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

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

RISKS RELATING TO OUR BUSINESS AND OUR INDUSTRY

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

One of the most significant factors affecting our profitability is the tuition and boarding fees we charge at our universities. In 2017, 2018, 2019 and the three months ended 31 March 2020, we derived 79.0%, 71.5%, 69.6% and 70.8%, respectively, of our revenue from tuition fees and derived 6.6%, 6.9%, 6.7% and 7.1%, respectively, of our revenue from boarding fees. Our tuition rates are primarily determined based on the demand for our educational programmes, the cost of our operations, the geographic markets where we operate our universities, the tuition charged by our competitors, our pricing strategy to gain market share, and general economic conditions in China and the areas in which our universities are located. Each of our universities generally requires its full-time formal education programme students to live on campus in dormitories during their study at our universities, except for limited circumstances where we allow students to live outside campus after receiving their parent's written request to do so. Our boarding fees are affected by the cost of operating the dormitories, the general housing markets where we operate our universities and the boarding fees charged by our competitors.

We are able to determine the level of tuition fee and boarding fee rates for our three universities on our own. For the 2017/2018 school year, we raised our tuition fees for bachelor degree programmes, junior college diploma programmes, and junior college to bachelor degree transfer programmes offered by Dalian University, and raised tuition fees for bachelor degree programmes and junior college diploma programmes offered by Foshan University. For the 2018/2019 school year, we raised tuition fees for bachelor degree programmes offered by Foshan University. For the 2019/2020 school year, we raised tuition fees for bachelor degree programmes and junior college diploma programmes offered by Dalian University and Foshan University. For the 2020/2021 school year, we increased tuition fees for bachelor degree programmes and junior college diploma programmes offered by Dalian University, and bachelor degree programmes offered by Foshan University. The tuition fee and boarding fee rates for Chengdu University were previously subject to approval from relevant local government authorities. In May 2020, Sichuan province amended the approving requirements for tuition fee and boarding fee rates and private higher education institutions may determine the fee level on their own. Accordingly, we raised our tuition fees for bachelor degree programmes and junior college to bachelor degree transfer programmes offered by Chengdu University for the 2020/2021 school year. We review our tuition fee rates from time to time and raise tuition fees to reflect our increased operating costs, improvements of our facilities and changes in the market price for higher education services. Our tuition fee increase decisions depend on the market condition and other special circumstances we may encounter in the future. During the Track Record Period, the boarding fees we charged ranged from RMB1,200 to RMB3,000 per school year depending on the location of the school, room size and number of students housed in each room and were received generally before or at the beginning of each school year. We raised our boarding fees for each of Dalian University and Foshan University for the 2017/2018 school year and the boarding fees for Chengdu University for the 2020/2021 school year. In the future, we plan to raise the boarding fees periodically to reflect our increased operating cost and the improvements of our accommodation conditions. There can be no assurance that we will be able to maintain or raise the tuition and boarding fee levels we charge at our universities in the future due to various reasons, including the failure to obtain necessary approvals or filings, and market competitions. Even if we are able to raise the tuition level, we cannot assure you that we will be able to attract prospective students to apply for our universities at such increased rates. Neither can there be assurance that we will be able to collect all the tuition and boarding fees on time from all of our students. Our business, financial position and results of operations may be materially and adversely affected if we fail to maintain or raise the tuition and boarding fee levels, attract sufficient students or collect the tuition and boarding fees on time.

We may not be able to successfully increase the student enrolments at our universities, which may hinder our business growth.

One of the most significant factors affecting our profitability is the number of students enroled at our universities. The total number of students enroled in our full-time formal higher education programmes was 34,014 for the 2016/2017 school year, 34,606 for the 2017/2018 school year, 34,144 for the 2018/2019 school year and 36,066 for the 2019/2020 school year, respectively. The number of students our universities are able to admit for our full-time formal higher education programmes in each school year is set and approved by the relevant PRC education authorities. For the 2016/2017, 2017/2018, 2018/2019, 2019/2020 and 2020/2021 school years, the total admission quota for our full-time formal higher education programmes, i.e. bachelor degree programmes, junior college diploma programmes, and junior college to bachelor degree transfer programmes, received by all of our universities were 10,094, 10,213, 10,390, 12,619 and 14,644, respectively. According to the Opinions of the Ministry of Education on Further Regulating Higher Education Enrolment Programme (《教育部關於進一步規範高等教育招生計劃管理工作的意見》), student enrolment for graduate and undergraduate programmes requires approval from the MOE, and student enrolment for junior school programmes is subject to the approval of the relevant local education authorities. In the spirit of further promoting equal access to education in urban and rural areas, the Notice of the Ministry of Education on Enrolment of Ordinary Schools and Universities in 2020 (《教育部關於做好 2020 年普通高校招生工作的通知》) instructs universities and schools to improve their enrolment plans by taking into account the schools' operational conditions, employment status of their graduates and the general situations of prospective students in each provinces, among other factors. This notice encourages schools to continue the implementation of the "Support for the Midwest Admissions Programme" and to further increase the quota for students from provinces with a large number of students taking National Higher Education Entrance Exam and the central and western regions of China where the average enrolment rate is relatively low compared with the more developed regions. However, we cannot assure you that we will be able to successfully increase student enrolment capacity at our universities, which is subject to the approvals of the relevant government authorities.

Moreover, our student enrolment is restricted by the number of beds available in our student dormitories. For the 2016/2017, 2017/2018, 2018/2019 and 2019/2020 school years, the average utilisation rate for our three universities calculated by us internally as the number of our full-time formal higher education programme students enroled in all the three universities divided by the school capacity for each corresponding school year was 96.26%, 97.80%, 96.67% and 94.54%, respectively. If we fail to admit all qualified students who are interested in enroling in our universities due to these capacity constraints, limitations on student enrolment quota or lack of regulatory approvals, we may not be able to successfully maintain our historical enrolment levels or to increase our student enrolment. Thus, we may not be as successful in raising the total tuition or carrying out our growth strategies and expansion plans as we would have anticipated, which in turn may have a material adverse effect on our business, financial condition and results of operations.

Our business has been and is likely to be materially and adversely affected by the outbreak of COVID-19.

In response to the outbreak of COVID-19, the Chinese government took a number of actions such as extending the Chinese New Year holiday, quarantining and otherwise treating individuals in China who had contracted COVID-19, asking residents to remain at home and to avoid gathering in public, among other actions. The outbreak of COVID-19 in China have also resulted in the temporary closure of many corporate offices, retail stores, and manufacturing facilities across China. Schools are not allowed to reopen until local provincial government's further notice. After the second semester of the 2019/2020 school year started, our three universities offered nearly all instruction through online modality. Our training schools have also been offering training services online since February 2020. Since our students did not live on campus for the second semester of the 2019/2020 school year, we decided to refund the boarding fees to our students in the three universities and Neusoft Training School. In April and May 2020, the MOE and the provincial governmental authorities issued their policies on refund of boarding fees and our boarding fee refund estimation is consistent with such policies. The policy of our Dalian University is refunding boarding fees of five months to all students. The policy of our Foshan University is refunding boarding fees of 150 days to graduating students and boarding fees of 120 days to students of other class years. The policy of our Chengdu University is refunding boarding fees of 150 days to all students. The policy of our Neusoft Training School is refunding boarding fees of five months to all of its students. The total amounts of boarding fees to be refunded by Dalian University, Foshan University and Chengdu University and Neusoft Training School are expected to be RMB15.3 million, RMB10.0 million, RMB3.7 million and RMB1.7 million, respectively. As of the Latest Practicable Date, Dalian University, Foshan University and Neusoft Training School had refunded almost all the boarding fees to be refunded, and Chengdu University had refunded approximately 20% of the boarding fees to be refunded. The remaining portion of boarding fees to be refunded will be refunded in the near future. As of the Latest Practicable Date, our three universities had reopened. Starting from the end of June, our training schools gradually resumed offering courses offline. Our subsidiaries operating education resources and apprenticeship programme business gradually resumed offline work since February 2020. Despite a vast majority of our courses can be taught online, we cannot guarantee you that teaching courses online can be as effective as teaching courses offline. Students may be easily distracted while attending courses at home through internet. Some of them may have limited access to internet. It may also not be easy for instructors to track class attendance. All of the above may compromise the quality and negatively impact the outcome of the instruction.

Normal economic life throughout China was sharply curtailed amid COVID-19 pandemic. Our short-term training services for individual customers, which was operated by Tianjin Ruidao prior to the acquisition in March 2020, also experienced a decline in the number of students enroled in our short-term training programmes from 852 in the first quarter of 2019 to 536 in the first quarter of 2020 primarily due to (i) our inability to conduct in-campus marketing and promotional activities as a result of temporary campus closures, and (ii) our inability to offer face-to-face course instruction which negatively affected individual customers' willingness to take our training courses. Such decrease in the number of students enroled also negatively affected Tianjin Ruidao's revenue from providing short-term training services to individual customers for the three months ended 31 March 2020, which together with the fact that the provision of innovation and entrepreneurial education service to higher education institutions by Tianjin Ruidao usually happens in the second half of a calendar year, are primary reasons for Tianjin Ruidao to have a net loss for the three months ended 31 March 2020. In addition, the operation of our education resources business was negatively affected by COVID-19 pandemic due to the travel restrictions across China and remote working arrangements of our business partners, which restricted our ability to develop new business. Without taking into account our acquisition of Tianjin Ruidao, operating results of our education resources business for the three months ended 31 March 2020 were negatively affected due to COVID-19 pandemic. If the spread of COVID-19 cannot be fully controlled or continues for longer, however, operating results of our education resources business may be materially and adversely affected. Further, as COVID-19 has become a global pandemic, our international programmes are also adversely affected. See "— We rely, in part, on foreign education institutions to provide our international programmes abroad. Accordingly, our business and results of operations are partially dependent on our ability to maintain our relationships with our partner schools" for more information. If the spread of COVID-19 in other countries and regions cannot be effectively controlled, our international programmes for the next school year would be materially and negatively affected. Student admission and business development usually require travels and site visits. If COVID-19 pandemic drags on for longer, we may not be able to effectively carry out student admission marketing activities for the next school year, cooperate with our business partners and develop new business opportunities in the future. See the section headed "Business — Impact of COVID-19 on our business operations" for more information.

While many of the restrictions on movement within China had been relaxed as of the Latest Practicable Date, there is great uncertainty as to the future progress of the disease. Currently, there is no vaccine or specific anti-viral treatment for COVID-19. Relaxation of restrictions on economic and social life may lead to new cases which may lead to the reimposition of restrictions. Our business and financial performance have been negatively affected by the outbreak of coronavirus in China since the beginning of 2020, and this is likely to continue throughout the current year, if not longer.

We are subject to uncertainties brought by the recent developments of PRC Laws relating to private education.

Our business is regulated by the Law for Promoting Private Education of the PRC and a number of related PRC Laws. On 7 November 2016, the Decision of the Standing Committee of the National People's Congress on

Amending the Law for Promoting Private Education of the PRC (《全國人民代表大會常務委員會關於修改〈中華人民共和國民辦教育促進法〉的決定》) (the "**2016 Decision**") was signed into law by Order No. 55 of the President of the PRC and became effective on 1 September 2017. Among other changes, the 2016 Decision classifies private schools into non-profit schools and for-profit schools, depending on whether private schools are established and operated for profit-making purposes. There are pros and cons of choosing to be either for-profit schools or non-profit schools. For example, the sponsors of a for-profit private school are able to obtain operating profits of the school and have a greater discretion in determining the types and amounts of fees charged to students, but it may receive less benefits and supports from governments compared with a non-profit school, such as tax benefits, obtaining land use right from government by means of allocation, and various government grants. The sponsors of private schools, other than schools providing compulsory education, may at their own discretion choose to establish non-profit or for-profit private schools. For the existing private schools established before the 2016 Decision was published, the 2016 Decision only provides general principles for school sponsors to choose to re-register as for-profit private schools or non-profit private schools and delegates the authority to formulate detailed rules to implement the 2016 Decision to the State Council, educational authorities under the State Council, each province, municipality directly under the central government, and autonomous region of the PRC.

On 30 December 2016, the Detailed Rules on the Classification Registration of Private Schools (《民辦學校分類登記實施細則》) (the "**Classification Registration Rules**") were promulgated by five departments under the State Council, including the MOE, to provide more details with respect to classification registration procedures. As of the Latest Practicable Date, except for Liaoning province, all provinces where our universities and training schools are located have promulgated local rules to further implement the Classification Registration Rules locally by providing further details of the classification registration in the respective province. As of the Latest Practicable Date, all provinces where our universities and training schools are located have promulgated local regulations (the "**Provincial Amendment Implementation Rules**") to further implement the 2016 Decision. See "Regulations — Regulations relating to education — Regulations relating to private education" for further details of the relevant laws and regulations and "Business — Potential implications of the decision on amending the law for promoting private education of the PRC" for potential impacts of these laws and regulations on our business operations.

Since these laws, regulations and rules do not provide sufficient detailed guidance for private schools in electing to be for-profit schools or non-profit schools, there are substantial uncertainties with respect to the potential impacts of these laws and regulations on our business operations. There is no assurance that we will be able to operate our business in full compliance with the 2016 Decision or any relevant regulations in a timely manner, or at all. Should we fail to fully comply with the 2016 Decision or any relevant regulations as interpreted by the relevant government authorities, we may be subject to administrative penalties or face other negative consequences, which could materially and adversely affect our brand name and reputation, and our business, financial condition and results of operations. Even if we are able to comply with the 2016 Decision or any relevant regulations in a timely manner, we cannot assure you that our business will not be adversely affected after our universities and training schools re-register as for-profit schools or non-profit schools due to various uncertainties under the new regulatory regime.

On 10 August 2018, the MOJ published the Draft Amendment to the Regulations on the Implementation of the Law for Promoting Private Education of the PRC (for Consultation) (《中華人民共和國民辦教育促進法實施

條例(修訂草案) (送審稿)》) (the "**Draft Amendment to the Implementation Regulation**") to solicit comments from the general public. The Draft Amendment to the Implementation Regulation provides that "private education service providers that operate private schools as an education group" ("集團化辦學") are not allowed to obtain control over non-profit private schools through the means of merger and acquisition, franchise, contractual arrangement. However, the Draft Amendment to the Implementation Regulation does not clearly define what kind of education service providers can be categorised as "private education service providers that operate private schools as an education group". If we are categorised as "private education service providers that operate private schools as an education group", we may have to choose to re-register our three universities and seven training schools as for-profit schools. As we intend to, subject to changes in relevant laws and regulations that may have a material effect on the education industry, re-register our three universities as for-profit schools in the future, we do not believe that the Draft Amendment to the Implementation Regulation would have a material impact on our universities' for-profit or non-profit status election. As to the seven training schools established prior to the 2016 Decision, we have decided to re-register them as for-profit schools. Therefore we also do not believe that the Draft Amendment to the Implementation Regulation would have a material impact on our training schools. See "Business — Potential implications of the decision on amending the law for promoting private education of the PRC" for more detailed analysis. Furthermore, if the Draft Amendment to the Implementation Regulation is promulgated in its current form, our potential acquisition target for our expansion in the future may also be limited to for-profit private schools if we are categorised as "private education service providers that operate private schools as an education group". For other potential impacts that the Draft Amendment to the Implementation Regulation may have on our school operations, see "Business — Potential implications of the decision on amending the law for promoting private education of the PRC." As of the Latest Practicable Date, the Draft Amendment to the Implementation Regulation has not been promulgated yet and there is no clear timetable for promulgation. There are substantial uncertainties as to when it will be promulgated and whether it will be promulgated in the current form.

On 17 August 2020, the MOE and other four departments jointly promulgated the Opinions on Further Strengthening and Regulating the Administration of Education Fees (《關於進一步加強和規範教育收費管理的意見》) (the "**Education Fees Opinions**"), which require that all education fee revenue of a private school shall be deposited into a bank account filed with education authorities and be used mainly for education activities, the improvement of school conditions, faculty and staff's compensation and for general development purposes. The Education Fees Opinions also propose to explore a special audit system for school education fees, in particular for non-profit private schools. Since the Education Fees Opinions are newly promulgated and only put forward an idea of special audit system without a specific scheme, there are uncertainties as to how the Education Fees Opinions will be implemented and to what extent its implementation would interfere with our schools' daily operation and use of funds. In addition, we may need to spare resources and incur extra costs in order to comply with the Education Fees Opinions after its implementation. See "Regulations — Regulations relating to education — Regulations relating to private education fees."

We may not be able to execute our growth strategies successfully or effectively, which may hinder our ability to capitalise on new business opportunities.

We plan to strengthen our competitiveness in the private higher education industry, and further expand our school network in other attractive markets. In addition, we plan to further expand our continuing education services and our education resources and apprenticeship programme. See “Business — Our business strategies” in this document for more information. We may not succeed in executing our growth strategies due to a number of factors, including our failure to do the following:

- effectively execute our expansion plans;
- increase student enrolment in our existing universities;
- admit all qualified students who would like to enrol in our universities due to the capacity constraints of our school facilities;
- continue to enhance our course materials or adapt our course materials to student needs and teaching methods;
- acquire suitable lands or construct school campuses in the cities to which we plan to expand our operations;
- identify cities with sufficient growth potential in which we can establish new schools;
- replicate our successful growth model in new markets or new geographical locations outside Liaoning province, Sichuan province and Guangdong province;
- obtain the requisite licences and permits from the authorities necessary to open new schools at our desired locations;
- achieve the benefits we expect from our expansion;
- identify suitable acquisition targets;
- effectively integrate any future acquisitions into our Company;
- cooperate and establish partnership with potential third party partners;
- obtain government support or to partner with local governments in cities where we already have schools or in cities or areas to which we plan to expand our operation;
- effectively market our universities or brand in new markets or promote ourselves in existing markets; and
- expand our education resources and apprenticeship programme by diversifying our service offerings and increase transaction volume.

If we fail to successfully execute our growth strategies, we may not be able to maintain our growth rate and, as a result, our business, financial condition and results of operations may be materially and adversely affected.

We may not be able to successfully expand our business through acquisitions.

One of our growth strategies is to increase student enrolment in our existing universities, improve school facilities, and expand our school network by acquiring additional schools. We have limited prior experience in acquiring other schools and training institutions. We cannot assure you that we will be able to identify suitable acquisition targets and that our due diligence efforts will reveal all material deficiencies in the target schools and training institutions. We also cannot assure you that we will be able to obtain the required governmental approvals for the acquisition of other schools and training institutions in a timely manner, or at all.

Furthermore, we may face challenges in integrating business operations and management philosophies of acquired schools and training institutions. The benefits of our future acquisitions depend in significant part on our ability to effectively and timely integrate management, operations, technology and personnel. The acquisition and integration of acquired schools and training institutions is a complex, time-consuming and expensive process that, without proper planning and implementation, could significantly disrupt our business operations and reputation. The main challenges involved in acquiring and integrating acquired entities include the following:

- finding suitable targets;
- retaining qualified teaching staff of any acquired school or training institution;
- consolidating educational services offered by the acquired schools or training institutions;
- integrating information technology platforms and administrative infrastructure;
- minimising the diversion of our management's attention from on-going business concerns;
- obtaining all necessary government approvals; and
- ensuring and demonstrating to our students and their parents that the new acquisitions will not result in any adverse changes to our established brand image, reputation, teaching quality or standards.

We may not successfully integrate our operations and the operations of the schools or training institutions we acquire in a timely manner, or at all, and we may not realise the anticipated benefits or synergies of the acquisitions to the extent, or in the timeframe we anticipated, which may have a material adverse effect on our business, financial condition and results of operations.

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

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) demand for private higher education, particularly IT higher education, in China; (ii) student enrolments; (iii) tuition fees and boarding fees; (iv) our school utilisation rate; (v) changes in revenue mix, and (vi) our ability to control our cost of revenue and administrative expenses. See "Financial information — Factors affecting our results of operations" for more details. In addition, we may not be successful in continuing to increase the number of students admitted to our universities due to, among other things, student enrolment quota assigned by the relevant local PRC education authorities and our limited capacity for accepting boarding students, and we may not be as successful in carrying out our growth strategies and expansion plans as we have anticipated.

Moreover, we may not sustain our past growth rates in the future, and we may not sustain our profitability on a quarterly, interim or annual basis in the future. We generally require students to pay tuition fees and boarding fees for the entire school year prior to the commencement of each school year. We recognise tuition fees as revenue over the school year based on our school calendar and boarding fees over a 12-month period. However, our costs and expenses are not necessarily recognised at the same time with our revenue. Our interim results, growth rates and profitability may not be indicative of our annual results or our future results, and our historical interim and annual results, growth rates and profitability may not be indicative of our future performance for the corresponding periods. In addition, our other incomes are non-recurring in nature. We may not be able to maintain the current level of other incomes in the future. If there is a substantial decline in our other incomes, our profitability may be negatively affected. See "Financial Information" for further details. The market price and trading volume of our Shares could be subject to significant volatility, should our earnings fail to meet the expectations of the investment community. Any of these events could cause the price of our Shares to materially decrease.

A significant portion of the revenue from education resources and apprenticeship programme is generated primarily from one of our related parties.

Revenue generated from our apprenticeship programme was RMB29.9 million in 2017, RMB99.3 million in 2018, RMB113.8 million in 2019 and RMB17.2 million in the three months ended 31 March 2020, representing 53.1%, 81.7%, 76.7% and 82.4% of our revenue from education resources and apprenticeship programme in 2017, 2018, 2019 and the three months ended 31 March 2020, respectively, and 4.1%, 11.6%, 11.9% and 10.8% of our total revenue during the same periods. Almost all of our revenue from our apprenticeship programme in 2017, 2018, 2019 and a vast majority of our revenue from our apprenticeship programme for the three months ended 31 March 2020 were derived from dispatching engineers and offering technology expertise to Shanghai Sirui, a wholly-owned subsidiary of our Controlling Shareholder. The primary purpose of the transaction between Shanghai Sirui and us was to provide our students with an opportunity to work on actual IT development projects while studying at our universities. The transaction was conducted on an arm's length basis based on the market rates. See "Business — Our services — Education resources and apprenticeship programme — Apprenticeship programme (數字工場)" for more details. Due to a high level of concentration, our revenue from education resources and apprenticeship programme, in particular, apprenticeship programme, could fluctuate significantly if we are unable to maintain our relationship with Shanghai Sirui. Although we are not dependent on Shanghai Sirui, a reduction or loss of business with, or a delay in payment from Shanghai Sirui, and our inability to offset any potential negative impact arising therefrom could materially and adversely affect our business, results of operations, and financial positions.

We had net current liabilities as of 31 December 2017, 2018, 2019 and 31 March 2020, respectively.

As of 31 December 2017, 2018 and 2019, and 31 March 2020, we had net current liabilities of RMB575.7 million, RMB509.0 million, RMB616.1 million and RMB773.1 million, respectively, primarily due to the expansion of our school premises and upgrade of our school facilities. Besides, we receive tuition fees and boarding fees payment by students before or at the beginning of a school year and record payments of tuition fees and boarding fees initially as a current liability under contract liabilities. We recognise tuition fees as revenue over the school year based on school calendar and boarding fees over a 12-month period. A school year typically starts in September and ends in June or July the following year, and amounts of contract liabilities, which were part of our current liabilities, as of 31 December 2017, 2018 and 2019, mainly represented the amount of tuition fees and boarding fees received from all of our students for the 2017/2018, 2018/2019 and 2019/2020 school years, respectively, but have yet to be recognised as revenue. We had a large amount of borrowings to finance, among other things, the expansion of our school campus and upgrade of our school facilities during the Track Record Period.

We expect to incur significant capital expenditures for constructing new campus and school facilities, upgrading existing facilities and potential acquisitions in the future. For more information, see "— We may incur increased depreciation costs as we expand our school network in the future by constructing new campuses and buildings" in this document. For additional information on our liquidity position, see "Financial Information — Current assets and current liabilities" in this document. We may have net current liabilities in the future as our business expands, in which case we may face a shortfall of working capital and may not be able to fully service our short term bank borrowings. Furthermore, we cannot assure you that in the future we will be able to secure sufficient capital on commercially acceptable terms to fund our working capital requirements and planned capital expenditures. Any of these events could have a material adverse impact on our financial condition and results of operations.

We had net operating cash outflows for the three months ended 31 March 2019 and 2020.

For the three months ended 31 March 2019 and 2020, we had net cash used in operating activities of RMB80.7 million and RMB81.5 million. We generate cash from operating activities primarily by receiving tuition fees and boarding fees, both of which are typically received before or at the beginning of a school year in August or September. For the first half of a financial year (roughly the second half of a school year), we normally do not receive any tuition fees and boarding fees, but incur costs in rendering education services to students. As a result, we normally have net cash outflows from operating activities in the first half of a financial year. If we are unable to generate sufficient cash from operating activities in the second half of a financial year, we will have net cash outflows in a financial year. As a result, our business, results of operations and liquidity may be adversely affected.

If we determine our goodwill and other intangible assets arising from the acquisition of Tianjin Ruidao are to be impaired, our results of operations and financial condition may be adversely affected.

Due to our acquisition of 90.91% of the equity interest of Tianjin Ruidao in March 2020, we recognised other intangible assets of approximately RMB293.7 million including a goodwill of RMB134.9 million, representing 9.8% of our total assets on our consolidated statements of financial position as of 31 March 2020. The value of other intangible assets including goodwill arising from our acquisition of Tianjin Ruidao is based on forecasts, which in turn are based on a number of key assumptions, in particular the revenue growth rate of Tianjin Ruidao. If any of these assumptions does not materialise, or if the performance of Tianjin Ruidao's business is not consistent with such assumptions, we may be required to have a significant write-off of our goodwill and other intangible assets and record an impairment loss, which could in turn adversely affect our results of operations. This risk is heightened due to uncertainties with respect to Tianjin Ruidao's business performance in light of COVID-19 pandemic.

We will determine whether goodwill and certain intangible assets are impaired at least on an annual basis and there are inherent uncertainties relating to these factors and to our management's judgment in applying these factors to the impairment assessment. We could be required to evaluate the impairment prior to the annual assessment if there are any impairment indicators, including disruptions to the operations of Tianjin Ruidao, unexpected significant declines in operating results or a decline in our market capitalisation, any of which could be caused by our failure to successfully manage Tianjin Ruidao.

We may not be able to provide education services and/or boarding services to our students in light of COVID-19 pandemic, which may subject us to refund of tuition fees and/or boarding fees.

We derive revenue mainly from tuition fees and boarding fees paid by students in our three universities. We generally require tuition fees and boarding fees to be paid by our students in advance prior to the beginning of each school year in September, which are initially recorded as contract liabilities and are proportionately recognised as revenue when the relevant services are rendered to our students during the school year. We recorded contract liabilities of RMB411.8 million as of 31 December 2017, RMB449.9 million as of 31 December 2018, RMB489.4 million as of 31 December 2019 and RMB349.3 million as of 31 March 2020. The delivery of our services to our students may be disrupted by unforeseeable events, such as outbreak of contagious diseases, occurrence of force majeure events, regulatory changes and/or natural disasters. In such events, we may need to refund a portion or all of our contract liabilities comprising tuition fees and boarding fees not yet recognised as revenue to our students. For instance, due to the outbreak of COVID-19 epidemic in 2020, our university campuses were closed and we were unable to reopen the campuses when the spring semester of 2020 started, and we had to offer course instruction through online modalities. As a result, boarding fees we received at the beginning of the 2019/2020 school year and initially recognised as contract liabilities were subject to refund. See "Business — Impact of COVID-19 on our business operations" and "Risk Factors — Risks related to our business and our industry — Our business has been and is likely to be materially and adversely affected by the outbreak of COVID-19." In the event we are unable to successfully render services to our students in the future, we may be subject to claims to refund a portion or all of our contract liabilities, which could materially and adversely affect our business, results of operations and financial condition.

We may incur increased depreciation costs as we expand our school network in the future by constructing new campuses and buildings.

Historically and during the Track Record Period, we primarily expanded our school network and campuses by building our own schools and constructing campus buildings. The depreciation and amortisation expenses related to our school buildings and facilities recorded under cost of revenue amounted to approximately RMB107.1 million, RMB95.2 million, RMB95.9 million and RMB27.5 million, respectively, in 2017, 2018, 2019 and the three months ended 31 March 2020.

We intend to apply 50% (approximately RMB362.2 million) of the net proceeds from the Global Offering to construct new campus, new buildings and school facilities. For details of the plan, see "Business — Campus facilities and services — Upgrade and expansion plans" in this document. With the intended constructions, we expect that we would incur higher capital expenditures over the construction period, and as a result, additional depreciation costs in an estimated amount of RMB142.5 million will be reflected in our profit and loss from 2020 to 2024, which may adversely affect our financial performance and results of operations.

Uncertainty in future profitability could have a material adverse effect on our utilisation of deferred income tax assets.

As of 31 December 2017, 2018, 2019 and 31 March 2020, we recognised deferred income tax assets of RMB34.3 million, RMB36.5 million, RMB34.8 million and RMB42.8 million, respectively, due to tax credits arising from our intra-group transactions and tax losses in previous fiscal years. As it is probable that we will generate taxable profits in the coming fiscal years, we recognised deferred income tax assets to the extent that our unused tax credits and unused tax losses can be utilised against such taxable profits. The realisation of these deferred income tax assets mainly depends on our estimates as to whether sufficient taxable profits will be generated in the future fiscal years. Such estimates are based on our historical experience and rely on certain assumptions. There is a possibility that our estimates are not accurate and our actual profitability in the future fiscal years may fall short of our estimated profitability. If that were to happen, we would have to reverse part or all of the deferred income tax assets, resulting in a higher income tax expenses in the year of such reversal.

Our financial assets at amortised cost may be impaired and changes in the fair value of our financial assets measured at fair value through profit or loss may materially and adversely affect our profitability, results of operations and financial condition.

As of 31 December 2017, 2018, 2019 and 31 March 2020, we had financial assets at amortised cost of RMB494.5 million, RMB251.4 million, RMB599.6 million and RMB510.9 million, respectively, representing the financial assets at amortised cost including cash and cash equivalents, restricted cash, and trade and other receivables. See Note 20 to the Accountant's Report in Appendix I to this document. After the initial recognition, these financial assets are subject to an expected credit loss assessment. We may have to charge impairment for such financial assets at each reporting date if the credit risk of such financial assets has increased significantly since the initial recognition. See Note 2.10 to the Accountant's Report in Appendix I to this document. As a result, we may incur significant impairment costs in the future in relation to our financial assets at amortised cost, which may have a material adverse impact on our results of operations and financial condition.

During the Track Record Period, we invested in certain wealth management products with floating investment returns. The investments in wealth management products were recorded as financial assets at fair value through profit or loss. The fair value of such financial assets is estimated by discounting future cash flows to be generated from such financial assets, which are estimated by referencing to similar financial instruments available to us at the market interest rate. The estimation of our financial assets at fair value through profit or loss primarily uses unobservable inputs, such as expected rate of return of such wealth management products, which requires our management to estimate future cash flows, volatility and discount rates, among others. Such estimates are subject to uncertainties. As a result, the carrying amounts of our financial assets measured at fair value through profit or loss may fluctuate and may materially and adversely affect our profitability, results of operations and financial condition.

Our results of operations are subject to seasonal fluctuations which could result in volatility or have an adverse effect on the market price of our Shares.

Our results of operations are subject to seasonal fluctuations due to our revenue recognition policy relating to tuition fees. We recognise tuition fees we receive for each school year based on school year calendar and tend to recognise less tuition fees during the first quarter and the third quarter due to the winter holiday (generally starts in January and ends in February) and summer holiday (generally starts in July and ends in August). As a result, our quarterly results for the first quarter and third quarter are significantly lower than the results of other quarters. Our financial condition and results of operations for future quarters may continue to fluctuate and our historical quarterly results may not be comparable to future quarters. As a result, the trading price of our Shares may fluctuate from time to time due to seasonality.

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

Our education services primarily focus on nurturing IT professional talent. Generally, we design our curricula based on market trends and employer preferences. During the past few years, we have developed several new programs/courses based on changing market trend and demand, such as health service and management related majors and curricula in Dalian University. We intend to continue developing new courses in anticipation of market demand and industry trend. We cannot assure you that we will be able to accurately anticipate market trends and the new programs/courses we designed will achieve widespread market acceptance or generate the desired level of income for our students. If we fail to provide courses that adequately prepare our students for the rapidly changing IT and healthcare technology industry and the evolving demands of the job market, our students may not be able to successfully find employment or the students' employment after graduation may not be satisfactory to our students or their parents and our graduates' performance may not be satisfactory to employers. As a result, our programs and services may become less attractive to students and parents. There is no assurance that we can promptly and adequately respond to changes in market demand and provide school learning experiences that are satisfactory to all of our students. As a result, we may also experience negative publicity or a decrease in word-of-mouth referrals. Any such negative developments could result in students' withdrawal from or unwillingness to apply for our universities, and therefore have an adverse impact on our reputation. Furthermore, if we fail to timely develop and introduce new education services and programs in our universities based on changing trend in the IT industry and the education industry, economic conditions and governmental policies, in particular, if the IT industry or the healthcare industry is subject to any declines or deteriorations, our ability to attract 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.

Our business is dependent on the market recognition of reputation, and any damage to our reputation would materially and adversely affect our business.

Our reputation and brand recognition are of great importance for us to earn and maintain the trust and confidence of our existing and prospective students and clients. Our reputation and brand are vulnerable to many threats that can be difficult or impossible to control, and costly or impossible to remediate. Negative publicity about us, our affiliates, directors, officers, or other employees, such as levels of student and parent satisfaction with our curricula, teachers and teaching quality, the employment rate of our students, the number of our graduates being accepted into domestic and overseas graduate programmes, accidents on campus, or disruptions to our educational services can harm our reputation, business, and results of operations, even if they are baseless. For example, in 2005, students at Dalian University protested to express their concern on getting gradation certificates described as "internet education", a form of education that students believed to be substandard to normal undergraduate education and not worth the tuition fees paid. In fact, the degree then to be awarded to the students was categorised as "internet education" pursuant to relevant laws and regulations. However, neither the graduation certificates nor the bachelor degree certificates eventually awarded to the students had the phrase "internet education" printed on the certificates. No penalties were imposed on Dalian University by relevant government authorities for such incident as Dalian University awarded the degree to the students in accordance with relevant laws and regulations, and the incident was resulted from the misunderstanding of the students on the content of the graduation or bachelor degree certificate to be awarded. As we expand our short-term training services to include individual customers, we may be further subject to negative publicities. Individual customers may not be satisfied with our training services or our internship arrangement for reasons that are in fact not attributable to us and post negative comments or articles about us on social media. News media may also further report negative information about our services without independently confirming relevant information with us, all of which could materially and negatively harm our reputation and brand image, and thus negatively affect our business and results of operations. In addition, misconduct of our employees may harm our reputation. In order to attract potential individual customers to attend our short-term training programmes, certain employees may convey messages, either intentionally or unintentionally, that may not be completely accurate. We have internal policies with respect to marketing and promotion activities. For example, we strictly prohibit our employees to promote our training programmes by labelling our training programmes and internship programmes as employment offers after attending our training programmes. We also require our employees to explain clearly details of our training programmes, relationship between internship programme and training programme, application procedures, service fee payments, among others, so that our individual customers are able to make independent decisions. We also periodically organise employee trainings to raise their awareness to comply with our internal policies. However, we are unable to completely control our employees' conduct. Any intentional or unintentional misconduct by our employees may materially harm our reputation and thus negatively affect our business and results of operations. We may continue to be subject to negative publicity in the future. Such publicity, even if untrue, may damage our brand image and reputation and take up excessive time of our management and other resources to respond and/or clarify. If our reputation is damaged, students and parents may become less interested in our universities. As a result, our business, financial condition and results of operations may be materially and adversely affected.

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

The higher education sector in China is rapidly evolving, highly fragmented and competitive, and we expect competition in this sector to persist and intensify. We compete with public and private universities and schools that offer higher education programmes. We compete with these schools in many ways, including reputation, the quality of the programmes and curriculum offerings, tuition and boarding fee levels, as well as school locations and facilities. Our competitors may adopt similar or superior curricula, school support systems and marketing approaches, with different pricing and service packages that may have greater appeal than our offerings. In addition, some of our competitors may have more resources than we do and may be able to devote greater resources than we can in the development and promotion of their schools and to respond more quickly than we can to the changes in student demand, admissions criteria, market needs or new technologies. In particular, the PRC public education system continues to improve in terms of resources, admission policies and teaching quality and approaches, which may lead to increased competition for us. If admission requirements are relaxed at public schools, more diversified curricula are offered or the exam-oriented education approach is reformed, public schools may become more attractive to students, and student enrolment in our universities may decrease. As a result, we may be required to reduce tuition or boarding fees or increase capital expenditure to retain or attract students or pursue new market opportunities. If we are unable to successfully compete for new students, maintain or increase our tuition or boarding fees, attract and retain competent teachers or other key personnel or enhance the quality of our educational services, our business and results of operations may be materially and adversely affected.

If our students and their parents become less interested in our education programmes, student enrolment in our universities may substantially decrease and we may need to lower our tuition and boarding fees to attract more students. As a result, our business, financial condition and results of operations may be materially and adversely affected.

We face increasing competition from the online education service providers due to the outbreak of COVID-19 as we temporarily closed our schools and provided education services to students via online platforms.

Due to the outbreak of COVID-19 in early 2020, we temporarily closed our schools and provided education services through online modalities. The sudden shift from in-classroom learning and teaching to the adoption of online teaching and learning increased the competition we face from online education service providers that provide short-term training services or other non-formal education programmes. Although the spread of COVID-19 has been under control in the locations where we operate our training schools, we cannot assure you that there will not be any resurgence of confirmed cases. If that were to happen, we would have to resume online instruction again. We cannot assure you that we will be able to provide the most effective and attractive online education programmes compared to those dedicated online education service providers, and the online education programmes provided by them could be more diverse and attractive than the online education programmes we offer. Even if the COVID-19 outbreak is successfully contained in the future, we cannot assure you that such outbreak will not have a permanent impact on the education sector in a way that increases the likelihood of prospective students choosing short-term training services or other non-formal education programmes provided by online education service providers over those provided by our training schools as the popularity of online education grows. If we are unable to successfully compete with online education service providers in terms of new student enrolments, competitive tuition fee rates, and the quality of education services, our business, results of operations and financial condition may be materially and adversely affected.

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

Our future success heavily depends on the continuing services of our Directors and senior management team, including Dr. J. Liu, our Chairperson, and Dr. Wen, our chief executive officer, president and an executive Director, as well as other senior management team members and the principals of our universities. If one or more of our Directors, senior management and other key personnel are unable or unwilling to continue their employment with us, or if any member of our Directors or senior management team or other key personnel joins our competitor(s) or forms a competing company, we may not be able to replace them with qualified personnel in a timely manner, or at all. In the event we lose their services, we may not be able to attract and retain our teachers, students, key educators and other professionals, which could have a material adverse effect on our business, results of operations and financial condition.

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

We rely on our teachers for the provision of educational services to our students. Our teachers are therefore critical to maintaining the quality of our programmes and curricula and to upholding our reputation. As of 31 March 2020, we had a team of teachers that consists of 1,416 full-time teachers and 852 part-time teachers.

We plan to continue to attract qualified teachers who have a strong command of their respective subject areas and are capable of using innovative approaches in teaching classes and qualified school personnel, such as principals, vice principals and other school administrators, who are crucial to the efficient and smooth operation of our universities. There is no guarantee that we will be able to recruit and retain such personnel in the future as we planned. As a result, we must provide competitive compensation and benefits packages to attract and retain qualified teachers and other school personnel. In addition, criteria such as commitment and dedication are difficult to evaluate during the recruitment process, particularly as we continue to expand and recruit additional teachers and other school personnel quickly in order to meet rising student enrolment. We must also provide on-going training to our teachers so that they can stay abreast of changes in student demands, admissions and assessment test requirements, admissions criteria and other key trends necessary to effectively teach their courses. In addition, we had a small number of foreign teachers at our three universities during the Track Record Period, and we may engage additional foreign teachers as we continue to expand our curricula and majors. We may experience difficulties in assisting our foreign teachers in obtaining employment visas or other approvals required to enter and work in China, which may adversely impact the quality of the education we provide.

We may not be able to hire and retain a sufficient number of qualified teachers and school personnel to keep pace with our anticipated growth while maintaining consistently high quality of our education programmes across different universities and training schools. If we are unable to recruit and retain an appropriate number of qualified teachers and school personnel, the quality of the services or overall education programmes may decrease or be perceived to decrease in one or more of our universities and training schools, which may have a material adverse effect on our reputation, business and results of operations.

Our graduates' employment rate and average starting salaries may decrease and satisfaction with our universities may otherwise decline.

Our universities are positioned as private higher education institutions that equip our graduates with the practical skills desired by employers in industries with significant recruiting demands. For the 2016/2017, 2017/2018 and 2018/2019 school years, the average initial employment rate of our universities' full-time formal higher education programs was 93.0%, 94.5% and 94.1%, respectively, substantially above the overall average for higher education in China, which was 78.4%, 78.6% and 77.4% in each corresponding school year, according to the Frost & Sullivan Report. However, we cannot guarantee that we will be able to maintain or increase our graduate's employment rate and/or the level of average starting salary of our students as the job market in China, especially the job market in IT-related industries, is constantly evolving. By the time our students graduate, the knowledge and skills they acquire at our universities might no longer be valued by prospective employers. We have been monitoring the job market trends and the development in IT-related industries so that we can adjust or modify our curricula to meet the requirements of prospective employers, or to satisfy trends in the job market. However, we might not be able to timely adjust or modify our curricula or devote the same amount of resources in training our students, enhancing their practical skills and helping them secure jobs as we did during the Track Record Period, or our efforts may not be as effective as they used to be. As a result, our graduates may be unable to obtain satisfactory jobs and the employment rates and average starting salaries of our graduates may decrease. Any negative development of our graduates' employment rate and average starting salaries may harm the reputation of our universities and affect the student enrolment in our universities, which may have a material adverse impact on our results of operations and financial condition.

We generate a majority of our revenue from a limited number of universities in three provinces.

During the Track Record Period, we generated a majority of our revenue from three universities, namely Dalian University in Liaoning province, Chengdu University in Sichuan province and Foshan University in Guangdong province. If any of our universities experience events that materially and negatively affect our school operations, such as student enrolment, collection of tuition and boarding fees, or reputation in general, our business, financial condition and results of operations may be materially and adversely affected. Geographically, while Dalian University also admits students from various other provinces, municipalities or autonomous regions in China, for Chengdu University and Foshan University, Sichuan and Guangdong provinces are the major sources of students. If any of the areas in which we operate experiences an event that materially and negatively affects its education industry or our universities, such as an economic downturn, a natural disaster or an outbreak of a contagious disease, or if any governmental authorities of the provinces in which we operate adopt regulations that place additional restrictions or burdens on our universities or on the education industry in general, our business, financial condition, results of operations and prospects may be materially and adversely affected.

We may not be able to obtain all necessary approvals, licences and permits and to make all necessary registrations and filings for our education and related services in China.

We are required to obtain and maintain various approvals, licences and permits and fulfil registration and filing requirements in order to conduct and operate our education and related services. For instance, to establish and operate a school, we are required to obtain, among others, a private school operation permit and to register with the local civil affairs bureau or market regulation bureau to obtain a certificate of registration for a legal entity. In addition, we need to pass annual inspections conducted by the MOE or its local branches or MHRSS or its local branches and the local civil affairs bureau. We also need to obtain approval from the MOE or its local branches as to the scale and scope of our student recruitment activities. During the Track Record Period, except certain non-compliance matters disclosed under "Business — Licences and Permits" in this document, we obtained and maintained approvals, licences and permits that are material to our business operations. However, there is no assurance that we will always be able to obtain and maintain all requisite permits and complete the necessary filings, renewals and registrations on a timely basis for our business operations, in particular, the permits, approvals, licences or filings 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. For example, we obtained and maintained a private school operation permit for the business operations for each of our three universities and an electronic publication publishing licence, an audio-visual product publishing licence, and an online publishing service licence for the business operations of Neusoft Electronic Press. Subsequently, certain foreign investors became minority beneficial owners of the shares of our universities and Neusoft Electronic Press. Under the relevant PRC Laws, however, foreign investors are not allowed to invest in news and publishing business in China and foreign investment in higher education can only be made in the form of Sino-foreign cooperation schools. In June 2019, we interviewed the government authorities that regulates our universities and Neusoft Electronic Press. The government authorities confirmed that the fact that certain minority beneficial owners of our three universities and Neusoft Electronic Press are foreign investors will not affect our universities or Neusoft Electronic Press's maintaining of their current licences and permits. If we fail to maintain the required licences and permits, such as the licences and permits required for the business operations of our universities or Neusoft Electronic Press, or obtain or renew any permits and certificates in a timely manner, we may be subject to fines, confiscation of any gains derived from our non-compliant operations or the suspension of our non-compliant operations which may materially and adversely affect our business and results of operations. For further details of material approvals, licences and permits required for our operations, see "Business — Licences and permits".

Apart from approvals, licences and permits from business operation perspective, we are also subject to extensive governmental approvals and compliance requirements for land acquisitions and the construction of school campus and buildings. From time to time, we renovate existing facilities or construct new buildings to accommodate more students, ensure that our teaching facilities are up-to-date, and provide additional convenience and comfort to our students and staff. We may also establish new campuses and school premises as we grow and expand our business. See “Business — Campus facilities and services — Upgrade and expansion plans” for more details. For the construction of new school buildings, campuses and school premises, we must obtain various permits, certificates and other approvals from the relevant government authorities at various stages of the construction, including, for example, 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 had complied with relevant laws and regulations in all material respects during the Track Record Period. However, we may in the future encounter difficulties 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, which may subject us to administrative fines and other penalties or be ordered to relocate our schools premises, in the worst case scenario. As a result, our business, financial condition and results of operations may be adversely affected.

We lease several of our school premises and may not be able to control the quality, maintenance and management of these school premises.

As of the Latest Practicable Date, we had leased 86 properties for our business operations, consisting of 68 properties leased from Independent Third Parties, and 18 inter-group leases. See “Business — Properties — Leased properties”, “Financial Information — Related party transactions” and “Connected Transactions” for further details. Such school premises and school buildings and facilities are presumably owned and maintained by our landlords. Accordingly, we are not in a position to effectively control the quality, maintenance and management of such premises, buildings and facilities. In the event that the quality of the school premises, buildings and facilities deteriorates, or if any or all of our landlords fail to properly maintain and renovate such premises, buildings or facilities in a timely manner, or at all, our school operations could be materially and adversely affected. In addition, if any of our landlords terminates the existing lease agreements, refuses to continue to lease the premises to our schools when such lease agreements expire, or increases rent to a level unacceptable to us, or even turns out to be not the owner or any other person who otherwise has the right to lease the premises to us, we may not be able to find suitable premises as substitutes without incurring significant time and costs in a timely manner, or at all. Were that to happen, our business, financial condition and results of operations would be adversely affected.

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

The property valuation report set out in Appendix III to this document with respect to the appraised values of our properties is based on various assumptions, which are subjective and uncertain in nature. The assumptions that the Property Valuer used in the property valuation report include, among others: (i) 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 values of the property interests, and (ii) unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values. Certain of the assumptions used by the Property Valuer in reaching the appraised values of our properties may be inaccurate. Hence, the appraised values of our properties should not be taken as their actual realisable values or a forecast of their realisable values. Unexpected changes to our properties and to the national and local economic conditions may affect the values of these properties. You should not place undue reliance on such values attributable to these properties as appraised by the Property Valuer.

We rely, in part, on foreign education institutions to provide our international programmes abroad. Accordingly, our business and results of operations are partially dependent on our ability to maintain our relationships with our partner schools.

We collaborate with foreign education institutions to provide various educational programmes for our students and students of overseas universities. We carefully select our partner schools based on our education programmes and our development strategies. If our partner schools fail to perform as we expect, or if our partner schools experience difficulties in meeting our requirements or standards, or if the agreements we have entered into with our partner schools are, regardless of the cause, terminated or not renewed, we may not be able to continue to offer international programmes to our students or offer our educational programmes to students abroad, which could damage our business and reputation. In addition, if our partner schools were to cease operations, temporarily or permanently, face financial distress or other business disruptions, increase their fees, or if our relationships with our partner schools deteriorate, we could suffer increased costs and delays in our ability to offer students with similar international educational programmes until another partner of similar quality could be found. If we are unsuccessful in identifying or finding appropriate partner schools or if we ineffectively manage our relationships with them, it could have an adverse impact on our business, financial condition and results of operations.

As COVID-19 has become a global pandemic, our international programmes are also adversely affected. Many countries changed their immigration policies and imposed restrictions on international travel. As a result, many of our international students are unable to return to China and certain Chinese students are also unable to travel to overseas universities for study. We are offering online instruction for our international students for the new semester. Depending on the arrangements of the overseas universities cooperating with us, Chinese students enroled in our international programmes would take courses online or defer the semester. In addition, short-term exchange programmes that were supposed to be implemented in the first half of 2020 were cancelled or delayed. If the spread of COVID-19 in other countries and regions cannot be effectively controlled, our international programmes for the next school year would be materially and negatively affected, which could have an adverse impact on our business, financial condition and results of operations.

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

Our future success is highly dependent on the acceptance, development and expansion of the market for private for-profit education services in China. The private educational services market began to develop in the early 1990s and has grown significantly due to favourable policies enacted by the PRC government. In 1997, the State Council promulgated the first regulation to promote the private education industry in China. However, private education services requiring reasonable return were not permitted in China until 2003 when the Law for Promoting Private Education of the PRC (《中華人民共和國民辦教育促進法》) became effective. Management and operation of private schools and universities have been subject to extensive press coverage and significant public debate. Despite the general public interest in pursuing higher degree levels, there remains significant uncertainty as to public acceptance of the business model of private higher education. In addition, there is substantial uncertainty relating to the application and interpretation of PRC Laws as it relates to the promotion of the private education industry, see "Regulations — Regulations relating to education — Regulations relating to private education" for further details. If the private education business model fails to gain traction or wide acceptance among the general public in China, especially among students and their parents, or if the favourable regulatory environment otherwise changes in the future, we may be unable to grow our business, and the market price of our Shares could be materially and adversely affected.

Accidents or injuries suffered by our students or our employees on or outside our school campuses or by other personnel on our school campuses 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 or we 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 are involved in any act of violence, we could face allegations that we failed to provide adequate security or were otherwise responsible for his/her actions. We may also face reputational risk if our students or employees suffer injuries outside our school campuses. We encountered the type of incidents mentioned above in the past in our school operations. Our universities carry school liability insurance. To the extent we are held liable, the insurances our universities maintained have been able to cover the damages we are obligated to pay. However, we cannot assure you that the insurance coverage will be always adequate to fully protect us from these kinds of claims and liabilities. Similar liability claim or negative press coverage against us or any of our employees, regardless of its validity, could adversely affect our reputation as well as student enrolment and retention. Even if unsuccessful, such a claim could create unfavourable publicity and 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, reputation, prospects, financial condition and results of operations.

We could be liable and suffer reputational harm if a third-party service provider provides inferior food or medical care services or harm our students, which may have a material adverse effect on our business and reputation.

We outsource meal catering services and medical services at our universities to Independent Third Parties which operate on-campus canteens or clinics for our students, except that Foshan University does not have on-campus clinic as there is a hospital nearby. We require these Independent Third Parties to possess licences and qualifications required under PRC Laws to operate such services, as well as hiring qualified personnel for their operations. We monitor the meal preparation process and require the meal catering service providers to adhere to our food quality standards and regularly solicit feedback from our students. We also require the third-party medical care providers to adhere to professional standards with due care and diligence and provide quality services to our students. However, we cannot assure you that food quality incidents or medical malpractice will not occur in the future and we could be exposed to reputational harm and possible legal liability as a result of such incidents, which could materially and adversely affect our business and reputation.

From time to time, our business partners and suppliers may have disputes with us or file claims of breach of contract against us, which may harm our reputation and have a material adverse effect on our business, financial condition and results of operations.

We collaborate with a large number of enterprise partners and educational institutions in China and overseas in a variety of school-enterprise collaboration programs, academic courses and other activities. We also have supply contracts with various construction companies, textbook suppliers and utility suppliers. We cannot assure you that disputes from these collaborations and contracts will not arise or our business partners and suppliers will not bring claims against us. Any such claims, regardless of whether they are ultimately successful, could cause us to incur litigation costs, harm our business reputation and disrupt our operations.

Failure to make adequate contributions to the social insurance plan for our foreign employees as required by PRC Laws may subject us to penalties.

As required by PRC Laws, we participate in the employee social insurance plan administered by local governments. Such plan consists of housing provident fund, pension, medical insurance, work-related injury insurance, maternity insurance and unemployment 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》), employers are required to participate in the social insurance plans and make contributions to the social insurances for foreign employees. Employers may be required by relevant regulatory authorities to pay the outstanding amount and be subject to late fees or fines if they fail to make adequate social insurance contributions for their foreign employees. During the Track Record Period and prior to early 2019, we did not make contributions to the social insurance plans for our foreign employees. See "Business — Employees" for more details. We have started to make social insurance contributions for our foreign employees since early 2019. We cannot assure you that the relevant local government authorities will not require us to pay the outstanding amount within a prescribed time and impose late fees or fines on us, which may materially and adversely affect our business, financial condition and results of operations.

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

The establishment and operation of a private higher education institution require significant initial capital investment, including the costs of acquiring land for the school site, constructing school facilities, purchasing equipment and hiring qualified teaching and administrative staff. We will need to secure additional funding to fund our future capital expenditures for expanding our school network coverage and for further expanding our service offerings. For our plan on expansion, see "Business — Campus facilities and services — Upgrade and expansion plans". During the Track Record Period, we funded our operations and expansions primarily with cash generated from operations and partially with external bank loans and other borrowings. We cannot assure you that we will be able to secure additional funding on terms acceptable to us or in a timely manner, or at all. In particular, we may not be able to finance our operations and expansions through secured loans due to relevant regulatory restrictions. According to the PRC Security Law (《中華人民共和國擔保法》) and the PRC Property Law (《中華人民共和國物權法》), mortgages, pledges or other encumbrances should not be created on properties which are used for public welfare facilities. The buildings that our universities own and occupy may be considered "public welfare facilities" according to the Law for Promoting Private Education (as amended in 2018), which provides that private education is considered in the nature of "public welfare" in the PRC. Accordingly, education facilities of schools set up for public welfare purposes may not be mortgaged and mortgages, pledges or other encumbrances created on education facilities may not be valid or enforceable. On 28 May 2020, the NPC enacted the Civil Code of the PRC (《中華人民共和國民法典》) (the "**Civil Code**"), which will become effective since 1 January 2021. The Civil Code amalgamates and replaces a series of specialised laws in civil law area, including the Property Law. The Civil Code provides that non-profit legal persons established for public good such as schools shall not mortgage their educational facilities. It may be interpreted that the Civil Code limits the ban on property mortgage only to non-profit private schools. However, since the Civil Code is newly enacted, its interpretation and implementation are yet to be seen. If our internally generated capital resources and available credit facilities are insufficient to finance our capital expenditure, growth plans and school operations, we may have to seek additional financing from third parties, including banks, venture capital funds and other strategic investors. We may also consider raising funds through issuance of new shares, which would lead to dilution of our existing Shareholders' interests in our Company. If we are unable to obtain financing in a timely manner, at a reasonable cost and on acceptable terms, we may be forced to delay, downsize or abandon such plans, and as a result our business, financial condition and results of operations, as well as our future prospects may be materially and adversely affected.

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

Unauthorised use of any of our intellectual property may adversely affect our business and reputation. We rely on a combination of copyrights, trademarks, patents and trade secrets laws to protect our intellectual property rights. Nevertheless, third parties may obtain and use our intellectual property without due authorisation. The practice of intellectual property rights enforcement action by Chinese regulatory authorities is in its early stage of development and is subject to significant uncertainty. 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 unauthorised use of our intellectual property. Failure to adequately protect our intellectual property could materially and adversely affect our brand name and 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 programmes do not or will not infringe intellectual property rights of third parties. There is no guarantee in the future that third parties will not claim that we have infringed on their proprietary intellectual property rights. There is no assurance that we will be able to successfully defend against such claims if they arise. 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 programmes. For example, we are currently operating our business under the name of "Neusoft" or "東軟", however, we do not own such trademark. We are only authorised by Neusoft Corporation to operate our business under such names on a royalty free basis. If disputes arise between Neusoft Corporation and us or Neusoft Corporation terminates the licence, and we are unable to resolve the disputes or unable to continue to use "Neusoft" or "東軟" on a royalty free basis, our business, financial condition and results of operations could be materially and adversely affected. Any similar claim against us, even without any merit, could also damage our reputation and brand image. Any such event could have a material adverse effect on our business, financial condition and results of operations.

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

Maintaining our network security and internal controls over access rights is of critical importance because proprietary and confidential student and teacher information, such as names, addresses, and other personal information, is stored in our computer databases located at each of our universities and subsidiaries. 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.

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

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

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

Pursuant to Circular on Comprehensively Promoting the Pilot Programme of the Collection of Value-added Tax in Lieu of Business Tax (《關於全面推開營業稅改徵增值稅試點的通知》), which came into effect on 1 May 2016, formal educational services provided by our three universities are exempted from the value-added tax. In addition, pursuant to a Circular on Enterprise Income Tax Policies for Further Encouraging the Development of the Software Industry and the Integrated Circuit Industry (《關於進一步鼓勵軟件產業和集成電路產業發展企業所得稅政策的通知》) issued by the State Administration of Taxation and the Ministry of Finance effective as of 1 January 2011, a qualified "software enterprise" is eligible to be exempted from income tax for its first two profitable years, followed by a 50% reduction in income tax, to a rate of 12.5%, for the subsequent three years. Our three subsidiaries in China, i.e. Dalian Yunguan, Shanghai Ruixiang and Dalian Education, were recognised as "software enterprise" by relevant government authorities and enjoyed income tax exemption and reduction. Dalian Yunguan enjoyed income tax exemption for 2015 and 2016, followed by a 50% reduction in income tax from 2017 through 2019. Shanghai Ruixiang enjoyed income tax exemption for 2017 and 2018, followed by a 50% reduction in income tax from 2019 through 2021. Dalian Education enjoyed income tax exemption for 2019 and 2020, followed by a 50% reduction in income tax from 2021 through 2023. Discontinuation of any preferential tax treatment currently available to us or the determination of any of the relevant tax authorities that we are not eligible for any of the preferential tax treatment on which we have relied or currently rely would cause our effective tax rate to increase, which would increase our tax expenses and reduce our net profit.

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

We enjoy certain favourable regulatory treatment, particularly government grants and subsidies, which are offered primarily for the purpose of promoting the development of private higher education institutions. In 2017, 2018, 2019 and the three months ended 31 March 2020, we recorded government grants and subsidies in the total amount of approximately RMB13.2 million, RMB13.2 million, RMB16.4 million and RMB3.9 million, respectively. See "Financial Information — Key components of our results of operations — Other Income" for further details. However, it is in the relevant government authorities' sole and absolute discretion, subject to relevant PRC Laws, to determine whether and when to provide government grants and subsidies to us, if at all. We cannot assure you that we will be able to receive government grants and subsidies in the future. Furthermore, any unexpected changes in the PRC Laws may result in uncertainty in the availability of government grants and subsidies or any other favourable treatment to us. If we are unable to obtain or maintain government grants and subsidies or any other favourable treatment in the future in the same amount or at all, our business operations, results of operations, and cash flows could be adversely affected.

Our legal right to certain leased properties could be challenged by property owners or other third parties.

As of the Latest Practicable Date, certain properties leased by us had certain defects, which may negatively affect our continuing use of such properties. See the section headed "Business — Properties — Leased properties" for more information. If our lease agreements with respect to these properties are regard as invalid agreements, or be challenged by third parties, we may have to vacate these properties and relocate to other premises and incur expenses in such relocations. As a result, our business, results of operations and financial condition may also be adversely affected.

We face regulatory risks and uncertainties associated with our teachers' lack of teacher licences or teacher qualifications.

According to the Regulations on Teacher Licences (《教師資格條例》), personnel engaged in teaching activities in various types of schools and other educational institutions must obtain teacher licences (教師資格證書) from education authorities. According to the Notice on Issuing Qualifications of Teachers in Vocational Schools and Employment Training Centres and Other Vocational Training Institutions (《關於做好技工學校和就業訓練中心及其他職業培訓機構教師上崗資格認定工作的通知》), all personnel engaged in the education and teaching activities at vocational training institutions should obtain teacher qualifications (職業培訓教師上崗資格證書) from human resources and social security authorities. As of the Latest Practicable Date, 38 teachers of our four training schools across China had not obtained teacher licences and/or teacher qualifications.

As of the Latest Practicable Date, we did not receive any notice of warning or been subject to any penalties or disciplinary action from government authorities due to the lack of teacher licences or teacher qualifications. We have obtained written or oral confirmations from the competent authorities for these four training schools, confirming that, with respect to vocational training or educational training service without granting academic credentials, the corresponding teacher licence examination or teacher qualification accreditation will no longer be administered in such regions, or confirming that corresponding teacher licences or teacher qualifications are no longer mandatorily required in practice in such regions. However, we may still be subject to penalties under the applicable PRC Laws; our short-term training services and our results of operations may be adversely affected. Although we believe customers of our short-term training services place more value on the quality of our training services, the actual benefits they are able to obtain from our training, and the overall customer experience they have, the lack of requisite teacher licences may still cause reputational harm to our short-term training services. See "Business — Our Teachers" for more details.

Our insurance coverage may not be sufficient.

Our three universities maintain school liability insurance, school property insurance, and third party liability insurance to safeguard against certain risks and unexpected events. See "Business — Insurance" for more details. However, we cannot assure you that our insurance coverage in terms of amount and scope is sufficient. We are exposed to various risks associated with our business and operations. Such risks include but are not limited to, accidents, fires, explosions or injuries in our universities, loss of key management and personnel, business interruption, natural disasters, terrorist attacks and social instability or any other events beyond our control. The insurance industry in China is still at an early stage of development. Insurance companies in China generally offer limited business-related insurance products and such products typically command a high premium that may not be justifiable from a cost-benefit perspective. We do not have any business disruption insurance, product liability insurance or key-man life insurance. Accordingly, any business disruption, litigation or legal proceedings or natural disaster, such as epidemics, pandemics or earthquakes, or exit of our key management personnel or joining our competitors, or other events beyond our control could result in substantial costs and the diversion of our resources. Any materialisation of the foregoing risks that we are not adequately covered for, or at all, may adversely affect our business, financial condition and results of operations.

We may grant employees share options and other share-based compensation, which may materially impact our results of operations in the future.

We adopted the Pre-IPO Share Incentive Scheme on 19 June 2019 and Post-IPO Share Incentive Scheme in 11 September 2020. Pursuant to the Pre-IPO Share Incentive Scheme as amended from time to time, the grant of the share options to subscribe for an aggregate of 50,000,000 Shares was approved by the Board to be made on the date immediately before the Listing Date. Pursuant to the Post-IPO Share Incentive Scheme, we may issue options to subscribe for Shares to our Directors, senior management, employees, consultants and certain external parties for their contribution to us and to attract and retain key personnel. See "Statutory and general information — Share incentive schemes" in Appendix V. The grant of share options or any issue of award shares would have an adverse impact to our profits. Moreover, any exercise of the share options we have granted or will grant in the future or any issue of award shares will increase the number of our Shares and result in a dilution in the shareholding of our Shareholders in our Company. Any sale of additional Shares acquired upon the exercise of the share options or any issue of award shares may adversely affect the market price of our Shares.

We face risks related to natural disasters, health epidemics or terrorist attacks in China.

In addition to the impact of COVID-19, our business could be materially and adversely affected by natural disasters, such as earthquakes, floods, landslides, outbreaks of other health epidemics such as avian influenza and severe acute respiratory syndrome, or SARS, and Influenza A virus, such as H5N1 subtype and H5N2 subtype flu viruses, the Ebola virus, the Zika virus, as well as terrorist attacks, other acts of violence or war or social instability in the region in which we operate or those generally affecting China. In particular, one of our three universities is located in Chengdu, Sichuan province and suffered from the Wenchuan earthquake in 2008. To the knowledge of Chengdu University, one of its students died from the Wenchuan earthquake and Chengdu University incurred other losses and expenses in relation to this disaster. In addition, as many of our campuses provide on-campus accommodation to our students, teachers and staff, the boarding environment exposes our students, teachers and staff to risks of epidemics or pandemics and makes it more difficult for us to take preventive measures if an epidemic or pandemic were to occur. Any of the above may cause material disruptions to our operations, such as temporary closure of 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 in turn cause significant declines in the number of our students applying to or enroled in our schools. If any of these events materialise, our business, financial condition and results of operations could be materially and adversely affected.

RISKS RELATING TO OUR CONTRACTUAL ARRANGEMENTS

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

Foreign investment in the education industry in China is extensively regulated and subject to numerous restrictions. Under the Special Administrative Measures for Access of Foreign Investment (Negative List) (《外商投資准入特別管理措施(負面清單)》), higher education is a restricted industry for foreign investors. Foreign investors are allowed to invest in the higher education industry only in the form of Sino-foreign cooperative venture in which the PRC party must play a dominant role. Furthermore, under the Implementation Opinions of the MOE on Encouraging and Guiding the Entry of Private Capital into the Fields of Education and Promoting the Healthy Development of Private Education issued by the MOE on 18 June 2012 (《關於鼓勵和引導民間資金進入教育領域促進民辦教育健康發展的實施意見》), the foreign portion of the total investment in a Sino-foreign joint venture educational institution is limited to 50%. According to the Regulation on Operating Sino-foreign Cooperative Schools of the PRC (《中華人民共和國中外合作辦學條例》), which was promulgated by the State Council on 1 March 2003 and last amended on 2 March 2019, foreign investors investing in higher education must be foreign education institutions with relevant qualifications and experience. For more details, see "Regulations — Regulations relating to foreign investment."

Although foreign investment in higher education is not prohibited, our subsidiaries in China are still ineligible to independently operate our universities. Accordingly, we have been and are expected to continue to be dependent on our Contractual Arrangements to operate our education business. If the Contractual Arrangements that establish the structure for operating our China business are found to be in violation of any existing or future PRC Laws or fail to obtain or maintain any of the required permits or approvals, we may not be able to consolidate the results of operations of our Consolidated Affiliated Entities. The relevant PRC regulatory authorities, including the MOE, would have broad discretion in dealing with such violations, including:

- revoking the business and operating licences of our PRC subsidiaries or Consolidated Affiliated Entities;

- discontinuing or restricting the operations of any related-party transactions among our PRC subsidiaries or Consolidated Affiliated Entities;

- imposing additional conditions or requirements with which we, our PRC subsidiaries or Consolidated Affiliated Entities may not be able to comply;

- requiring us to undergo a costly and disruptive restructuring such as forcing us to establish new entities, re-apply for the necessary licences or relocate our businesses, staff and assets;

- restricting or prohibiting our use of proceeds from Global Offering or other financing activities to finance our business and operations in China; or

- taking other regulatory or enforcement actions, including imposing fines, which could be harmful to our business.

The imposition of any of these penalties may result in a material adverse effect on our ability to conduct our business in China and a loss of our economic benefits in the assets and operations of our Consolidated Affiliated Entities. In addition, if the imposition of any of these penalties causes us to lose the rights to direct the activities of the Consolidated Affiliated Entities or our right to receive economic benefits from them, we would no longer be able to consolidate such entities, which contributed majority of our consolidated net revenue during the Track Record Period.

Uncertainties exist with respect to the interpretation and implementation of the newly enacted PRC Foreign Investment Law and how it may impact the viability of our current corporate structure, corporate governance and business operations.

On 15 March 2019, the National People's Congress approved the Foreign Investment Law, which came into effect on 1 January 2020 and replaced the trio of existing laws regulating foreign investment in China, namely, the Sino-foreign Equity Joint Venture Enterprise Law (《中華人民共和國中外合資經營企業法》), the Sino-foreign Cooperative Joint Venture Enterprise Law (《中華人民共和國中外合作經營企業法》) and the Wholly Foreign-invested Enterprise Law (《中華人民共和國外資企業法》), together with their implementation rules and ancillary regulations. The Foreign Investment Law embodies an expected PRC regulatory trend to rationalise its foreign investment regulatory regime in line with prevailing international practice and the legislative efforts to unify the corporate legal requirements for both foreign and domestic investments. However, since it is relatively new, uncertainties still exist in relation to its interpretation and implementation. For instance, under the Foreign Investment Law, "foreign investment" refers to the investment activities directly or indirectly conducted by foreign individuals, enterprises or other entities in China. Though it does not explicitly classify contractual arrangements as a form of foreign investment, there is no assurance that foreign investment via contractual arrangements would not be interpreted as a type of indirect foreign investment activities under the definition in the future. In addition, the definition contains a catch-all provision which includes investments made by foreign investors through means stipulated in laws or administrative regulations or other methods prescribed by the State Council. Therefore, it still leaves leeway for future laws, administrative regulations or provisions promulgated by the State Council to provide for contractual arrangements as a form of foreign investment. In any of these cases, it will be uncertain whether our Contractual Arrangements will be deemed to be in violation of the market access requirements for foreign investment under PRC Laws. Furthermore, if future laws, administrative regulations or provisions prescribed by the State Council mandate further actions to be taken by companies with respect to existing contractual arrangements, we may face substantial uncertainties as to whether we can complete such actions in a timely manner, or at all. Failure to take timely and appropriate measures to cope with any of these or similar regulatory compliance challenges could materially and adversely affect our current corporate structure, corporate governance and business operations.

The Contractual Arrangements 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 Contractual Arrangements to operate our education business in China. For a description of these Contractual Arrangements, see "Contractual Arrangements" in this document. These Contractual Arrangements 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 Contractual Arrangements stand now, if our Consolidated Affiliated Entities or their shareholders fail to perform their respective obligations under these Contractual Arrangements, we cannot exercise shareholder's rights to direct such corporate action as the direct ownership would otherwise entail. If the parties under such Contractual Arrangements refuse to carry out our directions in relation to day-to-day 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 into our financial results. Given that the revenue from our Consolidated Affiliated Entities accounted for majority of the total revenue in our Consolidated Financial Statements in 2017, 2018, 2019 and the three months ended 31 March 2020, 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 brand image. 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 beneficial owner of our Consolidated Affiliated Entities may have conflicts of interest with us, which may materially and adversely affect our business and financial condition.

Neusoft Holdings is the beneficial owner of our Consolidated Affiliated Entities. Therefore, the interests of Neusoft Holdings as the beneficial owner of our Consolidated Affiliated Entities may differ from the interests of our Company as a whole. We cannot assure you that when conflicts of interest arise, Neusoft Holdings will act in the best interests of our Company or that such conflicts will be resolved in our favour. In the event of any such conflicts of interest, Neusoft Holdings may potentially breach, or cause our Consolidated Affiliated Entities to breach, or refuse to renew, the existing Contractual Arrangements we have with them. If we cannot resolve any conflict of interest or dispute between us and Neusoft Holdings, we would have to rely on legal proceedings, which could result in disruption of our business and subject us to substantial uncertainty as to the outcome of any such legal proceedings. These uncertainties may impede our ability to enforce the Contractual Arrangements. If we are unable to resolve any such conflicts, or if we experience significant delays or other obstacles as a result of such conflicts, our business and operations could be severely disrupted, which could materially and adversely affect our results of operations and damage our reputation.

In addition, although the equity pledge agreement entered into by and between the JV, Neusoft Holdings and the Operating Entity provide that the pledged equity interest shall constitute continuing security for any and all of the indebtedness, obligations and liabilities under all of the principal service agreements, it is possible that a PRC court could take the position that the amounts listed on the equity pledge registration forms or estimated in the equity pledge agreements represent the full amounts of the collateral that have been registered and perfected. If this were to happen, the obligations that are supposed to be secured in the equity pledge agreements in excess of the amounts listed on the equity pledge registration forms or estimated in the equity pledge agreements could be deemed unsecured debts by the PRC court, which take the last priority among creditors.

Our exercise of the option to acquire the equity interests or sponsor interests (as the case may be) of our Consolidated Affiliated Entities may be subject to certain limitations and we may incur substantial costs.

We may be subject to certain limitations and incur substantial cost in the exercise of the option to acquire the equity interests or sponsor interests (as the case may be) in our Consolidated Affiliated Entities. Pursuant to the Contractual Arrangements, the JV has the exclusive right to require the shareholders or the sponsors (as the case may be) of our Consolidated Affiliated Entities to transfer their equity interests or sponsor interests (as the case may be) in our Consolidated Affiliated Entities, in whole or in part, to the JV or a third party designated by the JV at any time and from time to time, at the lowest price allowed under PRC Laws at the time of transfer. The equity transfer may be subject to approvals from, and/or registrations with, relevant PRC regulatory authorities. Moreover, the equity transfer price may be subject to review and tax adjustment by relevant tax authority. The respective equity holder will then pay the equity transfer price they receive to our JV or its designated person(s) under the Contractual Arrangements. The amount to be received by the JV or its designated person(s) may be subject to enterprise income tax. The amount of the tax may be substantial, which could materially and adversely affect our business, financial condition and results of operations.

Any failure by our Consolidated Affiliated Entities or their respective shareholders or sponsors to perform their obligations under our Contractual Arrangements would potentially lead to the incurrence of additional costs and the expending of substantial resources on our part to enforce such arrangements, temporary or permanent loss of control over our primary operations or loss of access to our primary sources of revenue.

Under the current Contractual Arrangements, if any of our Consolidated Affiliated Entities or their respective shareholders or sponsors fail to perform its or his/her respective obligations under these Contractual Arrangements, we may incur substantial costs and resources to enforce such arrangements and rely on legal remedies under PRC Laws, including seeking specific performance or injunctive relief and claiming damages.

The Contractual Arrangements are governed by PRC Laws and provide for the resolution of disputes through arbitration in China. Accordingly, these contracts will be interpreted in accordance with PRC Laws and any disputes will be resolved in accordance with PRC legal procedures. Under PRC Laws, rulings by arbitrators are final and the parties to a dispute cannot appeal the arbitration results in any court based on the substance of the case. The prevailing party may enforce the arbitration award by instituting arbitration award recognition proceedings with a competent PRC court. The legal environment in the PRC is not as developed as in other jurisdictions, such as Hong Kong and the United States. As a result, uncertainties in the PRC legal system could limit our ability to enforce these Contractual Arrangements. In the event that we are unable to enforce these

Contractual Arrangements, we may not be able to exert effective control over our Consolidated Affiliated Entities for an extended period of time or we may be permanently unable to exert control over our Consolidated Affiliated Entities. If this were to occur, we would be unable to consolidate the financial results of our Consolidated Affiliated Entities into our financial results, which may materially and adversely affect our business, financial condition and results of operations and may decrease the value of our Shareholders' investment in our Company.

In addition to the enforcement costs outlined above, during the course of disputes regarding such enforcement action, we may temporarily lose effective control over our schools in China, which may lead to loss of revenue or potentially lead to the incurrence of additional costs and the expending of substantial resources on our part to operate our business in the absence of effective enforcement of these Contractual Arrangements. If this were to occur, our business, financial condition and results of operations may be materially and adversely affected and the value of our Shareholders' investment in our Company may decrease.

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

Under PRC Laws, arrangements and transactions among related parties may be subject to audit or challenge by the PRC tax authorities. We could face material adverse tax consequences if the PRC tax authorities determine that the exclusive management consultancy and business cooperation agreements we have with our Consolidated Affiliated Entities do not represent an arm's-length transaction 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 form the view that our subsidiaries or Consolidated Affiliated Entities have improperly minimised their tax obligations, and we may not be able to rectify any such incident within the limited timeline required by PRC tax authorities. As a result, the PRC tax authorities may impose late payment fees and other penalties on us for under-paid taxes, which could materially and adversely affect our business, financial condition and results of operations.

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

The Contractual Arrangements provide for dispute resolution by way of arbitration in accordance with the then-effective arbitration rules of China International Economic and Trade Arbitration Commission in Beijing, China. The Contractual Arrangements contain provisions to the effect that the arbitral body may award remedies over the equity interests or sponsor interests and/or assets of our Consolidated Affiliated Entities, injunctive relief and/or winding up of our Consolidated Affiliated Entities. In addition, the Contractual Arrangements contain provisions to the effect that courts in Hong Kong and the Cayman Islands are empowered to grant interim remedies in support of the arbitration pending the formation of an arbitral tribunal. However, we have been advised by our PRC Legal Adviser that the above-mentioned provisions contained in the Contractual Arrangements may not be enforceable. Under PRC Laws, an arbitral body does not have the power to grant any injunctive relief or provisional or final winding-up order to preserve the assets of or any equity interest or sponsor interest in our Consolidated Affiliated Entities in case of disputes. Therefore, such remedies may not be available to us, notwithstanding the relevant contractual provisions contained in the Contractual Arrangements. PRC Laws allow an arbitral body to award the transfer of assets of or equity interest or sponsor interests in our Consolidated Affiliated Entities in favour of an aggrieved party. In the event of non-compliance with such award, enforcement measures may be sought from the court. However, the court may or may not support the award of an arbitral body when deciding whether to take enforcement measures. Under PRC Laws, courts of judicial authorities in the PRC generally do not grant injunctive relief or the winding-up order against our Consolidated Affiliated Entities as interim remedies to preserve the assets or equity interests or sponsor interests in favour of any aggrieved party. Our PRC Legal Adviser is also of the view that, even though the Contractual Arrangements provide that courts in Hong Kong and the Cayman Islands may grant and/or enforce interim remedies or in support of arbitration, such interim remedies (even if so granted by courts in Hong Kong or the Cayman Islands in favour of an aggrieved party) may not be recognised or enforced by PRC courts. As a result, in the event that any of our Consolidated Affiliated Entities or their shareholders breach any of the Contractual Arrangements, we may not be able to obtain sufficient remedies in a timely manner, and our ability to exert effective control over our Consolidated Affiliated Entities and conduct our education business could be materially and adversely affected. See "Contractual Arrangements — Summary of other material terms of our Contractual Arrangements — Disputes resolution" for details regarding the enforceability of the dispute resolution provisions in the Contractual Arrangements as opined by our PRC Legal Adviser.

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

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

Pursuant to the 2016 Decision, sponsors of private school may choose to establish non-profit or for-profit private schools and will no longer be required to indicate whether they require reasonable returns or not. 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 non-profit private schools are not entitled to any distribution of profits or revenue from the non-profit schools they operate and all operation surpluses of the schools shall be used for the operation of the schools. However, the 2016 Decision remains silent on the requirement of the development fund of the non-profit schools or for-profit schools. For further details of the 2016 Decision, see "Regulations — Regulations relating to education — Regulations relating to private education."

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 the JV, which in turn depends on the service fees paid to the JV from our Consolidated Affiliated Entities. Our PRC Legal Adviser advises us that the JV's right to receive the service fees from our Consolidated Affiliated Entities does not contravene any PRC Laws and that payment of service fees under the Contractual Arrangements should not be regarded as part of the distribution of returns or profits to the sponsors of our schools. For further details regarding our PRC Legal Adviser's view on the legality of the payment of service fees under the Contractual Arrangements, see "Contractual Arrangements — Legality of our Contractual Arrangements". However, if the relevant PRC government authorities take a different view, they may seek to confiscate any or all of the service fees that have been paid by our schools to the JV, including retrospectively, to the extent that such service fees are tantamount to "reasonable returns" (for the period prior to the 2016 Decision becoming effective) or deemed profit distribution (after the 2016 Decision becoming effective and if our schools elect to re-register as non-profit schools) taken by the sponsors of these schools in violation of PRC Laws. The relevant PRC government authorities may also seek to stop student enrolments at our schools or, in a more extreme situation, revoke the operation permits of these schools. Were that to happen, our business operations, financial condition and results of operations would be materially and adversely affected.

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 mainly through the Contractual Arrangements. As part of these arrangements, our Consolidated Affiliated Entities hold almost all of the assets that are important to the operation of our business, including operating permits and licences, real estate leases, land use rights, buildings, and other educational facilities of our schools. If any of these entities goes bankrupt and all or part of their assets become subject to liens or rights of third-party creditors, we may be unable to continue some or all of our business activities, which could materially and adversely affect our business, financial condition and results of operations. If any of our Consolidated Affiliated Entities undergoes a voluntary or involuntary liquidation proceeding, its shareholders or unrelated third-party creditors may claim rights to some or all of these assets, thereby hindering our ability to operate our business, which could materially and adversely affect our business, our ability to generate revenue and the market price of our Shares.

RISKS RELATING TO DOING BUSINESS IN CHINA

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

Substantially all of our operations are located in China. Accordingly, our business, prospects, financial condition and results of operations may be influenced to a significant degree by political, economic and social conditions in China generally and by continued economic growth in China as a whole.

The Chinese economy differs from the economies of most developed countries in many respects, including the amount of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. Although the Chinese government has implemented measures emphasising the utilisation of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of improved corporate governance in business enterprises, a substantial portion of productive assets in China are still owned by the government. In addition, the Chinese government continues to play a significant role in regulating industry development by imposing industrial policies. The Chinese government also exercises significant control over China's economic growth through allocating resources, controlling payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies.

While the Chinese economy has experienced significant growth over the past decades, growth has been uneven, both geographically and among various sectors of the economy. The Chinese government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures may benefit the overall Chinese economy, but may have a negative effect on us. For example, our financial condition and results of operations may be adversely affected by government control over capital investments or changes in tax regulations. The growth rate of the Chinese economy has gradually slowed since 2010, and the impact of COVID-19 on the Chinese economy in 2020 is likely to be severe. Any prolonged slowdown in the Chinese economy may reduce the demand for our products and services and materially and adversely affect our business and results of operations.

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

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

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

A severe or prolonged downturn in the Chinese or global economy could materially and adversely affect our business and financial condition.

COVID-19 have had a severe and negative impact on the Chinese and the global economy. Whether this will lead to a prolonged downturn in the economy is still unknown. Even before the outbreak of COVID-19, the global macro-economic environment was facing numerous challenges. The growth rate of the Chinese economy had already been slowing since 2010. There is considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies which had been adopted by the central banks and financial authorities of some of the world's leading economies, including the United States and China, even before 2020. Unrest, terrorist threats and the potential for war in the Middle East and elsewhere may increase market volatility across the globe. There have also been concerns about the relationship between China and other countries, including the surrounding Asian countries, which may potentially have economic effects. In particular, there is significant uncertainty about the future relationship between the United States and China with respect to trade policies, treaties, government regulations and tariffs. Economic conditions in China are sensitive to global economic conditions, as well as changes in domestic economic and political policies and the expected or perceived overall economic growth rate in China. Any severe or prolonged slowdown in the global or Chinese economy may materially and adversely affect our business, results of operations and financial condition.

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

In utilising the proceeds of the Global Offering in the manner described in "Future Plans and Use of Proceeds" in this document as an offshore holding company of our PRC subsidiary, we may (i) make loans to our subsidiaries and Consolidated Affiliated Entities in China; (ii) make additional capital contributions to our subsidiaries in China; (iii) establish new subsidiaries in China and make capital contributions to these new subsidiaries; and (iv) acquire offshore entities with business operations in China in an offshore transaction. However, most of these uses are subject to PRC regulations and approvals. For example, loans by us to the JV and our Consolidated Affiliated Entities cannot exceed statutory limits and must be registered with SAFE, or its local branches. We expect that PRC Laws may continue to limit our use of net proceeds from the Global Offering or from other financing sources. We cannot assure you that we will be able to obtain these government registrations or approvals on a timely basis, if at all, with respect to future loans or capital contributions by us to our entities in China. If we fail to receive such registrations or approvals, our ability to use the net proceeds from the Global Offering and to capitalise our PRC operations may be negatively affected, which could adversely affect our liquidity and our ability to fund and expand our business.

Failure by the Shareholders or beneficial owners who are Chinese residents to make any required applications and filings pursuant to regulations relating to offshore investment activities by Chinese residents may prevent us from distributing profits and could expose us and our Chinese resident Shareholders to liability under PRC Laws.

The Circular on the Management of Offshore Investment and Financing and Round Trip Investment By Domestic Residents through Special Purpose Vehicles (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (the "**SAFE Circular No. 37**"), which was promulgated by SAFE and became effective on 4 July 2014, requires a domestic institution or individual resident (the "**Domestic Resident**") to file a "Registration Form of Overseas Investments Contributed by Domestic Individual Residents" and register with the local SAFE branch before he/she contributes assets or capital to an offshore special purpose vehicle the purpose of offshore investment and financing, utilising assets or interests (onshore or offshore) (the "**Offshore SPV**") legally held by the Domestic Resident. Following the initial registration, the Domestic Resident is also required to register with the local SAFE branch any major change in respect of the Offshore SPV, including, among other things, any major change of the Offshore SPV's Domestic Resident shareholder, name of the Offshore SPV, term of operation, or any increase or reduction of the Offshore SPV's registered capital, share transfer or swap, and merger or division. Failure to comply with the registration procedures of SAFE Circular No. 37 may result in penalties, including the imposition of restrictions on the ability of the Offshore SPV's Chinese subsidiary to distribute dividends to its overseas parent. Pursuant to 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》) (the "**SAFE Circular No. 13**"), which were promulgated on 13 February 2015 and implemented on 1 June 2015, the foreign exchange registration for establishing or taking control of an Offshore SPV by Domestic Residents are required to be conducted with a qualified bank, instead of the local SAFE branch.

As of the Latest Practicable Date, all of our Domestic Resident beneficial owners have completed the registration with qualified banks in accordance with SAFE Circular No. 37 and SAFE Circular No. 13. However, we cannot guarantee you that all of our Domestic Resident Beneficial Owners will comply with SAFE Circular No. 37 and SAFE Circular No. 13 registration requirements, including updating their registration pursuant to relevant requirements or registration by future Beneficial Owners who are Domestic Residents, which is out of our control. Any failure by our Domestic Resident Beneficial Owners to register with qualified banks and comply with registration requirements pursuant to SAFE Circular No. 37 and SAFE Circular No. 13 or update their filing, or the failure of future Beneficial Owners who are Domestic Residents to comply with the registration requirements may result in penalties and the prohibition of payments to offshore parents from capital reductions, share transfers or liquidations of our Chinese subsidiaries and could materially adversely affect our ownership structure, acquisition strategy, business operations and ability to make dividend payments to our Shareholders.

Failure to comply with PRC regulations regarding the registration requirements for employee share ownership plans or share option plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions.

In February 2012, SAFE promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plans of Overseas Publicly-Listed

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

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

The PRC government imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. We receive substantially all of our revenue in Renminbi. Under our current corporate structure, our income is primarily derived from dividend payments from the JV. Shortages in the availability of foreign currency may restrict the ability of our PRC subsidiaries and our Consolidated Affiliated Entities to remit sufficient foreign currency to pay dividends or other payments to us, or otherwise satisfy their foreign currency denominated obligations, if any. Under the existing PRC foreign exchange regulations, conversion of Renminbi is permitted, without prior approval from SAFE, for current account transactions, including profit distributions, interest payments and expenditures from trade-related transactions, as long as certain procedural requirements are complied with. However, approval from and registration with SAFE and other PRC regulatory authorities are required where Renminbi is to be converted into foreign currency and remitted out of China for capital account transactions, which includes foreign direct investment and repayment of loans denominated in foreign currencies. The PRC government may also, at its discretion, restrict access in the future to foreign currencies for current account transactions. Any existing and future restrictions on currency exchange in China may limit our ability to convert cash derived from our operating activities into foreign currencies to fund expenditures denominated in foreign currencies. If the foreign exchange restrictions in China prevent us from obtaining Hong Kong dollars or other foreign currencies as required, we may not be able to pay dividends in Hong Kong dollars or other foreign currencies to our Shareholders. Furthermore, foreign exchange control in respect of the capital account transactions could affect our PRC subsidiaries' ability to obtain foreign exchange or conversion into Renminbi through debt or equity financing, including by means of loans or capital contributions from us.

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

The value of the Renminbi has been under pressure of appreciation in recent years. Due to international pressures on the PRC to allow more flexible exchange rates for the Renminbi, the economic situation and financial market developments in the PRC and abroad and the balance of payments situation in the PRC, the PRC government has decided to proceed further with reform of the Renminbi exchange rate regime and to enhance the Renminbi exchange rate flexibility.

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

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

The economy of China has been experiencing significant growth, leading to inflation and increased labour costs. According to the National Bureau of Statistics of China, the year-over-year percent change in the consumer price index in China was 2.9% in 2019. China's overall economy and the average wage in the PRC are expected to continue to grow. Future increases in China's inflation and material increases in the cost of labour may materially and adversely affect our profitability and results of operations unless we are able to pass on these costs to our students by increasing tuition fees and/or boarding fees.

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

Our business and operations in the PRC are governed by the PRC legal system that is based on written statutes. Prior court decisions may be cited for reference but have limited precedential value. Since the late 1970s, the PRC government has promulgated laws and regulations dealing with economic matters such as foreign investment, corporate organisation and governance, commerce, taxation and trade. However, as these laws and regulations 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.

As a Shareholder, you will hold an indirect interest in our operations in China. Our operations in the PRC are subject to PRC regulations governing PRC companies. These regulations contain provisions that are required to be included in the articles of association of PRC companies and are intended to regulate the internal affairs of these companies. PRC Company 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 applicable to companies listed overseas do not distinguish between 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 judgements obtained from non-PRC courts.

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

On 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 Judgements 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》) (the "**2006 Arrangement**"). Under the 2006 Arrangement, where any designated people's court in the PRC or any designated Hong Kong court has made an enforceable final judgement 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 judgement. Although this arrangement became effective on 1 August 2008, the outcome and effectiveness of any action brought under the arrangement may still be uncertain.

On 18 January 2019, the Supreme People's Court of the Peoples Republic of China and the Department of Justice under the Government of the Hong Kong Special Administrative Region signed the Arrangement on Reciprocal Recognition and Enforcement of Judgements in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the "**2019 Arrangement**"). The 2019 Arrangement, for the reciprocal recognition and enforcement of judgements in civil and commercial matters between the courts in mainland China and those in the Hong Kong Special Administrative Region, stipulates the scope and particulars of judgements, the procedures and ways of the application for recognition or enforcement, the review of the jurisdiction of the court that issued the original judgement, the circumstances where the recognition and enforcement of a judgement shall be refused, and the approaches towards remedies, among others. After a judicial interpretation has been promulgated by the Supreme People's Court and the relevant procedures have been completed by Hong Kong, both sides shall announce a date on which the 2019 Arrangement shall come into effect. The 2019 Arrangement shall apply to any judgement made on or after its effective date by the courts of both sides. The 2006 Arrangement shall be terminated on the same day when the 2019 Arrangement comes into effect. If a written choice of court agreement has been signed by parties according to the 2006 Arrangement prior to the effective date of the 2019 Arrangement, the 2006 Arrangement shall still apply. Although the 2019 Arrangement has been signed, its effective date has yet to be announced. Therefore, there are still uncertainties about the outcomes and effectiveness of enforcement or recognition of judgements under the 2019 Arrangement.

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

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

Under the Enterprise Income Tax Law (《中華人民共和國企業所得税法》) and its implementing regulations, an enterprise established outside China with its "de facto management body" within China is considered a "resident enterprise" in China and will be subject to the PRC enterprise income tax at the rate of 25% on its worldwide income. The tax authority will normally review factors such as the routine operation of the organisational body that effectively manages the enterprise's production and business operations, locations of personnel holding decision-making power, location of finance and accounting functions and properties of the enterprise. The Enterprise Income Tax Law's implementation regulations define the term "de facto management bodies" as "establishments that carry out substantial and overall management and control over the manufacturing and business operations, personnel, accounting, properties, etc. of an enterprise". The State Administration of Taxation issued the Notice Regarding the Determination of Chinese-Controlled Overseas Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies (the "**SAT Circular 82**", 《關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》) on 22 April 2009.

SAT Circular 82 provides certain specific criteria for determining whether the "de facto management body" of a Chinese-controlled offshore incorporated enterprise is located inside China, stating that only a company meeting all the criteria would be deemed having its de facto management body inside China. One of the criteria is that a company's major assets, accounting books and minutes and files of its board and shareholders' meetings are located or kept in the PRC. In addition, SAT issued a bulletin on 27 July 2011 and last amended in 2018, providing more guidance on the implementation of SAT Circular 82. This bulletin clarifies matters including residence status determination, post-determination administration and competent tax authorities. Although both SAT Circular 82 and the bulletin only apply to offshore enterprises controlled by PRC enterprises and there are currently no further detailed rules or precedents applicable to us governing the procedures and specific criteria for determining "de facto management body" for companies like ours, the determination criteria set forth in SAT Circular 82 and the bulletin may reflect SAT's general position on how the "de facto management body" test should be applied in determining the tax residency status of offshore enterprises and how the administration measures should be implemented with respect to such enterprises, regardless of whether they are controlled by PRC enterprises or PRC individuals.

As most of our senior management members are based in China, it remains unclear as to how the tax residency rule will apply to our case. We do not believe that our Company or any of our Hong Kong or BVI subsidiaries should be qualified as a "resident enterprise", as each of our offshore holding entities is a company incorporated outside the PRC. As holding companies, each of these entities' corporate documents, minutes and files of the board and shareholders' meetings are located and kept outside of the PRC. Therefore, we believe that none of our offshore holding entities should be treated as a "resident enterprise" with its "de facto management bodies" located within China as defined by the relevant regulations for PRC enterprise income tax purposes. However, as the tax resident status of an enterprise is subject to determination by the PRC tax authorities, there are uncertainties and risks associated with this issue.

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

The heightened scrutiny over acquisitions from the PRC tax authorities may have an adverse impact on our business, acquisition or offshore restructuring.

On 3 February 2015, SAT promulgated the Public Announcement on Several Issues Concerning Enterprise Income Tax for Indirect Transfer of Assets by Non-Resident Enterprises (《關於非居民企業間接轉讓財產企業所得稅若干問題的公告》) (the "**Circular 7**"), which heightened the PRC tax authorities' scrutiny on indirect transfers, by a non-resident enterprise, of assets (including equity interests) of a PRC resident enterprise (the "**PRC Taxable Assets**") and stipulated that tax authorities in the PRC are entitled to reclassify the nature of an indirect transfer of PRC Taxable Assets, when a non-resident enterprise transfers PRC Taxable Assets indirectly by disposing of an equity interest in an overseas holding company which directly or indirectly hold the PRC Taxable Assets, by disregarding the existence of the overseas holding company and considering the transaction to be a direct transfer of PRC Taxable Assets, if such transfer is deemed to have been made for the purpose of evading PRC enterprises income tax and without any reasonable commercial purpose.

There is uncertainty as to the application of the Circular 7. The Circular 7 may be determined by the tax authorities to be applicable to our offshore restructuring transactions, future acquisitions or sale of the shares of our offshore subsidiaries, where non-resident enterprise transferors were involved. Furthermore, we, our non-resident enterprises and PRC subsidiaries may be required to spend valuable resources to comply with the Circular 7 or to establish that we and our non-resident enterprises should not be taxed under the Circular 7 for our restructuring or disposal of shares of our offshore subsidiaries, which may have a material adverse effect on our financial condition and results of operations.

RISKS RELATING TO THE GLOBAL OFFERING

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

Immediately following the completion of the Global Offering, our Controlling Shareholders will control 75.0% of our total issued share capital (assuming the Over-allotment Option and the options granted under the Pre-IPO Share Incentive Scheme are not exercised and no Shares are granted under the Post-IPO Share Incentive Scheme). Accordingly, the Controlling Shareholders will, for the foreseeable future, through their voting control, be able to exercise substantial influence over our operations and business strategy, such as matters related to the composition of our Board, selection of our senior management, amount and timing of dividends and other distributions, our overall strategic and investment decisions, issuance of securities and adjustment to our capital structure, amendment to our memorandum and articles of association, and other corporate actions requiring approval of our Shareholders, including merger, consolidation or sale of our assets, or any other change of control event that may affect our other Shareholders generally. Such voting control may discourage certain types of transactions, including those involving an actual or potential change of control of our Company. In the event that there is a divergence of our strategic and other interests from those of the Controlling Shareholders in the future, the Controlling Shareholders may exercise control over our Company in ways that conflict with the interests of our other Shareholders, and minority Shareholders could be disadvantaged.

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

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

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

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

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

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

The trading volume and market price for our Shares may be volatile and subject to wide fluctuations in response to factors such as actual or anticipated fluctuations in our quarterly operating results, changes in financial estimates by securities research analysts, changes in the economic performance or market valuations of other education companies, announcements by us or our competitors of material acquisitions, strategic partnerships, joint ventures or capital commitments, addition or departure of our executive officers and key personnel, fluctuations of exchange rates between the Renminbi and the Hong Kong dollar, intellectual property litigation, release of lock-up or other transfer restrictions on our Shares, and economic or political conditions in China. In addition, the performance, and fluctuation in market prices, of other companies with business operations located mainly in China that have listed their securities in Hong Kong may affect the volatility in the price of and trading volumes of our Shares. Furthermore, the securities market has from time to time experienced significant price and volume fluctuations that are not related to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the price of and trading volume of our Shares.

Because the initial Offer Price is substantially higher than the pro forma net tangible book value per Share, you will experience immediate and substantial dilution.

If you purchase Shares in the Global Offering, you will pay more for each Share than the corresponding amount paid by existing Shareholders for their Shares. As a result, you will experience immediate and substantial dilution upon purchase of the Shares in the Global Offering. In addition, you may experience further dilution to the extent that our Shares are issued upon the exercise of share options.

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

Although our Controlling Shareholders are subject to a lock-up after the Listing as described in "Underwriting — Underwriting arrangements and expenses" in this document, future sales of a significant number of our Shares by our Controlling Shareholders in the public market after the expiry of the lock-up period, or the perception that these sales could occur, could cause the market price of our Shares to decline and could materially impair our future ability to raise capital through offerings of our Shares.

We cannot assure you that our Controlling Shareholders will not dispose of Shares held by them or that we will not issue Shares pursuant to the general mandate to issue shares granted to our Directors as described in "Statutory and general information" in Appendix V to this document or otherwise, upon the expiration of restrictions set out above. We cannot predict the effect, if any, that any future sales of Shares by our Controlling Shareholders, or the availability of Shares for sale by our Controlling Shareholders, or the issuance of Shares by the Company may have on the market price of the Shares. Sale or issuance of a substantial amount of Shares by our Controlling Shareholders or us, or the market perception that such sale or issuance may occur, could materially and adversely affect the prevailing market price of the Shares.

We may need additional capital, and the sale or issue of additional Shares or other equity securities, including pursuant to the Pre-IPO Share Incentive Scheme and the Post-IPO Share Incentive Scheme, could result in additional dilution to our Shareholders.

Notwithstanding our current cash and cash equivalents and the net proceeds from the Global Offering, we may, however, require additional cash resources to finance our continued growth or other future developments, including any investments or acquisitions we may decide to pursue. The amount and timing of such additional financing needs will vary depending on the timing of new school openings, investments in and/or acquisitions of new education programmes or businesses from third parties, and the amount of cash flow from our operations. If our resources are insufficient to satisfy our cash requirements, we may seek additional financing through selling additional equity or debt securities or obtaining a credit facility. The sale of additional equity securities could result in additional dilution to our Shareholders. Furthermore, we may issue Shares pursuant to the exercise of options granted under the Pre-IPO Share Incentive Scheme and to be granted under the Post-IPO Share Incentive Scheme, which would further dilute Shareholders' interests in our Company. The incurrence of indebtedness would result in increased debt service obligations and could result in operating and financing covenants that may, among other things, restrict our operations or our ability to pay dividends. Servicing such debt obligations could also be burdensome to our operations. If we fail to service the debt obligations or are unable to comply with such debt covenants, we could be in default under the relevant debt obligations and our liquidity and financial condition may be materially and adversely affected.

Our ability to obtain additional capital on acceptable terms is subject to a variety of uncertainties, including:

- investors' perception of, and demand for, securities of educational service providers;
- conditions in Hong Kong and other capital markets in which we may seek to raise funds;
- our future results of operations, financial condition and cash flows;
- PRC governmental regulation of foreign investment in education in China;
- economic, political and other conditions in China; and
- PRC governmental policies relating to foreign currency borrowings.

We cannot assure you that financing will be available in the amounts or on terms acceptable to us, if at all. If we fail to raise additional funds, we may need to sell debt or additional equity securities or reduce our growth to a level that can be supported by our cash flow, or defer planned expenditures.

We are a Cayman Islands company and, because judicial precedent regarding the rights of shareholders is more limited under Cayman Islands law than other jurisdictions, you may have difficulties in protecting your Shareholder rights.

Our corporate affairs are governed by our Memorandum and Articles and by the Cayman Companies Law and common law of the Cayman Islands. The rights of Shareholders to take legal action against our Directors and us, 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 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 established under statutes and judicial precedent in existence in other jurisdictions, see "Summary of the constitution of our Company and Cayman Companies Law" in Appendix IV.

As a result of all of the above, our minority Shareholders may have difficulties in protecting their interests through actions against our management, Directors or major Shareholders.

There will be a gap of several days between pricing and trading of our Shares, and the price of our Shares when trading begins could fall during the period before trading of our Shares begins.

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

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

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

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

There may be, subsequent to the date of this document but prior to the completion of the Global Offering, press and media coverage regarding us and the Global Offering, which may contain, among other things, certain financial information, projections, valuations and other forward-looking information about us and the Global

Offering. We have not authorised the disclosure of any such information in the press or media and do not accept responsibility for the accuracy or completeness of such press articles or other media coverage. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations or other forward-looking information about us. To the extent such statements are inconsistent with, or conflict with, the information contained in this document, we disclaim responsibility for them. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of the information contained in this document only and should not rely on any other information.

You should rely solely upon the information contained in this document, the 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 document and the Application Forms.

There can be no assurance of the accuracy or completeness of certain facts, forecasts and other statistics obtained from various independent third party sources, including the industry expert reports, contained in this document.

This document, particularly the sections headed “Business” and “Industry Overview”, contains information and statistics relating to the private higher education market. Such information and statistics have been derived from a third party report commissioned by us and publicly available sources. We believe that the sources of the information are appropriate sources for such information, and we have taken reasonable care in extracting and reproducing such information. However, we cannot guarantee the quality or reliability of such source materials. The information has not been independently verified by us, the Joint Global Coordinators, the Sole Sponsor, 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. Collection methods of such information may be flawed or ineffective, or there may be discrepancies between published information and market practice, which may result in the statistics included in this document being inaccurate or not comparable to statistics produced for other economies. You should therefore not place undue reliance on such information. In addition, we cannot assure you that such information is stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. You should consider carefully the importance placed on such information or statistics.

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 favourable return. We plan to use the net proceeds from the Global Offering to, among others, expand our current schools and acquire or cooperate with other universities. For details of our intended use of proceeds, see "Future Plans and Use of Proceeds" in this document. However, our management will have discretion as to the actual application of our net proceeds. You are entrusting your funds to our management, upon whose judgement you must depend, for the specific uses we will make of the net proceeds from this Global Offering.