation, consent and authorization under the Spouse Undertakings shall not be revoked, prejudiced, invalidated or otherwise adversely affected by death, loss of or restriction on capacity of the spouse, divorce or other similar events. For further details, please refer to "Structured Contracts — Operation of the Structured Contracts — Summary of the material terms of the Structured Contracts — (6) Spouse Undertakings" in this prospectus.

In addition, as mentioned above, under the Exclusive Business Cooperation Agreement, the Registered Shareholders undertake to Chengdu Bojun that, in the event of death, loss of or restriction on capacity, divorce or other circumstances which may affect the exercise of their equity interest in our School Sponsors, they shall have made all necessary arrangement and sign all necessary documents such that their respective successor, guardian, spouse, and any other person which may as a result of the above events obtain the equity interest or relevant rights shall not prejudice or hinder the enforcement of the Structured Contracts. For further details, please refer to "Structured Contracts — Operation of the Structured Contracts — Summary of the material terms of the Structured Contracts — (1) Exclusive Business Cooperation Agreement" in this prospectus.

PROTECTION IN THE EVENT OF WINDING UP OR LIQUIDATION OF OUR SCHOOL SPONSORS

Pursuant to the Exclusive Business Cooperation Agreement, the Registered Shareholders and our Consolidated Affiliated Entities undertake to Chengdu Bojun that, in the event of (i) merger and subdivision of our School Sponsors, (ii) presentation by our School Sponsors or being presented with any application for winding up liquidation, restructuring or reconciliation, (iii) dissolution and liquidation of our School Sponsors pursuant to an order, (iv) application for involuntary dissolution of our School Sponsors, or (v) the winding up or liquidation of our School Sponsors for any other reasons, or (vi) other circumstances which may affect our School Sponsors in exercising their school sponsor's interest in our PRC Operating Schools (where applicable), they shall have made all necessary arrangement and sign all necessary document such that the successor, administrator, liquidation committee and any other person which may as a result of the above events obtain the school sponsor's interest or relevant rights in our Consolidated Affiliated Entities shall not prejudice or hinder the enforcement of the Structured Contracts. For further details, please refer to "Structured Contracts — Operation of the Structured Contracts — Summary of the material terms of the Structured Contracts — (1) Exclusive Business Cooperation Agreement" in this prospectus.

PROTECTION IN THE EVENT OF DISSOLUTION OR LIQUIDATION OF OUR CONSOLIDATED AFFILIATED ENTITIES

Pursuant to the Exclusive Business Cooperation Agreement, in the event of the dissolution or liquidation of our Consolidated Affiliated Entities, the Registered Shareholders and the Consolidated Affiliated Entities undertake that, among others, (i) Chengdu Bojun and/or its authorized person shall have the right to exercise all shareholder's and school sponsor's right on behalf of the Registered Shareholders and/or our School Sponsors; (ii) the Registered Shareholders and/or our School Sponsors shall transfer all assets received or receivable in its capacity as Shareholders of our School Sponsors and/or school sponsor of each of our PRC Operating Schools as a result of the dissolution or liquidation of our School Sponsors and/or our PRC Operating Schools to Chengdu Bojun or other persons designated by us at nil consideration, and instruct the liquidation team of the relevant Consolidated Affiliated Entities to transfer such assets directly to Chengdu Bojun and/or the person as designated by us; and (iii) if consideration is required for such transfer under the then applicable PRC laws, the Registered Shareholders and our School Sponsors shall compensate Chengdu Bojun or other persons as designated by us an equivalent amount in a reasonable manner and guarantee that Chengdu Bojun or other persons as designated by us shall not pay any fee or suffer any loss as a result of such transfer. For further details, please refer to "Structured Contracts — Operation of the Structured Contracts — Summary of the material terms of the Structured Contracts — (1) Exclusive Business Cooperation Agreement" in this prospectus.

Further, Chengdu Bojun has been irrevocably authorized and entrusted to exercise the rights of our School Sponsors as school sponsors of our PRC Operating Schools and the rights of the Appointees as directors and council members of our Consolidated Affiliated Entities. For further details, please refer to "Structured Contracts — Operation of the Structured Contracts — Summary of material terms of the Structured Contracts — (3) School Sponsors' and Directors' (Council Members') Rights Entrustment Agreement" in this prospectus.

LOSS SHARING

Chengdu Bojun may, but is not obliged to, provide financial support to our Consolidated Affiliated Entities if our Consolidated Affiliated Entities incur any loss or encounters any operational crisis.

None of the agreements constituting the Structured Contracts provides that our Company or its wholly-owned PRC subsidiary, Chengdu Bojun, is obligated to share the losses of our Consolidated Affiliated Entities or provide financial support to our Consolidated Affiliated Entities. Each of our Consolidated Affiliated Entities shall be solely liable for its own debts and losses with assets and properties owned by it.

Under the relevant PRC laws and regulations, neither our Company nor Chengdu Bojun, is expressly required to share the losses of our Consolidated Affiliated Entities or provide financial support to our Consolidated Affiliated Entities. However, given that our Consolidated Affiliated Entities' financial condition and results of operations are consolidated into our Group's financial condition and results of operations under the applicable accounting principles, our Company's business, financial condition and results of operations would be adversely affected if our Consolidated Affiliated Entities suffer losses. Nevertheless, due to the restrictive provisions contained in the Structured Contracts as disclosed in the respective sections headed "Structured Contracts — Operation of the Structured Contracts — Summary of the material terms of the Structured Contracts — (1) Exclusive Business Cooperation Agreement" and "Structured Contracts — Operation of the Structured Contracts — Summary of the material terms of the Structured Contracts — (2) Exclusive Call Option Agreement" above, the potential adverse effect on Chengdu Bojun and our Company in the event of any loss suffered from our Consolidated Affiliated Entities can be limited to a certain extent.

TERMINATION OF THE STRUCTURED CONTRACTS

Each of the Structured Contracts provides that:

(a) each of the Structured Contracts shall be terminated upon the completion of the purchase of all of the equity interest in our School Sponsors and their school sponsor's interest in our PRC Operating Schools (where applicable) by Chengdu Bojun or the other party designated by Chengdu Bojun pursuant to the terms of the Exclusive Call Option Agreement, save for the Equity Pledge Agreement which shall continue to be in force until all obligations thereunder have been performed or all Secured Indebtedness has been repaid in full;

(b) Chengdu Bojun shall have the right to terminate the Structured Contracts by serving prior 30-day notice; and

(c) each of the Registered Shareholders and our Consolidated Affiliated Entities shall not have the right to unilaterally terminate the Structured Contracts in any situation other than prescribed by the laws.

If PRC laws and regulations allow Chengdu Bojun or us to directly hold all or part of the equity interest in our Consolidated Affiliated Entities and operate private education business in the PRC, Chengdu Bojun shall exercise the Equity Call Option as soon as practicable and Chengdu Bojun or its designated party shall purchase such amount of interest to the extent permissible under the PRC laws and regulations. Upon exercise in full of the Equity Call Option and the acquisition of all of the equity interest in our School Sponsors and their school sponsor's interest in our PRC Operating Schools (where applicable) by Chengdu Bojun or the other party designated by Chengdu Bojun pursuant to the terms of the Exclusive Call Option Agreement, each of the Structured Contracts shall be automatically terminated.

INSURANCE

Our Company does not maintain any insurance policy to cover the risks relating to the Structured Contracts.

ARRANGEMENT TO ADDRESS POTENTIAL CONFLICT OF INTEREST

We have made arrangements to address the potential conflicts of interest between our School Sponsors and the Registered Shareholders on the one hand, and our Company on the other hand. Pursuant to the Exclusive Business Cooperation Agreement, each of the Registered Shareholders and our School Sponsors undertakes to Chengdu Bojun that they shall not directly or indirectly engage, participate in, conduct, acquire or hold any Competing Business unless with the prior written consent of Chengdu Bojun and Chengdu Bojun is granted an option to (i) require the entity engaging in the Competing Business to enter into an arrangement similar to that of the Structured Contracts; or (ii) require the entity engaging in the Competing Business to cease operation. For further details, please refer to "Structured Contracts — Operation of the Structured Contracts — Summary of the material terms of the Structured Contracts — (1) Exclusive Business Cooperation Agreement" in this prospectus. Our Directors believe that the measures we have adopted are sufficient to mitigate the risks associated with the potential conflicts of interest between the Registered Shareholders and our School Sponsors on the one hand, and our Company on the other hand.

LEGALITY OF THE STRUCTURED CONTRACTS

PRC legal opinions

Based on the above, our PRC Legal Advisors opine that:

(a) each of our Consolidated Affiliated Entities was duly incorporated and is validly existing, and their respective establishment is valid, effective and complies with the relevant PRC laws and regulations, each of the Registered Shareholders is a natural person with full civil and legal capacity. Each of our Consolidated Affiliated Entities has also obtained all material approvals and finished all registration in compliance with PRC laws and regulations and has the capacity to carry out business operations in accordance with its licenses and approvals;

(b) the Structured Contracts as a whole and each of the agreements comprising the Structured Contracts are legal, valid and binding on the parties thereto, enforceable under PRC laws and regulations, and it is not required to obtain any approvals or authorizations from the PRC governmental authorities for the performance of the Structured Contracts, except that; (i) the

Equity Pledge Agreement is subject to registration requirements with relevant Administration of Industry and Commerce; (ii) the transfer of the school sponsor's interests in our PRC Operating Schools contemplated under the Structured Contracts is subject to applicable approval and/or registration requirements under the then applicable PRC laws; (iii) the transfer of equity interest in our School Sponsors contemplated under the Structured Contracts is subject to applicable approval and/or registration requirements under the then applicable laws; (iv) any arbitral awards or foreign rulings and/or judgments in relation to the performance of the Structured Contracts are subject to applications to competent PRC courts for recognition and enforcement; and (v) under the PRC laws, an arbitral body does not have the power to grant any injunctive relief or liquidation order. Therefore, the relevant arbitration clause of the Structured Contracts is unenforceable under the laws of the PRC;

(c) the execution of each of the Structured Contracts does not violate the provisions of the articles of association of our Consolidated Affiliated Entities and Chengdu Bojun; and

(d) the Structured Contracts do not violate the provisions of the PRC Contract Law including "concealing illegal intentions with a lawful form", the General Principles of the PRC Civil Law and other applicable PRC laws and regulations.

Distribution of earnings or operating profits of not-for-profit private schools to their school sponsor is not permitted according to the Decision. According to our PRC Legal Advisors, no current PRC laws or regulations expressly restrict or prohibit Chengdu Bojun's contractual rights to receive service fees from our Consolidated Affiliated Entities for the services rendered under the Structured Contracts; the arrangement under the Structured Contracts does not violate the Decision because it does not prohibit any for-profit or not-for-profit private schools from payment of service fees for their operation or impose any limit on the amount of the service fees to be paid by for-profit or not-for-profit private schools and Chengdu Bojun's right to receive the service fees from our Consolidated Affiliated Entities does not contravene any mandatory requirements under the PRC laws or regulations. Furthermore, as advised by our PRC Legal Advisors, the service fees are generated from the provision of services by Chengdu Bojun to our Consolidated Affiliated Entities under the Structured Contracts and such service fees constitute revenue for Chengdu Bojun and costs of our Consolidated Affiliated Entities for their business operations as part of the commercial arrangements agreed among the relevant parties to the Structured Contracts. If we choose to register as not-for-profit schools, our schools can still pay service fees to Chengdu Bojun in accordance with the Structured Contracts, which, as advised by our PRC Legal Advisors, would not be regarded as a distribution of earnings or operating profits of schools to the investors/school sponsors under current PRC laws and regulations. Accordingly, the income of Chengdu Bojun is generated from the provision of services under the Structured Contracts, rather than receiving distribution of earnings or operating profits indirectly from our PRC Operating Schools.

PRC tax opinions

With a view to understanding the PRC tax implications of the service fees under the Structured Contracts, we have sought the following professional opinions from our PRC Tax Consultant:

(a) the Structured Contracts provide Chengdu Bojun with absolute control over our Consolidated Affiliated Entities, and Chengdu Bojun is a related party with actual control;

(b) in respect of taxation, the Structured Contracts and the services provided thereunder by a related third party should not be regarded as profit transferring or tax evasion provided that: (i) genuine services are rendered under the Structured Contracts; (ii) the service relationship between Chengdu Bojun and our Consolidated Affiliated Entities are supported by proper documentation; (iii) the service fees are charged on an arm's length basis with reference to market price; and (iv) our Consolidated Affiliated Entities and Chengdu Bojun will disclose the related party transactions and report their profits to the relevant tax bureaus;

(c) under the implementation of the Structured Contracts, our Group as a whole would pay a higher effective tax rate as the service fees received by Chengdu Bojun under the Structured Contracts are subject to the PRC enterprise income tax and value-added tax; and

(d) the nature of the Structured Contracts would not lead to any loss of tax revenue in the PRC when properly implemented and from a tax point of view, would not render the tax benefits which are applicable to our PRC Operating Schools invalid or cause our Group to bear additional tax liability or penalty.

For details in relation to the risks involved in the Structured Contracts, please see the paragraph headed "Risk Factors — Risks relating to our Structured Contracts" in this prospectus.

Directors' views on the Structured Contracts

Our Directors consider that the nature of the Structured Contracts is consistent with the circumstances set out in the professional opinions above. Our Directors believe that the Structured Contracts are narrowly tailored because the Structured Contracts are only used to enable our Group to consolidate the financial results of our Consolidated Affiliated Entities which engage in the operation of kindergarten, middle schools and high school, where the PRC laws and regulations currently prohibit foreign ownership of middle schools in the PRC and restrict operation of preschools and high school to Sino-foreign ownership, in addition to imposing qualification requirements on the foreign owners and withholding government approval in respect of Sino-foreign ownership.

Our School Sponsors, as the holding companies of the school sponsor interests of our PRC Operating Schools (where applicable), and the Registered Shareholders, as shareholders of Chengdu Mingxian, are signing parties to certain Structured Contracts. More specifically, (i) under the Exclusive Call Option Agreement, the Registered Shareholders and our School Sponsors have irrevocably granted Chengdu Bojun or its designated purchaser the right to purchase all or part of the equity interest in our School Sponsors and their school sponsor's interest in our PRC Operating Schools (where applicable); (ii) under the Equity Pledge Agreement, each of the Registered Shareholders pledged and granted first priority security interests over all of his/her equity interest in Chengdu Mingxian and Chengdu Mingxian pledged and granted first priority security interests over all of its equity interests in Chengdu Youshi Preschool Investment, Chengdu Jinbojun, Sichuan Boai, Renshou Bojun, Lezhi Bojun, Nanjiang Bojun and Wangcang Bojun together with all related rights thereto to Chengdu Bojun as collateral security for performance of the Structured Contracts and all such loss and expenses incurred to Chengdu Bojun as a result of any events of default on the part of the Registered Shareholders or each of our Consolidated Affiliated Entities; (iii) under the School Sponsors' and Directors' (Council Members') Rights Entrustment Agreement, the School Sponsors' Powers of Attorney and the Directors' (Council Members') Powers of Attorney, each of our School Sponsors has been irrevocably authorized and entrusted Chengdu Bojun to exercise all its rights as school sponsor of each of our PRC Operating Schools (where applicable) and as directors and council members of our PRC Operating Schools as appointed by Chengdu Mingxian, Chengdu Youshi Preschool Investment, Chengdu Jinbojun or Sichuan Boai to the extent permitted by the applicable PRC laws; and (iv) under the Shareholders' Rights Entrustment Agreement and the Shareholders' Powers of Attorney, the Registered Shareholders authorized Chengdu Bojun as their sole agent and authorized person to exercise the shareholders' rights to which the Registered Shareholders are entitled to in their capacity as the shareholders of our School Sponsors pursuant to the articles of association of our School Sponsors and the PRC Company Law. As a result, our Directors believe that the holding structure of our Consolidated Affiliated Entities will not affect the effectiveness of the Structured Contracts.

As at the Latest Practicable Date, we have not encountered any interference or encumbrance from any governing bodies in our plan to adopt the Structured Contracts so that the financial results of the operation of our Consolidated Affiliated Entities can be consolidated to those of our Group. Moreover, based on the advice of our PRC Legal Advisors, our Directors believe that the Structured Contracts are enforceable under the PRC laws and regulations, except for relevant arbitration provisions, as disclosed in the paragraph headed "Dispute Resolution" in this section.

Based on the consultation with the Department of Policies and Regulations and Comprehensive Reforms* (政策法規與綜合改革處) of the Education Department of the Sichuan Province on 30 January 2018, we were advised that the arrangement relating to the payment of management fee by a private school to a foreign investor in consideration of the technical and management consulting services provided by the foreign investor under a series of contracts entered into between the foreign investor and the private school is a kind of business operation behavior between the entities which can be conducted by the private schools and foreign investors at their sole discretion on a voluntary basis and do not require approval from the education authorities. We also consulted the Chengdu Local Taxation Bureau on 19 January 2018 and were advised that the technical and management consulting services provided by the foreign investor to private schools under a series of contracts were regarded as services business between the foreign investor and the private schools and the arrangement relating to the payment of management fee for such services does not violate any applicable PRC tax laws or regulations. As advised by our PRC Legal Advisors, the Education Department of Sichuan Province and the Chengdu Local Taxation Bureau are the competent regulatory authorities regulating our kindergartens and middle school to provide the above confirmations. Accordingly, based on the above confirmations, our Directors believe that Chengdu Bojun's contractual rights to receive service fees from our Consolidated Affiliated Entities for the services rendered under the Structured Contracts are legal arrangements and do not violate any relevant PRC laws or regulations.

The transactions contemplated under the Structured Contracts will constitute continuing connected transactions of our Company under the Listing Rules upon the Listing and it is impracticable and unduly burdensome for them to be subject to the relevant requirements under the Listing Rules as our Directors are of the view that the transactions contemplated under the Structured Contracts are fundamental to our Group's legal structure and business operations, that such transactions have been and shall be entered into in the ordinary and usual course of business of our Group, are on normal commercial terms and are fair and reasonable and in the interests of our Company and our Shareholders as a whole. For further details, please refer to the section headed "Connected Transactions" in this prospectus.

COMBINATION OF FINANCIAL RESULTS OF OUR CONSOLIDATED AFFILIATED ENTITIES

According to IFRS 10 — Consolidated Financial Statements, a subsidiary is an entity that is controlled by another entity (known as the parent). An investor controls an investee when it is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Although our Company does not directly or indirectly own our Consolidated Affiliated Entities, the Structured Contracts enable our Company to exercise control over our Consolidated Affiliated Entities. The basis of combining the results of our Consolidated Affiliated Entities is disclosed in note 2 of Section A to the Accountants' Report. Our Directors are of the view that the Company can combine the financial results of our Consolidated Affiliated Entities as if they were our Group's subsidiaries.

DEVELOPMENT IN THE PRC LEGISLATION ON FOREIGN INVESTMENT

Draft Foreign Investment Law and the Explanatory Notes

In January 2015, MOFCOM published the Draft Foreign Investment Law and in March 2018, the State Council promulgated the legislation plan of year 2018 including the Draft Foreign Investment Law. The Draft Foreign Investment Law aims to replace the major existing laws and regulations governing foreign investment in the PRC upon its enactment. However, there are uncertainties with respect to the enactment timetable, interpretation and implementation of the Draft Foreign Investment Law. If the Draft Foreign Investment Law is enacted, it may materially impact the entire legal framework regulating foreign investments in the PRC.

Among other things, the Draft Foreign Investment Law purports to introduce the concept of "actual control" in determining whether a company is considered as a foreign invested enterprise, or a foreign invested entity. The Draft Foreign Investment Law specifically provides that entities established in the PRC but "controlled" by foreign investors will be treated as foreign invested entities; whereas an entity incorporated in a foreign jurisdiction, which is "controlled" by PRC entities and/or citizens, would nonetheless be treated as a PRC domestic entity for investment in the "restricted category" on the "negative list" to be issued subject to the examination of the relevant authority in charge of foreign investment. For these purposes, "control" is broadly defined in the Draft Foreign Investment Law to cover the following summarized categories:

(i) holding directly or indirectly, 50% or more of the equity interest, assets, voting rights or similar equity interest of the subject entity;

(ii) holding directly or indirectly less than 50% of the equity interest, assets, voting rights or similar equity interest of the subject entity but (a) having the power to directly or indirectly appoint or otherwise secure at least 50% of the seats on the board or other equivalent decision making bodies, (b) having the power to secure its nominated person to acquire not less than 50% of the seats on the board or other equivalent decision making bodies, or (c) having the voting power to exert material influence over decision-making bodies, such as the shareholders' meeting or the board of directors; or

(iii) having the power to impose decisive influence, through contractual or trust arrangements, over the subject entity's operations, financial, staffing and technology matters.

In respect of "actual control", the Draft Foreign Investment Law looks at the identity of the ultimate natural person or enterprise that controls the foreign-invested enterprise. "Actual control" refers to the power or position to control an enterprise through investment arrangements, contractual arrangements or other rights and decision-making arrangements. As defined in Article 19 of the Draft Foreign Investment Law, "actual controllers" are natural persons or enterprises that directly or indirectly control foreign investors or foreign-invested enterprises.

If an entity is considered to be a foreign invested entity, the entity will be required to obtain market entry permission from the authority in charge of foreign investment if its investment amount exceeds certain thresholds or its business operation falls within a "negative list" to be separately issued by the State Council in the future.

Similar to many PRC-based companies, our Company has adopted the "variable interest entity" or VIE structure and established control of our Consolidated Affiliated Entities by Chengdu Bojun through Structured Contracts to operate our private education business in the PRC. Under the Draft Foreign Investment Law, if the variable interest entities are ultimately "controlled" by foreign investors, they would be considered as foreign invested entities. If the ultimate controlling person(s) is/are of PRC nationality (either PRC state-owned enterprises or agencies, or PRC citizens), the VIE structure of companies controlled by such controlling person(s) may be deemed as legitimate even though such companies are in an industry that is in the "restricted" category on the "negative list". Conversely, if the actual controlling person(s) is/are of foreign nationalities, then the variable interest entities will be treated as foreign invested entities and any operation in the industry category on the "negative list" without market entry permission may be considered as illegal.

Pursuant to the Draft Foreign Investment Law, if a domestic enterprise under the VIE structure is controlled by Chinese nationals, it may be treated as a Chinese investor and therefore the VIE structures may be regarded as legal. On the contrary, if a domestic enterprise is controlled by foreign investors, it may be treated as a foreign-invested enterprise, and therefore the operation of such domestic enterprise through VIE structures may be regarded as illegal if the domestic enterprise operates in a sector which is on the "negative list" and the domestic enterprise does not apply for and obtain the necessary permission.

The Draft Foreign Investment Law stipulates restriction of foreign investment in certain industry sectors. The "negative list" set out in the Draft Foreign Investment Law classified the relevant prohibited and restricted industries into the Catalogue of Prohibitions and the Catalogue of Restrictions, respectively. As such, foreign investors are not allowed to invest in any sector set out in the Catalogue of Prohibitions. Unless otherwise specified by the State Council, if any foreign investor directly or indirectly holds shares, equities, properties or other interests or voting rights in any domestic enterprise, such domestic enterprise is not allowed to invest in any sector set out in the Catalogue of Prohibitions. For sectors set out in the Catalogue of Restrictions, foreign investors are allowed to make investment provided that the foreign investors have fulfilled certain conditions and applied for permission before making such investment.

Although the accompanying explanatory notes to the Draft Foreign Investment Law (《關於〈中華人民共和國外國投資法(草案徵求意見稿)〉的説明》) do not provide a clear guidance on the treatment of existing VIE structures, the accompanying explanatory notes to the Draft Foreign Investment Law cite three possible approaches in dealing with foreign-invested enterprises with existing VIE structures, which are conducting business in an industry falling in the "negative list":

(a) to make a declaration to the competent regulatory authority that the actual control is vested with Chinese investors, then the VIE structures may be retained for its operation;

(b) to apply to the competent regulatory authority for certification that the actual control is vested with Chinese investors and upon verification by the competent regulatory authority, the VIE structures may be retained for its operation;

(c) to apply for permission from the competent regulatory authority, and such authority together with the relevant departments shall decide whether to grant such permission after taking into account of the actual control of the foreign-invested enterprise and other factors.

If the Draft Foreign Investment Law is promulgated in the current draft form, on the basis that Mr. Xiong Tao, Mr. Ran Tao and Ms. Liao Rong are of Chinese nationality, our PRC Legal Advisors are of the view that the Structured Contracts are likely to be regarded as a domestic investment and it is likely that our Company can exercise effective control over our Consolidated Affiliated Entities through the Structured Contracts and the Consolidated Affiliated Entities can continue to carry on their operations.

The potential impact to our Company in the worst scenario that the Structured Contracts are not treated as a domestic investment

If the operation of preschools, middle schools and high school is no longer in the negative list and our Group can legally operate the education business under the PRC laws, Chengdu Bojun will exercise the Equity Call Option under the Exclusive Call Option Agreement to acquire the equity interest and/or school sponsor's interest in our Consolidated Affiliated Entities and unwind the Structured Contracts subject to reapproval by the relevant authorities.

If the operation of preschools, middle schools and high school is in the negative list, the Structured Contracts may be viewed as prohibited foreign investment. If the Draft Foreign Investment Law is revised so that it deviates from the current draft, the Structured Contracts may be regarded as invalid and illegal depending on the treatment of existing VIE structures. As a result, our Group would not be able to operate our schools pursuant to the Structured Contracts and we would lose our rights to receive the economic benefits of our Consolidated Affiliated Entities. Accordingly, an investment loss would be recognized as the financial results of our Consolidated Affiliated Entities would no longer be consolidated into our Group's financial results and we would have to derecognize their assets and liabilities in accordance with the relevant accounting standards.

Nevertheless, as advised by our PRC Legal Advisors, since the Draft Foreign Investment Law has not been promulgated, it does not have any binding force. Therefore, the validity of the Structured Contracts shall not be affected by the Draft Foreign Investment Law. Moreover, as advised by our PRC Legal Advisors, according to the Legislation Law of the People's Republic of China (《中華人民共和國立法》), under normal circumstances, no laws or regulations shall have any retrospective effect unless otherwise specified. Following this legal principle, since the Draft Foreign Investment Law was not promulgated when the Structured Contracts were executed, the Draft Foreign Investment Law will not affect the validity of the Structured Contracts under normal circumstances even if it is promulgated in the future. Based on the advice of our PRC Legal Advisors, our Directors are of the view that it is unlikely that the relevant PRC authorities will take retrospective effect to require the relevant enterprises to remove the contractual arrangements after the promulgation of the Draft Foreign Investment Law given that a number of existing conglomerates are operating under such contractual arrangements and some of which have obtained listing status abroad. Our Directors believe it is likely that the PRC government will take a relatively cautious attitude towards the aspects of supervision as well as the enactment, and make decisions according to different situations in practice in the future.

However, it is uncertain as to what the definition of control may be under the finally enacted version of the Foreign Investment Law in the future. Moreover, the relevant government authorities may have wide discretion in interpreting the law and may ultimately take a view that is inconsistent with our PRC Legal Advisors' understanding. In any event, our Company will take reasonable steps in good faith to seek to comply with the enacted version of the Foreign Investment Law, if and when it comes into force.

Potential measures to maintain control over and receive economic benefits from our Consolidated Affiliated Entities

As mentioned above, if the Draft Foreign Investment Law were to become effective in its current draft form and content, on the basis that Mr. Xiong Tao, Mr. Ran Tao and Ms. Liao Rong are of Chinese nationality, our PRC Legal Advisors are of the view that the Structured Contracts are likely to be regarded as a domestic investment and it is likely that our Company can exercise effective control over our Consolidated Affiliated Entities through the Structured Contracts and the Consolidated Affiliated Entities can continue to carry on their operations. In order to ensure the Structured Contracts remain a domestic investment so that our Group can maintain control over our Consolidated Affiliated Entities and receive all economic benefits derived from our Consolidated Affiliated Entities, Mr. Xiong Tao, Mr. Ran Tao and Ms. Liao Rong have given an undertaking to our Company, and our Company has agreed with the Stock Exchange to enforce such undertaking to:

(a) continue to maintain their Chinese nationality and citizenship for as long as they hold a controlling interest in our Company;

(b) maintain control of our Company for the purposes of the Draft Foreign Investment Law (together with all its subsequent amendments or updates, as promulgated) and related laws applicable to our Group in relation to domestic investment before and when they become effective and upon Listing, or otherwise procure the transferee(s) who will become the new PRC controlling shareholder of our Company to provide an undertaking in the same terms and conditions as the one offered by Mr. Xiong Tao, Mr. Ran Tao and Ms. Liao Rong to our Company; and

(c) obtain prior written consent of our Company as to the identity of the transferee(s) before they dispose of or transfer the controlling interest in our Company that they beneficially own. Before any such disposal, transfer or other transactions which may cause them cease to have control of our Company for the purposes of the Draft Foreign Investment Law (together with all its subsequent amendments or updates, as promulgated), they shall demonstrate to the satisfaction of our Company and the Stock Exchange that the Structured Contracts will remain a domestic investment for the purpose of the Draft Foreign Investment Law (together with all its subsequent amendments or updates, as promulgated) and related laws applicable to our Group in relation to domestic investment.

Based on the view of our PRC Legal Advisors and the aforesaid undertaking given by Mr. Xiong Tao, Mr. Ran Tao and Ms. Liao Rong, our Directors and the Sole Sponsor are of the view that if the Draft Foreign Investment Law were to become effective in its current draft form and content, on the basis that Mr. Xiong Tao, Mr. Ran Tao and Ms. Liao Rong are of Chinese nationality, the Structured Contracts are likely to be regarded as a domestic investment and it is likely that our Company can exercise effective control over our Consolidated Affiliated Entities through the Structured Contracts and the Consolidated Affiliated Entities can continue to carry on their operations. The aforesaid undertaking will become effective from the date of the listing of our Shares on the Stock Exchange and will remain effective until the earlier occurrence of the following events: (i) compliance with the Draft Foreign Investment Law (together with all its subsequent amendments or updates, as promulgated) is not required and the Stock Exchange has consented to such termination; or (ii) the Stock Exchange advises our Company that compliance with the undertaking is no longer required.

Nevertheless, there may be uncertainties that the above measures to maintain control over and receive the economic benefits from our Consolidated Affiliated Entities alone may not be effective in ensuring compliance with the Draft Foreign Investment Law (if and when it becomes effective). The Stock Exchange may take enforcement actions against us which may have a material adverse effect on the trading of our Shares if such measures are not complied with. For more details, please refer to "Risk Factors — Risks relating to our Structured Contracts" in this prospectus.

COMPLIANCE WITH THE STRUCTURED CONTRACTS

To ensure the effective operation of our Group through the Structured Contracts and our compliance with the Structured Contracts, we have adopted the following measures:

(a) major issues arising from the implementation and compliance with the Structured Contracts or any regulatory enquiries from government authorities will be submitted to our Board, for review and discussion where necessary;

(b) our Board will review the overall performance of and compliance with the Structured Contracts at least once a year;

(c) our Company will disclose the overall performance and compliance with the Structured Contracts in its annual reports and interim reports to update the Shareholders and potential investors;

(d) our Directors undertake to provide periodic updates in our annual and interim reports regarding the qualification requirement and our status of compliance with the Draft Foreign Investment Law and its accompanying explanatory notes as stipulated under the section headed "Structured Contracts — Background of the Structured Contracts" and the latest development of the Draft Foreign Investment Law and its accompanying explanatory notes as disclosed under the section headed "Structured Contracts — Development in the PRC legislation on foreign investment", including the latest relevant regulatory development as well as our plan and progress in acquiring the relevant experience to meet the qualification requirement; and

(e) our Company will engage external legal advisors or other professional advisors, if necessary, to assist the Board to review the implementation of the Structured Contracts, review the legal compliance of Chengdu Bojun and our Consolidated Affiliated Entities to deal with specific issues or matters arising from the Structured Contracts.

Moreover, notwithstanding that our executive Directors, Mr. Xiong Tao, Mr. Ran Tao and Ms. Liao Rong, are also the Registered Shareholders, we believe that our Directors are able to perform their roles in our Group independently and our Group is capable of managing its business independently after the Listing under the following measures:

(a) the Articles contain provisions to avoid conflict of interest by providing, amongst other things, that in the event of conflict of interest in such contract or arrangement which is material, a Director shall declare the nature of his or her interest at the earliest meeting of the Board at which it is practicable for him or her to do so, and if he or she is to be considered as having material interest in any contracts or arrangements, such Director shall abstain from voting and not be counted in the quorum;

(b) each of our Directors is aware of his or her fiduciary duties as a Director which requires, amongst other things, that he or she acts for the benefits and in the best interests of our Group;

(c) with a view to promoting the interests of our Company and our Shareholders as a whole, we have appointed three independent non-executive Directors, comprising more than one-third of our Board so as to provide a balance of the number of interested and independent Directors; and

(d) we will disclose in our announcements, circulars, annual and interim reports in accordance with the requirements under the Listing Rules regarding decisions on matters reviewed by our Board (including independent non-executive Directors) relating to any business or interest of each Director and his associates that competes or may compete with the business of our Group and any other conflicts of interest which any such person has or may have with our Group.

OVERVIEW

We are a leading private education service group in Chengdu, Sichuan Province, China in terms of student enrollment in middle schools and preschools in the 2016/2017 and 2017/2018 school years, according to the Frost & Sullivan Report. As at the Latest Practicable Date, we operated one middle and high school, two middle schools and six kindergartens in Chengdu, namely (i) Jinjiang School, (ii) Tianfu School, (iii) Longquan School, (iv) Youshi Kindergarten, (v) Lidu Kindergarten, (vi) Longquan Kindergarten, (vii) Peninsula Kindergarten, (viii) Riverside Kindergarten and (ix) Qingyang Kindergarten. As measured by student enrollment, we ranked second in the private middle school education industry and fifth in the private preschool education industry in Chengdu with approximately 5.2% and 0.5% of market share respectively in the 2016/2017 school year and approximately 6.6% and 0.4% of market share respectively in the 2017/2018 school year. As of 1 September 2017, our schools had an aggregate of 7,211 students and 580 teachers.

With over 16-year track record in providing private education services, we have accumulated solid experience in operating a private education business in Chengdu, the provincial capital of Sichuan Province. During the Track Record Period, we generally received applications to our middle schools which exceeded the capacity of our enrollment. Moreover, leveraging on our success and proven track record in the private education industry, we have fostered positive relationship with local governments and entered into agreements with various local governments to expand our school network in other cities in Sichuan Province.

Throughout the years of our operation, we rooted in the private preschool education industry and expanded our footprints in the private middle school education industry. In 2016, we successfully replicated our business model for school management and set up our first high school. In the future, we will continue to replicate our business model and further expand our school network by establishing two grades K-12 private school and two grades 1-12 private schools under our new brand of Bojun School (博駿公學) in Sichuan Province and a for-profit grades 7-12 private international school in the United States.

We provide all-round education services to our students and endeavor to nurture students to not only excel in academics by offering them with vibrant learning opportunities. Our middle and high schools students can participate in a wide variety of extracurricular activities, ranging from music, arts, foreign languages to sports and robotics. Moreover, we provide exchange programs and study tours to our students to enrich their learning experience. We believe the success of our educational services have developed our students' skills in communication, creativity and collaboration and have also led our students to achieve outstanding academic performance. For example, for Zhongkao administered in 2015, 2016 and 2017, approximately 86.6%, 88.5% and 92.0% of our graduating middle school students who participated in such examinations achieved scores that allowed them to apply to and be accepted by first-tier high schools in Chengdu, respectively. Some of our top students received early admission by first-tier high schools in Chengdu, international programs of other high schools or our high school (which was established in 2016) and did not participate in Zhongkao administered in 2015, 2016 and 2017.

We have experienced steady growth in our revenue, gross profit and student enrollment over the Track Record Period. Our revenue increased from approximately RMB103.2 million for the year ended 31 August 2015 to approximately RMB135.4 million for the year ended 31 August 2016, and further increased to approximately RMB181.2 million for the year ended 31 August 2017. We recorded a revenue of approximately RMB115.2 million for the six months ended 28 February 2018. Our gross profit increased from approximately RMB35.3 million for the year ended 31 August 2015 to approximately RMB49.4 million for the year ended 31 August 2016, and further increased to approximately RMB59.1 million for the year ended 31 August 2017. We recorded a gross profit of approximately RMB30.2 million for the six months ended 28 February 2018. Our overall student enrollment grew from 4,625 as of 1 September 2015 to 5,789 as of 1 September 2016, and further increased to 7,211 as of 1 September 2017.

OUR COMPETITIVE STRENGTHS

We seek to leverage our competitive strengths to reinforce our market position and further expand our operations. We believe that the following competitive strengths contribute to our success and differentiate us from our competitors:

Private education service group, with a track record of over 16 years, offering high-quality private education services in Chengdu

Established in 2001, we are a leading private education service group in terms of student enrollment in middle schools and preschools in the 2016/2017 and 2017/2018 school years in Chengdu. We offer high-quality preschool, middle and high school education services. As at the Latest Practicable Date, we operated one middle and high school, two middle schools and six kindergartens in Chengdu. We ranked second in the private middle school education industry and fifth in the private preschool education industry in Chengdu in terms of student enrollment with approximately 5.2% and 0.5% of market share respectively in the 2016/2017 school year and approximately 6.6% and 0.4% of market share respectively in the 2017/2018 school year. As of 1 September 2017, our schools had an aggregate of 7,211 students and 580 teachers.

We rooted in the private preschool education industry and expanded our footprints in the private middle school education industry. We also replicated our business model for school management and set up our first high school at Longquan School in 2016. Throughout the years of our operation in Chengdu, we have successfully established our reputation and market presence in Chengdu and have been highly recognized by students and parents in Chengdu and other parts of Sichuan Province. For example, during the Track Record Period, we generally received applications to our middle schools which exceeded the capacity of our enrollment. Some parents made enrollment applications to us two years prior to the desired dates of admission of their children to our kindergartens.

Moreover, leveraging on our extensive experience and the quality of our education services in Chengdu, we have fostered positive relationships with local governments in other areas in Sichuan Province and are offered with assistance in expanding our school network. We believe that local governments take a prudent approach in choosing education service providers to set up new schools in their cities and would take into account the education service providers' reputation, experience and quality of education service before they select or assist such education service providers. Having fostered positive relationships with relevant government authorities, we entered into education project investment agreements with the local governments of Nanjiang County, Wangcang County and Lezhi County in

Sichuan Province to establish schools under our new brand of Bojun School (博駿公學), which will primarily provide primary school, middle school and high school education services in August 2017, August 2017 and December 2017, respectively. Pursuant to these agreements, the local government authorities have agreed to provide us with various assistance, including assistance with regulatory filings and applications and campus construction. Furthermore, we have been able to establish cooperation relationship with a local committee, which agreed to provide a parcel of land for expansion of campus of Tianfu School. Under our cooperation arrangement, we are responsible for financing the construction work of the expansion of our campus. Upon completion of construction, we are also entitled to ownership of the properties on land. For further information, please refer to the paragraphs headed "Properties — Cooperation arrangement relating to the expansion of campus of the Tianfu School" in this section.

We believe that leveraging on our extensive experience in the private education industry and our ability to enter into agreements with local governments and local committee, we will continue to maintain our competitive edge over our competitors and expand our school network and will be able to diversify our business and enter into the private primary school education industry in Sichuan Province in the future.

Strong reputation for student performance and high-quality education services in Chengdu

We have established a strong reputation for student performance and high-quality education services in Chengdu through our continuous efforts in improving the quality of our education and nurturing high-quality students. We strongly believe our reputation can also be reinforced by the outstanding achievements of our students in academics and the awards and recognitions our schools have received. For Zhongkao administered in 2015, 2016 and 2017, approximately 86.6%, 88.5% and 92.0% of our graduating middle school students who participated in such examinations achieved scores that allowed them to apply to and be accepted by first-tier high schools in Chengdu, respectively. Some of our top students received early admission offered by first-tier high schools in Chengdu, international programs of other high schools or our high school (which was established in 2016) and did not participate in Zhongkao in relevant years.

Moreover, our students have participated in various national contests, and a number of them have received first-class awards at national or provincial level in, among others, English proficiency, mathematics, innovative writing and robot science. For example, in 2015, our student received a special award (專項獎) at the China Adolescents Science and Technology Innovation Contest, which is a national level science competition, aiming at developing adolescents' innovative capacity, in the PRC. In 2016, our students received outstanding prizes (特等獎) in Sichuan Province for the "Star of Outlook" English talent competition, which is a provincial level English proficiency competition organized by China Central Television (中央電視臺). Throughout the years of our operations, our schools and teachers have received several awards and recognitions for our outstanding contribution in providing high-quality education. Please see the paragraphs headed "Awards and Recognitions" in this section for further details on the awards and recognitions received by our schools. In addition, as a recognition of the education quality of our middle school, our Jinjiang School was qualified to recommend students for admission to the first-tier high schools in China during the Track Record Period.

The education quality of our kindergartens is also well recognized by the education authorities in Chengdu. According to Chengdu Kindergarten Rating Method* (《成都市幼稚園等級評定辦法》), kindergartens are categorized into three tiers according to the scores they achieved in various areas (such as the facilities, the management system, the quality of teaching and nurturing, the curriculum and the development of children) as assessed by the education authorities in Chengdu. Generally speaking, first-tier kindergarten achieved higher scores than second-tier kindergarten which, in turn, achieved higher scores than third-tier kindergarten. Among our six kindergartens, four kindergartens were approved by Chengdu Education Bureau* (成都市教育局) as first-tier kindergartens (成都市一級幼兒園) and the remaining two kindergartens were approved as second-tier kindergartens (成都市二級幼兒園). Given that a majority of our kindergartens are first-tier kindergartens, we believe we have established a strong reputation for providing high-quality preschool education services which enables our Group to stand out in the industry in Chengdu.

Provision of high-quality education services by a highly qualified teaching team

We believe teachers are the key to maintaining our high-quality educational programs and services as well as maintaining the reputation of our schools. We maintain a rigorous hiring process for recruiting new teachers of our middle schools and high school. As of 1 September 2017, we employed an aggregate of 444 teachers for our middle schools and high school. Our teachers have an average of approximately 8 years of teaching experience. Among our middle schools and high school teachers, approximately 98.6% have obtained a bachelor's degree or above, and approximately 25% have obtained a master's degree or above. Moreover, some of our teachers achieved outstanding performance in teaching and received recognition from the relevant PRC authorities. As at the Latest Practicable Date, three teachers were recognized as Exceptional Teacher* (特級教師), 64 teachers held the Advanced Teaching Qualification* (高級教師), 15 teachers were recognized as Excellent Teacher at or above City Level* (市級或以上優秀教師), one teacher was recognized as Excellent Class Teacher at City Level* (市級優秀班主任), one teacher was recognized as Excellent Moral Educator at City Level* (市級優秀德育工作者), and one kindergarten principal was recognized as Model Principal of Private Kindergarten* (民辦幼兒園模範園長).

We also have a well-established cooperative relationship with Sichuan Normal University (四川師範大學), which is specialised in training high-quality teachers. On the one hand, our schools will recruit their graduates if they fit our hiring criteria; on the other hand, Sichuan Normal University shares with us their academic research findings in the areas of teaching ideologies and methodologies. Moreover, our kindergartens are designated by a college of teachers in Chengdu as its internship base and we will provide internship opportunities to the graduates from this college and recruit them if they can satisfy our requirements. We believe such internship programs reflect the recognition of such college in our education quality. Through these mutually beneficial relationships, we could ensure the quality of our newly hired teachers as we expand our operations and enhance the overall quality of our education services.

All-round education filled with vibrant learning opportunities

We focus on providing high-quality education services which enable our students to have all-round development. Therefore, we also provide a variety of extracurricular activities for our middle schools and high school students. With the guidance of our teachers, our students can participate in various extracurricular activities ranging from music (including wind instruments), arts (including traditional Chinese painting), foreign languages (including Russian, Japanese, French and Korean) to sports (including basketball, football, volleyball and badminton) and robotics (being robot design and manufacturing), which help our students acquire multifaceted knowledge and develop different skills and interests. We believe these activities could help nurture our students to become well-rounded individuals by developing their personal hobbies and their skills in communication, creativity and collaboration. We also organize various after-school programs such as arts festival, sports competitions, singing contests and talents shows for our students and encourage them to participate in inter-school competitions such as robot and sports tournaments to cultivate and develop their talents and enrich their school life.

Our middle schools provide exchange programs and study tours to our students to enrich their learning experience. In the past, through such exchange programs and study tours, our students visited various overseas schools, including schools in Korea, Malaysia, Singapore and the United States. We believe such exchange programs could help broaden our students' academic horizons, develop their foreign language skills and expose them to different cultures. We also invited teachers and students from the overseas schools to visit our school and participate in our class activities. We believe such cooperative relationship serves as a useful channel for sharing teaching and training experiences with external professional and educational institution and could help improve our teaching qualities.

Dedicated management team with extensive knowledge and experience in the private education industry in the PRC

We have a dedicated management team with extensive knowledge in the business management and private education industry in the PRC. Each of our executive Directors, namely Mr. Xiong Tao, Mr. Ran Tao and Ms. Liao Rong, has more than 18 years of experience in business management and investment and daily management and operation of education institutes in the PRC. Our senior management, Mr. Jiang Bohan, the principal of our Jinjiang School, has accumulated 22 years of working experience in the education industry and is a dedicated and experienced educator. For further background information of our Directors and senior management, please refer to the section headed "Directors and Senior Management" in this prospectus. Under the leadership and supervision of our management team, we have successfully developed our private education business and expanded our footprints from the private preschool education industry to the private middle school education industry. We have also replicated our business model and set up our first high school in 2016. Moreover, the extensive knowledge and experience of our management in the private education industry has enabled our Group to develop sustainable strategies and capture market opportunities. Under the management of our executive Directors and senior management, we have achieved continuous growth in our business during the Track Record Period.

In view of the foregoing, we believe that our management team's extensive management experience has provided us with valuable industry insight and expertise, which enable us to manage our operations efficiently and promote our growth under their leadership.

OUR BUSINESS STRATEGIES

Our goal is to maintain and strengthen our leading position in the private education market in Chengdu and further expand our geographic coverage of school network in China and the United States. To achieve this goal, we plan to pursue the following business strategies:

Further expansion of our school network to expand our geographic coverage in China and the United States by ways of market penetration and market diversification

We intend to continue to expand our school network by ways of market penetration and market diversification in the private education market of China and the United States. According to the Frost & Sullivan Report, we are a leading private education service group in Chengdu in terms of student enrollment in middle schools and preschools in the 2016/2017 and 2017/2018 school years. We intend to leverage on our extensive experience in private education management to expand our school network through the following strategies:

- *Establishing new schools by purchasing land use rights in Sichuan Province:* We intend to expand our school network by purchasing land use rights in Sichuan Province and developing new schools when we identify appropriate opportunities. As at the Latest Practicable Date, we had undertaken the following steps to expand our business:

    - On 4 August 2017, we entered into an educational project investment agreement with the local government of Nanjiang County (南江縣) of Bazhong City (巴中市), a prefecture-level city of Sichuan Province, pursuant to which the parties agreed to establish Nanjiang School with an aggregate expected total student enrollment of approximately 3,200 students. Nanjiang School is expected to comprise a primary school, a middle school and a high school, with four to six classes, six to eight classes and four to six classes in each grade, respectively.

      On 23 November 2017, we acquired a parcel of land of an aggregate site areas of approximately 93,650 sq.m. at an aggregate consideration of approximately RMB35.1 million. The aggregate gross floor area of the land is approximately 65,925 sq.m. and it will be used for operation of the Nanjiang School. The first phrase of the campus is currently under construction. Having considered the scale of and the time required for the first phrase construction work of Nanjiang School, we expect that the first phrase of construction will be completed in August 2018. Nanjiang School will be operated in a "through-train" mode under the brand of Bojun School (博駿公學). For further information on the provision of private education services under the brand of Bojun School, please refer to the paragraph headed "Our business strategies — Provision of private education services in a "through-train" mode under our new brand of Bojun School (博駿公學)" in this section.

Subject to the approval by and registration with the relevant PRC authorities and the progress of construction work which may be beyond our control, the middle school and primary school of Nanjiang School are expected to commence operation on 1 September 2018 and the high school is expected to commence operation on 1 September 2021. It is estimated that, in September 2018, the primary school of Nanjiang School will open for operation of classes for grades 1, 5 and 6 while the middle school will open for operation of classes for grade 7. As of 28 February 2018, we had incurred capital expenditure associated with the development of the campus of the Nanjiang School of approximately RMB42.3 million. We estimate the total capital expenditure relating to the establishment of Nanjiang School to be approximately RMB208.7 million, of which approximately RMB86.7 million, RMB38.8 million and RMB83.2 million is expected to be incurred in each of the two years ending 31 August 2018 and 2019 and after 31 August 2019, respectively. We intend to apply approximately RMB96.6 million (equivalent to approximately HK$112.8 million) from the Global Offering (representing approximately 28.0% of the net proceeds from the Global Offering) to finance these capital expenditures and the remainder by equity and/or debt financing and/or our internal funds, as and when we see fit.

- On 8 August 2017, we entered into an educational project investment agreement with the local government of Wangcang County (旺蒼縣) of Guangyuan City (廣元市), a prefecture-level city of Sichuan Province, pursuant to which the parties agreed to establish Wangcang School with an aggregate expected total student enrollment of approximately 4,000 students. Wangcang School is expected to comprise a primary school, a middle school and a high school, with four to six classes, eight to ten classes and six to eight classes in each grade, respectively.

  On 9 January 2018, we acquired two parcels of land of an aggregated site areas of approximately 79,973 sq.m. from the local land bureau of Wangcang County at an aggregate consideration of approximately RMB46.7 million. The aggregate gross floor area of the land is approximately 47,282 sq.m. and it will be used for operation of the Wangcang School. The first phrase of the campus is currently under construction. Having considered the scale of and the time required for the first phrase construction work of Wangcang School, we expect that the first phrase construction work will be completed in August 2018. As of 28 February 2018, we had incurred capital expenditure associated with the development of the campus of the Wangcang School of approximately RMB60.7 million. Wangcang School will be operated in a “through-train” mode under the brand of Bojun School (博駿公學).

  Subject to the approval by and registration with competent authorities and the progress of construction work which may be beyond our control, the middle school and primary school are expected to commence operation on 1 September 2018 and the high school is expected to commence operation on 1 September 2021. It is estimated that, in September 2018, the primary school of Wangcang School will open for operation of classes for grades 1, 5 and 6, while the middle school will open for operation of classes for grade 7. We estimate the total capital expenditure relating to the establishment of Wangcang School to be approximately RMB237.0 million, of which approximately RMB97.3 million, RMB81.2 million and RMB58.5 million is expected to be incurred in each of the two years ending 31 August 2018 and 2019 and after 31 August 2019, respectively. We intend to apply approximately RMB96.6 million (equivalent to approximately HK$112.8 million) from the Global Offering (representing approximately 28.0% of the net proceeds from the Global Offering) to finance these capital expenditures and the remainder by equity and/or debt financing and/or our internal funds, as and when we see fit.

- On 22 December 2017, we entered into an education project investment agreement with the local government of Lezhi County (樂至縣) of Ziyang City (資陽市), a prefecture-level city of Sichuan Province, pursuant to which the parties agreed to establish Lezhi School which comprises a kindergarten, a primary school, a middle school and a high school.

  We expect to acquire land of site area of approximately 80,000 sq.m., subject to land use planning of the government, for operation of Lezhi School, and the first phase of construction of campus will be completed before September 2019. As of 28 February 2018, we had not incurred any preliminary costs associated with the development of the campus of Lezhi School. Lezhi School will be operated under the brand of Bojun School (博駿公學).

  Subject to the approval by the registration with the relevant PRC authorities and the progress of construction work which may be beyond our control, Lezhi School will commence schooling in September 2019. We estimate the total capital expenditure relating to the establishment of Lezhi School to be approximately RMB208.7 million, of which approximately RMB16.1 million, RMB76.6 million and RMB116.0 million will be incurred for each of the two years ended 31 August 2018 and 2019 and after 31 August 2019, respectively. We intend to apply approximately RMB17.3 million (equivalent to approximately HK$20.1 million) from the Global Offering (representing approximately 5.0% of net proceeds from the Global Offering) to finance these capital expenditures and the remainder by equity and/or debt financing and/or our internal funds, as and when we see fit.

- *Establishing new schools by cooperating with third-party business partners:* In addition to developing new schools by purchasing the land use rights, we will also enter into cooperative arrangements with business partners who are Independent Third Parties, including an investment Company and a private education service provider. As at the Latest Practicable Date, we had undertaken the following steps to expand our business:

  - On 8 September 2017, we entered into a cooperation agreement with an Independent Third Party (the "**School Investor**"), which is a limited liability company established in the PRC and is principally engaged in asset management, project investment, financial advisory and property development management. Pursuant to such cooperation agreement, the parties agreed to establish Chengdu School with an aggregate total student enrollment of not less than 4,000 students. The school will comprise a primary school, a middle school and a high school. Chengdu Mingxian and the School Investor will establish a joint venture which would be the school sponsor of Chengdu School. The equity interest of such joint venture will be owned by Chengdu Mingxian and the School Investor as to 51% and 49%, respectively.

The parties to the cooperation agreement have identified a parcel of land of approximately 100,000 sq.m. for operation of Chengdu School and such land shall be acquired by the School Investor. The School Investor shall also invest to construct the school facilities on such land, which is used by Chengdu School. In March 2018, the School Investor completed an acquisition of land from the local government through public auction. The campus is currently under construction. We shall be responsible for students recruitment and management of the school. The board of council, which is the ultimate decision making body of the Chengdu School, will comprise seven members including (i) three members nominated by Chengdu Mingxian, (ii) three members nominated by the School Investors and (iii) the school principal. The financial affairs of the school shall be managed by the person who is jointly appointed by Chengdu Mingxian and the School Investor.

Subject to completion of construction work of campus of Chengdu School in August 2018 and the approval by the registration with the relevant PRC authorities which may be beyond the control of our Group nor the School Investor, the primary school and the middle school of Chengdu School will commence schooling in September 2018 while the high school of Chengdu School will commence schooling in 2021. It is estimated that, in September 2018, the primary school will open for operation of classes for grades 1, 4 to 6 and the middle school will open for operation of classes for grade 7. We estimate our total capital expenditure relating to the establishment of Chengdu School to be approximately RMB50.0 million, of which approximately RMB30.0 million, RMB14.3 million and RMB5.7 million is expected to be incurred in each of the two years ending 31 August 2018 and 2019 and after 31 August 2019, respectively. We intend to apply approximately RMB31.1 million (equivalent to approximately HK$36.2 million) from the Global Offering (representing approximately 9.0% of the net proceeds from the Global Offering) to finance these capital expenditures and the remainder by equity and/or debt financing and/or our internal funds, as and when we see fit.

- In October 2016, we entered into an agreement with a consulting firm, pursuant to which the consulting firm would complete a market feasibility study and business plan for development of the US School. We formulated a business plan for the development of the US School in Los Angeles area. Afterwards, we explored and considered different business opportunities for establishing the US School, including seeking business opportunities for establishing the US School with other education service providers in the United States.

  On 29 January 2018, we entered into a memorandum of understanding with the US Partner, who has extensive experience in the provision of private education services in the United States, to expand our school network abroad. The US Partner is engaged in the provision of private high school education services in California for grades 9-12 students and is an accredited school of the Western Association of Schools and Colleges. Pursuant to the memorandum of understanding, our Group and the US Partner will set up a joint venture which will establish the US School, being a for-profit grades 7-12 private international school, in Los Angeles area. The joint venture will be owned by our Group as to 70% and the US Partner as to 30%. We will provide funding in an amount to be agreed with the US Partner at a later date for financing the operations and purchase of facilities and will be involved in designing the education programs to be offered by the US School. The US Partner will provide management services to the US School, assist our Group in identifying school premises and recruiting teachers for the US School. We intend to allocate approximately US$3.2 million for the purpose of establishing the US School, of which approximately US$0.1 million, US$2.2 million and US$0.9 million is expected to be incurred in each of the two years ending 31 August 2018 and 2019 and after 31 August 2019, respectively. We intend to apply approximately RMB10.4 million (equivalent to approximately HK$12.1 million) from the Global Offering (representing approximately 3.0% of the net proceeds from the Global Offering) to finance these capital expenditures and the remainder by equity, debt financing and/or our internal funds, as and when we see fit. As of the Latest Practicable Date, we were in the process of identifying a suitable site for the US School.

- *Establishing high school in our Tianfu School campus*: We plan to establish a high school in our Tianfu School campus with an aggregate expected total student enrollment of approximately 960 students. In July 2017, we entered into an agreement with a local committee, pursuant to which a parcel of land is provided to us for expansion of our Tianfu School and for use of other middle and high school of Tianfu School. We shall finance the construction cost of our campus expansion. For further information about the expansion of the Tianfu School, please refer to the paragraph headed "Properties – Cooperation arrangement relating to the expansion of campus of the Tianfu School" in this section. By establishing the high school, we will be able to retain more graduates of our middle schools to pursue further education within our school system. Subject to the approval by and registration with the relevant PRC authorities, the new high school is expected to commence operation on 1 September 2019. As at 28 February 2018, we had incurred capital expenditure of approximately RMB43.5 million. We estimate that the total capital expenditure relating to the establishment of the high school is approximately RMB113.0 million, of which RMB85.9 million, RMB26.8 million and RMB0.3 million is expected to be incurred in each of the two years ending 31 August 2018 and 2019 and after 31 August 2019, respectively. We intend to apply approximately RMB75.9 million (equivalent to approximately HK$88.6 million) from the Global Offering (representing approximately 22.0% of the net proceeds from the Global Offering) and the reminder by bank loans and/or our internal funds.

For details of the funding in respect of the above expansion plan, please refer to the section headed "Future Plans and Use of Proceeds" in this prospectus. In the event that any of our plans are not materialized, the allotted proceeds will be used as our working capital and/or for the development of our other plans.

The school sponsors of all of the above new schools (except the US School) will be Lezhi Bojun, Nanjiang Bojun, Wangcang Bojun or Chengdu Mingxian. On the assumption that there is no change of the existing laws and regulations on the ownership and control of schools in the PRC, we will establish all of the new schools except the US School through the Structured Contracts and will not hold any direct equity interest in our new schools (except the US School). However, should part or all of the current prohibitions and restrictions be removed or we are able to satisfy the Qualification Requirement in the future, we will establish the new schools through holding direct equity interest in the relevant new schools to the extent permitted by the then relevant laws and regulations in the PRC.

Increase student enrollment level of our newly established schools

We intend to increase the student enrollment level of our newly established schools, namely Longquan School and Tianfu School. Longquan School commenced operation in September 2015 and had three grades with a total of 1,537 middle school students and two grades with a total of 330 high school students as at 1 September 2017. Tianfu School commenced operation in September 2016 and had two grades with a total of 903 middle school students as at 1 September 2017. Since certain of our operation costs are fixed, we believe that our financial results will be significantly improved if we are able to enroll more students at Longquan School and Tianfu School. We aim to enroll approximately 250 new grade ten students at Longquan School and approximately 600 new grade seven students at Tianfu School for the 2018/2019 school year. To achieve this objective, we plan to continue to publish our application information and admission requirements on the Internet and social media.

Provision of private education services in a "through-train" mode under our new brand of Bojun School (博駿公學)

Leveraging on over 16 years of experience in private education industry and success in replicating our business model for management of private high school during the Track Record Period, we will expand our school network under our new brand of Bojun School (博駿公學), which will provide primary school, middle school and high school education services in a "through-train" mode. Our existing school portfolio covers kindergartens, middle schools and a high school. Our Directors are of the view that, with the addition of primary schools to our school portfolio, we will be able to offer our students with education opportunities in the "through-train" mode which can enhance the continuity in our curriculum and strengthen our supports to students and are beneficial for our students' growth and development. Also, we plan to operate our schools under the new brand by adopting our existing teaching management system and administration system. We believe that with our extensive operational experience in private education management, we will be able to replicate our business model in operating our primary schools and expand our school network under the new brand.

Continue to provide high-quality education and maintain a strong team of experienced and qualified teaching team

We plan to continue to provide high-quality education to our students, which we believe is key to our future success and enables us to enhance our reputation. We will continue to focus on the quality of education we provide and monitor the academic performance of our students. We endeavor to keep pace with the changing needs and requirements of the students and their parents and provide each of our students with customized advice and guidance through our dedicated and professional teaching staff. We are committed to nurturing our students to become well-rounded individuals and constructive members of society. To achieve this objective, we will increase the variety of our extracurricular activities and enhance the cooperation with overseas educational institutions so as to broaden the knowledge base and enrich the learning experience of our students.

The quality of our teaching team is crucial for maintaining and enhancing the quality of our educational services. We will continue to maintain a strong team of experienced and qualified teachers and other teaching staff and improve their teaching quality by arranging various training for them in respect of teaching theories and methodologies. With respect to recruiting new teachers, we will maintain our rigorous hiring process. In addition to assessing the teaching applicants' academic background, we will evaluate their abilities in using different teaching techniques and skills by requiring them to teach a live class. We also intend to attract and retain more qualified teachers by providing better career advancement opportunities and competitive remuneration packages.

Enhance our profitability by optimizing our pricing ability and enhancing our services

Our profitability is highly dependable on the tuition fees and boarding fees we charge. According to the PRC laws and regulations, we are required to obtain approval from the relevant PRC government authorities for any increase of our tuition fees and boarding fees. In the past, we proactively applied for the increase of our tuition fees after taking into account of the general market conditions and the costs of our operations. We are a leading private education service group in terms of student enrollment in the 2016/2017 and 2017/2018 school years in Chengdu. Having a strong reputation for student performance and considered the growing demand for private education services in Sichuan Province, we believe we are in a position to increase our pricing without compromising our ability to attract and retain students. For instance, although we had increased our tuition fees of our middle schools for the 2016/2017 school year by approximately 14%, there was no decrease in the number of students joining our schools in that school year. In the future, we will continue to increase our tuition fees and boarding fees when necessary to maintain and enhance our profitability, subject to our obtaining of permission from the relevant PRC regulatory authorities. Particularly, we intend to apply for the increase of the boarding fees within the next three school years for all of our middle schools and high school to reflect the costs of our operations. Also, we intend to increase the tuition fees for our newly admitted students in our kindergartens. In order to optimise our pricing ability, we will enhance our services by upgrading and improving the campus facilities and increasing the variety of our extracurricular activities.

OUR SCHOOLS

We currently operate one middle and high school, two middle schools and six kindergartens, namely (i) Longquan School, (ii) Tianfu School, (iii) Jinjiang School, (iv) Youshi Kindergarten, (v) Lidu Kindergarten, (vi) Longquan Kindergarten, (vii) Peninsula Kindergarten, (viii) Riverside Kindergarten and (ix) Qingyang Kindergarten. All of our schools are located in Chengdu, Sichuan Province. We focus on offering comprehensive educational programs for our schools. We have a variety of campus facilities, such as classrooms, lecture halls, multi-media rooms, piano rooms, music rooms, dancing rooms, computer rooms, gymnasiums, general science laboratories, libraries, outdoor fields, sports courts (such as basketball, badminton and volleyball courts), canteens, dormitories, administrative offices and staff apartments.

In order to promote the personal development of our students, in addition to the standard educational programs, we also provide extracurricular activities to our students that cater to their interests. These activities range from music (including wind instruments), arts (including traditional Chinese painting), foreign languages (including Russian, Japanese, French and Korean) to sports (including basketball, football, volleyball and badminton), and robotics (being robot design and manufacturing). We believe these activities could help nurture our students to become well-rounded individuals by developing their personal hobbies and their skills in communication, creativity and collaboration. We also organize various after-school programs such as arts festival, sports meet, singing contest and talents show for our students and encourage them to participate in inter-school competitions such as robot and sports tournaments to cultivate and develop their talents and enrich their school life.

The following table sets forth the type of education, the number of students and teachers and the approximate gross floor area of our schools as of 1 September 2017:

Schools	Type of education	Number of students(1)	Number of teachers(2)	Approximate gross floor area (sq.m.)
Jinjiang School	Middle school education	2,885	192	33,703.00
Longquan School	Middle and high school education	1,867	170	30,129.63
Tianfu School	Middle school education	903	82	13,472.08
Youshi Kindergarten	Preschool education	321	24	3,879.00
Lidu Kindergarten	Preschool education	303	29	4,141.71
Longquan Kindergarten	Preschool education	241	27	5,069.34
Peninsula Kindergarten	Preschool education	278	22	2,881.95
Riverside Kindergarten	Preschool education	146	13	1,581.96
Qingyang Kindergarten	Preschool education	267	21	3,024.28
Total		7,211	580	97,882.95

Notes:

(1) The student enrollment information was based on the internal records of our schools at the beginning of the 2017/2018 school year.

(2) Excludes teachers with administrative responsibilities.

Jinjiang School

Our Jinjiang School is a full-time private middle school. It commenced schooling in September 2012 and is our first middle school. The campus of Jinjiang School is located at Jingan Road in Jinjiang District of Chengdu. It is also a boarding school for our students to live on-campus during school terms. Our Jinjiang School admits both boarding students and commuter students.

The following photos show the school campus of our Jinjiang School:

Longquan School

Our Longquan School is a full-time private middle and high school. It commenced schooling as a middle school in September 2015. In September 2016, Longquan School commenced to offer high school education service in addition to its middle school education service. It is our first middle and high school. The campus of Longquan School is located at Zhongcheng Road in Longquanyi District of Chengdu. It is also a boarding school for our students to live on-campus during school terms. Our Longquan School only admits boarding students.

The following photos show the school campus of our Longquan School:

Tianfu School

Our Tianful School is a full-time private middle school. It commenced school in September 2016. The campus of Tianfu School is located at Lushan Main Road in Tianfu New Area of Chengdu. It is also a boarding school for our students to live on-campus during school terms. Our Tianfu School only admits boarding students.

The following photos show the school campus of our Tianfu School:

Youshi Kindergarten

Our Youshi Kindergarten is a full-time kindergarten. It commenced schooling in June 2001 and is our first kindergarten. The campus of Youshi Kindergarten is located at Zhimin East Road in Wuhou District of Chengdu.

The following photos show the school campus of our Youshi Kindergarten:

Lidu Kindergarten

Our Lidu Kindergarten is a full-time kindergarten. It commenced schooling in September 2003. The campus of Lidu Kindergarten is located at Lidu Park in Wuhou District of Chengdu.

The following photos show the school campus of our Lidu Kindergarten:

Riverside Kindergarten

Our Riverside Kindergarten is a full-time kindergarten. It commenced schooling in September 2003. The campus of Riverside Kindergarten is located at Hebin Road in Jinjiang District of Chengdu.

The following photos show the school campus of our Riverside Kindergarten:

Longquan Kindergarten

Our Longquan Kindergarten is a full-time kindergarten. It commenced schooling in March 2009. The campus of Longquan Kindergarten is located at Dongshan Main Road in Longquanyi District of Chengdu.

The following photos show the school campus of our Longquan Kindergarten:

Qingyang Kindergarten

Our Qingyang Kindergarten is a full-time kindergarten. It commenced schooling in March 2010. The campus of Qingyang Kindergarten is located at Qingsen Road in Qingyang District of Chengdu.

The following photos show the school campus of our Qingyang Kindergarten:

Peninsula Kindergarten

Our Peninsula Kindergarten is a full-time kindergarten. It commenced schooling in September 2013. The campus of Peninsula Kindergarten is located at Zhuojin East Road in Gaoxin District of Chengdu.

The following photos show the school campus of our Peninsula Kindergarten:

Student enrollment and capacity

As of 1 September 2017, we had an aggregate of 7,211 students enrolled in our schools, including 5,655 students at the middle schools and high school and 1,556 students at the kindergartens, and we employed an aggregate of 580 teachers. With an increasing demand of PRC parents for quality private education, we have experienced significant growth during the Track Record Period.

The following table sets forth information relating to the student enrollment, capacity and school utilization rate for our schools by type as of the dates indicated:

Types of School	Student Enrollment				Student Capacity (1)				School Utilization Rate (2) (%)			
	As of 1 September				As of 1 September				As of 1 September			
	2014(3)	2015(4)	2016(5)	2017(6)	2014(3)	2015(4)	2016(5)	2017(6)	2014(3)	2015(4)	2016(5)	2017(6)
High School	—	—	171	330	—	—	180	360	—	—	95.0	91.7
Middle Schools	2,576	3,072	4,032	5,325	2,808	3,258	4,413	5,762	91.7	94.3	91.4	92.4
Kindergarten	1,349	1,553	1,586	1,556	1,570	1,740	1,835	1,865	85.9	89.3	86.4	83.4
Total	3,925	4,625	5,789	7,211	4,378	4,998	6,428	7,987	89.7	92.5	90.1	90.3

Notes:

* The student enrollment information during the Track Record Period was based on the internal records of our schools.

(1) For our high school and middle schools, the capacity is calculated based on the number of classrooms (excluding classrooms which are used for specific purpose) in each school and the number of students that each classroom can accommodate or the capacity of the student dormitories according to our calculations. For the kindergartens, the capacity is calculated based on the number of classrooms (excluding classrooms which are used for specific purpose) of each kindergarten and the class size determined by our Group with reference to the limit on the number of students of each classroom set by the education authorities in Chengdu in respect of the first-tier kindergarten.

(2) The school utilization rate is calculated by dividing the number of students enrolled at a school by the capacity for students of the school.

(3) Represents the beginning of the 2014/2015 school year.

(4) Represents the beginning of the 2015/2016 school year.

(5) Represents the beginning of the 2016/2017 school year.

(6) Represents the beginning of the 2017/2018 school year.

The utilization rate of our school is affected by a number of factors, such as the number of applications received by our schools, the availability of our facilities, the marketing activities of our schools and competition from public and private schools in Chengdu. Since 1 September 2016, we experienced a slight decrease in the total utilization rate which is driven from the decrease in utilization rate of our kindergartens due to keen competition from other kindergartens in Chengdu. The total school utilization rate in the 2016/2017 school year decreased primarily because there was an increase in school capacity as a result of Tianfu School and our high school of Longquan School commenced operations in September 2016 while it was in the startup stage for student enrollment.

Our school management

Our executive Directors, comprising Mr. Xiong Tao, Mr. Ran Tao and Ms. Liao Rong, jointly operate our education business as an integrated enterprise. They formed an integral part of the decision-making process of our Group's education business and was involved in the strategic decision-making of the Group's education business as a whole. Upon Listing, our Board will be responsible for the strategic development, investment strategies and overall business development of our Group.

In each of our schools (including kindergartens, middle schools and the middle and high school), there is a board of directors or councils (理事會) which is the ultimate decision-making body of each school and is responsible for, among others, recruitment and dismissal of the school principal, formulating and amending the articles of association of the school, formulating the regulations and systems of the school, formulating the development plan and approving the yearly plan of the school. Due to our cooperation with Sichuan Normal University, each of our Jinjiang School, Longquan School and Tianfu School has a school affairs committee (校務委員會), which is responsible for, among others, recruitment, appointment and removal of principal, formulating plans relating to education goal and school size. For further information, please refer to the paragraphs headed "Our schools — Our middle school and high school education services — Our cooperative relationship with Sichuan Normal University" in this section.

In each of our schools, we have a school principal who is responsible for the overall daily management of the schools. The principal is assisted by the vice principal and/or department heads, each of whom is responsible for different aspects of our schools' operations, such as student discipline, educational curriculum, student dormitories, schools resources, security and logistics, student affairs, human resources and student admissions. All of our school principals and vice principals have extensive experience in education and school administration.

We believe that, with a clear division of duties under our management system, we are able to manage our schools in an efficient manner which could help enhance the quality of our education and promote our students' well-being.

Our middle school and high school education services

Educational philosophy

All of our middle schools and middle and high school share the same school motto, educational philosophy and goal. Our school motto is "learning intently in pursuit of knowledge and caring about the world". The educational philosophy of our schools is "to lay a solid foundation for the life of our students". Our educational goal is to nurture students to have good manners, intellectual curiosity, a passion for life and a sense of humanity.

All of our middle schools and middle and high school are open to PRC citizens and generally recruit students nationwide. As all of our middle schools and middle and high school are located in Chengdu, most of our students came from Chengdu while the remainder came from other parts of Sichuan Province.

Curriculum and diploma

The core educational curriculum of our middle schools and middle and high school is designed based on the standards set by the PRC national and provincial educational authorities. The curriculum is primarily formulated towards Zhongkao for middle school students and Gaokao for high school students. The courses provided by us include Chinese, mathematics, English, history, geography, biology, physics, chemistry, sports, music, art, information technology, labour and skills and politics. We use course materials designated by the PRC educational authorities which include course materials published by Beijing Normal University Publishing House, People's Education Press and other publishers as approved by the PRC educational authorities. We offer PRC middle school and high school diplomas to the students graduated from our middle schools and middle and high school.

We believe students learn best with a teacher who knows them well. To achieve this end, each student of our middle schools is taught by substantially the same group of teachers from grade seven to grade nine. This arrangement is also adopted at our high school. We believe our teachers are able to develop a close understanding of each student's developmental learning needs and tailor their teaching according to the specific needs of the student through such arrangement.

Grade assessment and graduation

Final grades at our middle schools and middle and high school are the grades received by students for their midterm and final written examinations. In addition to the midterm and final examinations, we also conduct monthly tests to motivate our students to study and help them identify their knowledge gaps. We can also keep track of the academic performance of our students by conducting tests on a regular basis. Our students are also required to participate in regional and city-wide standard subject class examinations which are organized by the PRC education authorities during midterm and final examination periods.

For Zhongkao administered in 2015, 2016 and 2017, approximately 86.6%, 88.5% and 92.0% of our graduating middle school students who participated in such examinations achieved scores that allowed them to apply to and be accepted by first-tier high schools in Chengdu, respectively. Some of our top students at our middle schools were admitted by our high school and did not participate in Zhongkao administered in 2016 and 2017. Since these students achieved higher scores in our internal examinations than those who were accepted by the first-tier high schools in Chengdu, we believe these students would have been accepted by the first-tier high schools as well had they taken Zhongkao in that year. Moreover, our Jinjiang School is qualified to recommend graduating students to first-tier high schools in Chengdu and such students will be recruited by the first-tier high schools if their results of Zhongkao pass the admission threshold of the first-tier high schools as set by the PRC education authorities. We only provide recommendation for those students who achieved top scores in our internal examinations. For the 2014/2015, 2015/2016 and 2016/2017 school years, 23, 31 and 20 students were recommended by Jinjiang School for admission to first-tier high schools respectively.

Exchange programs and study tours

We provide exchange programs and study tours to our students to enrich their learning experience. In the past, through such exchange programs, our students visited various overseas schools, including schools in Korea, Malaysia, Singapore and the United States. We believe such exchange programs and study tours could help broaden our students' academic horizons, develop their foreign language skills and expose them to different cultures. We also invited teachers and students from overseas school to visit us and participate in our class activities. We believe such cooperative relationship serves as a useful channel for sharing teaching and training experiences with external professional and educational institutions and could help improve our teaching qualities.

Our cooperative relationship with Sichuan Normal University

We have a well-established cooperative relationship with Sichuan Normal University (四川師範大學). We entered into cooperation agreements with Sichuan Haowen, an affiliated company of Sichuan Normal University for the authorized use of its brand name by our middle schools and middle and high school and the management and operation of our middle schools and middle and high school. Our cooperative relationship with Sichuan Normal University can be traced back to 2008 when Chengdu Mingxian entered into a cooperation agreement with Sichuan Normal University, pursuant to which Chengdu Mingxian and Sichuan Normal University agreed to co-operate and manage the Experimental School. For further information, please refer to the section headed "History and Development — Overview" in this prospectus.

In respect of the cooperation between our Group and Sichuan Normal University, we have entered into cooperation agreements with Sichuan Haowen with respect to our Jinjiang School, Longquan School and Tianfu School. The material terms and conditions of these cooperation agreements include: (i) the authorized use of brand of Sichuan Normal University shall be granted to our Jinjiang School, Longquan School and Tianfu School and we shall pay fees (which is calculated with reference to the total tuition fee received by our Jinjiang School, Longquan School and Tianfu School for each school year) for using such brand; (ii) each of our Jinjiang School, Longquan School and Tianfu School shall establish a school affairs committee (further information about the school affairs committees are set out below); (iii) all important decisions relating to the school shall be approved by the respective board of directors or councils of our school; and (iv) the term of each of these cooperation arrangements is 20 years (in respect of our Jinjiang School and Longquan School) and 30 years (in respect of our Tianfu School). The cooperation agreements in respect of our Longquan School and Tianfu School will be terminated automatically under the following circumstances: (a) occurrence of any force majeure event (such as war, earthquake or other major natural disasters) which renders the agreement incapable of being performed; (b) the authorized party ceases to exist due to winding up, dissolution or change of government policies.

School affairs committee (校務委員會)

Information about the school affairs committees of our Jinjiang School, Longquan School and Tianfu School:

	Jinjiang School	Longquan School	Tianfu School
Number of members	7	5	5
Members combination	– 2 members shall be designated by our Group – 2 members shall be designated by Sichuan Normal University – 2 members shall be persons with specific expertise – 1 member shall be the principal of the school	– 3 members shall be designated by our Group – 2 members shall be designated by Sichuan Normal University	– 3 members shall be designated by our Group – 2 members shall be designated by Sichuan Normal University
Members designated by our Group	Mr. Xiong Tao and Mr. Ran Tao	Mr. Xiong Tao, Mr. Ran Tao and Ms. Liao Rong	Mr. Xiong Tao, Mr. Ran Tao and Ms. Liao Rong
Responsibilities	Recruitment of the principal and vice-principal of the school, formulating plans relating to our education goal and school size, approving the financial budget of the school and making decisions on other important matters relating to the school	Appointment and removal of the principal of the school, reviewing and approving the reports on school operations and the financial budget of the school and making decisions on other important matters relating to the school	Appointment and removal of the principal of the school, reviewing and approving the education goal of the school, the reports on school operations and the financial budget of the school and making decisions on other important matters relating to the school

Board of directors or council members (理事)

According to the articles of association of Jinjiang School, Longquan School and Tianfu School, the respective board of directors or council members (理事) of our schools shall be responsible for recruitment and dismissal of the school principal, formulating and amending the articles of association of the school, formulating the regulations and systems of the school, formulating the development plan and approving the yearly plan of the school, arranging for the funds required for school operations, approving the financial budget and financial accounts of the school, deciding the limit on the number of employees of the school and their salary standard, approving the subdivision, merge and termination of the school and/or other important matters relating to the school ("**Material Issues of School Operation**").

Notwithstanding that there are overlapping of duties between the school affairs committee and the board of Jinjiang School, according to the articles of association of Jinjiang School, Longquan School and Tianfu School and the advice of the PRC Legal Advisors, the board of directors or council members is the ultimate decision making body of each of Jinjiang School, Longquan School and Tianfu School and it can override the decisions made by the school affairs committee in respect of the Material Issues of School Operation. It is also stated in the cooperation agreement with Sichuan Normal University that all important decisions relating to the Jinjiang School shall be approved by its board. Moreover, since the establishment of the school affairs committee, the school affairs committees mainly served as a communication channel between each of Jinjiang School, Longquan School and Tianfu School and Sichuan Normal University and as a platform for the representatives of Sichuan Normal University to discuss the operation of our school with the representatives of the school sponsor and other members of the committees.

During the Track Record Period and as at the Latest Practicable Date, the board of directors of Jinjiang School consisted of five members, including the three Controlling Shareholders, namely (i) Mr. Xiong Tao, (ii) Ms. Liao Rong, (iii) Mr. Ran Tao, (iv) Ms. Gong Yahong who is the spouse of Mr. Ran Tao, and (v) Mr. Jiang Bohan who is a senior management of our Group. According to the articles of association of Jinjiang School, any decisions of its board of directors shall be approved by the majority board members who form a quorum of the meeting provided that certain important matters shall be approved by two-thirds of the board members.

During the Track Record Period and as at the Latest Practicable Date, the board of directors of Longquan School consisted of seven members, namely Mr. Xiong Tao, Mr. Ran Tao, Mr. Xie Gang, Mr. Bai Chenghua (柏成華), Mr. Li Huaping (李華平), Mr. Huang Mingyong (黃明勇) and Mr. Jiang Bohan. Mr. Xie Gang and Mr. Huang Mingyong were appointed by Chengdu Jinbojun, the school sponsor of Longquan School. According to the articles of association of Longquan School, any decisions of its board of directors shall be approved by the majority board members who form a quorum of the meeting.

During the Track Record Period and as at the Latest Practicable Date, the board of directors of Tianfu School consisted of five members, namely, Mr. Xiong Tao, Mr. Xie Gang, Mr. Ran Tao, Mr. Jiang Bohan and Mr. Li Junfeng. Mr. Xie Gang was appointed by Chengdu Jinbojun, the school sponsor of Longquan School. According to the articles of association of Tianfu School, any decisions of its board of directors shall be approved by the majority board members provided that certain important matters shall be approved by two-thirds of the board members who form a quorum of the meeting.

According to HKFRS 10 — Consolidated Financial Statements, a subsidiary is an entity that is controlled by another entity (known as the parent). An investor controls an investee when it is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Although our Company does not directly or indirectly own our Consolidated Affiliated Entities, the Structured Contracts enable our Company to exercise control over our Consolidated Affiliated Entities.

Under the Exclusive Business Cooperation Agreement, it was agreed that, in consideration of the services provided by Chengdu Bojun, each of our Consolidated Affiliated Entities will pay service fees to Chengdu Bojun. The service fees are equal to the respective amount of net profit of our Consolidated Affiliated Entities (after deduction of all costs, expenses, taxes, losses from the previous year and the statutory development fund of the respective school (if required by the law)). Our Consolidated Affiliated Entities agreed with Chengdu Bojun on the actual amount of service fees to be paid after good faith negotiations. Chengdu Bojun also has the right to periodically receive or inspect the accounts of our Consolidated Affiliated Entities. Accordingly, Chengdu Bojun has the ability, at its sole discretion, to extract substantially all of the economic benefit of our Consolidated Affiliated Entities through the Exclusive Business Cooperation Agreement. In addition, under the Exclusive Business Cooperation Agreement, Chengdu Bojun has absolute contractual control over the distribution of dividends or any other amounts to the shareholders of our Consolidated Affiliated Entities as the prior written consent of Chengdu Bojun is required for any distribution of dividends. In the event that the Registered Shareholders receive any profit distribution or dividend from the Consolidated Affiliated Entities, the Registered Shareholders must immediately pay or transfer such amount (subject to the relevant tax payment being made under the relevant laws and regulations) to the Company. As a result of the Structured Contracts, our Company has obtained control of our Consolidated Affiliated Entities through Chengdu Bojun and, at our Company's sole discretion, can receive substantially all of the economic interest generated by our Consolidated Affiliated Entities.

Accordingly, our Consolidated Affiliated Entities' results of operations, assets and liabilities, and cash flows are consolidated into our Company's financial statements. In this regard, our Directors consider, and the Sole Sponsor concurs with the Directors' view, that the Company can consolidate the financial results of our Consolidated Affiliated Entities into our Group's financial information as if they were our Group's subsidiaries. The basis of consolidating the results of our Consolidated Affiliated Entities is disclosed in Note 2 to the Accountants' Report set out in Appendix I to this prospectus.

Sichuan Normal University is well known for training high-quality teachers. Therefore, we believe our cooperative relationship with Sichuan Normal University could bring mutual benefits to both the university and our schools. In addition to granting authorized use of its brand name to us according to the above cooperation agreements, Sichuan Normal University shared with us its academic research findings in the areas of teaching ideologies and methodologies from time to time. On the other hand, our middle schools and high school will offer internship opportunities to the graduates of Sichuan Normal University and recruit them if they fit our hiring criteria. Moreover, it is our policy that the students of the affiliated primary school of Sichuan Normal University in Chengdu get priority when applying for admission to our middle school if their interview performance meets our standard.

Ancillary services

Our Jinjiang School, Longquan School and Tianfu School are boarding schools and we provide dormitories with beds for boarding students who live on-campus during school terms. To promote the health and welfare of our students, we provide ancillary services at our schools, including on-campus canteens, for which we charge separately in addition to tuition and boarding fees.

Canteens

Our Jinjiang School, Longquan School and Tianfu School have their on-campus canteens that offer meals for our students and staff. Our students are offered set meals at canteens and they pay for their set meals in advance of each school term. During the Track Record Period and up to the Latest Practicable Date, we had obtained the necessary licenses in respect of the operation of our canteens. As advised by our PRC Legal Advisors, under the relevant PRC laws and regulations, on-campus canteens which form part of private schools currently operated on a not-for profit basis should also be operated on a "not-for-profit" basis in principle. For further information about the relevant regulations, please refer to the section headed "Regulatory Overview" in this prospectus. During the Track Record Period and up to the Latest Practicable Date, our Group did not receive or intend to receive any profit from the operations of the school canteens.

Medical Rooms

Our Jinjiang School, Longquan School and Tianfu School have their on-campus medical rooms. Such medical rooms are licensed on-site infirmaries and offer medical diagnosis and prescription of medication and treatments as well as basic healthcare services to our students. The on-site medical staff or health care personnel at our schools would deal with minor medical situations involving our students. In situations of emergency or when necessary and appropriate, we promptly send our students to nearby hospitals for medication and treatments.

Residence tutors at student dormitories

We have our team of residence tutors, who are our full-time staff, to provide care, support and guidance to our boarding students at the dormitories on a 24-hour basis. Our residence tutors are also responsible for overseeing the safety and well-being of our students and supervising the dormitories to ensure that the living conditions are safe, clean and healthy. Some dormitory buildings of Tianfu School are currently under construction and, thus, we arranged some of our boarding students to reside at a hotel nearby with our residence tutors during the period from late August 2017 to May 2018 as if they were residing at our on-campus dormitories. The hotel is within walking distance from Tianfu School. Our students stay at designated floors of the hotel that are exclusively for our school. We assigned our residence tutors to take care of the safety and security of our students in the hotel. In the evening, when our students leave our campus of Tianfu School and return to the hotel, they would be accompanied by our residence tutors. As at the Latest Practicable Date, we had not encountered any safety or security issue in connection with the stays of our students in the hotel.

Security Systems

In the interest of our campus security and our student safety, we have our campus security staff stationed at our campus on a 24-hour basis. Moreover, we have video surveillance equipment in appropriate public areas of our campuses, such as entrances and exits, corridors of student dormitories and sports venues. However, areas such as classrooms, washrooms and dressing rooms are not subject to video surveillance.

Our preschool education services

Educational philosophy

The education philosophy of our kindergartens is that we should respect the individualities of our students, help develop their personalities and value their future in reality. Our education goal is to nurture our students to become healthy, happy, intelligent and artistic people. The features of our education programs include: (i) providing a bilingual learning environment to our students so as to enable them to understand and appreciate cultural diversity; and (ii) fostering the reading habits of our students so as to lay a solid foundation for the life-long learning of our students.

Curriculum

We generally admit students aged two or above into our kindergartens. All of our kindergartens provide a full-day program to our students with beds for them to take noon-time naps. We currently divide our kindergarten students into two categories: (i) students who are younger than three years old are in nursery and (ii) students who are three years of age or older attend K1 through K3 classes based on their respective age.

We understand that the early childhood education is the foundation of life-long learning of our students. Therefore, we place great emphasis on the education curriculum of our kindergartens which is designed to stimulate our students' interests in acquiring knowledge and develop their problem-solving skills and self-confidence. We offer courses which cover various subjects including Chinese and English languages, mathematics, science, social studies, health and arts. In order to enable our students to enjoy the learning process, our education programs generally comprise a variety of creative games such as role playing games. We aim to provide a meaningful and authentic English learning environment to our students. Therefore, in addition to our Chinese teachers, we engage education service providers for the provision of foreign teachers to conduct English courses at our kindergartens. Moreover, we understand that vocabulary plays an important role in learning and helps improve reading and writing skills of our students. Therefore, our courses are tailored to build up the vocabulary of our students. Our kindergartens also provide a variety of storybooks to our students to cultivate their reading habits. We also tailor our courses to develop the independence and self-care abilities of our students. For our K3 students, our courses are designed to enable them to be well prepared for the learning environment of the primary school. We understand the importance of working in partnership with parents for providing education to our students. We welcome parents to communicate with our teachers on a regular basis. We also offer opportunities to parents to be engaged in storytelling in our kindergartens and to participate in family activities and student shows.

Ancillary services

The campuses of our kindergartens have outdoor areas which allow our students to engage in different kinds of outdoor activities. In order to help our students develop their motor skills, we provide various play equipment and facilities at our playgrounds. For instance, all of our kindergartens have basketball courts which help provide physical training to our students and foster their team-building concepts. Moreover, in order to allow children to learn about nature from real-life experience, all of our kindergartens designate an outdoor area where our students could grow vegetables or rear animals with the guidance of our teachers.

Catering services

We provide catering services to our students and the charges are included in the catering fees. We generally serve meals to our students at our classrooms. During the Track Record Period and up to the Latest Practicable Date, as advised by our PRC Legal Advisors, we had obtained the necessary licenses in respect of the provision of catering services to our students at our kindergartens.

Health care rooms

Our kindergartens have their on-campus health care rooms that can provide basic healthcare services. We have on-site medical staff or health care personnel at our schools to deal with minor medical situations involving our students. In situations of emergency or when necessary and appropriate, we promptly send our students to nearby hospitals for medication and treatments.

Security Systems

In the interest of our campus security and our student safety, we have video surveillance equipment in appropriate areas of our campuses, such as entrances and exits, classrooms and playgrounds. However, areas such as washrooms are not be subject to video surveillance. The recorded video could be reviewed by the parents of our students at request. Moreover, parents of our students can watch the real-time surveillance video at the entrances of our kindergartens.

TUITION AND BOARDING FEES

For our middle schools and high school, in addition to the tuition fees, we charge boarding fees for our boarding students. While most of our middle schools and high school students board at our schools, some of our students have to commute to our schools due to the limited number of beds available in our student dormitories. For those students that need to commute themselves, we do not offer any transportation services. Starting from the 2016/2017 school year, as permitted by the relevant PRC government authorities, tuition fees of all of our middle schools have increased from RMB28,000 to RMB32,000 per student per school year, which was applicable to newly admitted students (i.e. students in grade seven) only, while other existing students in other grades were not affected by the fee increase and would continue to pay tuition fee at pre-existing levels. We started to operate a high school at our Longquan School from the 2016/2017 school year and the tuition fee is RMB32,000 per student per school year. Our boarding fees for middle schools and high school is RMB1,200 per student per school year, which had remained unchanged during the Track Record Period.

For our kindergartens, our tuition fees for nursery students and K1–K3 students vary. As a result, the tuition fees for our kindergartens, which are set out in the following table, are presented as a range.

Generally, any increase in tuition fees for our schools only apply to newly admitted students for the respective school year, while our existing students may continue to pay the tuition fees prior to the increase.

The following table sets forth the tuition and boarding fee per student of our schools for the 2014/2015, 2015/2016, 2016/2017 and 2017/2018 school years:

	Tuition and Boarding Fees			
School	2014/2015 school year	2015/2016 school year	2016/2017 school year	2017/2018 school year
Jinjiang School				
Middle school	RMB16,000-RMB29,200	RMB28,000-RMB29,200	RMB28,000-RMB33,200	RMB28,000-RMB33,200
Longquan School				
High school.	—	—	RMB33,200	RMB33,200
Middle school	—	RMB29,200	RMB29,200-RMB33,200	RMB29,200-RMB33,200
Tianfu School				
Middle school	—	—	RMB33,200	RMB33,200
Youshi Kindergarten	RMB30,960-RMB32,160	RMB33,360-RMB34,560	RMB33,360-RMB40,560	RMB33,360-RMB40,560
Lidu Kindergarten	RMB35,760-RMB36,960	RMB38,160-RMB39,360	RMB38,160-RMB45,360	RMB38,160-RMB45,360
Longquan Kindergarten	RMB24,960-RMB26,160	RMB26,160-RMB27,360	RMB26,160-RMB27,360	RMB26,160-RMB27,360
Peninsula Kindergarten	RMB34,560-RMB42,960	RMB44,160-RMB45,360	RMB44,160-RMB48,960	RMB44,160-RMB48,960
Riverside Kindergarten	RMB32,160-RMB33,360	RMB34,560-RMB35,760	RMB34,560-RMB41,760	RMB34,560-RMB41,760
Qingyang Kindergarten	RMB34,560-RMB35,760	RMB36,960-RMB38,160	RMB36,960-RMB44,160	RMB36,960-RMB44,160

For the years ended 31 August 2015, 2016 and 2017 and for the six months ended 28 February 2018, tuition fees from all of our schools accounted for approximately 97.9%, 97.9%, 98.0% and 97.7% of our total operating revenue, respectively, while the boarding fees accounted for the remainder. We divide each school year of all of our schools into two semesters. For our middle schools and high school, we require students and their families to pay tuition fees and boarding fees for the entire school year upfront. For our kindergartens, we require students and their families to pay tuition fees for each semester upfront. We recognize revenue proportionately over the relevant period of the applicable program.

Refund policy

In the event that a student leaves our school during the school year, we have refund policies in place at our schools, which are set forth below:

- *Our middle schools and high school:* If a student leaves school before completing the first four weeks of a semester, we typically charge 50% of such student's tuition fees and boarding fees of such semester and refund the remaining tuition fees and boarding fees, which have been paid, to our student (if any). If he or she leaves school after completing the first four weeks of a semester but before the end of such semester, we typically charge 100% of such student's tuition fees and board fees of such semester and refund the remaining tuition fees, which have been paid, to our student (if any).

- *Our kindergartens:* If a student leaves during a semester, we will refund the tuition fees paid for the monthly periods the student is no longer enrolled in that semester. Moreover, if the student leaves the kindergarten on or before the 15th day of a calendar month, we will refund 50% of the tuition fees paid for that month. If the student leaves after the 15th day of a calendar month, no refund will be made for that month.

The table below sets forth the amount of tuition each of our schools refunded to the students for the periods indicated.

School	**Tuition Refunded**			
	Year ended 31 August			**Six months ended 28 February**
	2015	**2016**	**2017**	**2018**
	(RMB) ('000)	**(RMB) ('000)**	**(RMB) ('000)**	**(RMB) ('000)**
Jinjiang School				
Middle school	(267)	(67)	(330)	(402)
Longquan School				
High school	—	—	—	(26)
Middle school	—	(58)	(110)	(91)
Tianfu School				
Middle school	—	—	(32)	(164)
Youshi Kindergarten	(70)	(226)	(278)	(60)
Lidu Kindergarten	(133)	(113)	(112)	(62)
Longquan Kindergarten	(91)	(183)	(89)	(110)
Peninsula Kindergarten	(109)	(85)	(121)	(13)

School	Tuition Refunded			
	Year ended 31 August			Six months ended 28 February
	2015	2016	2017	2018
	(RMB) ('000)	(RMB) ('000)	(RMB) ('000)	(RMB) ('000)
Riverside Kindergarten	(72)	(177)	(97)	(62)
Qingyang Kindergarten	(54)	(129)	(192)	(73)
Total	(796)	(1,038)	(1,361)	(1,063)

THE DECISION ON AMENDING THE PRIVATE EDUCATION LAW

The Decision, which has became effective on 1 September 2017, has made certain amendments to the Private Education Law, allowing the school sponsors of a private school which provides educations services other than compulsory education to choose for the school to be a for-profit private school or a not-for-profit private school.

Set out below is a summary of certain comparison between for-profit schools and not-for-profit schools pursuant to the Decision:

	For-profit schools	Not-for-profit schools
Applicability	All private schools (except for schools providing compulsory education) may choose to become for-profit schools	All private schools may choose to become not-for-profit schools
Profits	School sponsors are allowed to receive operating profits, and the surplus from operations shall be handled in accordance with the provisions of the PRC Company Law and other laws and regulations	School sponsors cannot receive operating profits, and all surplus from operations shall be used for the operation of the school
Licenses and registration	Private school operating licences, business licences	Private school operating licences and legal person certificate of private non-enterprise/the legal person certificate of public institution

	For-profit schools	Not-for-profit schools
Fee	Determined based on costs and market demand, and subject to the school's discretion	Determined based on costs and market demand, and in accordance with the fee charge regulations promulgated by relevant local governmental authorities
Taxation, supply of land and other supportive measures	Preferential tax and supply of land treatments according to applicable laws	Preferential tax and supply of land treatments according to applicable laws (in addition, not-for-profit schools enjoy the same preferential tax and supply of land treatments as public schools)
	Support measures taken by the local government including purchase of services, provision of student loans and scholarships, lease or acquisition of unused State-owned assets	In addition to the support measures taken by the local government including purchase of services, provision of student loans and scholarships, lease or acquisition of unused State-owned assets, enjoy more supportive measures, such as government subsidies, fund awards and incentive donations
Liquidation	Liquidated in accordance with the provisions of the PRC Company Law. School sponsors can obtain the school's remaining assets after the settlement of the schools' indebtedness	The schools' remaining assets shall be used for the operation of other not-for-profit schools. For schools established before the promulgation of the Decision, if there are any remaining assets after the settlement of their indebtedness, school sponsors can apply for compensation or rewards, and the remainder of which shall be used for the operation of other not-for profit schools.

However, the Decision is silent on the specific measures regarding how existing private schools can choose to become for-profit private schools or not-for-profit private schools, which, according to the Decision, shall be regulated by the corresponding rules and regulations to be promulgated by the local government authorities. As of the Latest Practicable Date, except for Sichuan Implementing Regulations, the local government authorities in Sichuan province had not yet promulgated the corresponding detailed procedural rules or guidelines for the conversion of existing private schools into for-profit private schools or not-for-profit private schools.

In addition to the Decision, State-level government authorities also issued certain implementing rules. Five State-level government departments, including the MOE, jointly issued the Implementing Rules on Classification Registration of Private Schools (《民辦學校分類登記實施細則》) (the "**Classification Registration Rules**") which was announced to the public on 5 January 2017. There are also other State-level regulations, such as the Implementing Measures for the Supervision and Administration of For-profit Private Schools (《營利性民辦學校監督管理實施細則》), which was announced to the public on 5 January 2017. And, regarding local level regulations, five departments of

Sichuan Province including the Education Department of Sichuan Province promulgated the Sichuan Implementing Regulations, which was announced to the public on 14 May 2018. The Sichuan Implementing Regulations mainly set out the approval and registration procedures of newly established for-profit or not-for-profit private schools and the requirements of classification registration of the existing private schools. However, specific procedural rules for the conversion of existing private schools into for-profit or non-profit schools have not been set out under the Sichuan Implementing Regulations nor any detailed guideline has been further promulgated by local governmental authorities. For details of the above rules and regulations, please refer to the section headed "Regulatory Overview" in this prospectus.

As a result of the foregoing analysis, there are still uncertainties regarding the interpretation and application of the Decision with respect to various aspects of the operation of private schools, such as (i) specific procedures to be undergone for these existing private schools to be converted into for-profit private schools or not-for-profit private schools, (ii) respective preferential tax treatment which may be enjoyed by for-profit private schools and not-for-profit private schools, and (iii) extra costs for-profit private schools may incurred. Accordingly, as of the Latest Practicable Date, we were not able to accurately quantify the potential impact on our business operations at the current stage. Given that there is no specific procedural rule for the conversion of existing private schools into for-profit or non-profit schools under the Sichuan Implementing Regulations nor any detailed guideline has been further promulgated by Sichuan Province, as of the Latest Practicable Date, the schools of our Group had not yet chosen to register either as a for-profit private school or a not-for-profit private school under Decision and Classification Registration Rules. As advised by our PRC Legal Advisors, given that Jinjiang School, Longquan School and Tianfu School are providing middle school education services, they shall be registered as not-for-profit private schools under the Decision. In the future, as we plan to set up Nanjiang School, Wangcang School and Lezhi School to provide, among others, primary school and middle school education services, they will be registered as not-for-profit private schools. Our PRC Legal Advisors are of the opinion that, since the Decision, the Sichuan Implementing Regulations and its related regulations do not specify any clear deadline for existing private schools to carry out such registrations, each of our Operating Schools would not violate the Decision, the Sichuan Implementing Regulations and its related regulations for not choosing the type of registration at the current stage. Having considered that (i) if we register as not-for-profit private school, we shall amend the articles of association of our schools in accordance with applicable laws and complete the new registration formalities and (ii) Chengdu Bojun can still receive service fees from our Consolidated Affiliated Entities under the Structured Contracts if our schools are not-for-profit private schools, our Directors are of the view that the registration of our schools as not-for-profit schools would not have a material adverse effect on our business and financial conditions and operations under the current situation. For risks associated with the Decision and new regulations in general that may impact our industry and/or our schools, please refer to the section headed "Risk Factors" in this prospectus.

We are closely monitoring the development of the regulatory environment in Sichuan province and will select the type of registration after detailed measures are promulgated by the relevant authorities in Sichuan province addressing the uncertainties regarding the interpretation and application of the Decision and the related regulations.

OUR STUDENTS AND STUDENT RECRUITMENT

As of 1 September 2017, we had a total student enrollment of 7,211 students, including 1,556 kindergarten students, 5,325 middle school students and 330 high school students.

For our kindergartens, we conduct interviews with prospective students and their parents as part of our recruitment process. The recruitment processes for our middle schools and high school are more selective. We aim to recruit students who are enthusiastic about learning and eager to continue to expand their academic horizons. For our middle schools, we generally recruit primary school graduates with excellent academic records. For the 2014/2015 and 2015/2016 school years, we required prospective student to take entrance examinations and admitted students according to their examination scores. Starting from the 2016/2017 school year, pursuant to the latest PRC regulations, we were required to conduct interviews in lieu of the entrance examinations for primary school graduates and admit students based on their interview performance. Due to our cooperative relationship with Sichuan Normal University, it is our policy that the students of the affiliated primary school of Sichuan Normal University in Chengdu get priority when applying for admission to our middle schools if their interview performance meets our requirement.

In order to maintain the quality of our high school students, we encourage our middle school graduates to apply for our high school. We grant high school offer to our middle school students who obtain sufficiently high scores in the internal examinations of our middle schools. It is not necessary for these students to take Zhongkao as we do not consider their results of Zhongkao for our high school admission.

During the Track Record Period, we enjoyed high student retention rates, particularly at our high school and middle schools. For the years ended 31 August 2015, 2016 and 2017 and the six months ended 28 February 2018, (i) the student retention rates at our high school were nil [(note)], nil [(note)], 100% and approximately 99.7%, respectively, (ii) the student retention rates at our middle schools were approximately 99.2%, 99.7%, 99.2% and 99.4%, respectively, and (iii) the student retention rates at our kindergarten were approximately 94.5%, 91.9%, 93.0% and 95.6%, respectively. The retention rate is calculated based on the total number of students at our schools at the beginning of a school year/period minus the total number of students withdrew from our schools during the corresponding school year/period, and then divided by the total number of students at our schools at the beginning of a school year/period.

TEACHERS AND TEACHER RECRUITMENT

We believe teachers are the key to maintaining our high-quality educational programs and services as well as maintaining the reputation of our schools. We consider that teachers should act as role models for our students and, therefore, they should be competent in and dedicated to teaching and the well-being of our students. It is crucial to both the development of our students and our success in operating our schools that we recruit teachers who fit our hiring criteria and can thrive in our schools. We primarily aim to hire teachers who (i) are passionate about teaching and caring about students, (ii) demonstrate strong commands of the subjects they teach, (iii) are willing to learn new educational theories and use creative teaching tools and methods, and (iv) possess necessary academic credentials.

Note: We commenced to provide high school education service in September 2016.

As of 1 September 2017, we had 580 teachers and among our middle schools and high school teachers, approximately 98.6% of our teachers have a bachelor's degree or above, and approximately 25% have a master's degree or above. Some of our teachers achieved outstanding performance in teaching and received recognition from the relevant PRC authorities. As at the Latest Practicable Date, three teachers were recognized as Exceptional Teacher* (特級教師), 64 teachers held the Advanced Teaching Qualification* (高級教師), 15 teachers were recognized as Excellent Teacher at or above Municipal Level* (市級或以上優秀教師), one teacher was recognized as Excellent Class Teacher at City Level* (市級優秀班主任), one teacher was recognized as Excellent Moral Educator at City Level* (市級優秀德育工作者), and one kindergarten principal was recognized as Model Principal of Private Kindergarten* (民辦幼兒園模範園長). We will continue to maintain a strong team of experienced and qualified teachers and improve the quality of our teachers by providing continuous training to them on various aspects of teaching theories and methodologies.

The following table sets forth the number of our teachers for all of our schools for the years indicated:

School	**Number of teachers(1)**			
	As of 1 September			
	2014	**2015**	**2016**	**2017**
Jinjiang School	172	184	177	192
Longquan School	—	35	107	170
Tianfu School	—	—	36	82
Youshi Kindergarten	20	22	23	24
Lidu Kindergarten	26	28	29	29
Longquan Kindergarten	25	25	26	27
Peninsula Kindergarten	14	20	21	22
Riverside Kindergarten	11	11	11	13
Qingyang Kindergarten	21	20	21	21
Total	289	345	451	580

Note:

(1) Excludes teachers with administrative responsibilities.

The following table sets forth the teacher-to-student ratio of our schools during the Track Record Period:

School	Teacher-to-student ratio(1)			
	As of 1 September			
	2014	2015	2016	2017
Jinjiang School	1:15.0	1:14.4	1:15.4	1:15.0
Longquan School				
– High School	—	—	1:8.1	1:9.2
– Middle School	—	1:11.9	1:11.6	1:11.5
Tianfu School	—	—	1:8.7	1:11.0
Youshi Kindergarten	1:11.5	1:12.6	1:13.4	1:13.4
Lidu Kindergarten	1:12.6	1:12.5	1:11.3	1:10.5
Longquan Kindergarten	1:10.3	1:11.1	1:9.9	1:8.9
Peninsula Kindergarten	1:9.1	1:10.8	1:13.0	1:12.6
Riverside Kindergarten	1:13.0	1:13.9	1:13.7	1:11.2
Qingyang Kindergarten	1:12.6	1:13.9	1:12.9	1:12.7

Note:

(1) Teacher-to-student ratio is calculated by dividing the number of students enrolled at a school by the number of teachers employed by the school.

We manage our teacher-to-student ratio based on the number of our student enrollments, our education plans and activities and the needs of our students. Going forward, we will review the teacher-to-student ratio of each of our schools from time to time to ensure that we can maintain our high-quality educational programs and services. We will continue to recruit teachers who fit our hiring criteria.

For our middle schools and high school, our teacher recruitment processes include both written examinations and in-person interviews. We will evaluate their abilities in using different teaching techniques and skills by requiring them to teach a live class. For our kindergartens, we conduct in-person interviews with the teaching applicants. We also take into account of other factors, such as the applicant's education background, previous teaching experience, awards and other professional qualifications and recognitions, during our recruitment processes. Due to our cooperative relationship with Sichuan Normal University, we offer internship opportunities to their graduates and recruit them if they fit our hiring criteria. We also hire experienced teachers laterally from other public and private schools in China.

We provide mentorship program for all of our newly hired teachers at our middle schools and high school. Under this program, a senior teacher is assigned to be the mentor of a newly hired teacher. The duty of the mentor is to provide advice and guidance to the mentee on his or her teaching methods and skills. In addition, our teaching and research groups and course preparation groups at our middle schools and high school also advise our teachers on various aspects of teaching. Each of our teaching and research groups comprises teachers from different grades with various degree of experience in a particular subject and is responsible for researching and developing teaching theories and methodologies for that subject. Each of our course preparation groups consists of teachers of a particular subject and is responsible for developing teaching materials and methods that put the teaching theories and methodologies developed by the teaching and research groups into practice. Our teaching and research groups and course preparation groups are crucial to us for maintaining our high standard of teaching.

To uphold our reputation for providing high-quality education, we believe it is important for us to maintain the consistency of our teaching standards in all of our three middle schools. To achieve this objective, the course preparation groups of our three middle schools conduct joint course preparation sessions to set a standard approach in teaching a particular subject for our schools. We also assigned some of our experienced teachers from Jinjiang School to teach at Longquan School and Tianfu School. Moreover, in order to assess whether there exists any difference in education quality of our middle schools, we conduct standard subject tests for the students of all of our middle schools on a regular basis. The test results will be analyzed and discussed during the joint course preparation session and the course preparation groups will develop measures to improve the education quality of a particular school if any discrepancies in teaching standard are identified in that school.

In response to the changing testing and admission standards and demands of the students, and in order to keep our teachers updated on new teaching methods and other trends in education, we are committed to providing continuous training for our teachers. We also encourage our teachers to join training programs provided by universities and relevant government authorities in Chengdu. We assess the performance of our teachers mainly based on the students' test scores. If any of our teachers fail to meet our requirements, we will help our teachers to identify and analyze the cause of such failure and provide suggestions to the teachers to improve their teaching quality.

We entered into written contracts with our teachers which include the following material terms and conditions: (i) the contracts period generally ranges from one to three years; (ii) our teachers' remuneration generally includes a monthly base salary; and (iii) the contracts can generally be terminated upon the expiration of the agreed term, by mutual consent, by 30 days prior written notice or by our schools unilaterally if the teachers fail to meet the requirements of our schools.

In order to retain high-caliber teachers, we offer competitive remuneration package and our teachers can also enjoy performance bonus, which is based on the quality of teaching as assessed by our Group. Our middle and high school teachers may also stay at our staff quarters. Further, as one of the major benefits to our teachers of middle schools and high school, their children could be enrolled at our schools tuition free of charge. We believe we maintained a good working relationship with our teachers and enjoyed a high retention rate during the Track Record Period. For the years ended 31 August 2015, 2016 and 2017 and the six months ended 28 February 2018, (i) the teacher retention rates at our high school were nil*(note)*, nil*(note)*, 95.0% and approximately 97.1%, respectively, (ii) the teacher retention rates at our middle schools were approximately 98.3%, 94.1%, 91.7% and 98.0%, respectively, (iii) the teacher retention rates at our kindergartens were appropriately 81.2%, 82.5%,84.0% and 86.8%, respectively. The retention rate is calculated based on the total number of teachers at our schools at the beginning of a school year/period minus the total number of teachers voluntarily resigned from our schools during the corresponding school year/period, and then divided by the total number of teachers at our schools at the beginning of a school year/period. During the Track Record Period, the retention rates of our kindergarten teachers were comparatively lower than that of our middle school teachers and high school teachers. Our Directors believe that such retention rate of kindergarten teachers is mainly due to a number of factors including the high mobility of kindergarten teachers and keen competition for teachers among market players. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any significant difficulty in recruiting kindergarten teachers nor have we had any significant staff compensation, labour disputes or labour strikes.

During the Track Record Period, we entered into service agreements with education service providers, who are Independent Third Parties, for arranging ten foreign teachers to teach in our kindergartens. The terms of the service agreements range from six to 35 months. Since it might not be cost efficient for us to hire foreign teachers directly and it could be difficult to obtain visa or other approval required to enter and work in China for the foreign teachers, we intend to continue to engage third-party education service providers for the provision of foreign teachers for our kindergartens in the future.

COMPETITION

The private fundamental education industry in Chengdu was growing with a total revenue of the industry from approximately RMB2.5 billion in 2012 to approximately RMB4.5 billion in 2016, representing a CAGR of approximately 15.6%. According to the Frost & Sullivan Report, the number of student enrollments of private fundamental education in Sichuan increased steadily, from 1.7 million persons in 2012 to 2.1 million persons in 2016 and the number of student enrollments of private fundamental education in Chengdu increased from approximately 450,000 persons in 2012 to approximately 578,200 persons in 2016, representing a CAGR of approximately 6.5%. The proportion of the number of students in private kindergartens, middle schools and high schools in 2016 were approximately 71.4%, 20.6% and 10.5% of the total number of students in kindergartens, middle schools and high schools in Chengdu, respectively. As all of the schools we operate are located in Chengdu, we face competition primarily from public and private schools in Chengdu. We believe our primary competitive advantages include the following:

- the reputation of our schools;

Note: We commenced to provide high school education service in September 2016.

- achievements in Zhongkao scores that allowed students to apply to and be admitted by first-tier high schools in the PRC;
- the scope and quality of our education programs, services and offerings;
- ability to attract and retain qualified teachers;
- overall student experience;
- parents' satisfaction;
- our cooperative relationship with Sichuan Normal University; and
- our relationships with overseas schools.

We expect the competition in the private education sector to persist and intensify. We believe we are able to compete effectively due to our strong reputation and high-quality educational services. However, some of our existing and potential competitors, especially public schools, have governmental support in the form of government subsidies and other payments or fee reductions. Our competitors may devote greater resources, financial or otherwise, than we can to student recruitment, campus development and brand promotion, and respond more quickly than we can to changes in student demands and market needs. Please refer to the section headed "Risk Factors — Risks relating to our business and our industry — Highly competitive PRC education sector could result in reduced profit margins and market shares, increased pricing pressure, departure of qualified teaching staff and increased spendings" in this prospectus for more information.

MARKETING

We believe our prospective students are mainly attracted by our reputation for quality education and the care and support students receive from our teaching staff. Our student enrollment at our schools is largely driven by word-of-mouth referrals of our students and their parents. We consider the most effective marketing tool of our middle schools and high school is to demonstrate to our students that we have a strong education program which could help them improve their academic standards and achieve high scores in the public examinations. Based on the fact that a substantial number of our middle school students applied for our high school in 2016, we believe that our students and their parents are generally satisfied with our education service and will naturally recommend our schools to their relatives or friends.

In addition to word-of-mouth referrals, for our middle schools and high school, we publish our application information and admission requirements on the Internet and social media. In the future, we intend to engage in a variety marketing methods including promoting our schools through newspaper, visiting potential feeder primary schools to introduce our educational programs and establishing student recruitment offices in different cities of Sichuan Province to support student recruitment activities. For our kindergartens, we promote our brand name mainly through our school websites and social media. We also arranged our students to participate in TV shows and community activities organized by the local government authorities. According to the Frost & Sullivan Report, with continuous and strong economic development and urbanization process, it is expected that there is an increasing demand for private fundamental education in Chengdu. We believe our student recruitment has benefited and will continue to benefit from such trend.

CUSTOMERS

During the Track Record Period, our customers primarily consisted of our students and their parents. We did not have any single customer who accounted for more than 5% of our revenue for each of the years ended 31 August 2015, 2016 and 2017 and the six months ended 28 February 2018.

SUPPLIERS

During the Track Record Period, our suppliers primarily comprised (i) Sichuan Haowen, which granted the authorized use of the brand of Sichuan Normal University to Jinjiang School, Longquan School and Tianfu School, (ii) construction and renovation companies; and (iii) property developers. For the years ended 31 August 2015, 2016 and 2017 and the six months ended 28 February 2018, transactions with our five largest suppliers amounted to approximately RMB24.7 million, RMB29.6 million, RMB20.5 million and RMB202.7 million, respectively, which accounted for approximately 50.8%, 46.8%, 37.6% and 85.9% of the Group's total purchase, respectively. Transaction with our largest supplier for the years ended 31 August 2015, 2016, 2017 and the six months ended 28 February 2018 amounted to approximately RMB10.2 million, RMB10.6 million, RMB9.4 million and RMB133.1 million, respectively, which accounted for approximately 21.1%, 16.7%, 17.3% and 56.4% of the Group's total purchase, respectively.

The table below sets out the details of our five largest suppliers for each of the years ended 31 August 2015, 2016 and 2017 and the six months ended 28 February 2018:

For the year ended 31 August 2015:

Name of supplier	Principal business of our suppliers	Type of products/services purchased by our Group	Approximate years of relationship with our Group	Payment term	Payment method	Approximate purchase amount (RMB'000)	Percentage of our Group's total purchase
Supplier A	Provision of, among others, construction services	Construction services	3 years	Payment by installments on agreed dates	Bank transfer	10,210	21.1%
Sichuan Haowen	Cooperation and investment in education	Use of the brand of No.1 Experimental School Attached to Sichuan Normal University and other relevant support to the operation of the schools of the Group	9 years	Payable annually	Bank transfer	6,666	13.7%
Supplier C	Provision of, among others, construction and design services	Renovation and maintenance services	8 years	Payment by installments on agreed dates	Bank transfer	5,354	11.0%
Supplier D	Property developer and property management	Lease of school premises	16 years	Payable semi-annually	Bank transfer	1,419	2.9%
Supplier E	Property developer	Lease of school premises	6 years	Payable quarterly	Bank transfer	1,038	2.1%
					Sub-total	24,687	50.8%

For the year ended 31 August 2016:

Name of supplier	Principal business of our suppliers	Type of products/services purchased by our Group	Approximate years of relationship with our Group	Payment term	Payment method	Approximate purchase amount (RMB'000)	Percentage of our Group's total purchase
Supplier F	Provision of, among others, renovation and design services	Renovation services	2 years	Payment by installments on agreed dates	Bank transfer	10,581	16.7%
Sichuan Haowen. .	Cooperation and investment in education	Use of the brand of No.1 Experimental School Attached to Sichuan Normal University and other relevant support to the operation of the schools of the Group	9 years	Payable annually	Bank transfer	7,399	11.7%
Supplier G	Provision of, among others, renovation and construction services	Renovation and construction services	2 years	Payment by installments on agreed dates subject to percentage of completion of services and the final audited contract sum	Bank transfer	6,883	10.9%
Supplier H	Property developer and provision of building management services	Lease of school premises	2.5 year	Payable semi-annually	Bank transfer	2,695	4.3%
Supplier I	Provision of information technology equipment	Provision of audio, surveillance and broadcasting systems	4.5 years	Payment of agreed percentage of the total contract sum at agreed dates	Bank transfer	2,060	3.3%
					Sub-total	29,618	46.9%

For the year ended 31 August 2017:

Name of supplier	Principal business of our suppliers	Type of products/services purchased by our Group	Approximate years of relationship with our Group	Payment term	Payment method	Approximate purchase amount (RMB'000)	Percentage of our Group's total purchase
Sichuan Haowen .	Cooperation and investment in education	Use of the brand of No.1 Experimental School Attached to Sichuan Normal University and other relevant support to the operation of the schools of the Group	9 years	Payable annually	Bank transfer	9,352	17.3%
Supplier F	Provision of, among others, renovation and design services	Renovation services	2 years	Payment by installment on agreed dates	Bank transfer	5,615	10.3%
Supplier H	Property developer and provision of building management services	Lease of school premises	2.5 year	Payable semi-annually	Bank transfer	2,695	5.0%
Supplier D	Property developer and property management	Lease of school premises	16 years	Payable semi-annually	Bank transfer	1,419	2.6%
Supplier C	Provision of, among others, construction and design services	Renovation and maintenance services	8 years	Payment by installments on agreed dates	Bank transfer	1,370	2.5%
					Sub-total	20,451	37.7%

For the six months ended 28 February 2018:

Name of supplier	Principal business of our suppliers	Type of products/services purchased by our Group	Approximate years of relationship with our Group	Payment term	Payment method	Approximate purchase amount (RMB'000)	Percentage of our Group's total purchase
Supply J	Provision of, among others, construction engineering work	Foundation construction and main building construction	less than one year	Payment by installments on agreed dates based on work progress	Bank transfer	133,067	56.4
Supply K	Provision of, among others, construction engineering work	Dormitory construction	less than one year	Payment by installments on agreed dates based on work progress	Bank transfer	53,533	22.7
Supply L *(Note)* ...	Provision of, among others, architectural design and construction planning services	Architectural design	less than one year	Payment by installments on agreed dates based on work progress	Bank transfer	6,012	2.6
Sichuan Haowen .	Cooperation and investment in education	Use of the brand of No.1 Experimental School Attached to Sichuan Normal University and other relevant support to the operation of the schools of the Group	9 years	Payable annually	Bank transfer	5,262	2.2
Supply M	Provision of, among others, construction foundation engineering work	Construction foundation engineering work	less than one year	Payment by installments on agreed dates based on work progress	Bank transfer	4,823	2.0
					Sub-total	202,697	85.9

Note: Comprising two architectural design companies which jointly provided architectural design services to our Group.

Mr. Jiang Bohan, the principal of Jinjiang School, is a supervisor of Sichuan Haowen but does not hold any equity interest in Sichuan Haowen. None of our Directors, their respective associates, or any Shareholder who, to the knowledge of our Directors, owned more than 5% of our issued capital, had any interest in any of our five largest suppliers during the Track Record Period and up to the Latest Practicable Date.

INTELLECTUAL PROPERTY

We recognize the importance of protecting and enforcing our intellectual property rights and rely on intellectual property laws and related registration procedures to protect our intellectual property rights. All of our kindergartens operate under the PRC registered trademarks “ ” and “幼獅”. The registered proprietor of the Youshi Trademarks is Chengdu Bojun. As at the Latest Practicable Date, we were the registered owner of the trademarks “ ” and “博駿教育” in Hong Kong and had filed twelve trademark applications in PRC.

In addition, we are the registrant of the domain names of www.scsdyz.com, www.ys61.com and bojuneducation.com.

For further details of our intellectual property rights, please refer to the section headed “Statutory and general information — Further information about the business of our Group — 10. Intellectual property rights of our Group” in Appendix V to this prospectus.

During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any intellectual property infringement claims which had any material impact on our Group. Please refer to the section headed “Risk factors — Risks relating to our business and our industry — We may face disputes from time to time relating to the intellectual property rights of third parties” in this prospectus for further details.

AWARDS AND RECOGNITIONS

We have received certain awards and recognitions from various local governments and other organizations since our establishment in recognition of our contribution to the private education industry, the quality of education we provide and the outstanding achievements of our students. The following table sets forth some of the awards and recognition we have received:

Year	Award/Accreditation	Awarding Organization	Awarded Entity
2012–2015	National Technology and Sports Traditional School* (全國科技體育傳統學校)	State General Administration of Sport of China, Ministry of Education, Ministry of Science and Technology Department* (國家體育總局、教育部及科技部)	Jinjiang School
2013	First-tier Kindergarten in Chengdu* (成都市一級幼兒園)	Chengdu Education Bureau* (成都市教育局)	Qingyang Kindergarten

Year	Award/Accreditation	Awarding Organization	Awarded Entity
2013	Chengdu City Charming Campus Award* (成都魅力校園十佳獎)	Chengdu Television Station* (成都市電視臺)	Jinjiang School
2012	First-tier Kindergarten in Chengdu* (成都市一級幼兒園)	Chengdu Education Bureau* (成都市教育局)	Lidu Kindergarten, Longquan Kindergarten and Riverside Kindergarten
2012	Second-tier Kindergarten in Chengdu* (成都市二級幼兒園)	Chengdu Education Bureau* (成都市教育局)	Youshi Kindergarten
2014	Second-tier Kindergarten in Chengdu* (成都市二級幼兒園)	Social Affairs Bureau of Chengdu Gaoxin District* (成都高新區社會事業局)	Peninsula Kindergarten
2016	Advanced Group in the Secondary and Primary Teachers Skills Competition* (中小學幼兒教師技能大賽－先進集體)	Education Bureau of Longquanyi District of Chengdu* (成都市龍泉驛區教育局) Chengdu City Longquanyi District Labour Union* (成都市龍泉驛區總工會)	Longquan School
2017	The Best Organisation in the Star of Outlook English Talent Competition* (希望之星英語風采大賽最佳組織獎) . .	Sichuan Committee of the Star of Outlook English Talent Committee of the China Central Television* (中央電視臺希望之星英語風采大賽四川組委員會)	Tianfu School
2017	Advanced Group in Establishing Quality Middle School in the School Year of 2016-2017* (2016-2017學年度初中質量建設工作先進集體)	Jinjiang District Education Bureau* (錦江區教育局)	Jinjiang School
2017	Chengdu Basketball Backup Talent Breeding Ground* (成都市籃球項目後備人才基地)	Chengdu Basketball Association* (成都市籃球協會)	Jinjiang School
2017	Best Performance Award in Winds Division in National Youth Music Festival * (全國青少年音樂節管樂藝術展演最佳演奏獎)	Beijing Dunshan Culture and Arts Company Limited* (北京敦善文化藝術股份有限公司) Chengdu Dunshan Culture and Arts Company Limited* (成都敦善文化藝術有限公司)	Jinjiang School

We are the council member of the following educational associations:

Seat or membership	Organization	Entity
Council Member. . . .	Primary and Secondary Education Special Committee of Chengdu Private Education Association* (成都市民辦教育協會中小學教育專業委員會)	Jinjiang School

EMPLOYEES

As of 1 September 2015, 2016 and 2017 and 28 February 2018, we had 731, 928, 1,114 and 1,117 employees, respectively. The following table sets forth the total number of employees by function as at the Latest Practicable Date:

Function	Number of Employees	% of Total
Executive Directors and senior management	5	0.4
Teachers(1)	579	48.5
Residence tutors	178	14.9
Administrative and supporting staff(2)	222	18.6
Campus security	41	3.4
Accounting and finance staff	20	1.7
Other staff	149	12.5
Total	1,194	100.0

Notes:

(1) Excludes teachers with administrative responsibilities.

(2) Includes teachers with administrative responsibilities.

As of the Latest Practicable Date, our employees were located in the PRC. As required by the PRC laws and regulations, we participate in various employee social security plans for our employees that are administered by local governments, including housing, pension, medical insurance and unemployment insurance. During the Track Record Period, we did not make adequate contributions to social insurance and housing provident funds for some of our employees as required by applicable PRC law and regulations. For more information about our compliance with the relevant social insurance and housing provident fund regulations, please see the paragraph headed "Legal proceedings and compliance" in this section. We believe we have maintained a good working relationship with our employees, and we have not experienced any material labor disputes during the Track Record Period.

Moreover, one of our schools has established a labor union and our employees may voluntarily participate in the activities of the labor union. During the Track Record Period, we have not experienced any material labor union disputes.

We engaged third-party education service providers for the provision of foreign teachers for our kindergartens. These teachers are employed by the third-party education service providers who shall bear the costs of their social insurance and housing fund as required under the PRC laws. For details of this arrangement, please see the paragraph headed "Teachers and teacher recruitment" in this section.

PROPERTIES

As at the Latest Practicable Date, we owned and leased the following properties:

Name of the owner or lessee	Nature of property interest	No. of parcels of land or buildings	Approximate gross site area (sq.m.)	Approximate gross floor area (sq.m.)	Lease duration	Title defects[1]	Carrying value of the properties as of 28 February 2018 (RMB'000)	Appraised value of the properties (RMB'000)
Jinjiang School	Owned properties	13 buildings	–	33,703.00	–	We have not obtained the building ownership certificates * (房屋產權證) and construction land planning permits* (建設用地規劃許可證) for the 13 buildings located on the land leased and occupied by the Jinjiang School.	74,422[11]	No commercial value[4]
	Leased properties	5 parcels of land	47,513.57	–	(i) until June 2043 for a parcel of land; (ii) 10 September 2006 – 10 September 2043 for a parcel of land; and (iii) no specific duration for the remaining 3 parcels of land.	–	N/A	–
Longquan School	Leased properties	1 parcel of land and	46,666.20	–	1 September 2015 – 31 August 2035	–	N/A	–
		9 buildings	–	30,129.63		The lessor has not provided us with the relevant valid building ownership certificate of the buildings for the library and back office canteen with an aggregate gross floor area of approximately 1,489.66 sq.m.	N/A	–

Name of the owner or lessee	Nature of property interest	No. of parcels of land or buildings	Approximate gross site area	Approximate gross floor area	Lease duration	Title defects[1]	Carrying value of the properties as of 28 February 2018	Appraised value of the properties
			(sq.m.)	(sq.m.)			(RMB'000)	(RMB'000)
Tianfu School.	Owned properties[2]	1 parcel of land and 2 buildings	19,186.57 –	– 13,472.08	–	–	28,165[12] 53,825[11]	– No commercial value[5]
Youshi Kindergarten	Leased property	1 building	–	3,879.00	1 January 2002 – 31 December 2021	–	N/A	–
Lidu Kindergarten	Leased property	1 building	–	4,141.71	1 April 2018 – 31 March 2026	The lessor has not provided us with the relevant valid building ownership certificate.	N/A	–
Longquan Kindergarten. .	Leased property	1 building	–	5,069.34	1 March 2009 – 28 February 2029	–	N/A	–
Peninsula Kindergarten. . .	Leased property	1 building	–	2,881.95	1 September 2013 – 31 August 2033	The lessor has not obtained the relevant building ownership certificate. –	N/A	–
Riverside Kindergarten . .	Leased property	1 building	–	1,581.96	1 January 2013 – 31 December 2023	–	N/A	–
Qingyang Kindergarten . .	Leased property	1 building	–	3,024.28	From the date of delivery of the property on or about 1 September 2009 – 31 August 2029	–	N/A	–
Chengdu Bojun	Leased property[3]	1 office unit	–	408.85	1 September 2016 – 31 August 2019	–	N/A	–

Name of the owner or lessee	Nature of property interest	No. of parcels of land or buildings	Approximate gross site area	Approximate gross floor area	Lease duration	Title defects[1]	Carrying value of the properties as of 28 February 2018	Appraised value of the properties
			(sq.m.)	(sq.m.)			(RMB'000)	(RMB'000)
Chengdu Mingxian	Leased properties	1 parcel of land and	2,018.00	–	1 January 2012 – 31 December 2020	–	N/A	–
		1 building	–	3,967.50			N/A	–
	Leased property	1 office unit	–	–	18 August 2017 – 18 August 2018	–	N/A	–
Nanjiang Bojun.	Owned properties[6]	1 parcel of land	93,649.50	–	–	–	35,182[12]	88,270[8]
	Leased property[7]	1 office unit	–	40.00	–		N/A	–
Wangcang Bojun	Owned properties[9]	2 parcels of land	79,973.00	–	8 January 2018 – 9 January 2068	–	47,010[12]	111,500[10]
Chengdu Youshi Preschool Investment	Leased property	1 office unit	–	–	–	–	N/A	–
Renshou Bojun	Leased property	1 office unit	–	–	–	The lessor has not provided us with the relevant valid building ownership certificate.	N/A	–
Lezhi Bojun	Leased property	1 office unit	–	–	–	The lessor has not provided us with the relevant valid building ownership certificate.	N/A	–

Notes:

(1) For further details on the legal consequences associated with title defects, please refer to the paragraph headed "Properties — Title defects" in this section.

(2) Pursuant to an asset transfer agreement, a supplemental agreement and several related agreements entered into between, among others, a property developer, a property investment company and Tianfu School, the properties which comprise a parcel of land with a total gross site area of approximately 19,186.57 sq.m., two buildings with a total gross floor area of approximately 13,472.08 sq.m. and various ancillary structures (the "**Tianfu Properties**") shall be transferred to Tianfu School at a total consideration of RMB75,000,000. As at the Latest Practicable Date, Tianfu School has already made full payment of the said consideration to the property developer and the property developer is in the process of applying to transfer the ownership of the Tianfu Properties to Tianfu School. Tianfu Properties are used as the school premises of Tianfu School. As advised by our PRC Legal Advisors, as at the Latest Practicable Date, based on legal documents provided by the property developer, the property developer has already obtained the ownership certificate of land use right* (國有土地使用權證), construction land planning permit, construction engineering planning permit* (建設工程規劃許可證), building engineering construction permit* (建築工程施許可證) and construction project planning qualified certificate* (建設工程規劃合格證) in respect of the Tianfu Properties. After reviewing the aforementioned legal documents, our PRC Legal Advisors are of the view that the Tianfu Properties have conformed to the planning purposes described under the relevant construction and planning permits and the certificate of land use right.

As advised by our PRC Legal Advisors, according to the Implementation Rules of the Interim Regulations on the Registration of the Immovable Property* (不動產登記暫行條例實施細則), the documents that are required to be submitted to the relevant PRC authorities for the application of the transfer of the property ownership mainly include: (i) the immovable property ownership certificate* (不動產權屬證書); (ii) the relevant asset transfer agreement; and (iii) the payment record of the relevant taxes. Based on the Information Processing Notification Form (信息告知處理通知單) issued by Chengdu Tianfu District Real Estate Registration Service Center (成都市天府新區不動產登記服務中心), the application of immovable property ownership certificate was submitted by the property developer and accepted by Chengdu Tianfu District Real Estate Registration Service Center on 24 November 2016. On 6 December 2016, our PRC Legal Advisors consulted the principal person of the Chengdu Tianfu District Real Estate Registration Service Center. As advised by our PRC Legal Advisors, Chengdu Tianfu District Real Estate Registration Service Center is a competent authority which is responsible for real estate registration and issuance of relevant certificates in Chengdu Tianfu district. The relevant principal person of the Chengdu Tianfu District Real Estate Registration Service Center confirmed with the PRC Legal Advisors that (1) the property developer has submitted its application of immovable property ownership certificate for the Tianfu Properties; (2) the documentation submitted by the property developer basically satisfies the requirements of the application of immovable property ownership certificate and has already been accepted; and (3) currently the property developer is in the due course of making the real estate certificate application and registration for Tianfu Properties. According to our PRC Legal Advisors, subject to the compliance of the Implementation Rules of the Interim Regulations on the Registration of the Immovable Property by the property developer and Tianfu School, there are no material legal impediments in transferring the ownership of the property from the property developer to Tianfu School.

(3) We leased this property from Chengdu Hengyu as the office of Chengdu Bojun. Chengdu Hengyu is an associate of Mr. Xiong Tao and a connected person of our Company under the Listing Rules. Accordingly, the lease transaction we entered into with Chengdu Hengyu constitutes a continuing connected transaction for our Company under the Listing Rules upon Listing. For details of this continuing connected transaction, please refer to the section headed "Connected Transactions — Exempt continuing connected transaction — Office lease" in this prospectus.

(4) As set out in the section headed "Property Valuation Report" in Appendix III to this prospectus, as the buildings are without proper title certificates, no commercial value has been attributed to them. However, for reference purpose only, the property valuer is of the opinion that the depreciate replacement cost of these buildings and structures (excluding the land) as at 30 April 2018 would be RMB58,620,000.

(5) As set out in the section headed "Property Valuation Report" in Appendix III to this prospectus, as the properties have not been assigned to Tianfu School and thus the title of the properties has not been vested in Tianfu School, no commercial value has been attributed to them. However, for reference purpose only, the property valuer is of the opinion that (i) the market value of the completed buildings and various ancillary structures (including the land parcel with a site area of approximately 19,186.57 sq.m. that they are erected thereon) as at 30 April 2018 would be RMB77,860,000, on the condition that the relevant title certificates have been obtained by Tianfu School and Tianfu School is entitled to freely transfer, lease, mortgage or otherwise dispose of the properties and the (ii) depreciated replacement cost for a dormitory building (excluding the land) which was under construction as at 30 April 2018 would be RMB65,200,000.

(6) On 23 November 2017, Nanjiang Bojun entered into two contracts with the State-Owned Land Resources Bureau of Nanjiang County* (南江縣國土資源局) for the acquisition of two parcels of land of an aggregate site areas of 93,649.50 sq.m. at an aggregate consideration of approximately RMB35.1 million. The properties are designated for the operation of Nanjiang School. As at the Latest Practicable Date, Nanjiang Bojun had already made full payment of the said consideration and obtained the ownership certificate of land use right* (國有土地使用權證). Nanjiang Bojun had obtained the construction land planning permit* (建設用地規劃許可證), construction project planning permit* (建設工程規劃許可證) and the project construction permit* (建設工程施工許可證) for the construction work of Nanjiang School.

(7) We leased this property from an Independent Third Party free of charge. Our Directors confirmed that the property was only used as the registered address of Nanjiang Bojun and no agreement was reached with the lessor in respect of the area of the leased property and the term of the lease.

(8) As set out in the section headed "Property Valuation Report" in Appendix III to this prospectus, the market value of the property as at 30 April 2018 is RMB88,270,000. The property comprises a parcel of land with 12 buildings and various structures that are under construction.

(9) On 9 January 2018, Wangcang Bojun entered into two contracts with the Stated-Owned Land Resources Bureau of Wangcang County* (旺蒼縣國土資源局) for the acquisition of two parcels of land of an aggregate site areas of 79,973 sq.m. at an aggregate consideration of approximately RMB46.7 million. The properties are designated for the operation of Wangcang School. As at the Latest Practicable Date, Wangcang Bojun had already made full payment of the said consideration and obtained the ownership certificate of land use right* (國有土地使用權證). Wangcang Bojun had obtained the construction land planning permits* (建設用地規劃許可證), the construction project planning permits* (建設工程規劃許可證) and the project construction permit* (建設工程施工許可證) for the construction work of Wangcang School.

(10) As set out in the section headed "Property Valuation Report" in Appendix III to this prospectus, the market value of the property as at 30 April 2018 is RMB111,500,000. The property comprises two parcels of land with 7 buildings and various structures that are under construction.

(11) The balance presenting the carrying amount of the buildings.

(12) The balance presenting the carrying amount of the prepaid lease payments.

All of the above properties are used for non-property activities as defined under Rule 5.01(2) of the Listing Rules. Please see the section headed "Property Valuation Report" in Appendix III to this prospectus for more information.

Cooperation arrangement relating to the expansion of campus of the Tianfu School

On 14 July 2017, the Tianfu School entered into a cooperation agreement with the Shuangquan Village Committee of Wanan Street of Tianfu New District (天府新區萬安街道雙泉村村民委員會) (the "**Shuangquan Committee**"), pursuant to which the Shaungquan Committee shall provide a parcel of land of gross site area of approximately 10,433 sq.m. for the expansion of campus of Tianfu School. Under the agreement, we shall finance the construction work of such expansion. Upon completion of the construction of properties on the land, (i) the Shuangquan Committee shall be entitled to the ownership of the properties of floor area of 7,100 sq.m., and shall lease such properties to Tianfu School and (ii) Tianfu School shall be entitled to the ownership of the other properties.

Title defects

We have a number of title defects with respect to the properties owned or leased by us.

Jinjiang School

As at the Latest Practicable Date, we had not obtained the building ownership certificates and construction planning permits for the 13 buildings located on the land leased and occupied by the Jinjiang School with a gross floor area of approximately 33,703 sq.m. For further details on the legal consequences, potential penalties, remedies and rectification measures and potential impact on our operations and financial condition associated with the title defects of our owned buildings, please see the paragraph headed "Legal proceedings and compliance" in this section.

With respect to the school premises for the library and back office canteen of Longquan School, the lessor has not provided us with the relevant valid building ownership certificate. As advised by our PRC Legal Advisors, if the lessor did not obtain the valid building ownership certificate, we may encounter difficulties in continuing to occupy such premises. However, as confirmed by our Directors, (i) the aforesaid premises are used as our teaching ancillary service facilities which do not have any core teaching function; (ii) no third party has objected to nor has there been any dispute over the occupation of the aforesaid premises by Longquan School; and (iii) if the aforesaid premises cannot be used by the Longquan School, the school will actively cooperate with the lessor or other third party to seek alternative properties in the neighboring area with building ownership certificates. Having considered the above, we consider that the title defects of the premises for the library and back office canteen of Longquan School does not have material adverse impact on its operation.

Lidu Kindergarten

With respect to the school premises of Lidu Kindergarten, the lessor has not provided us with the relevant valid building ownership certificate. As advised by our PRC Legal Advisors, if the lessor did not obtain the valid building ownership certificate, we may encounter difficulties in continuing to lease such properties and may be required to relocate. However, as advised by our PRC Legal Advisors, the lease agreement between us and the lessor is legally valid and enforceable. Our PRC Legal Advisors further advised us that according to the lease agreement, in the circumstances when we are required to vacate from our school premises due to any change of government policy or other reasons, the lessor shall provide us with assistance in connection with student withdrawals. Should we are required to vacate from these properties, our Directors estimated that the time required is approximately four months and the related costs are approximately RMB3.0 million. We estimate that four months are required for the relocation because, similar to the relocation plan of Jinjiang School as stated in the paragraph headed "Properties — Land expropriation" in this section, the relocation will be carried out gradually by three different stages so as to minimize the impact of the relocation and the interruption that will be caused to our school operations. In view of foregoing, our Directors believe that, save for the relocation costs disclosed above, the relocation will not have any material adverse impact on our business, results of operation and financial position.

Peninsula Kindergarten

With respect to the school premises of Peninsula Kindergarten, as advised by our PRC Legal Advisors, the lessor has obtained the relevant land use rights certificate and the construction permit but it has not obtained the relevant building ownership certificate. As advised by the PRC Legal Advisors, given that the construction permit has been obtained, the buildings concerned have passed the fire control assessment and the usage of these buildings complies with the relevant planning documents, there is no risk that these buildings will be deemed as illegal construction and demolished. Accordingly, the PRC Legal Advisors advised us that the risk that our Peninsula Kindergarten will be unable to continue to occupy or use its current school premises due to the lessor's failure in obtaining the building ownership certificate is low. Based on the advice of our PRC Legal Advisors, our Directors are of the view that the risk that we are not able to use the school premises of Peninsula Kindergarten is low.

Non-registration of lease agreements

The relevant lease agreements our schools and subsidiary have entered into with the lessors were not registered with relevant PRC government authorities. Our PRC Legal Advisors have advised us that we may be required by the relevant PRC authorities to register the relevant lease agreements within a prescribed time limit. If we fail to do so, we may be subject to fines ranging from RMB1,000 to RMB10,000 for each non-registered lease. However, as at the Latest Practicable Date, we have not been fined by the relevant PRC authorities with respect to these non-registered leases, and our PRC Legal Advisors has advised us that the non-registration of such lease agreements would not affect their validity.

For further details on the risks associated with our leased properties, please see the section headed "Risk Factors — Risks relating to our business and our industry — We face certain risks relating to the properties leased by us" in this prospectus.

Land expropriation

The school premises of Jinjiang School are built on five parcels of collectively-owned land we leased from an Independent Third Party. As advised by our PRC Legal Advisors, these parcels of collectively-owned land are included in the expropriation plan released by the government of Chengdu in 2006 and 2010 respectively. As a result, there is a risk that these parcels of collectively-owned land will be expropriated by the local government and we may be required to vacate the relevant properties and relocate our Jinjiang School. Please refer to the section headed "Risk Factors — Risks relating to our business and our industry — Our business, financial condition and results of operations may be adversely affected if the land on which our Jinjiang School is located is expropriated by the PRC government" in this prospectus for details of the related risks. According to the interview conducted by our PRC Legal Advisors with Chengdu State-Owned Land Planning and Properties Nature Affairs Centre* (成都市國土規劃地籍事務中心) on 28 September 2016, the land expropriation process in respect of these parcels of collectively-owned land is still in progress and has not been completed. Our PRC Legal Advisors have also consulted with the Chenglong Road Street Office of Jinjiang District of Chengdu* (成都市錦江區成龍路街道辦事處) on 21 September 2016. As advised by our PRC Legal Advisors, the Chenglong Road Street Office of Jinjiang District of Chengdu is a competent authority responsible for executing the expropriation plan in respect of the land on which our Jinjiang School is located. The Chenglong Road Street Office of Jinjiang District of Chengdu informed our PRC Legal Advisors that it has not taken any actions to execute the expropriation plan in respect of the land on which our Jinjiang School is located and it will not take any actions unless a consensus has been reached between the Chengdu State-Owned Land Resources Bureau* (成都市國土資源局), the owners of the collectively-owned land and our Jinjiang School on the details of the indemnification and relocation arrangement in respect of the expropriation of the land. Our Directors confirmed that, as at the Latest Practicable Date, neither the Chenglong Road Street Office of Jinjiang District of Chengdu nor Chengdu State-Owned Land Resources Management Bureau has approached us for matters relating to the expropriation of the land on which our Jinjiang School is located. According to the information obtained by our PRC Legal Advisors from the public information provided by the Information Centre of Chengdu Planning Management Bureau* (成都市規劃管理局), the collectively-owned land is currently designated as school premises for elementary school or middle school. Therefore, the current usage of the collectively-owned land as the school premises of our Jinjiang School complies with the existing town planning of Chengdu. Moreover, the Chenglong Road Street Office of Jinjiang District of Chengdu informed our PRC Legal Advisors that the possibility of demolishing the school premises of our Jinjiang School is relatively remote given the education function it performed in the district.

On 6 December 2016, our PRC Legal Advisors have also consulted with Chengdu State-Owned Land Resources Bureau and was informed by Chengdu State-Owned Land Resources Bureau that its Jinjiang branch office is responsible for the matters relating to the expropriation of the land on which our Jinjiang School is located. According to a written confirmation letter dated 5 February 2018 and issued by the Jinjiang branch office of the Chengdu State-Owned Land Resources Bureau to our Jinjiang School, the Jinjiang branch office of the Chengdu State-Owned Land Resources Bureau confirmed that (i) as at the date of the confirmation letter, the land expropriation plan in respect of the land on which our Jinjiang School is located has not been implemented and, therefore, our Jinjiang School is still entitled to use the land for its current education purpose; (ii) according to the current land expropriation work schedule of Jinjiang District of Chengdu City, there is no fixed plan and timetable in respect of the expropriation of the land on which our Jinjiang School is located and, therefore, the Jinjiang branch office of the Chengdu State-Owned Land Resources Bureau has not communicated with us regarding the land expropriation matter. Moreover, after considering the fact that the land was and is used by our Jinjiang School for education purpose, the Jinjiang branch office of the Chengdu State-Owned Land Resources Bureau allowed our Jinjiang School to continue to use the land for education purpose in the near future; (iii) if a land expropriation plan is formulated in the future, the Jinjiang branch office of the Chengdu State-Owned Land Resources Bureau will conduct the land expropriation work in accordance with the Land Management Law* (土地管理法) and the relevant laws and regulations relating to the indemnification and relocation arrangement in respect of land expropriation and it will not demolish and relocate our Jinjiang School or use the land concerned unless (a) a consensus has been reached between the Jinjiang branch office of the Chengdu State-Owned Land Resources Bureau, the owners of the collectively-owned land and our Jinjiang School on the details of the indemnification and relocation arrangement in respect of the expropriation of the land; and (b) the indemnification and relocation arrangement has been implemented; (iv) if a consensus is reached in respect of the indemnification and relocation arrangement which involves the relocation of our Jinjiang School, the Jinjiang branch office of the Chengdu State-Owned Land Resources Bureau will allow our Jinjiang School to have a reasonable and sufficient transition period to arrange for the relocation of the school and provide assistance to our Jinjiang School to complete the relocation work so as to ensure the education activities carried out by our Jinjiang School will not be affected. The Jinjiang branch office of the Chengdu State-Owned Land Resources Bureau will only expropriate the land after completion of the relocation of our Jinjiang School; and (v) since the collectively-owned land is currently designated to be used for education purpose and provided that such designated usage will not be changed, it is more likely that our Jinjiang School will be retained and be allowed to use the land to carry out its education activities if such land becomes the state-owned land after the completion of the land expropriation process in the future. If a land supply plan is implemented, our Jinjiang School is entitled to participate in the land supply process and apply for the land use rights of such land.

As advised by our PRC Legal Advisors, the Jinjiang branch office of the Chengdu State-Owned Land Resources Bureau is the competent authority to provide the above written confirmation as it is responsible for the matters relating to the expropriation of the land on which our Jinjiang School is located. Moreover, according to our PRC Legal Advisors, given that (i) the land on which our Jinjiang School is located is designated as school premises for elementary school or middle school; (ii) our Jinjiang School is duly established and authorized for providing education services under the laws of the PRC; and (iii) the rights of our Jinjiang School in using its leased property to provide education services are protected by the laws of the PRC, the risk that such land will be leased, assigned or given to enterprises or entities other than our Jinjiang School after the completion of the expropriation process is relatively remote on the assumption that the current designated usage of the land will not be changed. Further, as advised by our PRC Legal Advisors, given that (i) the current usage of the collectively-owned land as the school premises of our Jinjiang School complies with the existing town planning of Chengdu; and (ii) the lease of the collectively-owned land was duly approved by its land owners and filed with and approved by the Chenglong Road Street Office of Jinjiang District of Chengdu (which is a competent authority to handle such matters), we will not be subject to any penalty as a result of occupying the collectively-owned lands.

Nevertheless, should we be required to vacate from the school premises of Jinjiang School, we plan to relocate to a place which is located near our Longquan School. The new campus of Jinjiang School will have (i) buildings with gross floor area of approximately 8,000 sq.m. which will be used as our classrooms, on-campus canteens and school office; (ii) residential buildings with gross floor area of approximately 12,000 sq.m. which will be used as our student dormitories; and (iii) sports facilities with gross floor area of approximately 2,000 sq.m.. With respect to the buildings referred to in (i) and (ii) above, the landlord has provided us with property ownership certificates which were granted after the devastating 2008 earthquake, which indicate that such buildings are supposed to satisfy the seismic resistance requirements as required by the latest PRC laws and regulations. We estimate that the new campus of Jinjiang School can accommodate 2,800 students, the time required for the relocation is approximately four months, and the related renovation and relocation costs are approximately RMB20.8 million. The estimated time required for the relocation includes (i) preparation for the relocation (approximately one month); (ii) implementation of the relocation plan (approximately two months); and (iii) verifying the relocated assets of our school and handling other post-relocation matters (approximately one month). We plan to finance the costs of relocation, if required, using our existing cash balance or cash flow from our operations. Moreover, pursuant to an undertaking letter signed in January 2017, the landlord has undertaken to us that (i) it will vacate the properties on the new campus of Jinjiang School within six month after receiving our written notice to relocate Jinjiang School to the new campus of Jinjiang School; and (ii) it will enter into a lease agreement with us for leasing the new campus to Jinjiang School for education purpose. Given that (i) a written confirmation was provided by the Jinjiang branch office of Chengdu State–Owned Land Resources Bureau as detailed above; (ii) the relocation plan will be carried out gradually by three different stages; and (iii) an undertaking letter was provided by the landlord of the new campus of Jinjiang School, our Directors are of the view that the impact of relocation will be minimized and the relocation will not interrupt the school operations and no expected loss of revenue will be incurred due to the relocation.

Please refer to the section headed "Risk factors — Risks relating to our business and our industry — We face certain risks relating to the properties leased by us" in this prospectus for details of the risks associated with the title defects of our leased properties.

Requirements for seismic resistance

According to our PRC Legal Advisors, as a general legal requirement under the applicable PRC laws and regulations, the construction projects built, expanded or rebuilt shall meet the requirements for seismic resistance. All construction projects shall be designed in compliance with the requirements for fortification against earthquakes and in conformity with the standard seismic design and shall be constructed in accordance with such design. Due to the devastating earthquake in Sichuan Province on 12 May 2008, the PRC regulations highlighted more concrete requirements for schools to protect students and staff against earthquake disasters, including but not limited to the following measures:

- the construction projects, such as schools and hospitals, shall be designed and constructed in accordance with seismic resistance requirements higher than those applicable to the local buildings and effective measures shall be taken to reinforce the ability of fortification against earthquakes; and

- where completed construction projects, such as schools and hospitals, are without the necessary fortifications against earthquakes, or the fortifications against earthquakes fail to meet the relevant requirements, such completed construction projects shall be appraised for their earthquake-resistance capability in accordance with relevant PRC regulations, and the necessary measures of reinforcement shall be taken.

As at the Latest Practicable Date, all the buildings used for our schools' major operations could be categorized into two major types: (i) buildings which have been granted with legal and valid building certificates and/or have passed the construction quality checks after the devastating 2008 earthquake, which indicate that such buildings are supposed to satisfy the seismic resistance requirements as required by the latest PRC laws and regulations; and (ii) buildings which were constructed before the devastating 2008 earthquake, appraised for their earthquake-resistance capability after the earthquake and are in compliance with the seismic resistance requirements. With respect to the buildings referred to in (ii) above, as confirmed by our Group, our schools have not been required to take necessary measures to reinforce or reconstruct such buildings in the school building safety checks conducted by the relevant governmental authorities in the wake of the 2008 earthquake. However, our schools (i.e. Jinjiang School, Longquan School, Lidu Kindergarten, Youshi Kindergarten and Riverside Kindergarten) which have buildings that were constructed before the earthquake took the initiative to obtain appraisal reports in respect of such buildings in order to comply with the relevant laws and regulations. According to the Law of PRC on Protection Against and Mitigation Earthquake Disasters* (中華人民共和國防震減災法) promulgated on 29 December 1997 and revised on 27 December 2008 and the Notice on Strengthen Urban and Rural Construction Protection Against and Mitigation Earthquake Disasters Works concerning <<the Law of PRC on Protection Against and Mitigation Earthquake Disasters>> issued by Ministry of Housing and Urban-Rural Development of PRC* (住房和城鄉建設部關於貫徹實施《防震減災法》加強城鄉建設抗震防災工作的通知) on 10 March 2009, it is required that those schools buildings which were completely constructed should be appraised for their earthquake-resistance capability to check whether they are in accordance with relevant laws and regulations and the necessary measures of reinforcement shall be taken, if any. The appraisal reports of our schools showed that: (i) the buildings of Jinjiang

School and Longquan School were in compliance with the seismic resistance requirements; (ii) the buildings of Lidu Kindergarten and Riverside Kindergarten are basically in good conditions; and (iii) the buildings of Youshi Kindergarten suffered slight damages after the earthquake. Our Directors confirmed that, in view of such appraisal results, our Lidu Kindergarten, Youshi Kindergarten and Riverside Kindergarten have taken relevant strengthening countermeasures according to the relevant appraisal reports. Subsequently, our Lidu Kindergarten, Youshi Kindergarten and Riverside Kindergarten obtained updated appraisal reports in respect of their buildings in 2016 which showed that the buildings of these kindergartens were in compliance with the seismic resistance requirements. Based on the results of such appraisal reports, our PRC Legal Advisors are of the view that the buildings of Lidu Kindergarten, Youshi Kindergarten and Riverside Kindergarten are in compliance with the seismic resistance requirements. Accordingly, our Directors are of the view that those buildings of our schools that were constructed before the 2008 earthquake are in compliance with the seismic resistance requirements.

Regulatory requirements relating to the ratio between school building area/site area and number of students

Kindergartens

According to the Notice on Building Area of Urban Kindergartens (《關於印發〈城市幼稚園建築面積定額(試行)〉的通知》), which was promulgated on 14 July 1988, and the Notice on Basic Requirements of Kindergartens in Sichuan Province (《關於印發〈四川省幼稚園辦園基本要求(試行)〉的通知》), which was promulgated on 12 May 2006, our kindergartens shall comply with the following requirements relating to the ratios between school building area/site area and number of students during the Track Record Period:

Scale of operation (Number of class)	Building area (m^2)	Building area (m^2) per student	Site area (m^2)	Site area (m^2) per student
6 classes	≥1,773	≥9.9	≥2,700	≥15
9 classes	≥2,481	≥9.2	≥3,780	≥14
12 classes	≥3,182	≥8.8	≥4,680	≥13

During the Track Record Period, all of our kindergartens have complied with the applicable requirements relating to the ratios between school building area/site area and number of students.

High school and middle schools

According to the Notice on Standards of Facilities of Education Institutes of Sichuan Province (《四川省人民政府辦公廳關於印發〈四川省民辦教育機構分類設置標準(試行)〉的通知》), which was promulgated on 30 April 2002, and the Notice on Basic Standards of Education Institutes for Compulsory Education in Sichuan Province (《關於印發〈四川省義務教育學校辦學條件基本標準(試行)〉的通知》), which was promulgated on 31 October 2012, the high school and middle schools of our Group shall comply with the following requirements relating to the ratios between school building area/site area and number of students during the Track Record Period:

Requirements which are applicable to private education institutes:

Type of institutes	Building area (m^2) per student	Site area (m^2) per student
High school	≥5	≥12
Middle school	≥4	≥10

Requirements which are applicable to education institutes which offer compulsory education services:

Scale of operation (Number of class)	Building area (m^2)	Building area (m^2) per student	Site area[1] (m^2)	Site area (m^2) per student
12 classes	≥4,772	≥7.95	≥12,559	≥21
18 classes	≥6,379	≥7.09	≥18,924	≥21
24 classes	≥7,972	≥6.64	≥21,515	≥18
30 classes	≥9,605	≥6.40	≥24,156	≥16

Note:

1. Excluding site area which are used as dormitories.

During the Track Record Period, all of our high school and middle schools have complied with the applicable requirements relating to the ratios between school building area/site area and number of students.

The following table sets forth our Group's school building areas, site areas and ratios between school building area/site area and number of students:

School	As of 1 September																			
	2014					2015					2016					2017				
	Number of class	Building area (m^2)	Building area (m^2) per student	Site area (m^2)	Site area (m^2) per student	Number of class	Building area (m^2)	Building area (m^2) per student	Site area (m^2)	Site area (m^2) per student	Number of class	Building area (m^2)	Building area (m^2) per student	Site area (m^2)	Site area (m^2) per student	Number of class	Building area (m^2)	Building area (m^2) per student	Site area (m^2)	Site area (m^2) per student
Jinjiang School	54	33,703.00	13.08	47,513.57 45,287.69[1]	18.44 17.58	54	33,703.00	12.70	47,513.57 45,287.69[1]	17.90 17.06	54	33,703.00	12.36	47,513.57 45,287.69[1]	17.43 16.61	58	33,703.00	11.68	47,513.57 45,287.69[1]	16.47 15.70
Longquan School (Middle school and high school)	—	—	—	—	—	9	30,129.63	72.08	46,666.20 42,646.36[1]	111.64 102.02	28	30,129.63	25.88	46,666.20 42,646.36[1]	40.09 36.64	47	30,129.63	16.14	46,666.20 42,646.36[1]	25.00 22.84
Tianfu School	—	—	—	—	—	—	—	—	—	—	9	13,472.08	43.04	19,186.57[2]	61.30	22	13,472.08	14.92	19,186.57[2]	21.25
Youshi Kindergarten	9	3,879.00	16.87	4,501.00	19.57	10	3,879.00	13.95	4,501.00	16.19	10	3,879.00	12.59	4,501.00	14.61	10	3,879.00	12.08	4,501.00	14.02
Lidu Kindergarten	12	4,141.71	12.67	5,021.00	15.35	12	4,141.71	11.83	5,021.00	14.35	12	4,141.71	12.67	5,021.00	15.35	12	4,141.71	13.67	5,021.00	16.57
Longquan Kindergarten	10	5,069.34	19.65	4,438.00	17.20	11	5,069.34	18.24	4,438.00	15.96	11	5,069.34	19.65	4,438.00	17.20	11	5,069.34	21.03	4,438.00	18.41
Peninsula Kindergarten	6	2,881.95	22.69	4,080.00	32.13	8	2,881.95	13.34	4,080.00	18.89	9	2,881.95	10.60	4,080.00	15.00	9	2,881.95	10.37	4,080.00	14.68
Riverside Kindergarten	5	1,581.96	11.06	2,301.00	16.09	5	1,581.96	10.34	2,301.00	15.04	5	1,581.96	10.48	2,301.00	15.24	5	1,581.96	10.84	2,301.00	15.76
Qingyang Kindergarten	9	3,024.28	11.46	3,898.00	14.77	9	3,024.28	10.88	3,898.00	14.02	9	3,024.28	11.20	3,898.00	14.44	9	3,024.28	11.33	3,898.00	14.60

Notes:

1. Excluding site area which is used as dormitories.
2. No deduction in site area of dormitories is needed, as dormitories are located in the same building used for non-dormitory purposes.

Our PRC Legal Advisors interviewed relevant official of the Education Department of Sichuan Province, being the competent regulatory authorities regulating our kindergartens, middle schools and high school to provide the following confirmation. The official is familiar with the regulations governing school building area/site area and number of students and the implementation requirements of such regulations. The official confirmed that our kindergartens, middle schools and high school have complied with the requirements relating to the ratio between school building area/site area and number of students and are not subject to any fine or penalty. The official also confirmed that inspections are performed by relevant authorities against middle schools and high schools annually and our middle schools and high school passed each of the annual inspections conducted by the relevant authorities showing that applicable requirements have been complied with.

INSURANCE

We maintain various insurance policies to safeguard against risks and unexpected events. For instance, we maintain school liability insurance and property insurance for our schools. However, we do not maintain business interruption insurance, product liability insurance or key-man life insurance. Our Directors believe that our insurance coverage is generally consistent with the industry practice and provides adequate protection for our assets and operations. However, we may be exposed to other claims or liabilities not covered by our insurance. Please refer to the section headed "Risk factors — Risks relating to our business and our industry — We maintain limited insurance coverage" in this prospectus for more information.

LICENCES AND PERMITS

Our PRC Legal Advisors have advised that during the Track Record Period and up to the Latest Practicable Date, we had obtained all licenses, permits, approvals and certificates necessary to conduct our operations in all material respects from the relevant government authorities in the PRC, and such licenses, permits, approvals and certificates remained in full effect.

The table below sets forth details of our material licences and permits:

License	Holder	Granting authority	Grant date	Expiry date[1]
Private school operating license	Jinjiang School	Education Bureau of Chengdu Jinjiang District* (成都市錦江區教育局)	January 2015	December 2022
Private school operating license	Longquan School	Education Bureau of Chengdu Longquanyi District* (成都市龍泉驛區教育局)	June 2018	June 2026
Private school operating license	Tianfu School	Management Committee of Social Affairs Bureau of Chengdupian District, Tianfu New District, Chengdu, Sichuan Province* (四川省成都天府新區成都片區管理委員會社會事業局)	April 2016	April 2021
Private school operating license	Youshi Kindergarten	Administrative Approval Bureau of Chengdu Wuhou District* (成都市武侯區行政審批局)	April 2018	April 2025
Private school operating license	Lidu Kindergarten	Administrative Approval Bureau of Chengdu Wuhou District* (成都市武侯區行政審批局)	April 2018	April 2025
Private school operating license	Longquan Kindergarten	Education Bureau of Chengdu Longquanyi District* (成都市龍泉驛區教育局)	April 2011	–
Chengdu kindergarten registration certificate[2]	Peninsula Kindergarten	Social Affairs Bureau of Chengdu Gaoxin District* (成都市高新區社會事業局)	September 2016	September 2021
Private school operating license	Riverside Kindergarten	Education Bureau of Chengdu Jinjiang District* (成都市錦江區教育局)	January 2015	December 2022
Private school operating license	Qingyang Kindergarten	Education Bureau of Chengdu Qingyang District* (成都市青羊區教育局)	–	–

Notes:

(1) Some of our private school operating licenses do not bear a grant date and/or an expiry date. According to our PRC Legal Advisors, to maintain each of our private school operating licenses, the respective school is required to pass an annual inspection regardless of whether such license bears a grant date and/or an expiry date or not. As at the Latest Practicable Date, each of our schools had passed the latest annual inspection.

(2) On 22 September 2016, an officer of the education department of Social Affairs Bureau of Chengdu Gaoxin District confirmed with our PRC Legal Advisors that the current practice of the bureau is to issue Chengdu kindergarten registration certificate for the operation of a kindergarten in Gaoxin District and this certificate is the only certificate which was issued for this purpose as at the Latest Practicable Date. As advised by our PRC Legal Advisors, the officer is competent to confirm for matters relating to the operation of a kindergarten in Gaoxin District as the officer is in charge of matters relating to the preschool education.

HEALTH AND SAFETY MATTERS

We are dedicated to protecting the health and safety of our students. We have on-site medical staff or health care personnel at each of our schools to deal with minor medical situations involving our students. For any serious and emergency medical situations, we will send our students to local hospitals for medical treatment. We employed our own security staff and also engaged a security service provider for maintaining property security services at our school premises. During the Track Record Period and up to the Latest Practicable Date, we did not experience any serious accident, medical situation or safety issue involving our students.

LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not a party to any material legal, arbitral or administrative proceedings, and we were not aware of any pending or threatened legal, arbitral or administrative proceedings against us or any of our Directors which, in the opinion of our management, could have a material adverse effect on our operations or financial condition. Our Directors have confirmed that, no member of our Group is currently engaged in any material litigation, arbitration or administrative proceeding.

During the Track Record Period and up to the Latest Practicable Date, save as disclosed below under the paragraph headed "Legal proceedings and compliance" in this section, we did not commit any material non-compliance of the laws or regulations, nor did we experience any systemic non-compliance incidents, which taken as a whole, in the opinion of the Directors, are likely to have a material and adverse effect on our business, financial condition or results of operations. During the same periods, we also did not experience any non-compliance of the laws or regulations, which taken as a whole, in the opinion of the Directors, reflects negatively on the ability or tendency of our Company, the Directors or our senior management, to operate our business in a compliant manner. Our PRC Legal Advisors are of the opinion that, save as disclosed below under the paragraph headed "Legal proceedings and compliance" in this section, we have complied with all relevant PRC laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date.

Set forth below is a summary of our non-compliance matters during the Track Record Period and up to the Latest Practicable Date, as well as rectification actions and preventive measures that we have taken in respect of such matters:

Non-compliance Incident	Reasons for the Non-Compliance	Legal Consequences and Potential Maximum Penalties	Remedies and Rectification Measures Taken to Prevent Future Breach and Ensure On-going Compliance	Potential Impact on Our Operations and Financial Condition
1. During the Track Record Period and up to the Latest Practicable Date, we breached the relevant requirements for making full contributions to the social insurance plans and the housing provident fund for some of our employees. We estimate that the amount of social insurance payments and housing provident fund contributions that we did not pay during each of years ended 31 August 2015, 2016 and 2017 and the six months ended 28 February 2018 were approximately RMB0.04 million, RMB0.13 million, RMB0.07 million and RMB0.18 million, respectively, with respect to social insurance payments, and approximately RMB0.24 million, RMB0.39 million, RMB0.49 million and RMB0.11 million, respectively, with respect to housing provident fund contributions.	The non-compliance was primarily caused by administrative oversight, the relevant school management being unfamiliar with the relevant regulatory requirements and inconsistent implementation or interpretation by local authorities in the PRC of the relevant regulations. Moreover, some of our employees requested us not to make contributions to the social insurance plans and the housing provident fund due to their own personal reasons.	Our PRC Legal Advisors have advised us that, under the relevant PRC laws and regulations, late fees and fines will be imposed on an employer for not making full social insurance payments for employees in a timely manner. If any competent government authority is of the view that the social insurance payments we made for our employees breached the requirements under relevant PRC laws and regulations, it can order us to pay the outstanding balance within a prescribed time period and a late fee of 0.05% of the total outstanding balance per day. If we fail to pay the outstanding balance within the prescribed time period, we may be subject to a fine ranging between one to three times of the total outstanding balance. Our PRC Legal Advisors have also advised us that, if any competent government authority is of the view that the contributions for the housing provident fund do not satisfy the requirements under relevant PRC laws and regulations, it can order us to pay the outstanding balance to the relevant local authorities within a prescribed period.	As at the Latest Practicable Date, no administrative action, fine or penalty had been imposed by the relevant government authorities with respect to this non-compliance incident, nor had any order been received by our Company to settle the outstanding amount of social insurance payments and housing provident fund contributions. We had reviewed our internal control policy and our Board has designated our staff at each of the relevant schools who is in charge of human resources to closely monitor our on-going compliance with social insurance and housing provident fund contribution regulations and oversee the implementation of any necessary measures. We will make social insurance and housing provident fund contributions in accordance with the applicable laws and regulations going forward. Our Directors undertake to use their best endeavors to comply with the applicable laws and regulations and believe we will be in full compliance prior to the Listing.	Based on: (i) the maximum amounts of the outstanding social insurance payments and contributions to housing provident fund are relatively small; (ii) our PRC Legal Advisors are of the view that the risk of the relevant schools of our Group being penalized is relatively low; and (iii) our Controlling Shareholders have agreed to indemnify our Group for any loss arising from this non-compliance incident, our Directors believe that this non-compliance incident has no material impact on our operations, and does not reflect negatively on the ability of our Group, our Directors or our senior management to operate in a compliant manner. Accordingly, we did not make any provision for the unpaid amount and any potential late charges or penalties relating to the social insurance payments or housing provident fund contributions.

Non-compliance Incident	Reasons for the Non-Compliance	Legal Consequences and Potential Maximum Penalties	Remedies and Rectification Measures Taken to Prevent Future Breach and Ensure On-going Compliance	Potential Impact on Our Operations and Financial Condition
		According to the confirmation letters issued by the relevant government authorities in Chengdu, Sichuan Province and the discussion between them and our PRC Legal Advisors, no penalties were imposed on the relevant schools of our Group and our Group has not been involved in any dispute or arbitration regarding housing provident fund contributions with the relevant government authorities. Our PRC Legal Advisors are of the view that such government authorities are the competent authorities to issue the confirmation letters. In view of the confirmation letters and the discussion with the relevant government authorities, our PRC Legal Advisors are of the view that the risk of the relevant schools of our Group being penalized is relatively low.	Moreover, our Controlling Shareholders have agreed to indemnify our Group for any loss arising from this non-compliance incident.	

Non-compliance Incident	Reasons for the Non-Compliance	Legal Consequences and Potential Maximum Penalties	Remedies and Rectification Measures Taken to Prevent Future Breach and Ensure On-going Compliance	Potential Impact on Our Operations and Financial Condition
2. As at the Latest Practicable Date, our Jinjiang School had not obtained the building ownership certificates and construction planning permits for 13 buildings located on its school premises. For details of these buildings, please refer to the paragraph headed "Properties" in this section.	The buildings for which we had not obtained the building ownership certificates were built on a collectively-owned land. The collectively-owned land was leased by Jinjiang School as its school premises and these 13 buildings were constructed or refurbished by our Jinjiang School. As advised by our PRC Legal Advisors, since Jinjiang School was not the registered owner of the collectively-owned land under the relevant land use rights certificate, it was unable to obtain the construction planning permit for constructing or refurbishing these 13 buildings which resulted in its failure in obtaining the relevant building ownership certificates.	Our PRC Legal Advisors have advised us that for a constructed building without a building ownership certificate, the maximum penalty will be (i) demolishment of the constructed building and (ii) a fine of not more than 10% of the construction cost. For construction work carried out without the construction planning permit, if the impact on the planning caused by such construction can be eradicated, the relevant PRC government authorities may order the construction entity to rectify such impact within a prescribed time period and an additional fine of not less than 5% but not more than 10% of the construction cost may be imposed. If such impact cannot be eradicated, the relevant PRC government authority may (i) order the construction entity to demolish the work within a prescribed time period and if the construction work cannot be demolished, confiscate the buildings or structures or any income illegally earned from such project; and/or (ii) impose a fine of not more than 10% of the construction cost. According to the information obtained by our PRC Legal Advisors from the Information Center of Chengdu Planning Management Bureau* (成都市規劃管理局), the collectively-owned land is currently designated as school premises for elementary school and middle school. Therefore, the current usage of these 13 buildings as the school premises of our Jinjiang School complies with the existing town planning of Chengdu.	Our PRC Legal Advisors advised us that, although our Jinjiang School did not obtain the building ownership certificates for 13 buildings located on its school premises, the buildings concerned have passed the fire control assessment and primarily fulfilled the relevant seismic resistance requirements by passing the construction safety inspection. In view of such, our PRC Legal Advisors advised that the lack of the relevant certificates and permits will not materially impact our safe use of such buildings. Moreover, the Chenglong Road Street Office of Jinjiang District of Chengdu* (成都市錦江區成龍路街道辦事處) confirmed that it will not impose any penalties on our Jinjiang School. In view of such, our PRC Legal Advisors advised that the risk that these buildings will be demolished or any penalties will be imposed on us is relatively remote. Should we be required to vacate from these buildings, our Directors estimated that the time required is approximately four months, and the cost of relocation is approximately RMB25.8 million. As at the Latest Practicable Date, we were not aware of any actual or contemplated actions, claims or investigations by any government authorities or third parties against us with respect to the lack of building ownership certificates and construction planning permits for these buildings. Moreover, our Controlling Shareholders have agreed to indemnify our Group for any loss arising from this non-compliance incident and any relocation cost which shall be borne by our Group.	Based on the advice from our PRC Legal Advisors, our Directors are of the view that the lack of the relevant certificates and permits for the buildings concerned, either individually or collectively, does not have a material adverse effect on our business operations or financial condition as a whole, because (i) Jinjiang School is a validly existing school entity, and its rights to conduct education function in such buildings shall be protected by the relevant PRC Laws; (ii) the buildings concerned have passed the relevant safety requirements; (iii) Jinjiang School had not been subject to penalties for the lack of relevant certificates and permits; (iv) the current land usage as school premises of Jinjiang School complies with the existing town planning of Chengdu; and (v) our Controlling Shareholders have agreed to indemnify our Group for any loss arising from this non-compliance incident.

Non-compliance Incident	Reasons for the Non-Compliance	Legal Consequences and Potential Maximum Penalties	Remedies and Rectification Measures Taken to Prevent Future Breach and Ensure On-going Compliance	Potential Impact on Our Operations and Financial Condition
		Moreover, our PRC Legal Advisors have consulted with the Chenglong Road Street Office of Jinjiang District of Chengdu (成都市錦江區成龍路街道辦事處). As advised by our PRC Legal Advisors, Chengdu Jinjiang District Chenglong Road Street Office is a competent authority to handle the town planning matters in respect of the district in which our Jinjiang School is located. The Chenglong Road Street Office of Jinjiang District of Chengdu confirmed that it will not impose any penalties on our Jinjiang School in respect of this non-compliance incident. Moreover, the Chenglong Road Street Office of Jinjiang District of Chengdu confirmed that the possibility of demolishing the buildings concerned is relatively remote given the education function performed by our Jinjiang School in the district.	We have also adopted written policies requiring our schools to conduct necessary due diligence and obtain title documents of the relevant properties before entering into lease or cooperation arrangement in the future. Further, we plan to provide our Directors, senior management (including the principals and vice principals of our schools) and employees involved with continuing training programs and updates regarding the relevant PRC laws and regulations regularly.	

Considering the nature, scale, reasons and potential impact of the non-compliance incidents disclosed in the paragraphs headed "Legal Proceedings and Compliance" in this section and our PRC Legal Advisors' advices, the executive Directors are of the view that the non-compliance incidents do not have a material adverse impact on the daily operations of our schools.

The Sole Sponsor is of the view that the executive Directors are able to meet the competence requirements under Rules 3.08 and 3.09 of the Listing Rules for the following reasons:

(a) based on the Sole Sponsor's discussions with the executive Directors and our PRC Legal Advisors, as well as the nature, reasons and potential impact of the non-compliances as disclosed above, the Sole Sponsor concurs with the executive Directors' view that the non-compliance incidents do not have a material adverse impact on our Group's daily operations;

(b) we have set up specific internal control policies to rectify and/or prevent the re-occurrence of our historical non-compliance incidents;

(c) all the executive Directors have substantial and extensive experience in business management of private schools in Chengdu;

(d) after conducting the relevant litigation searches in both the PRC and Hong Kong on the Directors, as at the Latest Practicable Date, the Sole Sponsor was not aware of any legal proceedings against any of the executive Directors;

(e) the executive Directors have attended the training courses regarding applicable PRC laws and regulations in relation to the private education industry conducted by our PRC Legal Advisors and they have confirmed to the Sole Sponsor that they will continue to attend such training on a regular basis; and

(f) as confirmed by the executive Directors, none of the non-compliances was committed intentionally or wilfully.

INTERNAL CONTROL AND RISK MANAGEMENT

Internal Control

In preparation for the Listing, we have engaged an independent internal control consultant to conduct an evaluation of our internal control system covering various processes of our Group including sales and revenue, purchase and expenses, fixed assets, human resources and payroll, treasury and cash management, financial statements and information disclosure, tax management and information technology. The internal control consultant conducted its work from December 2017 to January 2018 and provided a number of findings and recommendations in its report. We have subsequently taken corrective actions in response to such findings and recommendations. The internal control consultant performed follow-up procedures on the actions taken by our Company and reported further commentary in January 2018. After considering the remedial actions taken and the result of the follow-up review, our Directors are satisfied that our internal control system is adequate and effective for our operation.

We have established an internal control department and each of our schools has designated the relevant personnel for monitoring our on-going compliance with the relevant PRC laws and regulations that govern our business operations and overseeing the implementation of any necessary measures. In particular, in order to prevent future non-compliance in leasing or acquiring properties with title defects, we have adopted written policy to require our staff members who are responsible for property leasing or acquiring matters to conduct necessary due diligence and engage lawyers to review the title documents of the properties involved and advise us if there are any title defects before entering into any agreements for leasing or acquiring the properties. In addition, we plan to provide our Directors, senior management (including the principals and vice principals of our schools) and employees involved with continuing training programs and/or updates regarding the relevant PRC laws and regulations on a regular basis with a view to proactively identify any concerns and issues relating to potential non-compliance. Our executive Director, Mr. Ran Tao, is responsible for ensuring our overall on-going compliance.

Taking into account the internal control measures implemented by us in connection with the non-compliance incidents disclosed under the paragraph headed "Legal proceedings and compliance" in this section, the on-going monitoring and supervision by our internal control department and the principals of our schools with the assistance and advice from professional external advisers where required, and the fact that, as confirmed by our Directors, the non-compliance incidents did not involve fraud or dishonesty, our Directors are of the view that our enhanced internal control measures are adequate and effective; the suitability of our Directors is compliant with Rules 3.08 and 3.09 of the Listing Rules; and our Company is suitable for listing under Rule 8.04 of the Listing Rules. Based on its review of the internal control report and other due diligence documents, discussions with our Directors, the internal control consultant and our PRC's Legal Advisors and our Directors' confirmation, the Sole Sponsor concurs with the views of our Directors.

Risk Management

We recognize that risk management is critical to the success of our business operation as we are exposed to various risks in our operations. Key operational risks faced by us include changes in general market conditions and perceptions of private education, changes in the regulatory environment in the PRC education industry, our ability to offer quality education to our students, our ability to increase student enrollment and/or raising tuition rates, our potential expansion of our school network, availability of financing to fund our expansion and business operations and competition from other school operators that offer similar quality of education and have similar scale. Please refer to the section headed "Risk Factors" in this prospectus for disclosures on various risks and uncertainties we face. In addition, we also face various market risks, such as interest rate and credit risk and liquidity risks that arise in the normal course of our business. Please see the section headed "Financial Information — Financial risk management objectives and policies" in this prospectus for the discussion of these risks.

In order to meet these challenges, we have established the following risk management structures and measures:

- our Board is responsible and has the general power over the management and operations of our schools, and is in charge of managing the overall risks of our Group. It is responsible for analyzing, reviewing and approving any significant business decision involving material risk exposures, such as our decision to expand our school network into new geographic areas (including the signing of any cooperation agreements with third parties to establish new schools) or to raise our tuition fees; and

- we maintain insurance coverage, which we believe is in line with customary practice in the PRC education industry.

Our Directors have confirmed that no material failure occurred during the Track Record Period and we believe that our risk management system is sufficient and effective.

OUR CONTROLLING SHAREHOLDERS

Immediately following completion of the Capitalization Issue and the Global Offering and taking no account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and any option which may be granted under the Share Option Scheme, our Company will be owned as to (i) approximately 26.64% by Cosmic City, which is wholly-owned by Mr. Xiong Tao; (ii) approximately 15.42% by Zheng Yong, which is wholly-owned by Mr. Ran Tao; and (iii) approximately 10.40% by Surpass Luck, which is wholly-owned by Ms. Liao Rong. As Cosmic City, Zheng Yong, Surpass Luck, Mr. Xiong Tao, Mr. Ran Tao and Ms. Liao Rong are directly or indirectly entitled to exercise or control the exercise of, in aggregate, approximately 52.46% of the voting power at general meetings of our Company immediately following the Listing and Mr. Xiong Tao, Mr. Ran Tao and Ms. Liao Rong are parties acting in concert (for details, please refer to the section headed "History and Development — Parties acting in concert" in this prospectus), Cosmic City, Zheng Yong, Surpass Luck, Mr. Xiong Tao, Mr. Ran Tao and Ms. Liao Rong will be regarded as a group of Controlling Shareholders under the Listing Rules.

As at the Latest Practicable Date, save as disclosed above, there is no other person who, immediately following completion of the Capitalization Issue and the Global Offering (taking no account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option and any option which may be granted under the Share Option Scheme), will be directly or indirectly interested in 30% or more of the Shares then in issue.

DELINEATION OF BUSINESS

Apart from our business, none of our Controlling Shareholders or Directors has any interest in a business which competes with, or is likely to compete with our business, whether directly or indirectly, or would otherwise require disclosure under Rule 8.10 of the Listing Rules. Our non-executive Director, Mr. Bai Zimin, holds directorship in companies which are engaged in investment in education projects. For further information, please refer to the section headed "Directors and senior management — Directors — Non-executive Directors" in this prospectus. However, Mr. Bai Zimin does not have any interest in a business which competes with, or is likely to compete with our business, whether directly or indirectly.

Other Interests of the Controlling Shareholders

Music School and Dancing School

As at the Latest Practicable Date, each of Mr. Xiong Tao and Mr. Ran Tao, through Sichuan Shuangfeng Education Investment Management Company Limited ("**Sichuan Shuangfeng**") (四川雙豐教育投資管理有限公司), cooperates with Sichuan Normal University (四川師範大學) to run the Music School of Sichuan Normal University (四川師範大學音樂學院) and Dancing School of Sichuan Normal University (四川師範大學舞蹈學院).

Sichuan Normal University is the school sponsor of the Music School of Sichuan Normal University and the Dancing School of Sichuan Normal University, both of which are PRC higher educational institutions. Sichuan Shuangfeng does not own any equity interest in the Music School of Sichuan Normal University and the Dancing School of Sichuan Normal University and is responsible for contributing the two schools' cost of operation. As an investor, Sichuan Shuangfeng may enjoy economic benefits of the two schools.

Sichuan Shuangfeng is owned as to (i) 56% by Sichuan Bojun, which is in turn owned as to 56% by Mr. Xiong Tao and 44% by Mr. Ran Tao, and (ii) 44% by two Independent Third Parties.

Property development

As at the Latest Practicable Date, each of Mr. Xiong Tao and Mr. Ran Tao had interests in Sichuan Wenxuan.

Sichuan Wenxuan held 51% equity interest in Bazhong Shudong Property Development Company Limited (巴中蜀東房地產開發有限公司) ("**Shudong Property**"), which was principally engaged in property development and operations in Bazhong city in Sichuan province. The remaining equity interest of Shudong Property was held by Chengdu Hengyu as to 29% and an Independent Third Party as to 20%.

Sichuan Wenxuan also held 51% equity interest in Hainan Haiwen Qianjing Investment Company Limited (海南海文前景投資有限公司) ("**Haiwen Qianjing**"), which was engaged in tourism and education business but did not have material business operation. The remaining equity interest of Haiwen Qianjing of 49% was held by an Independent Third Party. Haiwan Qianjing has been deregistered in June 2017 due to change of business plan and Haiwen Qianjing had never commenced operations before its deregistration.

Reasons for exclusion

The business operation of Sichuan Shuangfeng, Sichuan Bojun, Sichuan Wenxuan and Shudong Property (the "**Other Businesses**") will not form part of our Group on the basis that:

(a) the business and target clientele of Sichuan Shuangfeng and Sichuan Bojun are different from the business and target clientele of our Group, given the core business of our Group focuses on the provision of high school, middle school and preschool private education service and will diversify its business to provide private primary education services while the Music School of Sichuan Normal University and Dancing School of Sichuan Normal University offer undergraduate courses;

(b) Mr. Xiong Tao and Mr. Ran Tao, individually or jointly, do not directly or indirectly own any equity interest in the Music School of Sichuan Normal University and Dancing School of Sichuan Normal University; and

(c) each of Sichuan Bojun and Sichuan Wenxuan is an investment holding company and Shudong Property does not engage in provision of private education business.

Our Directors are of the view that there is a clear delineation between the Other Businesses and our business operations, as a result of which none of the Other Businesses would compete, or is expected to compete, directly or indirectly with our Group's business. Operations of our Group are independent of and separate from the Other Businesses. The Other Businesses were excluded from our Group as our Directors are of the view that such businesses do not form part of our principal business. Given the different business and target clientele of our Group's business from that of the Other Businesses, our Directors do not expect there to be any overlap or competition between the Other Businesses and our Group's business after the Listing.

INDEPENDENCE FROM CONTROLLING SHAREHOLDERS

Having taken into account of the following factors, our Directors are satisfied that our Group is capable of carrying on our business independently of our Controlling Shareholders and their respective close associates (other than our Group) after the Listing.

Management independence

Our Board comprises three executive Directors, two non-executive Directors and three independent non-executive Directors. While our executive Directors, namely Mr. Xiong Tao, Mr. Ran Tao and Ms. Liao Rong, are also our Controlling Shareholders due to their interest as disclosed above, our Board comprises a balanced composition of independent non-executive Directors who have sufficient character, integrity, appropriate professional qualification, expertise and calibre for their views to carry weight, thus can effectively exercise independent judgment. In addition, each of our Directors is aware of his/her fiduciary duties as a director which require that he/she must act for the benefit of and in the best interests of our Company and does not allow any conflict between his/her duties as a director and his/her personal interests.

If any of our Directors who to his/her knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with our Group, the interested Director(s) shall declare such interest at the meeting of the Board at which the relevant transactions are to be first considered in accordance with the Articles of Association. Unless otherwise permitted by the Articles, the interested Director(s) shall also abstain from voting at the relevant board meetings of our Company in respect of such transactions and shall not be counted in the quorum in accordance with the Articles of Association. As such, Mr. Xiong Tao, Mr. Ran Tao and Ms. Liao Rong will not vote on those matters or transactions relating to any of our Controlling Shareholders or otherwise give rise to potential conflicts of interest at Board meetings and they would not be counted towards quorum in the relevant meetings.

Since each of Cosmic City, Zheng Yong and Surpass Luck has no business other than holding the shareholding interest in our Company, our Directors do not foresee any issue which may affect our management independence.

Three of our Board members are independent non-executive Directors who have extensive experience in different professions. They have been appointed pursuant to the requirements under the Listing Rules to ensure that the decisions of the Board are made only after due consideration of independent and impartial opinions. Our Directors believe that the presence of Directors from different backgrounds provides a balance of views and opinions.

Furthermore, our Board's main functions include the approval of our Group's overall business plans and strategies, monitoring the implementation of these policies and strategies and the management of our Company. Our Board acts collectively by majority decisions in accordance with the Articles of Association and the applicable laws, and no single Director is supposed to have any decision-making power unless otherwise authorized by our Board.

Having considered the above factors and in light of the non-competition undertakings given by our Controlling Shareholders in favor of our Group (as more particularly disclosed in the paragraph headed "Deed of Non-competition" below), our Directors are satisfied that they are able to perform their roles in our Group independently and are of the view that they are capable of managing our business independently from our Controlling Shareholders and their respective close associates after Listing.

Operational independence

Our Group holds the trademarks, copyrights and domain names with respect to our business. Our Group also has sufficient capital, equipment and employees to operate our business independently from our Controlling Shareholders and their respective close associates.

We have implemented a set of internal control procedures to facilitate the effective and independent operation of our business.

Further, save for the continuing connected transactions disclosed in the section headed "Connected Transactions" in this prospectus, there had been no business dealings between our Group and the Controlling Shareholders and their close associates as at the Latest Practicable Date. Our Directors consider that our Group can operate independently from our Controlling Shareholders and their close associates.

Financial viability and independence

During the Track Record Period and up to the Latest Practicable Date, we had our own internal control and accounting system, accounting and finance department and treasury function for cash receipts and payments.

During the Track Record Period, our Group had certain non-trade related amounts due to/from our Directors or their respective associates and a shareholder. As of 31 August 2017, our Group's obligations under a finance lease was guaranteed by, among others, the personal guarantees given by Mr. Xiong Tao and Ms. Liao Rong, our Controlling Shareholders and executive Directors. For further information, please refer to the section headed "Financial information — Related party transactions and balances" and Note 20 of the Accountants' Report set out in Appendix I to this prospectus. Upon the Listing, all non-trade related amounts due to/from our Directors or their respective associates and a shareholder will be fully settled and the aforesaid personal guarantees will be released or replaced by corporate guarantees of our Group.

We have sufficient capital to operate our business independently, and have adequate internal resources to support our daily operations and business. There will be no financial assistance, security and/or guarantee provided by our Directors, our Controlling Shareholders or their respective associates in our favor or vice versa (as the case may be) upon Listing. Our independent internal control consultant will assist us in putting in place controls in relation to transactions with connected persons and their associates to ensure that any advances to or from such persons are in compliance with the Listing Rules.

Having considered that our future operations are not expected to be financed by our Directors, our Controlling Shareholders or their respective associates, we believe we are financially independent of our Directors, our Controlling Shares and their respective associates.

DEED OF NON-COMPETITION

For the purpose of the Listing, the Controlling Shareholders have entered into with and in favor of our Company (for ourselves and as trustee for our subsidiaries) the Deed of Non-competition. Pursuant to the Deed of Non-competition, each of our Controlling Shareholders has confirmed that none of them is engaged in, or interested in, any business (other than our Group) which, directly or indirectly, competes or may compete with our business. To protect our Group from any potential competition, each of our Controlling Shareholders has unconditionally and irrevocably undertaken in favor of our Company (for ourselves and for the benefits of our subsidiaries), on a joint and several basis, that at any time during the Relevant Period (as defined below), each of them shall, and shall procure that their respective close associates and/or companies controlled by them (other than our Group) shall:

(a) not, directly or indirectly, be interested or involved or engaged in or carry on or be concerned with or acquire or hold any right or interest (in each case whether as a shareholder, partner, agent or otherwise and whether for profit, reward or otherwise) in any business which competes or is likely to compete directly or indirectly with the business currently and from time to time engaged by our Group in Hong Kong, the PRC, the United States and any other country or jurisdiction to which our Group provides such services and/or in which any member of our Group carries on business mentioned above currently and from time to time (the "**Restricted Activity**");

(b) not solicit any existing employee or then existing employee of our Group for employment by it/him/her or its/his/her close associates (excluding our Group);

(c) not, without the consent from our Company, make use of any information pertaining to the business of our Group which may have come to its/his/her knowledge in its/his/her capacity as our Controlling Shareholder or otherwise for any purpose of engaging, investing or participating in any Restricted Activity;

(d) to, either on its/his/her own or in conjunction with any body corporate, partnership, joint venture or other contractual agreement, whether directly or indirectly, whether for profit or not, carry on, participate in, hold, engage in, acquire or operate, or provide any form of assistance to any person, firm or company (except members of our Group) to conduct any Restricted Activity;

(e) to, either on its/his/her own or in conjunction with any body corporate, partnership, joint venture or other contractual agreement, whether directly or indirectly, whether for profit or not, solicit or endeavor to entice away from or discourage from dealing with our Group any person who was at any time during the period of one year preceding the date of the Deed of Non-competition a supplier or subcontractor, customer or client of our Group;

(f) if there is any project or new business opportunity that relates to the Restricted Activity and is offered or becomes aware to our Controlling Shareholders, they shall (i) promptly refer such project or new business opportunity to our Group in writing for our independent non-executive Directors' consideration and determination on whether or not to take up the new business opportunity referred to our Group, and provide such information as is reasonably required in order to enable our Group to come to an informed assessment of such opportunity, (ii) use its/his/her best endeavors to procure that such opportunity is offered to our Group on terms no less favorable than the terms on which such opportunity is offered to such Controlling Shareholder and/or its/his/her close associates, and (iii) with regard to any project or new business opportunity shall have been rejected by our Group and the principal terms of which our Controlling Shareholders and/or any of his/her/its close associates and/or entities or companies controlled by he/she/it invest or participate are no more favorable than those made available to our Company;

(g) not invest or participate in or carry on any project or business opportunity of the Restricted Activity; and

(h) procure its/his/her close associates (excluding our Group) not to invest or participate in or carry on any project or business opportunity of the Restricted Activity.

The above undertakings under the Deed of Non-competition do not apply to:

(a) the holding of, or interests in, the shares of any members of our Group or school sponsors of our schools; and

(b) the holding of, or interests in, the shares of a company other than a member of our Group whose shares are listed on a recognized stock exchange provided that the total number of the shares held by the relevant Controlling Shareholder and/or its/his/her close associates does not exceed 5% of the issued shares of that class of the company in question, and such Controlling Shareholder and its/his/her respective close associates, whether acting singly or jointly, would not participate in or be otherwise involved in the management of the company in question.

Each of our Controlling Shareholders has further unconditionally and irrevocably undertaken to our Company (for ourselves and for the benefit of our subsidiaries):

(a) to allow our Directors, their respective representatives and our auditors to have sufficient access to the records of each of our Controlling Shareholders and their respective close associates to ensure compliance with the terms and conditions of the Deed of Non-competition;

(b) to provide to our Group and our Directors (including the independent non-executive Directors) from time to time all information necessary for the annual review by the independent non-executive Directors with regard to compliance with the terms of the Deed of Non-competition by our Controlling Shareholders;

(c) to make an annual declaration as to full compliance with the terms of the Deed of Non-competition and a consent to disclose such letter in our annual report.

The Deed of Non-competition will become effective upon the Global Offering becoming unconditional. The obligations of our Controlling Shareholders under the Deed of Non-competition will remain in effect during the period (the "**Relevant Period**") from the Listing Date until the earlier of the date on which:

(a) our Controlling Shareholders, together with their close associates, whether individually or taken together, cease to be interested directly or indirectly in 30% (or such other amount as may from time to time be specified in the Listing Rules as being the threshold for determining a controlling shareholder) or more of the issued share capital of our Company; or

(b) the Shares cease to be listed and traded on the Stock Exchange.

We believe the 30% threshold is justifiable as it is equivalent to the thresholds applied under the Listing Rules and the Takeovers Code for the concept of "control".

CORPORATE GOVERNANCE MEASURES

Our Company will adopt the following measures to manage the conflict of interests arising from the possible competing business of our Controlling Shareholders and to safeguard the interests of our Shareholders:

(a) our independent non-executive Directors will review, on an annual basis, the compliance with the Deed of Non-competition by our Controlling Shareholders, and the decisions on matters reviewed will be disclosed in our annual reports;

(b) an annual declaration as to full compliance with the terms of the Deed of Non-competition will be made by our Controlling Shareholders, and will be disclosed in our annual reports;

(c) our Directors will operate in accordance with our Articles which require the interested Director not to vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or other proposal in which he or any of his close associates is materially interested except in certain circumstances expressly provided in the Articles; and

(d) pursuant to the Corporate Governance Code set out in Appendix 14 of the Listing Rules, our Directors, including the independent non-executive Directors, will be able to seek independent professional advice from external parties in appropriate circumstances at our Company's cost.

We will follow the measures in the Corporate Governance Code which sets out the principles of good corporate governance in relation to Directors, the chairman and chief executive officer, Board composition, the appointment, re-election and removal of Directors, their responsibilities and remuneration and communications with our Shareholders. Our Company will state in its interim and annual reports whether we have complied with the Corporate Governance Code, and will provide details of, and reasons for, any deviations from it in the corporate governance report which will be included in our annual reports.

CONTINUING CONNECTED TRANSACTIONS

Following the Listing, the following transactions will be continued between our Group and its connected persons, which will constitute continuing connected transactions under the Listing Rules.

No.	Nature of transactions	Applicable Listing Rules	Waiver Sought
Exempt continuing connected transaction			
1.	Office Lease Agreement	14A.34, 14A.52, 14A.53, 14A.76	N/A
Non-exempt continuing connected transaction			
1.	Structured Contracts ..	14A.34, 14A.35, 14A.36, 14A.49, 14A.53 to 14A.59 and 14A.71	Requirements as to announcement, circular, shareholders approval and annual cap

EXEMPT CONTINUING CONNECTED TRANSACTION

Office Lease

On 1 September 2016, Chengdu Bojun entered into a lease agreement with Chengdu Hengyu ("**Office Lease Agreement**"), pursuant to which Chengdu Bojun leased from Chengdu Hengyu an office located in Chengdu, Sichuan Province with an aggregate construction area of 408.85 sq.m. The term of the lease shall be three years and the monthly rent payable shall be approximately RMB16,354 (equivalent to RMB40.0 per sq.m.).

The total rent paid by our Group for leasing such office for the year ended 31 August 2017 and the six months ended 28 February 2018 were RMB0.2 million and RMB0.1 million, respectively. The fixed rent payable by us for the year ending 31 August 2018 and 2019 will be RMB0.2 million and RMB0.2 million, respectively, under the Office Lease Agreement.

Listing Rules Implications

Chengdu Hengyu, which is held as to 95% by Mr. Xiong Tao and 5% by the sister of Ms. Liao Rong, is an associate of Mr. Xiong Tao and a connected person of our Company under the Listing Rules. Accordingly, the transactions contemplated under the Office Lease Agreement constitute continuing connected transactions for our Company under the Listing Rules upon the Listing.

Based on the current annual rent payable by us, we expect that each of the applicable percentage ratios (other than profit ratio) for the Office Lease Agreement will be less than 5% and the total consideration is less than HK$3,000,000. Thus, the continuing connected transactions contemplated under the Office Lease Agreement constitute *de minimis* connected transactions under Rule 14A.76 of the Listing Rules and is fully exempt from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Views of the Sole Sponsor and Directors

The Sole Sponsor has reviewed the Office Lease Agreement and the valuation report of the premises and has obtained necessary representations and confirmations from our Company and our Directors.

Based on the above, the Sole Sponsor and our Directors (including our independent non-executive Directors) have confirmed that the transactions under the Office Lease Agreement are in the ordinary and usual course of business of our Group, on normal commercial terms, fair and reasonable and in the interests of our Company and the Shareholders as a whole.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Structured Contracts

Chengdu Bojun entered into a series of agreements including the Exclusive Business Cooperation Agreement, the Exclusive Call Option Agreement, the Equity Pledge Agreement, the School Sponsors' and Directors' (Council Members') Rights Entrustment Agreement, the School Sponsors' Powers of Attorney, the Director's (Council Members') Powers of Attorney, the Loan Agreement, the Shareholders' Right Entrustment Agreement and the Shareholders' Powers of Attorney, which form part of the Structured Contracts. Please refer to the section headed "Structured Contracts" in this prospectus for details of these agreements.

As disclosed in the section headed "Structured Contracts — Background of the Structured Contracts" in this prospectus, the PRC laws and regulations currently prohibit foreign ownership of middle schools in the PRC and restrict operation of preschools and high schools to Sino-foreign ownership, in addition to imposing a qualification requirement on the foreign owners. As a result, our Group, through our wholly-owned subsidiary, Chengdu Bojun, has entered into the Structured Contracts with the Registered Shareholders and our Consolidated Affiliated Entities such that we can conduct our business operations indirectly in the PRC through our Consolidated Affiliated Entities while complying with applicable PRC law and regulations. The Structured Contracts are designed to provide our Group with effective control over the financial and operational policies of our Consolidated Affiliated Entities and, to the extent permitted by PRC law and regulations, the right to acquire the equity interest in and/or the assets of our Consolidated Affiliated Entities after the Listing through Chengdu Bojun. As we operate our education business through our PRC Operating Schools, which are controlled by our School Sponsors (where applicable) and we do not hold any direct equity interest in our PRC Operating Schools, the Structured Contracts were entered into on 29 August 2016 and pursuant to which all material business activities of our Consolidated Affiliated Entities are instructed and supervised by our Group, through Chengdu Bojun, and all economic benefits arising from such business of our Consolidated Affiliated Entities are transferred to our Group.

Listing Rules Implications

The table below sets forth the connected persons of our Company involved in the Structured Contacts and the nature of their connection with our Group. The transactions contemplated under the Structured Contracts constitute continuing connected transactions of our Company under the Listing Rules upon Listing.

Name	Connected Relationships
Mr. Xiong Tao	Mr. Xiong Tao is an executive Director and a substantial shareholder of our Company, and therefore a connected person of our Company under Rule 14A.07(1) of the Listing Rules.
Mr. Ran Tao	Mr. Ran Tao is an executive Director and a substantial shareholder of our Company, and therefore a connected person of our Company under Rule 14A.07(1) of the Listing Rules.
Ms. Liao Rong	Ms. Liao Rong is an executive Director and a substantial shareholder of our Company, and therefore a connected person of our Company under Rule 14A.07(1) of the Listing Rules.
Chengdu Mingxian	Chengdu Mingxian is owned as to 47.36% by Mr. Xiong Tao and 27.42% by Mr. Ran Tao, and therefore an associate of Mr. Xiong Tao and Mr. Ran Tao and a connected person of our Company under Rule 14A.12(1)(c) of the Listing Rules.
Chengdu Youshi Preschool Investment	Chengdu Youshi Preschool Investment is wholly-owned by Chengdu Mingxian, and therefore an associate of Chengdu Mingxian and a connected person of our Company under Rule 14A.12(1)(c) of the Listing Rules.
Chengdu Jinbojun	Chengdu Jinbojun is wholly-owned by Chengdu Mingxian, and therefore an associate of Chengdu Mingxian and a connected person of our Company under Rule 14A.12(1)(c) of the Listing Rules.
Sichuan Boai	Sichuan Boai is wholly-owned by Chengdu Mingxian, and therefore an associate of Chengdu Mingxian and a connected person of our Company under Rule 14A.12(1)(c) of the Listing Rules.
Renshou Bojun	Renshou Bojun is wholly-owned by Chengdu Mingxian, and therefore an associate of Chengdu Mingxian and a connected person of our Company under Rule 14A.12(1)(c) of the Listing Rules.

Name	Connected Relationships
Lezhi Bojun	Lezhi Bojun is wholly-owned by Chengdu Mingxian, and therefore an associate of Chengdu Mingxian and a connected person of our Company under Rule 14A.12(1)(c) of the Listing Rules.
Nanjiang Bojun	Nanjiang Bojun is wholly-owned by Chengdu Mingxian, and therefore an associate of Chengdu Mingxian and a connected person of our Company under Rule 14A.12(1)(c) of the Listing Rules.
Wangcang Bojun..............	Wangcang Bojun is wholly-owned by Chengdu Mingxian, and therefore an associate of Chengdu Mingxian and a connected person of our Company under Rule 14A.12(1)(c) of the Listing Rules.

Our Directors (including the independent non-executive Directors) are of the view that the Structured Contracts and the transactions contemplated thereunder are fundamental to our Group's legal structure and business operations, that such transactions have been and shall be entered into in the ordinary and usual course of business of our Group, are on normal commercial terms and are fair and reasonable and in the interests of our Company and our Shareholders as a whole. Accordingly, notwithstanding that the transactions contemplated under the Structured Contracts and any new transactions, contracts and agreements or renewal of existing agreements to be entered into between any of our Consolidated Affiliated Entities and any member of our Group technically constitute continuing connected transactions under Chapter 14A of the Listing Rules, our Directors consider that, given that our Group is placed in a special situation in relation to the connected transactions rules under the Structured Contracts, it would be unduly burdensome and impracticable, and would add unnecessary administrative costs to our Company if such transactions are subject to strict compliance with the requirements set out under Chapter 14A of the Listing Rules, including the announcement and independent shareholders' approval requirements.

Application for Waiver

We have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with (i) the announcement, circular and Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the Structured Contracts pursuant to Rule 14A.105 of the Listing Rules and (ii) the requirement of setting an annual cap for the transactions under the Structured Contracts under Rule 14A.53 of the Listing Rules, for so long as our Shares are listed on the Stock Exchange subject however to the following conditions:

1. No change without independent non-executive Directors' approval

No change to the Structured Contracts will be made without the approval of the independent non-executive Directors;

2. No change without independent Shareholders' approval

Save as described in paragraph (4) below, no change to the agreements governing the Structured Contracts will be made without the approval of the independent Shareholders.

Once the independent Shareholders' approval of any change has been obtained, no further announcement or approval of the independent Shareholders will be required under Chapter 14A of the Listing Rules unless and until further changes are proposed. The periodic reporting requirement regarding the Structured Contracts in the annual reports of our Company (as set out in paragraph (5) below) will however continue to be applicable.

3. Economic benefits flexibility

The Structured Contracts shall continue to enable our Group to receive the economic benefits derived by our Consolidated Affiliated Entities through (i) our Group's option, to the extent permitted under PRC laws and regulations to acquire, all or part of the equity interest in our School Sponsors and their school sponsors' interest in our PRC Operating Schools (where applicable) at the lowest possible amount permissible under the applicable PRC laws and regulations, (ii) the business structure under which the net profit generated by our Consolidated Affiliated Entities is substantially retained by our Group, such that no annual cap shall be set on the amount of service fees payable to Chengdu Bojun by our Consolidated Affiliated Entities under the Exclusive Business Cooperation Agreement, and (iii) our Group's right to control the management and operation of, as well as, in substance, all of the voting rights of our PRC Operating Schools as appointed by our School Sponsors.

4. Renewal and reproduction

On the basis that the Structured Contracts provide an acceptable framework for the relationship between our Company and its subsidiaries in which our Company has direct shareholding, on one hand, and our Consolidated Affiliated Entities, on the other hand, that framework may be renewed and/or reproduced upon the expiry of the existing arrangements or in relation to any existing or new wholly foreign owned enterprise or operating company (including branch company) engaging in the same business as that of our Group which our Group might wish to establish when justified by business expediency, without obtaining the approval of the Shareholders, on substantially the same terms and conditions as the existing Structured Contracts. The directors, chief executive or substantial shareholders of any existing or new wholly foreign owned enterprise or operating company (including branch company) engaging in the same business as that of our Group which our Group may establish will, upon renewal and, or reproduction of the Structured Contracts, however be treated as connected persons of our Company and transactions between these connected persons and our Company other than those under similar Structured Contracts shall comply with Chapter 14A of the Listing Rules. This condition is subject to relevant PRC laws, regulations and approvals.

5. Ongoing reporting and approvals

Our Group will disclose details relating to the Structured Contracts on an ongoing basis as follows:

(a) The Structured Contracts in place during each financial period will be disclosed in our Company's annual report in accordance with relevant provisions of the Listing Rules.

(b) Our independent non-executive Directors will review the Structured Contracts annually and confirm in our Company's annual report for the relevant year that (i) the transactions carried out during such year have been entered into in accordance with the relevant provisions of the Structured Contracts, have been operated so that the profit generated by our Consolidated Affiliated Entities has been substantially retained by our Group, (ii) no dividends or other distributions have been made by our PRC Operating Schools to our School Sponsors which are not otherwise subsequently assigned or transferred to our Group, and (iii) the Structured Contracts and if any, any new contracts entered into, renewed or reproduced between our Group and our Consolidated Affiliated Entities during the relevant financial period under paragraph (4) above are fair and reasonable, or advantageous, so far as our Group is concerned and in the interests of our Shareholders as a whole.

(c) Our Company's auditors will carry out procedures annually on the transactions carried out pursuant to the Structured Contracts and will provide a letter to our Directors with a copy to the Stock Exchange, confirming that the transactions have received the approval of our Directors, have been entered into in accordance with the relevant Structured Contracts and that no dividends or other distributions have been made by our PRC Operating Schools to our School Sponsors which are not otherwise subsequently assigned or transferred to our Group.

(d) For the purpose of Chapter 14A of the Listing Rules, and in particular the definition of "connected person", each of our Consolidated Affiliated Entities will be treated as our Company's wholly-owned subsidiary, but at the same time, the directors, chief executives or substantial shareholders of each of our Consolidated Affiliated Entities and their respective associates will be treated as connected persons of our Company, and transactions between these connected persons and our Group, other than those under the Structured Contracts, will be subject to requirements under Chapter 14A of the Listing Rules.

(e) Each of our Consolidated Affiliated Entities will undertake that, for so long as our Shares are listed on the Stock Exchange, each of our Consolidated Affiliated Entities will provide our Group's management and our Company's auditors full access to its relevant records for the purpose of our Company's auditors' review of the continuing connected transactions.

New Transactions Amongst Our Consolidated Affiliated Entities and Our Company

Given that the financial results of our Consolidated Affiliated Entities will be consolidated into our financial results and the relationship between our Consolidated Affiliated Entities and our Company under the Structured Contracts, all agreements other than the Structured Contracts that may be entered into between each of our Consolidated Affiliated Entities and our Company in the future will also be exempted from the "continuing connected transactions" provisions of the Listing Rules.

Views of the Sole Sponsor and Directors

The Sole Sponsor has reviewed the relevant documents and information provided by our Group, has participated in the due diligence and discussions with our management and our PRC Legal Advisors and has obtained necessary representations and confirmations from our Company and our Directors. Based on the above, the Sole Sponsor is of the view that the Structured Contracts are fundamental to our Group's legal structure and business operations.

The Sole Sponsor and our Directors (including the independent non-executive Directors) are of the view that (i) the transactions contemplated under the Structured Contracts as described above, and for which waivers have been sought, have been entered into in the ordinary and usual course of business of our Group, on normal commercial terms, are fair and reasonable and in the interests of our Company and our Shareholders as a whole; and (ii) with respect to the term of the relevant agreements underlying the Structured Contracts which is of a duration longer than three years, it is a justifiable and normal business practice to ensure that (a) the financials and operation of our Consolidated Affiliated Entities can be effectively controlled by Chengdu Bojun, (b) Chengdu Bojun can obtain the economic benefits derived from our Consolidated Affiliated Entities, and (c) any possible leakages of assets and values of our Consolidated Affiliated Entities can be prevented, on an uninterrupted basis.

DIRECTORS AND SENIOR MANAGEMENT

Our Board consists of eight Directors, of whom three are executive Directors, two are non-executive Directors and three are independent non-executive Directors. Our board is responsible and has general powers for the management and conduct of our business. The following table shows certain information regarding the current members of the Board:

Name	Age	Date of joining/ re-joining our Group	Position/Title	Date of appointment as Director	Role and responsibilities	Relationship with other Directors and/ or senior management
Mr. Xiong Tao (熊濤)	53	July 2001	Chairman and executive Director	14 June 2016	Responsible for our overall business development and strategic planning and serving as chairman of the nomination committee	Spouse of Ms. Liao Rong
Mr. Ran Tao (冉濤)	44	March 2004	Chief executive officer and executive Director	30 September 2016	Responsible for our overall business development, strategic planning and daily operation	N/A
Ms. Liao Rong (廖蓉)	54	November 2006	Executive Director	30 September 2016	Responsible for our business development, strategic planning and daily operation	Spouse of Mr. Xiong Tao
Mr. Bai Zimin (柏子敏)	44	September 2016	Non-executive Director	30 September 2016	Responsible for providing advice on strategic development and financial planning of our Group and serving as chairman of the remuneration committee	N/A
Mr. Wang Ping (王平)	48	September 2016	Non-executive Director	30 September 2016	Responsible for providing advice on strategic development and financial planning of our Group	N/A

Name	Age	Date of joining/ re-joining our Group	Position/Title	Date of appointment as Director	Role and responsibilities	Relationship with other Directors and/ or senior management
Mr. Cheng Tai Kwan Sunny (鄭大鈞) . .	46	11 July 2018	Independent non-executive Director	11 July 2018	Responsible for providing independent judgment to our Board and serving as chairman of the audit committee; advising on corporate governance, connected transactions and other corporate and compliance matters	N/A
Mr. Mao Daowei (毛道維)	68	11 July 2018	Independent non-executive Director	11 July 2018	Responsible for providing independent judgment to our Board and serving as member of each of the audit committee, remuneration committee and nomination committee and advising on corporate governance	N/A
Ms. Luo Yunping (雒蘊平)	68	11 July 2018	Independent non-executive Director	11 July 2018	Responsible for providing independent judgment to our Board and serving as member of each of the audit committee, remuneration committee and nomination committee and advising on corporate governance	N/A

The following table shows certain information regarding the members of our senior management.

Name	Age	Date of joining our Group	Position/Title	Date of appointment	Role and responsibilities	Relationship with other Directors and/ or senior management
Mr. Jiang Bohan (蔣伯瀚)	45	April 2012	Principal of Jinjiang School	27 April 2012	Overall administration and day-to-day management of Jinjiang School	N/A
Mr. Wang Shudong (王樹東)	49	September 2015	Chief financial officer and joint company secretary	13 October 2016	Financial management and overall corporate governance and joint company secretarial work	N/A

DIRECTORS

Executive Directors

Mr. Xiong Tao (熊濤), aged 53, was appointed as our Director on 14 June 2016. He was redesignated as an executive Director and was appointed as the chairman of the Board on 13 October 2016. He was appointed as the chairman of the nomination committee of the Board on 12 July 2018. Mr. Xiong Tao joined our Group in July 2001 as an executive director of Sichuan Boai. Mr. Xiong Tao is responsible for our overall business development and strategic planning. Mr. Xiong Tao is also a director of Bojun Investment, Hong Kong Bojun, US Bojun, Chengdu Bojun and Jinjiang School and a council member (理事) of Longquan School and Tianfu School. Being a council member or director of our schools, Mr. Xiong Tao is responsible for our schools' development planning. Mr. Xiong is the spouse of Ms. Liao Rong.

Mr. Xiong Tao has over 19 years of experience in business management and investment. In March 1998, he established Chengdu Hengyu, which is principally engaged in project investment, investment consultancy and investment management in the PRC, with Ms. Liao Rong. Mr. Xiong Tao has been a legal representative, director and general manager of Chengdu Hengyu, responsible for business management and operation from March 1998. Mr. Xiong Tao has been a legal representative and executive director of Sichuan Boai, responsible for business management and operation from July 2001 to November 2006. From April 2003 to June 2006, Mr. Xiong Tao acted as the legal representative of Lidu Kindergarten, responsible for the overall management of Lidu Kindergarten.

In March 2004, Mr. Xiong Tao established Chengdu Mingxian, which is principally engaged in education investment with Mr. Ran Tao and, at the same time, Mr. Xiong Tao, Mr. Ran Tao and Ms. Liao Rong agreed to manage and control our Group and made collective decisions in respect of the commercial decisions and the financial operating policies of the members of our Group. For further details, please refer to the section headed "History and Development — Parties acting in concert" in this prospectus. Mr. Xiong Tao held direct and indirect interest in our schools' sponsors. He has been responsible for management and operation of our schools' sponsors and/or their respective holding companies, which are principally engaged in education investment and management, from time to time since the inception of our Group.

Mr. Xiong Tao has been a legal representative, executive and/or supervisor director of Chengdu Mingxian, responsible for business management and operation, from March 2004 to June 2006 and since February 2009. Chengdu Mingxian later operated the Experimental School (secondary school) with Sichuan Normal University in August 2009 and, as school sponsor, established Jinjiang School in 2012 and Tianfu School in 2016. In July 2010, Mr. Xiong Tao established Sichuan Bojun, which is principally engaged in education investment and management. Subsequently, Sichuan Bojun became the shareholder of Chengdu Mingxian. Mr. Xiong Tao is a legal representative, executive director and general manager of Sichuan Bojun, responsible for business management and operation. In March 2015, through Chengdu Hengyu, Mr. Xiong Tao established Chengdu Jinbojun with Mr. Xie Gang and a company controlled by Mr. Ran Tao. Chengdu Jinbojun is principally engaged in education consultancy, and became the school sponsor of Longquan School in 2015. Mr. Xiong Tao has been a legal representative and executive director of Chengdu Jinbojun, responsible for business management and operation, since March 2015.

Mr. Xiong Tao studied Chinese language and literature and graduated from Daxian Normal School* (達縣師範專科學校) (currently known as Sichuan University of Arts and Science* (四川文理學院)) in the PRC in July 1982. Mr. Xiong Tao has been an invited member of the 9th and 10th committees of the Education Committee of Chinese People's Political Consultative Conference of Sichuan Province in the PRC* (四川省政協教育委員會第九屆和第十屆教育委員會的特邀委員).

Mr. Xiong Tao was the director of the following companies established in the PRC, the business licences of which were revoked due to their failure to participate in annual examination. It is confirmed by Mr. Xiong Tao that all the following companies had ceased business operation resulting that they did not undergo annual examination and they were solvent. The relevant details are as follows:

Name of company	**Nature of business**	**Date of deregistration**
Chengdu Yahua Catering Limited* (成都亞華餐飲有限公司)	Provision of catering services but such company had ceased business operation before deregistration	6 February 2005
Chengdu Yahua Real Estate Limited* (成都亞華置業有限公司).............	Real estate development, wholesale and retail of construction materials but such company had ceased business operation before deregistration	6 November 2002
Chengdu Huaxin Real Estate Limited* (成都華信置業有限公司).............	Sale and rent of real estate properties but such company had ceased business operation before deregistration	22 April 2008

Mr. Ran Tao (**冉濤**), aged 44, was appointed as our Director on 30 September 2016. He was redesignated as an executive Director and was appointed as the chief executive officer of the Company on 13 October 2016. Mr. Ran Tao is responsible for our overall business development, strategic planning and daily operation of the Group. He joined our Group in March 2004 as a general manager of Chengdu Mingxian and became a director of Jinjiang School in April 2012. Mr. Ran Tao is a council member or director of Jinjiang School, Longquan School and Tianfu School. Being a council member or director of our schools, Mr. Ran Tao is responsible for our schools' development planning.

Mr. Ran Tao has approximately 18 years of experience in daily management and operation of education institutes, business management and investment. From 1999 to 2002, Mr. Ran Tao was a vice-director (副科長) and a director (科長) of the musical theatre program* (音樂劇科) of the Arts School of Sichuan Province* (四川省藝術學校) (currently known as the Sichuan Vocational College of Art* (四川藝術職業學院)), which is an arts education institute, and was responsible for the education management work. From 2002 to December 2007, Mr. Ran Tao was the dean (院長) of the Modern Arts College of Sichuan Normal University* (四川師範大學現代藝術學院) (currently known as the Music College of Sichuan Normal University* (四川師範大學音樂學院)), which is a provincial key university in the PRC, and was responsible for the overall management of the college. From December 2007 to October 2015, Mr. Ran Tao was the deputy vice-dean (常務副院長) and the dean (院長) of the Music College of Sichuan Normal University, and was responsible for the overall management of the college.

In March 2004, Mr. Ran Tao established Chengdu Mingxian with Mr. Xiong Tao and, at the same time, Mr. Ran Tao, Mr. Xiong Tao and Ms. Liao Rong agreed to manage and control our Group and made collective decisions in respect of the commercial decisions and the financial operating policies of the members of our Group. For further details, please refer to the section headed "History and Development — Parties acting in concert" in this prospectus. Mr. Ran Tao held direct and indirect interest in our schools' sponsors. He has been responsible for management and operation of our school's sponsors and/or their respective holding companies, which are principally engaged in education investment and management, from time to time since March 2004.

Mr. Ran Tao has been a general manager, supervisor and executive director of Chengdu Mingxian, responsible for daily business management and operation, since March 2004. In March 2010, Mr. Ran Tao established Chengdu Bozhong, which is principally engaged in education investment and management. Mr. Ran Tao has been a director of Chengdu Bozhong, responsible for business management and operation, since March 2010. In July 2010, through Chengdu Bozhong, Mr. Ran Tao established Sichuan Bojun with Mr. Xiong Tao. Subsequently, Sichuan Bojun became the shareholder of Chengdu Mingxian, which in turn established Jinjiang School and Tianfu School. Mr. Ran Tao is a supervisor of Sichuan Bojun, responsible for business management and operation. In March 2015, through Chengdu Bozhong, Mr. Ran Tao established Chengdu Jinbojun with Chengdu Hengyu. Mr. Ran Tao has been a supervisor of Chengdu Jinbojun, responsible for supervision of business management, since March 2015.

Mr. Ran graduated from Sichuan Music College* (四川音樂學院) in the PRC with a bachelor's degree in vocal studies in July 1998.

Ms. Liao Rong (**廖蓉**), aged 54, was appointed as our Director on 30 September 2016. She was redesignated as an executive Director on 13 October 2016, Ms. Liao Rong is responsible for our overall business development, strategic planning and daily operation. Ms. Liao Rong held direct and indirect interest in the school sponsors of our schools since the inception of our Group in 2001. She acted as a responsible person of Youshi Kindergarten and joined our Group in November 2006. Ms. Liao Rong is a director of Jinjiang School. She is also a council member and legal representative of Youshi Kindergarten, Lidu Kindergarten, Riverside Kindergarten, Longquan Kindergarten, Qingyang Kindergarten and Peninsula Kindergarten. Being a council member or director of our schools, Ms. Liao Rong is responsible for our schools' development planning. Ms. Liao is the spouse of Mr. Xiong Tao.

Ms. Liao Rong has over 19 years of experience in business management and investment. In March 1998, she established Chengdu Hengyu, which is principally engaged in project investment, investment consultancy and investment management in the PRC, with Mr. Xiong Tao. In March 2004, Ms. Liao Rong, Mr. Xiong Tao and Mr. Ran Tao agreed to manage and control our Group and made collective decisions in respect of the commercial decisions and the financial operating policies of the members of our Group. For further details, please refer to the section headed "History and Development – Parties acting in concert" in this prospectus. She has been responsible for management and operation of our school's sponsors and/or their respective holding companies, which are principally engaged in education investment and management, from time to time since the inception of our Group. Ms. Liao has been a legal representative, director and manager of Sichuan Boai, responsible for business management and operation of our kindergartens, since November 2006. In July 2010, Ms. Liao Rong established Chengdu Youshi Preschool Investment, which is engaged in preschool education investment and management and became the school sponsor of Peninsula Kindergarten. Ms. Liao Rong has been a director of Chengdu Youshi Preschool Investment, responsible for business management and operation, since July 2010.

Ms. Liao Rong completed a college-based undergraduate program on economic management, and graduated from Correspondence Institute of the Party School of the Sichuan Provincial Committee of the Communist Party of China* (中共四川省委黨校函授學院) in the PRC in December 2000. She was appointed as a vice president* (副理事長) of the first and second committees of the Preschool Education Committee of the Association for Non-government Education Institutes of Sichuan Province* (四川省民辦教育協會學前教育專業委員會). She was also appointed as a vice president of the first committee of the Preschool Education Profession committee of the Association for Non-government Education Institutes of Chengdu City* (成都市民辦教育協會學前教育專業委員會) in April 2013.

Non-executive Directors

Mr. Bai Zimin (**柏子敏**), aged 44, was appointed as our Director on 30 September 2016. He was redesignated as a non-executive Director on 13 October 2016. Mr. Bai Zimin joined our Group in September 2016. He was nominated by the Pre-IPO Investor. For further information, please refer to the section headed "History and Development — Pre-IPO Investment" in this prospectus. Mr. Bai Zimin is responsible for providing advice on strategic development and financial planning of our Group. He is also the chairman of our remuneration committee.

Mr. Bai Zimin has approximately 18 years of experience in project management and planning. From July 1999 to May 2012, he worked at the People's Procuratorate of Sichuan Province* (四川省人民檢察院) and his last position was a deputy director of the technology service department, responsible for information development, major project planning and implementation. From May 2012 to August 2015, Mr. Bai Zimin served as a standing committee member and a vice chief executive in provincial committee of Zizhong County, Neijiang, Sihcuan Province* (四川省內江市資中縣縣委常委及副縣長), which is a state organisation, and was responsible for development and reform, price management, urban and rural construction planning, and foreign affairs and travel. Mr. Bai Zimin was appointed as a general manager, chairman and legal representative of First Capital Education Investment (Shenzhen) Company Limited* (首控教育投資(深圳)有限公司), which is engaged in investment in education projects, and was appointed as director in March 2016, responsible for the overall management and strategy development. Since May 2016, Mr. Bai Zimin has been an executive director and legal representative of Jianyang Xintai Shuyi Education Investment Management Company Limited (簡陽新泰樹藝教育投資管理有限公司), which is principally engaged in management of education investment, consultation of education information and management of back office for schools, and he is responsible for business management. Since September 2016, Mr. Bai Zimin has been a manager of Chongqing Shoukong Education Information Consulting Services Company Limited (重慶首控教育信息諮詢服務有限公司), which is principally engaged in the provision of consultation services regarding school admission, and he is responsible for supervising the business operation. From October 2016 to November 2017, Mr. Bai Zimin was a deputy chief executive officer of China First Capital Group Limited, a company which is engaged in production of automobile component, asset management services, financial credit services, securities brokerage services and migration financial services and the shares of which are listed on the Main Board (stock code: 1269), and was responsible for post-investment management of education projects. Since May 2017, Mr. Bai Zimin has been a director of Shoukong West Education Investment Company Limited (首控西部教育投資有限公司), which is principally engaged in education consultation and promotion of education projects, and he is responsible for business management. Since June 2017, Mr. Bai Zimin has been a director of Chengdu First Capital Education Holdings Company Limited (成都首控教育控股有限公司), which is principally engaged in education consultation and promotion of education projects, and is responsible for business management. Since December 2017, Mr. Bai Zimin has also been an executive director of Jinglu Yuda Education Management Company Limited (金路育達教育管理有限責任公司), which is engaged in corporate management, and is responsible for business management. None of companies mentioned herein was engaged in the provision of private preschool, middle school and high school education services in Sichuan Province. Apart from our business, Mr. Bai Zimin does not have any interest in a business or hold directorship in any other company which may competes with, or is likely to compete with our business, whether directly or indirectly.

Mr. Bai Zimin graduated from Chongqing Normal College* (重慶師範學院) in the PRC with a bachelor's degree in mathematics education in July 1996 and from Southwest Jiaotong University* (西南交通大學) in the PRC with a master's degree in applied computer science in January 2000. He further obtained a doctorate degree in management studies* (管理學博士學位) from Sichuan University* (四川大學) in the PRC in June 2009.

Mr. Wang Ping (王平), aged 48, was appointed as our Director on 30 September 2016. He was redesignated as a non-executive Director on 13 October 2016. Mr. Wang Ping is responsible for providing advice on strategic development and financial planning of our Group. Mr. Wang Ping joined our Group in September 2016.

Mr. Wang Ping has over 18 years of experience in corporate finance, audit and accounting. From September 1999 to August 2002, he served as a senior accountant and subsequently a manager for audit department of Deloitte Touche Tohmatsu CPA Ltd, which is an international accounting firm, and was responsible for audit and accounting work. From May 2007 to March 2010, Mr. Wang Ping served as a vice president of EV Capital Pte Ltd, which is a corporate finance advisory company engaging in corporate advisory services, and he was responsible for providing advisory services in accounting and finance. From February 2004 to March 2007, he served as a chief financial officer of China Jishan Holdings Limited (中國稽山控股有限公司), a company which provides dyeing and printing services in the PRC and the shares of which are listed on the main board of Singapore Stock Exchange, and Mr. Wang Ping was responsible for financial management. From March 2012 to December 2015, Mr. Wang Ping served as a chief financial officer of China First Capital Group Limited (formerly known as China Vehicle Components Technology Holdings Limited), a company which engaged in production of automobile component, asset management services, financial credit services, securities, securities brokerage services and migration financial services and the shares of which are listed on the Main Board (stock code: 1269), and he was responsible for financial management.

Mr. Wang Ping was, or has been, a director of the following listed companies in the last three years preceding the Latest Practicable Date:

Period of services	Name of listed companies	Principal business activities	Position	Responsibilities
From November 2010 to May 2017.	Chongyi Zhangyuan Tungsten Co., Ltd, a company listed on the Shenzhen Stock Exchange (SZSE: 002378)	Underground mining of wolfram ore	Independent non-executive director	Board monitoring and independent management
From May 2017 to present . .	Chongyi Zhangyan Tungstun Co., Ltd, a company listed on the Shenzhen Stock Exchange (SZSE: 002378)	Underground mining of wolfram ore	Non-executive director	Board monitoring
From February 2011 to present.	China Hanking Holdings Limited, a company listed on the Stock Exchange (stock code: 3788)	Exploitation, mining and processing of mineral resources and marketing of mineral products	Independent non-executive director	Board monitoring and independent management
From December 2012 to present.	China Tianrui Group Cement Company Limited, a company listed on the Stock Exchange (stock code: 1252)	Manufacture and sale of cement and clinker	Independent non-executive director	Board monitoring and independent management
From December 2013 to September 2017	Shenzhen Fuanna Bedding and Furnishing Co., Ltd, a company listed on the Shenzhen Stock Exchange (SZSE: 002327)	Production of home-textile products	Independent non-executive director	Board monitoring and independent management
From April 2014 to December 2015	China Vehicle Components Technology Holdings Limited (currently known as China First Capital Group Limited), a company listed on the Stock Exchange (stock code: 1269)	Production of Automobile component, asset management services, financial credit services, securities brokerage services and migration financial services	Executive director	Business management and strategy planning

Period of services	Name of listed companies	Principal business activities	Position	Responsibilities
From June 2014 to present.	Tourism International Holdings Limited (formerly known as Jia Yao Holdings Limited), a company listed on the Stock Exchange (stock code: 1626)	Design, printing and sales of paper cigarette packages and social product paper packages	Independent non-executive director	Board monitoring and independent management
From July 2014 to present.	China Sinostar Group Company Limited (formerly known as Shihua Development Company Limited), a company listed on the Stock Exchange (stock code: 0485)	Design and sale of a wide range of electronic products, operation and management of a hydroelectric power station, property investment and securities trading	Independent non-executive director	Board monitoring and independent management
From March 2016 to August 2017.	Sichuan Crun Co., Ltd, a company listed on the Shenzhen Stock Exchange (SZSE: 002272)	Manufacture of cooling and hydraulic equipment and provision of system solutions and service	Independent non-executive director	Board monitoring and independent management
From August 2017 to present.	Sichuan Crun Co., Ltd, a company listed on the Shenzhen Stock Exchange (SZSE: 002272)	Manufacture of cooling and hydraulic equipment and provision of system solutions and service	Non-executive director	Board monitoring
From July 2016 to present.	Shenzhen Zowee Technology Co., Limited, a company listed on the Shenzhen Stock Exchange (SZSE: 002369)	Research and development of telecommunication and electronic products	Independent non-executive director	Board monitoring and independent management
From April 2017 to present.	Yunnan Chuangxin New Material Co., Ltd (SZSE: 002812)	Manufacture, processing and sale of packaging box, printing materials, plastic film, laser transfer paper, gold and silver cardboard, liquid wrapping paper, electro aluminium, high grade wrapping paper, anti-counterfeit labels, wrapping machine, new energy materials	Independent non-executive director	Board monitoring and independent management

Mr. Wang Ping graduated from Nanjing University (南京大學) in the PRC majoring in economics and management in December 1993 and obtained a master's degree in business administration from Sun Yat-Sen University* (中山大學) in the PRC in June 2004. He was admitted as a certified public accountant in PRC in December 1993 and has been a non-practicing member of Shanghai Institute of Certified Public Accountants of the PRC since September 2002.

Independent non-executive Directors

Mr. Cheng Tai Kwan Sunny (**鄭大鈞**), aged 46, was appointed as our independent non-executive Director on 11 July 2018. He is primarily responsible for giving independent advice to the Board. He is also the chairman of our audit committee.

Mr. Cheng obtained a degree of Bachelor of Business Administration in Accounting from The Hong Kong University of Science and Technology in November 1996 and a degree of Master of Science from The Chinese University of Hong Kong in December 2006. He completed the Kellogg-HKUST Executive MBA Program and was awarded a degree of Master of Business Administration from Northwestern University and The Hong Kong University of Science and Technology in December 2009. He obtained a Juris Doctor degree from the Chinese University of Hong Kong in November 2017. Mr. Cheng was admitted as an associate and a fellow of The Association of Chartered Certified Accountants in July 1999 and July 2004, respectively. He was also admitted as a member of the Hong Kong Institute of Certified Public Accountants (previously known as Hong Kong Society of Accountants) in September 2001.

Mr. Cheng has over 9 years of experience in management, financial reporting and management accounting. He worked for a subsidiary of Li & Fung Limited (stock code: 0494), a company listed on the Stock Exchange and principally engaged in trading business, from January 2005 to June 2012. He has been appointed as an independent non-executive director of China Sinostar Group Company Limited (formerly known as Shihua Development Company Limited) (stock code: 0485), which is listed on the Main Board and principally engaged in electronic products businesses, since July 2014. He has been appointed as an independent non-executive director of Mengke Holdings Limited (stock code: 1629), which is listed on Main Board and principally engaged in the manufacturing and sales of cigarette packing materials in the PRC, since November 2016. He has been appointed as an independent non-executive director of Hua Lien International (Holding) Company Limited (stock code: 969), which is listed on Main Board and principally engaged in the growing of sugar canes and the manufacture of sugar, since December 2017. Since January 2014, Mr. Cheng has also been a director of Jolly Kingdom Franchise International Limited, which is engaged in the provision of English education services in Hong Kong, and is responsible for overall operations and management.

Mr. Cheng was a member of the Chinese People's Political Consultative Conference of Enping City, Guangdong Province* (中國人民政治協商會議廣東省恩平市委員會) from November 2011 to November 2016.

Mr. Mao Daowei (**毛道維**), aged 68, was appointed as our independent non-executive Director on 11 July 2018. He is primarily responsible for giving independent advice to the Board. He is also a member of each of our audit committee, our nomination committee and our remuneration committee.

Mr. Mao was a professor in economic studies of Sichuan University (四川大學) in the PRC from July 2001 to July 2015 and has been a tutor of doctorate students since 2004. Mr. Mao was an independent director of Sichuan Dikang Sci & Tech Pharmaceutical Industry Co., Ltd. (四川迪康科技藥業股份有限公司) (currently known as Sichuan Languang Development Co., Ltd. (四川藍光發展股份有限公司), which was a pharmaceutical company and listed on the Shanghai Stock Exchange (stock code: 600466), from April 2001 to October 2008.

Mr. Mao studied politics and economics and graduated at Chengdu Telecommunication Engineering College* (成都電訊工程學院) in January 1982. Mr. Mao also graduated from Sichuan University in the PRC with a master's degree in politics and economics studies in July 1987. Mr. Mao was awarded the second prize of the fifth provincial outstanding research on philosophy and social sciences* (全省第五次哲學社會科學優秀科研成果評獎二等獎) and the third prize of the tenth outstanding research on philosophy and social sciences of Sichuan province* (四川省第十次哲學社會科學優秀科研成果評獎三等獎) and the third prize of the eleventh outstanding research on philosophy and social sciences of Sichuan province* (四川省第十一次哲學社會科學優秀科研成果評獎三等獎) in December 1992, March 2003 and March 2005 respectively by the People's Government of Sichuan Province* (四川省人民政府). He also earned the second prize* (二等獎) for the research on the strategic reengineering of Chinese Enterprises based on management theory* (基於管理熵理論的中國企業戰略性再造研究) from the People's Government of Sichuan Province* (四川省人民政府) in 2004.

Ms. Luo Yunping (**雒蘊平**), aged 68, was appointed as our independent non-executive Director on 11 July 2018. She is primarily responsible for giving independent advice to the Board. She is also a member of each of our audit committee, our nomination committee and our remuneration committee. Ms. Luo joined our Group in June 2001 as a legal representative and school principal of Youshi Kindergarten and left our Group in April 2009.

Ms. Luo has accumulated 44 years of working experience in the education industry. She worked at Chengdu Preschool Education Normal School* (成都幼兒師範學校) from 1973 to February 2005. During her tenure, she served as a teacher from July 1973 to July 1986, a vice supervisor and a supervisor from August 1986 to July 1991, a vice principal from August 1991 to July 1993, a principal from September 1993 to July 2004 and a secretary of the communist committee from 1996 to 2001. Ms. Luo joined our Group in June 2001. She acted as a legal representative of Youshi Kindergarten from June 2001 to April 2009, responsible for the overall management and daily operation of Youshi Kindergarten. Ms. Luo also acted as a legal representative of Lidu Kindergarten from June 2006 and April 2009, responsible for overall management and operation of Lidu Kindergarten. Moreover, she acted as a legal representative of Riverside Kindergarten from 2003 to April 2009, responsible for the overall management and operation of Riverside Kindergarten.

Ms. Luo served as executive director* (常務理事) and vice president* (副會長) of Chengdu Education Association Preschool Education Professional Committee* (成都市教育學會學前教育專業委員會) from 1993 to 2003. She was appointed as a member of the Evaluation Professional Group of the Normal Secondary School* (四川省範性中等師範學校評估專家組) in December 1998 by Education Committee of Sichuan Province* (四川省教育委員會) and a committee member of Professional Committee of Preschool Education Career Development and Management of China Preschool Education Research Association* (中國學前教育研究會學前教育事業發展與管理專業委員會) in June 1999. She was appointed as an expert of preschool bilingual education and training research group of the fifteen plan of the Ministry of Education of national education science* (全國教育科學"十五"規劃教育部重點課題"學前雙語教育師資培訓研究"的總課題組專家) in November 2005.

Ms. Luo received various awards including the below:

Date of award	Award/Accreditation	Awarding organization
April 1991	Labour Model in 1988-1990* (1988-1990年勞動模範)	People's Government of Chengdu* (成都市人民政府)
December 1995	Third prize of the teachers of secondary normal school* (中等師範學校教師獎第三等獎)	Ceng Xianzi Education Foundation* (曾憲梓教育基金會)
September 1996	Outstanding principal of primary and secondary school of Chengdu* (成都市優秀中小學校長)	Education Committee of Chengdu* (成都市教育委員會)
September 1997	Model of teaching morality* (四川省師德標兵)	Education Committee of Sichuan Province* (四川省教育委員會)
April 2001	Expert with outstanding contribution in Sichuan in 2000* (2000年度四川省有突出貢獻的優秀專家)	The CPC Sichuan Provincial Committee * (中共四川省委) The People's Government of Sichuan Province* (四川省人民政府)
May 2002	First prize of bi-annual education achievement of education professional committee in 2000-2001* (師範教育專委會2000-2001兩年度教育教學成果評獎一等獎)	Chengdu Education Association Teacher Education Professional Committee* (成都市教育學會師範教育專業委員會)
September 2002	Outstanding principal of primary and secondary school of Sichuan Province* (四川省優秀中小學校長)	Education Committee of the CPC Sichuan Provincial Committee (中共四川省委教育工委) Education Department of Sichuan Province* (四川教育廳)
September 2003	Education expert of primary and secondary school of Chengdu in the second term* (成都市第二屆中小學教育專家)	Human Resources Bureau of Chengdu* (成都人事局) Education Bureau of Chengdu* (成都市教育局)

Ms. Luo graduated from Sichuan Normal University (四川師範大學) in the PRC with a bachelor's degree in chemical studies in June 1985. She completed a postgraduate program in preschool education studies* (學前教育專業在職人員研究生課程進修班) from East China Normal University* (華東師範大學) in April 2003. Ms. Luo obtained the qualification as vice professor in chemistry from Chengdu Professional Title Reform Leading Group* (成都市職稱改革工作領導小組) in March 2007 and the qualification as higher education teacher* (高等學校教師) from the Education Department of Sichuan Province* (四川省教育廳) in May 2007.

Save as disclosed above, none of our Directors whose details are set out above held any directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years prior to the Latest Practicable Date.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management of our business.

Mr. Jiang Bohan (**蔣伯瀚**), aged 45, is the principal of Jinjiang School. He was also the principal of Longquan School from September 2015 to August 2017 and the principal of Tianfu School from April 2016 to August 2017. Mr. Jiang joined our Group in April 2012 and is primarily responsible for our overall administration and day-to-day management and management of teaching and research matters of Jinjiang School, and Longquan School and Tianfu School for the relevant period.

Mr. Jiang Bohan has accumulated 22 years of working experience in the education industry. From July 1995 to July 2005, he served as the dean (教導主任) of Experimental School (Primary School Division) Attached to Sichuan Normal University* (四川師範大學附屬實驗學校小學部), responsible for managing teaching-related daily business of the school. From July 2005 to March 2012, he served as the school principal of Experimental School (Secondary School Division) Attached to Sichuan Normal University* (四川師範大學附屬實驗學校(中學部)), responsible for the overall management of the school and management of teaching and research matters. Since September 2017, he has been the chairman of the committee of principals of No. 1 Experimental Schools Attached to Sichuan Normal University (師大一中校長委員會主任), responsible for the management of teachers, education affairs and administration teams of Jinjiang School, Longquan School and Tianfu School. Mr. Jiang Bohan is also a supervisor of Sichuan Normal University Haowen Education Investment Management Company Limited (四川師大浩文教育投資管理有限公司), which is engaged in project investment and project investment management, and is responsible for supervision of business operation.

Mr. Jiang Bohan studied mathematics and graduated from Leshan Normal Higher Education Institute* (樂山師範高等專科學校) in July 1995. He completed a program on education studies and graduated from the Education Science Faculty of the Sichuan Normal University* (四川師範大學教育科學學院) in January 2007.

Mr. Wang Shudong (**王樹東**), aged 49, is the chief financial officer and the joint company secretary of the Company and was appointed as a joint company secretary of our Company on 3 July 2018. He joined our Group in September 2015 as a supervisor of Longquan School. He is primarily responsible for our financial management and overall corporate governance. Prior to his joining of our Group, Mr. Wang Shudong worked at Chengdu Huitong Chengshi Cooperation Bank* (成都滙通城市合作銀行) from 1986 to 1998 and was appointed as a section head of the commercial credit department of Chengdu Huitong Chengshi Cooperation Bank from July 1995 to July 1998. He was a chairman of the board and general manager of Chengdu Chengdian Cable Manufacture Co., Ltd.* (成都成電電纜制造有限公司), which is principally engaged in manufacturing cables, from 1998 to 2006, and he was primarily responsible for business operation, overall management and strategic development. Since April 2006, Mr. Wang Shudong has been an assistant director, vice general manager and chief financial officer of Chengdu Mingxian, the school sponsor of our schools, and he was primarily responsible for corporate governance, investment and finance management of our Group.

Mr. Wang Shudong studied finance, accounting and computer applications* (財會與計算機應用) and graduated from Sichuan Radio and TV University* (四川廣播電視大學) in the PRC in July 2002.

None of our senior management staff whose details are set out above held any directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years prior to the Latest Practicable Date.

JOINT COMPANY SECRETARY

Mr. Lam Wai Kei (**林偉基**), aged 44, was appointed as a joint company secretary of our Company on 3 July 2018. He has over 10 years of experience in accounting and company secretarial practices. He is a practising member of the Hong Kong Institute of Certified Public Accountants. Mr. Lam Wai Kei is currently the company secretary of China Sinostar Group Company Limited (formerly known as Shihua Development Company Limited), a company listed on the Main Board (stock code: 00485) and the managing director of Conpak CPA Limited, which is an audit firm in Hong Kong. Prior to joining the audit firm, Mr. Lam Wai Kei has worked in PricewaterhouseCoopers for approximately 9 years.

Mr. Lam Wai Kei graduated from the Hong Kong University of Science and Technology with a bachelor of business administration degree in accounting in November 1996 and obtained a master of science degree in financial engineering from City University of Hong Kong in November 2004.

Mr. Wang Shudong is our joint company secretary. For details regarding Mr. Wang Shudong’s experience, see the paragraphs headed “Senior management” above.

BOARD COMMITTEES

We have established the following committees under the Board: an audit committee, a nomination committee and a remuneration committee. The committees operate in accordance with the terms of reference established by the Board.

Audit committee

Our Company established an audit committee in accordance with Rule 3.21 of the Listing Rules pursuant to a resolution of the Board passed on 12 July 2018 with written terms of reference in compliance with paragraph C3 of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules. The primary duties of the audit committee of our Company are mainly to make recommendations to the Board on the appointment and removal of the external auditor, review the financial statements and provide advice in respect of financial reporting and oversee the internal control procedures of our Group. At present, our audit committee comprises Mr. Cheng Tai Kwan Sunny, Mr. Mao Daowei and Ms. Luo Yunping, all being independent non-executive Directors. Mr. Cheng Tai Kwan Sunny is the chairman of our audit committee.

Remuneration committee

Our Company established a remuneration committee in accordance with Rule 3.25 of the Listing Rules pursuant to a resolution of the Directors passed on 12 July 2018 with written terms of reference in compliance with paragraph B1 of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules. The primary functions of the remuneration committee of our Company are to make recommendation to the Board on the overall remuneration policy and structure relating to all Directors and senior management of our Group, review performance based remuneration and ensure none of our Directors determine their own remuneration. At present, our remuneration committee comprises Mr. Bai Zimin, Mr. Mao Daowei and Ms. Luo Yunping, all being non-executive Directors. Mr. Bai Zimin is the chairman of our remuneration committee.

Nomination committee

Our Company established a nomination committee pursuant to a resolution of the Directors passed on 12 July 2018 with written terms of reference in compliance with paragraph A5 of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules. The primary duties of the nomination committee of our Company include reviewing the structure, size, and composition of the Board, assessing the independence of independent non-executive Directors and making recommendations to the Board on matters relating to the appointment of Directors. At present, our nomination committee comprises Mr. Xiong Tao, Mr. Mao Daowei and Ms. Luo Yunping. Mr. Xiong Tao is the chairman of our nomination committee.

REMUNERATION POLICY

Our Directors and senior management receive compensation in the form of salaries, benefits in kind and discretionary bonuses with reference to salaries paid by comparable companies, time commitment and the performance of our Group. We also reimburse them for expenses which are necessarily and reasonably incurred for the provision of services to our Group or executing their functions in relation to the operations of our Group. We regularly review and determine the remuneration and compensation package of our Directors and senior management, by reference to, among others, market level of salaries paid by comparable companies, the respective responsibilities of our Directors and the performance of our Group.

After Listing, the remuneration committee will review and determine the remuneration and compensation packages of our Directors and senior management with reference to their responsibilities, work load, the time devoted to our Group, and the performance of our Group. After the Listing, the Directors and senior management may also receive options to be granted under the Share Option Scheme.

COMPENSATION OF DIRECTORS AND OUR MANAGEMENT

During the years ended 31 August 2015, 2016 and 2017 and the six months ended 28 February 2018, the aggregate emoluments paid by our Group to our Directors, including salaries, allowances and benefits in kind, discretionary bonuses, and contributions to retirement benefit scheme were approximately RMB349,000, RMB449,000, RMB894,000 and RMB507,000, respectively. Details of the arrangement for remuneration are set out in Note 13 to the Accountants' Report in Appendix I to this prospectus.

During the years ended 31 August 2015, 2016 and 2017 and the six months ended 28 February 2018, the five individuals whose emoluments were the highest in our Group included one, one, three and three Directors, respectively. The aggregate amount of emoluments payable to the five highest paid individuals (including the one, one, three and three Directors), including salaries and allowances and contributions to retirement benefit scheme, during the Track Record Period was approximately RMB982,000, RMB1,160,000, RMB1,541,000 and RMB923,000 for the years ended 31 August 2015, 2016 and 2017 and the six months ended 28 February 2018, respectively.

We have not paid any remuneration to our Directors or the five highest paid individuals as an inducement to join or upon joining us or as a compensation for loss of office during the Track Record Period. None of our Directors has waived any remuneration during the same period.

Save as disclosed above, no other payments have been made or are payable by us or any of our subsidiaries to our Directors during the Track Record Period. We estimate that we will pay an aggregate amount of approximately RMB7.2 million to our Directors as remuneration in respect of the year ending 31 August 2018, excluding any discretionary bonuses which may be paid to our Directors.

COMPLIANCE ADVISER

Our Company has appointed First Shanghai Capital Limited as our compliance adviser on 14 October 2016 pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise our Company at the following circumstances:

(i) before the publication of any regulatory announcement, circular or financial report;

(ii) where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;

(iii) where our Company proposes to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where the business activities, developments or results of our Company deviate from any forecast, estimate, or other information in this prospectus; and

(iv) where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of the Shares.

The term of appointment of the compliance adviser of our Company shall commence on the Listing Date and end on the date of despatch of the annual report of our Company in respect of our financial results for the first full financial year commencing after the Listing Date and such appointment shall be subject to extension by mutual agreement.

SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme on 12 July 2018 under which certain selected classes of participants (including, among others, full-time employees) may be granted options to subscribe for the Shares. The principal terms of the Share Option Scheme are summarised in the section headed "Statutory and General Information — Other information — 15. Share option scheme" in Appendix V to this prospectus.

So far as our Directors are aware, immediately following completion of the Capitalization Issue and the Global Offering (without taking into account any Shares which may be allotted and issued upon the exercise of the Over-allotment Option or any option that may be granted under the Share Option Scheme), the following persons will have an interest or a short position in the Shares which will be required to be disclosed to our Company and the Stock Exchange pursuant to the provisions of Division 2 and 3 of Part XV of the SFO or will be, directly or indirectly, interested in 10% or more of the issued voting shares of any member of our Group:

LONG POSITIONS IN SHARES

		Immediately after completion of the Capitalization Issue and the Global Offering (without taking into account any Shares which may be allotted and issued upon the exercise of the Over-allotment Option or any Option that may be granted under the Share Option Scheme)	
Name	**Capacity and nature of interest**	**Number of Shares**	**Approximate percentage of shareholding in our Company**
Cosmic City	Beneficial owner *(Note 1)*	213,120,000	26.64%
Mr. Xiong Tao	Interest in a controlled corporation *(Note 1)*	213,120,000	26.64%
	Interest of spouse *(Note 4)*	83,160,000	10.40%
Zheng Yong	Beneficial owner *(Note 2)*	123,390,000	15.42%
Mr. Ran Tao	Interest in a controlled corporation *(Note 2)*	123,390,000	15.42%
Ms. Gong Yahong	Interest of spouse *(Note 5)*	123,390,000	15.42%
Surpass Luck	Beneficial owner *(Note 3)*	83,160,000	10.40%
Ms. Liao Rong	Interest in a controlled corporation *(Note 3)*	83,160,000	10.40%
	Interest of spouse *(Note 6)*	213,120,000	26.64%
Pre-IPO Investor	Beneficial owner *(Note 7)*	150,000,000	18.75%
Wuxi Shoukong Lianxin Investment Management LLP* (無錫首控聯信投資管理中心(有限合夥))	Interest in a controlled corporation *(Note 7)*	150,000,000	18.75%

		Immediately after completion of the Capitalization Issue and the Global Offering (without taking into account any Shares which may be allotted and issued upon the exercise of the Over-allotment Option or any Option that may be granted under the Share Option Scheme)	
Name	**Capacity and nature of interest**	**Number of Shares**	**Approximate percentage of shareholding in our Company**
First Capital Fund Management Company Limited* (首控基金管理有限公司)	Interest in a controlled corporation *(Note 7)*	150,000,000	18.75%
Shanghai Shenlian Investment Management Company Limited* (上海申聯投資管理有限公司)	Interest in a controlled corporation *(Note 7)*	150,000,000	18.75%
Shanghai Jintang Investment Consultancy Company Limited* (上海錦塘投資諮詢有限公司)	Interest in a controlled corporation *(Note 7)*	150,000,000	18.75%
Brilliant Rich International Holdings Limited (錦地國際控股有限公司)	Interest in a controlled corporation *(Note 7)*	150,000,000	18.75%
Brilliant Rich Holdings Limited (錦豐控股有限公司)	Interest in a controlled corporation *(Note 7)*	150,000,000	18.75%
China First Capital Group Limited (中國首控集團有限公司)	Interest in a controlled corporation *(Note 7)*	150,000,000	18.75%

Notes:

1. Cosmic City is an investment holding company incorporated in the BVI and is wholly and beneficially owned by Mr. Xiong Tao. Thus, Mr. Xiong Tao is deemed to be interested in the Shares held by Cosmic City under the SFO.

2. Zheng Yong is an investment holding company incorporated in the BVI and is wholly and beneficially owned by Mr. Ran Tao. Thus, Mr. Ran Tao is deemed to be interested in the Shares held by Zheng Yong under the SFO.

3. Surpass Luck is an investment holding company incorporated in the BVI and is wholly and beneficially owned by Ms. Liao Rong. Thus, Ms. Liao Rong is deemed to be interested in the Shares held by Surpass Luck under the SFO.

4. Ms. Liao Rong is the spouse of Mr. Xiong Tao. Thus, Mr. Xiong Tao is deemed to be interested in the Shares held by Surpass Luck under the SFO.

5. Mr. Ran Tao is the spouse of Ms. Gong Yahong. Thus, Ms. Gong Yahong is deemed to be interested in the Shares held by Zheng Yong under the SFO.

6. Mr. Xiong Tao is the spouse of Ms. Liao Rong. Thus, Ms. Liao Rong is deemed to be interested in the Shares held by Cosmic City under the SFO.

7. The Pre-IPO Investor is a limited partnership established in the PRC and its general partner is Wuxi Shoukong Lianxin Investment Management LLP ("**Wuxi Shoukong Lianxin**"), a limited partnership established in the PRC. The general partner of Wuxi Shoukong Lianxin is First Capital Fund Management Company Limited ("**First Capital Fund**"), a limited liability company established in the PRC. First Capital Fund is wholly-owned by Shanghai Shenlian Investment Management Company Limited ("**Shanghai Investment Management**"), a limited liability company established in the PRC. Shanghai Investment Management is wholly-owned by Shanghai Jintang Investment Consultancy Company Limited ("**Shanghai Jintang**"), a limited company established in the PRC. Shanghai Jintang is wholly-owned by Brilliant Rich International Holdings Limited ("**Brilliant Rich International**"), a limited liability company incorporated in Hong Kong. Brilliant Rich International is wholly-owned by Brilliant Rich Holdings Limited ("**Brilliant Rich**"), a limited liability company incorporated in BVI. Brilliant Rich is wholly-owned by China First Capital Group Limited ("**CFC**"), a limited liability company incorporated in the Cayman Islands and the issued shares of which are listed on the Stock Exchange (stock code: 1269). Thus, Wuxi Shoukong Lianxin, First Capital Fund, Shanghai Investment Management, Shanghai Jintang, Brilliant Rich International, Brilliant Rich and CFC are deemed to be interested in the Shares held by the Pre-IPO Investor under the SFO.

Save as disclosed above, our Directors are not aware of any other persons who will, immediately following completion of the Capitalization Issue and the Global Offering (without taking into account any Shares which may be allotted and issued upon the exercise of the Over-allotment Option or any option that may be granted under the Share Option Scheme) have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who will be directly or indirectly interested in 10% or more of the issued voting shares of any member of our Group.

SHARE CAPITAL

The following table sets forth information with respect to the share capital of our Company immediately after completion of the Global Offering and the Capitalization Issue (without taking into account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any option that may be granted under the Share Option Scheme or Shares which may be allotted and issued or repurchased by our Company under the general mandates for the allotment and issue or repurchase of Shares granted to our Directors as referred to in the paragraph headed "General mandate to issue Shares" and the paragraph headed "General mandate to repurchase Shares" in this section, as the case may be).

		(HK$)
Authorized share capital		
5,000,000,000	Shares	50,000,000
Issued share capital		
100,000	Shares in issue as at the date of this prospectus	1,000
Shares to be issued		
599,900,000	Shares to be issued pursuant to the Capitalization Issue	5,999,000
200,000,000	Shares to be issued pursuant to the Global Offering	2,000,000
Total issued shares on completion of the Global Offering		
800,000,000	Shares	8,000,000

If the Over-allotment Option is exercised in full, then 30,000,000 additional Shares will be issued, resulting in a total enlarged issued share capital of HK$8,300,000 divided into 830,000,000 Shares of HK$0.01 each.

Assumptions

The above table assumes the Capitalization Issue and the Global Offering become unconditional and the issue of Shares pursuant thereto is made as described herein. It does not take into account any Shares which may be allotted and issued upon the exercise of the Over-allotment Option or any option that may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased by our Company pursuant to the general mandate granted to our Directors to allot and issue or repurchase Shares as referred to in the paragraphs headed "General mandate to issue Shares" or the paragraphs headed "General mandate to repurchase Shares" in this section, as the case may be.

Ranking

The Offer Shares will rank pari passu in all respects with all of the Shares now in issue or to be issued, and will qualify for all dividends or other distributions declared, made or paid on the Shares after the date of this prospectus, except for the entitlements under the Capitalization Issue.

SHARE OPTION SCHEME

We have conditionally adopted the Share Option Scheme. The principal terms of the Share Option Scheme are summarised in the paragraph headed "Other information — 15. Share Option Scheme" in Appendix V to this prospectus.

GENERAL MANDATE TO ISSUE SHARES

Our Directors have been conditionally granted a general unconditional mandate authorizing them to exercise all the powers of our Company to allot, issue and deal with the Shares with a total nominal value not exceeding 20% of the total number of Shares in issue immediately following completion of the Capitalization Issue and the Global Offering (without taking into account any Shares which may be allotted and issued upon the exercise of the Over-allotment Option or any option that may be granted under the Share Option Scheme), and the number of Shares repurchased by us, if any, pursuant to the repurchase mandate described below.

The general mandate will expire:

(a) at the conclusion of our Company's next annual general meeting;

(b) at the expiration of the period within which our Company is required by any applicable law of the Cayman Islands or the Articles to hold the next annual general meeting; or

(c) when varied, revoked or renewed by passing an ordinary resolution of our Shareholders in general meeting,

whichever is the earliest.

Further information of this general mandate is summarised in the paragraph headed "Further information about our Company and our Subsidiaries — 3. Resolutions in writing of all Shareholder passed on 12 July 2018" in Appendix V to this prospectus.

GENERAL MANDATE TO REPURCHASE SHARES

Our Directors have been conditionally granted a general unconditional mandate to exercise all the powers of our Company to repurchase the Shares with an aggregate nominal value of not more than 10% of the total number of Shares in issue immediately following completion of the Capitalization Issue and the Global Offering (without taking into account any Shares which may be allotted and issued upon the exercise of the Over-allotment Option or any option that may be granted under the Share Option Scheme).

This repurchase mandate only relates to repurchases made on the Stock Exchange and/or on any other stock exchange on which the Shares are listed (and which is recognized by the SFC and the Stock Exchange for this purpose) and which are in accordance with all applicable laws, rules and regulations. A summary of the relevant requirements of the Listing Rules on this repurchase mandate is summarized in the paragraph headed "Further information about our Company and our Subsidiaries — 7. Repurchase by our Company of our own securities" in Appendix V to this prospectus.

This repurchase mandate will expire:

(a) at the conclusion of our Company's next annual general meeting;

(b) at the expiration of the period within which our Company is required by any applicable law of the Cayman Islands or the Articles to hold the next annual general meeting; or

(c) when varied, revoked or renewed by passing an ordinary resolution of our Shareholders in general meeting,

whichever the earliest.

Further information of this general mandate is summarized in the paragraph headed "Further information about our Company and our Subsidiaries — 3. Resolutions in writing of all Shareholders passed on 12 July 2018" in Appendix V to this prospectus.

CIRCUMSTANCES UNDER WHICH MEETING OF THE COMPANY IS REQUIRED

The circumstances under which a meeting is required are provided in the Articles, a summary of which is set out in Appendix IV to this prospectus.

You should read the following discussion and analysis of our financial condition and results of operations together with our consolidated financial statements as of and for each of the years ended 31 August 2015, 2016 and 2017 and for the six months ended 28 February 2017 and 2018 and the accompanying notes included in the accountants' report set out in Appendix I to this prospectus. Our consolidated financial statements have been prepared in accordance with HKFRSs. Potential investors should read the whole of the accountants' report set out in Appendix I to this prospectus and not rely merely on the information contained in this section. The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. For additional information regarding these risks and uncertainties, please refer to the section headed "Risk Factors" in this prospectus.

OVERVIEW

We are a leading private education service provider in Chengdu, Sichuan Province, China in terms of student enrollment in the 2016/2017 and 2017/2018 school years, according to the Frost & Sullivan Report. As at the Latest Practicable Date, we established and operated two middle schools, one middle and high school and six kindergartens in Chengdu, Sichuan Province, namely, Jinjiang School, Tianfu School, Longquan School, Youshi Kindergarten, Lidu Kindergarten, Longquan Kindergarten, Peninsula Kindergarten, Riverside Kindergarten and Qingyang Kindergarten. According to the Frost & Sullivan Report, as measured by student enrollment, we ranked second in the private middle school education industry and fifth in the private preschool education industry in Chengdu with approximately 5.2% and 0.5% of market share respectively in the 2016/2017 school year and approximately 6.6% and 0.4% of market share respectively in the 2017/2018 school year. As of 1 September 2017, our schools had an aggregate of 7,211 students and 580 teachers. With over 16-year track record in providing private education services, we have developed a strong reputation in Chengdu which is proven by a substantial number of applications to our schools during the Track Record Period and the government support received in expanding our school network to other parts of Sichuan Province. By leveraging upon our experience and reputation, we target to further expand our school network and diversify our business by establishing a kindergarten to grade 12 private school, being Lezhi School, and three grades 1-12 private schools, being Chengdu School, Nanjiang School and Wangcang School, and a private for-profit grades 7-12 international private school in the United States.

We have experienced steady growth in our revenue, profit from continuing operations and Adjusted Net Profit over the Track Record Period. The following table sets forth the revenue, profit from continuing operations and Adjusted Net Profit of our Group for the years ended 31 August 2015, 2016 and 2017 and the six months ended 28 February 2017 and 2018:

	Year ended 31 August			Six months ended 28 February	
	2015	**2016**	**2017**	**2017**	**2018**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000 (Unaudited)**	**RMB'000**
Revenue	103,223	135,371	181,240	90,103	115,203
Profit from continuing operations	20,597	31,909	35,050	15,381	9,601
Adjusted Net Profit[(1)]	14,778	30,035	37,858	17,771	13,951

Note:

(1) The Adjusted Net Profit, which is unaudited in nature, represents profit from continuing operations excluding the effects of imputed interest income from advances to related companies, imputed interest income from advance to directors and the listing expenses. The Adjusted Net Profit is not a measure of performance under HKFRS. As a non-HKFRS measure, the Adjusted Net Profit is presented because our management believes such information will be helpful for investors in assessing the level of our net profit by eliminating the effects of certain one-off or non-recurring items. The use of the Adjusted Net Profit has material limitations as an analytical tool, as it does not include all items that impact our profit for the relevant year. Below is the table reconciles our Adjusted Net Profit for the years presented to the most directly comparable financial measure calculated and presented in accordance with HKFRS, which is profit from continuing operations:

	Year ended 31 August			Six months ended 28 February	
	2015	**2016**	**2017**	**2017**	**2018**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000 (Unaudited)**	**RMB'000**
Profit from continuing operations . .	20,597	31,909	35,050	15,381	9,601
Imputed interest income from advances to related companies. . .	(5,448)	(3,925)	(2,426)	(1,188)	(1,288)
Imputed interest income from advances to directors	(371)	(1,008)	(2,416)	(1,154)	(1,284)
Add:					
Listing expenses.	—	3,059	7,650	4,732	6,922
Adjusted Net Profit	14,778	30,035	37,858	17,771	13,951

We recorded an increase in revenue from approximately RMB103.2 million for the year ended 31 August 2015 to approximately RMB181.2 million for the year ended 31 August 2017, representing a CAGR of approximately 32.5%. Our revenue also increased by approximately 27.9% from approximately RMB90.1 million for the six months ended 28 February 2017 to approximately RMB115.2 million for the six months ended 28 February 2018.

Our profit from continuing operations increased from approximately RMB20.6 million for the year ended 31 August 2015 to approximately RMB35.1 million for the year ended 31 August 2017, representing a CAGR of approximately 30.4%. Our profit from continuing operations decreased by approximately 37.7% from approximately RMB15.4 million for the six months ended 28 February 2017 to approximately RMB9.6 million for the six months ended 28 February 2018.

Our Adjusted Net Profit increased from approximately RMB14.8 million for the year ended 31 August 2015 to approximately RMB37.9 million for the year ended 31 August 2017, representing a CAGR of approximately 60.1%. Our Adjusted Net Profit decreased by approximately 21.3% from approximately RMB17.8 million for the six months ended 28 February 2017 to approximately RMB14.0 million for the six months ended 28 February 2018. For more information of our Adjusted Net Profit, please refer to the note above and the section headed "Financial Information — Key components of our results of operations — Non-HKFRS measure".

BASIS OF PRESENTATION

Pursuant to the section headed "History and Development — Parties acting in concert" in this prospectus, prior to the commencement of the group restructuring in 2016 and throughout the Track Record Period, Mr. Xiong Tao, Mr. Ran Tao and Ms. Liao Rong have been managing and controlling School Sponsors and PRC Operating Schools on a collective basis. Mr. Xiong Tao, Mr. Ran Tao and Ms. Liao Rong have reiterated their agreement in writing that, in respect of the arrival and/or execution of all decisions, including but not limited to financial management and operational matters of School Sponsors and PRC Operating Schools, they have always been acting in concert. Accordingly, Mr. Xiong Tao, Mr. Ran Tao and Ms. Liao Rong have been acting in concert with each other and are regarded as "Controlling Equity Holders" of the School Sponsors and the PRC Operating Schools.

Pursuant to the Corporate Reorganization as more fully explained in the section headed "History and Development — Corporate reorganization" in this prospectus. The Reorganization involved combination of our Company, our direct wholly-owned companies, the School Sponsors and the PRC Operating Schools with execution of the Structured Contracts, the financial statements of our Company for the Track Record Period has been presented as a continuation of the existing entity under the principle of common control combination in accordance with Accounting Guideline 5 Merger Accounting for Common Control Combination as if the Reorganization had been completed at the beginning of the Track Record Period.

The provision of private education services of our Group was carried out by PRC Operating Schools during the Track Record Period. Due to regulatory restrictions on foreign ownership in the privately-owned schools in the PRC, for the Reorganization, Chengdu Bojun, the wholly-owned subsidiary of our Company, has entered into the Structured Contracts with, among others, the PRC Operating Schools, the School Sponsors and their respective legal equity holders. The arrangements of the Structured Contracts enable Chengdu Bojun to, amongst others, exercise effective financial and operational control over the School Sponsors and the PRC Operating Schools, exercise equity holders' voting rights of the School Sponsors and the PRC Operating Schools, receive substantially all of the economic benefits of the PRC Operating Schools and obtain an irrevocable and exclusive right to purchase all or part of equity interest in the School Sponsors and the PRC Operating Schools from the respective equity holders at nil consideration or a minimum purchase price permitted under PRC laws and regulation. Details of the Structured Contracts are disclosed in the section headed "Structured Contracts" in this prospectus.

Our Company does not have any equity interest in the School Sponsors or the PRC Operating Schools. However, as a result of the Structured Contracts, our Company has power over the School Sponsors and the PRC Operating Schools, has rights to variable returns from its involvement with the School Sponsors and the PRC Operating Schools and has the ability to affect those returns through its power over the School Sponsors and the PRC Operating Schools and therefore is considered to have control over the School Sponsors and the PRC Operating Schools. Accordingly, the School Sponsors and the PRC Operating Schools have been accounted for as subsidiaries during the Track Record Period. Our Group has consolidated the assets and liabilities, income and expenses of the PRC Operating Schools in the financial statements of our Company during the Track Record Period.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, affected by a number of factors, which primarily include the following:

Demand for private education in China

Demand for private education in China is a function of a number of factors, including the levels of economic development and changes in demographics. Our business has been benefited from the increasing demand of PRC parents for quality private education in China. The overall economic growth and increase in per capital disposable income have increased the level of per capital expenditure of urban households on education services in China, which increased at a CAGR of approximately 8.4% from 2012 to 2016, according to the Frost & Sullivan Report. In addition, demand for private education has increased along with the growth in urban families in China. According to the Frost & Sullivan Report, the total number of students enrolled in PRC private fundamental education increased from approximately 31.4 million in 2012 to approximately 40.1 million in 2016, representing CAGR of approximately 6.2%. From the year ended 31 August 2015 to the year ended 31 August 2017, our total revenue increased at a CAGR of approximately 32.5%. According to the Frost & Sullivan Report, by reference to the key decision issued in November 2015 by the Communist Party of China, China will loosen its decades-long one-child population policy, allowing couples to have two children. The birth policy will be adjusted and improved step by step to promote long-term balanced development of the population in China. This has also played a significant role in the increase of the demand for private education in China.

Student Enrollment Levels

Our revenue primarily depends on the number of students enrolled in our schools, which affects the total amount of tuition fees and boarding fees we collect from our students. As of 1 September 2014, 2015, 2016 and 2017, the total number of students enrolled in our schools amounted to approximately 3,925, 4,625, 5,789 and 7,211, respectively, with CAGR of approximately 22.5%. Our student enrollment level depends on a number of factors, in particular, the reputation of our schools, which is mainly driven by the quality of educational services we provide (primarily reflected in the test results achieved by our students, our curriculums and the quality of our teachers). We believe our proven track record in these aspects will continue to help us attract students who seek quality private education. Our high caliber teachers are also the key to maintaining our high-quality education programs and services. Accordingly, we provide competitive remuneration package and better career advancement opportunities to attract and retain high quality teachers, maintain continuous training programs and enforce stringent teacher evaluation systems to maintain and improve our teachers' performance, which we believe will have a positive impact on student enrollment levels at our schools. Our student enrollment level also depends on our capacity. We plan to further increase our capacity by expanding our school network. For details of our plans to expand our school network, please refer to the section headed "Business — Our business strategies" in this prospectus.

Tuition and Boarding Fees

Our results of operations are also affected by the level of tuition fees and boarding fees we are able to charge. There are two semesters in each school year. We usually require high school and middle school students to pay tuition fees and boarding fees in advance prior to the commencement of each school year. For kindergartens, we require students and families to pay tuition fees for each semester upfront. The tuition fees we charge are typically based on the demand for our educational programs, cost of our operations, geographic markets where we operate our schools, tuition fees charged by our competitors, our pricing strategy to gain market share and general economic conditions in China and the areas in which our schools are located.

While we have successfully increased tuition fees at some of our schools during the Track Record Period, there is no guarantee we will be able to continue to raise tuition fees in the future. Please see the paragraphs headed "Risk Factors — Risks relating to our business and our industry — Our business and results of operations depend on our ability to maintain or raise tuition fees and boarding fees we charge at our schools" in this prospectus.

For our middle school students, during the 2015/2016 school year, we charged tuition fee of RMB28,000 per student per year. Starting from the 2016/2017 school year, as permitted by the relevant PRC government authorities, we raised tuition fees in all of our middle schools from RMB28,000 to RMB32,000 per student per school year, which was applicable to newly admitted students (i.e., students in the seventh grade) only, while other existing students in other grades were not affected by the fee increase and would continue to pay tuition fee at pre-existing levels. During the 2017/2018 school year, we maintained tuition fee (including boarding fees) for our middle and high school ranging from RMB28,000 to RMB32,000 per student per year. For our kindergartens, we charged tuition fee ranging from RMB26,160 to RMB48,960 per student per year during the 2017/2018 school year.

For our high school and middle school students, in addition to the tuition fees, we charge boarding fees for our boarding students. Our boarding fee is RMB1,200 per student per school year. Our boarding fees remained unchanged during the Track Record Period.

For those students who did not complete a school year, we have refund policies in place. Please refer to the section headed "Business — Tuition and Boarding Fees — Refund Policy" in this prospectus for further details.

According to the Frost & Sullivan report, tuition rates at private schools are generally higher than those in the public school system in China. Historically, we have kept our tuition rates at levels we believe are competitive as compared to our competitors in order to attract more students and increase our student enrollment and market share. During the Track Record Period, even though we raised our tuition fees for certain of our schools, we believe such increases did not adversely impact our reputation or affect our student enrollment.

Utilization Rate and Capacity of Our Facilities

In addition to student enrollment and tuition and boarding fees, the utilization rate of our school facilities may also affect our revenue, gross margin and profit. Utilization rate is calculated as the number of students enrolled at a school divided by the capacity of that school. We incur a substantial amount of fixed costs in relation to the operation of our business each year. If we were able to increase and maintain the utilization rate of our facilities, especially the utilization rate of our schools that were established recently, we expect to improve our gross margin. As of 1 September 2014, 2015, 2016 and 2017, we had an overall facility utilization rate of approximately 89.7%, 92.5%, 90.1% and 89.6%, respectively. Please refer to the paragraphs headed "Business — Our schools student enrollment and capacity" of this prospectus for further details of the utilization rates of our schools.

As part of our strategy, we intend to continue to fully utilize the capacity of our existing schools, expand certain of our existing schools and establish new schools to increase our capacity. As the Latest Practicable Date, the expansion of the campus of Tianfu School was in progress. We believe that enrollment of additional students in those schools will not substantially increase fixed costs, but the expected increase in utilization rate may result in lower per-student costs and higher profits. Furthermore, as at the Latest Practicable Date, the first phase of the campus of Nanjiang School and Wangcang School had been under construction. Please refer to the paragraphs headed "Business — Our business strategies — Further expansion of our school network to expand our geographic coverage in China and the United States by way of market penetration and market diversification" of this prospectus for further details.

For illustrative purpose, the following table sets forth the existing capacities as of 1 September 2017 and expected total capacities of Longquan School and Tianfu School and the expected total capacities of five planned new schools, including Lezhi School, Nanjiang School, Wangcang School, Chengdu School and US School:

School	Existing capacity for students	Expected total capacity for students
Existing Schools		
Longquan School	2,160	3,500
Tianfu School	990	2,960
	3,150	6,460
Planned New Schools		
Nanjiang School	—	3,200
Wangcang School	—	4,000
Lezhi School	—	3,200
Chengdu School	—	4,000
US School	—	240
	—	14,640

Teachers' salaries

Our profitability also depends on our ability to effectively control our costs. A significant component of our costs of services is staff costs, which primarily consists of salaries and staff welfare for our teachers. We offer competitive remuneration package to our teachers in order to attract and retain high-caliber teachers and maintain and improve the teaching quality of our schools. For each of the years ended 31 August 2015, 2016 and 2017 and the six months ended 28 February 2017 and 2018, salaries and other benefits for our teachers represented approximately 38.9%, 36.5%, 39.8%, 39.7% and 43.2% of our revenue, respectively, and approximately 59.2%, 57.5%, 59.1%, 59.9% and 58.5% of our costs of services, respectively. Our staff costs increased during the Track Record Period as a result of increased number of teachers employed by us, as well as an increase in the compensation levels. We employed 289, 345, 451, 580 teachers for our schools as of 1 September 2014, 2015, 2016, and 2017, respectively. As we continue to expand our school network and increase the student enrollment level of our existing schools, we will need to recruit more teachers. We may also need to increase teachers' salaries and other benefits from time to time to stay competitive in the labor market. As a result, our staff cost as a percentage of revenue may increase. If we were unable to effectively manage any such increase, our profitability and results of operations maybe be adversely affected. Please refer to the paragraphs headed "Risk Factors — Risks relating to our business and our industry — Our business relies on our ability to recruit and retain dedicated and qualified teachers and school personnel." in this prospectus for further details.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

We have identified certain accounting policies that we believe are most significant to the preparation of our consolidated financial statements. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. Estimates and judgments are continually re-evaluated and are based on historical experience and other factors, including industry practices and expectations of future events that are believed to be reasonable under the circumstances. We have not changed our material assumptions or estimates in the past and have not noticed any material errors regarding our assumptions or estimates. Under current circumstances, we do not expect that our assumptions or estimates are likely to change significantly in the future. When reviewing our consolidated financial statements, you should consider (i) significant accounting policies and; (ii) critical accounting judgments and key sources of estimation uncertainty. Our significant accounting policies, estimates and judgments, which are important for an understanding of our financial condition and results of operations, are set forth in detail in Notes 4 to the Accountants' Report in Appendix I.

RESULTS OF OPERATIONS

The following table presents our consolidated statements of profit or loss and other comprehensive income for each of the years ended 31 August 2015, 2016 and 2017 and for the six months ended 28 February 2017 and 2018:

	Year ended 31 August			Six months ended 28 February	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Continuing operations					
Revenue	103,223	135,371	181,240	90,103	115,203
Costs of services	(67,919)	(85,984)	(122,106)	(59,758)	(85,013)
Gross profit	35,304	49,387	59,134	30,345	30,190
Other income (expenses)	5,779	7,422	8,712	4,878	2,928
Other gains and losses	(212)	165	(328)	163	(625)
Listing expenses	—	(3,059)	(7,650)	(4,732)	(6,922)
Administrative expenses	(11,564)	(15,879)	(21,649)	(13,053)	(15,090)
Finance costs	(7,422)	(3,946)	(1,363)	(1,136)	(53)
Share of result of a joint venture	392	—	—	—	—
Profit before taxation	22,277	34,090	36,856	16,465	10,428
Taxation	(1,680)	(2,181)	(1,806)	(1,084)	(827)
Profit for the year/period from continuing operations	20,597	31,909	35,050	15,381	9,601
Discontinued operations					
Profit for the year/period from discontinued operations	13,665	498	—	—	—
Profit for the year/period	34,262	32,407	35,050	15,381	9,601
Other comprehensive income that will not be reclassified subsequently to profit or loss					
— Remeasurement of defined benefit obligation	(643)	(359)	327	164	145
Total comprehensive income for the year/period	33,619	32,048	35,377	15,545	9,746

KEY COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

We derive revenue from tuition fees and boarding fees our schools collected from our students. For each of the years ended 31 August 2015, 2016 and 2017 and for the six months ended 28 February 2017 and 2018, we generated a total revenue of approximately RMB103.2 million, RMB135.4 million, RMB181.2 million, RMB90.1 million and RMB115.2 million, respectively.

The following table summarizes the amount of revenue generated from tuition fees and boarding fees for the years indicated:

	Year ended 31 August			Six months ended 28 February	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Tuition fees					
Lidu Kindergarten	10,590	12,109	12,849	6,398	6,054
Qingyang Kindergarten	7,031	9,163	9,893	4,891	5,047
Youshi Kindergarten	6,903	9,321	10,793	5,342	5,707
Peninsula Kindergarten	4,908	8,456	11,191	5,638	5,996
Longquan Kindergarten	5,746	6,081	6,218	2,996	2,770
Riverside Kindergarten	4,222	4,787	5,289	2,636	2,674
Jinjiang School	61,614	71,183	77,468	38,635	42,618
Longquan School	—	11,456	33,770	16,912	27,420
Tianfu School	—	—	10,132	4,807	14,291
Total tuition fees	101,014	132,556	177,603	88,255	112,577
Boarding fees	2,209	2,815	3,637	1,848	2,626
Total	103,223	135,371	181,240	90,103	115,203

Tuition fees:

Tuition fees consist of the amount we charge our students for the education services we provided. For our middle schools, we increased tuition fees for newly admitted students in the 2016/2017 school year, while our existing students in our middle schools were not affected by such tuition increase and continued to pay their tuition fees prior to such tuition increase. For our kindergartens, we increased tuition fees (i) of all kindergartens for newly admitted students in the 2015/2016 school year; and (ii) of all kindergartens for newly admitted students except Longquan Kindergarten in the 2016/2017 school year.

Boarding fees:

Boarding fees consist of the amount we charge our boarding students for staying at our on-campus dormitories or rented properties from independent third party. No boarding fees are charged for our kindergarten students.

For our middle schools and high school students, we generally require tuition fees and boarding fees for a full school year to be paid upfront prior to the commencement of each school year. For our kindergartens students, we generally require students and families to pay tuition fees upfront prior to the commencement of each semester. We recognize tuition fees and boarding fees proportionately over the relevant period of the applicable program. Please refer to the section headed "Business — Our schools" in this prospectus for further details.

Costs of services

Our costs of services primarily consist of staff costs, depreciation, cost of cooperative education, rental expenses and other costs. For each of the years ended 31 August 2015, 2016 and 2017 and the six months ended 28 February 2017 and 2018, our costs of services represented approximately 65.8%, 63.5%, 67.4%, 66.3% and 73.8% of our total revenue, respectively. The table below sets forth the breakdown of the major components of our costs of services for the years indicated:

	Year ended 31 August			Six months ended 28 February	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Staff costs	40,179	49,434	72,219	35,774	49,751
Depreciation	8,530	12,222	17,646	8,918	10,583
Royalty fees	6,666	7,399	9,554	3,942	5,262
Rental and management fees	4,620	8,262	8,260	4,180	10,945
Office expenses	2,853	4,028	6,265	3,568	3,304
Repair and maintenance	1,126	1,730	2,864	1,424	279
Utilities expenses	1,006	1,178	1,910	611	1,362
Training expenses	1,129	1,078	1,120	306	1,236
Others	1,810	653	2,268	1,035	2,291
Total	67,919	85,984	122,106	59,758	85,013

Staff costs mainly consist of salaries, social insurance and other welfare benefits paid to our teachers. For each of the years ended 31 August 2015, 2016 and 2017 and the six months ended 28 February 2017 and 2018, the amounts of staff costs amounted to approximately RMB40.2 million, RMB49.4 million, RMB72.2 million, RMB35.8 million and RMB49.8 million, respectively, representing approximately 59.2%, 57.5%, 59.1%, 59.9% and 58.5% of our total costs of services, respectively.

Depreciation mainly consist of depreciation of property, plant and equipment used for providing education services, which amounted to approximately RMB8.5 million, RMB12.2 million, RMB17.6 million, RMB8.9 million and RMB10.6 million for each of the years ended 31 August 2015, 2016 and 2017 and the six months ended 28 February 2017 and 2018, respectively, representing approximately 12.6%, 14.2%, 14.5%, 14.9% and 12.4% of our total costs of services, respectively.

We paid royalty fees to an affiliated company of our educational service partner, Sichuan Normal University, as we entered into cooperation agreements with them for the use of the brand name "No. 1 Experimental Middle School Attached to Sichuan Normal University* (四川師大附屬第一實驗中學)" by our middle schools and high school. For each of the years ended 31 August 2015, 2016 and 2017 and the six months ended 28 February 2017 and 2018, cost of cooperation education amounted to approximately RMB6.7 million, RMB7.4 million, RMB9.6 million, RMB3.9 million and RMB5.3 million, respectively, representing approximately 9.8%, 8.6%, 7.9%, 6.6% and 6.2% of our total costs of services, respectively.

Rental and management fees mainly consist of the rental of school premises of our middle schools and kindergartens and corresponding building management fee, which amounted to approximately RMB4.6 million, RMB8.3 million, RMB8.3 million, RMB4.2 million and RMB11.0 million for each of the years ended 31 August 2015, 2016 and 2017 and the six months ended 28 February 2017 and 2018, respectively, representing approximately 6.8%, 9.6%, 6.8%, 7.0% and 12.9% of our total costs of services, respectively.

Gross profit and gross profit margin

The following table sets forth a breakdown of the gross profits and gross profit margins for the years indicated:

	Years ended 31 August									Six months ended 28 February					
	2015			2016			2017			2017			2018		
	Segment revenue RMB'000	Gross profit RMB'000	Gross profit margin %	Segment revenue RMB'000	Gross profit RMB'000	Gross profit margin %	Segment revenue RMB'000	Gross profit RMB'000	Gross profit margin %	Segment revenue RMB'000 (unaudited)	Gross profit RMB'000 (unaudited)	Gross profit margin %	Segment revenue RMB'000	Gross profit RMB'000	Gross profit margin %
Middle schools	63,823	25,634	40.2	85,454	32,978	38.6	125,007	41,167	32.9	62,202	22,033	35.4	86,955	22,705	26.1
Kindergartens	39,400	9,670	24.5	49,917	16,409	32.9	56,233	17,967	32.0	27,901	8,312	29.8	28,248	7,485	26.5
Total	103,223	35,304	34.2	135,371	49,387	36.5	181,240	59,134	32.6	90,103	30,345	33.7	115,203	30,190	26.2

Gross profit margin of our middle schools decreased from approximately 38.6% for the year ended 31 August 2016 to approximately 32.9% for the year ended 31 August 2017. The decrease in gross profit margin was mainly because of the increase in staff cost, depreciation and amortization, office expenses, and other ramp up costs during the startup stage for student enrollment of Tianfu School and Longquan School. Gross profit margin of our middle schools also decreased from approximately 40.2% for the year ended 31 August 2015 to approximately 38.6% for the year ended 31 August 2016. The decrease in gross profit margin was mainly attributable to an increase in staff cost, rental and management fees, office expenses, depreciation expenses and other ramp up costs during the startup stage for student enrollment of Longquan School. Gross profit margin of our middle schools also decreased from approximately 35.4% for the six months ended 28 February 2017 to approximately 26.1% for the six months ended 28 February 2018. The decrease in gross profit margin was mainly because of (i) the increase in staff cost and depreciation and amortization for Tianfu School and Longquan School resulted from the expansion of student capacity and the increased student enrollment level; and (ii) the increase in rental and management fees for Longquan School and property rental expenses which Tianfu School incurred for student residence during the six months ended 28 February 2018.

Gross profit margin of our kindergartens remained stable from the year ended 31 August 2016 to the year ended 31 August 2017. Gross profit margin of our kindergartens increased from approximately 24.5% for the year ended 31 August 2015 to approximately 32.9% for the year ended 31 August 2016. The increase in gross profit margin was mainly attributable to the increase in the utilization rate of kindergartens and tuition fees of all kindergartens for newly admitted students in the 2015/2016 school year. Gross profit margin of our kindergartens decreased from approximately 29.8% for the six months ended 28 February 2017 to approximately 26.5% for the six months ended 28 February 2018. The decrease in gross profit margin was mainly attributable to the higher remuneration package offered to teaching staff of our kindergartens which resulted in an increase in the staff cost of our kindergartens for the six months ended 28 February 2018.

Other income (expenses)

Our other income (expenses) primarily consisted of (i) imputed interest income from advances to directors, (ii) imputed interest income from advance to related companies; (iii) interest income from banks; and (iv) interest income waived by a third party. For each of the years ended 31 August 2015, 2016 and 2017 and the six month ended 28 February 2017 and 2018, our other income (expenses) amounted to approximately RMB5.8 million, RMB7.4 million, RMB8.7 million, RMB4.9 million and RMB2.9 million, respectively.

Set forth below is a breakdown of our other income for each of the years indicated:

	Year ended 31 August			Six months ended 28 February	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Continuing operations					
Imputed interest income from advances to directors(1)	371	1,008	2,416	1,154	1,284
Imputed interest income from advances to related companies(1)	5,448	3,925	2,426	1,188	1,288
Interest income from banks	63	593	2,998	1,846	474
Amounts received for ancillary services income(2)	2,826	5,914	25,189	12,447	14,968
Less: relevant expenses	(2,826)	(5,914)	(25,189)	(12,447)	(14,968)
Interest waived by a third party	—	2,138	713	713	—
Others, net	(103)	(242)	159	(23)	(118)
	5,779	7,422	8,712	4,878	2,928

Note:

(1) During the Track Record Period, we made advances to Sichuan Bojun, Chengdu Hengyu, Sichuan Wenxuan, Chengdu Bozhong, Mr. Xiong Tao, Ms. Liao Rong, Mr. Ran Tao (the "**Related Parties**"). These advances were non-trade in nature, unsecured, non-interest bearing and without a fixed repayment term. The amount due from the Related Parties were measured at its fair value at initial recognition based on the best estimate of the expected repayments by the Related Parties at the time of recognizing the amounts due from the Related Parties. The differences between the amount due from the Related Parties and the fair value at initial recognition were recognized in equity as deemed distribution to equity holders, and the amount due from the Related Parties was then carried at amortised cost using the effective interest method.

Subsequently, if we revise our estimate of the expected repayments by the Related Parties, the carrying amount of such amount due from the Related Parties will be adjusted to reflect the actual and revised estimated cash flow. Such imputed interest income is only a hypothetical income under HKFRS and had no cash inflow during the Track Record Period.

(2) Income from ancillary services represents the services provided at the on-campus canteens.

Listing expenses

Listing expenses primarily consist of professional fees in relation to the preparation for our Global Offering. For each of the years ended 31 August 2015, 2016 and 2017 and the six months ended 28 February 2017 and 2018, our listing expenses amounted to approximately nil, RMB3.1 million, RMB7.7 million, RMB4.7 million and RMB6.9 million respectively.

	Year ended 31 August			Six months ended 28 February	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Listing expenses	—	3,059	7,650	4,732	6,922

Administrative expenses

Administrative expenses primarily consisted of administrative staffs costs, office expenses, entertainment expenses, motor vehicle expenses, deprecation, handling charges and certain other administrative expenses. Other administrative expenses generally include staff travel expenses, management meetings expenses and welfare expenses. For each of the years ended 31 August 2015, 2016 and 2017 and the six months ended 28 February 2017 and 2018, our administrative expenses amounted to approximately RMB11.6 million, RMB15.9 million, RMB21.6 million, RMB13.1 million and RMB15.1 million, respectively, representing approximately 11.2%, 11.7%, 11.9%, 14.5% and 13.1% of our revenue, respectively.

Set forth below is a breakdown of our administrative expenses for the periods indicated:

	Years ended 31 August			six months ended 28 February	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Staff costs	5,528	10,522	13,823	7,852	8,655
Office expenses	1,622	1,906	1,911	730	358
Entertainment expenses	537	627	1,321	624	1,137
Motor vehicle expenses	688	791	1,177	576	745
Depreciation	169	326	956	207	248
Handling charges	324	486	490	222	115
Others	2,696	1,221	1,971	2,842	3,832
Total	11,564	15,879	21,649	13,053	15,090

Finance costs

Our finance costs primarily consist of interest arising from bank borrowings and obligation under finance leases. For each of the years ended 31 August 2015, 2016 and 2017 and the six month ended 28 February 2017 and 2018, our finance costs amounted to approximately RMB7.4 million, RMB3.9 million, RMB1.4 million, RMB1.1 million and RMB0.1 million, respectively.

Set forth below is a breakdown of our finance costs for the periods indicated:

	Years ended 31 August			Six months ended 28 February	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Interest on:					
Bank borrowings	7,227	809	—	—	—
Obligation under finance leases	195	999	650	423	53
Advances from a third party	—	2,138	713	713	—
	7,422	3,946	1,363	1,136	53

Share of result of a joint venture

For the year ended 31 August 2015, the Group recorded a share of result of a joint venture of approximately RMB392,000 which was attributable to the cooperation with Sichuan University of Science and Engineering (四川理工學院), an Independent Third Party which established the Fine Arts College. The Fine Arts College has ceased operations in July 2015. The Group did not record any share of result of a joint venture for the years ended 31 August 2016 and 2017. For further details, please refer to the section headed "History and Development — Our School Sponsors — Chengdu Mingxian — Termination of cooperation with Sichuan University of Science and Engineering" in this prospectus.

Taxation

Our Company and Bonjun Investment were incorporated in the Cayman Islands and BVI respectively, both of the jurisdictions are tax exempted.

No provision for Hong Kong Profits Tax has been made as our Group's operation in Hong Kong had no assessable profit during the Track Record Period. Chengdu Bojun and US Bojun have had no assessable profit subject to the PRC EIT of 25% and corporate tax in the United States, respectively, since their establishment.

According to the Implementation Rules for the Private Education Law, private schools for which the School Sponsors do not require reasonable returns are eligible to enjoy the same preferential tax treatment as public schools. Nevertheless, each of our schools requires reasonable returns. The Implementation Rules for the Private Education Law provide that the relevant authorities under the State Council may introduce preferential tax treatments and related policies applicable to private schools requiring reasonable returns. During the Track Record Period and up to the Latest Practicable Date, no separate policies, regulations or rules have been introduced by the authorities in this regard.

Our kindergartens are subject to EIT rate of 25%. According to the announcement of the SAT on issues concerning EIT related with enhancing the Western China Development Strategy, except for Peninsula Kindergarten, all other preschools were registered with the local tax authority to be eligible for the reduced EIT rate of 15% starting from 1 January 2015. Peninsula Kindergarten has been eligible for the reduced EIT rate of 15% starting from 1 January 2016, prior to that it was subject to the EIT rate of 25%. Further, as confirmed by the local tax bureau, our Jinjiang School, Longquan School and Tianfu School were not regarded as EIT paying entities nor were they imposed with the EIT during the Track Record Period.

No PRC enterprise income tax has been recognized by such schools in the financial statements of our Group.

Set forth below is a breakdown of our income tax expenses for each of the year indicated:

	Years ended 31 August			Six months ended 28 February	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Current PRC Enterprise Income Tax	1,339	1,882	1,806	1,084	11,472
Deferred tax expense	341	299	—	—	(10,645)
	1,680	2,181	1,806	1,084	827

Our income tax expenses for each of the years ended 31 August 2015, 2016 and 2017 and the six months ended 28 February 2017 and 2018, amounted to approximately RMB1.7 million, RMB2.2 million, RMB1.8 million, RMB1.1 million and RMB0.8 million respectively. Due to the effect of the abovementioned preferential tax treatment, our effective tax rate[(1)] for each of the years ended 31 August 2015, 2016 and 2017 were approximately 7.5%, 6.4%, 4.9%, 6.6% and 7.9% respectively. The decrease in effective tax rate for the years ended 31 August 2015, 2016 and 2017 was mainly due to (i) our middle schools are not subject to EIT and the contribution of the taxable income of our middle schools are increasing from the year end 31 August 2015 to the six months ended 28 February 2018 and (ii) Peninsula Kindergarten enjoyed a preferential EIT rate of 15% starting from 1 January 2016. The effective tax rate increased from approximately 6.6% for the six months ended 28 February 2017 to approximately 7.9% for the six months ended 28 February 2018, primarily due to the decrease in profit before tax as a result of the listing expenses incurred for the six months ended 28 February 2018. Following the Corporate Reorganization and pursuant to the Structured Contracts, the economic benefits arising from the business of our PRC Operating Schools are transferred to Chengdu Bojun by means of services fees payable by our PRC Operating Schools to Chengdu Bojun. As at the Latest Practicable Date, Chengdu Bojun is subject to PRC enterprise income tax of 25% and value-added tax of 3%. Please refer to the section headed "Risk Factors — Risks relating to our business and our industry — Our historical financial and operating results may not be indicative of our future performance" in this prospectus for further information.

During the Track Record Period and up to the Latest Practicable Date, there are no matters in dispute or unresolved with the relevant tax authorities.

Note:

(1) Effective tax rate is calculated by dividing the income tax expense by profit before taxation.

Profit for the Year

For the years ended 31 August 2015, 2016 and 2017 and the six months ended 28 February 2017 and 2018, our profit from continuing operations amounted to approximately RMB20.6 million, RMB31.9 million, RMB35.1 million, RMB15.4 million and RMB9.6 million, respectively. Our profit from continuing operations increased from approximately RMB20.6 million for the year ended 31 August 2015 to approximately RMB35.1 million for the year ended 31 December 2017, representing a CAGR of approximately 30.4%.

Sensitivity Analysis

The following table sets out the potential impact on our profitability before taxation during the Track Record Period under the effect of the fluctuation of tuition fees and our staff costs included in our cost of services, with all other variables remain constant. The fluctuation of tuition fees and staff costs is hypothetical in nature and we assume that all other variables remained constant.

	For the year ended 31 August			Six months ended 28 February	
	2015	2016	2017	2017	2018
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000) (unaudited)	(RMB'000)
Sensitivity analysis of tuition fees income	Impact on our profit before taxation for the year				
Tuition fees income (decrease)/increase					
(30)%	(30,304.2)	(39,766.8)	(53,280.9)	(26,476.5)	(33,773.1)
(20)%	(20,202.8)	(26,511.2)	(35,520.6)	(17,651.0)	(22,515.4)
(10)%	(10,101.4)	(13,255.6)	(17,760.3)	(8,825.5)	(11,257.7)
10%	10,101.4	13,255.6	17,760.3	8,825.5	11,257.7
20%	20,202.8	26,511.2	35,520.6	17,651.0	22,515.4
30%	30,304.2	39,766.8	53,280.9	26,476.5	33,773.1
Sensitivity analysis of staff costs	Impact on our profit before taxation for the year				
Staff costs (decrease)/increase					
(30)%	12,053.7	14,830.2	21,665.7	(10,732.2)	(14,925.3)
(20)%	8,035.8	9,886.8	14,443.8	(7,154.8)	(9,950.2)
(10)%	4,017.9	4,943.4	7,221.9	(3,577.4)	(4,975.1)
10%	(4,017.9)	(4,943.4)	(7,221.9)	3,577.4	4,975.1
20%	(8,035.8)	(9,886.8)	(14,443.8)	7,154.8	9,950.2
30%	(12,053.7)	(14,830.2)	(21,665.7)	10,732.2	14,925.3

Non-HKFRS Measure

To supplement our consolidated financial statements, which are presented in accordance with HKFRS, we also use adjusted net profit as an additional financial measure. We present this financial measure because it is used by our management to evaluate our financial performance by eliminating the impact of items that we do not consider indicative of the performance of our business. We also believe that this non-HKFRS measure provides additional information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management and in comparing financial results across accounting periods and to those of our peer companies.

Adjusted Net Profit

The Adjusted Net Profit eliminates the effect of certain non-cash or one-off items, being imputed interest income from advances to related companies, imputed interest income from advance due to directors and the listing expenses. The term adjusted net profit is not defined under HKFRS. As a non-HKFRS measure, adjusted net profit is presented because our management believes such information will be helpful for investors in assessing the effect of imputed interest income and listing expenses on our net profit. The use of the Adjusted Net Profit has material limitations as an analytical tool, as it does not include all items that impact our net profit for the relevant periods. The effects of imputed interest income and listing expenses that are eliminated from adjusted net profit are significant components in understanding and assessing our operating and financial performance. In light of the foregoing limitations for adjusted net profit, when assessing our operating and financial performance, you should not view the Adjusted Net Profit in isolation or as a substitute for our profit for the year or any other operating performance measure that is calculated in accordance with HKFRS. In addition, because this non-HKFRS measure may not be calculated in the same manner by all companies, they may not be comparable to other similarly titled measures used by other companies.

The following table reconciles our Adjusted Net Profit for the years presented to the most directly comparable financial measure calculated and presented in accordance with HKFRS, which is profit from our continuing operations:

	Year ended 31 August			Six months ended 28 February	
	2015	**2016**	**2017**	**2017**	**2018**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000** (unaudited)	**RMB'000**
Profit from continuing operations	20,597	31,909	35,050	15,381	9,601
Less:					
Imputed interest income from advances to related companies	(5,448)	(3,925)	(2,426)	(1,188)	(1,288)
Imputed interest income from advance to directors	(371)	(1,008)	(2,416)	(1,154)	(1,284)
Add:					
Listing expenses	—	3,059	7,650	4,732	6,922
Adjusted Net Profit	14,778	30,035	37,858	17,771	13,951

For the years ended 31 August 2015, 2016 and 2017 and the six months ended 28 February 2017 and 2018, our Adjusted Net Profit amounted to approximately RMB14.8 million, RMB30.0 million, RMB37.9 million, RMB17.8 million and RMB14.0 million, respectively. Our Adjusted Net Profit increased from approximately RMB14.8 million for the year ended 31 August 2015 to approximately RMB37.9 million for the year ended 31 August 2017, representing a CAGR of approximately 60.1%. Our Adjusted Net Profit decreased by 23.6% from approximately RMB17.8 million for the six months ended 28 February 2017 to approximately RMB14.0 million for the six months ended 28 February 2018.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Six months ended 28 February 2017 compared to six months ended 28 February 2018

Revenue

Our revenue increased by approximately RMB25.1 million, or 27.9%, from approximately RMB90.1 million for the six months ended 28 February 2017 to approximately RMB115.2 million for the six months ended 28 February 2018. The increase was mainly attributable to the increased student enrollment, which resulted in an increase in tuition and boarding fees. Student enrollment in our schools increased by approximately 24.6%, from 5,789 as of 1 September 2016 to 7,211 as of 1 September 2017, respectively, mainly due to an increase in the number of students enrolled in our Jinjiang School, Longquan School and Tianfu School.

Costs of services

Our costs of services increased by approximately RMB25.3 million, or 42.3%, from approximately RMB59.8 million for the six months ended 28 February 2017 to approximately RMB85.0 million for the six months ended 28 February 2018. The increase was primarily attributable to the expansion of Jinjiang School, Longquan School and Tianfu School in terms of student capacity and student enrollment level, which resulted in an increase in the number of teachers we employed, the depreciation and management fees on school buildings, the rental and management fees of the school premises and related operating costs.

Staff costs increased by approximately RMB14.0 million, or 39.1%, from approximately RMB35.8 million for the six months ended 28 February 2017 to approximately RMB49.8 million for the six months ended 28 February 2018, primarily because (i) the number of teachers we hired increased from 451 as of 1 September 2016 to 580 as of 1 September 2017. In particular, the number of teachers we hired for Jinjiang School, Longquan School and Tianfu School increased from 345 as of 1 September 2016 to 444 as of 1 September 2017 to be in line with the expansion; and (ii) we offered more competitive remuneration packages to attract and retain high quality teachers for the six months ended 28 February 2018.

Rental and management fees increased by approximately RMB6.8 million, or 161.8%, from approximately RMB4.2 million for the six months ended 28 February 2017 to approximately RMB10.9 million for the six months ended 28 February 2018, primarily because of the increase in rental and management fees for Longquan School and property rental expenses which Tianfu School incurred for student residence.

Depreciation and amortization expenses increased by approximately RMB1.7 million, or 18.7%, from approximately RMB8.9 million for the six months ended 28 February 2017 to approximately RMB10.6 million for the six months ended 28 February 2018, primarily due to the enhancement and expansion of Longquan School and Tianfu School.

Royalty fees increased by approximately RMB1.4 million, or 35.9%, from approximately RMB3.9 million for the six months ended 28 February 2017 to approximately RMB5.3 million for the six months ended 28 February 2018, as a result of the increase in royalty fees paid, due to the increase in tuition fees income from our middle schools and high school and the increased royalty rate applicable to Longquan School.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit decreased by approximately RMB0.1 million, or 0.3%, from approximately RMB30.3 million for the six months ended 28 February 2017 to approximately RMB30.2 million for the six months ended 28 February 2018. Our overall gross profit margin decreased from approximately 33.7% for the six months ended 28 February 2017 to approximately 26.2% for the six months ended 28 February 2018. The decrease in gross profit margin was mainly attributable to the increase in staff cost for teachers, rental expenses of the school premises and student dormitories and other operating costs for the expansion of Jinjiang School, Longquan School and Tianfu School.

Other income (expenses)

Our other income decreased by approximately RMB2.0 million, or 40.8%, from approximately RMB4.9 million for the six months ended 28 February 2017 to approximately RMB2.9 million for the six months ended 28 February 2018. Such decrease was mainly due to the decrease in interest income from banks by approximately RMB1.3 million, as a result of the decrease in average bank balance from the six months ended 28 February 2017 to the six months ended 28 February 2018. Such decrease in average bank balance is mainly due to the deposits and prepayments made in relation to Nanjiang School, Wangcang School and Lezhi School during the six months ended 28 February 2018.

Listing expenses

Listing expenses increased by approximately RMB2.2 million, or 46.8%, from approximately RMB4.7 million for the six months ended 28 February 2017 to approximately RMB6.9 million for the six months ended 28 February 2018 primarily attributable to increase in professional fees in relation to the preparation for our Global Offering.

Administrative expenses

Our administrative expenses increased by approximately RMB2.0 million, or 15.3%, from approximately RMB13.1 million for the six months ended 28 February 2017 to approximately RMB15.1 million for the six months ended 28 February 2018 which was mainly attributable to the increase in the number of administrative staff and the increase in average salary of the administrative staff of Longquan School.

Finance Costs

Our finance costs decreased by approximately RMB1.0 million, or 90.9%, from approximately RMB1.1 million for the six months ended 28 February 2017 to approximately RMB0.1 million for the six months ended 28 February 2018 due to the repayment of all the obligations under finance lease during the six months ended 28 February 2018.

Taxation

Our income tax expenses decreased by approximately 27.3%, from approximately RMB1.1 million for the six months ended 28 February 2017 to approximately RMB0.8 million for the six months ended 28 February 2018, primarily due to the decrease in taxable income of the kindergartens while the middle schools and high school are exempted from taxation.

Profit from continuing operations and Adjusted Net Profit

As a result of the foregoing, our profit from continuing operations decreased by approximately RMB5.8 million, or 37.7%, from approximately RMB15.4 million for the six months ended 28 February 2017 to approximately RMB9.6 million for the six months ended 28 February 2018. Our Adjusted Net Profit decreased by approximately RMB3.8 million, or 21.5% from approximately RMB17.8 million for the six months ended 28 February 2017 to approximately RMB14.0 million for the six months ended 28 February 2018.

Year ended 31 August 2017 compared to year ended 31 August 2016

Revenue

Our revenue increased by approximately RMB45.9 million, or 33.9%, from approximately RMB135.4 million for the year ended 31 August 2016 to approximately RMB181.2 million for the year ended 31 August 2017. The increase was mainly attributable to increased student enrollment and tuition fees for newly admitted students, which resulted in an increase in tuition and boarding fees. Student enrollment in our schools increased by approximately 25.2%, from 4,625 as of 1 September 2015 to 5,789 as of 1 September 2016, respectively, mainly due to an increase in the number of students enrolled in our Jinjiang School, Tianfu School and Longquan School. In addition, the tuition fees for newly admitted students for all of our schools except Longquan Kindergarten increased in the 2016/2017 school year.

Costs of services

Our costs of services increased by approximately RMB36.1 million, or 42.0%, from approximately RMB86.0 million for the year ended 31 August 2016 to approximately RMB122.1 million for the year ended 31 August 2017, which was in line with the increase in revenue. The increase was primarily attributable to the commencement of operation of Tianfu School in September 2016 and expansion of Longquan School, which resulted in an increase in the number of teachers we employed, the depreciation expenses on school buildings and related operating costs.

Staff costs increased by approximately RMB22.8 million, or 46.1%, from approximately RMB49.4 million for the year ended 31 August 2016 to approximately RMB72.2 million for the year ended 31 August 2017, primarily because (i) the number of teachers we hired increased from 345 as of 1 September 2015 to 451 as of 1 September 2016. In particular, the number of teachers we hired for Longquan School increased from 35 as of 1 September 2015 to 107 as of 1 September 2016 due to expansion of Longquan School; (ii) of the commencement of operation of Tianfu School which incurred additional staff costs; and (iii) we offered more competitive remuneration packages to attract and retain high quality teachers for the year ended 31 August 2017.

Depreciation and amortization expenses increased by approximately RMB5.4 million, or 44.4%, from approximately RMB12.2 million for the year ended 31 August 2016 to approximately RMB17.6 million for the year ended 31 August 2017, primarily due to enhancement and expansion of Longquan School and commencement of operation of Tianfu School.

Royalty fees increased by approximately RMB2.2 million, or 29.1%, from approximately RMB7.4 million for the year ended 31 August 2016 to approximately RMB9.6 million for the year ended 31 August 2017, as a result of the increase in royalty fees paid, due to the growth in tuition fees of our middle schools and high school.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by approximately RMB9.7 million, or 19.7%, from approximately RMB49.4 million for the year ended 31 August 2016 to approximately RMB59.1 million for the year ended 31 August 2017. Our overall gross profit margin decreased from approximately 36.5% for the year ended 31 August 2016 to approximately 32.6% for the year ended 31 August 2017. The decrease in gross profit margin was mainly attributable to the increase in staff cost for teachers as well as other ramp up costs due to the commencement of operation of Tianfu School and the expansion of Longquan School.

Other income (expenses)

Our other income increased by approximately RMB1.3 million, or 17.4%, from approximately RMB7.4 million for the year ended 31 August 2016 to approximately RMB8.7 million for the year ended 31 August 2017. Such increase was mainly due to the increase in interest income from banks by approximately RMB2.4 million, as a result of the increase in average bank balance after the Pre-IPO Investment, partially offset by decrease in interest income waived by a third party of approximately RMB1.4 million as the outstanding amount was repaid during the year ended 31 August 2017.

Listing expenses

Listing expenses increased by approximately RMB4.6 million, or 150.1%, from approximately RMB3.1 million for the year ended 31 August 2016 to approximately RMB7.7 million for the year ended 31 August 2017 primarily attributable to increase in professional fees in relation to the preparation for our Global Offering.

Administrative expenses

Our administrative expenses increased by approximately RMB5.8 million, or 36.3%, from approximately RMB15.9 million for the year ended 31 August 2016 to approximately RMB21.6 million for the year ended 31 August 2017 which was mainly attributable to the increase in the number of administrative staff at Tianfu School and Longquan School and the increase in average salary of the administrative staff of our schools.

Finance Costs

Our finance costs decreased by approximately RMB2.6 million, or 65.5%, from approximately RMB3.9 million for the year ended 31 August 2016 to approximately RMB1.4 million for the year ended 31 August 2017 due to the repayment of all outstanding bank borrowings during the year 2016 and decrease in interest expenses on advance from a third party of approximately RMB1.4 million as the outstanding amount decreased with the repayment of the advance from third party during the year ended 31 August 2017.

Taxation

Our income tax expenses decreased by approximately 17.2%, from approximately RMB2.2 million for the year ended 31 August 2016 to approximately RMB1.8 million for the year ended 31 August 2017, primarily as a result of the decrease in taxable income of the kindergartens while the middle schools and high school are exempted from taxation.

Profit from continuing operations and Adjusted Net Profit

As a result of the foregoing, our profit from continuing operations increased by approximately RMB3.1 million, or 9.8%, from approximately RMB31.9 million for the year ended 31 August 2016 to approximately RMB35.1 million for the year ended 31 August 2017. Our Adjusted Net Profit increased by approximately RMB7.8 million, or 25.9% from approximately RMB30.0 million for the year ended 31 August 2016 to approximately RMB37.8 million for the year ended 31 August 2017.

Year ended 31 August 2016 compared to year ended 31 August 2015

Revenue

Our revenue increased by approximately RMB32.1 million, or 31.1%, from approximately RMB103.2 million for the year ended 31 August 2015 to approximately RMB135.4 million for the year ended 31 August 2016. The increase was mainly attributable to increased student enrollment and increased tuition fees for newly admitted students for all of our kindergartens in the 2015/2016 school year, which resulted in an increase in tuition and boarding fees. Student enrollment in our schools increased by approximately 17.8%, from 3,925 as of 1 September 2014 to 4,625 as of 1 September 2015, respectively, mainly due to an increase in the number of students enrolled in our Jinjiang School, Longquan School and Peninsula Kindergarten. In addition, the tuition fees for newly admitted student for all of our kindergartens increased in the 2015/2016 school year.

Costs of services

Our total costs of services increased by approximately RMB18.1 million, or 26.6%, from approximately RMB67.9 million for the year ended 31 August 2015 to approximately RMB86.0 million for the year ended 31 August 2016, which was in line with the increase in revenue. The increase was primarily attributable to the commencement of operation of Longquan School in September 2015, which resulted in increases in the number of teachers we employed, the depreciation expenses on school buildings and related operating costs.

Staff costs increased by approximately RMB9.3 million, or 23.0%, from approximately RMB40.2 million for the year ended 31 August 2015 to approximately RMB49.4 million for the year ended 31 August 2016, primarily because (i) the number of teachers we hired increased from 314 as of 1 September 2014 to 359 as of 1 September 2015. In particular, the number of teachers we hired for Longquan School increased from 0 as of 1 September 2014 to 37 as of 1 September 2015 due to the commencement of operation of Longquan School; and (ii) we offered more competitive remuneration packages to retain our teaching staff for the year ended 31 August 2016 as compared with that of the year ended 31 August 2015.

Depreciation and amortization expenses increased by approximately RMB3.7 million, or 43.3%, from approximately RMB8.5 million for the year ended 31 August 2015 to approximately RMB12.2 million for the year ended 31 August 2016, primarily due to the commencement of operation of Longquan School and renovation of Lidu Kindergarten and Qingyang Kindergarten.

Royalty fees increased by approximately RMB0.7 million, or 11.0%, from approximately RMB6.7 million for the year ended 31 August 2015 to approximately RMB7.4 million for the year ended 31 August 2016, as a result of the increase in royalty fees paid due to the growth in tuition fees of our middle schools and high school.

Rental expenses increased by approximately RMB3.6 million, or 78.8%, from approximately RMB4.6 million for the year ended 31 August 2015 to approximately RMB8.3 million for the year ended 31 August 2016, mainly due to the commencement of operation of Longquan School.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by approximately RMB14.1 million, or 39.9%, from approximately RMB35.3 million for the year ended 31 August 2015 to approximately RMB49.4 million for the year ended 31 August 2016. Our overall gross profit margin increased from approximately 34.2% for the year ended 31 August 2015 to approximately 36.5% for the year ended 31 August 2016. The increase in gross profit margin was mainly attributable to the increased student enrollment, particularly Jinjiang School, Longquan School and Peninsula Kindergarten, and increased tuition fees for newly admitted students for all of our kindergartens in the 2015/2016 school year.

Other income (Expenses)

Our other income increased by approximately RMB1.6 million, or 28.4%, from approximately RMB5.8 million for the year ended 31 August 2015 to approximately RMB7.4 million for the year ended 31 August 2016. The increase was mainly due to the increase in interest income waived by a third party of approximately RMB2.1 million.

Listing expenses

We incurred expenses in relation to the preparation of our Global Offering of approximately RMB3.1 million for the year ended 31 August 2016, while no such expense was incurred for the year ended 31 August 2015.

Administrative expenses

Our administrative expenses increased by approximately RMB4.3 million, or 37.3%, from approximately RMB11.6 million for the year ended 31 August 2015 to approximately RMB15.9 million for the year ended 31 August 2016, mainly due to the increase in staff costs as a result of the increase in the number of administrative staff of Jinjiang School, Peninsula Kindergarten and Youshi Kindergarten, and the commencement of operation of Longquan School.

Finance costs

Our finance costs decreased by approximately RMB3.5 million, or 46.8%, from approximately RMB7.4 million for the year ended 31 August 2015 to approximately RMB3.9 million for the year ended 31 August 2016 primarily due to the repayment of all our outstanding bank borrowings during the year ended 31 August 2016.

Taxation

Our income tax expenses increased by approximately RMB0.5 million, or 29.8%, from approximately RMB1.7 million for the year ended 31 August 2015 to approximately RMB2.2 million for the year ended 31 August 2016 as a result of the increase in taxable income of the kindergartens.

Profit from continuing operations and Adjusted Net Profit

As a result of the foregoing, our profit from continuing operations increased by approximately RMB11.3 million, or 54.9%, from approximately RMB20.6 million for the year ended 31 August 2015 to approximately RMB31.9 million for the year ended 31 August 2016. Our Adjusted Net Profit increased by approximately RMB15.3 million, or 103.2% from approximately RMB14.8 million for the year ended 31 August 2015 to approximately RMB30.0 million for the year ended 31 August 2016.

Our Discontinued Operations

During the year ended 31 August 2016, Chengdu Mingxian disposed its entire equity interest in property development business with a view to focusing on development and operating education services. For further details of the disposal of property development business, please see "History and Development — Our School Sponsors — Chengdu Mingxian — Disposal of property development business by Chengdu Mingxian" in this prospectus. Our discontinued operations recorded a net profit of approximately RMB13.7 million for the year ended 31 August 2015 and a net profit of approximately RMB0.5 million for the year ended 31 August 2016 which was mainly attributable to the decrease in revenue of the property development business.

MAJOR COMPONENTS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Net current assets and liabilities

Details of our current assets and current liabilities as of 31 August 2015, 2016 and 2017 and 28 February 2017 and 2018 are as follows:

	As of 31 August			As at 28 February
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Current assets				
Prepaid lease payments	—	940	940	2,638
Other receivables, deposits and prepayments	5,832	11,705	16,492	17,336
Amounts due from directors	10,169	—	36,452	37,736
Amounts due from related companies	120,918	—	40,912	42,200
Amounts due from a shareholder	—	1	—	—
Bank balance and cash	77,870	373,579	332,531	127,453
	214,789	386,225	427,327	227,363
Assets classified as held for sale	633,529	—	—	—
Total current assets	848,318	386,225	427,327	227,363
Current Liabilities				
Other payables and accruals	67,585	181,451	91,087	232,582
Deferred revenue	100,305	144,389	201,325	105,287
Amount due to related companies	102,931	35,084	32,656	33,869
Amount due to directors	8,006	7,200	1	1
Amount due from shareholders	—	—	1,300	1,300
Obligation under finance lease — due within one year	3,189	4,205	3,599	—
Borrowings	79,000	—	—	—
Income tax payable	2,890	3,951	3,327	13,606
	363,906	376,280	333,295	386,645
Liabilities associated with assets classified as held for sale	581,901	—	—	—
Total current liabilities	945,807	376,280	333,295	386,645
Net current (liabilities)/assets	(97,489)	9,945	94,032	(159,282)
Non-controlling interests	37,624	—	—	—

As of 31 August 2015, 2016 and 2017 and as of 28 February 2018, we recorded net current liabilities of approximately RMB97.5 million, net current assets of approximately RMB9.9 million and approximately RMB94.0 million and net current liabilities of approximately RMB159.3 million, respectively.

We recorded net current liabilities as of 31 August 2015 primarily because historically we mainly financed our capital expenditures using short term bank borrowings, advance from our related companies and/or cash flows generated from our operations. We recorded net current assets of approximately RMB9.9 million and RMB94.0 million as of 31 August 2016 and 31 August 2017 mainly because our bank balance and cash increased from approximately RMB77.9 million as of 31 August 2015 to approximately RMB373.6 million and RMB332.5 million as of 31 August 2016 and 31 August 2017 as a result of the completion of the Pre-IPO Investment.

We recorded net current liabilities as of 28 February 2018 primarily attributable to aggregate effect of decrease in bank balances for capital expenditure payment and increase in payables with respect to the purchase of property, plant and equipment and leasehold land for long-term business development of our Group of approximately RMB303.9 million, which mainly arose from the expansion of the campus of Tianfu School and the construction of campuses of Nanjiang School and Wangcang School. Such additional property, plant and equipment and leasehold land mainly caused the bank balances of the Group to decrease by approximately RMB158.0 million and the payables for leasehold land and property, plant and equipment of the Group to increase by approximately RMB145.9 million. As such, we recorded a net current liabilities position as of 28 February 2018.

In view of these circumstances, our Directors have considered our future liquidity and performance and our available sources of finance in assessing whether we will have sufficient financial resources to continue as a going concern. Our Directors confirm that we will have sufficient financial resources to meet our financial obligations as they fall due in the next twelve months by taking into account our cash flow projection and the receipt of net proceed from the Global Offering, and our future capital expenditure in respect of our non-cancellable capital commitments. To increase the source of funding, we can also obtain bank facilities as and when appropriate. Having considered the above, we expect that our working capital position will be further enhanced after the Listing. However, we may be exposed to liquidation risks, and our business, financial condition and results of operation may be materially and adversely affected as a result. Please also refer to "Risk Factors — Risks Relating to Our Business and Our Industry — We recorded net current liabilities during the Track Record Period" in this prospectus.

As of 28 February 2018, we had deferred revenue of approximately RMB105.3 million recorded as current liabilities, representing approximately 27.2% of our total current liabilities as of 28 February 2018. Such deferred revenue represents prepaid tuition fees and boarding fees collected that had yet to be recognized as revenue. We record tuition fees and boarding fees collected initially as current liabilities and recognize such amounts received as revenue proportionately over the relevant period of the applicable programs. Therefore, our deferred revenue is generally higher at the beginning of each school year and is not expected to have any material adverse effect on our liquidity.

Other receivable, deposits and prepayment

Our other receivables, deposits and prepayments consists primarily of deposits, prepayments, deferred issue costs, advances to staff and other receivables. The following table sets out the balances of our other receivable, deposits and prepayment as of the dates indicated:

	As of 31 August			As of 28 February
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Deposits	377	17,552	18,986	23,994
Prepayments	753	2,720	7,276	7,013
Other receivables	4,521	5,877	3,711	3,173
Deferred issue costs	—	1,799	3,386	5,481
Advances to staff	303	490	1,230	883
Others	255	144	180	69
Total	6,209	28,582	34,769	40,613
Less: deposits presented under non-current assets	(377)	(16,877)	(18,277)	(23,277)
Presented under current assets	5,832	11,705	16,492	17,336

Our other receivables, deposits and prepayments presented amounted to approximately RMB6.2 million, RMB28.6 million, RMB34.8 million and RMB40.6 million as of 31 August 2015, 2016 and 2017 and 28 February 2018, respectively. The increase from 31 August 2015 to 31 August 2016 of approximately RMB22.4 million was mainly due to (i) the deposits made with the government authorities amounted to approximately RMB16.5 million (ii) the increase in prepayments of approximately RMB2.0 million for the purchase of furniture, fixtures, equipment, and rental mainly in relation to the commencement of operation of Longquan School; (iii) our deferred issue costs increased by approximately RMB1.8 million. Our other receivables, deposits and prepayments increased by approximately RMB6.2 million, or 21.6%, from approximately RMB28.6 million as of 31 August 2016 to approximately RMB34.8 million as of 31 August 2017, mainly because of the increase in deferred issue costs of approximately RMB1.6 million and the increase in prepayments of rental and management fees in relation to the commencement of operation of Longquan School amounting to approximately RMB4.1 million. Our other receivables, deposits and prepayments increased by approximately RMB5.8 million, or 16.7%, from approximately RMB34.8 million as of 31 August 2017 to approximately RMB40.6 million as of 28 February 2018, mainly because of the deposit made with the government authorities increased by approximately RMB5.0 million.

Our other receivables mainly consist of advances to third parties which are non-trade in nature, unsecured, non-interest bearing and without a fixed repayment term. Please refer to the paragraphs headed "Related Party Transactions and Balances — Financial Assistance under PRC Law and Regulation" in this section for discussion of advances to third parties.

Other payables and accruals

Our other payables and accruals consists primarily of miscellaneous expenses received from students, royalty fee payable, payroll payable, accrued expenses, payable for leasehold land and property, plant and equipment, tax payable and other payable. The following table sets out the balances of our other payables and accruals as of the dates indicated:

	As of 31 August			As of 28 February
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Miscellaneous expenses received from students	19,473	29,492	38,361	30,232
Royalty fees payable	12,415	16,961	25,637	30,898
Payroll payable	4,484	6,297	8,901	10,496
Accrued expenses	7,672	4,645	7,845	6,038
Others	8,087	4,524	6,449	3,651
Payables for leasehold land and property, plant and equipment	14,895	33,886	2,025	147,936
Accrued listing expense	—	—	1,036	2,331
Advance from a third party	—	85,000	—	—
Other tax payable	559	646	833	1,000
	67,585	181,451	91,087	232,582

Our other payable and accruals amounted to approximately RMB67.6 million, RMB181.5 million, RMB91.1 million and RMB232.6 million as of 31 August 2015, 2016 and 2017 and as of 28 February 2018, respectively. The increase from 31 August 2015 to 31 August 2016 of approximately RMB113.9 million was mainly due to (i) the increase of miscellaneous expenses received from students of approximately RMB10.0 million from 31 August 2015 to 31 August 2016. Such expenses mainly consist of catering fees prepaid by our students and increased because of the increase of student enrollment in our schools by approximately 17.8% from 3,925 as of 1 September 2014 to 4,625 as of 1 September 2015; (ii) the increase of royalty fees payable to a subsidiary of Sichuan Normal University of approximately RMB4.6 million from 31 August 2015 to 31 August 2016 which was in line with the increase of tuition fees received by our middle schools; (iii) the increase in payables for purchase of leasehold land and property, plant and equipment from 31 August 2015 to 31 August 2016 of approximately RMB19.0 million, which was mainly due to the expansion and enhancement of Longquan School during the year ended 31 August 2016 and construction of Tianfu School which commenced operation in September 2016, respectively; (iv) the increase of advance from a third party of approximately RMB85.0 million which is used for acquiring and purchasing the land and school buildings and furniture, fixtures and equipment of Tianfu school and the amount is fully settled during the year ended 31 August 2017. The decrease of other payable and accruals from 31 August 2016 to 31 August 2017 of approximately RMB90.4 million was mainly due to (i) the settlement of the advance from a third party of approximately RMB85.0 million; and (ii) payables for purchase of leasehold land and property, plant and equipment decreased approximately RMB31.9 million mainly because of settlement of construction fees, partially offset by the increase of royalty fees paid to a subsidiary of Sichuan Normal University.

The increase of other payable and accruals from 31 August 2017 to 28 February 2018 of approximately RMB141.5 million was mainly due to (i) the increase of royalty fees payable to a subsidiary of Sichuan Normal University of approximately RMB5.3 million from 31 August 2017 to 28 February 2018 which was in line with the increase of tuition fees received by our middle schools; and (ii) the increase of payables for purchase of leasehold land and property, plant and equipment of approximately RMB145.9 million mainly because of the expansion of the campus of Tianfu School and the construction of Nanjiang School and Wangcang School but partially offset by the decrease of miscellaneous expenses received from students of approximately RMB8.1 million from 31 August 2017 to 28 February 2018. Such expenses which mainly consist of catering fees prepaid by our students decreased primarily because towards the end of a school year, most of the miscellaneous expenses received from students at the beginning of the school year will be expensed or refunded throughout the school year and no longer recorded as other payables and accruals.

Deferred revenue

We record tuition fees and boarding fees collected initially as a liability under deferred revenue and recognize such amounts as revenue proportionately over the relevant period of the applicable program. Our deferred revenue increased from approximately RMB100.3 million as of 31 August 2015 to approximately RMB144.4 million as of 31 August 2016, and further to approximately RMB201.3 million as of 31 August 2017. The increases were primarily due to the increases in our student enrollments as result of our school network expansion as well as the raise in the tuition fee level. Our deferred revenue decreased from approximately RMB201.3 million as of 31 August 2017 to approximately RMB105.3 million as of 28 February 2018 primarily because towards the end of a school year, most of the prepaid tuition fees and boarding fees have been recognized as revenue and no longer recorded as deferred revenue.

Amounts due from/to related parties

Please refer to the paragraph headed "Related Party Transactions and Balances" in this section for discussion of amounts due from/to related parties.

Property, plant and equipment

The carrying value of our Group's property, plant and equipment amounted to approximately RMB133.7 million, RMB213.1 million, RMB224.3 million and RMB435.3 million, representing approximately 12.4%, 29.8%, 32.0% and 53.9% of our total assets as of 31 August 2015, 2016 and 2017 and as of 28 February 2018 respectively. The increase in proportion of our property, plant and equipment from 31 August 2015 to 31 August 2017 was mainly attributable to the increase in buildings, furniture, fixtures and equipment and leasehold improvements in relation to the newly established Longquan School and Tianfu School. The increase in proportion of our property, plant and equipment from 31 August 2017 to 28 February 2018 was mainly attributable to the increase in buildings, furniture, fixtures and equipment and leasehold improvements in relation to the expansion of the campus of Tianfu School and construction of the Nanjiang School and Wangcang School.

Defined benefit obligations

Our defined benefit obligations amounted to approximately RMB1.5 million, RMB3.1 million, RMB2.9 million and RMB3.4 million as of 31 August 2015, 2016 and 2017 and 28 February 2018, respectively as we committed to provide supplementary post-employment benefits to certain qualifying employees in the PRC for the purpose of retaining high quality teacher. Such employees have to satisfy certain criterion at their respective retirement age as stipulated in their employment contracts. No designated assets were set aside for settlement of the defined benefit obligations.

The following table sets forth the movements in the retirement defined benefit obligations during the Track Record Period:

	As of 31 August			As of 28 February
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of the year/period	813	1,555	3,052	2,946
Service costs	99	1,138	221	588
Actuarial losses (gains) arising from changes in financial assumptions	643	359	(327)	(145)
At end of the year/period	1,555	3,052	2,946	3,389

Assets classified as held for sale

On 5 May 2016, Chengdu Mingxian entered into (i) an equity transfer agreement with Mr. Xiong Tao pursuant to which Chengdu Mingxian transferred 50% of the equity interest in Sichuan Wenxuan to Mr. Xiong Tao for RMB25,000,000 and (ii) an equity transfer agreement with Chengdu Bozhong, pursuant to which Chengdu Mingxian transferred 1% of the equity interest in Sichuan Wenxuan to Chengdu Bozhong for RMB500,000. Sichuan Wenxuan is an investment holding company and its subsidiary is engaged in property development and sales of residential properties in Sichuan province. The transfers were completed on 18 May 2016 and the considerations were settled in 18 May 2016. Please refer to "History and Development — Chengdu Mingxian — Disposal of property development business by Chengdu Mingxian" in this prospectus for more information.

The following table sets forth the revenue and profit of the discontinued operation to our Group for the years indicated:

	Year ended 31 August	
	2015	2016
	RMB'000	RMB'000
Revenue	552,806	127,868
Profit of the discontinued operation for the year	13,665	498

The discontinued operation recorded approximately RMB633.5 million of assets classified as held for sale and approximately RMB581.9 million of liabilities associated with assets classified as held for sale as of 31 August 2015.

Non-controlling interests

The non-controlling interests refer to equity interests in the PRC Operating Schools held by Ms. Li Jingmei, Mr. Zeng Guang, Mr. Xie Gang and Chengdu University prior to the Corporate Reorganization.

Prior to the Corporate Reorganization, Ms. Li Jingmei and Mr. Zeng Guang each held 5% equity interest in Jingjiang School through Chengdu Mingxian, Mr. Xie Gang held 20% equity interest in Longquan School through Chengdu Jinbojun and Chengdu University held 18% equity interest in Youshi Kindergarten, Lidu Kindergarten, Riverside Kindergarten, Longquan Kindergarten and Qingyang Kindergarten through Sichuan Boai.

The equity interests owned by Chengdu University was acquired by Ms. Liao Rong in 2015.

Furthermore, for the purpose of the Listing, the shareholding in the PRC Operating Schools was streamlined by (i) transferring the equity interest in Chengdu Jinbojun to Chengdu Mingxian, including the 20% equity interests owned by Mr. Xie Gang; (ii) increasing registered capital in Chengdu Mingxian by capital contribution from each of the Controlling Shareholders, Ms. Li Jingmei, Mr. Zeng Guang and Mr. Xie Gang, both occurred in the year ended 31 August 2016.

The equity interest attributable to Ms. Li Jingmei, Mr. Zeng Guang, Mr. Xie Gang and Chengdu University were presented as non-controlling interests in the consolidated financial information of our Group prior to the completion of the above equity interests transfer and restructuring as Ms. Li Jingmei, Mr. Zeng Guang, Mr. Xie Gang and Chengdu University are not regarded as controlling parties nor did they act in concert with the Controlling Shareholders during the Track Record Period.

The non-controlling interests were derecognized upon completion of the aforementioned equity interests transfer and restructuring.

LIQUIDITY AND CAPITAL RESOURCES

Overview

During the Track Record Period, we have principally financed our operations through a combination of internally generated cash flows from our operations, proceeds from the Pre-IPO Investments and short-term bank borrowings. Our cash and cash equivalents held by our continuing operation amounted to approximately RMB105.9 million, RMB373.6 million and RMB332.5 million as of 31 August 2015, 2016 and 2017, respectively. We generally deposit our excess cash in interest bearing bank accounts.

During the Track Record Period, our principal uses of cash have been for the funding of required working capital, purchase of property, plant and equipment and other recurring expenses to support the expansion of our operations. Going forward, we believe our liquidity requirements will be satisfied by using fund from a combination of internally generated cash, proceeds from the Pre-IPO Investment, proceeds from the Global Offering, external borrowings and other funds raised from the capital markets from time to time.

We regularly monitor our liquidity requirements to ensure that we maintain sufficient cash resources of working capital and capital expenditure needs. During the Track Record Period, we did not experience any difficulties in settling our obligations in the normal course of business, which would have had a material impact to our business, financial condition or results of operations.

The following table is a summary of our consolidated statements of cash flows (including both continuing operations and discontinued operations of our Company) for the periods indicated:

	Year ended 31 August			Six months ended 28 February	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Net cash from/(used in) operating activities	153,507	69,668	127,812	(29,171)	(86,120)
Net cash (used in) investing activities	(86,584)	(39,083)	(69,637)	(50,735)	(115,243)
Net cash (used in)/from financing activities	(32,775)	237,056	(99,223)	(97,401)	(3,715)
Net increase in cash and cash equivalents	34,148	267,641	(41,048)	(117,307)	(205,078)
Cash and cash equivalents at the beginning of the year/period	71,790	105,938	373,579	373,579	332,531
Cash and cash equivalents at the end of the year/period	105,938(Note)	373,579	332,531	196,272	127,453

Note: Cash and cash equivalents at the end of the year 2015 consists of cash from continuing operation of approximately RMB77.9 million and cash from discontinued operations of approximately RMB28.1 million.

Cash flows from operating activities

We generate cash from operating activities primarily from tuition fees and boarding fees, which are typically paid in advance before the relevant services are rendered. Tuition fees and boarding fees are initially recorded under deferred revenue and recognized as revenue proportionately over the relevant period of the applicable program.

Our net cash used in operating activities amounted to approximately RMB86.1 million for the six months ended 28 February 2018, primarily attributable to profit for the year of approximately RMB9.6 million, as adjusted to add back the depreciation for property, plant and equipment of approximately RMB10.8 million and other non-cash items. The decrease in working capital was mainly attributable to the increase in other receivables, deposits and prepayments of approximately RMB5.8 million, the decrease in other payables and accruals (excluding payables for leasehold land and property, plant and equipment) of approximately RMB3.2 million and the decrease in deferred revenue of approximately RMB96.0 million.

Our net cash from operating activities amounted to approximately RMB127.9 million for the year ended 31 August 2017, primarily attributable to profit for the year of approximately RMB35.1 million, as adjusted to add back the depreciation for property, plant and equipment of approximately RMB17.7 million and other non-cash items. The increase in working capital was mainly attributable to the increase in other payables and accruals (excluding payables for leasehold land and property, plant and equipment and advance from a third party) of approximately RMB27.8 million and the increase in deferred revenue of approximately RMB56.9 million, partially offset by the increase in other receivables, deposits and prepayments of approximately RMB6.2 million.

Our net cash from operating activities amounted to approximately RMB69.7 million for the year ended 31 August 2016, primarily attributable to profit for the year of approximately RMB32.4 million (approximately RMB31.9 million and RMB0.5 million arising from continuing operation and discontinued operation of the Group respectively), as adjusted to add back the depreciation for property, plant and equipment of approximately RMB12.9 million (approximately RMB12.6 million and RMB0.3 million arising from continuing operation and discontinued operation of the Group respectively) and other non-cash items. The increase in working capital was mainly attributable to (i) the increase in deferred revenue of approximately RMB44.1 million due to the increase of tuition and boarding fees of the continuing operation of the Company; (ii) decrease in properties under development for sale of approximately RMB30.9 million of the discontinued operation of the Group and (iii) the increase in other payables and accruals (excluding payables for leasehold land and property, plant and equipment and advance from a third party) of approximately RMB41.7 million (approximately RMB9.9 million and RMB31.8 million arising from continuing operation and discontinued operation of the Group respectively), partially offset by the decrease in advances from customers of approximately RMB66.7 million from the discontinued operation of the Group and increase in other receivables, deposits and prepayments of approximately RMB27.7 million (approximately RMB22.4 million and RMB5.4 million arising from continuing operation and discontinued operation of the Group respectively).

Our net cash from operating activities amounted to approximately RMB153.5 million for the year ended 31 August 2015, primarily attributable to profit for the year of approximately RMB34.3 million (approximately RMB20.6 million and RMB13.7 million arising from continuing operation and discontinued operation of the Group respectively), as adjusted to add back (i) the income tax expenses of approximately RMB7.2 million (approximately RMB1.7 million and RMB5.5 million arising from continuing operation and discontinued operation of the Group respectively); (ii) depreciation for property, plant and equipment of approximately RMB9.2 million (approximately RMB8.7 million and RMB0.5 million arising from continuing operation and discontinued operation of the Company respectively); (iii) finance cost of approximately RMB8.0 million (approximately RMB7.4 million and RMB0.6 million arising from continuing operation and discontinued operation of the Group respectively); and (iv) impairment loss recognized in respect of properties under development for sale of approximately RMB3.0 million from discontinued operation of the Group, partially offset by the imputed interest income from amount due from related companies of approximately RMB6.0 million (approximately RMB5.4 million and RMB0.6 million arising from continuing operation and discontinued operation of the Group respectively), respectively, and other non-cash items. The increase in working capital was mainly attributable to the increase in deferred revenue of approximately RMB34.2 million of the continuing operation of the Company and decrease in properties under development held for sale of approximately RMB358.7 million of the discontinued operation of the Group, partially offset by the (i) decrease in advances from customers of approximately RMB258.1 million of the discontinued operation of the Company; (ii) the increase in other receivables, deposits and prepayments of approximately

RMB19.3 million (approximately RMB1.9 million and RMB17.4 million arising from continuing operation and discontinued operation of the Group respectively); and (iii) decrease in other payables and accruals of approximately RMB17.0 million (approximately RMB11.6 million cash inflow arising from continuing operation and RMB28.5 million cash outflow arising from discontinued operation of the Group respectively).

Cash flows from investing activities

Our expenditures for investing activities primarily consisted of advance made to related companies and purchase of leasehold land and property, plant and equipment.

Our net cash used in investing activities amounted to approximately RMB115.2 million for the six months ended 28 February 2018 primarily attributable to (i) the purchase of property, plant and equipment of approximately RMB75.4 million mainly in connection with expansion of the campus of Tianfu School and construction of Nanjiang School and Wangcang School; (ii) purchase of leasehold land of approximately RMB82.6 million in connection with Nanjang School and Wancang School, partially offset by the corresponding government grants for educational investment projects of RMB42.7 million.

Our net cash used in investing activities amounted to approximately RMB69.6 million for the year ended 31 August 2017 primarily attributable to the purchase of property, plant and equipment of approximately RMB64.1 million mainly in connection with leasehold improvements for the Longquan School and Tianfu School and net advance to related companies (excluding imputed interest income) of approximately RMB5.5 million.

Our net cash used in investing activities amounted to approximately RMB39.1 million for the year ended 31 August 2016, which mainly consisted of (i) purchase of property, plant and equipment and leasehold land of approximately RMB73.6 million mainly in connection with the increase in buildings, furniture, fixtures and equipment and leasehold improvements of Longquan School and Tianfu School of the continuing operation of the Company; (ii) purchase of leasehold land of approximately RMB29.6 million of the continuing operation of the Company; and (iii) net cash outflow for disposal of the discontinued operation of approximately RMB23.7 million, partially offset by net repayment from related companies (excluding imputed interest income) of approximately RMB108.4 million of the continuing operation of the Group and net advance from related companies of approximately RMB21.8 million for the discontinued operation of the Group.

Our net cash used in investing activities amounted to approximately RMB86.6 million for the year ended 31 August 2015, primarily attributable to (i) net advance to our related companies of approximately RMB65.9 million of the continuing operation of the Group; and (ii) purchase of property, plant and equipment of approximately RMB20.4 million in connection with the commencement of operation of Longquan School of the continuing operation of the Group.

Cash flows from financing activities

Our net cash used in financing activities amounted to approximately RMB3.7 million for the six months ended 28 February 2018, primarily attributable to the repayment of finance lease of approximately RMB3.7 million.

Our net cash used in financing activities amounted to approximately RMB99.3 million for the year ended 31 August 2017, primarily attributable to (i) the repayment of advance from a third party, Directors and related companies of approximately RMB85.0 million, RMB7.2 million and RMB2.6 million, respectively; and (ii) repayment of finance leases of approximately RMB4.3 million.

Our net cash from financing activities amounted to approximately RMB237.1 million for the year ended 31 August 2016, primarily attributable to the receipt of proceeds from the Pre-IPO Investment and registered capital of Renshou Bojun of total RMB270.0 million and advance from a third party of RMB85.0 million for the acquisition and purchase of the land and school building and furniture, fixture and equipment of Tianfu School of the continuing operation of the Group, partially offset by net repayment of bank borrowings of approximately RMB79.0 million of the continuing operation of the Group and net repayment of advance from related companies of approximately RMB67.8 million of the continuing operation of the Group and net advance from related companies of approximately RMB34.4 million for the discontinued operation of the Group.

Our net cash used in financing activities amounted to approximately RMB32.8 million for the year ended 31 August 2015, primarily attributable to (i) the repayment of borrowings of approximately RMB50.0 million of the continuing operation of the Company, (ii) interest paid of approximately RMB7.8 million (approximately RMB7.2 million and RMB0.6 million arising from continuing operation and discontinued operation of the Group respectively); and (iii) the net repayment of advance from related companies of approximately RMB68.7 million (approximately RMB7.0 million cash inflow arising from continuing operation and RMB75.7 million cash outflow arising from discontinued operation of the Group respectively), partially offset by the proceeds from new borrowing of approximately RMB79.0 million of the continuing operation of the Company.

WORKING CAPITAL

We intend to continue to finance our working capital with cash generated from our operations, proceeds from the Pre-IPO Investment, net proceeds from the Global Offering and/or bank borrowings. We will closely monitor the level of our working capital, particularly in view of our strategy to continue to expand our school network.

Our future working capital requirements will depend on a number of factors, including but not limited to, the size of our school network, the expected capital expenditure and working capital requirements for our new schools and the level of our operational costs such as staff costs and rental expenses.

Our Directors are of the opinion that, taking into consideration the financial resources presently available to us, including bank balances and cash, bank facilities, expected cash flows from our operations and the net proceeds from the Global Offering, we will have sufficient working capital for our present requirements and for at least the next 12 months commencing from the date of this prospectus.

CAPITAL EXPENDITURES

Our capital expenditures during the Track Record Period were primarily related to (i) maintenance, renovation, expansion and upgrade of our existing schools; (ii) purchase of leasehold land and buildings for our schools; (iii) development and constructions of new schools; and (iv) purchase of education facilities and equipment. The following table sets forth our additions of property, plant and equipment and leasehold land, for the periods indicated:

	Year ended 31 August			Six months ended 28 February	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Property, plant and equipment	20,432	73,633	64,107	46,706	75,369
Prepaid Lease Payments	—	29,598	—	—	82,586
Total	20,432	103,231	64,107	46,706	157,955

Our future capital expenditures are mainly related to (i) maintenance, renovation, expansion and upgrade of our existing schools; (ii) purchase of leasehold land and buildings for our schools; (iii) development and constructions of new schools; and (iv) purchase of education facilities and equipment. We plan to satisfy such capital expenditures with a combination of our existing cash, cash generated from our operations, proceeds from the Pre-IPO Investment, proceeds from the Global Offering and/or bank borrowing and other funds raised from the capital markets from time to time.

OPERATING LEASE COMMITMENTS

The following table sets forth the lease payment paid for the periods indicated:

	For the year ended 31 August			For the six months ended 28 February	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Lease payments paid during the Track Record Period in respect of school/office premises, land and staff dormitories............................	4,751	8,458	8,456	4,279	12,096

Our Group leases certain buildings under operating lease arrangements during the Track Record Period. The leases are for a term of 1 year to 20 year and no contingent rent provision was included in the contracts. Rental are fixed over the lease terms.

The following table sets forth our total future minimum rental payables under non-cancellable leases as of the dates indicated:

	As of 31 August			As of 28 February
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	4,371	6,633	6,828	12,279
After 1 year but within 5 years	14,764	25,006	24,499	51,512
After 5 years	31,002	67,415	60,841	128,195
	50,137	99,054	92,168	191,986

The lease commitment of our Group increased by approximately RMB48.9 million or 97.6% from approximately RMB50.1 million as at 31 August 2015 to approximately RMB99.1 million as at 31 August 2016 primarily as a result of the new tenancy agreement entered into by our Longquan School as it commenced operation in September 2015.

The lease commitment of our Group decreased by approximately RMB6.9 million or 7.0% from approximately RMB99.1 million as at 31 August 2016 to approximately RMB92.2 million as at 31 August 2017 since no additional tenancy agreement had been renewed or entered into.

The lease commitment of our Group increased by approximately RMB99.8 million or 108.3% from approximately RMB92.2 million as at 31 August 2017 to approximately RMB192.0 million as at 28 February 2018 primarily as a result of the renewal of tenancy agreements for Longquan School and Qingyang Kindergarten as well as the increase in rental payments for office premises.

CAPITAL COMMITMENTS

Our capital commitments primarily relate to acquisition of property, plant and equipment for construction of Nanjiang School and Wangcang School. The following table sets forth the breakdown of our capital commitments as of the dates indicated:

	As of 31 August			As of 28 February
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Capital expenditure in respect of:				
— the acquisition of property, plant and equipment and land use rights contracted for but not provided in the Historical Financial Information	—	—	46	237,616

INDEBTEDNESS

Our indebtedness primarily consisted of short term bank loans, obligations under finance leases and amounts due to related companies, directors and shareholders.

Borrowings

Set out below is the summary of our bank loans as of 31 August 2015, 2016 and 2017 and 28 February 2018 and 31 May 2018, being the latest practicable date for the purpose of indebtedness statement:

	As of 31 August			As of 28 February	As of 31 May
	2015	2016	2017	2018	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Borrowings					
– Secured	49,000	—	—	—	—
– Unsecured	30,000	—	—	—	60,000
	79,000	—	—	—	60,000
Carrying amounts repayable					
– Within one year	79,000	—	—	—	60,000
Interest rates					
– Fixed rate	79,000	—	—	—	60,000
	79,000	—	—	—	60,000

As of 31 August 2015, certain bank loans of the Group was (i) secured by the tuition fees charging rights of Jinjiang School and Longquan School; (ii) secured against pledged assets provided by Sichuan Bojun and Mr. Xiong Tao; and/or (iii) guaranteed by Mr. Xiong Tao, Mr. Ran Tao, their respective spouse and companies controlled by them. Such bank loans have been fully repaid as of 31 August 2016. The average fixed interest rate of the bank loans was 7.85% as of 31 August 2015.

In April 2018, our Group has entered into two credit facility agreements with a bank for banking facilities with an aggregate amount of RMB150.0 million. As of the Latest Practicable Date, our Group had RMB90.0 million of unutilised banking facilities.

Our Directors confirm that as at the Latest Practicable Date, there was no material covenant on any of our outstanding debt and there was no breach of any covenants during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that our Group did not experience any difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

Save as disclosed below and apart from intra-group liabilities, our Group entered into three loan agreements with a bank with an aggregate amount of RMB60.0 million, except for that, our Group did not have, at the close of business on 31 May 2018, any outstanding debt securities issued and outstanding or authorized or otherwise created but unissued, term loans, other borrowings or indebtedness in the nature of borrowings including overdrafts, liabilities under acceptances, acceptance credit, debentures, charges, mortgages, hire purchase and finance leases commitments, any guarantees or other material contingent liabilities.

Our Directors confirm that there has not been any material change in our indebtedness and contingent liabilities since 28 February 2018.

Obligations under finance leases

Set out below is the summary of our obligations under finance leases as of 31 August 2015, 2016 and 2017 and 28 February 2018 and 31 May 2018, being the latest practicable date for the purpose of indebtedness statement:

	As of 31 August			As of 28 February	As of 31 May
	2015	2016	2017	2018	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Amount payable under finance lease					
– Within one year	3,189	4,205	3,599	—	—
– After one year	6,506	3,144	—	—	—
	9,695	7,349	3,599	—	—

Interest rates underlying all obligations under finance leases are fixed at respective contract dates during the Track Record Period:

	As of 31 August			As of 28 February
	2015	2016	2017	2018
Interest rates	12.96%	12.96%	12.96%	—

The above obligations under finance leases secured by the lessor's charge over the leased assets and guaranteed by Sichuan Bojun and personal guarantees provided by Mr. Xiong Tao and Ms. Liao Rong. amounted to approximately RMB5.9 million, RMB4.3 million, RMB2.8 million and nil as of 31 August 2015, 2016 and 2017 and 28 February 2018, respectively. Our Directors confirm that as of the Latest Practicable Date, the guarantees have been released due to the settlement of the finance lease obligation.

Amounts due to related companies, directors and shareholders

Set out below is the summary of our amounts due to related parties that are unsecured and unguaranteed as of 31 August 2015, 2016 and 2017 and 28 February 2018 and 31 May 2018, being the latest practicable date for the purpose of indebtedness statement:

	As of 31 August			As of 28 February	As of 31 May
	2015	2016	2017	2018	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Amount due to related companies....	102,931	35,084	32,656	33,869	33,489
Amount due to a director............	8,006	7,200	1	1	1
Amount due to a shareholder.........	—	—	1,300	1,300	1,300
	110,937	42,284	33,957	35,170	34,790

CONTINGENT LIABILITIES

As at 28 February 2018, we did not have any material contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of our Group.

Our Directors confirm that there has not been any material change in our contingent liabilities since 28 February 2018.

LISTING EXPENSES

The listing expenses in connection with the Global Offering consist primarily of professional fees and underwriting commission, and are estimated to be approximately RMB51.7 million (assuming that the Global Offering is conducted at the mid-point of the Offer Price range). During the Track Record Period, we incurred listing expenses of approximately RMB23.1 million, of which RMB17.6 million was charged to our consolidated statements of profit and loss and other comprehensive income for the year ended 31 August 2016, 31 August 2017 and 28 February 2018, and the remaining amount of approximately RMB 5.5 million was included in other receivables, deposits and prepayments and will be subsequently charged to equity. We estimate that listing expenses of approximately RMB28.6 million will be incurred upon Listing, of which approximately RMB15.8 million will be charged to the consolidated statements of profit and loss and other comprehensive income for the year ending 31 August 2018, and RMB12.8 million will be charged to equity.

KEY FINANCIAL RATIOS

The table below sets for the key financial ratios as of the dates indicated:

	As of and for the year ended 31 August			As of and for the six months ended 28 February
	2015	2016	2017	2018
Liquidity ratios				
Current ratio[(1)]	0.9	1.0	1.3	0.6
Profitability ratios				
Net profit margin[(2)]	20.0%	23.6%	19.3%	8.3%
Return on assets[(3)]	1.8%	3.7%	5.0%	2.5%
Return on equity[(4)]	59.6%	16.7%	10.1%	5.2%
Capital adequacy ratios				
Gearing ratio[(5)]	1.7	0.02	0.01	Nil
Net debt/(Net cash) to equity ratio[(6)]	0.2	Net Cash	Net Cash	Net Cash
Interest coverage ratio[(7)]	4.0	9.6	28.0	197.8

Notes:

1. Current ratio is calculated by dividing current assets by current liabilities as of the respective year-end date.

2. Net profit margin equals our net profit from continuing operations after tax divided by revenue for the year.

3. Return on assets is calculated by dividing net profit from continuing operations for the year by arithmetic mean of the opening and closing balances of total assets in the relevant year/period. Return on assets for the six months ended 28 February 2018 was calculated using the profit for the six months ended 28 February 2018 adjusted on an annualised basis.

4. Return on equity is calculated by dividing net profit from continuing operations for the year by arithmetic mean of the opening and closing balances of total equity (equity attributable to owners of the Company and non-controlling interests) in the relevant year/period. Return on equity for the six months ended 28 February 2018 was calculated using the profit for the six months ended 28 February 2018 adjusted on an annualised basis.

5. Gearing ratio is calculated by dividing total debts (which equal interest-bearing bank and other borrowings (excluding the borrowings included in liabilities associated with assets classified as held for sale and advance from a third party included in other payables and accruals) and obligation under finance lease) by total equity (equity attributable to owners of the Company and non-controlling interests) as of the respective year/period end date.

6. Net debt/(Net cash) to equity ratio is calculated by dividing net debts (being the total interest-bearing bank and other borrowings (excluding the borrowings included in liabilities associated with assets classified as held for sale and advance from a third party included in other payables and accruals) and obligation under finance lease less cash and cash equivalents) by total equity (equity attributable to owners of the Company and non-controlling interests) as of the respective year-end date.

7. Interest coverage ratio is calculated by dividing profit from continuing operations before interest and income tax expense by the finance costs (from continuing operations) for the corresponding year/period.

Current ratio

Our current ratio increased from approximately 0.9 as of 31 August 2015 to approximately 1.0 as of 31 August 2016, and further to approximately 1.3 as of 31 August 2017, primarily due to the increase in bank balances and cash as a result of the completion of the Pre-IPO Investment in 2016.

Our current ratio decreased from approximately 1.3 as of 31 August 2017 to approximately 0.6 as of 28 February 2018 as a result of the drop of the bank balance from approximately RMB332.5 million as of 31 August 2017 to approximately RMB127.5 million as of 28 February 2018 for the expansion of campus of Tianfu School and construction of Nanjiang School and Wangcang School.

Net profit margin

Our net profit margin increased from approximately 20.0% for the year ended 31 August 2015 to approximately 23.6% for the year ended 31 August 2016 mainly because of (i) the increase of student enrollment and tuition fees of newly admitted students in our Jinjiang School, Longquan School and Peninsula Kindergarten, which result in an increase in tuition and boarding fees; (ii) the decrease in finance cost due to the repayment of all the bank borrowing during the year ended 31 August 2016. Our net profit margin decreased form approximately 23.6% for the year ended 31 August 2016 to 19.3% for the year ended 31 August 2017 mainly because (i) we incurred additional salaries cost and administrative expenses in relation to the commencement and expansion of operation of Longquan School and Tianfu School for the year ended 31 August 2017; and (ii) the listing expenses we incurred for the year ended 31 August 2017. Our net profit margin decreased from approximately 19.3% for the year ended 31 August 2017 to 8.3% for the six months ended 28 February 2018 mainly because (i) we incurred additional salaries cost and administrative expenses in relation to the expansion of operation of Jinjiang School, Longquan School and Tianfu School for the six months ended 28 February 2018; and (ii) we incurred additional rental and management fees in relation to the expansion of operation of Longquan School and the property rental expenses which Tianfu School incurred for student residence during the six months ended 28 February 2018.

Return on assets

The return on assets ratio increased from approximately 1.8% for the year ended 31 August 2015 to approximately 3.7% for the year ended 31 August 2016, and further to approximately 5.0% for the year ended 31 August 2017. The increase was mainly due to (i) the significant decrease in our total assets of the Group due to the disposal of property development business by Chengdu Mingxian in 2016; (ii) the increase in tuition fees and boarding fees of the Group as a result of the commencement of operation of Longquan School and Tianfu School and increase in tuition fees for newly admitted students in our middle schools, high school and kindergartens in the 2016/2017 school year. The return on assets ratio then decreased to approximately 2.5% for the six months ended 28 February 2018, mainly attributable to a decrease in our annualized profit for the period as a result of (i) the increase in listing expenses incurred; (ii) the increase in administrative staff costs and rental fees for office premises, leading to increase in administrative expenses; and (iii) the increase in staff costs for Jinjiang School, Longquan School and Tianfu School which resulted in higher costs of services and lower gross profit margin.

Return on equity

The return on equity ratio decreased from approximately 59.6% in the year ended 31 August 2015 to approximately 16.7% for the year ended 31 August 2016, and further to approximately 10.1% for the year ended 31 August 2017. The decrease was mainly due to the significant increase in our total equity resulting from the completion of the Pre-IPO Investment in 2016. The return on equity ratio further decreased to approximately 5.2% for the six months ended 28 February 2018, mainly attributable to a decrease in our annualized profit for the period as a result of (i) the increase in listing expenses incurred; (ii) the increase in administrative expenses due to higher administrative staff costs and rental fees for office premises; and (iii) the increase in staff costs for Jinjiang School, Longquan School and Tianfu School which resulted in higher costs of services and lower gross profit margin.

Gearing ratio

Our gearing ratio decreased from approximately 1.7 as of 31 August 2015 to approximately 0.02, approximately 0.01 and nil as of 31 August 2016, 31 August 2017 and 28 February 2018 respectively, as our Group settled all outstanding bank borrowings during the year ended 31 August 2016 and settled all the finance lease obligation during the six months ended 28 February 2018.

Net debt/(Net cash) to equity ratio

Our net debt to equity ratio was approximately 0.2 as of 31 August 2015 and changed to net cash as of 31 August 2016, 31 August 2017 and 28 February 2018, respectively primarily due to the significant increase in bank balances and cash after the completion of the Pre-IPO Investment and the settlement of all our outstanding bank borrowings and finance lease obligation during the year ended 31 August 2016 and the six months ended 28 February 2018 respectively.

Interest coverage ratio

Our interest coverage ratio increased from approximately 4.0 for the year ended 31 August 2015 to approximately 9.6 for the year ended 31 August 2016, to approximately 28.0 for the year ended 31 August 2017 and further to approximately 197.8 for the six months ended 28 February 2018 as a result of (i) the increase in profit from continuing operations during the Track Record Period; and (ii) the decrease in finance costs as a result of settlement of all the outstanding bank borrowings and finance lease obligation during the year ended 31 August 2016 and the six months ended 28 February 2018 respectively.

RELATED PARTY TRANSACTIONS AND BALANCES

Related Party Transactions

For each of the years ended 31 August 2015, 2016 and 2017, we entered into the following transactions with related parties:

Related party	Relationship	Nature of transactions	For the year ended 31 August 2015	2016	2017	Six months ended 28 February 2018
			(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
Chengdu Hengyu . . .	Controlled by Mr. Xiong Tao	Temporary provision of finance assistance	73,050	30,000	—	—
Sichuan Bojun	56% and 44% interest held by Mr. Xiang Tao and Mr. Ran Tao respectively	Temporary provision of finance assistance	20,000	—	—	—

In addition, our Controlling Shareholders/Directors provided personal guarantees in respect of bank loans in favor to the PRC Operating Schools during the Track Record Period, of which RMB79,000,000, nil and nil remained outstanding as of 31 August 2015, 2016 and 2017 respectively.

The obligation under finance lease as mentioned in the paragraph "Indebtedness" above are guaranteed by Sichuan Bojun and personal guarantees provided by Mr. Xiang Tao and Ms. Liao Rong. Our Directors confirm that as of the Latest Practicable Date, the guarantees have been released due to the settlement of the finance lease obligation.

Our Directors confirm that the above related party transactions, except for the finance lease mentioned above or in the paragraph "Indebtedness" above, have been discontinued as at 31 August 2017. Our Directors believe that each of the related party transactions set out above and in note 33 to the Accountants' Report in Appendix I to this prospectus was conducted in the ordinary course of business on an arm's length basis. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our results during the Track Record Period or make our historical results not reflective of our future performance.

Amounts due from a director/related parties

The table below sets forth the amounts due from our related parties/a director as at the dates indicated:

		As of 31 August			As at 28 February	Maximum amount outstanding during the year ended 31 August			Maximum amount outstanding during six months ended 28 February
	Relationship	2015	2016	2017	2018	2015	2016	2017	2018
		(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
Mr. Xiang Tao	Controlling Shareholder and Director	10,169	29,040	31,458	32,742	10,169	29,040	31,458	32,742
Ms. Liao Rong	Director	400	600	800	800	400	600	800	800
Mr. Ran Tao	Controlling Equity Holder and director	4,735	4,194	4,194	4,194	4,735	4,735	4,194	4,194
Sichuan Bojun	56% and 44% interest held by Mr. Xiong Tao and Mr. Ran Tao respectively	58,365	3,935	5,275	5,275	61,700	61,700	5,275	5,275
Chengdu Hengyu	Controlled by Mr Xiong Tao	68,691	6,170	10,899	11,178	68,691	68,691	10,899	11,178
Sichuan Wenxuan	Joint Controlled by Mr. Xiang Tao and Chengdu BoZhong	—	8,823	9,572	9,971	—	8,823	9,572	9,971
Chengdu Bozhong	60% and 40% interest held by Mr. Ran Tao and his spouse respectively	12,692	14,018	15,166	15,776	18,240	16,240	16,240	15,776
		155,052	66,780	77,364	79,936				

Amounts due from director, shareholder and related parties consist of advances provided by our Group to our Directors and related companies with carrying amount of approximately RMB155.1 million, RMB67.0 million, RMB77.4 million and RMB79.9 million as of 31 August 2015, 2016 and 2017 and 28 February 2018, respectively. The advance from director and related parties were non-trade in nature, unsecured, non-interest bearing and without a fixed repayment term.

During the Track Record Period, we recognized imputed interest income on the aforesaid advances to the Related Parties under HKFRS. Such imputed interest income is only a hypothetical income under HKFRS and had no cash inflow during the Track Record Period. Our Directors confirm that all outstanding amount due from the director, shareholder and related parties which were non-trade in nature will be fully settled before Listing. Our Directors confirm that the Company will not make such advance to director, shareholder and related parties after Listing. Please refer to the paragraph headed "Other income (expenses)" in this section above for further details.

Financial Assistance under PRC Law and Regulation

During the Track Record Period, our Group provided finance assistance to certain related parties and independent third parties. Our PRC Legal Advisors have advised us that the provision of the financial assistance by our Group to the related parties and independent third parties did not fully comply with the General Lending Provisions* (貸款通則) issued by the People's Bank of China.

However, our PRC Legal Advisors have advised us that according to the Provisions of the Supreme People's Court on Several Issues concerning the Application of Law in the Trial of Private Lending Cases (最高人民法院關於審理民間借貸案件適用法律若干問題的規定), (i) except under the circumstances as set forth in Article 52 of the Contract Law (合同法) or Article 14 of the said provisions, the people's court shall support a claim for the validity of a private lending contract signed as required for production or business operation among legal persons and other organizations; and (ii) the people's court shall support the claim by the lender for the payment of the interests under the lending contract where the annual interest rate agreed by the parties to the lending contract does not exceed 24%. Moreover, in accordance with the Legislation Law of the People's Republic of China (《中華人民共和國立法法》), National People's Congress and Standing Committee of the National People's Congress enact the laws; the State Council enacts administrative regulations in accordance with the constitution and the laws of the PRC, while the People's Bank of China enacts rules in accordance with laws and administrative regulations. Hence, the General Lending Provisions issued by the People's Bank of China are not laws and administrative regulations of the PRC.

Based on (i) the Provisions of the Supreme People's Court on Several Issues concerning the Application of Law in the Trial of Private Lending Cases; (ii) the fact that the General Lending Provisions are not laws and administrative regulations of the PRC; (iii) the confirmation provided by our Company and the relevant related parties that the finance assistance provided by our Group to the related parties did not involve the circumstances as set forth in Article 52 of the Contract Law (合同法) or Article 14 of the Provisions of the Supreme People's Court on Several Issues concerning the Application of Law in the Trial of Private Lending Cases and the annual interest rate of the financial assistance is within the scope allowed by the Provisions; and (iv) the financial assistance has been fully repaid as at 31 August 2017, our PRC Legal Advisors are of the view that (i) the agreements between our Group and related parties and independent third parties regarding the provision of financial assistance by our Group to the related parties and independent third parties are legally binding on the parties; (ii) the provision of financial assistance by our Group are not in violation of PRC laws and administrative regulations; and (iii) there will not be any material adverse legal consequences notwithstanding that we did not fully comply with the General Lending Provisions.

Amounts due to related companies, directors and shareholders

As of 31 August 2015, 2016 and 2017 and 28 February 2018, we had amounts due to related companies, directors and shareholders that are non-trade in nature, unsecured, non-interest bearing and without a fixed repayment term. Our Directors confirm that all the outstanding amounts due to related parties, directors and shareholders which were non-trade in nature had been fully settled in June 2018. Set out below is the summary of our amounts due to related companies and directors as of the respective dates indicated:

Amounts due to related companies	Relationship	As of 31 August 2015	2016	2017	As of 28 February 2018
		RMB'000	RMB'000	RMB'000	RMB'000
Sichuan Bojun	Controlled by Mr. Xiong Tao	49,655	20,794	18,820	18,757
Sichuan Shuangfeng Education Investment Management Company Limited	Controlled by Mr. Xiong Tao	3,310	3,310	3,310	3,310
Chengdu Bozhong	Controlled by Mr. Xiong Tao	—	10	10	10
Chengdu Hengyu	Controlled by Mr. Xiong Tao	49,966	10,970	10,516	11,792
		102,931	35,084	32,656	33,869

Amounts due to directors		As of 31 August 2015	2016	2017	As of 28 February 2018
		RMB'000	RMB'000	RMB'000	RMB'000
Ms. Liao Rong	Controlling Shareholder and Director	7,200	7,200	—	—
Mr. Ran Tao	Controlling Shareholder and Director	806	—	—	—
Mr. Xiang Tao	Controlling Shareholder and Director	—	—	1	1
		8,006	7,200	1	1

Amounts due to a shareholder	As of 31 August 2015	As of 31 August 2016	As of 31 August 2017	As at 28 February 2018
	RMB'000	RMB'000	RMB'000	RMB'000
Mr. Xie Gang	—	—	1,300	1,300

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As at the Latest Practicable Date, we have not entered into any off-balance sheet transactions.

DISTRIBUTABLE RESERVES

Our Company was incorporated in the Cayman Islands and has not carried out any business since the date of its incorporation. Accordingly, our Company has no reserve available for distribution of the Shareholders as of 28 February 2018.

DIVIDEND

We are a holding company and our ability to declare and pay dividends will rely principally on receipt of sufficient funds from our subsidiaries and, particularly, our PRC Operating Schools, which are incorporated in the PRC. Chengdu Bojun must comply with its constitutional documents and the laws and regulations of the PRC in declaring and paying dividends to us. Pursuant to the relevant laws and regulations, Chengdu Bojun must make appropriations from after-tax profit to statutory reserve fund as determined by its shareholder or board of directors prior to payment of dividends. Subject to certain cumulative limits, the statutory reserve fund 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. Chengdu Bojun's income in turn depends on the services fees paid by our PRC Operating Schools after deduction of costs for school operations, tax payment, government subsidies (if any), the reserved development fund and other expenses of our PRC Operating Schools as required by the regulations.

Any dividend we pay will be at the recommendation of our Board and its discretion 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 the constitutional documents of the Company and the Companies Law. Our Company may declare dividends in any currency, but no dividend shall be declared in excess of the amount recommended by our Board. Our Articles provide that dividends may be declared and paid out of the profits of our Company, realised or unrealised, or from any reserve set aside from profits which our Directors determine is no longer needed. Our Company can also pay dividends out of the share premium with the approval of our Shareholders and subject to a statutory solvency test.

No dividend has been declared or paid by our Company during the Track Record Period and up to the Latest Practicable Date.

All of our school sponsors have elected to require reasonable return. Our kindergartens and middle school declared reasonable returns of approximately RMB61.4 million in 2016. They had made necessary fillings with the competent local education authorities in accordance with the Private Education Law. The amount of reasonable returns declared by our kindergartens and middle school was within the permitted ratio that can be distributed as reasonable returns. The Decision has amended the Private Education Law with effect from 1 September 2017. Pursuant to the Decision, the requirement for the school sponsors to indicate whether they require reasonable returns or not has been removed.

In view of the Corporate Reorganization and the development and expansion of our Group's business in the future, the board of directors or the board of council of our kindergartens and middle school cancelled the declaration of reasonable returns in April 2017.

On 30 January 2018, our PRC Legal Advisors consulted the Education Department of Sichuan Province, regarding the declaration and cancellation of declaration of reasonable returns by our Group under the Private Education Law. The Education Department of Sichuan Province confirmed with our PRC Legal Advisors that (i) there was no breach or violation of the Private Education Law and the Implementation Rules for Private Education Law regarding the declaration of reasonable returns and the filing and announcement procedures, (ii) our kindergartens and middle school would not be subject to any administrative penalties in connection with the declaration of reasonable returns; and (iii) the cancellation of declaration of reasonable returns was not in breach or violation of any applicable PRC laws and regulations and our Group shall not be subject to any punishment nor penalties in connection with the withdrawal. As advised by Our PRC Legal Advisors, the Education Department of Sichuan Province is the competent regulatory authority of our kindergartens and middle school to provide the above confirmation.

CAPITAL MANAGEMENT

Our Group manages our capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

Our Group's overall strategy remains unchanged throughout the Track Record Period. The capital structure of our Group consists of debt, which includes obligations under finance lease and borrowings, as disclosed in Notes 24 and 25 to the Accountants' Report as set forth in Appendix I of this Prospectus, respectively, net of bank balances and cash and equity attributable to owners of our Group, comprising share capital/paid-in capital and accumulated profits.

The management of our Group reviews the capital structure from time to time. As a part of this review, our management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, our Group will balance its overall capital structure through the payment of dividends, the issue of new shares and new debts.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Our Group's major financial instruments include other receivables, amounts due from/to related companies/directors, bank balances and cash, other payables and borrowings. Details of these financial instruments are disclosed in respective notes in the Accountants' Report of this prospectus. The risks associated with these financial instruments include market risk (interest rate risk and credit risk) and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(a) Market risk

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Our Group is exposed to cash flow interest rate risk on the variable rate of interest earned on the bank balances. Our Group is also exposed to fair value interest rate risk in relation to fixed-rate borrowings and finance lease.

Our Group currently does not have an interest rate hedging policy. However, the management monitors interest rate risk exposure and will consider interest rate hedging should the need arise.

No sensitivity analysis is prepared for variable-rate interest bearing bank balances as the bank interest rate on current saving account is relative stable over the Track Record Period.

Credit risk

Our Group and our Company's maximum exposure to credit risk in the event of the counterparties' failure to perform its obligations is arising from the carrying amounts of the respective recognized financial assets as stated in the statements of financial position.

In order to minimise the credit risk on other receivables and amounts due from related companies, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. The Directors believe that there is no material credit risk inherent in our Group's outstanding balances of other receivables. In addition, the credit risk on amounts due from related companies are reduced as our Group can closely monitor the repayment of the related companies.

The credit risk on bank balances is limited because the counterparties are reputable financial institutions.

(b) Liquidity risk

As of 28 February 2018, our Group recorded net current liabilities of RMB159,282,000. In view of these circumstances, the Directors have given consideration of the future liquidity and performance of our Group and its available sources of finance in assessing whether our Group will have sufficient financial resources to continue as a going concern.

The Directors are satisfied that our Group will have sufficient financial resources to meet its financial obligations as they fall due in the foreseeable future by taking into account our Group's cash flow projection, repayment from related parties, unutilised bank facilities and our Group's future capital expenditure in respect of its non-cancellable capital commitments, the Directors consider that it has sufficient working capital to meet in full its financial obligations as they fall due for at least the next twelve months from the end of the reporting period.

The following table details our Group's and our Company's remaining contractual maturity for its non-derivative financial liabilities and obligations under finance leases. The table has been drawn up based on the undiscounted cash flows (including interest payments computed using contractual rates of financial liabilities based on the earliest date on which our Group can be required to pay). The table includes both interest and principal cash flows, where applicable.

	As of 31 August 2015						
	Weighted average interest rate	On demand or within 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Total undiscounted cash flows	Carrying amount
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Our Group							
Non-interest bearing							
Other payables and accruals	N/A	59,354	—	—	—	59,354	59,354
Amounts due to related companies	N/A	102,931	—	—	—	102,931	102,931
Amounts due to directors	N/A	8,006	—	—	—	8,006	8,006
Interest bearing							
Obligations under finance leases	12.96%	1,047	1,039	1,259	7,954	11,299	9,695
Borrowings	7.85%	32,017	18,144	30,000	—	80,161	79,000
		203,355	19,183	31,259	7,954	261,751	258,986

	As of 31 August 2016						
	Weighted average interest rate	On demand or within 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Total undiscounted cash flows	Carrying amount
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Non-interest bearing							
Other payables and accruals	N/A	101,160	—	—	—	101,160	101,160
Amounts due to related companies	N/A	35,084	—	—	—	35,084	35,084
Amounts due to directors	N/A	7,200	—	—	—	7,200	7,200
Interest bearing							
Other payables	5.7%	75,000	—	—	—	75,000	75,000
Obligations under finance leases	12.96%	2,620	583	1,146	3,605	7,954	7,349
		221,064	583	1,146	3,605	226,398	225,793

	As of 31 August 2017						
	Weighted average interest rate	On demand or within 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Total undiscounted cash flows	Carrying amount
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Non-interest bearing							
Other payables and accruals . . .	N/A	81,373	—	—	—	81,373	81,373
Amounts due to related companies	N/A	32,656	—	—	—	32,656	32,656
Amounts due to directors	N/A	1	—	—	—	1	1
Amounts due to shareholders . .	N/A	1,300	—	—	—	1,300	1,300
Interest bearing							
Obligations under finance leases	12.96%	3,063	521	21	—	3,605	3,599
		118,393	521	21	—	118,935	118,929

	As of 28 February 2018						
	Weighted average interest rate	On demand or within 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Total undiscounted cash flows	Carrying amount
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Non-interest bearing							
Other payables and accruals. . . .	N/A	223,213	—	—	—	223,213	223,213
Amounts due to related companies	N/A	33,869	—	—	—	33,869	33,869
Amounts due to directors	N/A	1	—	—	—	1	1
Amounts due to shareholders . . .	N/A	1,300	—	—	—	1,300	1,300
		258,383	—	—	—	258,383	258,383

	As of 31 August 2016					
	On demand or within 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Total undiscounted cash flows	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Our Company						
Non-interest bearing						
Amount due to subsidiaries	5,078	—	—	—	5,078	5,078

	As of 31 August 2017					
	On demand or within 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Total undiscounted cash flows	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Non-interest bearing						
Amount due to subsidiaries	4,357	—	—	—	4,357	4,357

	As of 28 February 2018					
	On demand or within 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Total undiscounted cash flows	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Our Company						
Non-interest bearing						
Amount due to subsidiaries	6,638	—	—	—	6,638	6,638

(c) Fair value

The fair value of financial assets and financial liabilities is determined in accordance with generally accepted pricing model based on discounted cash flow analysis.

The management of our Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the historical financial statements of our Company approximate to their fair values.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

As at the Latest Practicable Date, our Directors confirmed that, except as otherwise disclosed in this document, there was no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

PROPERTY INTERESTS AND PROPERTY VALUATION REPORT

The value of our property interests as of 30 April 2018 as valued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent property valuer, is set out in the Appendix III. There was a net revaluation deficit, representing the deficiency in market value (assuming we have obtained valid title documents of the relevant properties) of the properties below their book value as of 30 April 2018. We considered that there is no impairment on these properties as the value in use of these properties, being school premises, are higher than the carrying amount of the property interests as of 30 April 2018.

Reconciliation of the valuation of the property interests attributable to us as of 30 April 2018 and such property interests disclosed in our financial information as of 28 February 2018 is set forth below:

	RMB'000
Net book value of the property interests of our Group as of 28 February 2018:	
Buildings included in property, plant and equipment	128,739
Prepaid lease payment	110,357
	239,096
Movement during the period from 1 March 2018 to 30 April 2018 (unaudited):	
Add: Additions	–
Less: Disposal	–
Less: Depreciation and amortization	(1,214)
Net book value of the property interests of our Group as of 30 April 2018 (unaudited)	237,882
Valuation surplus	98,368
Reference value as of 30 April 2018[1]	336,250
Less: Building without commercial value due to the lack of title certificate	136,480[2]
Valuation as of 30 April 2018	199,770

Notes:

(1) The reference value of the relevant properties is based on the market value of the relevant properties (if market value is not available, the depreciated replacement cost is applied) attributed by Jones Lang LaSalle Corporate Appraisal and Advisory Limited as set out in the Property Valuation Report set forth in Appendix III to this prospectus. The reference value is assigned for the reference only and on the assumptions that (i) we had obtained all title certificates of the relevant properties; (ii) the relevant properties could be freely transferred; and (iii) there is no legal impediment and onerous cost in obtaining the title certificates.

(2) The relevant properties are ascribed as no commercial value by Jones Lang LaSalle Corporate Appraisal and Advisory Limited due to the lack of title certificates. For more details of the valuation of the relevant properties, see the Property Valuation Report as set forth in Appendix III to this prospectus.

NO MATERIAL ADVERSE CHANGE

After due and careful consideration, our Directors confirm that, up to the Latest Practicable Date, there has been no material adverse change in our financial or trading position or prospects since 28 February 2018, save as disclosed in the section headed "Summary — Recent developments and no material adverse change", and there was no event since 28 February 2018 which would materially affect the information shown in the Accountants' Report as set out in Appendix I to this prospectus.

STATEMENT OF UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The following statement of unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to the owners of our Company prepared in accordance with paragraph 4.29 of the Listing Rules is for illustration only, and is set out below to illustrate the effect of the Global Offering on the adjusted consolidated net tangible assets of the Group as at 28 February 2018 as if it had taken place on such date.

The unaudited pro forma adjusted consolidated net tangible assets of our Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of our Group attributable to owners of our Company as at 28 February 2018 or any future date following the Global Offering.

The following statement of unaudited pro forma adjusted consolidated net tangible assets of our Group is prepared based on the audited consolidated net tangible assets of our Group attributable to the owners of our Company as of 28 February 2018 as shown in the Accountants' Report, the text of which is set out in Appendix I to this prospectus, and adjusted as described below. The unaudited pro forma adjusted consolidated net tangible assets does not form part of the Accountants' Report of our Group.

	Audited consolidated net tangible assets of our Group attributable to the owners of our Company as of 28 February 2018	Estimated net proceeds from the proposed Offering	Unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to the owners of our Company as of 28 February 2018	Unaudited pro forma adjusted consolidated net tangible asset of our Group attributable to the owners of our Company as of 28 February 2018 per Share	
	RMB'000	**RMB'000**	**RMB'000**	**RMB**	**HK$**
	(Note 1)	*(Note 2)*		*(Note 3)*	*(Note 4)*
Based on the minimum indicative Offer Price of HK$1.99 per Offer Share	374,873	308,161	683,034	0.854	0.996
Based on the maximum indicative Offer Price of HK$2.36 per Offer Share	374,873	369,359	744,232	0.930	1.086

Notes:

(1) The audited consolidated net tangible assets of our Group attributable to the owners of our Company is extracted from the Accountants' Report set out in Appendix I to this prospectus.

(2) The estimated net proceeds from the proposed Offering are based on 200,000,000 new Shares at the Offer Price of lower limit and upper limit of HK$1.99 and HK$2.36 per new Share, respectively, after deduction of the associated underwriting commissions and fees and other related expenses, other than those expenses which had been recognized in profit or loss prior to 28 February 2018.

The calculation of such estimated net proceeds does not take into account of any Shares which may be allotted and issued pursuant to the exercise of options which may be granted under the Share Option Scheme, upon exercise of the Over-allotment Option or any Shares which may be issued or repurchased by the Company pursuant to the general mandates granted to the Directors to issue or repurchase Shares referred to in the sections headed “Share capital — General Mandate to Issue Shares” or “Share capital — General Mandate to repurchase Shares” in this prospectus. The estimated net proceeds from the proposed Global Offering are converted from HK$ into RMB at an exchange rate of HKD1.00 to RMB0.857 on 9 July 2018. No representation is made that Hong Kong dollars amounts have been, could have been or may be converted to RMB, or vice versa, at that rate, at any other rates or at all.

(3) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company per Share as at 28 February 2018 is calculated based on 800,000,000 Shares in issue immediately following the completion of the Global Offering and the Capitalization Issue. It does not take into account of any Shares which may be allotted and issued pursuant to the exercise of options which may be granted under the Share Option Scheme, upon exercise of the Over-allotment Option or any Shares which may be issued or repurchased by the Company pursuant to the general mandates granted to the Directors to issue or repurchase Shares referred to in the sections headed “ Share Capital — General Mandate to Issue Shares”, “Structure of the Global Offering” or “Share capital — General Mandate to repurchase Shares” in this prospectus.

(4) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to the owner of our Company as of 28 February 2018 to reflect any trading results or other transactions of the Group entered into subsequent to 28 February 2018.

The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of our Company per share as at 28 February 2018 is converted from RMB into Hong Kong dollars at the rate of HK$1.00 to RMB0.857 on 9 July 2018. No representation is made that the RMB amounts have been, could have been or could be converted to Hong Kong dollars, or vice versa, at that rate or at any other rates or at all.

(5) By comparing the valuation of the properties as set out in the valuation report prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited as of 30 April 2018, the net valuation surplus for land of Nanjiang Bojun and Wangcang Bojun is approximately RMB53,206,000 and RMB64,647,000 as compared to the carrying amounts of the properties as at 30 April 2018, which has not been included in the above consolidated net tangible assets of the Group. The valuation surplus of the properties will not be incorporated in the Group’s financial statements in the future. If the valuation surplus were to be included in the consolidated financial statements, the annual depreciation amount will be increased by RMB2,376,000.

FUTURE PLANS

Please refer to the section headed "Business — Our business strategies" in this prospectus for a detailed discussion of our future plans.

USE OF PROCEEDS

We estimate that we will receive net proceeds of approximately HK$402.7 million (equivalent to approximately RMB345.1 million) from the Global Offering, assuming that the Over-allotment Option is not exercised, after deducting the underwriting commissions and other estimated offering expenses payable by us and assuming the initial Offer Price of HK$2.175 per Share, being the mid-point of the indicative Offer Price range set forth on the cover page of this prospectus.

We intend to use all of the net proceeds from the Global Offering in the expansion of our school network, details of which are set out below:

- approximately 28.0%, or HK$112.8 million (equivalent to approximately RMB96.6 million) in Nanjiang School, which is expected to comprise a primary school, a middle school and a high school. It is estimated that the total capital expenditure relating to the establishment of Nanjiang School will amount to approximately RMB208.7 million, of which approximately RMB65.7 million, RMB36.4 million and RMB106.6 million is expected to be incurred in each of the two years ending 31 August 2018 and 2019 and after 31 August 2019, respectively;

- approximately 28.0%, or HK$112.8 million (equivalent to approximately RMB96.6 million) in Wangcang School, which is expected to comprise a primary school, a middle school and a high school. It is estimated that the total capital expenditure relating to the establishment of Wangcang School will amount to approximately RMB237.0 million, of which approximately RMB70.8 million, RMB57.3 million and RMB108.9 million is expected to be incurred in each of the two years ending 31 August 2018 and 2019 and after 31 August 2019, respectively;

- approximately 22.0%, or HK$88.6 million (equivalent to approximately RMB75.9 million) in the high school of our Tianfu School, which is expected to have a total student enrollment of approximately 960 students. It is estimated that the total capital expenditure relating to the establishment of the high school of our Tianfu School will amount to approximately RMB113.0 million, of which approximately RMB84.5 million, RMB26.8 million and RMB1.7 million is expected to be incurred in the two years ending 31 August 2018 and 2019 and after 31 August 2019, respectively;

- approximately 9.0%, or HK$36.2 million (equivalent to approximately RMB31.1 million) in Chengdu School, which is expected to comprise a primary school, a middle school and a high school. It is estimated that the total capital expenditure relating to the establishment of Chengdu School will amount to approximately RMB50.0 million, of which approximately RMB30.0 million, RMB14.3 million and RMB5.7 million is expected to be incurred in each of the two years ending 31 August 2018 and 2019 and after 31 August 2019, respectively;

- approximately 5.0%, or HK$20.1 million (equivalent to approximately RMB17.3 million) in Lezhi School, which is expected to comprise a kindergarten, a primary school, a middle school and a high school. It is estimated that the total capital expenditure relating to the establishment of Lezhi School will amount to approximately RMB208.7 million, of which approximately RMB16.1 million, RMB76.6 million and RMB116.0 million is expected to be incurred in the two years ending 31 August 2018 and 2019 and after 31 August 2019; and

- approximately 3.0%, or HK$12.1 million (equivalent to approximately RMB10.4 million) in US School, which is expected to be a grades 7-12 private international school. It is estimated that the total capital expenditure relating to the establishment of US School will amount to approximately RMB21.4 million, of which approximately RMB0.7 million, RMB14.7 million and RMB6.0 million is expected to be incurred in the years ending 31 August 2018, 2019 and 2020;

- approximately 5.0%, or HK$20.1 million (equivalent to approximately RMB17.3 million) as working capital and general corporate purpose.

We intend to finance the shortage of the capital expenditure for the above-mentioned new schools that cannot be satisfied by the portion of net proceeds from the Global Offering as set out above using our internal resources and/or bank borrowings. For details of the above new schools to be developed by our Group, please refer to the section headed "Business — Our business strategies — Further expansion of our school network to expand our geographical coverage in China and the United States by way of market penetration and market diversification" in this prospectus.

Assuming the Over-allotment Option is not exercised, (i) if the Offer Price is fixed at HK$2.36 per Share, being the high end of the stated Offer Price range, the net proceeds will increase to approximately HK$438.4 million; and (ii) if the Offer Price is fixed at HK$1.99 per Share, being the low end of the stated Offer Price range, the net proceeds will decrease to approximately HK$367.0 million. In such event, we will increase or decrease the allocation of the net proceeds to the above purposes on a pro-rata basis.

If the Over-allotment Option is exercised in full, the net proceeds from the Global Offering will increase to approximately HK$465.7 million, assuming an Offer Price of HK$2.175 per Offer Share, being the mid-point of the proposed Offer Price range. If the Offer Price is set at the high-end or low-end of the proposed Offer Price range, the net proceeds from the Global Offering (including the proceeds from the exercise of the Over-allotment Option) will increase or decrease by approximately HK$41.1 million, respectively. We intend to apply the additional net proceeds to the above uses in the proportions stated above.

To the extent that the net proceeds from the Global Offering are not immediately applied to the above purposes, it is our present intention that such net proceeds will be deposited into interest-bearing bank accounts with licensed banks and/or financial institutions in Hong Kong.

THE CORNERSTONE PLACING

Our Company has entered into cornerstone investment agreements with certain investors (the "**Cornerstone Investors**", and each a "**Cornerstone Investor**") on 16 July 2018, pursuant to which the Cornerstone Investors have agreed to subscribe for an aggregate amount of US$20 million (equivalent to approximately HK$156.4 million) (the "**Cornerstone Placing**"). Based on the Offer Price of HK$1.99 (being the low-end of the proposed Offer Price range), the total number of Shares subscribed by the Cornerstone Investors would be 78,578,000 Shares. Based on the Offer Price of HK$2.175 (being the mid-point of the proposed Offer Price range), the total number of Shares subscribed by the Cornerstone Investors would be 71,896,000 Shares. Based on the Offer Price of HK$2.36 (being the high-end of the proposed Offer Price range), the total number of Shares subscribed by the Cornerstone Investors would be 66,258,000 Shares.

Based on the Offer Price of HK$2.175 (being the mid-point of the proposed Offer Price range), the total number of Shares to be subscribed for by the Cornerstone Investors represents approximately (i) 39.9% of the International Offering Shares, assuming that the Over-allotment Option is not exercised; (ii) 34.2% of the International Offering Shares, assuming that the Over-allotment Option is fully exercised; (iii) 35.9% of the Offer Shares, assuming that the Over-allotment Option is not exercised; (iv) 31.3% of the Offer Shares, assuming that the Over-allotment Option is fully exercised; (v) 9.0% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (vi) 8.7% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is fully exercised.

To the best knowledge of our Company, each of the Cornerstone Investors and their respective ultimate beneficial owners is independent of each other, independent of our Company, its connected persons and their respective associates, and not an existing Shareholder or close associates of our Company.

Details of the actual number of Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement to be issued by our Company on or about 30 July 2018.

The Cornerstone Placing forms part of the International Offering. The Offer Shares to be subscribed for by the Cornerstone Investors will rank *pari passu* in all respects with the other fully paid Offer Shares in issue and will be counted towards the public float of our Company. None of the Cornerstone Investors will subscribe for any Offer Shares under the Global Offering (other than pursuant to the respective cornerstone investment agreements). Immediately following completion of the Global Offering, none of the Cornerstone Investors will have any Board representation, nor will any of the Cornerstone Investors become a substantial Shareholder. The Offer Shares to be subscribed for by the Cornerstone Investors shall not be affected by any re-allocation of the Offer Shares between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering as described in "Structure of the Global Offering — Reallocation" in this prospectus.

CORNERSTONE INVESTORS

Cornerstone Investor	Investment amount	Indicative Offer Price(Note)	Number of Shares to be subscribed for (rounded down to the nearest while board lot of 2,000 Share)	Approximate percentage of the Offer Shares (assuming that the Over-allotment Option is not exercised)	Approximate percentage of the Offer Shares (assuming that the Over-allotment Option is exercised in full)	Approximate percentages of the Shares in issue immediately following completion of the Global Offering (assuming that the Over-allotment Option is not exercised)	Approximate percentages of the Shares in issue immediately following completion of the Global Offering (assuming that the Over-allotment Option is exercised in full)
		(HK$)		(%)	(%)	(%)	(%)
RAYS Capital Partners Limited	US$10,000,000 (equivalent to approximately HK$78,190,000)	1.99 2.175 2.36	39,290,000 35,948,000 33,130,000	19.6 18.0 16.6	17.1 15.6 14.4	4.9 4.5 4.1	4.7 4.3 4.0
BOCOM International Prosperity Investment Limited	US$5,000,000 (equivalent to approximately HK$39,095,000)	1.99 2.175 2.36	19,644,000 17,974,000 16,564,000	9.8 9.0 8.3	8.5 7.8 7.2	2.5 2.2 2.1	2.4 2.2 2.0
Fullgoal Fund Management Company Limited (富國基金管理有限公司)	US$5,000,000 (equivalent to approximately HK$39,095,000)	1.99 2.175 2.36	19,644,000 17,974,000 16,564,000	9.8 9.0 8.3	8.5 7.8 7.2	2.5 2.2 2.1	2.4 2.2 2.0

Note: Being the low-end, mid-point and high-end, respectively, of the Offer Price range set out in this prospectus.

The information about the Cornerstone Investors set out below has been provided by the Cornerstone Investors in connection with the Cornerstone Placing:

1. RAYS Capital Partners Limited

RAYS Capital Partners Limited is incorporated in Hong Kong with limited liability, and is a licensed corporation to carry out type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO.

The investment would be made by Asian Equity Special Opportunities Portfolio Master Fund Limited as to US$6.0 million and Asian Opportunities Absolute Return Master Fund Limited as to US$4.0 million.

Asian Equity Special Opportunities Portfolio Master Fund Limited is an open-end investment company incorporated in the Cayman Islands with limited liability whose investment manager is RAYS Capital Partners Limited.

Asian Opportunities Absolute Return Master Fund Limited is an open-end investment company incorporated in the Cayman Islands with limited liability whose investment manager is RAYS Capital Partners Limited.

2. BOCOM International Prosperity Investment Limited

BOCOM International Prosperity Investment Limited (**"BOCOM Investment**") was incorporated in the BVI and is a direct wholly-owned subsidiary of BOCOM International Asset Management Limited. BOCOM Investment is an investment holding company. BOCOM International Asset Management Limited acts as the investment manager of BOCOM Investment. BOCOM International Asset Management Limited is wholly-owned by BOCOM International Holdings Company Limited, the shares of which are listed on the Stock Exchange (stock code: 3329).

3. Fullgoal Fund Management Company Limited (富國基金管理有限公司)

Fullgoal Fund Management Company Limited ("**Fullgoal Fund**") was established in the PRC in 1999. Fullgoal Fund is one of the few fund management companies operating in China which is fully licenced by all regulatory bodies and securities commissions. Headquartered in Shanghai, Fullgoal Fund has registered capital of RMB300 million and provides investment management solutions to clients all over China and abroad. Fullgoal Fund was the first China-based fund management company to receive approval by China Securities Regulatory Commission to sell equity to a foreign shareholder. As of 31 December 2017, Fullgoal Fund managed 94 public funds with total assets under management ("**AUM**") of RMB130.47 billion, excluding the AUM of money market funds.

Conditions Precedent

The subscription obligation of each of the Cornerstone Investors is subject to the following conditions precedent:

(a) the Hong Kong Underwriting Agreement and the International Underwriting Agreement having been entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently varied by agreement of the relevant parties) by no later than the respective times and dates specified in the Hong Kong Underwriting Agreement and the International Underwriting Agreement;

(b) the Listing Committee having granted the approval for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering, and such approval and permission is not revoked prior to the commencement of dealings of the Shares on the Stock Exchange;

(c) the respective representations, warranties, undertakings and acknowledgments of the respective Cornerstone Investors and our Company are (as at the date of the respective cornerstone investment agreement) and will be (up to the closing date) true and accurate in all material respect and not misleading, and there is no material breach to the respective cornerstone investment agreement on the part of the respective Cornerstone Investor (for itself and on behalf of its affiliates (where applicable)); and

(d) there is no law made or promulgated prohibiting the completion of the Hong Kong Public Offering, the International Offering or the transactions under the respective cornerstone investment agreement, and no order or injunction preventing or prohibiting the completion of the relevant transactions by court of competent jurisdiction.

Restrictions on the Cornerstone Investors' Investments

Each of the Cornerstone Investors undertakes and agrees that without the prior written consent of, among others, our Company and CSCI, it shall not, and shall procure its respective affiliate not, whether directly or indirectly, at any time during the period of six months following the Listing Date, dispose of any of the Shares subscribed for by it pursuant to the respective cornerstone investment agreement and any other securities of our Company which are derived therefrom (the "**Relevant Shares**") or any interest in any company or entity holding (directly or indirectly) any of the Relevant Shares.

Each Cornerstone Investor may transfer the Relevant Shares in certain limited circumstances as set out in the relevant cornerstone investment agreement, such as a transfer to a wholly-owned subsidiary of such Cornerstone Investor or of such Cornerstone Investor's parent company, provided that prior to such transfer, such wholly-owned subsidiary undertakes to be bound by such Cornerstone Investor's obligation under the relevant cornerstone investment agreement and be subject to the restriction on disposal of Relevant Shares imposed on such Cornerstone Investor.

UNDERWRITING

Hong Kong Underwriters

China Securities (International) Corporate Finance Company Limited
First Capital Securities Limited
First Shanghai Securities Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company has agreed to offer the Hong Kong Public Offer Shares for subscription by the public in Hong Kong on and subject to the terms and conditions of this prospectus and the Application Forms.

Subject to the Listing Committee granting the listing of, and permission to deal in, our Shares in issue and to be issued as mentioned herein (including the additional Shares which may be issued pursuant to the exercise of the Over-allotment Option and any options that may be granted under the Share Option Scheme), and to certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally to subscribe or procure subscribers for, their respective applicable proportions of the Hong Kong Public Offer Shares which are being offered but are not taken up under the Hong Kong Public Offering on the terms and subject to the conditions of this prospectus, the Application Forms and the Hong Kong Underwriting Agreement.

Grounds for termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Public Offer Shares under the Hong Kong Underwriting Agreement are subject to termination. The Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) may in their absolute discretion terminate the Hong Kong Underwriting Agreement with immediate effect by written notice to our Company at any time at or before to 8:00 a.m. on the Listing Date if:

(A) there shall develop, occur, exist or come into force or effect:

(i) any change or development involving a prospective change or development, or any event or series of events resulting or representing or may result in any change or development involving a prospective change or deterioration (whether or not permanent) in local, national, regional or international financial, political, military, industrial, economic, legal framework, regulatory, fiscal, currency, credit or market conditions (including, without limitation, conditions in stock and bond markets, money and foreign exchange markets, and interbank markets) in or affecting any of Hong Kong, the PRC, the BVI, the Cayman Islands, the United States, the United Kingdom, any member of the European Union, Japan or any other relevant jurisdictions (collectively, the "**Relevant Jurisdictions**"); or

(ii) any deterioration of any pre-existing local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit or market conditions in or affecting any of the Relevant Jurisdictions; or

(iii) any new law or change (whether or not forming part of a series of changes) or development involving a prospective change in existing laws, or any change or development involving a prospective change in the interpretation or application thereof by any court or any public, regulatory or governmental agency or authority (including, without limitation, the Stock Exchange and the SFC), other authority and any court at the national, provincial, municipal or local level (the "**Governmental Authority**") in or affecting any of the Relevant Jurisdictions; or

(iv) a change or development or event involving a prospective change in taxation (all forms of taxation, duties, levies, and imposts whether of Hong Kong or any other jurisdiction including (without limitation) corporation tax, including instalment payments in respect of corporation tax, stamp duty, income tax, capital gains tax, duties of excise, customs and other import duties, inheritance tax, capital duties and any payment whatsoever which our Company may be or become bound to make to any person as a result of the operation of any enactment relating to any such taxes or duties and all penalties, fines, charges and interest relating to any of the foregoing or resulting from a failure to comply with the provisions of any enactment relating to taxation) or exchange control (or in the implementation of any exchange control), currency exchange rates or foreign investment regulations in or affecting any of the Relevant Jurisdictions adversely affecting an investment in shares; or

(v) any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or calamity or crisis involving or affecting any of the Relevant Jurisdiction; or

(vi) the imposition or declaration of (i) any suspension, limitation or restriction on dealings in shares or securities generally on the Main Board, the GEM of the Stock Exchange, the New York Stock Exchange, the Nasdaq National Market, the London Stock Exchange, the Tokyo Stock Exchange, Shanghai Stock Exchange or Shenzhen Stock Exchange or any other major international stock exchange, or (ii) any general moratorium on commercial banking activities or disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance services in or affecting any of the Relevant Jurisdictions; or

(vii) the imposition of economic, political or other sanctions, in whatever form, directly or indirectly, in or affecting any of the Relevant Jurisdictions; or

(viii) any event, or series of events, in the nature of force majeure (including, without limitation, any acts of God, acts of government, declaration of a national or international emergency or war, acts of war, acts of terrorism (whether or not responsibility has been claimed), calamity, crisis, economic sanction, strikes, riot, public disorder, civil commotion, fire, drought, flooding, severe snow or hail storms, explosion, earthquake, hurricanes, tornadoes, volcanic eruption, epidemic (including but not limited to severe acute respiratory syndrome or avian flu), pandemic, outbreak of disease, radiation or chemical contaminations, terrorism, strike or lockout) in or affecting any of the Relevant Jurisdictions; or

(ix) any change or development or event involving a prospective change or a materialisation of, any of the risks set out in the section headed "Risk Factors" of this prospectus or the occurrence of any such events therein; or

(x) any change in the system under which the value of the Hong Kong dollars or is linked to that of the United States dollars or a material devaluation of Hong Kong dollars against any foreign currency; or

(xi) any demand by any creditor for repayment or payment of any indebtedness of any member of our Group or in respect of which any member of our Group is liable prior to its stated maturity; or

(xii) save as disclosed in this prospectus, a contravention by any member of our Group of the Listing Rules or applicable laws; or

(xiii) the issue or requirement to issue by our Company of a supplementary prospectus, the Application Forms, the offering circulars (or any other documents used in connection with the contemplated subscription and sale of the Offer Shares) pursuant to the Companies (WUMP) Ordinance or the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC; or

(xiv) an order is made or a petition is presented for the winding up or liquidation of any member of our Group or any member of our Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of our Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of our Group or anything analogous thereto occurs in respect of any member of our Group; or

(xv) any litigation or claim of any third party being threatened or instigated against any member of our Group; or

(xvi) a Director being charged with an indictable offence or prohibited by operation of law or is otherwise disqualified from being a director or taking part in the management of a company; or

(xvii) the chairman and the chief executive officer of our Company or any Director vacating his or her office; or

(xviii) the commencement by any governmental, regulatory, political or judicial body or organisation of any action against a Director or any member of our Group or an announcement by any governmental, regulatory, political or judicial body or organisation that it intends to take any such action; or which in any such case, whether individually or in aggregate and in the sole and absolute opinion of the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters):

(a) has or will or may have a material adverse change, or any development reasonably likely to involve a prospective material adverse change, in the condition, financial, operational or otherwise, or in the earnings, business affairs or business prospects, net assets or liabilities of our Company or any members of our Group, whether or not arising in the ordinary course of business ("**Material Adverse Effect**") on the general affairs or the business, financial, trading or other condition or prospects of any member of our Group or our Group taken as a whole; or

(b) has or will or may have a Material Adverse Effect on the success of the Hong Kong Public Offering, the International Offering or the level of Offer Shares being applied for or accepted or the distribution of the Offer Shares; or

(c) is or will or may make it impracticable, incapable, inadvisable, inexpedient or not commercially viable (i) for any part of the Hong Kong Underwriting Agreement, the International Underwriting Agreement, the Hong Kong Public Offering, the International Offering and/or the Global Offering to be performed or implemented as envisaged or which prevents the processing of applications and/or payments pursuant to the Global Offering; or (ii) to proceed with or to market the Hong Kong Public Offering, the International Offering and/or the Global Offering on the terms and in the manner contemplated in this prospectus; or

(B) the Joint Global Coordinators or any of the Hong Kong Underwriters shall become aware of the fact that, or have cause to believe that:

(i) any of the warranties or undertakings given by our Company, each of our Controlling Shareholders and each of our executive Directors pursuant to the Hong Kong Underwriting Agreement is untrue, inaccurate, misleading or breached in any respect when given or as repeated as determined by Joint Global Coordinators in their sole and absolute discretion or has been declared or determined by any court or Governmental Authorities to be illegal, invalid or unenforceable; or

(ii) any statement contained in this prospectus, the Application Forms, the documents relating to the International Offering, the formal notice in connection with the Hong Kong Public Offering and any notice, announcements or other documents issued by our Company in respect of the Hong Kong Public Offering, the International Offering and/or the Global Offering (including any supplement or amendment thereto) was or is or has become untrue, incorrect or misleading in any material respect, or any matter arises or is discovered which would, if this prospectus, the Application Forms, the documents relating to the International Offering, the formal notice and any notice, announcements or other documents issued by our Company in respect of the Hong Kong Public Offering, the International Offering and/or the Global Offering were to be issued at that time, constitute a material omission therefrom as determined by the Joint Global Coordinators in their sole and absolute discretion; or

(iii) any forecasts, estimates, expressions of opinion, intention or expectation expressed in this prospectus, the Application Forms, the documents relating to the International Offering, the formal notice and/or any announcements or documents issued by the Company in connection with the Hong Kong Public Offering, the International Offering and/or the Global Offering (including any supplement or amendment thereto) are not in all material aspects, fair and honest nor based on reasonable assumptions; or

(iv) any matter has arisen or has been discovered which would, had it arisen immediately before the date of this prospectus, not having been disclosed in this prospectus, constitutes a material omission therefrom; or

(v) there has been a breach on the part of any of our Company, our Controlling Shareholders or our executive Directors of any of the provisions of the Hong Kong Underwriting Agreement or the International Underwriting Agreement which has or may have or will have or is likely to have a Material Adverse Effect on the success of the Global Offering or the business or financial conditions or prospects of our Group as determined by the Joint Global Coordinators in their sole and absolute discretion; or

(vi) any breach of any of the obligations of any party (other than the Joint Global Coordinators or the Underwriters, if applicable) to any of the Deed of Indemnity, the Price Determination Agreement, the receiving bank agreement, the Hong Kong branch share registrar agreement and the principal registrar agreement which has or may have or will have or is likely to have a material adverse effect on the success of the Global Offering or the business or financial conditions or prospects of our Group; or

(vii) any event, act or omission which gives rise to or is likely to give rise to any liability of any of the Warrantors pursuant to the indemnities given under the Hong Kong Underwriting Agreement, or the International Underwriting Agreement; or

(viii) any material adverse change or development involving prospective change (whether or not permanent) in the business, earnings, profits, losses, results of operations, operations, financial position, trading position, assets, liabilities, properties, performance or prospects of our Group, or any change in capital stock or long-term debt of our Company or any other member of our Group; or

(ix) any person has withdrawn or sought to withdraw its consent to the issue of this prospectus with the inclusion of its reports, letters, opinions (as the case may be) and references to its name included in the form and context to which it respectively appears; or

(x) our Company withdraws any of this prospectus or the Application Forms (and/or any other documents used in connection with the contemplated subscription of the Offer Shares); or

(xi) a prohibition on our Company for whatever reason from offering, allotting, issuing or selling any of our Shares (including the Shares which may be issued pursuant to any exercise of the Over-allotment Option) pursuant to the terms of the Global Offering; or

(xii) non-compliance of any statement or disclosure of this prospectus or Application Forms or any aspect of the Global Offering with the Listing Rules or any other applicable Law.

Undertakings to the Stock Exchange pursuant to the Listing Rules

Undertakings by our Company

Pursuant to Rule 10.08 of the Listing Rules, our Company has undertaken to the Stock Exchange that except pursuant to the Global Offering, the Over-allotment Option and the Share Option Scheme, no further Shares or securities convertible into our Company's equity securities (whether or not of a class already issued) may be issued by our Company or form the subject of any agreement to such an issue by our Company within six months from the Listing Date (whether or not such issue of Shares or our Company's securities will be completed within six months from the Listing Date), except in certain circumstances prescribed by Rule 10.08 of the Listing Rules.

Undertakings by our Controlling Shareholders

Pursuant to Rule 10.07 of the Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange and to our Company that, save for the Global Offering and the Over-allotment Option, each of them shall not and shall procure that its associates or companies controlled by it or its nominees or trustees (as the case may be) shall not:

(a) in the period commencing on the date of this prospectus and ending on the date which is six months from the Listing Date ("**R10.07 First Six Month Period**"), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which he or it is shown by this prospectus to be the beneficial owner (whether direct or indirect); and

(b) in the period of six months immediately after the expiry of the R10.07 First Six Month Period, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares referred to in (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/she/it would cease to be a Controlling Shareholder or cease to deem to be a Controlling Shareholder.

Each of our Controlling Shareholders has also undertaken to the Stock Exchange and our Company that within the period commencing on the date of this prospectus and ending on the date which is 12 months from the Listing Date, he/she/it shall:

(a) when he/she/it pledges or charges any Shares beneficially owned by him/her/it in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the laws of Hong Kong)) pursuant to Note 2 to Rule 10.07(2) of the Listing Rules, immediately inform our Company of such pledge or charge together with the number of Shares so pledged or charged; and

(b) when he/she/it receives indications, either verbal or written, from the pledgee or chargee of any Shares that any of the pledged or charged Shares will be disposed of, immediately inform our Company of such indications.

Our Company will inform the Stock Exchange as soon as we have been informed of matters referred in above by any of our Controlling Shareholders and disclose such matters by way of announcement pursuant to the requirements under the Listing Rules as soon as possible.

Undertakings pursuant to the Hong Kong Underwriting Agreement

Undertakings by our Company

Pursuant to the Hong Kong Underwriting Agreement, our Company has undertaken to each of the Sole Sponsor, the Joint Global Coordinators and the Hong Kong Underwriters that (A) except pursuant to the Global Offering, the Capitalization Issue and the exercise of any option granted under the Share Option Scheme, it will not, during the period commencing from the date of this prospectus, up to and including the date falling six months after the date on which dealings in our Shares commence on the Stock Exchange (the "**Lock-up Period**") without the prior written consent of the Joint Global Coordinators (on behalf of the Hong Kong Underwriters (such consent not to be unreasonable withheld or delayed)) and the Sole Sponsor, and subject always to the provisions of the Listing Rules:

(i) offer, allot, issue or sell or agree to allot, issue or sell, grant or agree to grant any option, right or warrant over, or otherwise dispose of (or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by our Company or any of its affiliates), either directly or indirectly, conditionally or unconditionally, any Shares (or any interest in any Shares or any voting or other right attaching to any Shares) or any securities convertible into or exchangeable for such Shares (or any interest in any Shares or any voting or other right attaching to any Shares);

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of subscription or ownership of Shares (or any interest in any Shares or any voting or other right attaching to any Shares) or such securities;

(iii) enter into any transaction with the same economic effect as any transaction described in paragraphs (i) or (ii) above; or

(iv) offer or agree to do any of the foregoing transactions and publicly disclose any intention to effect such transaction,

whether any of the foregoing transactions is to be settled by delivery of Shares or such other securities, in cash or otherwise.

During the period of six month period immediately following the expiry of the Lock-up Period (the "**Second Six-Month Period**"), in the event that our Company does any of the acts set out in sub-paragraphs (i) to (iv) above, or offers to or agrees to or announces any intention to effect any such transaction, as the case may be, our Company shall take all steps to ensure that any such act, if done, will not create a disorderly or false market for any Shares or other securities of our Company or any interest therein.

Undertakings by our Controlling Shareholders

Pursuant to the Hong Kong Underwriting Agreement, each of our Controlling Shareholders has undertaken to the Sole Sponsor, the Joint Global Coordinators, the Hong Kong Underwriters and our Company that:

(a) he/she/it will not, without the prior written consent of the Joint Global Coordinators (on behalf of the Hong Kong Underwriters), and will procure that none of his/her/its associates or companies controlled by him/her/it or any nominee or trustee holding in trust for him/her/it shall, directly or indirectly:

    (i) offer, pledge, sell, charge, mortgage, assign, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any of the share capital or other securities of our Company or any interest therein, beneficially owned by him/her/it or through such associates, companies, nominees or trustee as of the Listing Date (including, without limitation, any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, any such share capital or other securities of our Company or any interest therein) immediately following the completion of the Global Offering;

    (ii) enter into any swap, derivative or other arrangement that transfers to another, in whole or in part, directly or indirectly, any of the economic consequences of subscription or ownership of any such share capital or securities of our Company or any interest therein;

    (iii) enter into any transaction with the same economic effect as any transaction described in (i) or (ii) above; or

    (iv) offer to or agree to contract to, or publicly announce any intention to enter into, any of the foregoing transactions described in (i) through (iii) above, whether any of the foregoing transactions described in (i), (ii) or (iii) above is to be settled by delivery of share capital or such other securities, in cash or otherwise, at any time during the Lock-Up Period;

(b) he/she/it will not, and will procure that such associate, companies, nominee or trustee will not, without the prior written consent of the Joint Global Coordinators, dispose of or otherwise create any options, rights, interests or encumbrances in respect of any Shares, or any interest therein at any time during the Second Six Month Period, such that immediately following such disposal or upon exercise or enforcement of such options, rights, interests or encumbrances shall result in any of our Controlling Shareholders, directly or indirectly, ceasing to be our Controlling Shareholder at any time during the Second Six Month Period; and

(c) he/she/it shall take all steps to ensure if he/she/it enters into any of such transactions, or offers to or agrees to or announces any intention to effect any such transaction, he/she/it will not create a disorderly or false market for any Shares or other securities of our Company or any interest therein.

International Offering

In connection with the International Offering, it is expected that our Company will enter into the International Underwriting Agreement with, inter alia, the International Underwriters. Under the International Underwriting Agreement, the International Underwriters will severally agree to subscribe or purchase or procure subscribers for the International Offering Shares being offered pursuant to the International Offering.

Our Company is expected to grant to the International Underwriters the Over-allotment Option, exercisable by the Joint Global Coordinators on behalf of the International Underwriters at any time from the Price Determination Date until 30 days after the last date for the lodging of applications under the Hong Kong Public Offering, to require our Company to allot and issue up to an aggregate of 30,000,000 additional Shares representing 15% of the Offer Shares initially offered under the Global Offering, at the same price per Share under the International Offering to cover over-allocations in the International Offering, if any.

Commissions and Expenses

The Underwriters will receive underwriting commissions at the rate of 1.5% of the aggregate Offer Price payable for the Offer Shares (including the Shares to be issued pursuant to the Over-allotment Option). CSCI is entitled to a praecipium of 1.0% per Offer Share and a sponsor's fee in the amount of HK$5 million. Furthermore, our Company agrees to pay to the Underwriters a guaranteed incentive fee per Offer Share of 1.0%. The aggregate underwriting commissions, praecipium, incentive fee, documentation fee, listing fees, Stock Exchange trading fee and transaction levy, legal and other professional fees, and printing and other expenses in relation to the Global Offering are estimated to amount to approximately HK$60.3 million in total (based on the Offer Price of HK$2.175 per Offer Share, being the mid-point of the indicative Offer Price range of HK$1.99 to HK$2.36 per Offer Share and assuming the Over-allotment Option is not exercised), and are payable by our Company.

ACTIVITIES BY SYNDICATE MEMBERS

The Underwriters, together referred to as "Syndicate Members", may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or the stabilizing process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In relation to the Shares, those activities could include acting as agent for buyers and sellers of the Shares, entering into transactions with those buyers and sellers in a principal capacity, proprietary trading in the Shares and entering into over the counter or listed derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have the Shares as their or part of their underlying assets. Those activities may require hedging activity by those entities involving, directly or indirectly, buying and selling the Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the Shares as their or part of their underlying assets, whether on the Stock Exchange or on any other stock exchange, the rules of the relevant exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases.

All of these activities may occur both during and after the end of the stabilizing period described in the sections headed "Structure of the Global Offering — Over-Allotment Option" and "Structure of the Global Offering — Stabilization" in this prospectus. These activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares and the volatility of their share price, and the extent to which this occurs from day to day cannot be estimated.

When engaging in any of these activities, it should be noted that the Syndicate Members are subject to certain restrictions, including the following:

- the Syndicate Members (other than the stabilizing manager or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and

- all of them must comply with all applicable laws, including the market misconduct provisions of the SFO, the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

UNDERWRITERS' INTERESTS IN OUR COMPANY

The Underwriters will receive underwriting commissions and, where applicable, other related fees. Particulars of these underwriting commission and expenses are set out in the paragraph headed "Commissions and Expenses" in this section for further information.

Save for their obligations under the Underwriting Agreements, as at the Latest Practicable Date, none of the Underwriters was interested legally or beneficially in any shares of any member of our Group nor has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in any member of our Group nor any interest in the Global Offering.

SOLE SPONSOR'S INDEPENDENCE

CSCI satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises:

(a) the Hong Kong Public Offering of 20,000,000 Shares (subject to adjustment as mentioned below) for subscription by the public in Hong Kong as described in the paragraph headed "— The Hong Kong Public Offering" below; and

(b) the International Offering of an aggregate of 180,000,000 Shares (subject to the Over-allotment Option and adjustment as mentioned below) outside the United States (including professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S.

The 200,000,000 Offer Shares initially being offered in the Global Offering will represent approximately 25% of our enlarged total number of issued Shares immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised. The underwriting arrangements, and the respective Underwriting Agreements, are summarized in the section headed "Underwriting" in this prospectus.

Investors may apply for Offer Shares under the Hong Kong Public Offering or apply for or indicate an interest for Offer Shares under the International Offering, but may not apply under both of these methods for the Offer Shares.

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

THE HONG KONG PUBLIC OFFERING

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a several basis under the terms of the Hong Kong Underwriting Agreement and is subject to our Company and the Joint Global Coordinators, on behalf of the Underwriters, agreeing on the Offer Price. The Hong Kong Public Offering and the International Offering are subject to the conditions set forth in the paragraph headed "Conditions of the Global Offering" in this section. The Hong Kong Underwriting Agreement and the International Underwriting Agreement are expected to be conditional upon each other.

Number of Shares Initially Offered

The Hong Kong Public Offering is a fully underwritten public offer (subject to agreement as to pricing and satisfaction or waiver of the other conditions set forth in the Hong Kong Underwriting Agreement and described in the paragraph headed "Conditions of the Global Offering" in this section) for the subscription in Hong Kong of, initially 20,000,000 Shares at the Offer Price (representing approximately 10% of the total number of the Offer Shares).

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors.

Allocation

Allocation of Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Public Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Public Offer Shares.

The total number of Offer Shares available under the Hong Kong Public Offering (after taking into account of any reallocation) is to be divided into two pools for allocation purposes: Pool A and Pool B. Accordingly, the maximum number of Hong Kong Public Offer Shares initially in Pool A and Pool B will be 10,000,000 and 10,000,000, respectively. The Offer Shares in Pool A will be allocated on an equitable basis to applicants who have applied for Offer Shares with an aggregate price of HK$5.0 million (excluding the brokerage, SFC transaction levy and the Stock Exchange trading fee payable) or less. The Offer Shares in Pool B will be allocated on an equitable basis to applicants who have applied for Offer Shares with an aggregate price of more than HK$5.0 million and up to a total value of Pool B (excluding the brokerage, SFC transaction levy and the Stock Exchange trading fee payable). Investors should be aware that applications in Pool A and applications in Pool B may receive different allocation ratios. If Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of this paragraph only, the "price" for Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Offer Shares from either Pool A or Pool B but not from both pools. Multiple or suspected multiple applications and any application for more than 10,000,000 Hong Kong Public Offer Shares (being 50% of the 20,000,000 Hong Kong Public Offer Shares initially available under the Hong Kong Public Offering) are liable to be rejected.

Reallocation

The allocation of Offer Shares between the Hong Kong Public Offering and the International Offering is subject to adjustment. According to the Guidance Letter HKEx – GL91-18 issued by the Stock Exchange and paragraph 4.2 of Practice Note 18 of the Listing Rules, a clawback mechanism shall be put in place which would have the effect of increasing the number of Offer Shares under the Hong Kong Public Offering to a certain percentage of the total number of Offer Shares offered under the Global Offering if the International Offering is fully or over subscribed and certain prescribed total demand levels are reached as further described below:

(a) where the International Offering are fully subscribed or oversubscribed:

   (i) if the Hong Kong Public Offer Shares are undersubscribed, the Joint Global Coordinators have the authority to reallocate all or any unsubscribed Hong Kong Public Offer Shares to the International Offering, in such proportions as the Joint Global Coordinators deem appropriate;

(ii) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents less than 15 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then up to 20,000,000 Offer Shares may be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be increased to 40,000,000 Offer Shares, representing 20% of the total number of the Offer Shares initially available under the Global Offering;

(iii) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then an additional 40,000,000 Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering so that the total number of Offer Shares available under the Hong Kong Public Offering will be 60,000,000 Offer Shares, representing 30% of the Offer Shares initially available under the Global Offering prior to the exercise of the Over-allotment Option;

(iv) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then an additional 60,000,000 Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering so that the total number of Offer Shares available under the Hong Kong Public Offering will be 80,000,000 Offer Shares, representing 40% of the Offer Shares initially available under the Global Offering prior to the exercise of the Over-allotment Option; and

(v) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 100 times or more the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then an additional 80,000,000 Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering so that the total number of Offer Shares available under the Hong Kong Public Offering will be 100,000,000 Offer Shares, representing 50% of the Offer Shares initially available under the Global Offering prior to the exercise of the Over-allotment Option;

(b) where the International Offering are undersubscribed:

(i) if the Hong Kong Public Offer Shares are also undersubscribed, the Global Offering will not proceed unless the Underwriters would subscribe for or procure subscribers for their respective applicable proportions of the Offer Shares being offered which are not taken up under the Global Offering on the terms and conditions of this prospectus, the Application Forms and the Underwriting Agreements; and

(ii) if the Hong Kong Public Offer Shares are fully subscribed or oversubscribed (irrespective of the extent of over-subscription), then up to 20,000,000 Offer Shares may be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be increased to 40,000,000 Offer Shares, representing 20% of the total number of the Offer Shares initially available under the Global Offering.

In the event of reallocation of Offer Shares between the Hong Kong Public Offering and the International Offering is in the circumstances where the International Offering Shares are fully subscribed or oversubscribed and the Hong Kong Public Offer Shares are oversubscribed by less than 15 times under paragraph (a)(ii) above or the International Offering Shares are undersubscribed and the Hong Kong Public Offer Shares are oversubscribed under paragraph (b)(ii) above, the final Offer Price shall be fixed at the low-end of the indicative Offer Price range (i.e. HK$1.99 per Offer Share) stated in this prospectus.

In addition, the Joint Global Coordinators may in their sole and absolute discretion reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering. In accordance with Guidance Letter HKEX-GL91-18 issued by the Stock Exchange, if such reallocation is done other than pursuant to Practice Note 18 of the Listing Rules, the maximum total number of Offer Shares that may be reallocated to the Hong Kong Public Offering following such reallocation shall be not more than double the initial allocation to the Hong Kong Public Offering (i.e. 40,000,000 Offer Shares).

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between Pool A and Pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Joint Global Coordinators deem appropriate. In addition, the Joint Global Coordinators may in its sole discretion reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering.

If the Hong Kong Public Offering is not fully subscribed, the Joint Global Coordinators have the authority to reallocate all or any unsubscribed Hong Kong Public Offer Shares to the International Offering in such proportions as the Joint Global Coordinators deem appropriate.

Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the Application Form submitted by him that he and any person(s) for whose benefit he is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated Offer Shares under the International Offering.

The listing of the Shares on the Stock Exchange is sponsored by the Sole Sponsor. Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum price of HK$2.36 per Offer Share in addition to the brokerage, SFC transaction levy and Stock Exchange trading fee payable on each Offer Share. If the Offer Price, as finally determined in the manner described in the paragraph headed "— Pricing and Allocation" below, is less than the maximum price of HK$2.36 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy and Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out in the section headed "How to Apply for Hong Kong Public Offer Shares" in this prospectus.

References in this prospectus to applications, Application Forms, application or subscription monies or the procedure for application relate solely to the Hong Kong Public Offering.

THE INTERNATIONAL OFFERING

The International Offering is expected to be fully underwritten by the International Underwriters on a several basis. The Company expects to enter into the International Underwriting Agreement relating to the International Offering on the Price Determination Date.

Number of Offer Shares Offered

Subject to reallocation as described above, the International Offering will consist of an initial offering of 180,000,000 Offer Shares, representing 90% of the total number of Offer Shares initially available under the Global Offering (assuming the Over-allotment Option is not exercised). The International Offering will be offered by us outside of the United States in reliance on Regulation S.

Allocation

The International Offering will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in the paragraph headed "— Pricing and Allocation" below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Shares, and/or hold or sell its Shares, after the listing of the Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and the Shareholders as a whole.

The Joint Global Coordinators (on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering, and who has made an application under the Hong Kong Public Offering, to provide sufficient information to the Joint Global Coordinators so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any application of Offer Shares under the Hong Kong Public Offering.

OVER-ALLOTMENT OPTION

We expect to grant to the International Underwriters, exercisable by the Joint Global Coordinators (on behalf of the International Underwriters), the Over-allotment Option, which will be exercisable from the date of the International Underwriting Agreement until 30 days after the last day for the lodging of applications under the Hong Kong Public Offering, to require our Company to allot and issue up to an aggregate of 30,000,000 Shares, representing no more than 15% of the initial Offer Shares, at the same price per Offer Share under the International Offering, to cover over-allocations in the International Offering, if any.

Pursuant to the Over-allotment Option, the Joint Global Coordinators have the right, exercisable at any time from the Price Determination Date up to the 30th day after the last day for lodging of applications under the Hong Kong Public Offering and from time to time, to require our Company to allot and issue up to an aggregate of 30,000,000 additional Offer Shares, representing 15% of the initial Offer Shares, at the same price per Offer Share at which Offer Shares were initially offered under the International Offering, to cover over-allocations in the International Offering, if any, on the same terms and conditions as the Offer Shares that are subject to the Global Offering. The Joint Global Coordinators may, at their option, also cover such over-allocations by purchasing the Offer Shares in the secondary market or exercise of Over-allotment Option, or by a combination of these means or otherwise as may be permitted under applicable laws, rules and regulations. If the Joint Global Coordinators exercise the Over-allotment Option in full, the additional Offer Shares will represent approximately 3.61% of the Company's enlarged total number of issued Shares immediately following the completion of the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, a press announcement will be made.

PRICING AND ALLOCATION

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building," is expected to continue up to, and to cease on or about, the last day for lodging applications under the Hong Kong Public Offering.

The Offer Price is expected to be fixed by agreement between our Company and the Joint Global Coordinators on the Price Determination Date, which is expected to be on or about Tuesday, 24 July 2018 and in any event no later than Thursday, 26 July 2018.

The Offer Price will not be more than HK$2.36 per Offer Share and is expected to be not less than HK$1.99 per Offer Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.

The Joint Global Coordinators (for themselves and on behalf of the Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, and with our consent, reduce the number of Offer Shares and/or the indicative Offer Price range below as stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause there to be published on the website of our Company at **bojuneducation.com** and the website of the Stock Exchange at **www.hkexnews.hk** notices of the reduction. Upon issue of such a notice, the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon by our Company and the Joint Global Coordinators, will be fixed within such revised Offer Price range. Applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the indicative Offer Price range may not be made until the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of any such reduction. In the absence of any such notice so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon between our Company and the Joint Global Coordinators, will under no circumstances be set outside the Offer Price range stated in this prospectus.

In the event of a reduction in the number of Offer Shares, the Joint Global Coordinators may, at their discretion, reallocate the number of Offer Shares to be offered in the Hong Kong Public Offering and the International Offering, provided that the number of Offer Shares comprised in the Hong Kong Public Offering shall not be less than 10% of the total number of Offer Shares available under the Global Offering. The Offer Shares to be offered in the Hong Kong Public Offering and the Offer Shares to be offered in the International Offering may, in certain circumstances, be reallocated between these offerings at the discretion of the Joint Global Coordinators.

The final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of and results of allocations of Offer Shares under the Hong Kong Public Offering are expected to be announced on Monday, 30 July 2018 on the website of our Company at **bojuneducation.com** and the website of the Stock Exchange at **www.hkexnews.hk**.

STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to retard and, if possible, prevent any decline in the market price of the securities below the offer price. In Hong Kong and a number of other jurisdictions, activity aimed at reducing the market price is prohibited, and the price at which stabilization is effected is not permitted to exceed the Offer Price.

In connection with the Global Offering, the Stabilizing Manager, as stabilizing manager, its affiliates or any person acting for it, on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilizing or maintaining the market price of the Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. CSCI has been appointed as the Stabilizing Manager for the purposes of the Global Offering in accordance with the Securities and Futures (Price Stabilizing) Rules made under the Hong Kong Securities and Futures Ordinance.

Any such stabilizing activity will be made in compliance with all applicable laws, rules and regulations in place in Hong Kong on stabilization including the Securities and Futures (Price Stabilizing) Rules made under the Hong Kong Securities and Futures Ordinance. However, there is no obligation on the Stabilizing Manager, its affiliates or any person acting for it to do this. Such stabilization, if commenced, will be conducted at the absolute discretion of the Stabilizing Manager, its affiliates or any person acting for it and may be discontinued at any time, and must be brought to an end after a limited period. Any such stabilization activity is required to be brought to an end within 30 days from the last date for lodging application under the Hong Kong Public Offering. The number of Shares that may be over-allocated will not be greater than the number of Shares which may be sold upon exercise of the Over-allotment Option, being 30,000,000 Shares, which is 15% of the Shares initially available under the Global Offering.

Following any over-allotment of Shares in connection with the Global Offering, the Stabilizing Manager, its affiliates or any person acting for it may take all or any of the following stabilizing actions in Hong Kong during the stabilization period to cover such over-allotment. The possible stabilizing action which may be taken by the Stabilizing Manager, its affiliates or any person acting for it in connection with the Global Offering may involve (i) purchases of Shares, (ii) establishing, hedging and liquidating positions in Shares, (iii) exercising the Over-allotment Option in whole or in part and/or (iv) offering or attempting to do any of (i), (ii) or (iii) above.

Specifically, prospective applicants for and investors in the Offer Shares should note that:

- the Stabilizing Manager, its affiliates or any person acting for it may, in connection with the stabilizing action, maintain a long position in the Shares;
- there is no certainty regarding the extent to which and the time or period for which the Stabilizing Manager, its affiliates or any person acting for it will maintain such a long position;
- liquidation of any such long position by the Stabilizing Manager, its affiliates or any person acting for it may have an adverse impact on the market price of the Shares;
- no stabilizing action can be taken to support the price of the Shares for longer than the stabilizing period which will begin on the Listing Date, and is expected to expire on Thursday, 23 August 2018, being the 30th day after the date of closing of the application lists under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for the Shares, and therefore the price of the Shares, could fall;
- the price of the Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilizing action; and

- stabilizing bids may be made or transactions effected in the course of the stabilizing action at any price at or below the Offer Price, which means that stabilizing bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, the Shares.

OVER-ALLOCATION

Following any over-allocation of Shares in connection with the Global Offering, the Joint Global Coordinators, their affiliates or any person acting for them may cover such over-allocation by using Shares purchased by the Stabilizing Manager, its affiliates or any person acting for it in the secondary market, exercising the Over-allotment Option in full or in part, or by a combination of these means. Any such purchases will be made in accordance with the laws, rules and regulations in place in Hong Kong, including in relation to stabilization, the Securities and Futures (Price Stabilizing) Rules, as amended, made under the SFO. The number of Shares which can be over-allocated will not exceed the number of Shares which may be sold pursuant to the exercise in full of the Over-allotment Option, being 30,000,000 Shares, representing no more than 15% of the Offer Shares initially available under the Global Offering.

CONDITIONS OF THE GLOBAL OFFERING

Acceptances of all applications for Offer Shares will be conditional on:

(a) the Listing Committee granting listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including the Shares which may be issued pursuant to the exercise of the Over-allotment Option and the options that may be granted under the Share Option Scheme) and such listing and permission not subsequently having been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;

(b) the Offer Price having been duly determined and the execution and delivery of the International Underwriting Agreement on or about the Price Determination Date;

(c) the execution and delivery of the International Underwriting Agreement on or before the Price Determination Date; and

(d) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements, in each case on or before the dates and times specified in the Hong Kong Underwriting Agreement or the International Underwriting Agreement (unless and to the extent such conditions are validly waived on or before such dates and times);

in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than the date which is 30 days after the date of this prospectus.

If, for any reason, the Offer Price is not agreed between our Company and the Joint Global Coordinators on or before Thursday, 26 July 2018, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published on the website of our Company at **bojuneducation.com** and the website of the Stock Exchange at **www.hkexnews.hk** on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section headed "How to Apply for the Hong Kong Public Offer Shares" in this prospectus. In the meantime, all application monies will be held in (a) separate bank account(s) with the receiving banks or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

We expect to issue share certificates for the Offer Shares on Monday, 30 July 2018. Share certificates issued in respect of Hong Kong Public Offer Shares will only become valid at 8:00 a.m. on the Listing Date provided that (i) the Global Offering has become unconditional in all respects and (ii) the right of termination as described in the section headed "Underwriting — Underwriting arrangements and expenses — Hong Kong Public Offering — Grounds for termination" in this prospectus has not been exercised.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including Shares which may be issued pursuant to the exercise of the Over-allotment Option and the options that may be granted under the Share Option Scheme).

No part of our Company's share or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to deal is being or proposed to be sought in the near future.

SHARES WILL BE ELIGIBLE FOR CCASS

All necessary arrangements have been made for the Shares to be admitted into CCASS. If the Stock Exchange grants the listing of, and permission to deal in, the Shares and our Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day.

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

DEALING

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Tuesday, 31 July 2018, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Tuesday, 31 July 2018. The Shares will be traded in board lots of 2,000 Shares each.

1. HOW TO APPLY

If you apply for Hong Kong Public Offer Shares, then you may not apply for or indicate an interest for International Offering Shares.

To apply for Hong Kong Public Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **HK eIPO White Form** service at **www.hkeipo.hk**; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

The Company, the Joint Global Coordinators, the **HK eIPO White Form** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for the Hong Kong Public Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States; and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you apply online through the **HK eIPO White Form** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorized officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Joint Global Coordinators may accept it at its discretion and on any conditions it thinks fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of **HK eIPO White Form** service for the Hong Kong Public Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Public Offer Shares if you:

- are an existing beneficial owner of Shares in the Company and/or any its subsidiaries;
- are a Director or chief executive officer of the Company and/or any of its subsidiaries;
- are a connected person (as defined in the Listing Rules) of the Company or will become a connected person of the Company immediately upon completion of the Global Offering;
- are an associate or a close associate (both as defined in the Listing Rules) of any of the above; and
- have been allocated or have applied for any International Offering Shares or otherwise participate in the International Offering.

3. APPLYING FOR HONG KONG PUBLIC OFFER SHARES

Which Application Channel to Use

For Hong Kong Public Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through **www.hkeipo.hk**.

For Hong Kong Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours between from 9:00 a.m. on Thursday, 19 July 2018 until 12:00 noon on Tuesday, 24 July 2018 from:

(i) the following office of the Hong Kong underwriters:

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

First Capital Securities Limited
Unit 4512, 45/F
The Center
99 Queen's Road Central
Central
Hong Kong

First Shanghai Securities Limited
19/F & Room 2505-10
Wing On House
71 Des Voeux Road Central
Hong Kong

(ii) any of the following branches of the receiving bank:

Bank of China (Hong Kong) Limited

District	Branch Name	Address
Hong Kong Island	Gilman Street Branch	136 Des Voeux Road Central
Kowloon	Jordan Road Branch	1/F, Sino Cheer Plaza, 23-29 Jordan Road
New Territories	Tuen Mun Town Plaza Branch	Shop 2, Tuen Mun Town Plaza Phase II, Tuen Mun

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Thursday, 19 July 2018 until 12:00 noon on Tuesday, 24 July 2018 from the Depository Counter of HKSCC at 1/F One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "BANK OF CHINA (HONG KONG) NOMINEES LIMITED — BOJUN EDUCATION PUBLIC OFFER" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving banks listed above, at the following times:

- Thursday, 19 July 2018 — 9:00 a.m. to 5:00 p.m.
- Friday, 20 July 2018 — 9:00 a.m. to 5:00 p.m.
- Saturday, 21 July 2018 — 9:00 a.m. to 1:00 p.m.

- Monday, 23 July 2018 — 9:00 a.m. to 5:00 p.m.
- Tuesday, 24 July 2018 — 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Tuesday, 24 July 2018, the last application day or such later time as described in "10. Effect of Bad Weather on the Opening of the Applications Lists" in this section.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **HK eIPO White Form** service, among other things, you:

(i) undertake to execute all relevant documents and instruct and authorize the Company and/or the Joint Global Coordinators (or their agents or nominees), as agents of the Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Public Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;

(ii) agree to comply with the Companies Ordinance, the Companies (WUMP) Ordinance and the Articles of Association;

(iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;

(iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;

(v) confirm that you are aware of the restrictions on the Global Offering in this prospectus;

(vi) agree that none of the Company, the Joint Global Coordinators, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);

(vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering nor participated in the International Offering;

(viii) agree to disclose to the Company, our Hong Kong Branch Share Registrar, receiving banks, the Joint Global Coordinators, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of the Company, the Joint Global Coordinators and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;

(x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xi) agree that your application will be governed by the laws of Hong Kong;

(xii) represent, warrant and undertake that (i) you understand that the Hong Kong Public Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Public Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(xiii) warrant that the information you have provided is true and accurate;

(xiv) agree to accept the Hong Kong Public Offer Shares applied for, or any lesser number allocated to you under the application;

(xv) authorize the Company to place your name(s) or the name of the HKSCC Nominees, on the Company's register of members as the holder(s) of any Hong Kong Public Offer Shares allocated to you, and the Company and/or its agents to send any Share certificate(s) and/or any e-Auto Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you are eligible to collect the share certificate(s) and/or refund cheque(s) in person;

(xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xvii) understand that the Company and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Public Offer Shares to you and that you may be prosecuted for making a false declaration;

(xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **HK eIPO White Form** Service Provider by you or by any one as your agent or by any other person; and

(xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional Instructions for YELLOW Application Form

You may refer to the **YELLOW** Application Form for details.

5. APPLYING THROUGH HK eIPO WHITE FORM SERVICE

General

Individuals who meet the criteria in "Who can apply" section, may apply through the **HK eIPO White Form** service for the Offer Shares to be allotted and registered in their own names through the designated website at **www.hkeipo.hk**.

Detailed instructions for application through the **HK eIPO White Form** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to the Company. If you apply through the designated website, you authorize the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

Time for Submitting Applications under the HK eIPO White Form

You may submit your application to the **HK eIPO White Form** Service Provider at **www.hkeipo.hk** (24 hours daily, except on the last application day) from 9:00 a.m. on Thursday, 19 July 2018 until 11:30 a.m. on Tuesday, 24 July 2018 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Tuesday, 24 July 2018 or such later time under the "10. Effects of Bad Weather on the Opening of the Applications Lists" in this section.

No Multiple Applications

If you apply by means of **HK eIPO White Form**, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **HK eIPO White Form** service to make an application for Hong Kong Public Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **HK**

eIPO White Form more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **HK eIPO White Form** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (WUMP) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (WUMP) Ordinance (as applied by Section 342E of the Companies (WUMP) Ordinance).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Public Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System (**https://ip.ccass.com**) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Center
1/F, One & Two Exchange Square,
8 Connaught Place,
Central, Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Public Offer Shares on your behalf.

You will be deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to the Company, the Joint Global Coordinators and our Hong Kong Branch Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Hong Kong Public Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

(i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(ii) HKSCC Nominees will do the following things on your behalf:

- agree that the Hong Kong Public Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;

- agree to accept the Hong Kong Public Offer Shares applied for or any lesser number allocated;

- undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering;

- declare that only one set of **electronic application instructions** has been given for your benefit;

- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorized to give those instructions as their agent;

- confirm that you understand that the Company, the Directors and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Public Offer Shares to you and that you may be prosecuted if you make a false declaration;

- authorize the Company to place HKSCC Nominees' name on the Company's register of members as the holder of the Hong Kong Public Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;

- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;

- agree that none of the Company, the Joint Global Coordinators, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);

- agree to disclose your personal data to the Company, our Hong Kong Branch Share Registrar, receiving banks, the Joint Global Coordinators, the Underwriters and/or its respective advisers and agents;

- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;

- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of the Company agreeing that it will not offer any Hong Kong Public Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (WUMP) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the Company's announcement of the Hong Kong Public Offering results;

- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Hong Kong Public Offer Shares;

- agree with the Company, for itself and for the benefit of each Shareholder (and so that the Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies (WUMP) Ordinance and the Articles of Association; and

- agree that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to the Company or any other person in respect of the things mentioned below:

- instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Public Offer Shares on your behalf;

- instructed and authorized HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and

- instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 2,000 Hong Kong Public Offer Shares. Instructions for more than 2,000 Hong Kong Public Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Public Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

- Thursday, 19 July 2018 — 9:00 a.m. to 8:30 p.m.[(1)]

- Friday, 20 July 2018 — 8:00 a.m. to 8:30 p.m.[(1)]

- Monday, 23 July 2018 — 8:00 a.m. to 8:30 p.m.[(1)]

- Tuesday, 24 July 2018 — 8:00 a.m.[(1)] to 12:00 noon

(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Thursday, 19 July 2018 until 12:00 noon on Tuesday, 24 July 2018 (24 hours daily, except on the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Tuesday, 24 July 2018, the last application day or such later time as described in "10. Effect of Bad Weather on the Opening of the Application Lists" in this section.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Public Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (WUMP) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (WUMP) Ordinance (as applied by Section 342E of the Companies (WUMP) Ordinance).

Personal Data

The section of the Application Form headed "Personal Data" applies to any personal data held by the Company, the Hong Kong Branch Share Registrar, the receiving bankers, the Joint Global Coordinators, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Public Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Public Offer Shares through the **HK eIPO White Form** service is also only a facility provided by the **HK eIPO White Form** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. The Company, the Directors and the Joint Global Coordinators and Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **HK eIPO White Form** service will be allotted any Hong Kong Public Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet

System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Tuesday, 24 July 2018.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Public Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through **HK eIPO White Form** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange. "Statutory control" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE HONG KONG PUBLIC OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **HK eIPO White Form** service in respect of a minimum of 2,000 Hong Kong Public Offer Shares. Each application or **electronic application instruction** in respect of more than 2,000 Hong Kong Public Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at **www.hkeipo.hk**.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see the section headed "Structure of the Global Offering — Pricing and Allocation" in this prospectus.

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warming signal number 8 or above; or

- a "black" rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, 24 July 2018. Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Tuesday, 24 July 2018 or if there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed "Expected Timetable" in this prospectus, an announcement will be made in such event.

11. PUBLICATION OF RESULTS

The Company expects to announce the final Offer Price, the level of indication of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Public Offer Shares on Monday, 30 July 2018 on the Company's website at **bojuneducation.com** and the website of the Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on the Company's website at **bojuneducation.com** and the Stock Exchange's website at **www.hkexnews.hk** by no later than 9:00 a.m. on Monday, 30 July 2018;

- from the designated results of allocations website at **www.tricor.com.hk/ipo/result** with a "search by ID" function on a 24-hour basis from 8:00 am on Monday, 30 July 2018 to 12:00 midnight on Sunday, 5 August 2018;

- by telephone enquiry line by calling 3691-8488 between 9:00 a.m. and 6:00 p.m. from Monday, 30 July 2018 to Thursday, 2 August 2018;
- in the special allocation results booklets which will be available for inspection during opening hours from Monday, 30 July 2018 to Wednesday, 1 August 2018 at all the designated branches of receiving banks.

If the Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Public Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in the section headed "Structure of the Global Offering" in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Hong Kong Public Offer Shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or to **HK eIPO White Form** Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with the Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (WUMP) Ordinance (as applied by Section 342E of the Companies (WUMP) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If the Company or its agents exercise their discretion to reject your application:

The Company, the Joint Global Coordinators, the **HK eIPO White Form** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Hong Kong Public Offer Shares is void:

The allotment of Hong Kong Public Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies the Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Public Offer Shares and International Offering Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **HK eIPO White Form** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonored upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- the Company or the Joint Global Coordinators believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Hong Kong Public Offer Shares initially offered under the Hong Kong Public Offering.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum offer price of HK$2.36 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with "Structure of the Global Offering — Conditions of the Global Offering" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on Monday, 30 July 2018.

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one Share certificate for all Hong Kong Public Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Hong Kong Public Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and

- refund cheque(s) crossed "Account Payee Only" in favor of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Public Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on dispatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or about Monday, 30 July 2018. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on Tuesday, 31 July 2018 provided that the Global Offering has become unconditional and the right of termination described in the "Underwriting" section in this prospectus has not been exercised. Investors who trade shares prior to the receipt of share certificates or the share certificates becoming valid do so at their own risk.

Personal Collection

(i) If you apply using a WHITE Application Form

If you apply for 1,000,000 or more Hong Kong Public Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or Share certificate(s) from the Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Monday, 30 July 2018 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorize any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Branch Share Registrar.

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Public Offer Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on Monday, 30 July 2018, by ordinary post and at your own risk.

(ii) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Hong Kong Public Offer Shares or more, please follow the same instructions as described above for collection of your refund cheque(s). If you have applied for less than 1,000,000 Hong Kong Public Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Monday, 30 July 2018, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Monday, 30 July 2018, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- *If you apply through a designated CCASS participant (other than a CCASS investor participant)*

  For Hong Kong Public Offer Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Public Offer Shares allotted to you with that CCASS participant.

- *If you are applying as a CCASS investor participant*

  The Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in "Publication of Results" above. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Monday, 30 July 2018 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Public Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) If you apply through the HK eIPO White Form service

If you apply for 1,000,000 Hong Kong Public Offer Shares or more and your application is wholly or partially successful, you may collect your share certificate(s) from Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Monday, 30 July 2018, or such other date as notified by the Company in the newspapers as the date of despatch/collection of share certificates/e-Auto Refund payment instructions/refund cheques.

If you do not collect your share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Public Offer Shares, your share certificate(s) (where applicable) will be sent to the address specified in your application instructions on Monday, 30 July 2018 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Auto Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(iv) If you apply via Electronic Application Instructions to HKSCC

Allocation of Hong Kong Public Offer Shares

For the purposes of allocating Hong Kong Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Monday, 30 July 2018, or, on any other date determined by HKSCC or HKSCC Nominees.

- The Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, the Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner specified in "Publication of Results" above on Monday, 30 July 2018. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Monday, 30 July 2018 or such other date as determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Monday, 30 July 2018. Immediately following the credit of the Hong Kong Public Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Public Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Monday, 30 July 2018.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

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

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

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

The following is the text of a report set out on pages I-1 to I-82 received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of inclusion in this prospectus.

Deloitte. 德勤

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF BOJUN EDUCATION COMPANY LIMITED AND CHINA SECURITIES (INTERNATIONAL) CORPORATE FINANCE COMPANY LIMITED

Introduction

We report on the historical financial information of Bojun Education Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-82 which comprises the consolidated statements of financial position of the Group as at 31 August 2015, 2016, 2017 and 28 February 2018, the statements of financial position of the Company as at 31 August 2016, 2017 and 28 February 2018, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the three years then ended 31 August 2017 and the six months ended 28 February 2018 (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-82 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 19 July 2018 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessment, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's consolidated financial position as at 31 August 2015, 2016, 2017 and 28 February 2018, of the Company's financial position as at 31 August 2016, 2017 and 28 February 2018, and of the Group's consolidated financial performance and consolidated cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six months ended 28 February 2017 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 14 to the Historical Financial Information which states that no dividend have been paid by the Company in respect of the Track Record Period.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
19 July 2018

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

PREPARATION OF HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of the accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA and were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all amounts are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 August			Six months ended 28 February	
	NOTES	2015	2016	2017	2017	2018
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Continuing operations						
Revenue	6	103,223	135,371	181,240	90,103	115,203
Costs of services		(67,919)	(85,984)	(122,106)	(59,758)	(85,013)
Gross profit		35,304	49,387	59,134	30,345	30,190
Other income (expenses)	7a	5,779	7,422	8,712	4,878	2,928
Other gains and losses	7b	(212)	165	(328)	163	(625)
Listing expenses		—	(3,059)	(7,650)	(4,732)	(6,922)
Administrative expenses		(11,564)	(15,879)	(21,649)	(13,053)	(15,090)
Finance costs	8	(7,422)	(3,946)	(1,363)	(1,136)	(53)
Share of result of a joint venture	9	392	—	—	—	—
Profit before taxation		22,277	34,090	36,856	16,465	10,428
Taxation	10	(1,680)	(2,181)	(1,806)	(1,084)	(827)
Profit for the year/period from continuing operations	11	20,597	31,909	35,050	15,381	9,601
Discontinued operations						
Profit for the year/period from discontinued operations	12	13,665	498	—	—	—
Profit for the year/period		34,262	32,407	35,050	15,381	9,601
Other comprehensive income that will not be reclassified subsequently to profit or loss						
— Remeasurement of defined benefit obligation	26	(643)	(359)	327	164	145
Total comprehensive income for the year/period		33,619	32,048	35,377	15,545	9,746
Profit for the year/period attributable to owners of the Company						
— from continuing operations		18,119	29,640	35,050	15,381	9,601
— from discontinued operations		3,577	143	—	—	—
		21,696	29,783	35,050	15,381	9,601
Profit for the year/period attributable to non-controlling interests						
— from continuing operations		2,478	2,269	—	—	—
— from discontinued operations		10,088	355	—	—	—
		12,566	2,624	—	—	—
		34,262	32,407	35,050	15,381	9,601

	NOTES	Year ended 31 August			Six months ended 28 February	
		2015	2016	2017	2017	2018
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Profit and total comprehensive income for the year/period attributable to						
– owners of the Company		21,117	29,453	35,377	15,545	9,746
– non-controlling interests		12,502	2,595	—	—	—
		33,619	32,048	35,377	15,545	9,746
For continuing and discontinued operations:						
Earnings per share						
— Basic (RMB cent)	15	0.05	0.07	0.06	0.03	0.02
For continuing operations:						
Earnings per share						
— Basic (RMB cent)	15	0.04	0.07	0.06	0.03	0.02

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	NOTES	As at 31 August 2015	As at 31 August 2016	As at 31 August 2017	As at 28 February 2018
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets					
Property, plant and equipment	16	133,653	213,089	224,341	435,265
Prepaid lease payments	17	—	28,658	27,718	107,719
Deferred tax assets	18	299	—	—	10,645
Deposits	19	377	16,877	18,277	23,277
Amounts due from directors	20a	5,135	33,834	—	—
Amounts due from related companies	20b	18,830	32,946	—	—
Prepayments for purchase of property, plant and equipment		480	597	3,705	3,217
		158,774	326,001	274,041	580,123
Current assets					
Prepaid lease payments	17	—	940	940	2,638
Other receivables, deposits and prepayments	19	5,832	11,705	16,492	17,336
Amounts due from directors	20a	10,169	—	36,452	37,736
Amounts due from related companies	20b	120,918	—	40,912	42,200
Amount due from a shareholder	20c	—	1	—	—
Bank balances and cash	21	77,870	373,579	332,531	127,453
		214,789	386,225	427,327	227,363
Assets classified as held for sale	12	633,529	—	—	—
Total current assets		848,318	386,225	427,327	227,363
Total assets		1,007,092	712,226	701,368	807,486
Current liabilities					
Other payables and accruals	22	67,585	181,451	91,087	232,582
Deferred revenue	23	100,305	144,389	201,325	105,287
Amounts due to related companies	20d	102,931	35,084	32,656	33,869
Amounts due to directors	20e	8,006	7,200	1	1
Amount due to a shareholder	20f	—	—	1,300	1,300
Obligations under finance leases due within one year	24	3,189	4,205	3,599	—
Borrowings	25	79,000	—	—	—
Income tax payable		2,890	3,951	3,327	13,606
		363,906	376,280	333,295	386,645
Liabilities associated with assets classified as held for sale	12	581,901	—	—	—
Total current liabilities		945,807	376,280	333,295	386,645
Net current (liabilities) assets		(97,489)	9,945	94,032	(159,282)
Total assets less current liabilities		61,285	335,946	368,073	420,841

	NOTES	As at 31 August 2015	As at 31 August 2016	As at 31 August 2017	As at 28 February 2018
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current liabilities					
Obligations under finance leases due after one year	24	6,506	3,144	—	—
Defined benefit obligations	27	1,555	3,052	2,946	3,389
Deferred income	26	—	—	—	42,579
		8,061	6,196	2,946	45,968
Net assets		53,224	329,750	365,127	374,873
Capital and reserves					
Share capital/paid-in capital	28	9,180	1	1	1
Reserves		6,420	329,749	365,126	374,872
Equity attributable to owners of the Company		15,600	329,750	365,127	374,873
Non-controlling interests		37,624	—	—	—
		53,224	329,750	365,127	374,873

STATEMENTS OF FINANCIAL POSITION

	NOTES	As at 31 August 2016 RMB'000	As at 31 August 2017 RMB'000	As at 28 February 2018 RMB'000
Non-current assets				
Investment in a subsidiary	29	40,510	76,233	76,233
Amount due from a subsidiary	20g	79,817	166,736	173,798
		120,327	242,969	250,031
Current assets				
Deferred issue costs		1,692	3,386	5,481
Amount due from a shareholder	20c	1	—	—
Bank balances and cash	21	130,000	6,169	782
		131,693	9,555	6,263
Current liabilities				
Amounts due to subsidiaries	20h	5,078	4,357	6,638
Accrued listing expenses		—	1,036	2,331
		5,078	5,393	8,969
Net current assets (liabilities)		126,615	4,162	(2,706)
Total assets less current liabilities		246,942	247,131	247,325
Capital and reserves				
Share capital	28	1	1	1
Reserves	30	246,941	247,130	247,324
		246,942	247,131	247,325

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to Owners of the Company								
	Share capital/ paid-in capital	Share premium	Other reserves	Statutory Surplus reserve	Defined benefit obligation remeasurement reserves	Accumulated (losses) profits	Sub-total	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000 (Note i)	RMB'000	RMB'000	RMB'000	RMB'000 (Note ii)	RMB'000
At 1 September 2014	5,180	—	(14,032)*(Note iii)*	6,343	(59)	(5,848)	(8,416)	24,295	15,879
Profit for the year	—	—	—	—	—	21,696	21,696	12,566	34,262
Other comprehensive expense for the year	—	—	—	—	(579)	—	(579)	(64)	(643)
Total comprehensive (expenses) income for the year	—	—	—	—	(579)	21,696	21,117	12,502	33,619
Capital injection *(Note 28)*	4,000	—	—	—	—	—	4,000	1,000	5,000
Deemed distribution to equity holders *(Note iii)*	—	—	(1,101)	—	—	—	(1,101)	(173)	(1,274)
Transfer	—	—	—	7,252	—	(7,252)	—	—	—
At 31 August 2015	9,180	—	(15,133)	13,595	(638)	8,596	15,600	37,624	53,224
Profit for the year	—	—	—	—	—	29,783	29,783	2,624	32,407
Other comprehensive expense for the year	—	—	—	—	(330)	—	(330)	(29)	(359)
Total comprehensive (expenses) income for the year	—	—	—	—	(330)	29,783	29,453	2,595	32,048
Disposal of subsidiaries *(Note 36)*	—	—	—	—	—	—	—	(34,959)	(34,959)
Capital injection *(Note 28)*	20,000	—	—	—	—	—	20,000	—	20,000
Issue of a new share of the Company at the date of incorporation *(Note 28)*	—*	—	—	—	—	—	—	—	—
Issue of new shares on 28 July 2016 *(Note 28)*	1	—	—	—	—	—	1	—	1
Issue of new shares *(Note 28)*	—*	250,000	—	—	—	—	250,000	—	250,000
Payment of dividends *(Note 14)*	—	—	—	—	—	—	—	(168)	(168)
Deemed contribution from equity holder *(Note 36)*	—	—	17,040	—	—	—	17,040	1,894	18,934
Deemed distribution to equity holders *(Note iii)*	—	—	(8,397)	—	—	—	(8,397)	(933)	(9,330)
Arising from Reorganisation *(Note iv a)*	720	—	(221)	—	—	1,271	1,770	(1,770)	—
Arising from Reorganisation# *(Note iv b)*	1,500	—	(1,500)	—	—	—	—	—	—
Arising from Reorganisation *(Note iv c)*	1,100	—	4,516	—	—	(1,333)	4,283	(4,283)	—
Arising from Reorganisation *(Note iv d)*	(32,500)	—	32,500	—	—	—	—	—	—
Transfer	—	—	—	10,308	—	(10,308)	—	—	—

* *Amount is less than RMB1,000.*

\# *As defined in Note 2.*

	Attributable to Owners of the Company								
	Share capital/ paid-in capital	Share premium	Other reserves	Statutory Surplus reserve	Defined benefit obligation remeasurement reserves	Accumulated (losses) profits	Sub-total	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000 (Note i)	RMB'000	RMB'000	RMB'000	RMB'000 (Note ii)	RMB'000
At 31 August 2016	1	250,000	28,805	23,903	(968)	28,009	329,750	—	329,750
Profit for the year	—	—	—	—	—	35,050	35,050	—	35,050
Other comprehensive income for the year	—	—	—	—	327	—	327	—	327
Total comprehensive income for the year	—	—	—	—	327	35,050	35,377	—	35,377
Transfer	—	—	—	11,820	—	(11,820)	—	—	—
At 31 August 2017	1	250,000	28,805	35,723	(641)	51,239	365,127	—	365,127
Profit for the period	—	—	—	—	—	9,601	9,601	—	9,601
Other comprehensive income for the period	—	—	—	—	145	—	145	—	145
Total comprehensive income for the period	—	—	—	—	145	9,601	9,746	—	9,746
At 28 February 2018	1	250,000	28,805	35,723	(496)	60,840	374,873	—	374,873
For the six months ended 28 February 2017 *(unaudited)*									
At 1 September 2016	1	250,000	28,805	23,903	(968)	28,009	329,750	—	329,750
Profit for the period	—	—	—	—	—	15,381	15,381	—	15,381
Other comprehensive income for the period	—	—	—	—	164	—	164	—	164
Total comprehensive income for the period	—	—	—	—	164	15,381	15,545	—	15,545
At 28 February 2017	1	250,000	28,805	23,903	(804)	43,390	345,295	—	345,295

Notes:

(i) According to the relevant PRC laws and regulations, for private school that require for reasonable return, it is required to appropriate to development fund of not less than 25% of the annual net income of the relevant school as determined in accordance with generally accepted accounting principles in the PRC. The development fund is for the construction or maintenance of the school or procurement or upgrading of educational equipment.

(ii) The non-controlling interests comprise of (a) those equity interests in the PRC Operating Entities* held by parties other than the Controlling Equity Holders* until completion of the Reorganisation*; (b) those attributed to the Discontinued Operations (Note 12). No subsidiaries have material non-controlling interests within the continuing operations during the Track Record Period.

(iii) Amounts represent the deemed distribution to equity holders, being the differences between the fair value of the interest free advances to the related parties (including equity shareholders and those companies controlled by equity shareholders), and the principal amounts of the advances at initial recognition. These advances were unsecured, non-interest bearing and the management of the Group expected the advances would not be recovered within one year. Details of the advances to the related parties are included in Note 20.

(iv) Amounts arising from Reorganisation include the following:

(a) On 30 December 2015, the non-controlling interest of 18% in Sichuan Boai (as defined in Note 37) was acquired by Mdm. Liao Rong*.

(b) In streamlining the group structure, the individual shareholders (the "Individual Shareholders") agreed to transfer their respective equity interest in Sichuan Boai, Chengdu Youshi, Chengdu Jinbojun and Renshou Bojun to Chengdu Mingxian (all defined in Note 37) at the consideration equivalent to the aggregate registered capital of the respective companies, amounting to RMB30,000,000 (the "Consideration"). The Consideration was subsequently set off to the payables by respective Individual Shareholders to Chengdu Mingxian amounting to RMB31,500,000 being the committed capital contribution to Chengdu Mingxian from the Individual Shareholders.

(c) Amounts represent equity interests attributable to non-controlling interests upon the Reorganisation.

(d) Amount represents the paid-in capital of Chengdu Mingxian upon the Company became the holding company of Chengdu Mingxian and its subsidiaries (including the PRC Operating Entities) effective from the date of Structured Contracts*.

* *As defined in Note 2.*

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 August			Six months ended 28 February	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Operating activities					
Profit for the year/period	34,262	32,407	35,050	15,381	9,601
Adjustments for:					
Income tax expenses	7,208	2,994	1,806	1,084	827
Depreciation of property, plant and equipment	9,220	12,864	17,662	9,161	10,831
Release of prepaid lease payments	—	—	940	470	887
Amortisation of government grants	—	—	—	—	(121)
Finance costs	7,990	4,328	1,363	1,136	53
Share of result of a joint venture	(392)	—	—	—	—
Loss on disposal of property, plant and equipment, net	93	226	15	—	1
Impairment loss recognized in respect of properties under development for sale/properties hold for sale	3,007	1,762	—	—	—
Imputed interest income from amounts due from directors	(371)	(1,008)	(2,416)	(1,154)	(1,284)
Imputed interest income from amounts due from related companies	(5,956)	(4,309)	(2,426)	(1,188)	(1,288)
Interest income from banks	(176)	(660)	(2,998)	(1,846)	(474)
Interests waived by a third party	–	(2,138)	(713)	(713)	—
Defined benefit plan expenses	99	1,138	221	110	588
Operating cash flows before movements in working capital	54,984	47,604	48,504	22,441	19,621
Movements in working capital:					
Increase in other receivables, deposits and prepayments	(19,251)	(27,743)	(6,187)	(2,657)	(5,844)
Decrease in properties under development for sale/properties held for sale	358,683	30,883	—	—	—
Increase in amounts due to related companies	—	—	196	98	98
Increase (decrease) in deferred revenue	34,180	44,084	56,936	(59,063)	(96,038)
Decrease in advances from customers	(258,092)	(66,709)	—	—	—
(Decrease) increase in other payables and accruals	(16,957)	41,710	27,795	9,595	(3,238)
Cash generated from (used in) operations	153,547	69,829	127,244	(29,586)	(85,401)
Interest received from banks	176	660	2,998	1,846	474
Income taxes paid	(216)	(821)	(2,430)	(1,431)	(1,193)
Net cash from (used in) operating activities	153,507	69,668	127,812	(29,171)	(86,120)

	Year ended 31 August			Six months ended 28 February	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Investing activities					
Payment for property, plant and equipment	(20,432)	(73,633)	(64,107)	(46,706)	(75,369)
Payment for leasehold land	—	(29,598)	—	—	(82,586)
Proceeds from disposal of property, plant and equipment	130	297	212	170	12
Loan advanced to related companies	(93,050)	(30,000)	—	—	—
Repayment of loan from related companies	93,050	30,000	—	—	—
Advance to related companies	(76,915)	(32,433)	(6,240)	(4,900)	—
Repayment from related companies	11,033	119,001	700	700	—
Advances to directors	(400)	(200)	(203)	—	—
Repayment from directors	—	1,207	1	1	—
Receipt of government grants of assets related	—	—	—	—	42,700
Net cash outflows from disposal of subsidiaries	—	(23,724)	—	—	—
Net cash used in investing activities	(86,584)	(39,083)	(69,637)	(50,735)	(115,243)
Financing activities					
Interests paid	(7,795)	(1,191)	—	—	—
Dividend payment	—	(168)	—	—	—
Advance from a director	1,000	—	1	—	—
Repayment of advance from a director	(800)	(806)	(7,200)	(7,200)	—
Advance from (repayment of advance) from a third party	—	85,000	(85,000)	(85,000)	—
Repayment of borrowings	(50,000)	(109,000)	—	—	—
Proceeds from issue of new shares and capital injection	5,000	270,000	—	—	—
Proceeds from new borrowings raised	79,000	30,000	—	—	—
Proceeds from finance leases	9,500	—	—	—	—
Repayment of finance leases	—	(3,345)	(4,400)	(3,285)	(3,652)
Advance from related companies	17,102	43,624	—	—	—
Repayment of advance from related companies	(85,782)	(77,058)	(2,624)	(1,916)	(63)
Net cash (used in) from financing activities	(32,775)	237,056	(99,223)	(97,401)	(3,715)
Net increase (decrease) in cash and cash equivalents	34,148	267,641	(41,048)	(177,307)	(205,078)
Cash and cash equivalents at beginning of the year/period	71,790	105,938	373,579	373,579	332,531
Cash and cash equivalents at end of the year/period, represented by bank balances and cash	105,938	373,579	332,531	196,272	127,453

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 14 June 2016.

The addresses of the registered office and the principal place of business of the Company are set out in the section headed "Corporate Information" to the Prospectus.

The Company is an investment holding company. The Company and its subsidiaries engaging in continuing operations are principally engaged in providing private education services, including kindergarten, middle and high school education services, in the PRC.

The functional currency of the Company is RMB, which is also the presentation currency of the Company and its principal subsidiaries.

2. GROUP REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

Prior to the commencement of the group restructuring in 2016, throughout the Track Record Period or since the control is obtained, 冉濤 ("Mr. Ran Tao"), 熊濤 ("Mr. Xiong Tao") and Mr. Xiong Tao's spouse, 廖蓉 ("Mdm. Liao Rong") have been managing and controlling Chengdu Mingxian, Sichuan Boai, Chengdu Youshi, Renshou Bojun and Chengdu Jinbojun (collectively known as the "School Sponsors"), Jinjiang School, Longquan School, Tianfu School, Youshi Kindergarten, Lidu Kindergarten, Riverside Kindergarten, Longquan Kindergarten, Qingyang Kindergarten and Peninsula Kindergarten (collectively known as the "PRC Operating Entities") (all defined in Note 37) on a collective basis. Mr. Ran Tao, Mr. Xiong Tao and Mdm. Liao Rong have reiterated their agreement in writing that, in respect of the arrival and/or execution of all decision, including but not limited to financial management and operational matters of the School Sponsors and the PRC Operating Entities, they have always been acting in concert. Accordingly, Mr. Xiong Tao, Mr. Ran Tao and Mdm. Liao Rong have been acting in concert of each other and are regarded as "Controlling Equity Holders" of the School Sponsors and the PRC Operating Entities.

Pursuant to the reorganisation as more fully explained in the paragraph headed under the section headed "History and Development — Corporate Reorganization" in the Prospectus ("Reorganisation"), the Company became the holding company of the entities now comprising the Group on 30 August 2017. The Reorganisation involved combination of the Company, its direct wholly-owned companies, the School Sponsors and PRC Operating Entities with execution of Structured Contracts (as defined below), the Historical Financial Information for the Track Record Period has been presented as a continuation of the existing entity under the principles of common control combination in accordance with Accounting Guideline 5 *Merger Accounting for Common Control Combinations* issued by the HKICPA as if the Reorganisation had been completed at the beginning of the Track Record Period.

The provision of private education services of the Group was carried out by PRC Operating Entities during the Track Record Period. Due to regulatory restrictions on foreign ownership in the private-owned schools in the PRC, for the Reorganisation, Chengdu Bojun, the wholly-owned subsidiary of the

Company, has entered into the structured contracts with, among others, the PRC Operating Entities, the School Sponsors and their respective legal equity holders (the "Structured Contracts", details of which are disclosed in the paragraph headed "Structured Contracts" in the Prospectus). The arrangements of the Structured Contracts, effective from 29 August 2016 and further amended to 30 August 2017, enable Chengdu Bojun to:

- exercise effective financial and operational control over the School Sponsors and the PRC Operating Entities;

- exercise equity holders' voting rights of the School Sponsors and the PRC Operating Entities;

- receive substantially all of the economic interest returns generated by the PRC Operating Entities in consideration for the exclusive technical and management consultancy services including, among others, (a) design, development, update and maintenance of educational software for computer and mobile devices; (b) design, development, update and maintenance of webpages and websites necessary for the education activities of the PRC Operating Entities; (c) design, development, update and maintenance of management information systems necessary for the education activities of the PRC Operating Entities; (d) provision of other technical support necessary for the education consultation and teaching activities of the PRC Operating Entities; (e) provision of technical consulting services; (f) provision of assistance for the PRC Operating Entities to develop employee training and development programs; (g) engaging technical staff to provide on-site technical support (if necessary); (h) design of curriculum; (i) preparation, selection and/or recommendation of course materials; (j) provision of teacher and staff recruitment and training support and services; (k) provision of student recruitment support and services; (l) provision of public relation services; (m) formulation of long term strategic development plans and annual working plans; (n) formulation of management and business planning and market development plans; (o) development of financial management systems and recommendation and optimization on annual budget; (p) advising on design of internal structures and internal management of the PRC Operating Entities; (q) provision of management and consultancy training; (r) provision of market survey and research; (s) formulation of market development plan; (t) building of education management network; and (u) provision of other technical services reasonably requested by the PRC Operating Entities; and

- obtain an irrevocable and exclusive right to purchase all or part of equity interests in the School Sponsors and the PRC Operating Entities from the respective equity holders at nil consideration or a minimum purchase price permitted under PRC laws and regulations. Chengdu Bojun may exercise such options at any time until it has acquired all equity interests in and/or all assets of the School Sponsors and the PRC Operating Entities. In addition, the School Sponsors and the PRC Operating Entities are not allowed to sell, transfer, or dispose any assets, or make any distributions to their equity holders without prior consent of Chengdu Bojun.

The Company does not have any equity interest in the School Sponsors or the PRC Operating Entities. However, as a result of the Structured Contracts, the Company has power over the School Sponsors and the PRC Operating Entities, has rights to variable returns from its involvement with the School Sponsors and the PRC Operating Entities and has the ability to affect those returns through its power over the School Sponsors and the PRC Operating Entities and therefore is considered to have control over the School Sponsors and the PRC Operating Entities. Consequently, the Company regards the School Sponsors and the PRC Operating Entities as indirect subsidiaries. The Group has consolidated the assets and liabilities, income and expenses of the School Sponsors and the PRC Operating Entities in the Historical Financial Information during the Track Record Period.

The following sets out the financial information of the School Sponsors and the PRC Operating Entities shown in their financial statements before elimination of the inter-company balances:

	Year ended 31 August			Six months ended 28 February	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Continuing operations					
Revenue	103,223	135,371	181,240	90,103	115,203
Profit before taxation	22,277	37,165	49,298	22,868	22,953

	As at 31 August			As at 28 February
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets	158,774	325,933	273,767	579,671
Current assets	214,789	139,250	321,258	180,583
Current liabilities	363,906	376,280	465,283	566,705
Non-current liabilities	8,061	6,196	2,946	45,968

Note Assets classified as held for sale/liabilities associated with assets classified as held for sale are excluded.

As of 28 February 2018, the Group recorded net current liabilities of RMB159,282,000. In view of these circumstances, the directors of the Company have given consideration of the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. The Historical Financial Information has been prepared on a going concern basis because the directors of the Company are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due in the next twelve months by taking into account the Group's cash flow projection, repayment from related parties, unutilised bank facilities and the Group's future capital expenditure in respect of its non-cancellable capital commitments.

3. APPLICATION OF HKFRSs

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently applied HKFRSs that are effective for the financial year beginning on 1 September 2017 throughout the years ended 31 August 2015, 2016 and 2017 and the six months ended 28 February 2018.

At the date of issuance of this report, the Group has not early applied the following new and amendments to HKFRSs, Hong Kong Accounting Standards ("HKASs") and the new interpretations that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[4]
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[2]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKAS 28	As part of Annual Improvements to HKFRSs 2014-2016 Cycle[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle[2]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after 1 January 2021

Except as described below, the management of the Group considers that the application of the other new and amendments to HKFRSs, HKASs and the new interpretations is unlikely to have a material impact on the Group's financial position and performance as well as disclosure in future.

HKFRS 9 *Financial Instruments*

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the Group are described below:

- All recognized financial assets that are within the scope of HKFRS 9 are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, is measured at 'fair value through other comprehensive income' (FVTOCI). All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39 *Financial Instruments: Recognition and Measurement*. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

In the opinion of the directors of the Company, based on the historical experience of the Group, there was no default in outstanding balances from debtors in the past. Hence, the directors of the Company anticipate that the application of HKFRS 9 would not have material impact on the Group's future consolidated financial statements. The above assessments were made based on an analysis of the Group's financial assets as at 28 February 2018 on the basis of the facts and circumstances that existed at that date. The Group intends to apply practical expedients prescribed in the standard upon the first adoption. It is also expected that the adoption of HKFRS 9 in the future may not have other significant impact on amounts reported in respect of the Group's financial assets and financial liabilities based on an analysis of the Group's financial instruments as at 28 February 2018.

HKFRS 15 *Revenue from Contracts with Customers*

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, amendments to HKFRS 15 were issued to add clarifications to (i) identifying performance obligations, (ii) principal versus agent considerations, and (iii) licensing application guidance as well.

The Group intends to adopt the standard using the modified retrospective approach. Based on preliminary analysis, the management of the Group anticipates that the adoption of HKFRS 15 is unlikely to have significant impact on recognition of service income from provision of tuition and boarding services but will result in more disclosures.

HKFRS 16 ***Leases***

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 *Leases* and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognized for all leases by lessees, except for short-term leases and leases of low value assets. The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents operating lease payments as operating cash flows. Under HKFRS 16 lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows.

Under HKAS 17, the Group has already recognized an asset and a related finance lease liability for finance lease arrangement and lease payments for leasehold lands where the Group is lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 28 February 2018, the Group has non-cancellable operating lease commitments of RMB191,986,000 as disclosed in Note 31. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognize a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. The combination of straight-line depreciation of the right-of-use asset and the effective interest rate method applied to the lease liability will result in a higher total charge to the consolidated statement of profit or loss in the initial years of the lease, and decreasing expenses during the latter part of the lease term, but there is no impact on the total expenses recognized over the lease term. In addition, the Group currently considers refundable rental deposits paid of

RMB1,677,000 as at 28 February 2018 as rights under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost and such adjustments are considered as additional lease payments. Adjustment to refundable rental deposits paid would be included in the carrying amount of right-of-use assets. The directors of the Company anticipate that the application of HKFRS 16 would not have significant impact on the net financial position and performance of the Group comparing with HKAS 17 currently adopted by the Group. Nevertheless, the application of new requirements may result changes in presentation and disclosure as indicated above.

4. SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information has been prepared on the historical cost basis, except for defined benefits obligations that are measured using "projected unit credit method", and in accordance with the following accounting policies which conform with HKFRSs. In addition, the Historical Financial Information includes the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Historical Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies adopted are set out below.

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and entities (including the School Sponsors and PRC Operating Entities) controlled by the Company and its subsidiaries. Control is achieved when a company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity thereon.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the

Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets, and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs).

Merger accounting for business combination involving entities under common control

The Historical Financial Information incorporates the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing carrying values from the controlling party's prospective. No amount is recognized in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statements of profit or loss and other comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where is a shorter period, regardless of the date of the common control combination.

Investment in a subsidiary

Investment in a subsidiary is stated in the statements of financial position of the Company at cost less any identified impairment loss.

Investment in a joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of a joint venture are incorporated in the Historical Financial Information using the equity method of accounting. The financial statements of joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in a joint venture is initially recognized in the consolidated statements of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the joint venture. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount.

Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognized in the profit or loss.

When a group entity transacts with a joint venture of the Group, profits and losses resulting from the transactions with the joint venture are recognized in the Group's Historical Financial Information only to the extent of interests in the joint venture that are not related to the Group.

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs of disposal.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and provided it is probable that the future economic benefits will flow to the Group and the revenue and costs incurred or to be incurred, if applicable, can be measured reliably, revenue is recognized in profit or loss as follows:

Service income includes tuition fees and boarding fees from middle schools and high school of the Group and tuition fees from kindergarten education services.

Tuition and boarding fees received from kindergartens, middle schools and high schools are generally paid in advance prior to the beginning of each school term, and are initially recorded as deferred revenue. Tuition and boarding fees are recognized proportionately over the relevant period of the applicable program. The portion of tuition and boarding payments received from students but not earned is recorded as deferred revenue and is reflected as a current liability as such amounts represent revenue that the Group expects to earn within one year. The school year of the Group's school is generally from September to June of the following year.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Income from provision of services at the on-campus canteens is recognized upon rendering of such services.

Revenue from sale of properties in the course of ordinary activities of the Discontinued Operations (as defined in Note 12) is recognized when the properties are delivered and the significant risks and rewards of ownership have been transferred to the buyer, provided that at that stage it is probable that the economic benefits will flow to the Group and the revenue can be measured reliably and the Group maintains neither managerial involvement to the degree usually associated with ownership nor effective control over the land and other properties sold.

Deposits and instalments received from purchasers of the properties prior to meeting the above criteria for revenue recognition are included in the consolidated statements of financial position under current liabilities.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are initially recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statements of financial position as a finance lease obligation. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis.

The Group as lessor

Rental income from operating lease is recognized in profit or loss on a straight-line basis over the term of the relevant lease.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Retirement benefit costs

Payments to defined contribution retirement benefit plans and state-managed retirement benefit schemes are recognized as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the consolidated statements of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in accumulated profits and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement.

The Group presents the first two components of defined benefit costs in profit or loss in the line items of Costs of services/Administrative expenses. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognized in the consolidated statements of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs.

Short-term and other long-term employee benefits

Short-term employee benefits are recognized at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short term employee benefits are recognized as an expense unless another HKFRS requires or permits the inclusion of the benefits in the cost of an asset.

A liability is recognized for benefits accruing to employees (such as wages and salaries and annual leave) after deduction of any amount already paid. Liabilities recognized in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service costs, interest and re-measurement are recognized in profit or loss except to the extent that another HKFRS requires or permits their inclusion in the cost of an asset.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before taxation" as reported in the consolidated statements of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognized so as to write off the cost of items of property, plant and equipment, other than construction is progress, less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Construction in progress is carried at cost, less any recognized impairment loss. Construction in progress is classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property, plant and equipment, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Leasehold land for own use

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statements of financial position. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment. Prepaid lease payments are stated at cost less subsequent accumulated amortisation and any accumulated impairment losses. The costs of prepaid lease payments are amortised on a straight-line basis over the shorter of the relevant lease/land use right or the operation period of the relevant entity.

Prepaid lease payments

Prepaid lease payments represent payments for obtaining land use right and is amortised to profit or loss on a straight-line basis over the lease terms as stated in the relevant land use right certificate granted for usage by the Group in the PRC and the remaining terms of the operating license of the PRC entity, whichever is the shorter. Prepaid lease payments which is to be amortised to profit or loss in the next twelve months is classified as current assets.

Properties under development for sale

Properties under development which are intended to be held for sale are carried at lower of cost and net realisable value and are shown as current assets. Cost includes the costs of land (including relocation costs), development expenditure incurred and, where appropriate, borrowing costs capitalised during construction period. Net realisable value is determined based on prevailing market conditions.

Properties under development for sales are transferred to properties held for sale upon completion of development activities, which is when the relevant completion certificates are issued by the respective government authorities.

Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value. Cost is determined by apportionment of the total land and development costs attributable to the properties held for sale. Net realisable value is determined based on prevailing market conditions.

Impairment of tangible assets

At the end of each reporting period, the management of the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro-rata to the other assets of the unit. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or a cash generating unit) in prior years. A reversal of an impairment loss is recognized as income immediately in profit or loss.

Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred income in the consolidated statements of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

Financial instruments

Financial assets and financial liabilities are recognized in the consolidated statements of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

All financial assets are recognized and derecognized on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Financial assets are classified into "loans and receivables". The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including other receivables and deposits, bank balances and cash and amounts due from related parties) are carried at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment loss on financial assets below).

Interest is recognized by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognized on an effective interest basis for debt instruments.

Impairment loss on financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Breach of contract, such as a default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For financial assets carried at amortised cost, an impairment loss is recognized in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flow discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognized.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity instruments in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Financial liabilities

Financial liabilities (including other payables, borrowings, amounts due to related parties) are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of a group entity after deducting all of its liabilities. Equity instruments issued by the group entities are recognized at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payment (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognized on an effective interest basis.

De-recognition

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfer nor retains substantially all the risks and rewards of ownership and continues to control the transferred financial asset, the Group continues to recognize to the extent of its continuing involvement and recognizes an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount is presented in the Historical Financial Information when the Group has a legally enforceable right to set off the recognized amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available currently rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical accounting judgments

The following are the critical judgements that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the Historical Financial Information.

Contractual arrangements

The Group conducts a substantial portion of the business through the PRC Operating Entities in the PRC due to regulatory restrictions on foreign ownership in the Group's schools in the PRC. The Group does not have any equity interest in the School Sponsors and the PRC Operating Entities. The directors of the Company assessed whether or not the Group has control over the School Sponsors and the PRC Operating Entities based on whether the Group has the power over the School Sponsors and the PRC Operating Entities, has rights to variable returns from its involvement with the School Sponsors and the PRC Operating Entities and has the ability to affect those returns through its power over the School Sponsors and the PRC Operating Entities. After assessment, the directors of the Company concluded that the Group has control over the School Sponsors and the PRC Operating Entities as a result of the Contractual Arrangements and other measures and accordingly, the Group has consolidated the Historical Financial Information of the School Sponsors and the PRC Operating Entities in the Historical Financial Information during the Track Record Period.

Nevertheless, the Contractual Arrangements and other measures may not be as effective as direct legal ownership in providing the Group with direct control over the School Sponsors and the PRC Operating Entities and uncertainties presented by the PRC legal system could impede the Group's beneficiary rights of the results, assets and liabilities of the School Sponsors and the PRC Operating Entities. The directors of the Company, based on the advice of its legal counsel, consider that the Contractual Arrangements among Chengdu Bojun, the School Sponsors and the PRC Operating Entities and their respective legal equity holders are in compliance with the relevant PRC laws and regulations and are legally enforceable.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve months from the end of each reporting period.

(a) Useful lives and residual values of items of property, plant and equipment

In determining the useful lives and residual values of items of property, plant and equipment, the Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in the provision of services, or from a change in the market demand for the product or service output of the asset, expected usage of the asset, expected physical wear and tear, care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way. Additional depreciation is made if the estimated useful lives and/or residual values of items of property, plant and equipment are different from previous estimation. Useful lives and residual values are reviewed at the end of each reporting period based on changes in circumstances. As at 31 August 2015, 2016, 2017 and 28 February 2018, the carrying amount of property, plant and equipment are RMB133,653,000, RMB213,089,000, RMB224,341,000 and RMB435,265,000, respectively.

(b) Income taxes

Significant judgement is required in interpreting the relevant tax rules and regulation so as to determine whether those schools providing degree education services within the Group is subject to the PRC enterprises income tax ("EIT"). New information may become available that causes the Group to change its estimate regarding the adequacy of the tax liabilities. Such changes to tax liabilities will impact tax expense in the period when such determination is made.

6. REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in the provision of education services in the PRC.

Revenue represents service income comprising tuition fees and boarding fees.

Segment information

The Group's chief operating decision maker ("CODM") has been identified as the chief executive officer who reviews revenue analysis of the Group as a whole.

Information reported to the CODM, for the purposes of resources allocation and assessment of segment performance focuses on types of services provided. CODM considers the business from service perspectives whereby assesses the performance of preschool education provided by Youshi Kindergarten, Lidu Kindergarten, Riverside Kindergarten, Longquan Kindergarten, Qingyang Kindergarten and Peninsula Kindergarten (collectively referred to as "Preschool Education"), and degree education provided by Jinjiang School, Longquan School and Tianfu School (collectively referred to as "Degree Education"), based on revenue generated in the course of the ordinary activities of a recurring nature. The services provided and type of customers are similar to those schools providing Preschool Education and Degree Education respectively and they are subject to similar regulatory environment. Accordingly, their segment information is aggregated as two reportable segments, i.e. Preschool Education and Degree Education. The accounting policies of the reportable segment are the same as the Group's accounting policies described in Note 4. No analysis of the Group's results nor assets and liabilities is regularly provided to the CODM for review.

The segment information provided to the CODM in respect of revenue from respective segment from continuing operations for the years ended 31 August 2015, 2016, 2017 and the six months ended 28 February 2017 and 2018 is as follows:

	Preschool Education	Degree Education	Total
	RMB'000	RMB'000	RMB'000
Year ended 31 August 2015			
Tuition fees	39,400	61,614	101,014
Boarding fees	—	2,209	2,209
Total	39,400	63,823	103,223
Year ended 31 August 2016			
Tuition fees	49,917	82,639	132,556
Boarding fees	—	2,815	2,815
Total	49,917	85,454	135,371
Year ended 31 August 2017			
Tuition fees	56,233	121,370	177,603
Boarding fees	—	3,637	3,637
Total	56,233	125,007	181,240
Six months ended 28 February 2017 (unaudited)			
Tuition fees	27,901	60,354	88,255
Boarding fees	—	1,848	1,848
Total	27,901	62,202	90,103
Six months ended 28 February 2018			
Tuition fees	28,248	84,329	112,577
Boarding fees	—	2,626	2,626
Total	28,248	86,955	115,203

Geographical information

During the Track Record Period, the Group operated within one geographical segment because all of its revenue from continuing operations was generated in the PRC and all of its non-current assets were located in the PRC. Accordingly, no geographical segment information is presented.

Major customers

No single customer contributes 10% or more of total revenue from continuing operations of the Group during the Track Record Period.

7. a. OTHER INCOME (EXPENSES)

	Year ended 31 August			Six months ended 28 February	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Continuing operations					
Imputed interest income from advances to directors	371	1,008	2,416	1,154	1,284
Imputed interest income from advances to related companies	5,448	3,925	2,426	1,188	1,288
Interest income from banks	63	593	2,998	1,846	474
Amounts received for ancillary services income*	2,826	5,914	25,189	12,447	14,968
Less: relevant expenses	(2,826)	(5,914)	(25,189)	(12,447)	(14,968)
Interest waived by a third party *(Note 22)*	—	2,138	713	713	—
Others, net	(103)	(242)	159	(23)	(118)
	5,779	7,422	8,712	4,878	2,928

* *Income from ancillary services represents the services provided at the on-campus canteens.*

b. OTHER GAINS AND (LOSSES)

	Year ended 31 August			Six months ended 28 February	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Continuing operations					
Loss arising on disposal of property, plant and equipment, net	(148)	(226)	(15)	—	(1)
Others	(64)	391	(313)	163	(624)*
	(212)	165	(328)	163	(625)

* *Included in the amount is RMB674,000, representing net exchange loss recognized during the period.*

8. FINANCE COSTS

	Year ended 31 August			Six months ended 28 February	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Continuing operations					
Interest on:					
Bank borrowings	7,227	809	—	—	—
Obligation under finance leases	195	999	650	423	53
Advances from a third party *(Note 22)*	—	2,138	713	713	—
	7,422	3,946	1,363	1,136	53

9. SHARE OF RESULT OF A JOINT VENTURE

Prior to 31 August 2015, the Group held 51% interest in 四川理工學院成都美術學院 (Chengdu College of Fine Arts of Sichuan University of Science and Engineering*) which is engaged in providing art education services. Pursuant to the arrangement with the joint venture partner, all the financial and operational decision requires unanimous consent by both of the joint venture partners. As at 31 July 2015, the business of the joint venture was ceased upon deregistration and the net assets attributable to the Group and the joint venture partner amounted RMB11,777,445 and RMB11,315,457, respectively, representing amounts receivable from the Group and the joint venture partner.

Summarised financial information in respect of the Group's joint venture is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with HKFRSs.

The joint venture is accounted for using the equity method in the Historical Financial Information.

	Year ended 31 August 2015
	RMB'000
Revenue	1,891
Profit and total comprehensive income for the period from 1 September 2014 to the date of cessation	768

* *The English name is for identification purpose only.*

10. TAXATION

The Company and Bojun Investment were incorporated in the Cayman Islands and BVI respectively, both jurisdictions are tax exempted.

No provision for Hong Kong Profits Tax has been made as the Group's operation in Hong Kong had no assessable profit during the Track Record Period. Chengdu Bojun and US Bojun (as defined in Note 37) had no assessable profit subject to the PRC EIT of 25% and corporate tax in the United States ("USA"), respectively, since their establishment.

According to the Implementation Rules for the Private Education Law, private schools, which the school sponsors requiring reasonable returns or not, are eligible to enjoy preferential tax treatment. Each of the PRC Operating Entities requires reasonable returns. The Implementing Rules provide that the relevant authorities under the State Council may introduce preferential tax treatments and related policies applicable to private schools requiring reasonable returns. During the Track Record Period and up to the date of this report, no separate policies, regulations or rules have been introduced by the authorities in this regard.

The Preschool Education are subject to the PRC EIT of 25%. According to announcement of the State Administration of Taxation on issues concerning Enterprise Income Tax related with enhancing the Western Region Development Strategy, except for Peninsula Kindergarten all other preschools were registered with the local tax authority to be eligible to the reduced 15% PRC EIT rate starting from 1 January 2015. Peninsula Kindergarten is eligible to the reduced PRC EIT rate of 15% starting from 1 January 2016, prior to that it was subject to the PRC EIT of 25%. Further, as confirmed by local tax bureau, the Degree Education were not regarded as PRC EIT paying entities nor imposed the PRC EIT during the Track Record Period. No PRC EIT has been recognized by the Degree Education in the Historical Financial Information.

Pursuant to the PRC Income Tax Law and the respective regulations, the companies of the Group which operate in Mainland China are subject to PRC EIT at a rate of 25% on its taxable income.

	Year ended 31 August			Six months ended 28 February	
	2015	**2016**	**2017**	**2017**	**2018**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000 (unaudited)**	**RMB'000**
Continuing operations					
Tax expense comprises:					
Current tax — PRC EIT	1,339	1,882	1,806	1,084	11,472
Deferred tax *(Note 18)*	341	299	—	—	(10,645)
	1,680	2,181	1,806	1,084	827

The taxation for the Track Record Period can be reconciled to the profit before taxation from the continuing operations per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended 31 August			Six months ended 28 February	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Profit before taxation from continuing operations	22,277	34,090	36,856	16,465	10,428
Tax at applicable tax rate of 25%	5,569	8,522	9,214	4,116	2,607
Tax effect of expenses not deductible for tax purpose	2	806	2,167	1,901	3,464
Effect of tax losses not recognized	3,267	4,488	2,597	1,298	1,704
Utilisation of tax losses previously not recognized	—	—	(864)	(432)	(1,032)
Effect of tax concessions and partial tax exemption	(7,158)	(11,635)	(11,308)	(5,799)	(5,916)
Taxation for the year/period for the continuing operations	1,680	2,181	1,806	1,084	827

11. PROFIT FOR THE YEAR/PERIOD FROM CONTINUING OPERATIONS

Profit for the year from continuing operations has been arrived at after charging:

	Year ended 31 August			Six months ended 28 February	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Directors' and chief executive's remuneration *(Note 13)*	349	449	894	368	507
Other staff costs					
— Salaries and other benefits	36,018	47,035	69,465	35,483	46,809
— Staff welfare	5,970	7,608	9,011	4,373	6,969
— Retirement benefit schemes					
— defined contributions benefits	3,328	3,913	6,872	4,010	4,095
— defined benefits *(Note 27)*	99	1,138	221	110	588
Total staff costs	45,764	60,143	86,463	44,344	58,968
Royalty fee (included in "costs of services")	6,666	7,399	9,554	3,942	5,262
Depreciation of property, plant and equipment	8,699	12,550	17,662	9,161	10,831
Release of prepaid lease payments	—	—	940	470	887
Auditor's remuneration	—*	—*	3,225	169	1,172

* *No remuneration incurred since the appointment of the Company's statutory auditor was made.*

12. DISCONTINUED OPERATIONS/DISPOSAL GROUP HELD FOR SALE

On 22 July 2015, the directors of Chengdu Mingxian resolved to dispose of all of the Group's property development business.

On 3 May 2016, Chengdu Mingxian entered into an equity transfer agreement with Mr. Xiong Tao and 成都博眾教育投資管理有限公司 Chengdu Bozhong Education Investment Management Company Limited ("Chengdu Bozhong") to dispose of its entire equity interest in Sichuan Wenxuan (as defined in Note 37) and its subsidiaries ("Discontinued Operations"), which mainly carried out property development business. Pursuant to the agreement, 50% and 1% equity interest in Sichuan Wenxuan owned by Chengdu Mingxian was transferred to Mr. Xiong Tao and Chengdu Bozhong, respectively, for consideration of RMB25,000,000 and RMB500,000, respectively. The disposal was completed on 3 May 2016 on which date the control of the Discontinued Operations was lost by Chengdu Mingxian.

The assets and liabilities as at 31 August 2015 attributable to the Discontinued Operations have been classified as a disposal group held for sale and are presented separately in the consolidated statements of financial position (as below) as the directors of Chengdu Mingxian considered that it is highly probable that the Discontinued Operations will be disposed of within twelve months.

The disposal was consistent with the Group's long-term policy to focus on development and operating education services.

The profit for the year from the Discontinued Operations is set out below.

	Year ended 31 August	
	2015	**2016**
	RMB'000	**RMB'000**
Profit of the Discontinued Operations for the year*	13,665	498

* The results of the Discontinued Operations was as follows:

	Year ended 31 August 2015	Period from 1 September 2015 to 3 May 2016
	RMB'000	RMB'000
Revenue	552,806	127,868
Costs of sales	(510,418)	(115,706)
Gross profit	42,388	12,162
Other income	621	453
Other losses	(3,957)(Note)	(1,992)(Note)
Other expenses	(13,314)	(4,492)
Selling expenses	(2,980)	(1,707)
Administrative expenses	(2,997)	(2,731)
Finance costs	(568)	(382)
Profit before taxation from discontinued operations	19,193	1,311
Taxation	(5,528)	(813)
Profit for the year/period from discontinued operations	13,665	498
Profit for the year/period from discontinued operations attributable to:		
Owners of the Company	3,577	143
Non-controlling interests	10,088	355
	13,665	498
Profit for the year/period from discontinued operations includes the following:		
Depreciation of property, plant and equipment	521	314
Gain on disposal of property, plant and equipment	(55)	—
Imputed interest income from advances to a related company	508	384
Interest income from banks	113	67

Note: For the year ended 31 August 2015 and the period from 1 September 2015 to 3 May 2016, included in the amounts are approximately RMB3,007,000 and RMB1,762,000 representing write-down of the properties under development for sale/properties held for sale to net realisable value of the relevant properties.

The major classes of assets and liabilities of the Discontinued Operations as at 31 August 2015, which have been presented separately in the consolidated statements of financial position, are as follows:

	At 31 August 2015
	RMB'000
Property, plant and equipment	1,668
Properties under development for sale/properties held for sale	536,218
Other receivables, deposits and prepayments	56,524
Amounts due from directors *(Note i)*	2,340
Amounts due from a related company *(Note ii)*	8,711
Bank balances and cash	28,068
Total assets classified as held for sale	633,529
Account payables	149,062
Other payables and accruals	23,883
Advances from customers	287,649
Amounts due to related companies *(Note iii)*	88,096
Borrowings *(Note iv)*	4,000
Income tax payable	14,137
Deferred tax liability	15,074
Total liabilities associated with assets classified as held for sale	581,901

Note:

i. At 31 August 2015, the carrying amount comprises of RMB2,240,000 advanced to Mr. Xiong Tao and RMB100,000 to Mr. Ran Tao. The balances are non-trade in nature, unsecured, non-interest bearing and without a fixed repayment terms. The maximum amounts outstanding during the year ended 31 August 2015 and the period from 1 September 2015 to 3 May 2016 are the same as the carrying amounts due from respective directors.

ii. At 31 August 2015, the balance represents amounts due from Chengdu Bozhong. Included in the carrying amount is advances with nominal value of approximately RMB9,050,000, measured with effective interest of 8.5% per annum. The carrying amount is non-trade in nature, unsecured, non-interest bearing and without a fixed repayment term. The maximum amounts outstanding during the year ended 31 August 2015 and the period from 1 September 2015 to 3 May 2016 are approximately RMB9,080,000 and RMB9,080,000, respectively.

iii. At 31 August 2015, included in the carrying amount is (i) RMB500,000 advance from Sichuan Shuangfeng Education Investment Management Company Limited (四川雙豐教育投資管理有限公司)* ("Sichuan Shuangfeng"), a company owned as to 56% by Sichuan Bojun, and (ii) approximately RMB87,596,000 from 成都恒宇實業有限公司 Chengdu Hengyu Industrial Company Limited* ("Chengdu Hengyu"). In exchange for advance from Chengdu Hengyu, Sichuan Wenxuan pledged its entire equity interest in Bazhong Shudong (defined in Note 37) to a financial institute which provided financial facilities in favor to Chengdu Hengyu. The balances are non-trade in nature, unsecured, non-interest bearing and without a fixed repayment term.

iv. At 31 August 2015, the loan was secured by properties under development for sale/properties held for sale amounting to approximately RMB528,897,000.

* *The English names are for identification purpose only.*

The net cash flows from (used in) Discontinued Operations are as follows:

	Year ended 31 August 2015	Period from 1 September 2015 to 3 May 2016
	RMB'000	RMB'000
Net cash from (used in) operating activities	77,248	(5,976)
Net cash from (used in) investing activities	56	(21,800)
Net cash (used in) from financing activities	(76,232)	23,432
Net cash inflows (outflow)	1,072	(4,344)

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND EMPLOYEES' REMUNERATION

Directors' and chief executive's emoluments

Mr. Xiong Tao, Mr. Ran Tao and Mdm. Liao Rong were appointed as executive directors of the Company on 14 June 2016, 30 September 2016 and 30 September 2016, respectively. Mr. Ran Tao was appointed as chief executive officer of the Company on 30 September 2016 and his emolument disclosed below included those for services rendered by him as the chief executive and management of the affairs of the group entities.

The emoluments paid or payable to the directors and chief-executive of the Company (including emoluments for services as employee/directors of the group entities prior to becoming the directors of the Company) by entities comprising the Group during the Track Record Period are disclosed below:

Year ended 31 August 2015

	Fees	Salaries and allowances	Contributions to retirement benefit scheme	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Mr. Xiong Tao	—	72	— *(Note)*	72
Mr. Ran Tao	—	48	— *(Note)*	48
Mdm. Liao Rong	—	192	37	229
	—	312	37	349

Year ended 31 August 2016

	Fees	Salaries and allowances	Contributions to retirement benefit scheme	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Mr. Xiong Tao	—	132	— *(Note)*	132
Mr. Ran Tao	—	102	— *(Note)*	102
Mdm. Liao Rong	—	176	39	215
	—	410	39	449

Year ended 31 August 2017

	Fees	Salaries and allowances	Contributions to retirement benefit scheme	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Mr. Xiong Tao	—	260	58	318
Mr. Ran Tao	—	236	52	288
Mdm. Liao Rong	—	236	52	288
	—	732	162	894

Six months ended 28 February 2017 (unaudited)

	Fees	Salaries and allowances	Contributions to retirement benefit scheme	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Mr. Xiong Tao	—	58	22	80
Mr. Ran Tao	—	118	26	144
Mdm. Liao Rong	—	118	26	144
	—	294	74	368

Six months ended 28 February 2018

	Fees	Salaries and allowances	Contributions to retirement benefit scheme	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Mr. Xiong Tao	—	150	29	179
Mr. Ran Tao	—	138	26	164
Mdm. Liao Rong	—	138	26	164
	—	426	81	507

Note: During the years ended 31 August 2015 and 2016, the contribution to retirement benefit scheme of Mr. Xiong Tao and Mr. Ran Tao are borne by the related companies and the amounts involved are not significant.

No other retirement benefits were paid to directors of the Company in respect of their respective services in connection with the management of the affairs of the Company or its subsidiaries undertaking.

None of the directors of the Company or the chief executive of the Company waived or agreed to waive any emolument during the Track Record Period.

Employees' remuneration

The remunerations of the five highest paid individuals, excluded one, one, three, three (unaudited), three executive directors, during the year ended 31 August 2015, 2016, 2017 and the six months ended 28 February 2017 and 2018 respectively are as follows:

	Year ended 31 August			Six months ended 28 February	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Salaries and allowances	519	526	567	283	390
Contribution to retirement benefits scheme	114	185	80	40	26
	633	711	647	323	416

During the Track Record Period, no remuneration was paid by the Group to the directors of the Company or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

The five highest paid individuals were within the following bands:

	Number of employee			Six months ended 28 February	
	2015	2016	2017	2017	2018
				(unaudited)	
Emolument bands					
Nil to Hong Kong dollar ("HK$") 1,000,000	5	5	5	5	5

14. DIVIDEND

On 31 March 2016, Sichuan Boai declared and paid a dividend of approximately RMB168,000 to the then non-controlling shareholder immediately before the disposal of its equity interest to Mdm. Liao Rong.

No dividend has paid or declared by the Company since its incorporation, nor has any dividend been proposed subsequent to 28 February 2018.

15. EARNINGS PER SHARE

For continuing operations

The calculation of the basic earnings per share attributable to owners of the Company for the Track Record Period is based on the consolidated profit from continuing operations attributable to the owners of the Company from continuing operations of RMB18,119,000, RMB29,640,000, RMB35,050,000, RMB15,381,000 (unaudited) and RMB9,601,000 for the years ended 31 August 2015, 2016, 2017 and the six months ended 28 February 2017 and 2018, respectively, and the weighted average number of approximately 419,670,000, 423,801,000, 600,000,000, 600,000,000 (unaudited) and 600,000,000 shares respectively outstanding during the years ended 31 August 2015, 2016, 2017 and the six months ended 28 February 2017 and 2018 after retrospective adjustment and on the assumption that the Reorganisation and Capitalization Issue as described in the Paragraph headed "Further Information about our Company and our Subsidiaries — 3. Resolutions in writing of all Shareholders passed on 12 July 2018" in Appendix V to the Prospectus have been effective on 1 September 2014. The weighted average number of shares for the year ended 31 August 2016 has taken into account of the shares issued to an independent investor on 29 August 2016.

No diluted earnings per share is presented as there were no potential dilutive shares during the Track Record Period.

For continuing and discontinued operations

The calculation of the basic earnings per share from continuing and discontinued operations attributable to the owners of the Company for the Track Record Period is based on the consolidated profit from continuing and discontinued operations attributable to the owners of the Company and the denominators detailed above for basic earnings per share.

For discontinued operations

	Year ended 31 August			Six months ended 28 February	
	2015	2016	2017	2017	2018
				(unaudited)	
Earnings per share for profit from discontinued operations attributable to owners of the Company, basic (RMB cents)	0.01	—*	N/A	N/A	N/A

* *The amount is less than 0.01 cent.*

Basic earnings per share for the discontinued operations for the years ended 31 August 2015 and 2016, respectively, are calculated based on the profit for the year from the discontinued operations and the denominators detailed above for basic earnings per share.

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Furniture, fixtures and equipment	Motor vehicles	Electronic equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost							
At 1 September 2014	92,942	21,947	5,590	5,060	23,421	363	149,323
Additions	—	4,380	1,778	86	9,875	17,614	33,733
Transfer	—	—	—	—	17,977	(17,977)	—
Disposals	—	(52)	(830)	(85)	—	—	(967)
Reclassified as held for sale *(Note 12)*	—	(13)	(1,305)	(454)	(1,570)	—	(3,342)
At 31 August 2015	92,942	26,262	5,233	4,607	49,703	—	178,747
Additions	48,192	9,042	660	106	22,570	11,939	92,509
Transfer	4,287	3,982	394	—	226	(8,889)	—
Disposals	—	(88)	(1,153)	(78)	—	—	(1,319)
At 31 August 2016	145,421	39,198	5,134	4,635	72,499	3,050	269,937
Additions	1,921	7,696	182	182	13,753	5,407	29,141
Transfer	—	767	—	—	—	(767)	—
Disposals	—	(70)	(270)	(245)	—	—	(585)
At 31 August 2017	147,342	47,591	5,046	4,572	86,252	7,690	298,493
Additions	632	6,344	382	236	5,533	208,641	221,768
Transfer	1,369	592	—	—	—	(1,961)	—
Disposals	—	(28)	—	(63)	—	—	(91)
At 28 February 2018	149,343	54,499	5,428	4,745	91,785	214,370	520,170
Accumulated depreciation							
At 1 September 2014	11,693	14,337	2,271	3,208	6,783	—	38,292
Charge for the year	1,950	2,387	566	627	3,690	—	9,220
Elimination on disposals	—	(46)	(624)	(74)	—	—	(744)
Reclassified as held for sale *(Note 12)*	—	(11)	(673)	(328)	(662)	—	(1,674)
At 31 August 2015	13,643	16,667	1,540	3,433	9,811	—	45,094
Charge for the year	2,149	3,233	394	515	6,259	—	12,550
Elimination on disposals	—	(66)	(687)	(43)	—	—	(796)
At 31 August 2016	15,792	19,834	1,247	3,905	16,070	—	56,848
Charge for the year	2,455	5,437	819	361	8,590	—	17,662
Elimination on disposals	—	(24)	(211)	(123)	—	—	(358)
At 31 August 2017	18,247	25,247	1,855	4,143	24,660	—	74,152
Charge for the period	2,849	2,989	401	178	4,414	—	10,831
Elimination on disposals	—	(15)	—	(63)	—	—	(78)
At 28 February 2018	21,096	28,221	2,256	4,258	29,074	—	84,905
Carrying values							
At 31 August 2015	79,299	9,595	3,693	1,174	39,892	—	133,653
At 31 August 2016	129,629	19,364	3,887	730	56,429	3,050	213,089
At 31 August 2017	129,095	22,344	3,191	429	61,592	7,690	224,341
At 28 February 2018	128,247	26,278	3,172	487	62,711	214,370	435,265

Note: At 31 August 2015, 2016, 2017 and 28 February 2018, no building ownership certificates have been obtained by the Group.

The above items of property, plant and equipment, other than construction in progress, are depreciated on a straight-line basis over the following useful lives after taking into account the residual values:

Buildings	30 to 50 years
Furniture, fixtures and equipment	3 to 10 years
Motor vehicles	5 to 10 years
Electronic equipment	3 to 6 years
Leasehold improvements	Shorter of 10 years or over the lease terms

The carrying values of below items are held under finance leases:

	As at 31 August			As at 28 February
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Furniture, fixtures and equipment	2,703	1,915	1,129	—
Electronic equipment	3,196	2,428	1,662	—
Total	5,899	4,343	2,791	—

17. PREPAID LEASE PAYMENTS

	As at 31 August			As at 28 February
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Current assets	—	940	940	2,638
Non-current assets	—	28,658	27,718	107,719
	—	29,598	28,658	110,357

At 31 August 2016, 2017 and 28 February 2018, the Group is in the process of obtaining the land use right certificate with carrying amounts of RMB29,598,000, RMB28,658,000, and RMB63,347,000 respectively.

The prepaid lease payments are amortised on a straight-line basis over 30 years for land use right of Tianfu School, and 50 years for Nanjiang Bojun, which is estimated by the management with reference to the lease terms of land in close proximity.

18. DEFERRED TAX ASSETS

The following are the major deferred taxation recognized and movement thereon during the Track Record Period:

	Temporary difference on		
	Tax losses	Deferred income	Total
	RMB'000	RMB'000	RMB'000
At 1 September 2014	640	—	640
Charge to profit or loss	(341)	—	(341)
At 31 August 2015	299	—	299
Charge to profit or loss	(299)	—	(299)
At 31 August 2016 and 2017	—	—	—
Credit to profit or loss	—	10,645	10,645
At 28 February 2018	—	10,645	10,645

As at 31 August 2015, 2016, 2017 and 28 February 2018, the Group has unused tax losses of RMB15,213,000, RMB31,019,000, RMB37,950,000 and RMB40,636,000 available for offset against future profits. Apart from deferred tax asset has been recognized as set out in above, no deferred tax asset has been recognized in respect of the remaining RMB13,069,000, RMB31,019,000, RMB37,950,000 and RMB40,636,000 of such losses due to the unpredictability of future profit streams. At 31 August 2015, 2016, 2017 and 28 February 2018, all the unrecognized tax losses will expire within five years from the end of respective year.

The Group has no other significant unrecognized deferred tax assets for deductible temporary differences at 31 August 2015, 2016, 2017 and 28 February 2018.

19. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 31 August			As at 28 February
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Other receivables	4,521	5,877	3,711	3,173
Prepayments	753	2,720	7,276	7,013
Advances to staff	303	490	1,230	883
Deposits	377	17,552	18,986	23,994
Deferred issue costs	—	1,799	3,386	5,481
Others	255	144	180	69
Total	6,209	28,582	34,769	40,613
Less: deposits presented under non-current assets *(Note)*	(377)	(16,877)	(18,277)	(23,277)
Presented under current assets	5,832	11,705	16,492	17,336

Note: At 31 August 2016, 2017 and 28 February 2018, included in the balances are RMB12,500,000, RMB12,500,000, RMB12,500,000 respectively, representing a refundable deposit placed to a local government authority for acquisition of a parcel of land for the purposes of establishment and development of new school campus. The balance is classified as non-current asset as the management of the Group does not expect the amount would be settled within one year from the end of respective year/period.

20. AMOUNTS DUE FROM (TO) RELATED PARTIES

The Group

a. Amounts due from directors

						Maximum amounts outstanding during			
	As at 1 September	As at 31 August			As at 28 February	the year ended 31 August			the six months ended 28 February
Name/Relationship	2014	2015	2016	2017	2018	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Controlling Equity Holders and directors									
Mr. Ran Tao (note i)	4,465	4,735	4,194	4,194	4,194	4,735	4,735	4,194	4,194
Mr. Xiong Tao (note ii)	12,409	10,169	29,040	31,458	32,742	10,169	29,040	31,458	32,742
Mdm. Liao Rong	—	400	600	800	800	400	600	800	800
Total	16,874	15,304	33,834	36,452	37,736				
Less: Amounts presented under non-current assets		(5,135)	(33,834)	—	—				
Presented under current assets		10,169	—	36,452	37,736				

Note:

i. At 31 August 2015 and 2016, the carrying amounts represent advance to Mr. Ran Tao with nominal value of RMB5,000,000, measured with effective interest of 8.5% per annum. The imputed interest income recognized in profit or loss for the years ended 31 August 2015, 2016 and 2017 and the six months ended 28 February 2018 were RMB371,000, RMB265,000, nil and nil respectively.

ii At 31 August 2016, 2017 and 28 February 2018, the carrying amounts represent advance to Mr. Xiong Tao with nominal value of approximately RMB34,169,000 (including RMB25,000,000 consideration payable for acquiring 50% equity interest in Sichuan Wenxuan as disclosed in Note 12) with effective interest rate of 8.5% per annum. The imputed interest income recognized in profit or loss for the years ended 31 August 2016, 2017 and the six months ended 28 February 2018 were RMB743,000, RMB2,416,000, RMB1,284,000 respectively.

The amounts due from directors are non-trade in nature, unsecured, non-interest bearing and without a fixed repayment term. At 31 August 2015, 2016, 2017 and 28 February 2018, the advances which are not expected to be settled within one year from the end of respective year/period are classified under non-current assets.

b. Amounts due from related companies

	Relationship	As at 1 September 2014	As at 31 August 2015	As at 31 August 2016	As at 31 August 2017	As at 28 February 2018	Maximum amounts outstanding during the year ended 31 August 2015	2016	2017	the six months ended 28 February 2018
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
四川博駿教育投資管理有限公司 Sichuan Bojun Education Investment Management Company Limited* ("Sichuan Bojun") *(note i)*	56% and 44% interest held by Mr. Xiong Tao and Mr. Ran Tao respectively	54,834	58,365	3,935	5,275	5,275	61,700	61,700	5,275	5,275
四川文軒教育投資有限公司 Sichuan Wenxuan Education Investment Company Limited* ("Sichuan Wenxuan") (note ii)	Joint-controlled by Mr. Xiong Tao and Chengdu Bozhong	—	—	8,823	9,572	9,971	—	8,823	9,572	9,971
Chengdu Hengyu *(Note iii)*	Controlled by Mr. Xiong Tao	4,867	68,691	6,170	10,899	11,178	68,691	68,691	10,899	11,178
Chengdu Bozhong *(Note iv)*	60% and 40% interest held by Mr. Ran Tao and his spouse respectively	18,194	12,692	14,018	15,166	15,776	18,240	16,240	16,240	15,776
		77,895	139,748	32,946	40,912	42,200				
Less: Amounts presented under non-current assets			(18,830)	(32,946)	—	—				
Presented under current assets			120,918	—	40,912	42,200				

* *The English names are for identification purpose only.*

Notes:

i At 31 August 2015, included in the carrying amount of RMB57,665,000 was reclassified from non-current asset to current asset with nominal value of RMB60,000,000, carrying effective interest of 7.76% per annum and 8.5% per annum for RMB30,000,000 and RMB30,000,000, respectively.

As at 31 August 2015, 2016, 2017 and 28 February 2018, included in the carrying amount due to Sichuan Bojun are RMB700,000, RMB3,935,000, nil and nil which all classified as non-current assets as the management of the Group does not expect the advances would be settled within one year at the respective year end. The nominal value of the advances as at 31 August 2015, 2016 and 2017 were RMB700,000, RMB4,330,000, nil and nil with effective interest rate of 8.5% per annum.

The imputed interest income recognized in profit or loss for the years ended 31 August 2015, 2016 and 2017 were RMB4,330,000, RMB2,335,000, nil and nil respectively.

ii As at 31 August 2016, 2017 and 28 February 2018, the carrying amount represents advance to the related company with nominal value of RMB10,600,000. The advance is measured with effective interest of 8.5% per annum and the imputed interest income recognized in profit or loss for the years ended 31 August 2016, 2017 and the six months ended 28 February 2018 were RMB236,000 and RMB750,000, RMB399,000 respectively.

iii As at 31 August 2015 and 2016, included in the carrying amount are RMB6,439,000 and RMB6,170,000 which classified as non-current assets as the management of the Group does not expect the advances would be settled within one year from the end of the respective year. The nominal value of the advances as at 31 August 2015, 2016, 2017 and 28 February 2018 were RMB4,000,000, RMB7,450,000, RMB7,450,000 and RMB7,450,000 (included RMB500,000 consideration payable for acquiring 1% equity interest in Sichuan Wenxuan as disclosed in Note 12) with effective interest rate of 8.5% per annum.

The imputed interest income recognized in profit or loss for the years ended 31 August 2015, 2016, 2017 and the six months 28 February 2018, were RMB221,000, RMB338,000, RMB527,000 and RMB279,000, respectively.

iv As at 31 August 2015 and 2016, included in the carrying amount are RMB11,691,000 and RMB14,018,000 which classified as non-current assets as the management of the Group does not expect the advances would be settled within one year from the end of the respective year. The nominal value of the advances as at 31 August 2015 and 2016 were RMB15,240,000 and RMB16,240,000 with effective interest rate of 8.5% per annum.

The imputed interest income recognized in profit or loss for the years ended 31 August 2015, 2016, 2017 and the six months ended 28 February 2018, were RMB897,000, RMB1,016,000, RMB1,149,000 and RMB610,000, respectively.

The amounts due from related companies are non-trade in nature, unsecured, non-interest bearing and without a fixed repayment term.

The Group and the Company

c. Amount due from a shareholder

The balance is non-trade in nature, unsecured, interest free and without a fixed repayment term. The maximum amount outstanding during the year ended 31 August 2016 and 2017 amounted to RMB1,000.

d. Amounts due to related companies

	Relationship	As at 31 August 2015	As at 31 August 2016	As at 31 August 2017	As at 28 February 2018
		RMB'000	RMB'000	RMB'000	RMB'000
Sichuan Bojun	Controlled by Mr. Xiong Tao	49,655	20,794	18,820	18,757
Sichuan Shuangfeng	Controlled by Mr. Xiong Tao	3,310	3,310	3,310	3,310
Chengdu Bozhong	Controlled by Mr. Ran Tao	—	10	10	10
Chengdu Hengyu	Controlled by Mr. Xiong Tao	49,966	10,970	10,516	11,792
		102,931	35,084	32,656	33,869

Except for an amount of RMB196,000, RMB294,000 due to Chengdu Hengyu at 31 August 2017 and 28 February 2018, respectively, which is trade in nature, other balances are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

e. Amounts due to directors

	Relationship	As at 31 August 2015	As at 31 August 2016	As at 31 August 2017	As at 28 February 2018
		RMB'000	RMB'000	RMB'000	RMB'000
Mdm. Liao Rong	Controlling Equity Holder and director	7,200	7,200	—	—
Mr. Ran Tao	Controlling Equity Holder and director	806	—	—	—
Mr. Xiong Tao	Controlling Equity Holder and director	—	—	1	1
		8,006	7,200	1	1

The balances are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

f. Amount due to a shareholder

		As at 31 August			As at 28 February
	Relationship	2015	2016	2017	2018
		RMB'000	RMB'000	RMB'000	RMB'000
謝綱 ("Mr. Xie Gang")	Shareholder	—	—	1,300	1,300

During the year ended 31 August 2017, pursuant to an agreement entered by Chengdu Jinbojun, Mr. Xie Gang and a debtor to Chengdu Jinbojun ("Party A"), the three parties unanimously agreed that the right for demanding Chengdu Jinbojun to repay the advance of RMB1,300,000 was transferred to Mr. Xie Tang as to set off a corresponding amount of payable due by Party A to Mr. Xie Gang.

The balance in non-trade in nature, unsecured, non-interest bearing and repayable on demand.

The above mentioned balances due from/(to) with related parties set out in (a) to (f) as at 28 February 2018 have been settled at the date of this report.

The Company

g. Amount due from a subsidiary

The balance represents advance to Hong Kong Bojun which is non-trade in nature, unsecured, non-interest bearing and without a fixed repayment terms. The balance is classified as non-current as, in the opinion of the directors of the Company, it is unlikely to be repaid within one year as at respective year end.

h. Amounts due to subsidiaries

The balances represent payables to Bojun Investment and other indirectly held subsidiaries which are non-trade in nature, unsecured, non-interest bearing and without a fixed repayment terms.

21. BANK BALANCES AND CASH

The Group

Bank balances carry interest at prevailing market rate of 0.001% to 0.35% per annum at 31 August 2015, 2016, 2017 and 28 February 2018.

The Company

Bank balances carry interest at prevailing market rate of 0.001% to 0.35% per annum at 31 August 2016, 2017 and 28 February 2018.

22. OTHER PAYABLES AND ACCRUALS

	As at 31 August			As at 28 February
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Miscellaneous expenses received from students *(Note i)*	19,473	29,492	38,361	30,232
Royalty fees payable	12,415	16,961	25,637	30,898
Payroll payable	4,484	6,297	8,901	10,496
Accrued expenses	7,672	4,645	7,845	6,038
Payables for leasehold land and property, plant and equipment	14,895	33,886	2,025	147,936
Accrued listing expenses	—	—	1,036	2,331
Advance from a third party *(Note ii)*	—	85,000	—	—
Other tax payable	559	646	833	1,000
Others	8,087	4,524	6,449	3,651
	67,585	181,451	91,087	232,582

Notes:

i. The amount represents miscellaneous expenses received from students which will be paid out on behalf of students or refund for any excess.

ii. The balance is non-trade in nature, unsecured and has been fully settled during the year ended 31 August 2017. Included in the carrying amount is RMB75,000,000 which carries fixed interest rate at 5.7% per annum, and the remaining balance of RMB10,000,000 is non-interest bearing. The interest of RMB2,138,000, RMB713,000 and RMB713,000 (unaudited) for the years ended 31 August 2016 and 2017 and the six months ended 28 February 2017 were waived by the third party and the amounts were recognized as "other income" (Note 7a) in the respective year.

23. DEFERRED REVENUE

	As at 31 August			As at 28 February
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Tuition fees	96,995	140,676	195,419	102,157
Boarding fees	3,310	3,713	5,906	3,130
	100,305	144,389	201,325	105,287

24. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments				Present value of minimum leases payments			
	As at 31 August			As at 28 February	As at 31 August			As at 28 February
	2015	2016	2017	2018	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Amounts payable under finance lease								
— Within one year	3,345	4,349	3,605	—	3,189	4,205	3,599	—
— In more than one year but not more than two years	4,349	3,605	—	—	3,723	3,144	—	—
— In more than two years but not more than five years	3,605	—	—	—	2,783	—	—	—
	11,299	7,954	3,605	—	9,695	7,349	3,599	—
Less: future finance charges	(1,604)	(605)	(6)	—	N/A	N/A	N/A	—
Present value of lease obligations	9,695	7,349	3,599	—	9,695	7,349	3,599	—
Less: Amounts due for settlement within one year (shown under current liabilities)					(3,189)	(4,205)	(3,599)	—
Amounts due for settlement after one year					6,506	3,144	—	—

Interest rates underlying all obligations under finance leases are fixed at respective contract dates during the Track Record Period:

	Year ended 31 August			Six months ended 28 February
	2015	2016	2017	2018
Interest rates per annum	12.96%	12.96%	12.96%	12.96%

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets as disclosed in Note 16 and were guaranteed by Sichuan Bojun and personal guarantees provided by Mr. Xiong Tao and Mdm. Liao Rong.

During the six months ended 28 February 2018, the Group early settled the entire outstanding finance leases and the guarantees have been released accordingly.

25. BORROWINGS

	As at 31 August			As at 28 February
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans — Secured *(Note a)*	49,000	—	—	—
Bank loans — Unsecured *(Note b)*	30,000	—	—	—
Analyzed as:				
Carrying amount repayable within one year	79,000	—	—	—

Notes:

a. At 31 August 2015, included in the balances is (i) RMB30,000,000 secured by the tuition fees charging rights of Jinjiang School. Meanwhile, the loan was also secured against pledged assets provided by Sichuan Bojun and Mr. Xiong Tao, together with jointly and severally liable guarantees from Mr. Xiong Tao, Mdm. Liao Rong, Chengdu Hengyu and Chengdu Mingxian; (ii) RMB19,000,000 secured by the tuition fees charging rights of Jinjiang School and Longquan School. The loan was also guaranteed by Mr. Xiong Tao, Mr. Ran Tao and their respective spouse, Chengdu Hengyu, Chengdu Mingxian, Sichuan Bojun and a company controlled by Sichuan Bojun.

b. At 31 August 2015, the loan of RMB30,000,000 was guaranteed by Sichuan Wenxuan and its subsidiary, Chengdu Hengyu, Mr. Xiong Tao and a non-related party with joint and several liability.

The carrying amount of the Group's borrowing are analyzed as follows:

	As at 31 August			As at 28 February
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Fixed rate	79,000	—	—	—

The average fixed interest rate is 7.85% per annum at 31 August 2015.

26. DEFERRED INCOME

	Year ended 31 August			Six months ended 28 February
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Amounts recognized in profit or loss during the year:				
Subsidies related to prepaid lease payment *(Note a)*	—	—	—	121

The movement of deferred income is as follows:

	As at 31 August			As at 28 February
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of year/period	—	—	—	—
Receipt of subsidies related to assets *(Note)*	—	—	—	42,700
Amount credited to profit or loss during the year/period	—	—	—	(121)
At end of year/period	—	—	—	42,579

Note: The Group received government subsidies for the compensation of capital expenditures incurred for the prepaid lease payment. The amounts are deferred and amortised over the estimated useful lives of the respective assets.

27. DEFINED BENEFIT OBLIGATION

The Group is committed to provide supplementary post-employment benefits to certain qualifying employees in the PRC if the employees satisfy certain criterion at their respective retirement age as stipulated in the employment contract. No designated assets was set aside for settlement of the obligations.

The plan exposes the Group to actuarial risks such as interest rate risk and benefit risk.

Interest rate risk

The present value of the defined benefit plan obligations is calculated using a discount rate determined by reference to government bond yields. As such, a decrease in the bond interest rate will increase the plan liability.

Benefit risk

The present value of the defined benefit plan obligations is calculated by reference to the future benefits of plan participants. As such, an increase in the benefits of the plan participants will increase the plan liability.

The actuarial valuations of the present value of the defined benefit obligations as at 31 August 2015, 2016 and 2017 were carried out by an independent actuary, 陳靜瑤 Chen Jingyao, who is a member of China Association of Actuaries. The address of the actuary is at 29F, Tower 1, Chengdu International Finance Square, 1 Hong Xing Road, Section 3, Chengdu, China. The present value of the defined benefit obligations, and the related current service cost and past cost were measured using the Projected Unit Credit Method.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	As at 31 August			As at 28 February
	2015	2016	2017	2018
Civil retirement age	60-65	60-65	60-65	60-65
Qualifying employee rate	80%–100%	80%–100%	80%–100%	80%–100%
Employee departure rate	0%–5%	0%–5%	0%–5%	0%–5%
Mortality rate	100%	100%	100%	100%
Discount rate	4.0%	3.5%	4.4%	4.45%

Amounts recognized in the consolidated statements of profit or loss and other comprehensive income from continuing operations in respect of these defined benefit plans are as follows:

	Year ended 31 August			Six months ended 28 February	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Service costs:					
Current service costs	58	118	112	56	59
Past service costs	—	958	2	1	399
Interest expenses	41	62	107	53	130
Components of defined benefit costs recognized in profit or loss	99	1,138	221	110	588
Components of defined benefit costs recognized in other comprehensive income	643	359	(327)	(164)	(145)
Total	742	1,497	(106)	(54)	443

The remeasurement of the defined benefit obligations arising from changes in financial assumptions is included in other comprehensive income.

The amount of retirement defined benefit obligations recognized in the consolidated statements of financial position are determined as follows:

	As at 31 August			As at 28 February
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Liability arising from defined benefit obligations	1,555	3,052	2,946	3,389

Movements in the present value of the retirement defined benefit obligations during the Track Record Period were as follows:

	Year ended 31 August			Six months ended 28 February	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
At beginning of the year/period	813	1,555	3,052	3,052	2,946
Service costs	99	1,138	221	110	588
Actuarial losses (gains) arising from changes in financial assumptions	643	359	(327)	(164)	(145)
At end of the year/period	1,555	3,052	2,946	2,998	3,389

Mortality is assumed to be the average life of expectancy of residents in Mainland China.

Significant actuarial assumptions made in determining defined benefit obligations are discount rate and mortality rate. The sensitivity analyzes below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of each of the reporting period, while holding all other factors constant.

- If the mortality rate on benefit obligations increases by 10%, the defined benefit obligations would decrease by RMB35,000, RMB68,000, RMB52,000 and RMB62,000 as at 31 August 2015, 2016, 2017 and 28 February 2018, respectively;

- If the mortality rate on benefit obligations decreases by 10%, the defined benefit obligations would increase by RMB38,000, RMB83,000, RMB61,000 and RMB66,000 as at 31 August 2015, 2016, 2017 and 28 February 2018, respectively;

- If the discount rate on benefit obligations increases by 0.1%, the defined benefit obligations would decrease by RMB45,000, RMB86,000, RMB87,000 and RMB96,000 as at 31 August 2015, 2016, 2017 and 28 February 2018, respectively;

- If the discount rate on benefit obligations decreases by 0.1%, the defined benefit obligations would increase by RMB47,000, RMB89,000, RMB90,000 and RMB99,000 as at 31 August 2015, 2016, 2017 and 28 February 2018, respectively;

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligations has been calculated using the Projected Unit Credit Method at the end of each of the reporting period, which is the same as that applied in calculating the defined benefit obligations liability recognized in the consolidated statements of financial position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis during the Track Record Period.

28. SHARE CAPITAL/PAID-IN CAPITAL

The Group

The paid-in capital as at 31 August 2015 represented the combined paid-in capital of Sichuan Boai, Chengdu Youshi, Chengdu Jinbojun and Chengdu Mingxian.

Chengdu Jinbojun was established on 13 March 2015 with an authorized paid-in capital of RMB5,000,000.

Renshou Bojun was established on 15 October 2015 by Mr. Xiong Tao, Mr. Ran Tao and a third party with an authorized paid-in capital of RMB20,000,000 at shareholding of 24%, 16% and 60% respectively. On 18 April 2016, the equity interest of 60% in Renshou Bojun held by the third party was transferred to Mr. Xiong Tao and Mr. Ran Tao at 36% and 24% each at a consideration equivalent to the original capital contributed by the third party.

The share capital as at 31 August 2016 and 2017 and 28 February 2018 represented share capital of the Company following the completion of Reorganisation. The details of the Company's share capital is set out in below paragraph.

The Company

	Number of shares	Amount	Amount	Shown in the Historical Financial Information as
		HK$	RMB	RMB'000
Ordinary shares of HK$0.01 each				
Authorized:				
— At date of incorporation, 31 August 2016 and 2017	38,000,000	380,000	327,750	
Issued and fully paid:				
At date of incorporation	1	—	—	—
Issue of new shares on 28 July 2016 *(Note i)*	74,999	750	647	1
Issue of new shares on 29 August 2016 *(Note ii)*	25,000	250	216	—
At 31 August 2016, 2017 and 28 February 2018	100,000	1,000	863	1

Note:

(i) 74,999 shares were issued at par value.

(ii) 25,000 shares were issued to an independent party for RMB250,000,000, of which HK$250 (in equivalent to RMB216) was credited to share capital and RMB249,999,784 was credited to share premium account. The new shares rank *pari passu* with then existing shares in all respects.

29. INVESTMENT IN A SUBSIDIARY

	As at 31 August		As at 28 February
	2016	2017	2018
	RMB'000	RMB'000	RMB'000
The Company			
Unlisted shares, at cost *(Note i)*	328	328	328
Deemed contribution *(Note ii)*	40,182	75,905	75,905
	40,510	76,233	76,233

Note:

i Investment in a subsidiary represents the investments cost in Bojun Investment.

ii Deemed contribution represents difference between the fair value of interest free advances to Bojun Investment and the principal amount of the advance at initial recognition.

30. RESERVES

The Company

	Share premium	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000
At date of incorporation	—	—	—
Issue of new shares *(Note 28)*	250,000	—	250,000
Loss and total comprehensive expense for the period	—	(3,059)	(3,059)
At 31 August 2016	250,000	(3,059)	246,941
Profit and total comprehensive income for the year	—	189	189
At 31 August 2017	250,000	(2,870)	247,130
Profit and total comprehensive income for the period	—	194	194
At 28 February 2018	250,000	(2,676)	247,324

31. COMMITMENTS

a. Operating lease commitments

The Group as lessee

	Year ended at 31 August			Six months ended 28 February	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Lease payments paid during the Track Record Period in respect of school/office premises, land and staff dormitories	4,751	8,458	8,456	4,279	12,096

Future minimum rental payable under non-cancellable leases as at the end of reporting period are as follows:

	As at 31 August			As at 28 February
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	4,371	6,633	6,828	12,279
In the second to fifth year inclusive	14,764	25,006	24,499	51,512
Over five years	31,002	67,415	60,841	128,195
	50,137	99,054	92,168	191,986

The leases have tenures ranging from one to twenty years and no contingent rent provision included in the contracts. Rentals are fixed over the lease terms.

b. Capital commitments

	As at 31 August			As at 28 February
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Capital expenditure in respect of:				
— the acquisition of property, plant and equipment and land use rights contracted for but not provided in the Historical Financial Information	—	—	46	237,616

32. RETIREMENT BENEFIT PLAN

Other than those disclosed in Note 27, the Group is required to contribute a specified percentage of payroll costs as determined by respective local government authority to the retirement benefits scheme to fund the benefits. The employees of the Group in the PRC are members of a state-managed retirement benefits scheme operated by the PRC government. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions under the scheme.

The contributions made by the Group in respect of the retirement benefit scheme amounting to approximately RMB3,464,000, RMB5,090,000, RMB7,255,000, RMB4,194,000 (unaudited) and RMB4,764,000 for the year ended 31 August 2015, 2016, 2017 and the six months ended 28 February 2017 and 2018 respectively are included in cost of services and administrative expenses.

33. RELATED PARTY TRANSACTIONS

Apart from disclosures elsewhere in the Historical Financial Information, the Group entered into the following transactions with related parties during the Track Record Period:

Temporary finance assistance provided to related parties

	Year ended 31 August			Six months ended 28 February	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Chengdu Hengyu	73,050	30,000	—	—	—
Sichuan Bojun	20,000	—	—	—	—
Total	93,050	30,000	—	—	—

Guarantees from Controlling Equity Holders/directors

The Controlling Equity Holders/directors provided personal guarantees in respect of bank loans in favor to the PRC Operating Entities during the Track Record Period, of which RMB79,000,000, nil, nil and nil remained outstanding as at 31 August 2015, 2016, 2017 and 28 February 2018, respectively.

Rental expense

	Year ended 31 August			Six months ended 28 February	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Chengdu Hengyu	—	—	196	—	98

Compensation of key management personnel

The remuneration of directors and other members of key management of the Group during the Track Record Period were as follows:

	Year ended 31 August			Six months ended 28 February	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Short-term benefits	405	687	1,712	866	1,011
Post-employment benefits	45	47	335	129	142
	450	734	2,047	995	1,153

34. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged throughout the Track Record Period.

The capital structure of the Group consists of debt, which includes amounts due to directors/related companies/a shareholder, obligations under finance leases and borrowings, as disclosed in Notes 20, 24 and 25, respectively, net of bank balances and cash and equity attributable to owners of the Group, comprising share capital/paid-in capital and accumulated profits.

The management of the Group reviews the capital structure from time to time. As a part of this review, the management considers the cost of capital and the risks associated with each class of capital.

Based on recommendations of the management, the Group will balance its overall capital structure through the payment of dividends, the issue of new shares and new debts.

35. FINANCIAL INSTRUMENTS

The Group

Categories of financial instruments

	As at 31 August			As at 28 February
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
Loans and receivables				
Other receivables and deposits*	5,456	24,063	24,107	28,119
Amounts due from directors	15,304	33,834	36,452	37,736
Amounts due from related companies	139,748	32,946	40,912	42,200
Amount due from a shareholder	—	1	—	—
Bank balances and cash	77,870	373,579	332,531	127,453
	238,378	464,423	434,002	235,508
Financial liabilities				
Amortised cost				
Other payables and accruals#	59,354	176,160	81,373	223,213
Amounts due to related companies	102,931	35,084	32,656	33,869
Amounts due to directors	8,006	7,200	1	1
Amount due to a shareholder	—	—	1,300	1,300
Borrowings	79,000	—	—	—
	249,291	218,444	115,330	258,383

* *Prepayments and deferred issue costs are excluded.*

Accrued expenses, accrued listing expenses and other tax payable are excluded.

The Company

Categories of financial instruments

	As at 31 August		As at 28 February
	2016	2017	2018
	RMB'000	RMB'000	RMB'000
Financial assets			
— Loans and receivables			
Amount due from a subsidiary	79,817	166,736	173,798
Amount due from a shareholder	1	—	—
Bank balances and cash	130,000	6,169	782
	209,818	172,905	174,580
Financial liabilities			
— Amortised cost			
Amounts due to subsidiaries	5,078	4,357	6,638

Financial risk management objectives and policies

The Group's and Company's major financial instruments include other receivables and deposits, amounts due from/to related parties, bank balances and cash, other payables and borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(a) Market risk

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to cash flow interest rate risk on the variable rate of interest earned on the bank balances. The Group is also exposed to fair value interest rate risk in relation to fixed-rate advances from a third party, borrowings and finance leases.

The Group currently does not have an interest rate hedging policy. However, the management of the Group monitors interest rate risk exposure and will consider interest rate hedging should the need arise.

No sensitivity analysis is prepared for variable-rate interest bearing bank balances as the bank interest rate on current saving account is relative stable over the Track Record Period.

(b) Credit risk

The Group's and the Company's maximum exposure to credit risk in the event of the counterparties' failure to perform its obligations is arising from the carrying amounts of the respective recognized financial assets as stated in the consolidated statements of financial position and the statements of financial position.

In order to minimise the credit risk on other receivables and amounts due from related companies, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. The directors of the Company believe that there is no material credit risk inherent in the Group's outstanding balances of other receivables. In addition, the credit risk on amounts due from related companies are reduced as the Group can closely monitor the repayment of the related companies. Other than concentration of credit risk on the amounts due from related parties, the Group has no other significant concentration on recognized financial assets with exposure spread over a number of counterparties.

The credit risk on bank balances is limited because the counterparties are reputable financial institutions.

(c) Liquidity risk

As of 28 February 2018, the Group recorded net current liabilities of RMB159,282,000. In view of these circumstances, the directors of the Company have given consideration of the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern.

The directors of the Company are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due in the foreseeable future by taking into account the Group's cash flow projection, repayment from related parties, unutilised bank facilities and the Group's future capital expenditure in respect of its non-cancellable capital commitments, the directors of the Company consider that the Group has sufficient working capital to meet in full its financial obligations as they fall due for at least the next twelve months from the end of the reporting period.

The following table details the Group's and the Company's remaining contractual maturity for its non-derivative financial liabilities and obligations under finance leases. The table has been drawn up based on the undiscounted cash flows (including interest payments computed using contractual rates of financial liabilities based on the earliest date on which the Group can be required to pay). The table includes both interest and principal cash flows, where applicable.

The Group

	Weighted average interest rate	On demand or within 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Total undiscounted cash flows	Carrying amount
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 August 2015							
Non-interest bearing							
Other payables and accruals	N/A	59,354	—	—	—	59,354	59,354
Amounts due to related companies	N/A	102,931	—	—	—	102,931	102,931
Amounts due to directors	N/A	8,006	—	—	—	8,006	8,006
Interest bearing							
Obligations under finance leases	12.96%	1,047	1,039	1,259	7,954	11,299	9,695
Borrowings	7.85%	32,017	18,144	30,000	—	80,161	79,000
		203,355	19,183	31,259	7,954	261,751	258,986
As at 31 August 2016							
Non-interest bearing							
Other payables and accruals	N/A	101,160	—	—	—	101,160	101,160
Amounts due to related companies	N/A	35,084	—	—	—	35,084	35,084
Amount due to a director	N/A	7,200	—	—	—	7,200	7,200
Interest bearing							
Other payable	5.7%	75,000	—	—	—	75,000	75,000
Obligations under finance leases	12.96%	2,620	583	1,146	3,605	7,954	7,349
		221,064	583	1,146	3,605	226,398	225,793
As at 31 August 2017							
Non-interest bearing							
Other payables and accruals	N/A	81,373	—	—	—	81,373	81,373
Amounts due to related companies	N/A	32,656	—	—	—	32,656	32,656
Amount due to a director	N/A	1	—	—	—	1	1
Amount due to a shareholder	N/A	1,300	—	—	—	1,300	1,300
Interest bearing							
Obligations under finance leases	12.96%	3,063	521	21	—	3,605	3,599
		118,393	521	21	—	118,935	118,929
As at 28 February 2018							
Non-interest bearing							
Other payables and accruals	—	223,213	—	—	—	223,213	223,213
Amounts due to related companies	—	33,869	—	—	—	33,869	33,869
Amount due to a director	—	1	—	—	—	1	1
Amount due to a shareholder	—	1,300	—	—	—	1,300	1,300
		258,383	—	—	—	258,383	258,383

The Company

	On demand or within 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Total undiscounted cash flows	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 August 2016						
Non-interest bearing						
Amounts due to subsidiaries	5,078	—	—	—	5,078	5,078
As at 31 August 2017						
Non-interest bearing						
Amounts due to subsidiaries	4,357	—	—	—	4,357	4,357
As at 28 February 2018						
Non-interest bearing						
Amounts due to subsidiaries	6,638	—	—	—	6,638	6,638

(c) Fair value

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on recurring basis

The fair value of financial assets and financial liabilities is determined in accordance with generally accepted pricing model based on discounted cash flow analysis.

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information approximate to their fair values.

36. DISPOSAL OF SUBSIDIARIES

As disclosed in Note 12, the Group disposed of all of its interest in the Discontinued Operations on 3 May 2016. Further details of the consideration, and assets and liabilities disposed of in the above disposal are set out below:

	As at 3 May 2016
	RMB'000
Consideration	
Consideration receivables	25,500
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	1,352
Properties under development for sale/properties held for sale	503,573
Trade receivables	4,332
Other receivables, deposits and prepayments	57,562
Amounts due from directors	2,340
Amounts due from related companies	30,895
Bank balances and cash	23,724
Advances from customers	(220,940)
Other payables and accruals	(204,780)
Amounts due to related companies	(122,509)
Borrowings	(4,000)
Income tax payable	(16,872)
Deferred tax liabilities	(13,152)
Net assets disposed of	41,525
Surplus on disposal	
Consideration	25,500
Net assets disposed of	(41,525)
Non-controlling interests	34,959
Amount recognized as contribution from the equity holder arising from the disposal of the Discontinued Operations	18,934
Net cash inflow arising on disposal	
Cash consideration received	—
Less: bank balances and cash disposed of	(23,724)
	(23,724)

37. PARTICULARS OF SUBSIDIARIES

As at the date of this report, the Company has following subsidiaries either control through direct and indirect equity interests or via contractual arrangements:

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Equity interest attributable to the Group					Principal activities
			At 31 August 2015	At 31 August 2016	At 31 August 2017	At 28 February 2018	Date of this report	
Bojun Education Investment Holdings Company Limited ("Bojun Investment") . .	British Virgin Islands ("BVI") 7 June 2016	United States dollar ("USD") USD50,000	N/A	100%	100%	100%	100%	Investment holding
Hong Kong Bojun Education Investment Co., Limited 香港博駿教育投資有限公司 ("Hong Kong Bojun") . .	Hong Kong 14 June 2016	HK$10,000	N/A	100%	100%	100%	100%	Investment holding
USA Bojun Education, Inc. ("US Bojun")	USA 19 August 2016	USD80,000	N/A	N/A	100%	100%	100%	Education consultancy and management services
Chengdu Tianfu Bojun Education Management Company Limited* 成都天府博駿教育管理有限公司 ("Chengdu Bojun")	PRC 26 July 2016	HKD120,000,000	N/A	100%	100%	100%	100%	Education consultancy services

* *The English names are for identification purpose only.*

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Equity interest attributable to the Group At 31 August 2015	At 31 August 2016	At 31 August 2017	At 28 February 2018	Date of this report	Principal activities
Chengdu Jinjiang District No. 1 Experimental Middle School Attached to Sichuan Normal University* 成都市錦江區四川師大附屬第一實驗中學 ("Jinjiang School")	PRC 27 April 2012	RMB12,000,000	90%	100%	100%	100%	100%	Provision of middle school education services
Chengdu Longquanyi District No. 1 Experimental Middle School Attached to Sichuan Normal University* 成都市龍泉驛區四川師大附屬第一實驗中學 ("Longquan School")	PRC 29 September 2015	RMB10,000,000	N/A	100%	100%	100%	100%	Provision of middle school and high school education services
Chengdu New Tianfu District No. 1 Experimental Middle School Attached to Sichuan Normal University* 成都市天府新區四川師大附屬第一實驗中學 ("Tianfu School")	PRC 20 April 2016	RMB1,000,000	N/A	100%	100%	100%	100%	Provision of middle school education services
Chengdu Youshi Experimental Kindergarten* 成都幼師實驗幼兒園 ("Youshi Kindergarten")	PRC 12 August 2002	RMB30,000	82%	100%	100%	100%	100%	Provision of kindergarten education services

* *The English names are for identification purpose only.*

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Equity interest attributable to the Group At 31 August 2015	At 31 August 2016	At 31 August 2017	At 28 February 2018	Date of this report	Principal activities
Chengdu Youshi Lidu Experimental Kindergarten* 成都幼師麗都實驗幼兒園 ("Lidu Kindergarten")	PRC 12 May 2003	RMB60,000	82%	100%	100%	100%	100%	Provision of kindergarten education services
Chengdu Youshi Riverside Impression Experimental Kindergarten* 成都幼師河濱印象實驗幼兒園 ("Riverside Kindergarten")	PRC 18 June 2003	RMB50,000	82%	100%	100%	100%	100%	Provision of kindergarten education services
Chengdu Youshi Longquan Dongshan Experimental Kindergarten* 成都幼師龍泉東山實驗幼兒園 ("Longquan Kindergarten")	PRC 23 February 2009	RMB100,000	82%	100%	100%	100%	100%	Provision of kindergarten education services
Chengdu Qingyang Youshi Jingjie Experimental Kindergarten* 成都青羊幼師境界實驗幼兒園 ("Qingyang Kindergarten")	PRC 15 March 2010	RMB100,000	82%	100%	100%	100%	100%	Provision of kindergarten education services
Chengdu High and New District Youshi Peninsula City Center Kindergarten* 成都高新區幼獅半島城邦幼兒園 ("Peninsula Kindergarten")	PRC 27 September 2013	RMB600,000	100%	100%	100%	100%	100%	Provision of kindergarten education services

* *The English names are for identification purpose only.*

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Equity interest attributable to the Group At 31 August 2015	At 31 August 2016	At 31 August 2017	At 28 February 2018	Date of this report	Principal activities
Sichuan Boai Preschool Education Development Company Limited* 四川省博愛幼兒教育事業發展有限責任公司 ("Sichuan Boai")	PRC 26 July 2001	RMB4,000,000	82%	100%	100%	100%	100%	Preschool education investment and management
Chengdu Youshi Preschool Education Investment Management Company Limited* 成都幼獅幼兒教育投資管理有限公司 ("Chengdu Youshi") . . .	PRC 16 July 2010	RMB1,000,000	100%	100%	100%	100%	100%	Preschool education investment and management
Chengdu Jinbojun Education Consultancy Company Limited* 成都金博駿教育諮詢有限公司 ("Chengdu Jinbojun") . .	PRC 13 March 2015	RMB5,000,000	80%	100%	100%	100%	100%	Education investment and management
Renshou Bojun Education Investment Management Company Limited* 仁壽博駿教育投資管理有限公司 ("Renshou Bojun") . . .	PRC 15 October 2015	RMB20,000,000	N/A	100%	100%	100%	100%	Education investment and management

* *The English names are for identification purpose only.*

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Equity interest attributable to the Group At 31 August 2015	At 31 August 2016	At 31 August 2017	At 28 February 2018	Date of this report	Principal activities
Chengdu Mingxian Education Investment Company Limited* 成都銘賢教育投資有限公司 ("Chengdu Mingxian") .	PRC 10 March 2004	RMB32,500,000	90%	100%	100%	100%	100%	Education investment and management
Sichuan Wenxuan Education Investment Company Limited* 四川文軒教育投資有限公司 ("Sichuan Wenxuan") . .	PRC 7 July 2010	RMB50,000,000	51%	N/A *(Note i)*	N/A *(Note i)*	N/A *(Note i)*	N/A *(Note i)*	Property development
Hainan Haiwen Qianjing Investment Company Limited* 海南海文前景投資有限公司 ("Haiwen Qianjing") . . .	PRC 19 June 2012	RMB10,000,000	26.01%	N/A *(Note i & ii)*	N/A *(Note i & ii)*	N/A *(Note i & ii)*	N/A *(Note i & ii)*	Property development
Bazhong Shudong Property Development Company Limited* 巴中蜀東房地產開發有限公司 ("Bazhong Shudong") . .	PRC 21 November 2005	RMB10,000,000	26.01%	N/A *(Note i)*	N/A *(Note i)*	N/A *(Note i)*	N/A *(Note i)*	Property development
Wangcang Bojun Education Management Company Limited* 旺蒼博駿教育管理有限公司 ("Wangcang Bojun") . . .	PRC 18 August 2017	RMB10,000,000	N/A	N/A	100%	100%	100%	Education investment and management

* *The English names are for identification purpose only.*

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Equity interest attributable to the Group At 31 August 2015	At 31 August 2016	At 31 August 2017	At 28 February 2018	Date of this report	Principal activities
Nanjiang Bojun Education Management Company Limited* 南江博駿教育管理有限公司 ("Nanjiang Bojun") . . .	PRC 24 August 2017	RMB10,000,000	N/A	N/A	100%	100%	100%	Education investment and management
Lezhi Bojun Education Management Company Limited* 樂至縣博駿教育管理有限公司 ("Lezhi Bojun")	PRC 10 January 2018	RMB10,000,000	N/A	N/A	N/A	100%	100%	Education investment and management

* *The English names are for identification purpose only.*

\# *Other than Bojun Investment, all subsidiaries are indirectly held by the Company.*

Note:

i The entire equity interest in Sichuan Wenxuan and Bazhong Shudong were disposed of on 3 May 2016. Details of the disposal are set out in Note 36.

ii. Haiwen Qianjing has been deregistered on 14 June 2017.

The Company's financial year end date is 31 August, which is consistent with the school year. Except for the Company, Bojun Investment and Hong Kong Bojun that have a financial year end of 31 August, all other group entities/schools/kindergartens have a financial year end of 31 December.

The statutory financial statements of the following subsidiaries established in the PRC were prepared in accordance with relevant accounting principles and financial regulations applicable to the PRC enterprises and were audited by the following certified public accountants registered in the PRC.

Name of subsidiaries	Financial year/period ended	Name of auditors
Jinjiang School	31 December 2014, 2015, 2016 and 2017	成都佳信會計師事務所有限責任公司 Chengdu Jiaxin Certified Public Accountants Co., Ltd.*
Longquan School	31 December 2015, 2016 and 2017	成都佳信會計師事務所有限責任公司 Chengdu Jiaxin Certified Public Accountants Co., Ltd.*
Tianfu School	31 December 2016 and 2017	成都佳信會計師事務所有限責任公司 Chengdu Jiaxin Certified Public Accountants Co., Ltd.*
Youshi Kindergarten	31 December 2014, 2015, 2016 and 2017	四川良建會計師事務所有限責任公司 Sichuan Liangjian Certified Public Accountants Co., Ltd.*

Name of subsidiaries	Financial year/period ended	Name of auditors
Lidu Kindergarten	31 December 2014, 2015, 2016 and 2017	四川良建會計師事務所有限責任公司 Sichuan Liangjian Certified Public Accountants Co., Ltd.*
Riverside Kindergarten	31 December 2014, 2015, 2016 and 2017	四川良建會計師事務所有限責任公司 Sichuan Liangjian Certified Public Accountants Co., Ltd.*
Longquan Kindergarten ...	31 December 2014, 2015, 2016 and 2017	四川良建會計師事務所有限責任公司 Sichuan Liangjian Certified Public Accountants Co., Ltd.*
Qingyang Kindergarten ...	31 December 2014, 2015, 2016 and 2017	四川良建會計師事務所有限責任公司 Sichuan Liangjian Certified Public Accountants Co., Ltd.*
Peninsula Kindergarten ...	31 December 2014, 2015, 2016 and 2017	四川良建會計師事務所有限責任公司 Sichuan Liangjian Certified Public Accountants Co., Ltd.*
Hong Kong Bojun	31 August 2017	惠爾信會計師事務所 Wale'x CPA & Co.

* *The English names are for identification purpose only.*

No audited financial statements have been prepared for the Company, Bojun Investment and US Bojun as they were incorporated in the jurisdiction where there is no statutory audit requirement and they had not carried on any business since their respective dates of incorporation other than the transactions relating to the Reorganisation.

No audited financial statements have been prepared for Chengdu Bojun, Sichuan Boai, Chengdu Youshi, Chengdu Jinbojun, Renshou Bojun, Chengdu Mingxian, Sichuan Wenxuan, Haiwen Qianjing, Bazhong Shudong, Wangcang Bojun, Nanjiang Bojun and Lezhi Bojun since their respective dates of incorporation/establishment as there are no statutory requirements for them to issue statutory audited financial statements.

38. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities.

	Obligations under finance leases	Amounts due to directors	Amounts due to related companies	Borrowings	Advance from a third party	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 September 2014	–	7,806	271,483	54,000	–	333,289
Financing cash flows	9,500	200	(68,680)	21,205	–	(37,775)
Non-cash changes						
Arising from deregistration of a joint venture *(Note 9)*	–	–	(11,776)	–	–	(11,776)
Finance cost recognized *(Notes 8 and 12)*	195	–	–	7,795	–	7,990
At 31 August 2015	9,695	8,006	191,027	83,000	–	291,728
Financing cash flows	(3,345)	(806)	(33,434)	(80,191)	85,000	(32,776)
Non-cash changes						
Finance cost recognized *(Note 8)*	999	–	–	1,191	2,138	4,328
Interest waived by a third party *(Note 7a)*	–	–	–	–	(2,138)	(2,138)
Disposal of subsidiaries *(Note 36)*	–	–	(122,509)	(4,000)	–	(126,509)
At 31 August 2016	7,349	7,200	35,084	–	85,000	134,633
Financing cash flows	(4,400)	(7,199)	(2,624)	–	(85,000)	(99,223)
Non-cash changes						
Finance cost recognized *(Note 8)*	650	–	–	–	713	1,363
Interest waived by a third party *(Note 7a)*	–	–	–	–	(713)	(713)
At 31 August 2017	3,599	1	32,460	–	–	36,060
Financing cash flows	(3,652)	–	(63)	–	–	(3,715)
Non-cash changes						
Payment made by a related company*	–	–	1,178	–	–	1,178
Finance cost recognized *(Note 8)*	53	–	–	–	–	53
At 28 February 2018	–	1	33,575	–	–	33,576

	Obligation under finance leases	Amounts due to directors	Amounts due to related companies	Borrowings	Advance from a third party	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
(unaudited)						
At 1 September 2016	7,349	7,200	35,084	–	85,000	134,633
Financing cash flows	(3,285)	(7,200)	(1,916)	–	(85,000)	(97,401)
Non-cash changes						
Finance cost recognized *(Note 8)*	423	–	–	–	713	1,136
Interest waived by a third party *(Note 7a)*	–	–	–	–	(713)	(713)
At 28 February 2017	4,487	–	33,168	–	–	37,655

* *Being operating expenses paid by Chengdu Hengyu on behalf of the Group.*

39. EVENTS AFTER REPORTING PERIOD

Save as elsewhere disclosed in this report, events and transactions took place subsequent to 28 February 2018 are detailed as below.

(a) On 8 September 2017, the Group entered into a cooperation agreement with an independent third party (the "School Investor") for establishing and development of a private kindergarten, primary, middle and high school. Pursuant to the agreement, the School Investor shall also invest to construct the school facilities including relevant land. In March 2018, the School Investor completed an acquisition of land from the local government through public auction for a consideration of RMB35,808,000.

The details of the acquisition is set out in the sub-section headed "Further expansion of our school network to expand our geographic coverage in China and the United States by ways of market penetration and market diversification" under section "Business" to the Prospectus.

(b) On 28 April 2018, the Group entered into two credit facility agreements with a bank for banking facilities with an aggregate amount of RMB150,000,000. As of the Latest Practicable Date, the Group have drawn down the bank loan of an aggregate amount of RMB60,000,000 out of the available banking facilities.

(c) On 12 July 2018, written resolutions of the shareholders of the Company were passed to approve the matters set out in the section headed "3. Resolutions in writing of all Shareholders passed on 12 July 2018" in Appendix V to this Prospectus. It was resolved, among other things:

(i) the authorized share capital was increased from HK$380,000 to HK$50,000,000 by the creation of a further 4,962,000,000 shares;

(ii) conditional on the share premium account being credited as a result of the Global Offering, it was authorized to capitalise HK$5,999,000 standing to the credit of the share premium account of the Company by applying such sum in paying up in full at par 599,900,000 shares for allotment and issue to shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on 12 July 2018; and

(iii) conditionally approved and adopted a Share Option Scheme, the principle terms of which are set out in the section headed "15. Share option scheme" in Appendix V to the Prospectus.

40. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Company, any of its subsidiaries or the Group have been prepared in respect of any period subsequent to 28 February 2018.

The information set out in this Appendix does not form part of the accountants' report on the financial information of the Group for each of the three years ended 31 August 2017 and the six months ended 28 February 2018 (the "Track Record Period") (the "Accountants' Report") issued by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set out in Appendix I to this Prospectus, and is included herein for information only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountants' Report set out in Appendix I to this prospectus.

A. STATEMENT OF UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The following statement of unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company prepared in accordance with paragraph 4.29 of the Listing Rules is for illustration only, and is set out in this appendix to illustrate the effect of the proposed global offering of the Company's shares ("Global Offering") on the adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 28 February 2018, as if it had taken place on such date.

The unaudited pro forma adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to owners of the Company as at 28 February 2018 or any future date.

The following statement of unaudited pro forma adjusted consolidated net tangible assets of the Group is prepared based on the audited consolidated net tangible assets of the Group attributable to the owners of the Company as at 28 February 2018 as shown in the Accountants' Report as set out in Appendix I to this prospectus, and adjusted as described below. The unaudited pro forma adjusted consolidated net tangible assets does not form part of the Accountants' Report.

	Audited consolidated net tangible assets of the Group attributable to the owners of the Company as at 28 February 2018	Estimated net proceeds from the proposed Global Offering	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 28 February 2018	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 28 February 2018 per Share	
	RMB'000	RMB'000	RMB'000	RMB	HK$
	(Note 1)	*(Note 2)*		*(Note 3)*	*(Note 4)*
Based on Offer Price of HK$1.99 per Share . . .	374,873	308,161	683,034	0.854	0.996
Based on Offer Price of HK$2.36 per Share . . .	374,873	369,359	744,232	0.930	1.086

Notes:

(1) The audited consolidated net tangible assets of the Group attributable to the owners of the Company is extracted from the Accountants' Report set out in Appendix I to this prospectus.

(2) The estimated net proceeds from the issue of the new Shares pursuant to the proposed Global Offering are based on 200,000,000 new Shares at the Offer Price of lower limit and upper limit of HK$1.99 and HK$2.36 per new Share, respectively, after deduction of the associated underwriting commissions and fees and other related expenses, other than those expenses which had been recognized in profit or loss prior to 28 February 2018.

The calculation of such estimated net proceeds does not take into account of any Shares which may be allotted and issued pursuant to the exercise of options which may be granted under the Share Option Scheme, upon exercise of the Over-allotment Option or any Shares which may be issued or repurchased by the Company pursuant to the general mandates granted to the Directors to issue or repurchase Shares referred to in the sections headed "Share Capital — General mandate to issue Shares", "Structure of the Global Offering" or "Share Capital — General mandate to repurchase Shares" in this prospectus. The estimated net proceeds from the proposed Global Offering are converted from Hong Kong dollars into RMB at an exchange rate of HK$1.00 to RMB0.857 as at 9 July 2018. No representation is made that Hong Kong dollars amounts have been, could have been or could be converted to RMB, or vice versa, at that rate or at any other rates or at all.

(3) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company per Share as at 28 February 2018 is calculated based on 800,000,000 Shares in issue immediately following the completion of the proposed Global Offering and the Capitalization Issue. It does not take into account of any Shares which may be allotted and issued pursuant to the exercise of options which may be granted under the Share Option Scheme, upon exercise of the Over-allotment Option or any Shares which may be issued or repurchased by the Company pursuant to the general mandates granted to the Directors to issue or repurchase Shares referred to in the sections headed "Share Capital — General mandate to issue Shares", "Structure of the Global Offering" or "Share Capital — General mandate to repurchase Shares" in this prospectus.

(4) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 28 February 2018 to reflect any trading results or other transactions of the Group entered into subsequent to 28 February 2018.

The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company per Share as at 28 February 2018 is converted from RMB into Hong Kong dollars at the rate of HK$1.00 to RMB0.857 as at 9 July 2018. No representation is made that the RMB amounts have been, could have been or could be converted to Hong Kong dollars, or vice versa, at that rate or at any other rates or at all.

(5) By comparing the valuation of the properties as set out in the valuation report prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited as at 30 April 2018, the net valuation surplus for land of Nanjiang Bojun and Wangcang Bojun is approximately RMB53,206,000 and RMB64,647,000 as compared to the carrying amounts of the properties as at 30 April 2018, which has not been included in the above consolidated net tangible assets of the Group. The valuation surplus of the properties will not be incorporated in the Group's financial statements in the future. If the valuation surplus were to be included in the consolidated financial statements, the annual depreciation amount will be increased by RMB2,376,000.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of the assurance report received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of our Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this prospectus.

Deloitte. 德勤

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Bojun Education Company Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Bojun Education Company Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") prepared by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets as at 28 February 2018 and related notes as set out on pages II-1 to II-2 of Appendix II to the prospectus issued by the Company dated 19 July 2018 (the "Prospectus"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages II-1 to II-2 of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed offering of the shares of the Company (the "Global Offering") on the Group's financial position as at 28 February 2018 as if the Global Offering had taken place at 28 February 2018. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial information for each of the three years ended 31 August 2017 and the six months ended 28 February 2018, on which an accountants' report set out in Appendix I to the Prospectus has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 28 February 2018 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and

- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

19 July 2018

The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this prospectus received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, in connection with its valuation as at 30 April 2018 of the property interests held by the Consolidated Affiliated Entities.

JLL
仲量聯行

Jones Lang LaSalle Corporate Appraisal and Advisory Limited
6/F Three Pacific Place 1 Queen's Road East Hong Kong
tel +852 2846 5000 fax +852 2169 6001
Licence No.: C-030171

19 July 2018

The Board of Directors
Bojun Education Company Limited
No. 1 Zhongtai Road
Wanan Street
Tianfu New District
Chengdu
Sichuan Province
PRC

Dear Sirs,

Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("JLL" or "we") is instructed by Bojun Education Company Limited (the "**Company**") to provide valuation service on the property interests held by Jinjiang School, Tianfu School, Nanjiang Bojun and Wangcang Bojun (the "**Consolidated Affiliated Entities**"), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property interests as at 30 April 2018 (the "**valuation date**").

Our valuation is carried out on a market value basis. Market value is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

Due to the nature of the buildings and structures of the properties and the particular location in which they are situated, there are unlikely to be relevant market comparable sales readily available. The property interests have therefore been valued by the Cost Approach with reference to their depreciated replacement cost.

Depreciated replacement cost is defined as "the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization." It is based on an estimate of the market value for the existing use of the land, plus the current cost of replacement (reproduction) of the improvements, less deductions for physical deterioration and all relevant forms of obsolescence and optimization. In arriving at the value of land portion, reference has been made to the sales evidence as available in the locality. The depreciated replacement cost of the property interest is subject to adequate potential profitability of the concerned business. In our valuation, it applies to the whole of the complex or development as a unique interest, and no piecemeal transaction of the complex or development is assumed.

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the property interests.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their value.

In valuing the property interests, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by the Stock Exchange of Hong Kong Limited; the RICS Valuation — Global Standards 2017 published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors; and the International Valuation Standards published by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the Company and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and other relevant matters.

We have been shown copies of various title documents including State-owned Land Use Rights Grant Contracts and Asset Transfer Agreement relating to the property interests and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interests in the PRC and any material encumbrance that might be attached to the property interests or any tenancy amendment. We have relied considerably on the advice given by the Company's PRC Legal Advisors — Jingtian & Gongcheng, concerning the validity of the property interests in the PRC.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

Inspection of the properties was carried out in April 2018 by Ms. Cyndi Huang, who is a China Real Estate Appraiser / China Land Valuer / Member of the Royal Institute of Chartered Surveyors and has more than 6 years' experience in the valuation of properties in the PRC.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We have also sought confirmation from the Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

Our valuation is summarized below and the valuation certificates are attached.

Yours faithfully,
for and on behalf of
Jones Lang LaSalle Corporate Appraisal and Advisory Limited
Eddie T. W. Yiu
MRICS MHKIS RPS (GP)
Director

Note: Eddie T.W. Yiu is a Chartered Surveyor who has 24 years' experience in the valuation of properties in Hong Kong and the PRC as well as relevant experience in the Asia-Pacific region.

SUMMARY OF VALUES

Group I - Property interests held and occupied by the Consolidated Affiliated Entities in the PRC

No.	Property	Market value in existing state as at 30 April 2018
		RMB
1.	Chengdu Jinjiang District No. 1 Experimental Middle School Attached to Sichuan Normal University ("Jinjiang School") located at No. 288 Jingan Road, Jinjiang District, Chengdu City, Sichuan Province, The PRC	No commercial value
2.	Chengdu New Tianfu District No. 1 Experimental Middle School Attached to Sichuan Normal University ("Tianfu School") located at No. 19 Lushan Road Section 2, Tianfu New District, Chengdu City, Sichuan Province The PRC	No commercial value
	Sub-total:	**Nil**

Group II - Property interests held under development by the Consolidated Affiliated Entities in the PRC

No.	Property	Market value in existing state as at 30 April 2018
		RMB
3.	Nanjiang Bojun School ("Nanjiang School") located at Qiaoheqiao, Huaguang Village, Dongyu Town, Nanjiang County, Bazhong City, Sichuan Province, The PRC	88,270,000

No.	Property	Market value in existing state as at 30 April 2018
		RMB
4.	Wangcang Bojun School ("Wangcang School"), located at Dazhongba, Xingwangxi Road, Donghe Town, Wangcang County, Guangyuan City, Sichuan Province, The PRC	111,500,000
	Sub-total:	**199,770,000**
	Grand-total:	**199,770,000**

Notes:

(1) In the valuation of Property No. 1, we have attributed no commercial value to the property because of the leased land nature and the buildings are without Building Ownership Certificates. However, for reference purpose, we are of the opinion that the depreciated replacement cost of these buildings and structures (excluding the land) as at the valuation date would be RMB58,620,000.

(2) We have attributed no commercial value to Property No. 2 which has not obtained Building Ownership Certificate as at the valuation date. However, for reference purpose, we are of the opinion that the market value of the completed buildings and various ancillary structures (including the land parcel with a site area of approximately 19,186.57 sq.m. that they are erected thereon) as at the valuation date would be RMB77,860,000, on condition that the relevant title certificates have been obtained by the Consolidated Affiliated Entities and the Consolidated Affiliated Entities are entitled to freely transfer, lease, mortgage or otherwise dispose of the property, whilst the depreciated replacement cost of the CIP building (excluding the land) as at the valuation date would be RMB65,200,000.

VALUATION CERTIFICATE

Group I – Property interests held and occupied by the Consolidated Affiliated Entities in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2018
				RMB
1.	Chengdu Jinjiang District No. 1 Experimental Middle School Attached to Sichuan Normal University ("Jinjiang School") located at No. 288 Jingan Road Jinjiang District, Chengdu City, Sichuan Province The PRC	The property comprises 5 parcels of land (collectively-owned land use rights nature) with a total site area of approximately 71.27 Mu (equivalent to approximately 47,513.57 sq.m.) and 13 buildings and various ancillary structures erected thereon which were completed between 1993 and 2011. The buildings have a total gross floor area of approximately 33,703 sq.m. The buildings mainly include academic buildings, multifunctional classrooms, office buildings, library, dormitories and canteens. The structures mainly include ancillary facilities, playground, boundary walls and roads. As advised by the Company, the land parcels (collectively-owned land use rights nature) were leased from Jinxiangsi Village Committee.	As at the valuation date, the property was occupied by the Company for educational and ancillary purposes.	No commercial value

Notes:

1. Pursuant to 5 Land Lease Agreements, 5 parcels of land with a total site area of approximately 71.27 Mu (equivalent to approximately 47,513.57 sq.m.) are leased to the Jinjiang School from Jinxiangsi Village Committee for various terms at a total prevailing annual rent of RMB322,308.

   The prevailing contracted annual rent is set out as below:

No.	Site Area (Mu)	Date of Commencement	Date of Expiry	Annual Rent (RMB)
1.	60.41	1 June 1993	1 June 2043	289,968
2.	1.00	10 September 2006	10 September 2043	3,000
3.	7.66	26 April 2009	Until the date of land resumption by the government	22,980
4.	2.00	20 December 2009	Until the date of land resumption by the government	6,000
5.	0.20	1 October 2015	Until the date of land resumption by the government	360

2. For the buildings of the property, no building ownership certificates have been obtained for them.

3. In the valuation of this property, we have attributed no commercial value to the property because of the leased land nature and the buildings are without Building Ownership Certificates. However, for reference purpose, we are of the opinion that the depreciated replacement cost of these buildings and structures (excluding the land) as at the valuation date would be RMB58,620,000.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC Legal Advisors, which contains, *inter alia*, the following:

   a. Jinjiang School has not obtained proper title certificates for the buildings of the property, but the risk to be penalized is low; and

   b. Adequate compensation will be given by the Company's Controlling Shareholders if Jinjiang School suffers any loss from the lack of building ownership certificates.

5. As the property is the major asset held by the Consolidated Affiliated Entities, we are of the view that the property is a material property.

Details of the material property

a)	General description of location of the property	:	The property is located at the western side of Jingan Road of Jinjiang District which is in the eastern part of Chengdu City. It is around 0.3 km away from the subway station of Metro Line 7. Developments in the vicinity are mainly residential buildings. The site of the property is in regular shape.
b)	Details of encumbrances, liens, pledges, mortgages against the property	:	Nil.
c)	Details of investigations, notices, pending litigation, breaches of law or title defects	:	13 buildings with a total gross floor area of approximately 33,703 sq.m. have not obtained Building Ownership Certificates as at the valuation date.
d)	Future plans for construction, renovation, improvement or development of the property and estimated associated costs	:	As advised by the Company, there is no plan for new major development or renovation to the property.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2018
				RMB
2.	Chengdu New Tianfu District No. 1 Experimental Middle School Attached to Sichuan Normal University ("Tianfu School") located at No. 19 Lushan Road Section 2, Tianfu New District, Chengdu City, Sichuan Province The PRC	The property comprises a parcel of land with a site area of approximately 19,186.57 sq.m., 2 completed buildings and various ancillary structures erected thereon which were completed in 2014. The buildings have a total gross floor area of approximately 13,472.08 sq.m. The buildings comprises an academic building and an ancillary building. The structures mainly include an ancillary facility room, playground, boundary walls and roads. Apart from the completed buildings, there is a dormitory building which was under construction (the "CIP building") as at the valuation date. The CIP building is erected on a parcel of land (collectively-owned land use rights nature) with a site area of approximately 10,432.78 sq.m. As advised by the Company, the CIP building is scheduled to be completed in July 2018. Upon completion, the CIP building will have a gross floor area of approximately 24,740.60 sq.m. The total construction cost is estimated to be approximately RMB76,000,000, of which approximately RMB60,600,000 had been paid as at the valuation date.	As at the valuation date, the completed buildings were occupied by the Company for educational and ancillary purposes and the CIP building was under construction.	No commercial value

Notes:

1. Pursuant to an Asset Transfer Agreement, a Supplemental Agreement and several related agreements entered into between, among others, a property developer, a property investment company and Tianfu School (collectively, the "**Asset Transfer Agreements**"), a property which comprises a parcel of land with a site area of approximately 19,186.57 sq.m., two buildings with a total gross floor area of approximately 13,472.08 sq.m. and various ancillary structures were contracted to be transferred to Tianfu School.

2. According to a Cooperation Agreement, entered into between Shuangquan Village Committee of Wanan Street of Tianfu New District (the "**Shuangquan Committee**") and Tianfu School, the Shaungquan Committee shall provide a parcel of land with a site area of approximately 10,432.78 sq.m. for the expansion of campus of Tianfu School. Under the agreement, Tianfu School shall finance the construction work of such expansion which mainly comprises an under-construction dormitory building (the "**CIP building**"). Upon completion of the construction of the CIP building, the Shuangquan Committee shall be entitled to the ownership of approximately 7,100.00 sq.m. of the CIP building and shall lease this portion of the CIP building to Tianfu School for a term commencing from 1 March 2018 and expiring on 28 February 2036 at a total rent of RMB24,750,000 for the entire lease period. Tianfu School shall be entitled to the ownership of the remaining portion of the CIP building with a gross floor area of approximately 17,640.60 sq.m.

3. For the completed buildings of the property, no building ownership certificates have been obtained for them.

4. We have attributed no commercial value to the property which has not obtained Building Ownership Certificates and the land use rights of the land parcel are not held by the Consolidated Affiliated Entities as at the valuation date. However, for reference purpose, we are of the opinion that the market value of the completed buildings and various ancillary structures (including the land parcel with a site area of approximately 19,186.57 sq.m. that they are erected thereon) as at the valuation date would be RMB77,860,000, on condition that the relevant title certificates have been obtained by the Consolidated Affiliated Entities and the Consolidated Affiliated Entities are entitled to freely transfer, lease, mortgage or otherwise dispose of the property, whilst the depreciated replacement cost of the CIP building (excluding the land) as at the valuation date would be RMB65,200,000,

5. In valuing the market value for reference purpose as mentioned in note 4, we have assumed that the land use rights of that land parcel have been vested in the Consolidated Affiliated Entities for a term of 50 years from the valuation date for educational use.

6. We have been provided with a legal opinion regarding the property interest by the Company's PRC Legal Advisors, which contains, *inter alia*, the following:

   a. The property has complied with the planning purposes described under the relevant construction and planning permits and the certificate of land use rights;

   b. The lack of the property ownership of the property does not constitute a material non-compliance issue to Tianfu School; and

   c. The development and construction of the CIP building has obtained necessary official approval from relevant departments.

7. As the property is the major asset held by the Consolidated Affiliated Entities, we are of the view that the property is a material property.

Details of the material property

a)	General description of location of the property	:	The property is located at the northern side of Lushan Road Section 2 of Tianfu New District which is in the southern part of Chengdu City. Developments in the vicinity are mainly residential buildings. The site of the property is in regular shape.
b)	Details of encumbrances, liens, pledges, mortgages against the property	:	Nil.
c)	Details of investigations, notices, pending litigation, breaches of law or title defects	:	The property has not obtained property ownership certificates under the name of the Consolidated Affiliated Entities as at the valuation date.
d)	Future plans for construction, renovation, improvement or development of the property and estimated associated costs	:	As advised by the Company, except for the CIP building, there is no plan for new major development or renovation to the property.

VALUATION CERTIFICATE

Group II - Property interests held under development by the Consolidated Affiliated Entities in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2018
				RMB
3.	Nanjiang Bojun School ("Nanjiang School") located at Qiaoheqiao, Huaguang Village, Dongyu Town, Nanjiang County, Bazhong City, Sichuan Province, The PRC	The property comprises a parcel of land with a site area of approximately 93,649.50 sq.m. and 12 buildings (mainly include academic buildings, office buildings and domitories) and various structures which were being constructed thereon as at the valuation date. The property is scheduled to be completed in September 2019. Upon completion, the buildings of the property will have a total gross floor area of approximately 64,805.60 sq.m. The total construction cost is estimated to be approximately RMB174,000,000, of which approximately RMB36,300,000 had been paid as at the date of valuation. The land use rights of the property have been granted for a term of 50 years expiring on 15 November 2067 for educational use.	As at the valuation date, the property was under construction.	88,270,000

Notes:

1. Pursuant to 2 State-owned Land Use Rights Grant Contracts – Nos. 511702-2017-G-03 and 511702-2017-G-03-1 dated 23 November 2017, the land use rights of 2 parcels of land with a total site area of approximately 93,649.45 sq.m. were contracted to be granted to Nanjiang Bojun Education Management Company Limited ("Nanjiang Bojun", a consolidated affiliated entity of the Company) for a term of 50 years for educational use. The total land premium was RMB35,118,544.

2. Pursuant to a Real Estate Title Certificate – Chuan (2018) Nan Jiang Xian Bu Dong Chan Quan Di No. 0001333, the land use rights of a parcel of land with a site area of approximately 93,649.50 sq.m. have been granted to Nanjiang Bojun for a term of 50 years expiring on 15 November 2067 for educational use.

3. Pursuant to a Construction Work Planning Permit – Nan Zhu Jian Jian Zi Di No. 51192220180003 in favor of Nanjiang Bojun, the construction of Nanjiang School with a gross floor area of approximately 65,924.92 sq.m. has been approved for construction.

4. Pursuant to a Construction Work Commencement Permit – No. 511922201805090101 in favor of Nanjiang Bojun, permission by the relevant local authority was given to commence the construction work of 7 buildings (named as Phase I of Nanjiang School) with a total gross floor area of approximately 28,942.18 sq.m.

5. Pursuant to a Construction Work Commencement Permit – No. 511922201806150201 in favor of Nanjiang Bojun, permission by the relevant local authority was given to commence the construction work of 5 buildings (named as Phase II of Nanjiang School) with a total gross floor area of approximately 35,863.42 sq.m.

6. We have been provided with a legal opinion regarding the property interest by the Company's PRC Legal Advisors, which contains, inter alia, the following:

   a. Nanjiang Bojun has the rights to occupy, use, transfer, lease, mortgage or otherwise dispose of the land legally in accordance with the use and terms as stipulated on the Real Estate Title Certificate; and

   b. The construction of Nanjiang School has been put on record or obtained necessary permits.

7. As the property is the major asset held by the Consolidated Affiliated Entities, we are of the view that the property is a material property.

Details of the material property

a)	General description of location of the property	:	The property is located at Nanjiang County which is in the northern part of Bazhong City. It is around 4 km away from the centre of Nanjiang County. The locality of the property is a newly developed area with very few buildings. The site of the property is in irregular shape.
b)	Details of encumbrances, liens, pledges, mortgages against the property	:	Nil.
c)	Details of investigations, notices, pending litigation, breaches of law or title defects	:	Nil.
d)	Future plans for construction, renovation, improvement or development of the property and estimated associated costs	:	As advised by the Company, except for the 12 buildings and various structures which were under construction as at the valuation date, there is no plan for new major development or renovation to the property in the next 12 months from the date of this document.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2018
				RMB
4.	Wangcang Bojun School ("Wangcang School"), located at Dazhongba, Xingwangxi Road, Donghe Town, Wangcang County, Guangyuan City, Sichuan Province, The PRC	The property comprises 2 parcels of land with a total site area of approximately 79,973.00 sq.m. and 7 buildings (mainly include academic buildings, a dormitory and a canteen) and various structures which were being constructed thereon as at the date of valuation. The property is scheduled to be completed in August 2018. Upon completion, the buildings of the property will have a total gross floor area of approximately 41,148.27 sq.m. The total construction cost is estimated to be approximately RMB103,000,000, of which approximately RMB38,600,000 had been paid as at the date of valuation. The land use rights of the property have been granted for a term of 50 years expiring on 9 January 2068 for educational use.	As at the valuation date, the property was under construction.	111,500,000

Notes:

1. Pursuant to 2 State-owned Land Use Rights Grant Contracts – Nos. 0702-2017-49 and 0702-2017-50 dated 9 January 2018, the land use rights of the property were contracted to be granted to Wangcang Bojun Education Management Company Limited ("Wangcang Bojun", a consolidated affiliated entity of the Company) for a term of 50 years for educational use. The total land premium was RMB46,700,000.

2. Pursuant to 2 Real Estate Title Certificates – Chuan (2018) Wang Cang Xian Bu Dong Chan Quan Di Nos. 0000107 and 0000108, the land use rights of 2 parcels of land with a total site area of approximately 79,973.00 sq.m. have been granted to Wangcang Bojun for a term of 50 years expiring on 9 January 2068 for educational use.

3. Pursuant to 2 Construction Work Planning Permits – 2018 Nian Nos. 12 and 13 in favor of Wangcang Bojun, the construction of Wangcang School with a total gross floor area of approximately 41,148.27 sq.m. have been approved for construction.

4. Pursuant to a Construction Work Commencement Permit – No. 510821201804270101 in favor of Wangcang Bojun, permission by the relevant local authority was given to commence the construction work.

5. We have been provided with a legal opinion regarding the property interest by the Company's PRC Legal Advisors, which contains, inter alia, the following:

   a. Wangcang School has the rights to occupy, use, transfer, lease, mortgage or otherwise dispose of the land legally in accordance with the use and terms as stipulated on the Real Estate Title Certificates; and

   b. The construction of Wangcang School has been put on record or obtained necessary permits.

6. As the property is the major asset held by the Consolidated Affiliated Entities, we are of the view that the property is a material property.

Details of the material property

a)	General description of location of the property	:	The property is located at Wangcang County which is in the northern part of Guangyuan City. It is around 5km away from the centre of Wangcang County. The site of the property is in irregular shape.
b)	Details of encumbrances, liens, pledges, mortgages against the property	:	Nil.
c)	Details of investigations, notices, pending litigation, breaches of law or title defects	:	Nil.
d)	Future plans for construction, renovation, improvement or development of the property and estimated associated costs	:	As advised by the Company, except for the 7 building and various structures which were under construction as at the valuation date, there is no plan for new major development or renovation to the property.

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 14 June 2016 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the "**Companies Law**"). The Company's constitutional documents consist of its Memorandum of Association (the "**Memorandum**") and its Articles of Association (the "Articles").

1. MEMORANDUM OF ASSOCIATION

(a) The Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

(b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on 12 July 2018 with effect from the Listing Date. The following is a summary of certain provisions of the Articles:

(a) Shares

(i) Classes of shares

The share capital of the Company consists of ordinary shares.

(ii) Variation of rights of existing shares or classes of shares

Subject to the Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(iii) Alteration of capital

The Company may by ordinary resolution of its members:

(i) increase its share capital by the creation of new shares;

(ii) consolidate all or any of its capital into shares of larger amount than its existing shares;

(iii) divide its shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;

(iv) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum; or

(v) cancel any shares which, at the date of passing of the resolution, have not been taken and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(iv) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time.

The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of that share.

The board may, in its absolute discretion, at any time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

The board may decline to recognize any instrument of transfer unless a fee (not exceeding the maximum sum as the Stock Exchange may determine to be payable) determined by the Directors is paid to the Company, the instrument of transfer is properly stamped (if applicable), it is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in any newspaper or by any other means in accordance with the requirements of the Stock Exchange, at such times and for such periods as the board may determine. The register of members must not be closed for periods exceeding in the whole thirty (30) days in any year.

Subject to the above, fully paid shares are free from any restriction on transfer and free of all liens in favor of the Company.

(v) Power of the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles to purchase its own shares subject to certain restrictions and the board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by the Stock Exchange.

Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender must be limited to a maximum price determined by the Company in general meeting. If purchases are by tender, tenders must be made available to all members alike.

(vi) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

(vii) Calls on shares and forfeiture of shares

The board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(b) Directors

(i) Appointment, retirement and removal

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification. Further, there are no provisions in the Articles relating to retirement of Directors upon reaching any age limit.

The Directors have the power to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and members of the Company may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated if:

(aa) he resigns by notice in writing delivered to the Company;

(bb) he becomes of unsound mind or dies;

(cc) without special leave, he is absent from meetings of the board for six (6) consecutive months, and the board resolves that his office is vacated;

(dd) he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;

(ee) he is prohibited from being a director by law; or

(ff) he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed must, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(ii) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued (a) with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Directors may determine, or (b) on terms that, at the option of the Company or the holder thereof, it is liable to be redeemed.

The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of the Stock Exchange and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company are at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the board is obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) Power to dispose of the assets of the Company or any of its subsidiaries

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting.

(iv) Borrowing powers

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(v) Remuneration

The ordinary remuneration of the Directors is to be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors are also entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vi) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(vii) Loans and provision of security for loans to Directors

The Company must not make any loan, directly or indirectly, to a Director or his close associate(s) if and to the extent it would be prohibited by the Companies Ordinance (Chapter 622 of the laws of Hong Kong) as if the Company were a company incorporated in Hong Kong.

(viii) Disclosure of interests in contracts with the Company or any of its subsidiaries

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and upon such terms as the board may determine, and may be paid such extra remuneration therefor in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. The board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favor of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

No Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company must declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his close associates is materially interested, but this prohibition does not apply to any of the following matters, namely:

(aa) any contract or arrangement for giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close associates at the request of or for the benefit of the Company or any of its subsidiaries;

(bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(dd) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or

(ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his close associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(c) Proceedings of the Board

The board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(d) Alterations to constitutional documents and the Company's name

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(e) Meetings of members

(i) Special and ordinary resolutions

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

Under the Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

(ii) Voting rights and right to demand a poll

Subject to any special rights or restrictions as to voting for the time being attached to any shares, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorized representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorized representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognized clearing house (or its nominee(s)) is a member of the Company it may authorize such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorized, the authorization shall specify the number and class of shares in respect of which each such person is so authorized. A person authorized pursuant to this provision shall be deemed to have been duly authorized without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognized clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(iii) Annual general meetings and extraordinary general meetings

The Company must hold an annual general meeting of the Company every year within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of not more than eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of the Stock Exchange.

Extraordinary general meetings may be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the board or the secretary for the purpose of requiring an extraordinary general meeting to be called by the board for the transaction of any business specified in such requisition. Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the board fails to proceed to convene such meeting, the requisitionist(s) himself/herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the board shall be reimbursed to the requisitionist(s) by the Company.

(iv) Notices of meetings and business to be conducted

An annual general meeting must be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days. All other general meetings must be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice is exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time and place of the meeting and, in the case of special business, the general nature of that business.

In addition, notice of every general meeting must be given to all members of the Company other than to such members as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to, among others, the auditors for the time being of the Company.

Any notice to be given to or by any person pursuant to the Articles may be served on or delivered to any member of the Company personally, by post to such member's registered address or by advertisement in appropriate newspapers in accordance with the requirements of the Stock Exchange. Subject to compliance with Cayman Islands law and the rules of the Stock Exchange, notice may also be served or delivered by the Company to any member by electronic means.

All business that is transacted at an extraordinary general meeting and at an annual general meeting is deemed special, save that in the case of an annual general meeting, each of the following business is deemed an ordinary business:

(aa) the declaration and sanctioning of dividends;

(bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;

(cc) the election of directors in place of those retiring;

(dd) the appointment of auditors and other officers;

(ee) the fixing of the remuneration of the directors and of the auditors;

(ff) the granting of any mandate or authority to the directors to offer, allot, grant options over or otherwise dispose of the unissued shares of the Company representing not more than twenty per cent (20%) in nominal value of its existing issued share capital; and

(gg) the granting of any mandate or authority to the directors to repurchase securities of the Company.

(v) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

The quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(vi) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and is entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy is entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise as if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy.

(f) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records must be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorized by the board or the Company in general meeting. However, an exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles; however, subject to compliance with all applicable laws, including the rules of the Stock Exchange, the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

At the annual general meeting or at a subsequent extraordinary general meeting in each year, the members shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the next annual general meeting. Moreover, the members may, at any general meeting, by special resolution remove the auditor at any time before the expiration of his terms of office and shall by ordinary resolution at that meeting appoint another auditor for the remainder of his term. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards which may be those of a country or jurisdiction other than the Cayman Islands. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor must be submitted to the members in general meeting.

(g) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorized for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit.

The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company. No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(h) Inspection of corporate records

Pursuant to the Articles, the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK$1.00 or such lesser sum specified by the board, at the office where the branch register of members is kept, unless the register is closed in accordance with the Articles.

(i) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

(j) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

(i) if the Company is wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and

(ii) if the Company is wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company is wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(k) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman Islands law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Company operations

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorized share capital.

(b) Share capital

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium.

The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "Court"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, by special resolution reduce its share capital in any way.

(c) Financial assistance to purchase shares of a company or its holding company

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Companies Law expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorized to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorize the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorized by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company is to be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company is not be treated as a member for any purpose and must not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share must not be voted, directly or indirectly, at any meeting of the company and must not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Law.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

The Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account. With the exception of the foregoing, there are no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits.

No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

The Courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorizing civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Disposal of assets

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company must cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

An exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

(1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and

(2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from 12 July, 2016.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

Members of the Company have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

(n) Register of members

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. A branch register must be kept in the same manner in which a principal register is by the Companies Law required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time.

There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(o) Register of Directors and Officers

The Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within sixty (60) days of any change in such directors or officers.

(p) Register of Beneficial Ownership

An exempted company is required to maintain a beneficial ownership register at its registered office that records details of the persons who ultimately own or control, directly or indirectly, more than 25% of the equity interests or voting rights of the company or have rights to appoint or remove a majority of the directors of the company. The register of beneficial ownership is not a public document and is only accessible by a designated competent authority of the Cayman Islands. Such requirement does not, however, apply to an exempted company with its shares listed on an approved stock exchange, which includes the Stock Exchange. Accordingly, for so long as the Company is listed on the Stock Exchange, it is not required to maintain a register of beneficial ownership.

(q) Winding up

A company may be wound up (a) compulsorily by order of the Court, (b) voluntarily, or (c) under the supervision of the Court.

The Court has authority to order winding up in a number of specified circumstances including where the members of the company have passed a special resolution requiring the company to be wound up by the Court, or where the company is unable to pay its debts, or where it is, in the opinion of the Court, just and equitable to do so. Where a petition is presented by members of the company as contributories on the ground that it is just and equitable that the company should be wound up, the Court has the jurisdiction to make certain other orders as an alternative to a winding-up order, such as making an order regulating the conduct of the company's affairs in the future, making an order authorizing civil proceedings to be brought in the name and on behalf of the company by the petitioner on such terms as the Court may direct, or making an order providing for the purchase of the shares of any of the members of the company by other members or by the company itself.

A company (save with respect to a limited duration company) may be wound up voluntarily when the company so resolves by special resolution or when the company in general meeting resolves by ordinary resolution that it be wound up voluntarily because it is unable to pay its debts as they fall due. In the case of a voluntary winding up, such company is obliged to cease to carry on its business (except so far as it may be beneficial for its winding up) from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court therein, there may be appointed an official liquidator or official liquidators; and the court may appoint to such office such person, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court must declare whether any act required or authorized to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court.

As soon as the affairs of the company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and how the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting must be called by at least 21 days' notice to each contributory in any manner authorized by the company's articles of association and published in the Gazette.

(r) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(s) Take-overs

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(t) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

4. GENERAL

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents available for inspection" in Appendix VI in this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

FURTHER INFORMATION ABOUT OUR COMPANY AND OUR SUBSIDIARIES

1. Incorporation of our Company

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 14 June 2016.

As our Company is incorporated in the Cayman Islands, we are subject to the relevant law of the Cayman Islands and our constitution which comprises a memorandum of association and an articles of association. A summary of the relevant aspects of the Companies Law and certain provisions of our constitution are set out in Appendix IV to this prospectus.

2. Changes in share capital of our Company

(a) On 14 June 2016, our Company was incorporated with an authorized share capital of HK$380,000 divided into 38,000,000 Shares. Upon incorporation, one Share was subscribed at nil paid by Sharon Pierson, an Independent Third Party, which was then transferred at nil paid to Mr. Xiong Tao on the same date.

(b) On 28 July 2016, Mr. Xiong Tao transferred one nil paid Share to Cosmic City at nil consideration and such nil paid Share held by Cosmic City was credited as fully paid.

(c) On 28 July 2016, our Company allotted and issued 74,999 Shares to Cosmic City at par value. On the same date, Cosmic City transferred 20,565 Shares, 13,860 Shares, 3,675 Shares, 690 Shares and 690 Shares to Zheng Yong, Surpass Luck, Prosper Century, Full Hope and Urban Delight, respectively, each at a nominal consideration of HK$1.00.

(d) On 29 August 2016, our Company allotted and issued 25,000 Shares to the Pre-IPO Investor at the consideration of RMB250,000,000.

(e) Pursuant to a resolution in writing passed by all Shareholders on 12 July 2018, the authorized share capital of our Company was increased from HK$380,000 to HK$50,000,000 by the creation of a further 4,962,000,000 Shares.

Immediately following completion of the Capitalization Issue and the Global Offering (without taking into account the Shares to be allotted and issued pursuant to the exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme), 800,000,000 Shares will be issued fully paid or credited as fully paid, and 4,200,000,000 Shares will remain unissued. Our Directors do not have any present intention to issue any of the authorized but unissued share capital of our Company and, without the prior approval of the Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

Save as disclosed herein and in paragraphs 3 and 4 below, there has been no alteration in the share capital of our Company since its incorporation.

3. Resolutions in writing of all Shareholders passed on 12 July 2018

On 12 July 2018, pursuant to resolutions in writing passed by all the Shareholders:

(a) our authorized share capital was increased from HK$380,000 to HK$50,000,000 by the creation of a further 4,962,000,000 Shares;

(b) the Memorandum of Association was adopted with immediate effect;

(c) the Articles of Association were conditionally adopted with effect from Listing; and

(d) conditional on the Listing Committee granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus on the Main Board and on the Underwriting Agreements becoming unconditional and not having been terminated, in each case on or before the day falling 30 days after the date of this prospectus:

(i) the Global Offering and the grant of the Over-allotment Option by our Company were approved and our Directors were authorized to approve the allotment and issue of the Offer Shares pursuant to the Global Offering and such number of Shares as may be required to be allotted and issued upon the exercise of the Over-allotment Option;

(ii) the rules of the Share Option Scheme were approved and adopted and the Directors or any such committee thereof were authorized to approve any amendments to the rules of the Share Option Scheme as may be acceptable or not objected to by the Stock Exchange, and at their absolute discretion to grant options to subscribe for the Shares thereunder, to allot, issue and deal with the Shares pursuant to the exercise of options granted under the Share Option Scheme and to take all such steps as may be necessary or desirable to implement the Share Option Scheme;

(iii) conditional on the share premium account being credited as a result of the Global Offering, our Directors were authorized to capitalize HK$5,999,000 standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par 599,900,000 Shares for allotment and issue to Shareholder(s) whose name(s) appear(s) on the register of members of our Company at the close of business on 30 June 2018 (or as it/they may direct) in proportion (as nearly as possible without involving fractions) to its/their then existing shareholdings in our Company and so that the Shares to be allotted and issued pursuant to this resolution shall rank pari passu in all respects with the then existing issued Shares (other than the right to participate in the Capitalization Issue) and our Directors be and they are hereby authorized to give effect to such capitalization;

(iv) a general unconditional mandate was given to our Directors to allot, issue and deal with, otherwise than by way of rights issue, scrip dividend schemes or similar arrangements in accordance with the Articles of Association, or pursuant to the exercise of the Over-allotment Option or any option which may be granted under the Share Option Scheme, or under the Global Offering or the Capitalization Issue, Shares with an aggregate nominal amount of not exceeding the sum of (aa) 20% of the total number of Share in issue immediately following completion of the Global Offering and the Capitalization Issue but excluding any Shares which may be issued under the Over-allotment Option or pursuant to the exercise of any option which may be granted under the Share Option Scheme, and (bb) the total number of the Share which may be purchased by our Company pursuant to the authority granted to our Directors as referred to in subparagraph (v) below, until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles of Association, the Companies Law or any applicable laws of the Cayman Islands to be held, or the passing of an ordinary resolution by the Shareholders revoking or varying the authority given to our Directors, whichever occurs first (the "**Applicable Period**");

(v) a general unconditional mandate (the "**Repurchase Mandate**") was given to our Directors to exercise all powers of our Company to purchase Shares with an aggregate number of not exceeding 10% of the total number of the Share in issue and to be issued immediately following completion of the Global Offering and the Capitalization Issue but excluding any Shares which may be issued under the Over-allotment Option or pursuant to the exercise of any option which may be granted under the Share Option Scheme until expiry of the Applicable Period; and

(vi) the extension of the general mandate to allot, issue and deal with Shares to include the nominal amount of Shares which may be purchased or repurchased pursuant to the authority granted to our Directors as referred to in subparagraph (v) above.

4. Corporate Reorganization

Our Group underwent the Corporate Reorganization to rationalize the Group's structure in preparation for the Listing and our Company became the holding company of our Group. Please refer to the section headed "History and Development" in this prospectus for further details.

5. Particulars of our subsidiaries

Our Group comprises our Company and 21 subsidiaries. A summary of the corporate information of these companies is set out below.

Bojun Investment

(i)	nature of the company	:	limited liability company
(ii)	place of incorporation	:	BVI
(iii)	date of incorporation	:	7 June 2016
(iv)	registered capital	:	US$50,000
(v)	attributable interest of the company	:	100%
(vi)	principal business	:	investment holding

Hong Kong Bojun

(i)	nature of the company	:	limited liability company
(ii)	place of incorporation	:	Hong Kong
(iii)	date of incorporation	:	14 June 2016
(iv)	registered capital	:	HK$10,000
(v)	attributable interest of the company	:	100%
(vi)	principal business	:	investment holding

US Bojun

(i)	nature of the company	:	corporation with limited liability
(ii)	place of incorporation	:	California, the United States
(iii)	date of incorporation	:	19 August 2016
(iv)	attributable interest of the company	:	100%
(v)	principal business	:	private school education

Chengdu Bojun

(i)	nature of the company	:	limited liability company
(ii)	place of establishment	:	PRC
(iii)	date of establishment	:	26 July 2016
(iv)	term of business operation	:	from 26 July 2016 to 25 July 2036
(v)	registered capital	:	HK$120,000,000
(vi)	attributable interest of the company	:	100%
(vii)	scope of business	:	information technology support management and maintenance, software development, data processing and other information technology and business process outsourcing services in relation to education business; intellectual property services; business training services; internet information services; distance education website construction; educational information consulting, business management services, business information consultation, marketing planning, corporate image planning, public relations planning, conference services (projects above exclude pre-approved and approved projects, operations involving ex post permitted or approved permission or approval)

Chengdu Mingxian

(i)	nature of the company	:	limited liability company
(ii)	place of establishment	:	PRC
(iii)	date of establishment	:	10 March 2004
(iv)	term of business operation	:	10 March 2004 to 9 March 2024
(v)	registered capital	:	RMB32,500,000
(vi)	attributable interest of the company	:	100%
(vii)	scope of business	:	education project investment (no finance activities such as illegal fund-raising and absorption of public funds); interior design and construction (operate in accordance to qualifications); environmental art design and construction (operate in accordance to qualifications); landscape design; sculpture design and making; personal image design; corporate branding; corporate marketing; three dimensional graphic design (projects above exclude pre-approved and approved projects, operations involving ex post permitted or approved permission or approval)

Chengdu Youshi Preschool Investment

(i)	nature of the company	:	limited liability company
(ii)	place of establishment	:	PRC
(iii)	date of establishment	:	16 July 2010
(iv)	term of business operation	:	long term
(v)	registered capital	:	RMB1,000,000
(vi)	attributable interest of the company	:	100%
(vii)	scope of business	:	management of investment in early childhood education (no finance activities such as illegal fund-raising and absorption of public funds), corporate management, early childhood education product development (projects above exclude pre-approved and approved projects, operations involving ex post permitted or approved permission or approval)

Sichuan Boai

(i)	nature of the company	:	limited liability company
(ii)	place of establishment	:	PRC
(iii)	date of establishment	:	26 July 2001
(iv)	term of business operation	:	26 July 2001 to 25 July 2021
(v)	registered capital	:	RMB4,000,000
(vi)	attributable interest of the company	:	100%
(vii)	scope of business	:	management of investment in early childhood education (no finance activities such as illegal fund-raising and absorption of public funds), corporate management, early childhood education product development (projects above exclude pre-approved and approved projects, operations involving ex post permitted or approved permission or approval)

Renshou Bojun

(i)	nature of the company	:	limited liability company
(ii)	place of establishment	:	PRC
(iii)	date of establishment	:	15 October 2015
(iv)	term of business operation	:	long term
(v)	registered capital	:	RMB20,000,000
(vi)	attributable interest of the company	:	100%
(vii)	scope of business	:	management of education investment, education information consulting; management of back office and relevant services for schools; planning of cultural exchange activities; transfer of scientific research results (projects above exclude pre-approved and approved projects, operations involving ex post permitted or approved permission or approval)

Chengdu Jinbojun

(i)	nature of the company	:	limited liability company
(ii)	place of establishment	:	PRC
(iii)	date of establishment	:	13 March 2015
(iv)	term of business operation	:	long term
(v)	registered capital	:	RMB5,000,000
(vi)	attributable interest of the company	:	100%
(vii)	scope of business	:	education consultation; research and development of teaching equipments; tutorial service of language, mathematics, English, physics, chemistry, biology, history, geography, calligraphy, music and dance; research and development of education software technology, and relevant technology transfer, consultation and services; PRC business information consultation; corporate marketing, corporate branding, corporate management consultation, planning of cultural exchange activities, sales of teaching equipment and devices (projects above exclude pre-approved and approved projects, operations involving ex post permitted or approved permission or approval)

Wangcang Bojun

(i)	nature of the company	:	limited liability company
(ii)	place of establishment	:	PRC
(iii)	date of establishment	:	18 August 2017
(iv)	term of business operation	:	long term
(v)	registered capital	:	RMB10,000,000
(vi)	attributable interest of the company	:	100%
(vii)	scope of business	:	education management; education consultation; planning of cultural exchange activities; transfer of scientific research results; management of school back office and relevant services (projects above exclude pre-approved and approved projects, operations involving ex post permitted or approved permission or approval)

Nanjiang Bojun

(i)	nature of the company	:	limited liability company
(ii)	place of establishment	:	PRC
(iii)	date of establishment	:	24 August 2017
(iv)	term of business operation	:	long term
(v)	registered capital	:	RMB10,000,000
(vi)	attributable interest of the company	:	100%
(vii)	scope of business	:	education management; education consultation, planning of cultural exchange activities; transfer of scientific research results; management of back office and relevant services for schools (projects above exclude pre-approved and approved projects, operations involving ex post permitted or approved permission or approval)

Lezhi Bojun

(i)	nature of the company	:	limited liability company
(ii)	place of establishment	:	PRC
(iii)	date of establishment	:	10 January 2018
(iv)	term of business operation	:	long term
(v)	registered capital	:	RMB10,000,000
(vi)	attributable interest of the company	:	100%
(vii)	scope of business	:	education management; education consultation, management of back office and organization of large events (projects that requires approval by law, may only commence operation upon approval of relevant authorities)

Youshi Kindergarten

(i)	nature of the company	:	private non-enterprise unit
(ii)	place of establishment	:	PRC
(iii)	date of establishment	:	12 August 2002
(iv)	term of business operation	:	from 12 August 2002 to 24 August 2021
(v)	registered capital	:	RMB30,000
(vi)	attributable interest of the company	:	100%
(vii)	scope of business	:	preschool education

Lidu Kindergarten

(i)	nature of the company	:	private non-enterprise unit
(ii)	place of establishment	:	PRC
(iii)	date of establishment	:	12 May 2003
(iv)	term of business operation	:	from 12 May 2003 to 2 May 2021
(v)	registered capital	:	RMB60,000
(vi)	attributable interest of the company	:	100%
(vii)	scope of business	:	preschool education

Riverside Kindergarten

(i)	nature of the company	:	private non-enterprise unit
(ii)	place of establishment	:	PRC
(iii)	date of establishment	:	18 June 2003
(iv)	term of business operation	:	from 18 June 2003 to 31 May 2021
(v)	registered capital	:	RMB50,000
(vi)	attributable interest of the company	:	100%
(vii)	scope of business	:	preschool education

Longquan Kindergarten

(i)	nature of the company	:	private non-enterprise unit
(ii)	place of establishment	:	PRC
(iii)	date of establishment	:	23 February 2009
(iv)	term of business operation	:	from 23 February 2009 to 23 May 2020
(v)	registered capital	:	RMB100,000
(vi)	attributable interest of the company	:	100%
(vii)	scope of business	:	preschool education

Qingyang Kindergarten

(i)	nature of the company	:	private non-enterprise unit
(ii)	place of establishment	:	PRC
(iii)	date of establishment	:	15 March 2010
(iv)	term of business operation	:	from 15 March 2010 to 18 October 2020
(v)	registered capital	:	RMB100,000
(vi)	attributable interest of the company	:	100%
(vii)	scope of business	:	preschool education

Peninsula Kindergarten

(i)	nature of the company	:	private non-enterprise unit
(ii)	place of establishment	:	PRC
(iii)	date of establishment	:	27 September 2013
(iv)	term of business operation	:	from 27 September 2013 to 26 September 2018
(v)	registered capital	:	RMB600,000
(vi)	attributable interest of the company	:	100%
(vii)	scope of business	:	preschool education

Jinjiang School

(i)	nature of the company	:	private non-enterprise unit
(ii)	place of establishment	:	PRC
(iii)	date of establishment	:	27 April 2012
(iv)	term of business operation	:	from 1 July 2016 to 30 June 2021
(v)	registered capital	:	RMB12,000,000
(vi)	attributable interest of the company	:	100%
(vii)	scope of business	:	full-time ordinary middle school education

Longquan School

(i)	nature of the company	:	private non-enterprise unit
(ii)	place of establishment	:	PRC
(iii)	date of establishment	:	29 September 2015
(iv)	term of business operation	:	from 29 September 2015 to 21 July 2020
(v)	registered capital	:	RMB10,000,000
(vi)	attributable interest of the company	:	100%
(vii)	scope of business	:	full-time ordinary middle and high school education

Tianfu School

(i)	nature of the company	:	private non-enterprise unit
(ii)	place of establishment	:	PRC
(iii)	date of establishment	:	20 April 2016
(iv)	term of business operation	:	from 20 April 2016 to 20 April 2020
(v)	registered capital	:	RMB1,000,000
(vi)	attributable interest of the company	:	100%
(vii)	scope of business	:	full-time ordinary middle school education

6. Changes in share capital of our subsidiaries

Save as disclosed in the section headed "History and Development — Corporate reorganization" in this prospectus, there has been no alteration in the share capital of our subsidiaries within the two years immediately preceding the date of this prospectus.

7. Repurchase by our Company of our own securities

This paragraph includes information required by the Stock Exchange to be included in this prospectus concerning the repurchase by our Company of our own securities.

(a) Shareholders' approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction.

(b) Core connected persons

The Listing Rules prohibit a company from knowingly repurchasing securities on the Stock Exchange from a "core connected person", that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or his or her close associates and a core connected person shall not knowingly sell his securities to such a company.

(c) Source of funds

Repurchases must be paid out of funds legally available for the purpose in accordance with the Articles, the Listing Rules and the Companies Law. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange.

Under the laws of the Cayman Islands, any repurchases by our Company may be made out of our profit or share premium or out of the proceeds of a fresh issue of the Shares for the purpose of the repurchase. Any amount of premium payable on the purchase over the par value of the Shares to be repurchased must be paid out of profits of our Company or out of the share premium account of our Company. Subject to satisfaction of the solvency test prescribed by the Companies Law, a repurchase may also be made out of capital.

On the basis of our current financial position as disclosed in this prospectus and taking into account our current working capital position, our Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on our working capital and/or gearing position as compared with the position disclosed in this prospectus. However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on our working capital requirements or gearing levels which in the opinion of our Directors are from time to time appropriate for our Group.

The exercise in full of the Repurchase Mandate, on the basis of 800,000,000 Shares in issue immediately after the Listing, would result in up to 80,000,000 Shares being repurchased by us during the period in which the Repurchase Mandate remains in force.

(d) Status of repurchased Shares

The listing of all repurchased Shares (whether offered on the Stock Exchange or otherwise) on the Main Board will automatically be cancelled and the certificates for those Shares shall be cancelled and destroyed.

(e) Trading restrictions

The total number of shares which a listed company may repurchase on the Main Board is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue. A company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the Company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Main Board. The Listing Rules also prohibit a listed company from repurchasing its securities if the repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant minimum prescribed percentage as required by the Stock Exchange. A company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

(f) Suspension of repurchase

A listed company may not make any repurchase of securities on the Stock Exchange at any time after inside information has come to its knowledge until the information is made publicly available. In particular, during the period of one month immediately preceding the earlier of (i) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarter-year or any other interim period (whether or not required under the Listing Rules) and (ii) the deadline for publication of an announcement of a listed company's results for any year, half-year or quarter-year under the Listing Rules, or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement, the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Main Board if a listed company has breached the Listing Rules.

(g) Reporting requirements

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such repurchases, where relevant, and the aggregate prices paid.

(h) Reasons for repurchases

Our Directors believe that it is in the best interests of our Company and our Shareholders for our Directors to have general authority from the Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made if our Directors believe that such repurchases will benefit our Company and our Shareholders.

(i) General

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates currently intends to sell any Shares to our Company.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

If, as a result of a securities repurchase, a Shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

No core connected person (as defined in the Listing Rules) of our Company has notified our Company that he/she has a present intention to sell Shares to our Company, or has undertaken not to do so if the Repurchase Mandate is exercised.

8. Registration under the Companies Ordinance

Our Company is a registered non-Hong Kong company as defined under the Companies Ordinance with a principal place of business in Hong Kong at 21/F, CCB Tower, 3 Connaught Road Central, Hong Kong. Mr. Wang Ping, the non-executive Director, has been appointed as the authorized representative of our Company for the acceptance of service of process in Hong Kong. The address for service of process and notices on our Company is the same as the address of our principal place of business in Hong Kong.

FURTHER INFORMATION ABOUT THE BUSINESS OF OUR GROUP

9. Summary of material contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of our Group within the two years preceding the date of this prospectus and are or may be material:

(1) an investment agreement (投資協議) dated 28 July 2016 entered into among our Company, Chengdu Mingxian Education Investment Company Limited* (成都銘賢教育投資有限公司), Xiong Tao (熊濤), Liao Rong (廖蓉), Ran Tao (冉濤), Xie Gang (謝綱), Li Jingmei (李京梅), Zeng Guang (曾光) and Wuxi Guolian Shoukong Capital Investment LLP* (無錫國聯首控股權投資基金中心(有限合夥)), pursuant to which our Company agreed to allot and issue and Wuxi Guolian Shoukong Capital Investment LLP* (無錫國聯首控股權投資基金中心(有限合夥)) agreed to subscribe for 25,000 Shares at the consideration of RMB250,000,000;

(2) an exclusive business cooperation agreement (獨家業務合作協議) dated 29 August 2016 entered into among (a) Party A: Chengdu Tianfu Bojun Education Management Company Limited* (成都天府博駿教育管理有限公司), (b) Parties B: Xiong Tao (熊濤), Ran Tao (冉濤), Liao Rong (廖蓉), Xie Gang (謝綱), Li Jingmei (李京梅) and Zeng Guang (曾光), (c) Parties C: Chengdu Mingxian Education Investment Company Limited* (成都銘賢教育投資有限公司), Chengdu Youshi Preschool Education Investment Management Company Limited* (成都幼獅幼兒教育投資管理有限公司), Chengdu Jinbojun Education Consultancy Company

Limited* (成都金博駿教育諮詢有限公司), Sichuan Boai Preschool Education Development Company Limited* (四川省博愛幼兒教育事業發展有限責任公司) and Renshou Bojun Education Investment Management Company Limited* (仁壽博駿教育投資管理有限公司), and (d) Parties D: Chengdu Jinjiang District No. 1 Experimental Middle School Attached to Sichuan Normal University* (成都市錦江區四川師大附屬第一實驗中學), Chengdu Longquanyi District No. 1 Experimental Middle School Attached to Sichuan Normal University* (成都市龍泉驛區四川師大附屬第一實驗中學), Chengdu New Tianfu District No. 1 Experimental Middle School Attached to Sichuan Normal University* (成都市天府新區四川師大附屬第一實驗中學), Chengdu Youshi Experimental Kindergarten* (成都幼師實驗幼兒園), Chengdu Youshi Lidu Experimental Kindergarten* (成都幼師麗都實驗幼兒園), Chengdu Youshi Riverside Impression Experimental Kindergarten* (成都幼師河濱印象實驗幼兒園), Chengdu Youshi Longquan Dongshan Experimental Kindergarten* (成都幼師龍泉東山實驗幼兒園), Chengdu Qingyang Youshi Jingjie Experimental Kindergarten* (成都青羊幼師境界實驗幼兒園) and Chengdu High and New District Youshi Peninsula City Center Kindergarten* (成都高新區幼獅半島城邦幼兒園), pursuant to which Party A agreed to provide exclusive technical service, management support and consulting service in relation to the education business to Parties D and Parties D shall in return make payments to Party A;

(3) an exclusive call option agreement (獨家購買權協議) dated 29 August 2016 entered into among (a) Party A: Chengdu Tianfu Bojun Education Management Company Limited* (成都天府博駿教育管理有限公司), (b) Parties B: Xiong Tao (熊濤), Ran Tao (冉濤), Liao Rong (廖蓉), Xie Gang (謝綱), Li Jingmei (李京梅) and Zeng Guang (曾光), (c) Parties C: Chengdu Mingxian Education Investment Company Limited* (成都銘賢教育投資有限公司), Chengdu Youshi Preschool Education Investment Management Company Limited* (成都幼獅幼兒教育投資管理有限公司), Chengdu Jinbojun Education Consultancy Company Limited* (成都金博駿教育諮詢有限公司), Sichuan Boai Preschool Education Development Company Limited* (四川省博愛幼兒教育事業發展有限責任公司) and Renshou Bojun Education Investment Management Company Limited* (仁壽博駿教育投資管理有限公司), and (d) Parties D: Chengdu Jinjiang District No. 1 Experimental Middle School Attached to Sichuan Normal University* (成都市錦江區四川師大附屬第一實驗中學), Chengdu Longquanyi District No. 1 Experimental Middle School Attached to Sichuan Normal University* (成都市龍泉驛區四川師大附屬第一實驗中學), Chengdu New Tianfu District No. 1 Experimental Middle School Attached to Sichuan Normal University* (成都市天府新區四川師大附屬第一實驗中學), Chengdu Youshi Experimental Kindergarten* (成都幼師實驗幼兒園), Chengdu Youshi Lidu Experimental Kindergarten* (成都幼師麗都實驗幼兒園), Chengdu Youshi Riverside Impression Experimental Kindergarten* (成都幼師河濱印象實驗幼兒園), Chengdu Youshi Longquan Dongshan Experimental Kindergarten* (成都幼師龍泉東山實驗幼兒園), Chengdu Qingyang Youshi Jingjie Experimental Kindergarten* (成都青羊幼師境界實驗幼兒園) and Chengdu High and New District Youshi Peninsula City Center Kindergarten* (成都高新區幼獅半島城邦幼兒園), pursuant to which Parties C have irrevocably granted Party A or its designated purchaser an exclusive option to purchase all or part of the equity interest in Parties D;

(4) an equity pledge agreement (股權質押協議) dated 29 August 2016 entered into among (a) Party A: Chengdu Tianfu Bojun Education Management Company Limited* (成都天府博駿教育管理有限公司), (b) Parties B: Xiong Tao (熊濤), Ran Tao (冉濤), Liao Rong (廖蓉), Xie Gang (謝綱), Li Jingmei (李京梅) and Zeng Guang (曾光), (c) Party C: Chengdu Mingxian Education Investment Company Limited* (成都銘賢教育投資有限公司), (d) Party D: Chengdu Youshi Preschool Education Investment Management Company Limited* (成都幼獅幼兒教育投資管理有限公司), (e) Party E: Chengdu Jinbojun Education Consultancy Company Limited* (成都金博駿教育諮詢有限公司), (f) Party F: Sichuan Boai Preschool Education Development Company Limited* (四川省博愛幼兒教育事業發展有限責任公司), and (g) Party G: Renshou Bojun Education Investment Management Company Limited* (仁壽博駿教育投資管理有限公司), pursuant to which (i) each of the Parties B unconditionally and irrevocably agreed to pledge and grant first priority security interests over all of his/her equity interest in Party C and (ii) Party C unconditionally and irrevocably agreed to pledge and grant first priority security interests over all of its equity interests in Party D, Party E, Party F and Party G together with all related rights thereto to Party A as security for performance of the cooperation agreements and all direct, indirect, consequential damages and foreseeable loss of interest incurred by Party A as a result of any event of default on the part of the Parties B, Party C, Party D, Party E, Party F, Party G or the relevant school, the sponsor's interest of which is held by Party C, Party D, Party E, Party F or Party G;

(5) a school sponsors' and directors' (council members') rights entrustment agreement (學校舉辦者及董事(理事)權利委託協議) dated 29 August 2016 entered into among (a) Party A: Chengdu Tianfu Bojun Education Management Company Limited* (成都天府博駿教育管理有限公司), (b) Party B: Chengdu Mingxian Education Investment Company Limited* (成都銘賢教育投資有限公司), (c) Parties C: directors or council members of Chengdu Jinjiang District No. 1 Experimental Middle School Attached to Sichuan Normal University* (成都市錦江區四川師大附屬第一實驗中學) nominated by Party B (being Xiong Tao (熊濤), Ran Tao (冉濤), Liao Rong (廖蓉), Gong Yahong (龔亞虹)) and directors or council members of Chengdu New Tianfu District No. 1 Experimental Middle School Attached to Sichuan Normal University* (成都市天府新區四川師大附屬第一實驗中學) nominated by Party B (being Xiong Tao (熊濤), Ran Tao (冉濤), Xie Gang (謝綱) and Li Junfeng (李俊鋒)), (d) Party D: Chengdu Youshi Preschool Education Investment Management Company Limited* (成都幼獅幼兒教育投資管理有限公司), (e) Parties E: council members of Chengdu High and New District Youshi Peninsula City Center Kindergarten* (成都高新區幼獅半島城邦幼兒園) nominated by Party D (being Liao Rong (廖蓉), Liu Xiaoguang (劉曉光), Tian Xiaogang (田曉崗), Huang Xue (黃雪), Xiong Yueyao (熊月遙)), (f) Party F: Chengdu Jinbojun Education Consultancy Company Limited* (成都金博駿教育諮詢有限公司), (g) Parties G: directors or council members of Chengdu Longquanyi District No. 1 Experimental Middle School Attached to Sichuan Normal University* (成都市龍泉驛區四川師大附屬第一實驗中學) nominated by Party F (being Xiong Tao (熊濤), Xie Gang (謝綱) and Ran Tao (冉濤)), (h) Party H: Sichuan Boai Preschool Education Development Company Limited* (四川省博愛幼兒教育事業發展有限責任公司), (I) Parties I: directors or council members of Chengdu Qingyang Youshi Jingjie Experimental Kindergarten* (成都青羊幼師境界實驗幼兒園) nominated by Party H (being Liao Rong (廖蓉), Liu Xiaoguang (劉曉光), Liao Hong (廖紅), Tian Xiaogang (田曉崗) and Fang Jia (方佳)), directors or council members of ChengduYoushi Longquan Dongshan Experimental Kindergarten* (成都幼師龍泉東山實驗幼兒園) nominated by Party H (being Liao Rong (廖蓉),

Liu Xiaoguang (劉曉光), Liao Hong (廖紅), Tian Xiaogang (田曉崗) and Jiang Hong (蔣紅)), directors or council members of Chengdu Youshi Riverside Impression Experimental Kindergarten* (成都幼師河濱印象實驗幼兒園) nominated by Party H (being Liao Rong (廖蓉), Liu Xiaoguang (劉曉光), Liao Hong (廖紅), Tian Xiaogang (田曉崗) and Qu Yingshu (瞿穎姝)), directors or council members of Chengdu Youshi Lidu Experimental Kindergarten* (成都幼師麗都實驗幼兒園) nominated by Party H (being Liao Rong (廖蓉), Liu Xiaoguang (劉曉光), Liao Hong (廖紅), Tian Xiaogang (田曉崗) and Ai Bingyu (艾冰玉)), and directors or council members of Chengdu Youshi Experimental Kindergarten* (成都幼師實驗幼兒園) nominated by Party H (being Liao Rong (廖蓉), Liu Xiaoguang (劉曉光), Liao Hong (廖紅), Tian Xiaogang (田曉崗) and Liu Jing (劉靜)), (j) Party J: Renshou Bojun Education Investment Management Company Limited* (仁壽博駿教育投資管理有限公司), (k) Party K: Chengdu Jinjiang District No. 1 Experimental Middle School Attached to Sichuan Normal University* (成都市錦江區四川師大附屬第一實驗中學), (l) Party L: Chengdu Longquanyi District No. 1 Experimental Middle School Attached to Sichuan Normal University* (成都市龍泉驛區四川師大附屬第一實驗中學), (m) Party M: Chengdu New Tianfu District No. 1 Experimental Middle School Attached to Sichuan Normal University* (成都市天府新區四川師大附屬第一實驗中學), (n) Party N: Chengdu Youshi Experimental Kindergarten* (成都幼師實驗幼兒園), (o) Party O: Chengdu Youshi Lidu Experimental Kindergarten* (成都幼師麗都實驗幼兒園), (p) Party P: Chengdu Youshi Riverside Impression Experimental Kindergarten* (成都幼師河濱印象實驗幼兒園), (q) Party Q: Chengdu Youshi Longquan Dongshan Experimental Kindergarten* (成都幼師龍泉東山實驗幼兒園), (r) Party R: Chengdu Qingyang Youshi Jingjie Experimental Kindergarten* (成都青羊幼師境界實驗幼兒園), and (s) Party S: Chengdu High and New District Youshi Peninsula City Center Kindergarten* (成都高新區幼獅半島城邦幼兒園), pursuant to which (i) each of Party B, Party D, Party F, Party H and Party J has irrevocably authorized and entrusted Party A or its designated party to exercise all its rights as school sponsor of relevant school to the extent permitted by the PRC laws; and (ii) each of Parties C, Parties E, Parties G and Parties I has irrevocably authorized and entrusted Party A to exercise all his/her rights as directors and/or council members of relevant school to the extent permitted by the PRC laws;

(6) a school sponsor's power of attorney (舉辦者權利授權書) dated 29 August 2016 executed by Chengdu Mingxian Education Investment Company Limited* (成都銘賢教育投資有限公司) authorizing and appointing Chengdu Tianfu Bojun Education Management Company Limited* (成都天府博駿教育管理有限公司) as its agent to act on its behalf to exercise or delegate the exercise of all its school sponsor's rights in Chengdu Jinjiang District No. 1 Experimental Middle School Attached to Sichuan Normal University* (成都市錦江區四川師大附屬第一實驗中學);

(7) a school sponsor's power of attorney (舉辦者權利授權書) dated 29 August 2016 executed by Chengdu Mingxian Education Investment Company Limited* (成都銘賢教育投資有限公司) authorizing and appointing Chengdu Tianfu Bojun Education Management Company Limited* (成都天府博駿教育管理有限公司) as its agent to act on its behalf to exercise or delegate the exercise of all its school sponsor's rights in Chengdu New Tianfu District No. 1 Experimental Middle School Attached to Sichuan Normal University* (成都市天府新區四川師大附屬第一實驗中學);

(8) a school sponsor's power of attorney (舉辦者權利授權書) dated 29 August 2016 executed by Chengdu Jinbojun Education Consultancy Company Limited* (成都金博駿教育諮詢有限公司) authorizing and appointing Chengdu Tianfu Bojun Education Management Company Limited* (成都天府博駿教育管理有限公司) as its agent to act on its behalf to exercise or delegate the exercise of all its school sponsor's rights in Chengdu Longquanyi District No. 1 Experimental Middle School Attached to Sichuan Normal University* (成都市龍泉驛區四川師大附屬第一實驗中學);

(9) a school sponsor's power of attorney (舉辦者權利授權書) dated 29 August 2016 executed by Chengdu Youshi Preschool Education Investment Management Company Limited* (成都幼獅幼兒教育投資管理有限公司) authorizing and appointing Chengdu Tianfu Bojun Education Management Company Limited* (成都天府博駿教育管理有限公司) as its agent to act on its behalf to exercise or delegate the exercise of all its school sponsor's rights in Chengdu High and New District Youshi Peninsula City Center Kindergarten* (成都高新區幼獅半島城邦幼兒園);

(10) a school sponsor's power of attorney (舉辦者權利授權書) dated 29 August 2016 executed by Sichuan Boai Preschool Education Development Company Limited* (四川省博愛幼兒教育事業發展有限責任公司) authorizing and appointing Chengdu Tianfu Bojun Education Management Company Limited* (成都天府博駿教育管理有限公司) as its agent to act on its behalf to exercise or delegate the exercise of all its school sponsor's rights in Chengdu Youshi Experimental Kindergarten* (成都幼師實驗幼兒園), Chengdu Youshi Lidu Experimental Kindergarten* (成都幼師麗都實驗幼兒園), Chengdu Youshi Riverside Impression Experimental Kindergarten* (成都幼師河濱印象實驗幼兒園), Chengdu Youshi Longquan Dongshan Experimental Kindergarten* (成都幼師龍泉東山實驗幼兒園) and Chengdu Qingyang Youshi Jingjie Experimental Kindergarten* (成都青羊幼師境界實驗幼兒園);

(11) a school sponsor's power of attorney (舉辦者權利授權書) dated 29 August 2016 executed by Renshou Bojun Education Investment Management Company Limited* (仁壽博駿教育投資管理有限公司) authorizing and appointing Chengdu Tianfu Bojun Education Management Company Limited* (成都天府博駿教育管理有限公司) as its agent to act on its behalf to exercise or delegate the exercise of all its school sponsor's rights in any school being established in the future, including but not limited to kindergartens, middle schools and high schools;

(12) a loan agreement (貸款協議) dated 29 August 2016 entered into among (a) Party A: Chengdu Tianfu Bojun Education Management Company Limited* (成都天府博駿教育管理有限公司), (b) Parties B: Chengdu Mingxian Education Investment Company Limited* (成都銘賢教育投資有限公司), Chengdu Youshi Preschool Education Investment Management Company Limited* (成都幼獅幼兒教育投資管理有限公司), Chengdu Jinbojun Education Consultancy Company Limited* (成都金博駿教育諮詢有限公司), Sichuan Boai Preschool Education Development Company Limited* (四川省博愛幼兒教育事業發展有限責任公司) and Renshou Bojun Education Investment Management Company Limited* (仁壽博駿教育投資管理有限公司), (c) Parties C: Chengdu Jinjiang District No. 1 Experimental Middle School Attached to Sichuan Normal University* (成都市錦江區四川師大附屬第一實驗中學), Chengdu Longquanyi District No. 1 Experimental Middle School Attached to Sichuan Normal

University* (成都市龍泉驛區四川師大附屬第一實驗中學), Chengdu New Tianfu District No. 1 Experimental Middle School Attached to Sichuan Normal University* (成都市天府新區四川師大附屬第一實驗中學), Chengdu Youshi Experimental Kindergarten* (成都幼師實驗幼兒園), Chengdu Youshi Lidu Experimental Kindergarten* (成都幼師麗都實驗幼兒園), Chengdu Youshi Riverside Impression Experimental Kindergarten* (成都幼師河濱印象實驗幼兒園), Chengdu Youshi Longquan Dongshan Experimental Kindergarten* (成都幼師龍泉東山實驗幼兒園), Chengdu Qingyang Youshi Jingjie Experimental Kindergarten* (成都青羊幼師境界實驗幼兒園) and Chengdu High and New District Youshi Peninsula City Center Kindergarten* (成都高新區幼獅半島城邦幼兒園), pursuant to which Party A agreed to provide interest-free loans to Parties B or Parties C for the purpose of their business operation of schools;

(13) a spouse undertaking (配偶承諾函) dated 29 August 2016 executed by the spouse of Liao Rong (廖蓉) in favor of Chengdu Tianfu Bojun Education Management Company Limited* (成都天府博駿教育管理有限公司), acknowledging and consenting the signing of the cooperation agreements by Liao Rong (廖蓉);

(14) a spouse undertaking (配偶承諾函) dated 29 August 2016 executed by the spouse of Xiong Tao (熊濤) in favor of Chengdu Tianfu Bojun Education Management Company Limited* (成都天府博駿教育管理有限公司), acknowledging and consenting the signing of the cooperation agreements by Xiong Tao (熊濤);

(15) a spouse undertaking (配偶承諾函) dated 29 August 2016 executed by the spouse of Ran Tao (冉濤) in favor of Chengdu Tianfu Bojun Education Management Company Limited* (成都天府博駿教育管理有限公司), acknowledging and consenting the signing of the cooperation agreements by Ran Tao (冉濤);

(16) a spouse undertaking (配偶承諾函) dated 29 August 2016 executed by the spouse of Zeng Guang (曾光) in favor of Chengdu Tianfu Bojun Education Management Company Limited* (成都天府博駿教育管理有限公司), acknowledging and consenting the signing of the cooperation agreements by Zeng Guang (曾光);

(17) a spouse undertaking (配偶承諾函) dated 29 August 2016 executed by Zheng Quanguo (鄭權國), the spouse of Li Jingmei (李京梅), in favor of Chengdu Tianfu Bojun Education Management Company Limited* (成都天府博駿教育管理有限公司), acknowledging and consenting the signing of the cooperation agreements by Li Jingmei (李京梅);

(18) an amended and restated exclusive business cooperation agreement (修訂和重述的獨家業務合作協議) dated 26 January 2018 entered into among (a) Party A: Chengdu Tianfu Bojun Education Management Company Limited* (成都天府博駿教育管理有限公司), (b) Parties B: Xiong Tao (熊濤), Ran Tao (冉濤), Liao Rong (廖蓉), Xie Gang (謝綱), Li Jingmei (李京梅) and Zeng Guang (曾光), (c) Parties C: Chengdu Mingxian Education Investment Company Limited* (成都銘賢教育投資有限公司), Chengdu Youshi Preschool Education Investment Management Company Limited* (成都幼獅幼兒教育投資管理有限公司), Chengdu Jinbojun Education Consultancy Company Limited* (成都金博駿教育諮詢有限公司), Sichuan Boai Preschool Education Development Company Limited* (四川省博愛幼兒教育事業發展有限責任公司), Renshou Bojun Education Investment Management Company Limited* (仁壽博駿教育投資管理有限公司), Wangcang Bojun Education Management Company Limited* (旺蒼博

駿教育管理有限公司) and Nanjiang Bojun Education Management Company Limited* (南江博駿教育管理有限公司) and (d) Parties D: Chengdu Jinjiang District No. 1 Experimental Middle School Attached to Sichuan Normal University* (成都市錦江區四川師大附屬第一實驗中學), Chengdu Longquanyi District No. 1 Experimental Middle School Attached to Sichuan Normal University* (成都市龍泉驛區四川師大附屬第一實驗中學), Chengdu New Tianfu District No. 1 Experimental Middle School Attached to Sichuan Normal University* (成都市天府新區四川師大附屬第一實驗中學), Chengdu Youshi Experimental Kindergarten* (成都幼師實驗幼兒園), Chengdu Youshi Lidu Experimental Kindergarten* (成都幼師麗都實驗幼兒園), Chengdu Youshi Riverside Impression Experimental Kindergarten* (成都幼師河濱印象實驗幼兒園), Chengdu Youshi Longquan Dongshan Experimental Kindergarten* (成都幼師龍泉東山實驗幼兒園), Chengdu Qingyang Youshi Jingjie Experimental Kindergarten* (成都青羊幼師境界實驗幼兒園) and Chengdu High and New District Youshi Peninsula City Center Kindergarten* (成都高新區幼獅半島城邦幼兒園), pursuant to which (i) the exclusive business cooperation agreement dated 29 August 2016 as described in paragraph (2) above was amended and restated, and (ii) Party A agreed to provide exclusive technical service, management support and consulting service in relation to the education business to Parties C and Parties D, and Parties C and Parties D shall in return make payments to Party A;

(19) an amended and restated exclusive call option agreement (修訂和重述的獨家購買權協議) dated 26 January 2018 entered into among (a) Party A: Chengdu Tianfu Bojun Education Management Company Limited* (成都天府博駿教育管理有限公司), (b) Parties B: Xiong Tao (熊濤), Ran Tao (冉濤), Liao Rong (廖蓉), Xie Gang (謝綱), Li Jingmei (李京梅) and Zeng Guang (曾光), (c) Parties C: Chengdu Mingxian Education Investment Company Limited* (成都銘賢教育投資有限公司), Chengdu Youshi Preschool Education Investment Management Company Limited* (成都幼獅幼兒教育投資管理有限公司), Chengdu Jinbojun Education Consultancy Company Limited* (成都金博駿教育諮詢有限公司), Sichuan Boai Preschool Education Development Company Limited* (四川省博愛幼兒教育事業發展有限責任公司), Renshou Bojun Education Investment Management Company Limited* (仁壽博駿教育投資管理有限公司), Wangcang Bojun Education Management Company Limited* (旺蒼博駿教育管理有限公司) and Nanjiang Bojun Education Management Company Limited* (南江博駿教育管理有限公司), and (d) Parties D: Chengdu Jinjiang District No. 1 Experimental Middle School Attached to Sichuan Normal University* (成都市錦江區四川師大附屬第一實驗中學), Chengdu Longquanyi District No. 1 Experimental Middle School Attached to Sichuan Normal University* (成都市龍泉驛區四川師大附屬第一實驗中學), Chengdu New Tianfu District No. 1 Experimental Middle School Attached to Sichuan Normal University* (成都市天府新區四川師大附屬第一實驗中學), Chengdu Youshi Experimental Kindergarten* (成都幼師實驗幼兒園), Chengdu Youshi Lidu Experimental Kindergarten* (成都幼師麗都實驗幼兒園), Chengdu Youshi Riverside Impression Experimental Kindergarten* (成都幼師河濱印象實驗幼兒園), Chengdu Youshi Longquan Dongshan Experimental Kindergarten* (成都幼師龍泉東山實驗幼兒園), Chengdu Qingyang Youshi Jingjie Experimental Kindergarten* (成都青羊幼師境界實驗幼兒園) and Chengdu High and New District Youshi Peninsula City Center Kindergarten* (成都高新區幼獅半島城邦幼兒園), pursuant to which (i) the exclusive call option agreement dated 29 August 2016 as described in paragraph (3) above was amended and restated, and (ii) Parties B and Parties C have irrevocably granted Party A or its designated purchaser an exclusive option to purchase all or part of their equity interest in Parties C and Parties D;

(20) an amended and restated equity pledge agreement (修訂和重述的股權質押協議) dated 26 January 2018 entered into among (a) Party A: Chengdu Tianfu Bojun Education Management Company Limited* (成都天府博駿教育管理有限公司), (b) Parties B: Xiong Tao (熊濤), Ran Tao (冉濤), Liao Rong (廖蓉), Xie Gang (謝綱), Li Jingmei (李京梅) and Zeng Guang (曾光), (c) Party C: Chengdu Mingxian Education Investment Company Limited* (成都銘賢教育投資有限公司), (d) Party D: Chengdu Youshi Preschool Education Investment Management Company Limited* (成都幼獅幼兒教育投資管理有限公司), (e) Party E: Chengdu Jinbojun Education Consultancy Company Limited* (成都金博駿教育諮詢有限公司), (f) Party F: Sichuan Boai Preschool Education Development Company Limited* (四川省博愛幼兒教育事業發展有限責任公司), (g) Party G: Renshou Bojun Education Investment Management Company Limited* (仁壽博駿教育投資管理有限公司), (h) Party H: Wangcang Bojun Education Management Company Limited* (旺蒼博駿教育管理有限公司), and (i) Party I: Nanjiang Bojun Education Management Company Limited* (南江博駿教育管理有限公司), pursuant to which (i) the equity pledge agreement dated 29 August 2016 as described in paragraph (4) above was amended and restated, (ii) each of the Parties B unconditionally and irrevocably agreed to pledge and grant first priority security interests over all of his/her equity interest in Party C and (iii) Party C unconditionally and irrevocably agreed to pledge and grant first priority security interests over all of its equity interests in Party D, Party E, Party F, Party G, Party H and Party I together with all related rights thereto to Party A as security for performance of the cooperation agreements and all direct, indirect, consequential damages and foreseeable loss of interest incurred by Party A as a result of any event of default on the part of the Parties B, Party C, Party D, Party E, Party F, Party G, Party H, Party I or the relevant school, the sponsor's interest of which is held by Party C, Party D, Party E, Party F, Party G, Party H or Party I;

(21) an amended and restated school sponsors' and directors' (council members') rights entrustment agreement (修訂和重述的學校舉辦者及董事(理事)權利委託協議) dated 26 January 2018 entered into among (a) Party A: Chengdu Tianfu Bojun Education Management Company Limited* (成都天府博駿教育管理有限公司), (b) Party B: Chengdu Mingxian Education Investment Company Limited* (成都銘賢教育投資有限公司), (c) Parties C: directors or council members of Chengdu Jinjiang District No. 1 Experimental Middle School Attached to Sichuan Normal University* (成都市錦江區四川師大附屬第一實驗中學) nominated by Party B (being Xiong Tao (熊濤), Ran Tao (冉濤), Liao Rong (廖蓉), Gong Yahong (龔亞虹)) and directors or council members of Chengdu New Tianfu District No. 1 Experimental Middle School Attached to Sichuan Normal University* (成都市天府新區四川師大附屬第一實驗中學) nominated by Party B (being Xiong Tao (熊濤), Ran Tao (冉濤), Xie Gang (謝綱) and Li Junfeng (李俊鋒)), (d) Party D: Chengdu Youshi Preschool Education Investment Management Company Limited* (成都幼獅幼兒教育投資管理有限公司), (e) Parties E: council members of Chengdu High and New District Youshi Peninsula City Center Kindergarten* (成都高新區幼獅半島城邦幼兒園) nominated by Party D (being Liao Rong (廖蓉), Liu Xiaoguang (劉曉光), Tian Xiaogang (田曉崗), Huang Xue (黃雪) and Xiong Yueyao (熊月遙)), (f) Party F: Chengdu Jinbojun Education Consultancy Company Limited* (成都金博駿教育諮詢有限公司), (g) Parties G: directors or council members of Chengdu Longquanyi District No. 1 Experimental Middle School Attached to Sichuan Normal University* (成都市龍泉驛區四川師大附屬第一實驗中學) nominated by Party F (being Xiong Tao (熊濤), Xie Gang (謝綱), Ran Tao (冉濤) and Huang Mingyong (黃明勇)), (h) Party H: Sichuan Boai

Preschool Education Development Company Limited* (四川省博愛幼兒教育事業發展有限責任公司), (I) Parties I: directors or council members of Chengdu Youshi Experimental Kindergarten* (成都幼師實驗幼兒園) nominated by Party H (being Liao Rong (廖蓉), Liu Xiaoguang (劉曉光), Liao Hong (廖紅), Tian Xiaogang (田曉崗) and Liu Jing (劉靜)), directors or council members of Chengdu Youshi Lidu Experimental Kindergarten* (成都幼師麗都實驗幼兒園) nominated by Party H (being Liao Rong (廖蓉), Liu Xiaoguang (劉曉光), Liao Hong (廖紅), Tian Xiaogang (田曉崗) and Ai Bingyu (艾冰玉)), directors or council members of Chengdu Youshi Riverside Impression Experimental Kindergarten* (成都幼師河濱印象實驗幼兒園) nominated by Party H (being Liao Rong (廖蓉), Liu Xiaoguang (劉曉光), Liao Hong (廖紅), Tian Xiaogang (田曉崗) and Gao Wenju (高文菊)), directors or council members of Chengdu Youshi Longquan Dongshan Experimental Kindergarten* (成都幼師龍泉東山實驗幼兒園) nominated by Party H (being Liao Rong (廖蓉), Liu Xiaoguang (劉曉光), Liao Hong (廖紅), Tian Xiaogang (田曉崗) and Jiang Hong (蔣紅)) and directors or council members of Chengdu Qingyang Youshi Jingjie Experimental Kindergarten* (成都青羊幼師境界實驗幼兒園) nominated by Party H (being Liao Rong (廖蓉), Liu Xiaoguang (劉曉光), Liao Hong (廖紅), Tian Xiaogang (田曉崗) and Fang Jia (方佳)), (j) Party J: Renshou Bojun Education Investment Management Company Limited* (仁壽博駿教育投資管理有限公司), (k) Party K: Wangcang Bojun Education Management Company Limited* (旺蒼博駿教育管理有限公司), (l) Party L: Nanjiang Bojun Education Management Company Limited* (南江博駿教育管理有限公司), (m) Party M: Chengdu Jinjiang District No. 1 Experimental Middle School Attached to Sichuan Normal University* (成都市錦江區四川師大附屬第一實驗中學), (n) Party N: Chengdu Longquanyi District No. 1 Experimental Middle School Attached to Sichuan Normal University* (成都市龍泉驛區四川師大附屬第一實驗中學), (o) Party O: Chengdu New Tianfu District No. 1 Experimental Middle School Attached to Sichuan Normal University* (成都市天府新區四川師大附屬第一實驗中學), (p) Party P: Chengdu Youshi Experimental Kindergarten* (成都幼師實驗幼兒園), (q) Party Q: Chengdu Youshi Lidu Experimental Kindergarten* (成都幼師麗都實驗幼兒園), (r) Party R: Chengdu Youshi Riverside Impression Experimental Kindergarten* (成都幼師河濱印象實驗幼兒園), (s) Party S: Chengdu Youshi Longquan Dongshan Experimental Kindergarten* (成都幼師龍泉東山實驗幼兒園), (t) Party T: Chengdu Qingyang Youshi Jingjie Experimental Kindergarten* (成都青羊幼師境界實驗幼兒園) and (u) Party U: Chengdu High and New District Youshi Peninsula City Center Kindergarten* (成都高新區幼獅半島城邦幼兒園), pursuant to which (i) the school sponsors' and directors' (council members') rights entrustment agreement dated 29 August 2016 as described in paragraph (5) above was amended and restated, (ii) each of Party B, Party D, Party F, Party H, Party J, Party K and Party L has irrevocably authorized and entrusted Party A or its designated party to exercise all its rights as school sponsor of relevant school to the extent permitted by the PRC laws; and (iii) each of Parties C, Parties E, Parties G and Parties I has irrevocably authorized and entrusted Party A to exercise all his/her rights as directors or council members and/or and to the extent permitted by the PRC laws;

(22) a school sponsor's power of attorney (舉辦者權利授權書) dated 26 January 2018 executed by Renshou Bojun Education Investment Management Company Limited* (仁壽博駿教育投資管理有限公司) authorizing and appointing Chengdu Tianfu Bojun Education Management Company Limited* (成都天府博駿教育管理有限公司) as its agent to act on its behalf to exercise or delegate the exercise of all its school sponsor's rights in any school being established in the future, including but not limited to kindergartens, middle schools and high schools;

(23) a school sponsor's power of attorney (舉辦者權利授權書) dated 26 January 2018 executed by Wangcang Bojun Education Management Company Limited* (旺蒼博駿教育管理有限公司) authorizing and appointing Chengdu Tianfu Bojun Education Management Company Limited* (成都天府博駿教育管理有限公司) as its agent to act on its behalf to exercise or delegate the exercise of all its school sponsor's rights in any school being established in the future, including but not limited to kindergartens, middle schools and high schools;

(24) a school sponsor's power of attorney (舉辦者權利授權書) dated 26 January 2018 executed by Nanjiang Bojun Education Management Company Limited* (南江博駿教育管理有限公司) authorizing and appointing Chengdu Tianfu Bojun Education Management Company Limited* (成都天府博駿教育管理有限公司) as its agent to act on its behalf to exercise or delegate the exercise of all its school sponsor's rights in any school being established in the future, including but not limited to kindergartens, middle schools and high schools;

(25) an amended and restated loan agreement (貸款協議) dated 26 January 2018 made among (a) Party A: Chengdu Tianfu Bojun Education Management Company Limited* (成都天府博駿教育管理有限公司), (b) Parties B: Chengdu Mingxian Education Investment Company Limited* (成都銘賢教育投資有限公司), Chengdu Youshi Preschool Education Investment Management Company Limited* (成都幼獅幼兒教育投資管理有限公司), Chengdu Jinbojun Education Consultancy Company Limited* (成都金博駿教育諮詢有限公司), Sichuan Boai Preschool Education Development Company Limited* (四川省博愛幼兒教育事業發展有限責任公司), Renshou Bojun Education Investment Management Company Limited* (仁壽博駿教育投資管理有限公司), Wangcang Bojun Education Management Company Limited* (旺蒼博駿教育管理有限公司) and Nanjiang Bojun Education Management Company Limited* (南江博駿教育管理有限公司) (c) Parties C: Chengdu Jinjiang District No. 1 Experimental Middle School Attached to Sichuan Normal University* (成都市錦江區四川師大附屬第一實驗中學), Chengdu Longquanyi District No. 1 Experimental Middle School Attached to Sichuan Normal University* (成都市龍泉驛區四川師大附屬第一實驗中學), Chengdu New Tianfu District No. 1 Experimental Middle School Attached to Sichuan Normal University* (成都市天府新區四川師大附屬第一實驗中學), Chengdu Youshi Experimental Kindergarten* (成都幼師實驗幼兒園), Chengdu Youshi Lidu Experimental Kindergarten* (成都幼師麗都實驗幼兒園), Chengdu Youshi Riverside Impression Experimental Kindergarten* (成都幼師河濱印象實驗幼兒園), Chengdu Youshi Longquan Dongshan Experimental Kindergarten* (成都幼師龍泉東山實驗幼兒園), Chengdu Qingyang Youshi Jingjie Experimental Kindergarten* (成都青羊幼師境界實驗幼兒園) and Chengdu High and New District Youshi Peninsula City Center Kindergarten* (成都高新區幼獅半島城邦幼兒園), pursuant to which (i) the loan agreement dated 29 August 2016 as described in paragraph (12) above was amended and restated, and (ii) Party A agreed to provide interest-free loans to Parties B or Parties C for the purpose of their business operation of schools;

(26) a shareholders' rights entrustment agreement (股東權利委託協議) dated 26 January 2018 made among (a) Party A: Chengdu Tianfu Bojun Education Management Company Limited* (成都天府博駿教育管理有限公司), (b) Parties B: Xiong Tao (熊濤), Ran Tao (冉濤), Liao Rong (廖蓉), Xie Gang (謝綱), Li Jingmei (李京梅) and Zeng Guang (曾光), and (c) Party C: Chengdu Mingxian Education Investment Company Limited* (成都銘賢教育投資有限公司), pursuant to which each of Parties B authorized and entrusted Party A as its sole agent and authorized person to exercise its shareholder's rights as shareholder pursuant to the articles of association of Party C and the PRC laws;

(27) an amended and restated spouse undertaking (修訂和重述的配偶承諾函) dated 26 January 2018 executed by the spouse of Liao Rong (廖蓉) in favor of Chengdu Tianfu Bojun Education Management Company Limited* (成都天府博駿教育管理有限公司), acknowledging and consenting the signing of the cooperation agreements by Liao Rong (廖蓉);

(28) an amended and restated spouse undertaking (修訂和重述的配偶承諾函) dated 26 January 2018 executed by the spouse of Xiong Tao (熊濤) in favor of Chengdu Tianfu Bojun Education Management Company Limited* (成都天府博駿教育管理有限公司), acknowledging and consenting the signing of the cooperation agreements by Xiong Tao (熊濤);

(29) an amended and restated spouse undertaking (修訂和重述的配偶承諾函) dated 26 January 2018 executed by the spouse of Ran Tao (冉濤) in favor of Chengdu Tianfu Bojun Education Management Company Limited* (成都天府博駿教育管理有限公司), acknowledging and consenting the signing of the cooperation agreements by Ran Tao (冉濤);

(30) an amended and restated spouse undertaking (修訂和重述的配偶承諾函) dated 26 January 2018 executed by the spouse of Zeng Guang (曾光) in favor of Chengdu Tianfu Bojun Education Management Company Limited* (成都天府博駿教育管理有限公司), acknowledging and consenting the signing of the cooperation agreements by Zeng Guang (曾光);

(31) an amended and restated spouse undertaking (修訂和重述的配偶承諾函) dated 26 January 2018 executed by the spouse of Li Jingmei (李京梅) in favor of Chengdu Bojun, acknowledging and consenting the signing of the cooperation agreements by Li Jingmei (李京梅);

(32) an agreement on additional party to cooperation agreements (關於合作系列協議有關主體補充加入的協議) dated 25 June 2018 made among (a) Party A: Chengdu Tianfu Bojun Education Management Company Limited* (成都天府博駿教育管理有限公司), (b) Party B: Chengdu Mingxian Education Investment Company Limited* (成都銘賢教育投資有限公司), and (c) Party C: Lezhi Bojun Education Management Company Limited* (樂至縣博駿教育管理有限公司), pursuant to which, among others, it was agreed that Party C shall become a party to the exclusive business cooperation agreement (獨家業務合作協議), the exclusive call option agreement (獨家購買權協議), the equity pledge agreement (股權質押協議), school sponsors' and directors' (council members') rights entrustment agreement (學校舉辦者及董事(理事)權利委託協議), the school sponsor's power of attorney (舉辦者權利授權書) and the loan agreement (貸款協議), all dated 29 August 2016 and supplemented by respective amended and restated agreements dated 26 January 2018, and assume all rights and obligations applicable to these agreements;

(33) a school sponsor's power of attorney (舉辦者權利授權書) dated 25 June 2018 executed by Lezhi Bojun Education Management Company Limited* (樂至縣博駿教育管理有限公司) authorizing and appointing Chengdu Tianfu Bojun Education Management Company Limited* (成都天府博駿教育管理有限公司) as its agent to act on its behalf to exercise or delegate the exercise of all its school sponsor's rights in any school being established in the future, including but not limited to kindergartens, middle schools and high schools;

(34) an educational project investment agreement (教育項目投資協議書) dated 4 August 2017 entered into between Chengdu Mingxian Education Investment Company Limited* (成都銘賢教育投資有限公司) and the local government of Nanjiang County (南江縣) of Bazhong City (巴中市), pursuant to which the parties agreed to establish Nanjiang School with an aggregate expected total student enrollment of approximately 3,200 students;

(35) an educational project investment agreement (教育項目投資協議書) dated 8 August 2017 entered into between Chengdu Mingxian Education Investment Company Limited* (成都銘賢教育投資有限公司) and the local government of Wangcang County (旺蒼縣) of Guangyuan City (廣元市), pursuant to which the parties agreed to establish Wangcang School with an aggregate expected total student enrollment of approximately 4,000 students;

(36) an investment supplemental agreement (投資補充協議) dated 8 November 2017 entered into between Chengdu Mingxian Education Investment Company Limited* (成都銘賢教育投資有限公司) and and the local government of Wangcang County (旺蒼縣) of Guangyuan City (廣元市), pursuant to which the parties agreed to supplement the terms of the educational project investment agreement dated 8 August 2017 as described in paragraph (34) above;

(37) a cooperation agreement (合作辦學協議) dated 8 September 2017 entered into between Chengdu Mingxian Education Investment Company Limited* (成都銘賢教育投資有限公司) and Sichuan Hongde Guanghua Education Advisory Company Limited* (四川弘德光華教育諮詢有限公司), pursuant to which the parties agreed to establish Chengdu School with an aggregate total student enrollment of not less than 4,000 students;

(38) an educational project investment agreement (教育項目投資協議書) dated 22 December 2017 entered into between Chengdu Mingxian Education Investment Company Limited* (成都銘賢教育投資有限公司) and the local government of Lezhi County (樂至縣) of Ziyang City (資陽市), pursuant to which the parties agreed to establish Lezhi School with an aggregate expected total student enrollment of approximately 3,200 students;

(39) a supplemental agreement (補充協議書) dated 22 December 2017 entered into between Chengdu Mingxian Education Investment Company Limited* (成都銘賢教育投資有限公司) and the local government of Lezhi County (樂至縣) of Ziyang City (資陽市), pursuant to which the parties agreed to supplement the terms of the educational project investment agreement dated 22 December 2017 as described in paragraph (37) above;

(40) the Deed of Non-competition;

(41) the Deed of Indemnity;

(42) a cornerstone agreement dated 16 July 2018 made between our Company, Asian Equity Special Opportunities Portfolio Master Fund Limited and China Securities (International) Corporate Finance Company Limited, pursuant to which Asian Equity Special Opportunities Portfolio Master Fund Limited agreed to subscribe at the Offer Price for such number of Offer Shares that may be subscribed for in the amount of US$6.0 million;

(43) a cornerstone agreement dated 16 July 2018 made between our Company, Asian Opportunities Absolute Return Master Fund Limited and China Securities (International) Corporate Finance Company Limited, pursuant to which Asian Opportunities Absolute Return Master Fund Limited agreed to subscribe at the Offer Price for such number of Offer Shares that may be subscribed for in the amount of US$4.0 million;

(44) a cornerstone agreement dated 16 July 2018 made between our Company, BOCOM International Prosperity Investment Limited, China Securities (International) Corporate Finance Company Limited and First Capital Securities Limited, pursuant to which BOCOM International Prosperity Investment Limited agreed to subscribe at the Offer Price for such number of Offer Shares that may be subscribed for in the amount of US$5.0 million;

(45) a cornerstone agreement dated 16 July 2018 made between our Company, Fullgoal Fund Management Company Limited (富國基金管理有限公司), China Securities (International) Corporate Finance Company Limited and First Shanghai Securities Limited, pursuant to which Fullgoal Fund Management Company Limited agreed to subscribe at the Offer Price for such number of Offer Shares that may be subscribed for in the amount of US$5.0 million; and

(46) the Hong Kong Underwriting Agreement.

10. Intellectual property rights of our Group

Trademarks registered in the name of our Group members

As of the Latest Practicable Date, our Group had registered the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Registered proprietor	Place of registration	Class	Registration number	Expiry date
1.	Youshi	Chengdu Bojun	PRC	25	3688173	13 October 2026
2.	幼狮	Chengdu Bojun	PRC	41	3688174	6 September 2025
3.	(a) BOJUN (b) BOJUN	the Company	HK	16, 36, 41	304394179	9 January 2028
4.	(a) 博骏教育 BOJUN EDU (b) 博骏教育 BOJUN EDU	the Company	HK	16, 36, 41	304394188	9 January 2028

Trademarks pending registration

As at the Latest Practicable Date, our Group has applied for the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Applicant(s)	Place of registration	Class	Application number	Application date
1.	BOJUN	Chengdu Bojun	PRC	9 35 41	28779223 28771466 28782728	18 January 2018

No.	Trademark	Applicant(s)	Place of registration	Class	Application number	Application date
2.	博駿公學 BOJUN SCHOOL	Chengdu Bojun	PRC	9 35 41	28782688 28779205 28785923	18 January 2018
3.	博骏教育 BOJUN EDU	Chengdu Bojun	PRC	9 35 41	28769450 28785916 28782654	18 January 2018
4.		Chengdu Bojun	PRC	9 35 41	28771437 28767951 28784816	18 January 2018

Domain names

As at the Latest Practicable Date, our Group was the registrant of the following domain names:

No.	Domain name	Registrant	Registration date	Expiry date
1.	www.scsdyz.com	Jinjiang School	21 October 2013	21 October 2018
2.	bojuneducation.com	Chengdu Bojun	8 December 2015	8 December 2018
3.	ys61.com	Chengdu Bojun	8 October 2003	8 October 2020

FURTHER INFORMATION ABOUT DIRECTORS, MANAGEMENT, STAFF AND EXPERT

11. Directors

(a) Disclosure of interests

(i) Our executive Directors are interested in the Corporate Reorganization. Please refer to the section headed "History and Development — Corporate Reorganization" in this prospectus.

(ii) Save as disclosed in note 12 to the Accountants' Report set out in Appendix I, none of our Directors or their associates was engaged in any dealings with our Group during the two years preceding the date of this prospectus.

(b) Particulars of service agreements and letters of appointment

Each of our executive Directors and non-executive Directors has entered into a service agreement or a letter of appointment with our Company pursuant to which each of them agreed to act as an executive Director or a non-executive Director (as the case may be) for an initial term of three years commencing from the Listing Date.

Subject to an annual review by the remuneration committee of the Board during the term, each of our executive Directors will not receive any director's fee for acting as an executive Director and each of our non-executive Directors will be entitled to a basic salary. In addition, each of our executive Directors and our non-executive Directors will also be entitled to a discretionary management bonus provided that the aggregate amount of the bonuses payable to all the executive Directors and our non-executive Directors for any financial year of our Company may not exceed 5% of the audited combined or consolidated audited net profit of our Group (after taxation and minority interests but before extraordinary or exceptional items) in respect of that financial year. An executive Director may not vote on any resolution of our Directors regarding the amount of the management bonus payable to him. The annual salaries of the executive Directors and the non-executive Directors provided under the service contracts are as follows:

Name	Approximate annual salary
	(RMB)
Mr. Xiong Tao	Nil
Mr. Ran Tao	Nil
Ms. Liao Rong	Nil
Mr. Bai Zimin	60,000
Mr. Wang Ping	154,260

Each of the independent non-executive Directors has been appointed for an initial term of two years commencing from the Listing Date. Our Company intends to pay an aggregate directors' fees of approximately RMB274,260 per annum to all our independent non-executive Directors. Save for directors' fees, none of the independent non-executive Directors is expected to receive any other remuneration for holding their office as an independent non-executive Director.

Save as aforesaid, none of our Directors has or is proposed to have a service contract with our Company or any of its subsidiaries (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

(c) Directors' remuneration

The remuneration of each Director is determined by reference to market terms, seniority, his/her experiences, duties and responsibilities within our Group. Our Directors are entitled to statutory benefits as required by applicable laws from time to time.

(i) During the years ended 31 August 2015, 31 August 2016 and 31 August 2017 and the six months ended 28 February 2018, the aggregate emoluments paid by our Group to our Directors were approximately RMB349,000, RMB449,000, RMB894,000 and RMB507,000 respectively.

(ii) Under the arrangements currently in force, the aggregate emoluments payable by our Group to our Directors for the year ending 31 August 2018 are estimated to be approximately RMB0.9 million.

(iii) None of our Directors or any past directors of any member of our Group has been paid any sum of money during the Track Record Period as (i) an inducement to join or upon joining our Company; or (ii) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.

(iv) There has been no arrangement under which a Director has waived or agreed to waive any emoluments during the Track Record Period.

(d) Interests and short positions of Directors and chief executive in the shares, underlying shares or debentures of our Company and our associated corporations

Immediately following the completion of the Capitalization Issue and the Global Offering (but without taking into account any Shares which may be allotted and issued pursuant to the Share Option Scheme or the exercise of the Over-allotment Option), the interests and short positions of our Directors and chief executive of our Company in the shares, underlying shares or debentures of our Company and our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO to be entered in the register referred to therein, or which will be required to notify our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, will be as follows:

Name	**Nature of interest**	**Number of Shares upon Listing**[1]	**Percentage of shareholding upon Listing (Approximately)**
Mr. Xiong Tao	Interest in a controlled corporation *(Note 2)*	213,120,000	26.64%
	Interest of spouse *(Note 5)*	83,160,000	10.40%
Mr. Ran Tao	Interest in a controlled corporation *(Note 3)*	123,390,000	15.42%
Ms. Liao Rong	Interest in a controlled corporation *(Note 4)*	83,160,000	10.40%
	Interest of spouse *(Note 6)*	213,120,000	26.64%

Notes:

1. All interests stated are long positions.

2. Cosmic City is an investment holding company incorporated in the BVI and is wholly and beneficially owned by Mr. Xiong Tao. Thus, Mr. Xiong Tao is deemed to be interested in the Shares held by Cosmic City under the SFO.

3. Zheng Yong is an investment holding company incorporated in the BVI and is wholly and beneficially owned by Mr. Ran Tao. Thus, Mr. Ran Tao is deemed to be interested in the Shares held by Zheng Yong under the SFO.

4. Surpass Luck is an investment holding company incorporated in the BVI and is wholly and beneficially owned by Ms. Liao Rong. Thus, Ms. Liao Rong is deemed to be interested in the Shares held by Surpass Luck under the SFO.

5. Ms. Liao Rong is the spouse of Mr. Xiong Tao. Thus, Mr. Xiong Tao is deemed to be interested in the Shares held by Surpass Luck under the SFO.

6. Mr. Xiong Tao is the spouse of Ms. Liao Rong. Thus, Ms. Liao Rong is deemed to be interested in the Shares held by Cosmic City under the SFO.

12. Interest discloseable under the SFO and substantial shareholders

So far as is known to our Directors and chief executive of our Company, immediately following the completion of the Capitalization Issue and the Global Offering (but without taking account any Shares which may be allotted and issued pursuant to the Share Option Scheme or the exercise of the Over-allotment Option), the following persons (other than our Directors or chief executive officer of our Company) will have an interest or short position in the Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who will be expected, directly or indirectly, to be interested in 10% or more of the issued voting shares of any member of our Group.

Name	Nature of interest	Number of Shares (Note 1)	Percentage of shareholding in the Company
Cosmic City	Beneficial owner (Note 2)	213,120,000(L)	26.64%
Zheng Yong	Beneficial owner (Note 3)	123,390,000(L)	15.42%
Surpass Luck	Beneficial owner (Note 4)	83,160,000(L)	10.40%
Ms. Gong Yahong	Interest of spouse (Note 5)	123,390,000(L)	15.42%
Pre-IPO Investor	Beneficial owner (Note 6)	150,000,000(L)	18.75%
Wuxi Shoukong Lianxin Investment Management LLP (無錫首控聯信投資管理中心(有限合伙)*)	Interest in a controlled corporation (Note 6)	150,000,000(L)	18.75%
First Capital Fund Management Company Limited* (首控基金管理有限公司)	Interest in a controlled corporation (Note 6)	150,000,000(L)	18.75%
Shanghai Shenlian Investment Management Company Limited (上海申聯投資管理有限公司*)	Interest in a controlled corporation (Note 6)	150,000,000(L)	18.75%
Shanghai Jintang Investment Consultancy Company Limited (上海錦塘投資諮詢有限公司*)	Interest in a controlled corporation (Note 6)	150,000,000(L)	18.75%
Brilliant Rich International Holdings Limited (錦地國際控股有限公司)	Interest in a controlled corporation (Note 6)	150,000,000(L)	18.75%
Brilliant Rich Holdings Limited (錦豐控股有限公司)	Interest in a controlled corporation (Note 6)	150,000,000(L)	18.75%
China First Capital Group Limited (中國首控集團有限公司)	Interest in a controlled corporation (Note 6)	150,000,000(L)	18.75%

Notes:

1. The letter "L" denotes the long position in the Shares.

2. The entire issued share capital of Cosmic City is solely and beneficially owned by Mr. Xiong Tao.

3. The entire issued share capital of Zheng Yong is solely and beneficially owned by Mr. Ran Tao.

4. The entire issued share capital of Surpass Luck is solely and beneficially owned by Ms. Liao Rong.

5. Mr. Ran Tao, who is the sole shareholder of Zheng Yong, is the spouse of Ms. Gong Yahong. Thus, Ms. Gong Yahong is deemed to be interested in the Shares held by Zheng Yong under the SFO.

6. The Pre-IPO Investor is a limited partnership established in the PRC and its general partner is Wuxi Shoukong Lianxin Investment Management LLP ("**Wuxi Shoukong Lianxin**"), a limited partnership established in the PRC. The general partner of Wuxi Shoukong Lianxin is First Capital Fund Management Company Limited ("**First Capital Fund**"), a limited liability company established in the PRC. First Capital Fund is wholly-owned by Shanghai Shenlian Investment Management Company Limited ("**Shanghai Investment Management**"), a limited liability company established in the PRC. Shanghai Investment Management is wholly-owned by Shanghai Jintang Investment Consultancy Company Limited ("**Shanghai Jintang**"), a limited company established in the PRC. Shanghai Jintang is wholly-owned by Brilliant Rich International Holdings Limited ("**Brilliant Rich International**"), a limited liability company incorporated in Hong Kong. Brilliant Rich International is wholly-owned by Brilliant Rich Holdings Limited ("**Brilliant Rich**"), a limited liability company incorporated in BVI. Brilliant Rich is wholly-owned by China First Capital Group Limited ("**CFC**"), a limited liability company incorporated in the Cayman Islands and the issued shares of which are listed on the Stock Exchange (stock code: 01269). Thus, Wuxi Shoukong Lianxin, First Capital Fund, Shanghai Investment Management, Shanghai Jintang, Brilliant Rich International, Brilliant Rich and CFC are deemed to be interested in the Shares held by the Pre-IPO Investor under the SFO.

13. Related party transactions

Save as disclosed in note 33 of the accountants' report set out in Appendix I, during the two years immediately preceding the date of this prospectus, our Group has not engaged in any other material related party transactions.

14. Disclaimers

(a) Taking no account of any Shares which may be taken up or acquired under the Global Offering or any option which may be granted under the Share Option Scheme or the Over-allotment Option, our Directors are not aware of any person who, save as disclosed in paragraph 12 in this appendix, will, immediately following the completion of the Capitalization Issue and the Global Offering, have an interest or a short position in Shares or underlying shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will, directly or indirectly, be interested in 10% or more of the issued voting shares of our Company or any other member of our Group;

(b) Save as disclosed in paragraph 11(d) in this appendix, none of our Directors has for the purpose of Divisions 7 and 8 of Part XV of the SFO or the Listing Rules, nor is any of them taken to or deemed to have under such provisions of the SFO, any interests or short position in the Shares or underlying shares and debentures of our Company or any associated corporations (within the meaning of Part XV of the SFO) or any interests which will have to be entered in the register to be kept by our Company pursuant to section 352 of the SFO or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, once the Shares are listed on the Main Board;

(c) None of our Directors nor the experts named in paragraph 21 of this appendix has been interested in the promotion of, or has any direct or indirect interest in any assets acquired or disposed of by or leased to, any member of our Group within the two years immediately preceding the date of this prospectus, or which are proposed to be acquired or disposed of by or leased to any member of our Group nor will any Director apply for Shares either in his own name or in the name of a nominee;

(d) Save in connection with the Hong Kong Underwriting Agreement, the material contracts referred to in paragraph 9 of this appendix and the service agreements and letters of appointments referred to in paragraph 11(b) of this appendix, none of our Directors nor the experts named in paragraph 21 of this appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole; and

(e) none of the experts named in paragraph 21 in this appendix has any shareholding in any member in our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member in our Group.

OTHER INFORMATION

15. Share option scheme

(a) Summary of terms

The following is a summary of the principal terms of the Share Option Scheme conditionally adopted by a resolution in writing passed by our Shareholders on 12 July 2018:

(i) Purpose of the scheme

The purpose of the Share Option Scheme is to enable our Group to grant options to selected participants as incentives or rewards for their contribution to our Group.

(ii) Who may join

Our Directors (which expression shall, for the purpose of this paragraph 15, include a duly authorized committee thereof) may, at their absolute discretion, invite any person belonging to any of the following classes of participants ("**Eligible Participants**"), to take up options to subscribe for Shares:

(aa) any employee (whether full-time or part-time, including any executive director but excluding any non-executive director) of our Company, any of our subsidiaries ("**Subsidiaries**") or any entity ("**Invested Entity**") in which our Group holds an equity interest ("**Eligible Employee**");

(bb) any non-executive director (including independent non-executive director) of our Company, any Subsidiary or any Invested Entity;

(cc) any supplier of goods or services to any member of our Group or any Invested Entity;

(dd) any customer of any member of our Group or any Invested Entity;

(ee) any person or entity that provides research, development or other technological support to any member of our Group or any Invested Entity;

(ff) any shareholder of any member of our Group or any Invested Entity or any holder of any securities issued by any member of our Group or any Invested Entity;

(gg) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of our Group or any Invested Entity; and

(hh) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of our Group,

and, for the purposes of the Share Option Scheme, the options may be granted to any company wholly-owned by one or more Eligible Participants. For the avoidance of doubt, the grant of any options by our Company for the subscription of Shares or other securities of our Group to any person who falls within any of the above classes of Eligible Participants shall not, by itself, unless our Directors otherwise determine, be construed as a grant of option under the Share Option Scheme.

The eligibility of any of the Eligible Participants to the grant of options shall be determined by our Directors from time to time on the basis of our Directors' opinion as to his contribution to the development and growth of our Group.

(iii) Maximum number of Shares

(aa) The maximum number of Shares which may be allotted and issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme adopted by our Group shall not exceed 30% of the Shares in issue from time to time. No options may be granted under the Share Option Scheme or any other share option scheme adopted by the Group if the grant of such option will result in the limit referred to in this paragraph being exceeded.

(bb) The total number of Shares which may be allotted and issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of our Group) to be granted under the Share Option Scheme and any other share option scheme of our Group must not in aggregate exceed 10% of the Shares in issue on the day on which dealings in the Shares first commence on the Stock Exchange (i.e. not exceeding 80,000,000 Shares) (the "**General Scheme Limit**") provided that:

(aaa) Subject to paragraph (aa) above and without prejudice to paragraph (bbb) below, our Company may issue a circular to its Shareholders and seek approval of the Shareholders in general meeting to refresh the General Scheme Limit provided that the total number of Shares which may be allotted and issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of our Group must not exceed 10% of the Shares in issue as at the date of approval of the limit, and for the purpose of calculating the limit, options (including those outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme and any other share option scheme of our Group) previously granted under the Share Option Scheme and any other share option scheme of our Group will not be counted. The circular sent by our Company to the Shareholders shall contain, among other information, the information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules; and

(bbb) Subject to paragraph (aa) above and without prejudice to paragraph (aaa) above, our Company may seek separate Shareholders' approval in general meeting to grant options under the Share Option Scheme beyond the General Scheme Limit or, if applicable, the refreshed limit referred to in paragraph (aaa) above to Eligible Participants specifically identified by our Company before such approval is sought. In such event, our Company must send a circular to the Shareholders containing a generic description of the specified participants, the number and terms of options to be granted, the purpose of granting options to the specified participants with an explanation as to how the terms of the options serve such purpose and such other information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules.

(iv) Maximum entitlement of each participant

Subject to paragraph (v)(bb) below, the total number of Shares issued and to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of our Group (including both exercised or outstanding options) to each grantee in any 12-month period shall not exceed 1% of the Shares in issue for the time being ("**Individual Limit**"). Where any further grant of options to a grantee under the Share Option Scheme would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) under the Share Option Scheme and any other share option schemes of our Group in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant must be separately approved by the Shareholders in general meeting with such grantee and his close associates (or his associates if the grantee is a connected person) abstaining from voting. Our Company must send a circular to the Shareholders and the circular must disclose the identity of the grantee, the number and terms of the options to be granted (and options previously granted to such grantee), the information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule

17.02(4) of the Listing Rules. The number and terms (including the exercise price) of options to be granted to such participant must be fixed before Shareholders' approval and the date of board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price under note (1) to Rule 17.03(9) of the Listing Rules.

(v) Grant of options to connected persons

(aa) Without prejudice to paragraph (bb) below, any offer to grant of options under the Share Option Scheme to a Director, chief executive or substantial shareholder of our Company or any of their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who or whose associate is the proposed grantee of the option).

(bb) Without prejudice to paragraph (aa) above, where any grant of options to a substantial shareholder or an independent non-executive Director of our Company or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

(i) representing in aggregate over 0.1% of the Shares in issue; and

(ii) having an aggregate value, based on the closing price of the Shares at the date of each offer of grant, in excess of HK$5 million;

such further grant of options must be approved by the Shareholders in general meeting. Our Company must send a circular to the Shareholders. The grantee, his associates and all core connected persons of our Company must abstain from voting in favor at such general meeting. Any change in the terms of options granted to a substantial shareholder or an independent non-executive Director of our Company or any of their respective associates must be approved by the Shareholders in general meeting.

(vi) Time of acceptance and exercise of option

An option may be accepted by a participant within 21 days from the date of the offer of grant of the option.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by our Directors to each grantee, which period may commence on the date on which the offer for the grant of option is made but shall end in any event not later than 10 years from the date on which the offer for the grant of the option is made subject to the provisions for early termination thereof. Unless otherwise determined by our Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

(vii) Performance targets

Unless our Directors otherwise determined and stated in the offer of the grant of options to a grantee, a grantee is not required to achieve any performance targets before the exercise of an option granted to him under the Share Option Scheme.

(viii) Subscription price for Shares and consideration for the option

The subscription price per Share under the Share Option Scheme shall be determined at the absolute discretion of our Directors, provided that it shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date on which the offer for the grant of option is made, which must be a Business Day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations for the five Business Days immediately preceding the date on which the offer for the grant of option is made; and (iii) the nominal value of the Shares.

A nominal consideration of HK$1 is payable on acceptance of the grant of an option.

(ix) Ranking of Shares

(aa) Shares to be allotted and issued upon the exercise of an option will be subject to all the provisions of the Articles of Association and will rank *pari passu* in all respects with the then existing fully paid Shares in issue on the date on which the option is duly exercised or, if that date falls on a day when the register of members of our Company is closed, the first day of the re-opening of the register of members (the "**Exercise Date**") and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. A Share allotted and issued upon the exercise of an option shall not carry voting rights until the completion of the registration of the grantee on the register of members of our Company as the holder thereof.

(bb) Unless the context otherwise requires, references to "Shares" in this paragraph include references to shares in the ordinary share capital of our Company of such nominal amount as shall result from a sub-division, consolidation, re-classification, reduction or re-construction of the share capital of our Company from time to time.

(x) Restrictions on the time of grant of options

Our Company may not make any offer for grant of options after inside information has come to our knowledge until our Company has announced the information. In particular, our Company may not make any offer during the period commencing one month immediately before the earlier of (aa) the date of the meeting of the Board (as such date is first notified to the Stock Exchange under the Listing Rules) for approving our Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing

Rules); and (bb) the deadline for our Company to announce our results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules) and ending on the date of the results announcement. No option may be granted during any period of delay in publishing a results announcement.

Our Directors may not make any offer to an Eligible Participant who is a Director during the periods or times in which Directors are prohibited from dealing in Shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by our Company.

(xi) Period of the Share Option Scheme

The Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme is adopted.

(xii) Rights on ceasing employment

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee for any reason other than death, ill-health or retirement in accordance with his contract of employment or for serious misconduct or other grounds referred to in sub-paragraph (xiv) below before exercising his option in full, the option (to the extent not already exercised) shall lapse on the date of cessation or termination and not be exercisable unless our Directors otherwise determine in which event the grantee may exercise the option (to the extent not already exercised) in whole or in part within such period as our Directors may determine following the date of such cessation or termination, which will be taken to be the last day on which the grantee was actually at work with our Company, the relevant Subsidiary or the Invested Entity whether salary is paid in lieu of notice or not.

Eligible Employee means any employee (whether full time or part time employee, including any executive director but excluding any non-executive director) of our Company, any of the Subsidiaries or any Invested Entity.

(xiii) Rights on death, ill-heath or retirement

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee by reason of his death, ill-health or retirement in accordance with his contract of employment before exercising the option in full, his personal representative(s) or, as appropriate, the grantee may exercise the option (to the extent not already exercised) in whole or in part within a period of 12 months following the date of cessation of employment which date shall be the last day on which the grantee was at work with our Company, the relevant Subsidiary or the Invested Entity whether salary is paid in lieu of notice or not or such longer period as our Directors may determine.

(xiv) Rights on dismissal

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee by reason that he has been guilty of persistent or serious misconduct or has committed any act of bankruptcy or has become insolvent or has made any arrangements or composition with his creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of our Directors does not bring the grantee or any member of our Group or the Invested Entity into disrepute), his option will lapse automatically.

(xv) Rights on breach of contract

If our Directors shall at their absolute discretion determine that (aa) the grantee of any option (other than an Eligible Employee) or his close associates (or his associates if the grantee is a connected person) has committed any breach of any contract entered into between the grantee or his close associate on the one part and any member of our Group or any Invested Entity on the other part; or (bb) that the grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally; or (cc) the grantee could no longer make any contribution to the growth and development of any member of our Group by reason of the cessation of its relations with our Group or by other reason whatsoever, then the option granted to the grantee under the Share Option scheme shall lapse as a result of any event specified in sub-paragraph (aa), (bb) or (cc) above.

(xvi) Rights on a general offer, a compromise or arrangement

If a general or partial offer, whether by way of take-over offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, our Company shall use all reasonable endeavours to procure that such offer is extended to all the grantees on the same terms, *mutatis mutandis*, and assuming that they will become, by the exercise in full of the options granted to them, the Shareholders. If such offer becomes or is declared unconditional or such scheme of arrangement is formally proposed to the Shareholders, a grantee shall, notwithstanding any other terms on which his options were granted, be entitled to exercise his option (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to our Company in accordance with the provisions of the Share Option Scheme at any time thereafter and up to the close of such offer (or any revised offer) or the record date for entitlements under such scheme of arrangement, as the case may be. Subject to the above, an option will lapse automatically (to the extent not exercised) on the date on which such offer (or, as the case may be, revised offer) closes or the relevant record date for entitlements under the scheme of arrangement, as the case may be.

(xvii) Rights on winding up

In the event of a resolution being proposed for the voluntary winding-up of our Company during the option period, the grantee may, subject to the provisions of all applicable laws, by notice in writing to our Company at any time not less than two Business Days before the date on which such resolution is to be considered and/or passed, exercise his option (to the extent not already exercised) either to its full extent or to the extent specified in such notice in accordance with the provisions of the Share Option Scheme and our Company shall allot and issue to the grantee the Shares in respect of which such grantee has exercised his option not less than one Business Day before the date on which such resolution is to be considered and/or passed whereupon the grantee shall accordingly be entitled, in respect of the Shares allotted and issued to him in the aforesaid manner, to participate in the distribution of the assets of our Company available in liquidation *pari passu* with the holders of the Shares in issue on the day prior to the date of such resolution. Subject thereto, all options then outstanding shall lapse and determine on the commencement of the winding-up of our Company.

(xviii) Grantee being a company wholly-owned by Eligible Participants

If the grantee is a company wholly-owned by one or more Eligible Participants:

(i) sub-paragraphs (xii), (xiii), (xiv) and (xv) shall apply to the grantee and to the options granted to such grantee, *mutatis mutandis*, as if such options had been granted to the relevant Eligible Participant, and such options shall accordingly lapse or fall to be exercisable after the event(s) referred to in sub-paragraphs (xii), (xiii), (xiv) and (xv) shall occur with respect to the relevant Eligible Participant; and

(ii) the options granted to the grantee shall lapse and determine on the date the grantee ceases to be wholly-owned by the relevant Eligible Participant provided that our Directors may in their absolute discretion decide that such options or any part thereof shall not so lapse or determine subject to such conditions or limitations as they may impose.

(xix) Adjustments to the subscription price

In the event of any alteration in the capital structure of the Company arising from a rights issue, consolidation or subdivision of Shares or reduction of the share capital of our Company or otherwise howsoever but shall not in any event exceed the limits imposed by the Listing Rules whilst an option remains exercisable or the Share Option Scheme remains in effect, such corresponding adjustment (if any) certified by the auditors for the time being of or an independent financial adviser to our Company in writing as fair and reasonable will be made to the number or nominal amount of Shares to which the Share Option Scheme or any option(s) relate, the subscription price of any option, and/or (unless the relevant grantee elects to waive such adjustment) the number of Shares consisted in an option or which remains consisted in an option, provided that (i) any adjustments shall give a grantee the same proportion of the issued Share for which he would have been entitled to subscribe had he exercised all the options held by him immediately prior to such adjustment; (ii) no adjustment shall be made the effect of which would be to enable a Share to be issued at less than its nominal value; (iii) the issue of Shares or other securities of our Group as consideration in a transaction shall not be regarded as a circumstance requiring any adjustment; and (iv) any adjustment shall be in compliance with Listing Rules and such applicable guidance and/or interpretation of the Listing Rules from time to time promulgated by the Stock Exchange. In addition, in respect of any such adjustments, such auditors or independent financial adviser must confirm to our Directors in writing that the adjustments satisfy the requirements of the relevant provisions of the Listing Rules and such other applicable guidance and/or interpretation of the Listing Rules from time to time issued by the Stock Exchange.

(xx) Cancellation of options

Any cancellation of options granted but not exercised must be subject to the prior written consent of the relevant grantee and the approval of our Directors.

When our Company cancels any option granted to a grantee but not exercised and issues new option(s) to the same grantee, the issue of such new option(s) may only be made with available unissued options (excluding, for this purpose, the options so cancelled) within the General Scheme Limit or the limits approved by the Shareholders pursuant to sub-paragraphs (iii) (aaa) and (bbb) above.

(xxi) Termination of the Share Option Scheme

Our Company may by resolution in general meeting at any time terminate the operation the Share Option Scheme and in such event no further options shall be offered but in all other respects the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options (to the extent not already exercised) granted prior to the termination or otherwise as may be required in accordance with the provisions of the Share Option Scheme and options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

(xxii) Rights are personal to the grantee

An option is personal to the grantee and shall not be transferable or assignable.

(xxiii) Lapse of options

An option shall lapse automatically (to the extent not already exercised) on the earliest of:

(aa) the expiry of the period referred to in paragraph (vi);

(bb) the expiry of the periods or dates referred to in paragraph (xii), (xiii), (xiv), (xv), (xvii) and (xviii);

(cc) the date on which our Directors shall exercise our Company's right to cancel the option by reason of a breach of paragraph (xv) above by the grantee in respect of that or any other options.

(xxiv) Others

(aa) The Share Option Scheme is conditional, among others, on the Stock Exchange granting the listing of and permission to deal in, such number of Shares to be allotted and issued by our Company pursuant to the exercise of options in accordance with the terms and conditions of the Share Option Scheme, such number being not less than that of the General Scheme Limit.

(bb) The provisions of the Share Option Scheme relating to the matters governed by Rule 17.03 of the Listing Rules shall not be altered to the advantage of grantees or prospective grantees of the options except with the prior approval of the Shareholders in general meeting.

(cc) Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature shall be approved by the Shareholders in general meeting except where the alterations take effect automatically under the existing terms of the Share Option Scheme.

(dd) The amended terms of the Share Option Scheme or the options shall comply with the relevant requirements of Chapter 17 of the Listing Rules, the "Supplementary Guidance on Main Board Listing Rule 17.03(13)/GEM Listing Rule 23.03(13) and the Note Immediately After the Rule" set out in the letter from the Stock Exchange to all listed issues dated 5 September 2005 and other relevant guidance of the Stock Exchange.

(ee) Any change to the authority of our Directors or the administrators of the Share Option Scheme in relation to any alteration to the terms of the Share Option Scheme must be approved by the Shareholders in general meeting.

(b) Present status of the Share Option Scheme

(i) Approval of the Stock Exchange required

The Share Option Scheme, which complies with Chapter 17 of the Listing Rules, is conditional on the Stock Exchange granting the listing of, and permission to deal in, such number of Shares to be allotted and issued pursuant to the exercise of options in accordance with the terms and conditions of the Share Option Scheme, such number being not less than that of the General Scheme Limit.

(ii) Application for approval

Application has been made to the Listing Committee for the listing of and permission to deal in the Shares to be allotted and issued within the General Scheme Limit pursuant to the exercise of any options which may be granted under the Share Option Scheme.

(iii) Grant of option

As at the date of this prospectus, no options have been granted or agreed to be granted under the Share Option Scheme.

(iv) Value of options

Our Directors consider it inappropriate to disclose the value of options which may be granted under the Share Option Scheme as if they had been granted as at the Latest Practicable Date. Any such valuation will have to be made on the basis of certain option pricing model or other methodology, which depends on various assumptions including, the exercise price, the exercise period, interest rate, expected volatility and other variables. As no options have been granted, certain variables are not available for calculating the value of options. Our Directors believe that any calculation of the value of options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to investors.

16. Estate duty, tax and other indemnities

Our Controlling Shareholders (collectively the "**Indemnifiers**") have executed the Deed of Indemnity in favor of our Company (for itself and as trustee for each of its present subsidiaries).

Pursuant to the Deed of Indemnity, the Indemnifiers have agreed to jointly and severally indemnify each of the members of our Group against the following:

(a) any liability for Hong Kong estate duty which might be incurred by us by reason of any transfer of property (within the meaning of section 35 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong)) to us at any time on or prior to the date on which the Global Offering becomes unconditional (the "**Effective Date**");

(b) taxation which might fall on us resulting from or by reference to any income, profits or gains earned, accrued or received on or before the Effective Date or arising from the reorganization of our Group described in the section headed "History and Development" in this Prospectus on or before the Effective Date whether alone or in conjunction with any circumstances whenever occurring and whether or not such taxation or taxation claim is chargeable against or attributable to any other person, firm or company, subject to certain exceptions set out below;

(c) any damages, losses, liabilities, claims, fines, penalties, orders, expenses and costs, or loss of profits, benefits which are or become payable or suffered by our Group directly or indirectly as a result of and in connection with the incidents referred to in the section headed "Business — Legal proceedings and compliance" in this prospectus; and

(d) any losses and damages caused to our Group arising from or owing to any changes in the fair value of the equity interests in any of Chengdu Mingxian, Chengdu Youshi Preschool Investment, Sichuan Boai, Chengdu Jinbojun and Renshou Bojun.

The Indemnifiers will, however, not be liable in respect of any taxation referred to in paragraph (b) above:

(1) to the extent that provision or reserve has been made for such taxation in the audited accounts of our Group for the Track Record Period and to the extent that such taxation is incurred or accrued since 1 March 2018 which arises in our ordinary course of business;

(2) to the extent that such taxation falls on us in respect of the accounting period commencing on or after 1 September 2018 unless such taxation would not have arisen but for an act or omission of, or transaction voluntarily effected by the Indemnifiers or us (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) otherwise than in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets, before the Effective Date;

(3) to the extent that such taxation would not have arisen but for a voluntary act or transaction carried out or effected (other than pursuant to a legally binding commitment created on or before the date of the Deed of Indemnity) by us after the date of the Deed of Indemnity;

(4) to the extent that such taxation arises or is incurred as a result of the imposition of taxation as a consequence of any retrospective change in the law, rules and regulations, or the interpretation or practice thereof by any relevant authority coming into force after the date of the Deed of Indemnity or to the extent that such taxation arises or is increased by an increase in rates of taxation after the date of the Deed of Indemnity with retrospective effect; or

(5) to the extent of any provision or reserve made for taxation in the audited accounts of our Group up to 28 February 2018 and which is finally established to be an over-provision or an excessive reserve.

17. Litigation

Neither our Company nor any of its subsidiaries is engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against our Company or any of its subsidiaries, that would have a material adverse effect on the results of operations or financial condition of our Group.

18. Sole Sponsor

The Sole Sponsor has made an application for and on behalf of our Company to the Listing Committee for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus and any Shares to be issued pursuant to the exercise of the Over-allotment Option and any option which may be granted under the Share Option Scheme. The Sole Sponsor is independent of our Company in accordance with Rule 3A.07 of the Listing Rules.

The Sole Sponsor will be paid by the Company a total fee of HK$5.0 million to act as the sponsor to the Company in connection with the Global Offering.

19. Preliminary expenses

The estimated preliminary expenses of our Company are approximately HK$50,000 and are payable by our Company.

20. Promoters

Our Company has no promoter for the purpose of the Listing Rules. Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given or is proposed to be paid, allotted or given to any promoters of our Company in connection with the Global Offering or the related transactions described in this prospectus.

21. Qualifications of experts

The qualifications of the experts who have given opinions or advice in this prospectus are as follows:

Name	Qualifications
China Securities (International) Corporate Finance Company Limited	Licensed corporation under the SFO permitted to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities
Deloitte Touche Tohmatsu	Certified Public Accountants
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
Jingtian & Gongcheng	Qualified legal advisors as to the PRC law
Zhonghui (Sichuan) Certified Tax Agents Co., Ltd	Qualified PRC tax consultant
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultant
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	Qualified valuer

22. Consent of experts

Each of the experts named in paragraph 21 above has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its report, letter, valuation, opinion or summaries of opinion (as the case may be) and the references to its name included herein in the form and context in which they respectively appear.

23. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (WUMP) Ordinance (Chapter 32 of the Laws of Hong Kong) so far as applicable.

24. Taxation of holders of Shares

Dealings in Shares registered on our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty. The sale, purchase and transfer of Shares are subject to Hong Kong stamp duty, the current rate of which is 0.2% of the consideration or, if higher, the value of the Shares being sold or transferred.

Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

Under present Cayman Islands law, transfers and other dispositions of Shares are exempt from Cayman Islands stamp duty.

Potential holders of Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in Shares. It is emphasized that none of our Company, our Directors or the other parties involved in the Global Offering can accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares.

25. Miscellaneous

(i) Save as disclosed in the sections headed "History and Development" and "Structure of the Global Offering" in this prospectus and paragraph 2 in this appendix within two years immediately preceding the date of this prospectus:

   (aa) no share or loan capital of our Company or of any of its subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash;

   (bb) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries; and

   (cc) no commission has been paid or payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure the subscriptions, for any Share in our Company or any of its subsidiaries;

(ii) No share or loan capital of our Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(iii) There has been no material adverse change in the financial position or prospects of our Group since 28 February 2018 (being the date to which the latest audited consolidated financial statements of our Group were made up);

(iv) There has not been any interruption in the business of our Group which may have or has had a material adverse effect on the financial position of our Group;

(v) There is no arrangement under which future dividends are waived or agreed to be waived;

(vi) There are no founder, management or deferred shares in our Company or any of its subsidiaries;

(vii) Our Group does not have any outstanding convertible debt securities or debentures;

(viii) No securities of our Group are listed, and no listing of any such securities is proposed to be sought, on any other stock exchange;

(ix) All necessary arrangements have been made to enable the Shares to be admitted into CCASS; and

(x) None of the debt and equity securities of the companies comprising our Group is presently listed on any stock exchange or traded on any trading system.

26. Bilingual prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided under section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration includes:

(a) copies of each of the **WHITE**, **YELLOW** and **GREEN** Application Forms;

(b) the written consents referred to in the section headed "Statutory and General Information — Other information — 22. Consent of experts" in Appendix V to this prospectus; and

(c) copies of each of the material contracts referred to in the section headed "Statutory and General Information — Further information about the business of our Group — 9. Summary of material contracts" in Appendix V to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Loeb & Loeb LLP at 21/F, CCB Tower, 3 Connaught Road Central, Hong Kong, during normal business hours from 9:00 a.m. to 6:00 p.m. up to and including the date which is 14 days from the date of this prospectus:

(1) our Memorandum and Articles;

(2) the accountants' report prepared by Deloitte Touche Tohmatsu, the text of which is set out in Appendix I to this prospectus;

(3) the audited consolidated financial statements of the Group for the years ended 31 August 2015, 2016 and 2017 and the six months ended 28 February 2018;

(4) the letter from Deloitte Touche Tohmatsu in respect of the unaudited pro forma financial information of our Group, the text of which is set out in Appendix II to this prospectus;

(5) the property valuation report relating to our property interests prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, the text of which is set out in Appendix III to this prospectus;

(6) the letter of advice prepared by Conyers Dill & Pearman, our legal advisors as to the Cayman Islands law, summarizing certain aspects of the Companies Law, referred to in Appendix IV to this prospectus;

(7) the service agreements and letters of appointment referred to in the section headed "Statutory and General Information — Further information about Directors, management, staff and expert — 11. Directors — (b) Particulars of service agreements and letters of appointment" in Appendix V to this prospectus;

(8) the material contracts referred to in the section headed "Statutory and General Information — Further information about the business of our Group — 9. Summary of material contracts" in Appendix V to this prospectus;

(9) the written consents referred to in the section headed "Statutory and General Information — Other information — 22. Consent of experts" in Appendix V to this prospectus;

(10) the PRC legal opinion prepared by Jingtian & Gongcheng, our PRC Legal Advisors, in respect of certain aspects of our Group and our property interests;

(11) the tax opinion prepared by Zhonghui (Sichuan) Certified Tax Agents Co., Ltd;

(12) the Frost & Sullivan Report;

(13) the rules of the Share Option Scheme; and

(14) the Companies Law.