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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**FORM 6-K**

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**REPORT OF FOREIGN PRIVATE ISSUER  
PURSUANT TO RULE 13A-16 OR 15D-16 UNDER  
THE SECURITIES EXCHANGE ACT OF 1934**

For the month of December 2021

Commission file number: 001-39360

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**SKILLFUL CRAFTSMAN EDUCATION  
TECHNOLOGY LIMITED**

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Floor 4, Building 1, No. 311, Yanxin Road  
Huishan District, Wuxi  
Jiangsu Province, PRC 214000  
(Address of Principal Executive Offices)

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Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.  
Form 20-F ☒ Form 40-F ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ☐

**Note:** Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ☐

**Note:** Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's "home country"), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

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## EXHIBIT INDEX

Exhibit Number	Description
99.1	<a href="#"><u>Unaudited Consolidated Financial Statements as of September 30, 2021 and for the Six Months Ended September 30, 2021</u></a>
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Scheme Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**SKILLFUL CRAFTSMAN EDUCATION  
TECHNOLOGY LIMITED**

(Registrant)

By: /s/ Xiaofeng Gao

Name: Xiaofeng Gao

Title: Chairman of the Board of Directors and Co-Chief  
Executive Officer

Date: December 22, 2021

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**Unaudited Consolidated Financial Statements**

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**SKILLFUL CRAFTSMAN EDUCATION TECHNOLOGY LIMITED**  
**CONSOLIDATED BALANCE SHEETS**  
(Amounts in US\$, except for number of shares)

	As of	
	September 30, 2021	March 31, 2021
	(Unaudited)	(Audited)
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 23,712,359	\$ 17,453,360
Accounts receivable, net	50,246	83,980
Prepayments	2,903,533	1,784,537
Other receivables	186,325	5,713,192
<b>Total current assets</b>	<b>26,852,463</b>	<b>25,035,069</b>
<b>Non-current assets</b>		
Long-term investment	306,498	—
Property and equipment, net	12,462,098	13,725,957
Intangible assets, net	17,144,418	20,416,461
Goodwill	4,581,112	—
Long-term prepayments and other non-current assets	—	28,406
<b>Total non-current assets</b>	<b>34,494,126</b>	<b>34,170,824</b>
<b>TOTAL ASSETS</b>	<b>\$ 61,346,589</b>	<b>\$ 59,205,893</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 122,119	\$ 113,707
Taxes payable	292,532	448,485
Amounts due to a related party	5,764	257,037
Accrued expenses	920,665	1,051,929
Deferred tax liabilities	43,234	—
Deferred revenue-current	9,270,561	11,456,667
<b>Total current liabilities</b>	<b>10,654,875</b>	<b>13,327,825</b>
<b>Non-current liabilities</b>		
Deferred revenue-noncurrent	—	312,896
<b>Total non-current liabilities</b>	<b>—</b>	<b>312,896</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 10,654,875</b>	<b>\$ 13,640,721</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	—	—
<b>SHAREHOLDERS' EQUITY</b>		
Ordinary shares, par value \$0.0002 per share, 500,000,000 shares authorized; 14,900,000 and 12,000,000 shares issued and outstanding as of 30 September, 2021 and 31 March, 2021, respectively	2,980	2,400
Additional paid-in capital	18,055,407	13,415,987
Statutory reserve	746,323	745,590
Accumulated profits	30,375,080	30,419,177
Accumulated other comprehensive income	1,511,924	982,018
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>50,691,714</b>	<b>45,565,172</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 61,346,589</b>	<b>\$ 59,205,893</b>

The accompanying notes are an integral part of these consolidated financial statements.

**SKILLFUL CRAFTSMAN EDUCATION TECHNOLOGY LIMITED**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME**  
(Amounts in US\$, except for number of shares)

	For the six months ended September 30,	
	2021	2020
	(Unaudited)	(Unaudited)
<b>Revenue</b>	\$ 11,851,792	\$ 15,313,780
<b>Cost of revenue</b>	(8,255,007)	(6,826,879)
<b>Gross income</b>	3,596,785	8,486,901
<b>Operating expenses:</b>		
Selling and marketing expenses	(720,191)	(879,812)
General and administrative expenses	(2,293,011)	(1,499,774)
<b>Total operating expenses</b>	(3,013,202)	(2,379,586)
<b>Income from operations</b>	<b>583,583</b>	<b>6,107,315</b>
Interest income	31,237	30,292
Investment loss	(1,897)	—
Government grant	493	—
Foreign currency exchange loss	(48,819)	—
Loss on disposals of equipment	(54,147)	—
Other expenses, net	(2,147)	(909)
<b>Income before income taxes</b>	<b>508,303</b>	<b>6,136,698</b>
Income tax expense	(551,667)	(1,744,005)
<b>Net (loss)/income</b>	<b>\$ (43,364)</b>	<b>\$ 4,392,693</b>
<b>Other comprehensive income/(loss):</b>		
Foreign currency translation adjustment	529,906	1,246,805
<b>Total comprehensive income</b>	<b>486,542</b>	<b>5,639,498</b>
Net earnings per ordinary share, basic and diluted	\$ 0.00	\$ 0.44
Weighted average number of ordinary shares, basic and diluted	12,475,410	10,000,000

The accompanying notes are an integral part of these consolidated financial statements.

**SKILLFUL CRAFTSMAN EDUCATION TECHNOLOGY LIMITED**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)**  
**FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2021 AND SEPTEMBER 30, 2020**  
**(Amounts in US\$, except for number of shares)**

	Number of Shares	Common stock	Additional paid-in capital	Statutory reserve	Accumulated profits	Accumulated other comprehensive (loss)/income	Total
<b>Balance as of March 31, 2021</b>	<b>12,000,000</b>	<b>\$ 2,400</b>	<b>\$ 13,415,987</b>	<b>\$ 745,590</b>	<b>\$ 30,419,177</b>	<b>\$ 982,018</b>	<b>\$ 45,565,172</b>
Net loss for the period	—	—	—	—	(43,364)	—	(43,364)
Appropriation to statutory reserve	—	—	—	733	(733)	—	—
Issuance of ordinary shares for business combination	2,900,000	580	4,639,420	—	—	—	4,640,000
Foreign currency translation adjustment	—	—	—	—	—	529,906	529,906
<b>Balance as of September 30, 2021</b>	<b>14,900,000</b>	<b>\$ 2,980</b>	<b>\$ 18,055,407</b>	<b>\$ 746,323</b>	<b>\$ 30,375,080</b>	<b>\$ 1,511,924</b>	<b>\$ 50,691,714</b>
<b>Balance as of March 31, 2020</b>	<b>9,000,000</b>	<b>\$ 1,800</b>	<b>\$ 1,619,774</b>	<b>\$ 745,590</b>	<b>\$ 26,921,172</b>	<b>\$ (1,406,288)</b>	<b>\$ 27,882,048</b>
Net income for the period	—	—	—	—	4,392,693	—	4,392,693
Proceeds from IPO net off IPO expense	3,000,000	600	11,796,213	—	—	—	11,796,813
Foreign currency translation adjustment	—	—	—	—	—	1,246,805	1,246,805
<b>Balance as of September 30, 2020</b>	<b>12,000,000</b>	<b>\$ 2,400</b>	<b>\$ 13,415,987</b>	<b>\$ 745,590</b>	<b>31,313,865</b>	<b>\$ (159,483)</b>	<b>\$ 45,318,359</b>

*The accompanying notes are an integral part of these consolidated financial statements.*

**SKILLFUL CRAFTSMAN EDUCATION TECHNOLOGY LIMITED**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**  
(Amounts in US\$)

	<b>For the six months ended September 30,</b>	
	<b>2021</b>	<b>2020</b>
<b>Cash Flows from Operating Activities</b>		
Net (loss)/income	\$ (43,364)	\$ 4,392,693
Adjustments to reconcile net profit to net cash provided by operating activities:		
Depreciation of property and equipment	2,051,081	1,657,961
Amortization of intangible assets	3,948,391	3,157,605
Loss from long-term investment	1,897	—
Loss on disposals of equipment	54,147	—
Changes in operating assets and liabilities:		
Accounts receivables, net	33,734	(24,284)
Prepayments and other current assets	(1,118,873)	(602,972)
Other receivables	(19,296)	—
Long-term prepayments and other non-current assets	28,406	28,509
Accounts payable	8,412	(149,822)
Amounts due to a related party	(251,273)	509,012
Deferred revenue	(2,552,387)	(2,939,360)
Accrued expenses	(220,164)	768,911
Taxes payable	(154,248)	(213,411)
Deferred tax liabilities	(730)	—
<b>Net cash generated from operating activities</b>	<b>1,765,733</b>	<b>6,584,842</b>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(653,189)	(3,988,249)
Purchase of intangible assets	(209,469)	(2,254,100)
Proceed from redemption of financial assets held for trading	5,563,191	—
Investment in privately held company	(308,385)	—
Cash acquired from business combination	50,229	—
Proceed from disposal of equipment	4,650	—
Purchases of other investments	—	(8,000,000)
<b>Net cash generated from/(used in) investing activities</b>	<b>\$ 4,447,027</b>	<b>\$ (14,242,349)</b>
<b>Cash flows from financing activities</b>		
Proceeds from IPO net off IPO expenses	—	13,243,554
<b>Net cash generated from financing activities</b>	<b>\$ —</b>	<b>\$ 13,243,554</b>
Effects of foreign currency translation	46,239	(67,122)
Net increase in cash and cash equivalents	6,258,999	5,518,925
Cash and cash equivalents at beginning of period	17,453,360	11,931,714
<b>Cash and cash equivalents at end of period</b>	<b>\$ 23,712,359</b>	<b>\$ 17,450,639</b>
<b>Supplemental disclosures of cash flow information</b>		
Cash paid for income taxes	\$ 687,877	\$ 1,974,038
<b>Non cash transactions</b>		
Issuance of ordinary shares for business combination	\$ 4,640,000	\$ —

The accompanying notes are an integral part of these consolidated financial statements.



**SKILLFUL CRAFTSMAN EDUCATION TECHNOLOGY LIMITED.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**1. Organization and basis of financial statements**

Skillful Craftsman Education Technology Limited (“the Company”) is an exempted company incorporated under the laws of Cayman Islands on June 14, 2019. The Company through its consolidated subsidiaries, variable interest entity (the “VIE”) and VIE’s subsidiary (collectively, the “Group”) is principally engaged in the operation of vocational online education and technology services in the People’s Republic of China (the “PRC”). Due to the PRC legal restrictions on foreign ownership and investment in the education business, the Company conducts its primary business operations through its VIE.

In preparation of its initial public offering in the United States, the Company completed a reorganization in 2019 whereby the Company became the ultimate parent entity of its subsidiaries and consolidated VIE. As part of the reorganization, the business operations of the consolidated subsidiaries and the VIE were transferred to the Company. In return, the Company issued 7,740,000 ordinary shares and 1,800,000 ordinary shares to Mr. Gao Xiaofeng and Mr. Hua Lugang (“the Founders”), respectively (“the Reorganization”).

On September 1, 2021, Wuxi Wangdao, or the VIE, acquired 100% of Shenzhen Jisen Information Tech Limited (“Jisen Information”) for a consideration of 2,900,000 newly issued ordinary shares from the Group, valued at \$1.60 per share.

As the Company, its subsidiaries and the VIE are all under the control of the Founders, the Reorganization was accounted for as a transaction under common control in a manner similar to a pooling of interests. Therefore, the accompanying consolidated financial statements have been prepared as if the corporate structure of the Company had been in existence since the beginning of the periods presented. Furthermore, ordinary shares were recorded on their issuance dates and presented on a retroactive basis.

Details of the Company’s subsidiaries, the VIE and VIE’s subsidiary were as follows:

Name of Entity	Date of incorporation	Place of incorporation	Percentage of direct or indirect ownership by the Company	Principal activities
<b>Subsidiaries:</b>			<b>Direct</b>	
Easy Skills Technology Limited (“Hong Kong ES”)	December 24, 2018	HK	100 %	Holding company
Skillful Craftsman Network Technology (Wuxi) Co., Ltd. (“WOFE” or “Craftsman Wuxi”)	January 16, 2019	PRC	100 %	Investment holding
<b>VIE and VIE’s Subsidiary:</b>			<b>Indirect</b>	
Wuxi Kingway Technology Co., Ltd. ( “Wuxi Wangdao”)	June 6, 2013	PRC	100 %	Vocational online education and technology services
Shenzhen Jisen Information Tech Limited (“Jisen Information”)	December 8, 2014	PRC	100 %	Financial education and services

The Company established Hong Kong ES in December 2018 as its intermediary holding company. In January 2019, as part of the Reorganization described above, Hong Kong ES established WOFE in PRC and held all of the equity interest in the WOFE. In July 2019, WOFE entered into a series of contractual arrangements with the VIE and VIE’s subsidiary and their shareholders as described below.

**Contractual Arrangements**

PRC laws and regulations stipulate that the foreign investment in China is restricted with regards to the provision of value-added telecommunication services and internet audio-visual program services. The operation of such businesses requires that the company holds the ICP license (Internet Content Provider), which shall only be held by domestic companies. The Group’s offshore holding company is not a domestic company under the PRC laws, thus not being qualified to hold ICP license.

**SKILLFUL CRAFTSMAN EDUCATION TECHNOLOGY LIMITED.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

Accordingly, the Group's offshore holding companies are not allowed to directly engage in the vocational online education and technology services business in China. To comply with PRC laws and regulations, the Group conducts all of its business in China through the VIE. Despite the lack of technical majority ownership, the Company control and receive the economic benefits of the business operations of the VIE and its subsidiary through a series of contractual arrangements (the "Contractual Agreements"). The equity interests of the VIE are legally held by PRC individuals (the "Nominee Shareholders"). Through the Contractual Agreements, the Nominee Shareholders of the VIE effectively assign all their voting rights underlying their equity interests in the VIE to the WOFE, and therefore, the WOFE has the power to direct the activities of the VIE that most significantly impact its economic performance. The WOFE also has the right to receive economic benefits and obligations to absorb losses from the VIE that potentially could be significant to the VIE. Based on the above, the Company consolidates the VIE through its subsidiary in accordance with SEC Regulation SX-3A-02 and ASC810-10, *Consolidation: Overall*.

The following is a summary of the contractual agreements:

*Exclusive Business Cooperation Agreements*

Under the Exclusive Business Cooperation Agreements between WOFE and Wuxi Wangdao, dated July 17, 2019, WOFE has the exclusive right to provide Wuxi Wangdao with business support, technical support and consulting services related to its business operations in return for certain fees. Without WOFE's prior written consent, Wuxi Wangdao may not accept any services subject to these agreements from any third party. The parties shall determine the service fees to be charged to Wuxi Wangdao under these agreements by considering, among other things, the complexity of the services, the time that may be spent for providing such services and the commercial value and specific content of the service provided. WOFE owns the intellectual property rights developed by either WOFE or Wuxi Wangdao in the performance of these agreements. These agreements became effective upon execution and will remain effective until terminated by WOFE.

*Equity Interest Pledge Agreements*

Under the Equity Interest Pledge Agreement, each of the shareholders pledged all of their equity interest in Wuxi Wangdao to WOFE so as to secure their obligations under the Equity Interest Pledge Agreement, the Exclusive Business Cooperation Agreement and the Authorization Agreement. If the shareholders of Wuxi Wangdao breach their respective contractual obligations, WOFE, as pledgee, will be entitled to certain rights, including the right to dispose the pledged equity interest. Pursuant to the agreement, the shareholders of Wuxi Wangdao shall not transfer, assign or otherwise create any new encumbrance on their respective equity interest in Wuxi Wangdao without prior written consent of WOFE. The equity pledge right held by WOFE will be terminated upon the fulfillment of all contract obligations and the full payment of all secured indebtedness by the Nominee Shareholders and Wuxi Wangdao.

*Exclusive Purchasing Right Agreement*

Under the Exclusive Purchasing Right Agreement among WOFE, Wuxi Wangdao, and its Nominee Shareholders, dated July 17, 2019, the Nominee Shareholders irrevocably granted WOFE or any third party designated by WOFE an exclusive purchasing right to purchase all or part of their equity interests in Wuxi Wangdao; provided that if the lowest price is permitted by applicable PRC laws, then that price shall apply. The Nominee Shareholders further agreed that they will neither create any pledge or encumbrance on their equity interests in Wuxi Wangdao, nor transfer, gift nor otherwise dispose of its equity interests in Wuxi Wangdao to any person other than WOFE or its designated third party. The Nominee Shareholders and Wuxi Wangdao agreed that they will operate the businesses in the ordinary course and maintain the asset value of Wuxi Wangdao and refrain from any actions or omissions that may affect their operating status and asset value. Furthermore, without WOFE's prior written consent, the shareholders and Wuxi Wangdao agreed not to, among other things: amend the articles of association of Wuxi Wangdao; increase or decrease the registered capital of Wuxi Wangdao; sell, transfer, mortgage or dispose of in any manner any assets of Wuxi Wangdao or legal or beneficial interest in the business or revenues of Wuxi Wangdao; enter into any major contracts, except for contracts in the ordinary course of business (a contract with a price exceeding 100,000 shall be deemed a major contract); merge, consolidate with, acquire or invest in any person, or provide any loans; or distribute dividends.

*Authorization Agreement*

Under the Authorization Agreement, the Nominee Shareholders of Wuxi Wangdao authorized WOFE to act on their behalf as their exclusive agent and attorney with respect to all rights as shareholder, including but not limited to: (a) attending shareholders' meetings; (b) exercising all the shareholder's rights, including voting, that shareholders are entitled to under the laws of China and the Articles of

**SKILLFUL CRAFTSMAN EDUCATION TECHNOLOGY LIMITED.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

Association of Wuxi Wangdao, including but not limited to the sale or transfer or pledge or disposition of shares held by the shareholders of Wuxi Wangdao in part or in whole; and (c) designating and appointing the legal representative, the executive director, supervisor, the chief executive officer and other senior management members of Wuxi Wangdao on behalf of the shareholders of Wuxi Wangdao.

*Letter of Consent*

Pursuant to the Letter of Consent executed by the spouses of the Nominee Shareholders of Wuxi Wangdao, the signing spouses unconditionally and irrevocably agreed that the equity interest in Wuxi Wangdao held by and registered in the name of their spouses, the Nominee Shareholders of Wuxi Wangdao, be disposed of in accordance with the Exclusive Purchasing Right Agreement, the equity interest pledge agreement and the authorization agreement described above, and that their spouses may perform, amend or terminate such agreements without their additional consent. Additionally, the signing spouses agreed not to assert any rights over the equity interest in Wuxi Wangdao held by their spouses. In addition, in the event that the signing spouses obtains any equity interest in Wuxi Wangdao held by their spouses for any reason, they agree to be bound by and sign any legal documents substantially similar to the contractual arrangements described above, as may be amended from time to time.

*Risks in Relation to the VIE Structure*

Based on the opinion of the Company's PRC legal counsel, (i) the ownership structure of the Group, including its subsidiaries in the PRC, the VIE and VIE's subsidiary, are not in violation with any applicable PRC laws and regulations; and (ii) each of the Contractual Agreements among the WOFE, the VIE, VIE's subsidiary and the Nominee Shareholders governed by PRC laws, are legal, valid and binding, enforceable against such parties.

However, uncertainties in the PRC legal system could cause the relevant regulatory authorities to find the current Contractual Agreements and businesses to be in violation of any existing or future PRC laws or regulations. If the Company, the WOFE or any of its current or future VIEs are found in violation of any existing or future laws or regulations, or fail to obtain or maintain any of the required permits or approvals, the relevant PRC regulatory authorities would have broad discretion in dealing with such violations, which may include, but not limited to, revocation of business and operating licenses, being required to discontinue or restrict its business operations, restriction of the Group's right to collect revenues, being required to restructure its operations, imposition of additional conditions or requirements with which the Group may not be able to comply, or other regulatory or enforcement actions against the Group that could be harmful to its business. The imposition of any of these or other penalties may result in a material and adverse effect on the Group's ability to conduct its business. In addition, if the imposition of any of these penalties causes the Company to lose the rights to direct the activities of the VIE or the right to receive their economic benefits, the Company would no longer be able to consolidate the VIE.

**SKILLFUL CRAFTSMAN EDUCATION TECHNOLOGY LIMITED.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

The Group's business has been directly operated by the VIE and its subsidiary. For the six months ended September 30, 2021 and 2020, the VIE contributed 100% and 100% of the Group's consolidated revenues, respectively. As of September 30, 2021 and March 31, 2021, the VIE accounted for an aggregate of 86% and 87%, respectively, of the consolidated total assets, and 95% and 93%, respectively, of the consolidated total liabilities. The following financial statement balances and amounts of the Company's VIE were included in the accompanying consolidated financial statements:

	As of	
	September 30, 2021 (Unaudited)	March 31, 2021 (Audited)
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 18,770,098	\$ 14,716,543
Accounts receivable, net	50,246	83,980
Prepayments	2,947,104	1,657,531
Amounts due from related parties	—	850,517
<b>Total current assets</b>	<b>21,767,448</b>	<b>17,308,571</b>
<b>Non-current assets:</b>		
Property and equipment, net	12,462,098	13,725,957
Intangible assets, net	16,938,440	20,416,461
Goodwill	4,581,112	—
Long-term prepayments and other non-current assets	—	28,406
<b>Total non-current assets</b>	<b>33,981,650</b>	<b>34,170,824</b>
<b>TOTAL ASSETS</b>	<b>\$ 55,749,098</b>	<b>\$ 51,479,395</b>
<b>Current liabilities:</b>		
Accounts payable	\$ 122,119	\$ 113,707
Taxes payable	292,532	448,485
Accrued expenses	5,112,480	385,292
Deferred tax liabilities	43,234	—
Deferred revenue-current	9,270,561	11,456,667
<b>Total current liabilities:</b>	<b>14,840,926</b>	<b>12,404,151</b>
<b>Non-current liabilities:</b>		
Deferred revenue-noncurrent	—	312,896
<b>Total non-current liabilities</b>	<b>—</b>	<b>312,896</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 14,840,926</b>	<b>\$ 12,717,047</b>

  

	For the six months ended September 30,	
	2021 (Unaudited)	2020 (Unaudited)
Revenue	\$ 11,851,792	\$ 15,313,780
Net income	\$ 1,640,698	\$ 5,403,520

  

	For the six months ended September 30,	
	2021 (Unaudited)	2020 (Unaudited)
Net cash provided by operating activities	\$ 4,630,397	\$ 8,823,006
Net cash used in investing activities	(598,310)	(6,242,349)
Net cash provided by financing activities	—	—
Effects of exchange rate changes on cash	21,468	1,367,444
Net cash inflow	\$ 4,053,555	\$ 3,948,101

**SKILLFUL CRAFTSMAN EDUCATION TECHNOLOGY LIMITED.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

There are no consolidated VIE's assets that are pledged or collateralized for the VIE's obligations and which can only be used to settle the VIE's obligations, except for registered capital and the PRC statutory reserves. Relevant PRC laws and regulations restrict the VIE from transferring a portion of their net assets, equivalent to the balance of their statutory reserves and its share capital, to the Company in the form of loans and advances or cash dividends. As the VIE is incorporated as a limited liability company under the PRC Company Law, creditors of the VIE do not have recourse to the general credit of the Company for any of the liabilities of the VIE. There were no other pledges or collateralization of the VIE's assets.

**2. Summary of Significant Accounting Policies**

**a) Basis of presentation**

The accompanying consolidated financial statements have been prepared in accordance with the accounting principles generally accepted in the United States of America ("US GAAP").

**b) Principles of consolidation**

The consolidated financial statements include the financial statements of the Company, its subsidiaries and the VIE. All significant inter-company transactions and balances between the Company, its subsidiaries and the VIE have been eliminated upon consolidation.

**c) Use of estimates**

In preparing the consolidated financial statements in conformity with US GAAP, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are based on information as of the date of the consolidated financial statements. Significant estimates required to be made by management include, but are not limited to, the valuation of accounts receivable, prepayments, and other receivables, useful lives of property and equipment and intangible assets, the recoverability of long-lived assets and provision necessary for contingent liabilities. Actual results could differ from those estimates.

**d) Business combinations**

Business combinations are recorded using the acquisition method of accounting. The assets acquired, the liabilities assumed, and any non-controlling interests of the acquiree at the acquisition date, if any, are measured at their fair values as of the acquisition date. Goodwill is recognized and measured as the excess of the total consideration transferred plus the fair value of any non-controlling interest of the acquiree and fair value of previously held equity interest in the acquiree, if any, at the acquisition date over the fair values of the identifiable net assets acquired. Common forms of the consideration made in acquisitions include cash and common equity instruments. Consideration transferred in a business acquisition is measured at the fair value as of the date of acquisition. Acquisition-related expenses and restructuring costs are expensed as incurred.

ASC 805 establishes a measurement period to provide the Company with a reasonable amount of time to obtain the information necessary to identify and measure various items in a business combination and cannot extend beyond one year from the acquisition date.

Where the consideration in an acquisition includes contingent consideration the payment of which depends on the achievement of certain specified conditions post-acquisition, the contingent consideration is recognized and measured at its fair value at the acquisition date and is recorded as a liability, it is subsequently remeasured at fair value at each reporting date with changes in fair value reflected in earnings.

**e) Cash and cash equivalents**

Cash and cash equivalents include cash on hand, cash accounts, interest bearing savings accounts and time certificates of deposit with a maturity of three months or less when purchased. The Group considers all highly liquid investment instruments with an original maturity of three months or less from the date of purchase to be cash equivalents. The Group maintains most of the bank accounts in the PRC. Cash balances in bank accounts in PRC are not insured by the Federal Deposit Insurance Corporation or other programs.

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**f) Accounts receivable, net**

Accounts receivable are recognized and carried at original invoiced amount less an estimated allowance for uncollectible accounts. The Group usually determines the adequacy of reserves for doubtful accounts based on individual account analysis and historical collection trends. The Group establishes a provision for doubtful receivables when there is objective evidence that the Group may not be able to collect amounts due. The allowance is based on management's best estimates of specific losses on individual exposures, as well as a provision on historical trends of collections. Based on management of customers' credit and ongoing relationship, management makes conclusions whether any balances outstanding at the end of the period will be deemed uncollectible on an individual basis and on aging analysis basis. The provision is recorded against accounts receivables balances, with a corresponding charge recorded in the consolidated statements of income and comprehensive income. Delinquent account balances are written-off against the allowance for doubtful accounts after management has determined that the likelihood of collection is not probable. The Group considers there is no allowance for doubtful accounts for the six month periods ended September 31, 2021 and 2020.

**g) Long-term investment**

Long-term investments represent the Group's investment in privately held company. The Group applies the equity method of accounting to equity investments, in common stock or in-substance common stock, over which it has significant influence but does not own a majority equity interest or otherwise control. Under the equity method, the Group initially records its investment at cost. The difference between the cost of the equity investment and the amount of the underlying equity in the net assets of the equity investee is recognized as equity method goodwill or as an intangible asset as appropriate, which is included in the equity method investment on the consolidated balance sheets. The Group subsequently adjusts the carrying amount of the investment to recognize the Group's proportionate share of each equity investee's net income or loss into consolidated statements of operations and comprehensive income/(loss) after the date of acquisition.

**h) Property and equipment, net**

Property and equipment are recorded at cost including the cost of improvements less accumulated depreciation. Maintenance and repairs are charged to expense as incurred. Depreciation and amortization are provided on the straight-line method based on the estimated useful lives of the assets as follows:

Server hardware	5 years
Vehicles	5 years

Expenditures for maintenance and repairs, which do not materially extend the useful lives of the assets, are charged to expense as incurred. Expenditures for major renewals and betterment which substantially extend the useful life of assets are capitalized. The cost and related accumulated depreciation of assets retired or sold are removed from the respective accounts, and any gain or loss is recognized in the consolidated statements of operations and comprehensive income in other income or expenses.

Direct costs that are related to the construction of property and equipment and incurred in connection with bringing the assets to their intended use are capitalized as construction in progress. Construction in progress is transferred to specific property and equipment, and the depreciation of these assets commences when the assets are ready for their intended use.

**i) Intangible assets, net**

Intangible assets with definite lives are carried at cost less accumulated amortization. Amortization of definite-lived intangible assets is computed using the straight-line method over the estimated average useful lives, which are as follows:

Software	5 years
Courseware	5 years
Copyrights	5 years

**j) Impairment of long-lived assets**

The Group evaluates its long-lived assets with finite lives for impairment whenever events or changes in circumstances (such as a significant adverse change to market conditions that will impact the future use of the assets) indicate that the carrying amount of an asset

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may not be fully recoverable. When these events occur, the Group evaluates the impairment by comparing carrying amount of the assets to an estimate of future undiscounted cash flows expected to be generated from the use of the assets and their eventual disposition. If the sum of the expected future undiscounted cash flows is less than the carrying amount of the assets, the Group recognizes an impairment loss based on the excess of the carrying amount of the long-lived assets over their fair value. There was no impairment of long-lived assets for the six months ended September 30, 2021 and 2020.

**k) Fair value of financial instruments**

The fair value of a financial instrument is defined as the exchange price that would be received from an asset or paid to transfer a liability (as exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. The carrying amounts of financial assets and liabilities, such as cash and cash equivalents, time deposits, accounts receivable and other current assets, accounts payable, and other current liabilities, approximate their fair values because of the short maturity of these instruments and market rates of interest.

ASC 825-10 requires certain disclosures regarding the fair value of financial instruments. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A three-level fair value hierarchy prioritizes the inputs used to measure fair value. The hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- Level 1 - Quoted prices in active markets for identical assets and liabilities.
- Level 2 - Quoted prices in active markets for similar assets and liabilities, or other inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The Group considers the carrying amount of its financial assets and liabilities, which consist primarily of cash and cash equivalents, accounts receivable, prepayments, other receivables, accounts payable and other payable approximate the fair value of the respective assets and liabilities as of September 30, 2021 and March 31, 2021 owing to their short-term nature or present value of the assets and liabilities.

**l) Revenue recognition**

The Group has adopted Accounting Standards Codification Topic 606, “Revenue from Contracts with Customers” (“ASC 606”) effective as of April 1, 2018. The Group has chosen to use the full retrospective transition method, under which it is required to revise its consolidated financial statements for the year ended March 31, 2017, as if ASC 606 had been effective for those periods. Under ASC 606, the Group recognizes revenue when a customer obtains control of promised goods, in an amount that reflects the consideration which the Group expects to receive in exchange for the goods. To determine revenue recognition for arrangements within the scope of ASC 606, the Group performs the following five steps: (1) identify the contracts with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when or as the entity satisfies a performance obligation. The Group applies the five-step model to contracts when it is probable that the entity will collect the consideration it is entitled to in exchange for the goods it transfers to the customer.

The Group’s revenue is principally derived from the rendering of education services as principal to the members through an online education platform. The online education services currently comprise of two aspects: online vocational training and virtual simulation experimental training. Students that sign up for the online vocational training can log into the platform and access pre-recorded courses in the areas of their professional development. Virtual simulation technology training offers college students the opportunity to conduct experiments in a virtual environment as part of their curricula. For VIP members who have access to all platforms except virtual simulation experimental training, the Group charges a flat annual fee of RMB100 per member. For VIP members who signed up between July 2018 and March 2019 enjoy the sales promotion of extending the membership period from one year to two years. For SVIP members who have access to all platforms including virtual simulation experimental training, the Group charges a flat fee of RMB300 per member per quarter. In response to the outbreak of the COVID-19 in China, all courseware of the Company was free of charge



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during February 1, 2020 to February 29, 2020, and the membership period of the existing paying-members was automatically extended for one month. During the quarter from April to June 2020, the company had a promotion campaign for the new registered VIP members and SVIP members: for new VIP members, they gained a two-years membership which normally be only one-year; for new SVIP members, they gained a six-months membership which normally be only three-months.

The membership services mainly provide access to online education services, which are accounted for as a single performance obligation as the membership services are highly integrated. These service fees are collected in lump-sum for a specific contracted service period when the service contract is signed and the revenues are recognized proportionally over the time throughout service period, as the Group concluded that the membership service represents a stand ready obligation to provide the services while the member simultaneously receives and consumes the benefits of such services throughout the contract period. Deferred revenue refers to the remaining unamortized amount of membership fee that online members paid in advance.

The Group also generates revenue from technology services including software development as well as comprehensive cloud services for private companies, academic institutions and government agencies in PRC, which is recognized proportionally over the time throughout the service period.

**Contract balances**

The following table provides information about the Group's contract liabilities arising from contract with customers. The increase in contract liabilities primarily resulted from the Group's business growth.

	As of	
	September 30, 2021 (Unaudited)	March 31, 2021 (Audited)
Deferred revenue-current	\$ 9,270,561	\$ 11,456,667
Deferred revenue-non-current	—	312,896
<b>Total</b>	<b>\$ 9,270,561</b>	<b>\$ 11,769,563</b>

  

	For the six months ended September 30,	
	2021	2020
Revenue recognized from deferred revenue balance	\$ 11,015,146	\$ 11,941,674

Deferred revenue primarily consists of membership fee received from customers for which the Group's revenue recognition criteria have not been met. The deferred revenue will be recognized as revenue once the criteria for revenue recognition have been met.

The Group's remaining performance obligations represents the amount of the transaction price for which service has not been performed. As of September 30, 2021, the aggregate amount of the transaction price allocated for the remaining performance obligations amounted to \$9,270,561. The Group expects to recognize revenue of \$9,270,561 related the remaining performance obligations over the next 12 months.

**m) Cost of revenue**

Cost of revenue is mainly composed of copyright fees and related expenses for courseware and content development, website maintenance and information technology technicians and other employees, depreciation and amortization expenses, server management and bandwidth leasing fees paid to third-party providers and other miscellaneous expenses.

**n) Employee benefit expenses**

All eligible employees of the Group are entitled to staff welfare benefits including medical care, welfare subsidies, unemployment insurance, pension benefits and housing funds through a PRC government-mandated multi-employer defined contribution plan. The Group is required to make contributions to the plan and accrues for these benefits based on certain percentages of the qualified employees' salaries. The Group recorded employee benefit expenses of \$57,619 and \$8,777 for the six month periods ended September 30, 2021 and 2020, respectively.



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**o) Selling and marketing expenses**

Selling and marketing are expensed as incurred in accordance with ASC 720-35. Among these, advertising and promotion costs were \$373,535 and \$478,881 for the six month periods ended September 31, 2021 and 2020, respectively.

**p) Research and development expenses**

Research and development expenses consist of compensation and benefit expenses to the technology development personnel. Research and development expenses are primarily incurred in the development of new features and general improvement of the technology infrastructure to support its business operations. Research and development costs are expensed as incurred unless such costs qualify for capitalization as software development costs. In order to qualify for capitalization, (i) the preliminary project should be completed, (ii) management has committed to funding the project and it is probable that the project will be completed and the software will be used to perform the function intended, and (iii) it will result in significant additional functionality in the Group's services. No research and development expenses were capitalized for all years presented as the Group has not met all of the necessary capitalization requirements.

**q) Income taxes**

The Group follows the liability method of accounting for income taxes in accordance with ASC 740 ("ASC 740"), Income Taxes. Under this method, deferred tax assets and liabilities are determined based on the difference between the financial reporting and tax bases of assets and liabilities using enacted tax rates that will be in effect in the period in which the differences are expected to reverse. The Group records a valuation allowance to offset deferred tax assets if based on the weight of available evidence, it is more-likely-than-not that some portion, or all, of the deferred tax assets will not be realized. The effect on deferred taxes of a change in tax rate is recognized in tax expense in the period that includes the enactment date of the change in tax rate.

The Group accounted for uncertainties in income taxes in accordance with ASC 740. Interest and penalties related to unrecognized tax benefit recognized in accordance with ASC 740 are classified in the consolidated statements of income as income tax expense.

**r) Value added tax ("VAT")**

The Group is subject to VAT and related surcharges on revenue generated from the rendering of education services to the members through online education platform. The Group records revenue net of output VAT. This output VAT may be offset by qualified input VAT paid by the Group to suppliers. Net VAT balance between input VAT and output VAT is recorded in the line item of tax payable on the consolidated balance sheets.

The Group is subject to VAT at the rate of 6% depending on whether the entity is a general tax payer, and related surcharges on revenue generated from providing services. Entities that are VAT general taxpayers are allowed to offset qualified input VAT, paid to suppliers against their output VAT liabilities.

**s) Ordinary Shares**

The Company accounts for repurchased ordinary shares under the cost method and include such treasury shares as a component of the common shareholders' equity. Cancellation of treasury shares is recorded as a reduction of ordinary shares, additional paid-in capital and retained earnings, as applicable. An excess of purchase price over par value is allocated to additional paid-in capital first with any remaining excess charged entirely to retained earnings. On April 22, 2020, initial shareholders of the Company approved a consolidation and increase of share capital such that the authorized share capital of the Company consists of \$75,000 divided into 500,000,000 ordinary shares of \$0.00015 par value each, resulting in an aggregate of 12,000,000 ordinary shares outstanding. On May 29, 2020, the shareholders approved a consolidation and increase of share capital such that the authorized share capital of the company consists of \$100,000 divided into 500,000,000 ordinary shares of \$0.0002 par value each, resulting in an aggregate of 9,000,000 ordinary shares outstanding. On July 27, 2020, the Company closed its initial public offering of 3,000,000 ordinary shares, US\$0.0002 par value per share at an offering price of \$5.00 per share, resulting in an aggregate of 12,000,000 ordinary shares outstanding. On September 1, 2021, the Company issued 2,900,000 new ordinary shares, resulting in an aggregate of 14,900,000 ordinary shares outstanding. Unless otherwise noted, all share and per share information has been adjusted to retroactively show the effect of the stock consolidation.

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**t) Related parties**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or significant influence, such as a family member or relative, shareholder, or a related corporation.

**u) Statutory reserves**

The Company's PRC subsidiaries are required to make appropriations to certain non-distributable reserve funds.

In accordance with China's Company Laws, the Company's PRC subsidiary that are Chinese companies, must make appropriations from their after-tax profit (as determined under the Accounting Standards for Business Enterprises as promulgated by the Ministry of Finance of the People's Republic of China ("PRC GAAP")) to non-distributable reserve funds including (i) statutory surplus fund and (ii) discretionary surplus fund. The appropriation to the statutory surplus fund must be at least 10% of the after-tax profits calculated in accordance with PRC GAAP. Appropriation is not required if the statutory surplus fund has reached 50% of the registered capital of the respective company. Appropriation to the discretionary surplus fund is made at the discretion of the respective company.

Pursuant to the laws applicable to China's Foreign Investment Enterprises, the Company's subsidiaries that are foreign investment enterprises in China have to make appropriations from their after-tax profit (as determined under PRC GAAP) to reserve funds including (i) general reserve fund, (ii) enterprise expansion fund and (iii) staff bonus and welfare fund. The appropriation to the general reserve fund must be at least 10% of the after tax profits calculated in accordance with PRC GAAP. Appropriation is not required if the reserve fund has reached 50% of the registered capital of the respective company. Appropriations to the other two reserve funds are at the respective company's discretion. The use of the general reserve fund, statutory surplus fund and discretionary surplus fund are restricted to the offsetting of losses to increase the registered capital of the respective company. These reserves are not allowed to be transferred out as cash dividends, loans or advances, nor can they be distributed except under liquidation.

**v) Earnings per share**

The Company computes earnings per share ("EPS") in accordance with ASC 260, "Earnings per Share". ASC 260 requires companies with complex capital structures to present basic and diluted EPS. Basic EPS is measured as Net profit divided by the weighted average common shares outstanding for the period. Diluted EPS is similar to basic EPS but presents the dilutive effect on a per share basis of potential common shares (e.g., convertible securities, options and warrants) as if they had been converted at the beginning of the periods presented, or issuance date, if later. Potential common shares that have an anti-dilutive effect (i.e., those that increase income per share or decrease loss per share) are excluded from the calculation of diluted EPS.

**w) Foreign currency translation**

The Group's principal country of operations is the PRC. The financial position and results of its operations are determined using RMB, the local currency, as the functional currency. The consolidated financial statements are reported using U.S. Dollars as presentational currency. The results of operations and the statement of cash flows denominated in foreign currency are translated at the average rate of exchange during the reporting period. Assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the applicable rates of exchange in effect at that date. The equity denominated in the functional currency is translated at the historical rate of exchange at the time of capital contribution. Because cash flows are translated based on the average translation rate, amounts related to assets and liabilities reported on the consolidated statements of cash flows will not necessarily agree with changes in the corresponding balances on the consolidated balance sheets. Translation adjustments arising from the use of different exchange rates from period to period are included as a separate component of accumulated other comprehensive income (loss) included in consolidated statements of changes in equity. Gains and losses from foreign currency transactions are included in the consolidated statement of income and comprehensive income.

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The value of RMB against U.S. Dollar may fluctuate and is affected by, among other things, changes in the PRC's political and economic conditions. Any significant revaluation of RMB may materially affect the Group's consolidated financial condition in terms of reporting. The following table outlines the currency exchange rates that were used in the consolidated financial statements:

	September 30, 2021	March 31, 2021	September 30, 2020
Year-end spot rate	US\$1= 6.4854 RMB	US\$1= 6.5712 RMB	US\$1= 7.0729 RMB
Average rate	US\$1= 6.4515 RMB	US\$1= 6.7720 RMB	US\$1= 6.9246 RMB

**x) Comprehensive income/(loss)**

Comprehensive income/(loss) is defined as the changes in shareholders' equity during a period arising from transactions and other events and circumstances excluding transactions resulting from investments by shareholders and distributions to shareholders. Comprehensive income or loss is reported in the consolidated statements of comprehensive income/(loss). Accumulated other comprehensive income/(loss), as presented on the accompanying consolidated balance sheets, consists of accumulated foreign currency translation adjustments.

**y) Segment reporting**

In accordance with ASC 280, Segment Reporting, operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker ("CODM"), or decision-making group, in deciding how to allocate resources and in assessing performance. The Group has only one reportable segment since the Group does not distinguish revenues, costs and expenses by operating segments in its internal reporting, and reports costs and expenses by nature as a whole. The Group's CODM, who has been identified as the CEO, reviews the consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole. As the Group generates all of its revenue in the PRC, no geographical segments are presented.

**z) Concentration of risks**

**Exchange Rate Risks**

The Company's Chinese subsidiaries may be exposed to significant foreign currency risks from fluctuations and the degree of volatility of foreign exchange rates between the U.S. Dollar and the RMB. As of September 30, 2021 and March 31, 2021, the RMB denominated cash and cash equivalents amounted to \$18,875,770 and \$14,716,652 respectively.

**Currency Convertibility Risks**

Substantially all of the Group's operating activities are transacted in RMB, which is not freely convertible into foreign currencies. All foreign exchange transactions take place either through the People's Bank of China or other banks authorized to buy and sell foreign currencies at the exchange rates quoted by the People's Bank of China. Approval of foreign currency payments by the People's Bank of China or other regulatory institutions requires submitting a payment application form together with other information such as suppliers' invoices, shipping documents and signed contracts.

**Concentration of Credit Risks**

Financial instruments that potentially subject the Group to concentration of credit risks consist primarily of cash and cash equivalents and accounts receivable, the balances of which stated on the consolidated balance sheets represented the Group's maximum exposure. The Group places its cash and cash equivalents in good credit quality financial institutions in China. Concentration of credit risks with respect to accounts receivables is linked to the concentration of revenue. To manage credit risk, the Group performs ongoing credit evaluations of customers' financial condition.

**aa) Risks and uncertainties**

The operations of the Group are located in the PRC. Accordingly, the Group's business, financial condition, and results of operations may be influenced by political, economic, and legal environments in the PRC, as well as by the general state of the PRC economy. The Group's results may be adversely affected by changes in the political, regulatory and social conditions in the PRC. Although the Group

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has not experienced losses from these situations and believes that it is in compliance with existing laws and regulations including its organization and structure disclosed in Note 1, this may not be indicative of future results.

**ab) Recently announced accounting standards**

The Group considers the applicability and impact of all accounting standards updates (“ASU”). Management periodically reviews new accounting standards that are issued.

The Group does not believe recently issued but not yet effective accounting standards would have a material effect on the consolidated financial position, statements of operations and cash flows.

**ac) Recently adopted accounting standards**

In October 2018, the FASB issued ASU2018-17, Consolidation (Topic 810): Targeted Improvements to Related Party Guidance for Variable Interest Entities. ASU 2018-17 expands the accounting alternative that allows private companies the election not to apply the variable interest entity guidance to qualifying common control leasing arrangements. ASU 2018-17 broadens the scope of the private company alternative to include all common control arrangements that meet specific criteria (not just leasing arrangements). ASU 2018-17 also eliminates the requirement that entities consider indirect interests held through related parties under common control in their entirety when assessing whether a decision-making fee is a variable interest. Instead, the reporting entity will consider such indirect interests on a proportionate basis. The amendments are effective for public business entities for fiscal years beginning after December 15, 2019. Company adopted the accounting standard in April 2020. The adoption of the new guidance did not have a material impact on the Group’s consolidated statement of financial statement.

In August 2018, the FASB issued 2018-15, Intangibles-Goodwill and Other-Internal Use Software (Subtopic 350-40), which reduces complexity for the accounting for costs of implementing a cloud computing service arrangement. The amendment is effective for public companies with fiscal years beginning after December 15, 2019. Company adopted the accounting standard in April 2020. The adoption of the new guidance did not have a material impact on the Group’s consolidated statement of financial statement.

In August 2018, the FASB issued ASU 2018-13, Fair Value Measurement - Disclosure Framework (Topic 820). The updated guidance improves the disclosure requirements on fair value measurements. The updated guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Company adopted the accounting standard in April 2020. The adoption of the new guidance did not have a material impact on the Group’s consolidated statement of financial statement.

In June 2016, the FASB issued ASU No. 2016-13, “Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments” (“ASU 2016-13”). Financial Instruments-Credit Losses (Topic 326) amends guidelines on reporting credit losses for assets held at amortized cost basis and available-for-sale debt securities. For assets held at amortized cost basis, Topic 326 eliminates the probable initial recognition threshold in current GAAP and, instead, requires an entity to reflect its current estimate of all expected credit losses. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of the financial assets to present the net amount expected to be collected. For available-for-sale debt securities, credit losses should be measured in a manner similar to current GAAP, however Topic 326 will require that credit losses be presented as an allowance rather than as a write-down. ASU 2016-13 affects entities holding financial assets and net investment in leases that are not accounted for at fair value through Net profit. The amendments affect loans, debt securities, trade receivables, net investments in leases, off balance sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash. The amendments in this ASU will be effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Company adopted the accounting standard in April 2020. The adoption of the new guidance did not have a material impact on the Group’s consolidated statement of financial statement.

**3. Business Combination**

On September 1, 2021, Wuxi Wangdao acquired 100% equity interest of Jisen Information, for a consideration of 2,900,000 newly issued ordinary shares from the Group. The ordinary shares were registered on September 1, 2021, valued at \$1.60 per share.

The net revenue and net income of Jisen Information since the acquisition date and that were included in the Group’s consolidated statements of operations and comprehensive income/(loss) for the six months ended September 30, 2021 are \$49,309 and \$5,130, respectively.

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The Group engaged an independent valuation firm to assist management in valuing assets acquired, liabilities assumed and intangible assets identified as of the acquisition day.

The identifiable intangible assets acquired upon acquisition were computer software copyrights, which have an estimated useful life of approximately 5 years. All other current assets and current liabilities carrying value approximated fair value at the time of acquisition. The fair value of the consideration was based on closing market price of the Company's common share on the acquisition date.

The allocation of the purchase price is as follows:

	Amount USD
<b>Fair value of total consideration transferred:</b>	
Equity instrument (2.9 million common shares issued)	4,640,000
Cash acquired from business combination	(50,229)
Subtotal	4,589,771
<b>Recognized amounts of identifiable assets acquired and liability assumed:</b>	
Current assets	17,350
Intangible asset - computer software copyrights	175,854
Current liabilities	(140,581)
Deferred tax liabilities	(43,964)
Total identifiable net assets	8,659
Goodwill*	4,581,112

\* The goodwill generated from the expected synergies from the cooperation of promoting the national pilot project of Education Certificate and Several Vocational Skill Level Certificates. Jisen Information develops trading simulators, invests in cloud education curriculum system and customized data analysis platform. Jisen Information's cloud education technology architecture system provides important complement to Company's existing technology platform. With Jisen Information's research and develop ability, the Company expects to lower the cost in platform construction and maintenance. Also, Jisen Information has established cooperation with five Chinese colleges and universities such as Anhui Normal University, Anhui University of Engineering and Anhui Business College. The Company gained potential customer resources from the business acquisition.

The goodwill is not deductible for tax purposes.

The business combination accounting is provisionally complete for all assets and liabilities acquired on the acquisition date and we will continue to evaluate the asset values within the 1-year timeframe as provided in the guidance.

#### 4. Cash and cash equivalents

Cash and cash equivalents consisted of the following:

	As of	
	September 30, 2021	March 31, 2021
Cash on hand	\$ 433	\$ 42
Bank balances	23,711,695	17,453,318
Other monetary funds	231	—
Total	\$ 23,712,359	\$ 17,453,360

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**5. Accounts receivable, net**

Accounts receivable, net consisted of the following:

	As of	
	September 30, 2021	March 31, 2021
Accounts receivable, gross	\$ 50,246	\$ 83,980
Less: allowance for doubtful accounts	—	—
Accounts receivable, net	<u>\$ 50,246</u>	<u>\$ 83,980</u>

**6. Prepayments**

Prepayments consisted of the following:

	As of	
	September 30, 2021	March 31, 2021
Prepaid service fees	\$ 2,787,311	\$ 1,708,093
Prepaid insurance fee	116,222	68,110
Prepaid legal service fee	—	8,334
Total	<u>\$ 2,903,533</u>	<u>\$ 1,784,537</u>

Prepaid service fees consist of prepayment of telecommunications service fee and resource usage fee to colleges and universities in order to access the online course resources of these institutions. The prepayments are generally short-term in nature and are amortized over the related service period.

**7. Other receivables**

	As of	
	September 30, 2021	March 31, 2021
Escrow deposit for IPO guarantee (1)	\$ 150,001	\$ 150,001
Amount due from third parties	36,324	—
Redemption of fund (2)	—	5,563,191
Total	<u>\$ 186,325</u>	<u>\$ 5,713,192</u>

(1) The Company submitted application for redemption of escrow deposit for IPO guarantee in November, 2021.

(2) The Company made an investment in financial assets held for trading of \$8,000,000 which was belonging to Level 3 to measure fair value. As of September 30, 2021, the Company has fully divested of these financial assets.

**8. Long-term investment**

Long-term investment consists of investment in privately held company (“Medical Star”). The following table sets forth the changes in the Group’s Long-term investment:

	Equity Method
	USD
<b>Balance as of March 31, 2021</b>	<b>—</b>
Investment made in privately held company	308,385
Loss from long-term investment	(1,897)
Foreign currency translation adjustments	10
<b>Balance as of September 30, 2021</b>	<b><u>306,498</u></b>

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As of September 30, 2021, Medical Star had \$266,579 total assets and \$32,380 total liabilities. Medical Star incurred a loss of \$9,484 for the six months ended September 30, 2021.

In August 2021, the Group entered an agreement with Fu Zhi Zhong He (Beijing) Health Technology Co., Ltd., Changsha Tangshi Yipai Medical Technology Co., Ltd., and Yaping Zhou to establish a joint venture of Hunan Medical Star Technology Co., Ltd. ("Medical Star") in China to develop the learning platform of traditional Chinese medical science and cultivate a group of talents with integrated traditional Chinese and Western medicine knowledge. The Group invested in Medical Star through purchase of its ordinary shares, with a total cash consideration of \$308,385 (RMB2,000,000) to obtain 20% shareholding interests.

## 9. Property and equipment, net

Property and equipment consisted of the following:

	As of	
	September 30, 2021	March 31, 2021
Server hardware	\$ 21,240,348	\$ 22,242,229
Vehicles	118,573	117,023
	21,358,921	22,359,252
Less: accumulated depreciation	(8,896,823)	(8,633,295)
Property and equipment, net	\$ 12,462,098	\$ 13,725,957

During the six month periods ended September 30, 2021 and 2020, the Group had no impaired or pledged property and equipment.

Additions to property and equipment for the six month periods ended September 30, 2021 and 2020 were \$653,189 and \$3,988,249, respectively. Disposals of property and equipment for the six months ended September 30, 2021 and 2020 were \$58,797 and nil. The difference of the amounts of additions and disposals to property and equipment in reference to the table above was due to the foreign exchange translation.

Depreciation expenses were \$2,051,081 and \$ 1,657,961 for the six month periods ended September 30, 2021 and 2020, respectively.

## 10. Intangible assets, net

Intangible assets consisted of the following:

	As of	
	September 30, 2021	March 31, 2021
Software	\$ 6,154,206	\$ 5,867,028
Courseware	32,256,970	31,835,306
Copyrights	11,169,779	10,850,212
	49,580,955	48,552,546
Less: accumulated amortization	(32,436,537)	(28,136,085)
Intangible assets, net	\$ 17,144,418	\$ 20,416,461

For the six month periods ended September 30, 2021 and 2020, the Group had no impaired or pledged intangible assets.

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Additions to intangible assets for the six month periods ended September 30, 2021 and 2020 were \$209,469 and \$2,254,100, respectively. There were no disposals of intangible assets for the six months ended September 30, 2021 and 2020. The difference of the amounts of additions and disposals to intangible assets in reference to the table above was due to the foreign exchange translation.

Amortization expenses were \$3,948,391 and \$3,157,605 for the six month periods ended September 30, 2021 and 2020, respectively. The following is a schedule, by fiscal year, of amortization amounts of intangible asset as of September 30, 2021:

2022	\$ 7,006,241
2023	4,265,070
2024	3,046,814
2025	2,150,571
Thereafter	675,722
<b>Total</b>	<b>\$ 17,144,418</b>

#### 11. Accounts payable

Accounts payable consisted of the following:

	As of	
	September 30, 2021	March 31, 2021
Payable to a supplier of virtual simulation software	\$ 116,877	\$ 108,381
Payable to accessories suppliers	5,243	5,326
<b>Total</b>	<b>\$ 122,119</b>	<b>\$ 113,707</b>

#### 12. Accrued expenses

Accrued expenses consisted of the following:

	As of	
	September 30, 2021	March 31, 2021
Accrued payroll	\$ 545,781	\$ 544,183
Accrued rental fee	274,074	227,076
Accrued promotion fee	51,105	75,539
Amount due to third parties	29,651	—
Accrued audit fees	20,000	—
Financing consultant fee payable	—	200,000
Accrued compensation benefit	—	5,077
Other	54	54
<b>Total</b>	<b>\$ 920,665</b>	<b>\$ 1,051,929</b>

#### 13. Revenue

Disaggregated revenue by types consisted of the following:

	For the six months ended September 30,	
	2021	2020
Online VIP membership revenue	\$ 9,390,420	\$ 13,026,851
Online SVIP membership revenue	2,348,454	2,147,052
Technology services revenue	112,918	139,877
<b>Total</b>	<b>\$ 11,851,792</b>	<b>\$ 15,313,780</b>



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**14. Cost of revenue**

Cost of revenue consisted of the following:

	For the six months ended September 30,	
	2021	2020
Amortization expenses	\$ 3,948,391	\$ 3,157,605
Depreciation expenses of server hardware	2,051,081	1,657,961
Resource usage fees	806,014	1,297,077
Website maintenance fee	806,014	648,799
Virtual simulation fee	604,727	—
Raw material consumption fees	15,354	23,358
Other	23,426	42,079
<b>Total</b>	<b>\$ 8,255,007</b>	<b>\$ 6,826,879</b>

**15. Operating expenses**

Operating expenses consisted of the followings:

	For the six months ended September 30,	
	2021	2020
<b>Selling and marketing expenses:</b>		
Promotion expenses	\$ 373,535	\$ 478,881
Telecommunications service fees	152,832	210,144
Union pay service charges	93,578	119,921
Employee compensation	88,323	67,151
Employee benefit expenses	11,923	3,715
	<b>\$ 720,191</b>	<b>\$ 879,812</b>
<b>General and administrative expenses:</b>		
Employee compensation	\$ 1,399,552	\$ 1,113,316
Audit fee(1)	352,100	12,119
Consulting fee (1)	161,778	27,706
Insurance fee(1)	95,688	42,192
Attorney fee(1)	76,045	—
Service fee(1)	53,695	190,888
Employee benefit expenses	45,696	5,062
Rental fee	44,221	37,684
Entertainment	22,701	4,553
Travel and Communication expenses	17,219	—
Other	24,316	66,254
	<b>\$ 2,293,011</b>	<b>\$ 1,499,774</b>
<b>Operating expenses</b>	<b>\$ 3,013,202</b>	<b>\$ 2,379,586</b>

(1) Audit fee, consulting fee, insurance fee, attorney fee for the six months ended September 30, 2020 were separated from service fee to list as comparative number.

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## 16. Taxation

The Company is registered in the Cayman Islands. The Group generated substantially all of its income from its PRC operations for the six months ended September 30, 2021 and 2020.

### Cayman Islands

Under the current laws of the Cayman Islands, the Company is not subject to tax on income or capital gain, and no withholding tax is imposed to any dividends and payment made to shareholders.

### Hong Kong

The Company's subsidiary Easy Skills Technology Limited is located in Hong Kong and is subject to an income tax rate of 16.5% for assessable profit earned in Hong Kong before April 2018, and an income tax rate of 8.25% for assessable profit up to HKD 2,000,000 from April 2018 onwards. The Group had no assessable profit subject to Hong Kong profit tax for the six months ended September 30, 2021 and 2020.

### PRC

#### Income Tax

The Company's subsidiaries and the VIE in the PRC are subject to the statutory rate of 25%, in accordance with the Enterprise Income Tax law (the "EIT Law"), which was effective since January 1, 2008.

Dividends, interests, rent or royalties payable by the Group's PRC subsidiaries, to non-PRC resident enterprises, and proceeds from any such non-resident enterprise investor's disposition of assets (after deducting the net value of such assets) shall be subject to 10% withholding tax, unless the respective non-PRC resident enterprise's jurisdiction of incorporation has a tax treaty or arrangements with China that provides for a reduced withholding tax rate or an exemption from withholding tax.

The current and deferred portions of income tax expense included in the consolidated statements of income were as follows:

	For the six months ended September 30,	
	2021	2020
Current	\$ 550,933	\$ 1,744,005
Deferred	734	—
Income tax expense	<u>\$ 551,667</u>	<u>\$ 1,744,005</u>

The following table sets forth reconciliation between the statutory EIT rate of 25% and the effective tax for the six months ended September 30, 2021 and 2020, respectively:

	For the six months ended September 30,	
	2021	2020
Income before income taxes	\$ 508,303	\$ 6,136,698
Tax rate	25 %	25 %
Provision for income taxes at statutory tax rate	\$ 127,076	\$ 1,534,174
Additional deductible of R&D expense	—	(44,936)
Effect of tax exempt entity	411,016	252,066
Effect of previous year tax filing	1,306	—
Effect of non-tax deductible expenses	12,269	2,701
Income tax expense	<u>\$ 551,667</u>	<u>\$ 1,744,005</u>

The temporary difference between the tax base and the reported amount of assets and liabilities in the financial statements for the six months ended September 30, 2021 was derived from the intangible assets recognized from the acquisition of Jisen Information. For the six months ended September 30, 2020, no deferred income tax was recognized.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

*Value Added Tax ("VAT")*

The Group's membership revenues for providing non-academic education services are subject to a simple tax method to calculate VAT at 3%. The Group's technical service revenue is subject to a VAT rate of 6%.

Taxes payable consisted of the following:

	As of	
	September 30, 2021	March 31, 2021
Income tax payable	\$ 244,373	\$ 375,467
VAT payable	36,848	54,961
Other tax payables	11,311	18,057
<b>Total</b>	<b>\$ 292,532</b>	<b>\$ 448,485</b>

**17. Related parties**

- a) The table below sets forth the related party and the relationship with the Company:

Name of related party	Relationship with the Company
Xiaofeng Gao	Chairman of the Board of Directors and Chief Executive Officer, 25.97% beneficial owner of the Company

- b) The Company had the following related party balance with the related party mentioned above:

	As of	
	September 30, 2021	March 31, 2021
Amounts due to Xiaofeng Gao	\$ 5,764	\$ 257,037

- c) The Company had the following related party transaction with the related party mentioned above:

	For the six months ended September 30,	
	2021	2020
Expense paid by Xiaofeng Gao	\$ 1,297	\$ 1,256,522
Repayment to Xiaofeng Gao	252,602	750,181

The Group did not have other significant balances or transactions with its related parties for the six months ended September 30, 2021 and 2020.

**18. Commitments and Contingencies**

- (1) Capital commitment

In February 2021, the Company entered a hardware purchase agreement with Wuxi Vocational Technology College. The unpaid amount \$58,439 (RMB379,000) of hardware is an operational commitment and is due in February 2022.

- (2) Operating lease commitments

The Group's lease consisted of operating leases for administrative office spaces in Wuxi in the PRC. As of September 30, 2021, the Group had no obligation under long-term operating leases and financing lease requiring minimum rentals. As of September 30, 2021, the Group did not have additional operating leases that have not yet commenced.

Total operating lease expenses for the six months ended September 30, 2021 was \$44,221 and was recorded in general and administrative expense on the consolidated statements of operations. As of September 30, 2021, the Group had no future minimum payments under non-cancelable operating leases for a period greater than one year.

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As of September 30, 2021, future minimum payments under non-cancelable operating leases were as follows:

**Future Lease Payments**

Within one year	\$ 20,408
Total	<u>\$ 20,408</u>

**19. Subsequent events**

The Group has evaluated subsequent events through the issuance of the consolidated financial statements and noted that there are no significant subsequent events.

**20. Condensed financial information of the Company**

The condensed financial information of the parent company has been prepared in accordance with SEC Regulation, using the same accounting policies as set out in the Group's consolidated financial statements.

**Condensed balance sheets**

	As of	
	<u>September 30, 2021</u> (Unaudited)	<u>March 31, 2021</u> (Audited)
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 4,185,591	\$ 2,736,708
Deferred expenses	23,811	50,562
Prepayments and other current assets	4,916,222	5,789,634
Investment in subsidiaries and VIE	42,852,027	38,701,420
<b>TOTAL ASSETS</b>	<u><b>\$ 51,977,651</b></u>	<u><b>\$ 47,278,324</b></u>
Amounts due to related parties	1,297	252,602
Amounts due to subsidiaries and VIE	953,742	897,835
Accrued expenses	330,898	562,715
<b>TOTAL LIABILITIES</b>	<u><b>\$ 1,285,937</b></u>	<u><b>\$ 1,713,152</b></u>
<b>Shareholders' equity</b>		
Ordinary shares, par value \$0.0002 per share, 500,000,000 shares authorized; 14,900,000 and 12,000,000 shares issued and outstanding as of September 30, 2021 and March 31, 2021, respectively	2,980	2,400
Additional paid-in capital	18,055,407	13,415,987
Statutory reserve	746,323	745,590
Accumulated profits	30,375,080	30,419,177
Accumulated other comprehensive income	1,511,924	982,018
<b>Total shareholders' equity</b>	<u><b>\$ 50,691,714</b></u>	<u><b>\$ 45,565,172</b></u>

**SKILLFUL CRAFTSMAN EDUCATION TECHNOLOGY LIMITED.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

**Condensed statements of income (unaudited)**

	For the six months ended September 30,	
	2021	2020
<b>Revenue</b>	\$ —	\$ —
<b>Cost of revenue</b>	—	—
<b>Gross profit</b>	—	—
<b>Operating expenses:</b>		
General and administrative expenses	\$ (1,587,311)	\$ (1,008,264)
Share of profit in subsidiaries and VIE	1,600,703	5,400,957
Foreign currency exchange loss	(55,907)	—
Others, net	(849)	—
<b>(Loss)/Income before income tax provision</b>	<b>(43,364)</b>	<b>4,392,693</b>
Provision for income tax	—	—
<b>Net (loss)/profit</b>	<b>\$ (43,364)</b>	<b>\$ 4,392,693</b>

**Condensed statements of comprehensive income (unaudited)**

	For the six months ended September 30,	
	2021	2020
<b>Net (loss)/income</b>	<b>\$ (43,364)</b>	<b>\$ 4,392,693</b>
Other comprehensive income	529,906	1,246,805
<b>Total comprehensive income</b>	<b>\$ 486,542</b>	<b>\$ 5,639,498</b>

**Condensed cash flow**

	For the six months ended September 30,	
	2021	2020
<b>Net cash provided by operating activities</b>	<b>\$ 3,468,883</b>	<b>\$ —</b>
Net cash used in investing activities	(2,020,000)	—
Net cash provided by financing activities	—	—
<b>Net cash inflow</b>	<b>\$ 1,448,883</b>	<b>\$ —</b>

**Basis of presentation**

Condensed financial information is used for the presentation of the Company, or the parent company. The condensed financial information of the parent company has been prepared using the same accounting policies as set out in the Company's consolidated financial statements except that the parent company used the equity method to account for investment in its subsidiaries and VIE.

The parent company records its investment in its subsidiaries and VIE under the equity method of accounting as prescribed in ASC 323, Investments-Equity Method and Joint Ventures. Such investments are presented on the condensed balance sheets as "Investment in subsidiaries and VIE" and their respective profit or loss as "Share of profit in subsidiaries and VIE" on the condensed statements of income. Equity method accounting ceases when the carrying amount of the investment, including any additional financial support, in subsidiaries and VIE is reduced to zero unless the parent company has guaranteed obligations of the subsidiary and VIE or is otherwise committed to provide further financial support. If the subsidiaries and VIE subsequently report net income, the parent company shall resume applying the equity method only after its share of that net income equals the share of net losses not recognized during the period the equity method was suspended.

The parent company's condensed financial statements should be read in conjunction with the Company's consolidated financial statements.