

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

FORM F-1  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933

**Skillful Craftsman Education Technology Limited**

(Exact name of Registrant as specified in its charter)

**Not Applicable**

(Translation of Registrant's name into English)

**Cayman Islands**

(State or other jurisdiction of  
incorporation or organization)

**8200**

(Primary Standard Industrial  
Classification Code Number)

**Not Applicable**

(I.R.S. Employer  
Identification number No.)

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(Name, address, including zip code, and telephone number, including area code, of agent for service)

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**Approximate date of commencement of proposed sale to the public:** as soon as practicable after the effective date of this registration statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933.

Emerging growth company ☒

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 7(a)(2)(B) of the Securities Act. ☐

† The term “new or revised financial accounting standard” refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

CALCULATION OF REGISTRATION FEE

Title of the Class of Securities to be Registered	Amount to be registered	Proposed maximum aggregate offering price per unit	Proposed Maximum Aggregate Offering Price <sup>(1)</sup>	Amount of Registration Fee
Ordinary shares, par value \$0.0001 per share <sup>(2)</sup>	3,450,000	\$ 5.50	\$ 18,975,000	\$ 2,462.96
Underwriter Warrants <sup>(3)</sup>			\$ -	\$ -
Ordinary shares underlying Underwriter Warrants <sup>(2) (4)</sup>	172,500	\$ 6.60	\$ 1,138,500	\$ 147.78
Total	3,622,500		\$ 20,113,500	\$ 2,610.74

- (1) Estimated solely for the purpose of calculating the registration fee under Rule 457(o) of the Securities Act of 1933, as amended (the “Securities Act”). Includes ordinary shares that are issuable upon the exercise of the over-allotment option of The Benchmark Company LLC).
- (2) Pursuant to Rule 416 under the Securities Act, the securities being registered hereunder include such indeterminate number of additional ordinary shares as may be issued after the date hereof as a result of share sub-divisions, share capitalization or similar transactions.
- (3) In accordance with Rule 457(g) under the Securities Act, because the registrant’s ordinary shares underlying the Underwriter’s warrants (“Underwriter Warrants”) are registered hereby, no separate registration fee is required with respect to the warrants registered hereby.
- (4) As estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(g) under the Securities Act. We have agreed to issue to the representative of the underwriters, upon closing of this offering, the Underwriter Warrants exercisable for a period of five years from the effective date of this registration statement entitling the representative to purchase up to 5% of the number of shares sold in this offering at a per share exercise price equal to 120% of the public offering price. The Registration Statement of which this prospectus is a part also covers ordinary shares issuable upon the exercise thereof. See “Underwriting.” As estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(g) under the Securities Act, the proposed maximum aggregate offering price of the ordinary shares underlying the Underwriter Warrants is \$1,138,500 (which is equal to 120% of \$5.50 multiplied by 172,500 shares).

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective.

PRELIMINARY PROSPECTUS (Subject to Completion)

Dated April 23, 2020

3,000,000 Ordinary Shares



Skillful Craftsman Education Technology Limited

This is the initial public offering of ordinary shares of Skillful Craftsman Education Technology Limited, a Cayman Islands exempted company. We are offering ordinary shares on a firm commitment basis. We expect the initial public offering price of the shares will be between \$4.50 and \$5.50 per share. Prior to this offering, there has been no public market for our ordinary shares. We have applied to have our ordinary shares listed on the Nasdaq Capital Market (or Nasdaq) under the symbol “NGJY.” We cannot guarantee that we will be successful in listing our ordinary shares on the Nasdaq; however, we will not complete this offering unless we are so listed. We will not consummate this offering until we receive approval for listing from the Nasdaq.

We are an “emerging growth company,” as that term is used in the Jumpstart Our Business Startups Act of 2012, and will be subject to reduced public company reporting requirements. See “Prospectus Summary — Implications of Being an Emerging Growth Company.”

Investing in our ordinary shares is highly speculative and involves a significant degree of risk. See “Risk Factors” beginning on page 13 of this prospectus for a discussion of information that should be considered before making a decision to purchase our ordinary shares.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

No offer or invitation to subscribe for any securities may be made to the public in the Cayman Islands.

	Per Share	Total
Public offering price	\$	\$
Underwriting fee and commissions <sup>(1) (2)</sup>	\$	\$
Proceeds to us, before expenses	\$	\$

(1) Represents underwriting discount and commissions equal to (i) 7.0% per share (or \$[●] per share), which is the underwriting discount we have agreed to pay on investors in this offering introduced by the underwriters; and (ii) 5% per share (or \$[●] per share), which is the underwriting discount we have agreed to pay on investors in this offering introduced by us.

(2) Does not include a non-accountable expense allowance equal to 1.5% of the gross proceeds of this offering, payable to the underwriters, or the reimbursement of certain expenses of the underwriters. In addition to the underwriting discounts listed above and the non-accountable expense allowance described in the footnote, we have agreed to issue upon the closing of this offering, compensation warrants to The Benchmark Company, LLC, as representative of the underwriters, exercisable for a period of five years from the effective date of this registration statement entitling the representative to purchase up to 5% of the number of shares sold in this offering at a per share exercise price equal to 120% of the public offering price. The registration statement of which this prospectus is a part also covers such warrants and the shares issuable upon the exercise thereof. See “Underwriting” of this prospectus for additional information regarding total underwriter compensation.

We have granted the representative an option, exercisable for 45 days from the date of this prospectus, to purchase up to an additional 450,000 shares on the same terms as the other shares being purchased by the underwriters from us.

The underwriters expect to deliver the ordinary shares against payment as set forth under “Underwriting,” on or about                      , 2020.

**The Benchmark Company LLC**

**Axiom Capital Management, Inc.**

The date of this prospectus is                      , 2020.

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You should rely only on the information contained in this prospectus. We have not, and the underwriters have not, authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. You should not assume that the information contained in this prospectus is accurate as of any date other than the date on the front of this prospectus.

We obtained the statistical data, market data and other industry data and forecasts described in this prospectus from publicly available information, including industry publications. Industry publications generally state that they obtain their information from sources that they believe to be reliable, but they do not guarantee the accuracy and completeness of the information. Similarly, while we believe that the statistical data, industry data and forecasts are reliable, we have not independently verified the data. We have not sought the consent of the sources to refer to their reports appearing or incorporated by reference in this prospectus. We did not commission any third party for collecting or providing data used in this prospectus.

## PROSPECTUS SUMMARY

*This summary highlights certain information contained elsewhere in this prospectus. You should read the entire prospectus carefully, including our financial statements and related notes and the risks described under “Risk Factors” beginning on page 13. We note that our actual results and future events may differ significantly based upon a number of factors. The reader should not put undue reliance on the forward-looking statements in this document, which speak only as of the date on the cover of this prospectus.*

*All references to “we,” “us,” “our,” or similar terms used in this prospectus refer to Skillful Craftsman Education Technology Limited, a Cayman Islands exempted company, including its wholly-owned subsidiaries and variable interest entity, unless the context otherwise indicates.*

*“PRC” or “China” refers to the People’s Republic of China, excluding, for the purpose of this prospectus, Taiwan, Hong Kong and Macau, “RMB” or “Renminbi” refers to the legal currency of China and “\$” or “U.S. dollars” refers to the legal currency of the United States.*

*In April 2020, our initial shareholders 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 before this offering. Unless otherwise indicated, all amounts in this prospectus are expressed on a post-surrender basis. Except as specifically provided otherwise, the information in this prospectus assumes that the underwriters will not exercise their over-allotment option.*

### Overview

We are a provider of online education and technology services in China. While our education services cover a wide range of subjects, including vocational education, continuing education, basic education and higher education, we have been focusing on vocational education since our inception in 2013. We currently provide approximately 407 vocational training courses that cover a wide range of subjects such as mechanics, electrical, auto repair and construction. We also provide technology services including software development as well as comprehensive cloud services for private companies, academic institutions and government agencies in the PRC. Revenue from our online education services accounts for 99.5%, 98.6% and 98.7%, respectively, of our revenue for the six months ended September 30, 2019 and the fiscal years ended March 31, 2019 and 2018 and revenue from technology services accounts for the balance.

Our online education services primarily comprise of two aspects: online vocational training and virtual simulation experimental training. Students that sign up for our online vocational training can log into our platform and access pre-recorded courses in the areas of their professional development. Through our platform, virtual simulation technology training offers college students the opportunity to conduct experiments in a virtual environment as part of their curricula. In response to the recently announced “1+X” policy of the PRC Ministry of Education that requires students of certain selected universities and colleges to obtain vocational training certification in six areas, we plan to expand our services to address subjects required by such policy in the near future.

We currently operate three education platforms, including the Lifelong Education Public Service Platform that is freely accessible to students, teachers and members of our strategic partners, and the Vocational Training Platform and Virtual Simulation Experimental Training Platform to our fee-paying members. There are currently over 200 courses available on the Lifelong Education Public Service Platform covering a wide range of subjects. We also offer 407 vocational training courses on our Vocational Training Platform and 9 experimental programs on our Virtual Simulation Experimental Training Platform. We believe that our courses provide college and vocational school students with practical education to prepare them for jobs in industries with strong hiring demand and also help workers in rural and urban areas and reemployment groups with operational skill development. Compared to traditional classroom-based teaching, which requires hiring and training of instructors in local sites, we are able to expand our geographic footprint to our users nationwide without impacting the quality of our course offerings and provide students and other groups across China with equal access to course materials given by experienced instructors.

The bulk of our revenue is generated from fees paid by registered members of our education platforms. We also generate revenue from technology services to private companies and government agencies. Since we launched our first online education platform in 2014, we have grown substantially. The number of registered members of our platforms has increased from 0.69 million as of December 31, 2014 to 26.3 million as of March 31, 2018, 50.8 million as of March 31, 2019 and 59.5 million as of September 30, 2019. The number of fee-paying members, including registered members of our vocational training platform and our virtual simulation experimental programs, increased from 49,936 as of December 31, 2014 to 1.3 million as of March 31, 2018, 2.3 million as of March 31, 2019 and 2.6 million as of September 30, 2019. Our revenue reached \$14.9 million in fiscal year 2018 and \$24.7 million in fiscal year 2019. Our revenue was \$11.1 million in six months ended September 30, 2018 and \$13.4 million in six months ended September 30, 2019.

Our education platforms are built upon cloud computing technologies. By leveraging a combination of cloud computing software, application and hardware owned by us, we provide an instant computer infrastructure and platform for our online training programs and content sharing for our strategic partners. We believe that, by capitalizing on our innovative cloud-based platform, we have built a highly scalable business that we can expand and replicate rapidly with consistent quality.

Our goal is to position ourselves as a leading provider of online vocational education in the PRC while expanding our education and technology services based on evolving industry trends and government policies. We aim to accomplish our objective by implementing a number of growth strategies as described under "Our Strategies" below.

## **Recent Developments**

### ***Preliminary Estimated Unaudited Financial Data for the Fiscal Year Ended March 31, 2020***

The information set forth below represents our preliminary estimated unaudited financial data for the fiscal year ended March 31, 2020, which is subject to revision based upon the completion of our year-end financial closing process and external audit of our results of operations for the same period. We are also presenting certain operating data for the fiscal year ended or as of March 31, 2020. The below summary of preliminary estimated financial results is not a comprehensive statement of our financial results for the fiscal year ended March 31, 2020. We are still in the process of completing our financial statements for the respective period. Our external auditor has not audited, reviewed, compiled, or applied agreed-upon procedures for the preliminary estimated unaudited financial data presented below. Therefore, it is highly likely that adjustments to the data presented below will be made.

The translations of RMB to U.S. dollars for our preliminary estimated unaudited financial data for the fiscal year ended March 31, 2020 are made at RMB6.9485 to US\$1.00, the average mid-point reference rate set by the People's Bank of China for the fiscal year ended March 31, 2020.

For the fiscal year ended March 31, 2020, we estimate that our total revenues were approximately \$28.7 million, indicating an increase of approximately 16.2%, from \$ 24.7 million for the fiscal year ended March 31, 2019. Approximately 99.3% of our total revenues were generated from online education services in fiscal year ended March 31, 2020, as compared to 98.6% in fiscal year ended March 31, 2019.

Among the revenues generated from online education services, we estimate that approximately 78.6% were generated from online VIP membership revenue and 21.4% from online SVIP membership revenue in fiscal year ended March 31, 2020, as compared to 79.2% and 20.8%, respectively, in fiscal year ended March 31, 2019. Based on the amount of fees we charge and the types of services we provide, our users are divided into three categories: regular members, VIP members and SVIP members. Regular members are not required to pay a fee and only have access to materials on our lifelong education public service platform. VIP members have access to materials on our lifelong education public service platform and vocational training platform by paying a flat-rate annual fee and SVIP members have access to all our platforms by paying a quarterly fee at a higher rate.

We believe that the increase of the revenues generated from our online education services is primarily attributable to our continuous promotional activities and efforts on the virtual simulation experiment platform development during the fiscal year ended March 31, 2020, which attracted more fee-paying members to register. The number of fee-paying members increased from approximately 2.3 million as of March 31, 2019 to approximately 3.1 million as of March 31, 2020.

For the year ended March 31, 2020, our estimated net income was approximately USD 10.1 million, representing an increase of approximately 16.3%, as compared to a net income of USD 8.7 million for the year ended March 31, 2019. We believe that the increase of our net income is mainly attributable to the increase of our gross profit for the year ended March 31, 2020 while the operating expenses remained stable as compared to the year ended March 31, 2019.

## ***Coronavirus (COVID-19) Update***

Many enterprises in China shut down offices and business facilities and asked their employees work at home during the height of China's COVID-19 epidemic period. Our employees worked from home during the entire month of February 2020 and returned to office the week of March 2, 2020. Unlike other enterprises in other industries, we believe that the COVID-19 epidemic may generate business opportunities for us, such as:

(1) Universities, colleges and schools in China postponed the start of spring semester till approximately May 2020. In the meantime, students have been required to study their curriculums online in order to comply with certain COVID-19 related requirements promulgated by the Ministry of Education.

(2) As a result of the aforementioned policies and the general "stay-at-home" environment generated by the epidemic, we believe that the remote learning and online education have become more widely accepted.

We promoted a "One Month For Free" activity during the peak of China's epidemic period that (a) all the courseware and contents were accessible to non-paying registered members for free during the entire month of February 2020, and (b) all existing fee-paying members as of February 1st received one month for free. The promotion was aimed at university/college students who may start as a non-paying registered member and then possibly become to fee-paying members in the future. Primarily as a result of this promotional activity, the number of new non-paying registered members increased by more than 60% in February 2020 compared with that of the previous month (i.e. January). However, the "One Month For Free" promotional did temporarily decrease our revenue in February 2020.

We believe that the outbreak of COVID-19 may have long-term impact to our online education operations. Because the "One Month For Free" promotional activity temporarily decreased revenue in February 2020, we expect that we will miss our targeted revenue performance by about 5% for the fiscal year ended March 31, 2020. At the same time, we believe that the growth of the number of our registered members may initially have a beneficial impact on the business development of the Company. However, it is difficult to predict the long-term impact that the epidemic may have on our business, depending on the duration and severity of the coronavirus' impact on the Company's customers, instructors and students. It is not yet determinable whether February's promotional activity will generate measurable revenue growth in calendar year 2020.

## **Our Strengths**

We believe that the following strengths differentiate us from our competitors and provide us with advantages for realizing the potential of market opportunity:

- Broad Scope of Education Materials Covering Lifelong Education
- Expertise in Online Vocational Training
- Innovative Cloud Computing Based System
- Experienced Management Team

### **Our Strategies**

We plan to implement the following strategies to achieve our goal.

- Expand Course Offering based on Industry Trends and Government Policies
- Integrate Online and Offline Resources for Our Virtual Simulation Experimental Training
- Offer Professional Development Related Services by Leveraging Big Data and Artificial Intelligence Technologies
- Develop Mobile Applications for Our Online Education Services

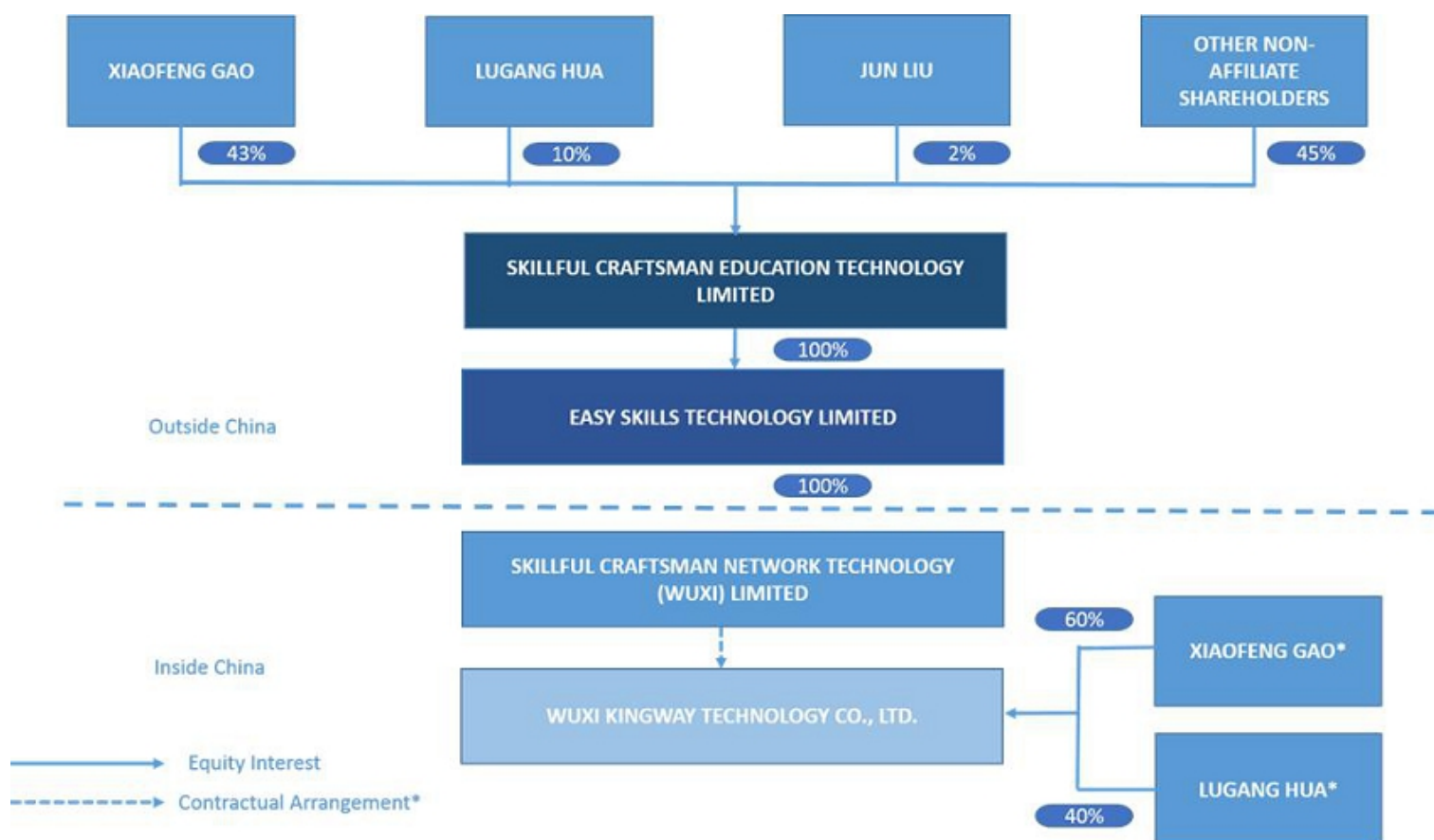
## Corporate History and Structure

Skillful Craftsman Education Technology Limited was incorporated on June 14, 2019 as an exempted company structured as a holding company incorporated under the laws of Cayman Islands. Immediately prior to this offering, 55% of our outstanding ordinary shares were owned by our officers and directors and the remaining shares were owned by unaffiliated individuals and entities. We began our operations in China in 2013 and currently conduct our business through our subsidiaries and variable interest entity.

We currently have three wholly-owned subsidiaries, including Easy Skills Technology Limited, a limited liability company formed under the laws of Hong Kong and Skillful Craftsman Network Technology (Wuxi) Co., Limited, a limited liability company formed under the laws of the PRC (“WOFE” or “Craftsman Wuxi”). In 2013, we formed Wuxi Kingway Technology Co., Ltd. (“Wuxi Wangdao”) under the laws of the PRC to primarily engage in the business of online education and technology services. Due to restrictions imposed by PRC law on foreign ownership of companies engaged in online value-added telecommunications business, we do not own equity interest in our PRC operations. Instead, WOFE controls Wuxi Wangdao, our operating entity in the PRC, through a series of contractual arrangements and we rely on dividends and other distributions paid to us by WOFE, which in turn depends on the service fees paid to WOFE from Wuxi Wangdao. If Wuxi Wangdao and its shareholders fail to perform their obligations under the contractual arrangements, we could be limited in our ability to enforce the contractual arrangements that give us effective control, and if we are unable to maintain effective control, we would not be able to continue to consolidate Wuxi Wangdao’s financial results with our financial results. For fiscal years ended 2019 and 2018, 100% of our consolidated financial statements was derived from Wuxi Wangdao, our variable interest entity. We do not have unfettered access to revenue of our PRC subsidiary and variable interest entity due to PRC legal restrictions on the payment of dividends by PRC companies, foreign exchange control restrictions, and the restrictions on foreign investment.

The following diagram illustrates our corporate structure as of the date of this prospectus.

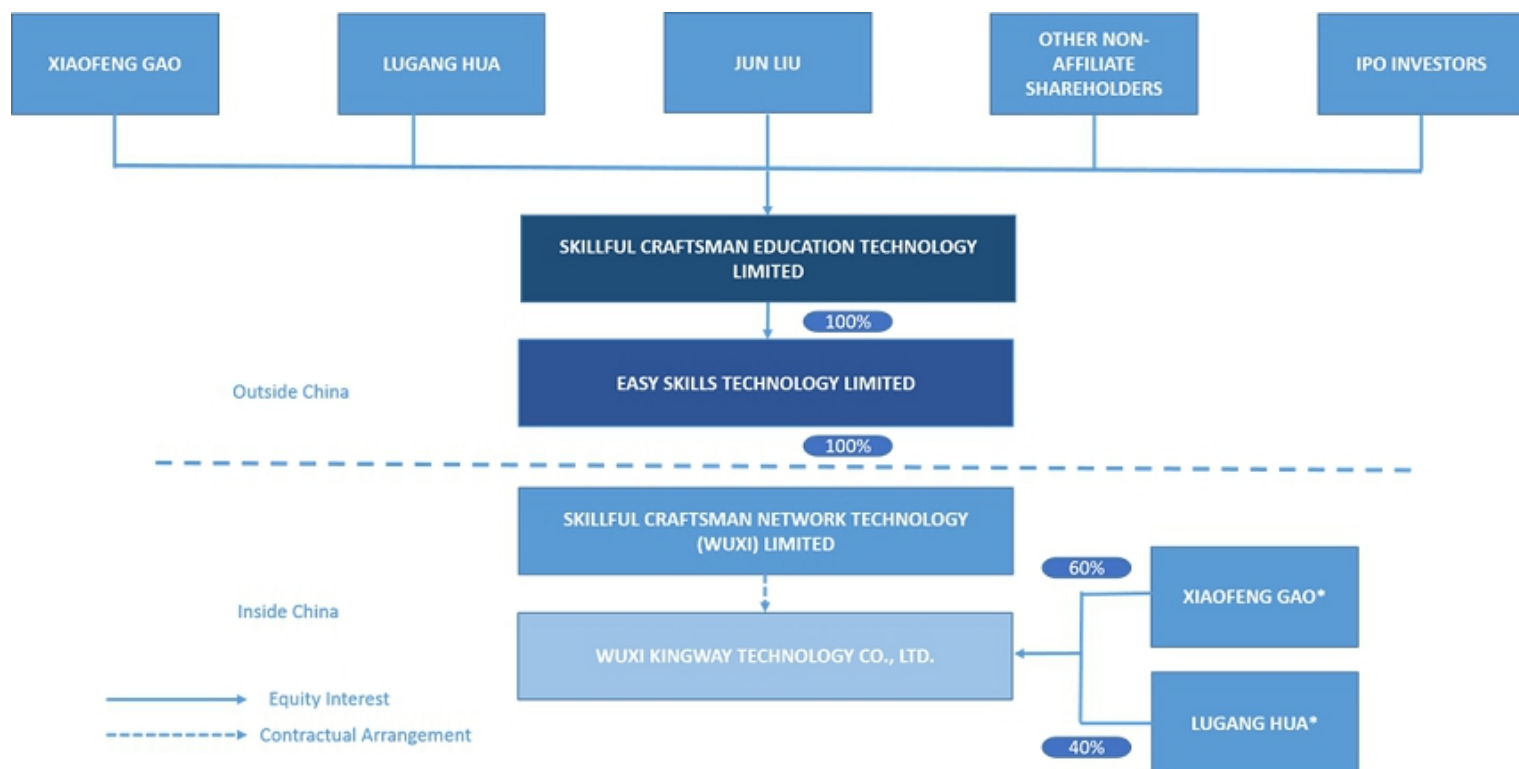
### Pre- IPO Ownership and Organization Chart



\*Xiaofeng Gao and Lugang Hua are shareholders of Wuxi Kingway Technology Co., Ltd. Mr. Gao and Mr. Hua have entered into a series of variable interest entity agreements with Skillful Craftsman Network Technology (Wuxi) Limited, as a result of which Skillful Craftsman Network Technology (Wuxi) Limited has gained the power, rights and obligations equivalent to those of equity owners.

Upon the consummation of this offering, we anticipate that our ownership and corporate structure will be as follows:

### Post-IPO Ownership and Organization Chart



\*Xiaofeng Gao and Lugang Hua are shareholders of Wuxi Kingway Technology Co., Ltd. Mr. Gao and Mr. Hua have entered into a series of variable interest entity agreements with Easy Skills Technology Limited, as a result of which Easy Skills Technology Limited has gained the power, rights and obligations equivalent to those of equity owners.

### Summary of Risks Affecting Our Company

Our business is subject to numerous risks described in the section titled “Risk Factors” and elsewhere in this prospectus. The main risks set forth below and others you should consider are discussed more fully in the section entitled “Risk Factors” beginning on page 13, which you should read in its entirety.

- Our Chairman and Chief Executive Officer has and will continue to exert substantial influence over our company.
- Our executive officers have no prior experience in operating a U.S. public company, and their inability to operating the public company aspects of our business could harm us.
- We may not be able to improve the content of our existing courses, develop new courses or services in a timely or cost-effective manner.
- If we fail to develop and introduce new courses in anticipation of market demand in a timely and cost-effective manner, our competitive position and ability to generate revenues may be materially and adversely affected.
- We rely on contractual arrangements with our PRC operating entity and its shareholders for a portion of our business operations, which may not be as effective as direct ownership in providing operational control.
- Changes in China’s economic, political or social conditions or government policies could have a material adverse effect on our business and operations.
- An active trading market for our ordinary shares may not develop following this offering, and the trading price of our ordinary shares may be volatile, each of which could result in substantial losses to investors.
- Because we are incorporated under Cayman Islands law, investors may face difficulties in protecting their interests, and investors’ ability to protect their rights through U.S. courts may be limited.

## Implications of Being an Emerging Growth Company

As a company with less than \$1.07 billion in revenue during our last fiscal year, we qualify as an “emerging growth company” as defined in the Jumpstart Our Business Startups Act, or JOBS Act, enacted in April 2012, and may take advantage of reduced reporting requirements that are otherwise applicable to public companies. These provisions include, but are not limited to:

- being permitted to present only two years of audited financial statements and only two years of related Management’s Discussion and Analysis of Financial Condition and Results of Operations in our filings with the Securities and Exchange Commission, or the SEC;
- not being required to comply with the auditor attestation requirements in the assessment of our internal control over financial reporting;
- reduced disclosure obligations regarding executive compensation in periodic reports, proxy statements and registration statements; and
- exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved.

We may take advantage of these provisions until the last day of our fiscal year following the fifth anniversary of the date of the first sale of our ordinary shares pursuant to this offering. However, if certain events occur before the end of such five-year period, including if we become a “large accelerated filer,” our annual gross revenues exceed \$1.07 billion or we issue more than \$1.0 billion of non-convertible debt in any three-year period, we will cease to be an emerging growth company before the end of such five-year period.

In addition, Section 107 of the JOBS Act provides that an “emerging growth company” can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act of 1933, as amended (the “Securities Act”), for complying with new or revised accounting standards. We have elected to take advantage of the extended transition period for complying with new or revised accounting standards and acknowledge such election is irrevocable pursuant to Section 107 of the JOBS Act.

## Foreign Private Issuer Status

We are a foreign private issuer within the meaning of the rules under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). As such, we are exempt from certain provisions applicable to United States domestic public companies. For example:

- we are not required to provide as many Exchange Act reports, or as frequently, as a domestic public company;
- for interim reporting, we are permitted to comply solely with our home country requirements, which are less rigorous than the rules that apply to domestic public companies;
- we are not required to provide the same level of disclosure on certain issues, such as executive compensation;
- we are exempt from provisions of Regulation FD aimed at preventing issuers from making selective disclosures of material information;
- we are not required to comply with the sections of the Exchange Act regulating the solicitation of proxies, consents or authorizations in respect of a security registered under the Exchange Act; and
- we are not required to comply with Section 16 of the Exchange Act requiring insiders to file public reports of their share ownership and trading activities and establishing insider liability for profits realized from any “short-swing” trading transaction.

## Corporate Information

Our principal executive offices are located at Floor 4, Building 1, No. 311, Yanxin Road, Huishan District, Wuxi, Jiangsu Province, PRC, and our telephone number at that address is 86-0510-81805788. Our corporate website is [www.kingwayup.com](http://www.kingwayup.com). Information contained on, or available through, our website does not constitute part of, and is not deemed incorporated by reference into, this prospectus. Our registered office in the Cayman Islands is located at PO Box 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands. Our agent for service of process in the United States is Puglisi & Associates, located at 850 Library Avenue, Suite 204, Newark, Delaware 19711.

We are a Cayman Islands exempted company. Exempted companies are Cayman Islands companies conducting business mainly outside the Cayman Islands and, as such, are exempt from complying with certain provisions of the Companies Law. As an exempted company, we have received a tax exemption undertaking from the Cayman Islands government that, in accordance with Section 6 of the Tax Concessions Law (2018 Revision) of the Cayman Islands, for a period of 20 years from the date of the undertaking, no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations will apply to us or our operations and, in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax will be payable (i) on or in respect of our shares, debentures or other obligations or (ii) by way of the withholding in whole or in part of a payment of dividend or other distribution of income or capital by us to our shareholders or a payment of principal or interest or other sums due under a debenture or other obligation of us.

## Conventions that Apply to this Prospectus

This prospectus contains information and statistics relating to China's economy and the industries in which we operate derived from various publications issued by third-party research companies and PRC governmental entities, which have not been independently verified by us, the underwriters or any of their affiliates or advisors. The information in such sources may not be consistent with other information compiled in or outside of China.

We use U.S. dollars as the reporting currency in our financial statements and in this prospectus. Monetary assets and liabilities denominated in Renminbi are translated into U.S. dollars at the rates of exchange as of the applicable balance sheet date. Equity accounts are translated at historical exchange rates, and revenues, expenses, gains and losses are translated using the average rates for the applicable period. In other parts of this prospectus, any Renminbi denominated amounts are accompanied by the related translations. With respect to amounts not recorded in our consolidated financial statements included elsewhere in this prospectus, all translations from Renminbi to U.S. dollars were made at RMB 6.7335 to \$1.00, the exchange rate on March 31, 2019 as set forth in the release of China State Administration of Foreign Exchange system. We make no representation that the Renminbi or U.S. dollar amounts referred to in this prospectus could have been or could be converted into U.S. dollars or Renminbi, as the case may be, at any particular rate or at all. The PRC government restricts or prohibits the conversion of Renminbi into foreign currency and foreign currency into Renminbi for certain types of transactions — overseas investments in areas including real estate, hotels, cinemas, the entertainment industry, and sports clubs will be limited, while investments in some sectors such as gambling will be banned.

Unless the context indicates otherwise, all information in this prospectus assumes no exercise by the representative of the underwriters of its over-allotment option.

## SUMMARY CONSOLIDATED FINANCIAL AND OPERATING DATA

The following summary consolidated financial data for the six months ended September 30, 2019 and 2018 and the fiscal years ended March 31, 2019 and 2018 are derived from our consolidated financial statements included elsewhere in this prospectus. Our consolidated financial statements are prepared and presented in accordance with the generally accepted accounting principles in the United States (“U.S. GAAP”).

Our historical results for any period are not necessarily indicative of results to be expected for any future period. You should read the following summary financial information in conjunction with the consolidated financial statements and related notes and the information under “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included elsewhere in this prospectus.

The following table presents our summary consolidated statements of operations and comprehensive income (loss) for the six months ended September 30, 2019 and 2018 and the fiscal years ended March 31, 2019 and 2018.

### Summary Consolidated Statements of Income data:

	For the six months ended September 30,		For the years ended March 31,	
	2019	2018	2019	2018
<b>Revenue</b>	\$ 13,420,883	\$ 11,122,248	\$ 24,668,840	\$ 14,910,543
<b>Cost of revenue</b>	(5,350,363)	(3,739,458)	(9,458,559)	(4,715,419)
<b>Gross profit</b>	<u>8,070,520</u>	<u>7,382,790</u>	<u>15,210,281</u>	<u>10,195,124</u>
Operating expenses:				
Selling and marketing expenses	(776,903)	(738,515)	(1,832,006)	(1,148,375)
General and administrative expenses	(473,802)	(633,181)	(1,899,110)	(1,108,280)
Total operating expenses	<u>(1,250,705)</u>	<u>(1,371,696)</u>	<u>(3,731,116)</u>	<u>(2,256,655)</u>
<b>Income from operations</b>	<b>6,819,815</b>	<b>6,011,094</b>	<b>11,479,165</b>	<b>7,938,469</b>
Interest income	41,692	39,531	88,588	76,324
Others, net	(3,345)	(64)	(195)	(114)
Income before income taxes	6,858,162	<b>6,050,561</b>	11,567,558	8,014,679
Income tax expense	(1,724,099)	(1,513,006)	(2,892,500)	(2,004,711)
<b>Net profit</b>	<u><b>\$ 5,134,063</b></u>	<u><b>\$ 4,537,555</b></u>	<u><b>\$ 8,675,058</b></u>	<u><b>\$ 6,009,968</b></u>
Less: net profit attributable to non-controlling interests	-	-	-	-
<b>Net profit attributable to Skillful Craftsman Education Technology Limited’s shareholders</b>	<b>5,134,063</b>	<b>4,537,555</b>	<b>8,675,058</b>	<b>6,009,968</b>
Net earnings per ordinary share, basic and diluted	0.43	0.38	0.72	0.50
Weighted average number of ordinary shares, basic and diluted	12,000,000	12,000,000	12,000,000	12,000,000
<b>Net profit</b>	<u><b>\$ 5,134,063</b></u>	<u><b>\$ 4,537,555</b></u>	<u><b>8,675,058</b></u>	<u><b>\$ 6,009,968</b></u>
Other comprehensive (loss) /income:				
Foreign currency translation adjustment	(1,020,318)	(1,104,201)	(735,192)	722,635
<b>Total comprehensive income</b>	<u><b>4,113,745</b></u>	<u><b>3,433,354</b></u>	<u><b>7,939,866</b></u>	<u><b>6,732,603</b></u>

**Summary Consolidated Balance Sheet Data, Statements of Financial Position**

	<b>As of September 30,</b>		<b>As of March 31,</b>	
	<b>2019</b>		<b>2019</b>	<b>2018</b>
Total current assets	\$ 13,717,726		\$ 11,716,226	\$ 5,069,793
Total assets	45,816,287		43,537,673	30,054,212
Total current liabilities	20,067,735		15,845,805	18,975,046
Total liabilities	22,683,510		24,518,641	18,975,046
Total Shareholders' Equity	23,132,777		19,019,032	11,079,166

**Summary Consolidated Statements of Cash Flow Data:**

	<b>For the six months ended September 30,</b>		<b>For the years ended March 31,</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Net cash provided by operating activities	\$ 6,782,179	\$ 10,983,272	\$ 20,292,760	\$ 16,952,108
Net cash used in investing activities	(5,725,990)	(9,232,500)	(15,746,284)	(15,073,518)
Net cash provided by financing activities	-	-	-	-
Net increase in cash and cash equivalents	1,595,255	2,578,425	5,466,216	848,296
Cash and cash equivalents at beginning of period	10,362,283	4,896,067	4,896,067	4,047,771
Cash and cash equivalents at end of period	11,957,538	7,474,492	10,362,283	4,896,067

## The Offering

Securities being offered:	3,000,000 ordinary shares on a firm commitment basis.
Initial offering price:	We estimate the initial public offering price for the ordinary shares will be between \$4.50 and \$5.50 per ordinary share.
Number of ordinary shares outstanding before the offering:	12,000,000 ordinary shares.
Number of ordinary shares outstanding after the offering:	15,450,000 ordinary shares, assuming full exercise of the representative's over-allotment option, and 15,000,000 ordinary shares, assuming no exercise of the over-allotment option.
Underwriters' Over-Allotment Option	We have granted the representative of the underwriters an option for a period of up to 45 days to purchase up to 450,000 additional ordinary shares.
Use of proceeds:	<p>We expect to receive net proceeds of approximately \$13.01 million from this offering, assuming an initial public offering price of \$5.00 per ordinary share (which is the midpoint of the estimated range of the initial public offering price shown on the cover page of this prospectus) and no exercise of the underwriters' over-allotment option, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.</p> <p>We intend to use the net proceeds of this offering for the development of additional online courses, vocational education mobile application and additional platforms for vocational education and related services. For more information on the use of proceeds, see "Use of Proceeds" on page 47.</p>
Lock-up agreements	Our directors and officers and certain shareholders have agreed with the underwriter, subject to certain exceptions, not to sell, transfer or dispose of, directly or indirectly, any of our ordinary shares or securities convertible into or exercisable or exchangeable for our ordinary shares for a period of 12 months from the date of this prospectus. See "Shares Eligible for Future Sale" and "Underwriting" for more information.
Proposed Nasdaq symbol:	We have applied to have our ordinary shares listed on the Nasdaq under the symbol "NGJY."
Risk factors:	<b>Investing in our ordinary shares is highly speculative and involves a significant degree of risk.</b> As an investor you should be able to bear a complete loss of your investment. You should carefully consider the information set forth in the "Risk Factors" section beginning on page 13.

## RISK FACTORS

*Investing in our ordinary shares is highly speculative and involves a significant degree of risk. You should carefully consider the following risks, as well as other information contained in this prospectus, before making an investment in our company. The risks discussed below could materially and adversely affect our business, prospects, financial condition, results of operations, cash flows, ability to pay dividends and the trading price of our ordinary shares. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our business, prospects, financial condition, results of operations, cash flows and ability to pay dividends, and you may lose all or part of your investment.*

### **Risks Related to Our Business and Industry**

***If we are not able to continue to attract students to register on our training platforms or successfully convert our nonpaying registered members to fee-paying members, our business and prospects will be materially and adversely affected.***

The success of our business depends primarily on the number of student members enrolled in our training platforms. Therefore, our ability to continue to attract students to register on our training platform is critical to the continued success and growth of our business. This in turn will depend on several factors, including our ability to develop new courses and enhance existing courses to respond to changes in market trends and student demands, manage our growth while maintaining consistent and high education quality, broaden our relationships with strategic partners and market our courses effectively to a broader base of prospective students. Furthermore, our ability to attract students also depends on our ability to provide educational content that is perceived as more effective than the standard curricula of universities in China in terms of practical job-oriented training. If we are unable to continue to attract students to register on our platform, our net revenues may decline, which may have a material adverse effect on our business, financial condition and results of operations.

In addition, the majority of our revenue is derived from fees paid by our members. The conversion of our nonpaying registered members to fee-paying members is key to our ability to generate revenue. As of September 30, 2019, only 4.3% of our total registered members were fee-paying members. We cannot assure you that our nonpaying registered members will convert into fee-paying members in the future. Such conversion is subject to a number of factors such as compatibility of our fee-paying programs with market demands for vocational and other skills, changes in policies of the MOE and our ability to maintain and expand our strategic cooperation with education industry associations, vocational schools and universities. If our nonpaying registered members do not convert into fee-paying members, our business, financial condition and results of operations will be adversely affected.

***We may not be able to improve the content of our existing courses, develop new courses or services in a timely or cost-effective manner.***

Historically, our core business centered on the vocational education courses offered through our platform. We have since expanded our course offerings to target students. We constantly update and improve the content of our existing courses and develop new courses or services to meet changing market demands. Revisions to our existing courses and our newly developed courses or services may not be well received by existing or prospective students. If we cannot respond effectively to changes in market demands, our business may be adversely affected. Even if we are able to develop new courses or services that are well received, we may not be able to introduce them in a timely or cost-effective manner. If we do not respond adequately to changes in market demands, our ability to attract and retain students may be impaired and our financial results could suffer.

The effectiveness of our program depends on the success of our personalized learning approach to vocational education, which in turn is determined by the efficiency of our data analytics know-how. We might not be able to continue to efficiently monitor and analyze relevant data important for us to provide a personalized learning experience for our students, or to continue to drive our curriculum development and other operational aspects of our platforms.

The timing of the introduction of new courses is subject to risks and uncertainties, including our ability to attract students. Offering new courses or services or modifying existing courses may require us to invest in content development, increase marketing efforts and re-allocate resources away from other uses. Unexpected technical, operational, logistical or other problems could delay or prevent the introduction of one or more new courses. Moreover, we cannot assure you that any of these courses or programs will match the quality or popularity of those developed by our competitors, achieve widespread market acceptance or contribute the desired level of income. We may have limited experience with the content of new courses or services and may need to adjust our systems and strategies to incorporate new courses or services into our existing course catalogue. If we are unable to continuously improve the content of our existing courses, or offer new courses or services in a timely or cost-effective manner, our results of operations and financial condition could be adversely affected.

***If we are not able to continually tailor our curriculum to market demand and enhance our courses to adequately and promptly respond to developments in the PRC job market, our courses may become less attractive to students.***

New trends in the global economy and rapid developments in the services industries may change the type of skills required for workers in the marketplace. This requires us to continually develop, update and enhance our course materials to adapt to the needs of the job market in China. We may be unable to update our courses in a timely and cost-effective manner, or at all, to keep pace with changes in market requirements. Any inability to track and respond to these changes in a cost-effective and timely manner or to tailor our courses to the job markets in China would render our courses less attractive to students, which may materially and adversely affect our reputation and ability to continue to attract students and cause us to lose market share.

***If we fail to develop and introduce new courses in anticipation of market demand in a timely and cost-effective manner, our competitive position and ability to generate revenues may be materially and adversely affected.***

Since our inception, our primary focus has been on providing vocational education services. We have since expanded our course offerings to include college students training. We intend to continue developing new courses in anticipation of market demand. The introduction of new courses is subject to risks and uncertainties. Unexpected technical, operational, logistical, regulatory or other problems could delay or prevent the introduction of one or more new courses. Moreover, we cannot assure you that any of these new courses will match the quality or popularity of those developed by our competitors, achieve widespread market acceptance or generate the desired level of income for our students.

Offering new courses requires us to make investments in content development, recruit and train additional qualified instructors and teaching assistants, increase marketing efforts and re-allocate resources away from other uses. We may have limited experience with the content of new courses and may need to modify our systems and strategies to incorporate new courses into our existing course offerings. In offering courses in new subject areas, we may face new risks and challenges that we are not familiar with. Furthermore, we may experience difficulties in recruiting or otherwise identifying qualified instructors to develop the content for these new courses. If we are unable to offer new courses in a timely and cost-effective manner, our results of operations and financial condition could be adversely affected.

***If our students' level of performance deteriorates or satisfaction with our services declines, the students may decide to withdraw from our courses and request refunds and our business, financial condition, results of operations and reputation would be adversely affected.***

The success of our business depends in part on our ability to deliver a satisfactory learning experience and improved academic results and skillsets. Our services may fail to improve a student's academic performance or skillsets, and a student may perform below expectations even after completing our courses. Additionally, student satisfaction with our services may decline. A student's learning experience may also suffer if our courses do not meet his expectations. We generally offer refunds for the remaining portion of the students' membership fees if they become unsatisfied with our programs and submit their refund request with our customer services Department. If a significant number of students fail to improve their academic performance or skillsets after attending our courses or if their learning experiences with us are unsatisfactory, they may decide to withdraw from our programs and request refunds, and our business, financial condition, results of operations and reputation would be adversely affected.

***Our results of operations may fluctuate significantly and may not fully reflect the underlying performance of our business.***

Our results of operations, including our operating revenue, expenses and other key metrics, may vary significantly in the future and period-to-period comparisons of our operating results may not be meaningful. Accordingly, the results for any one quarter are not necessarily an indication of future performance. Our financial results may fluctuate due to a variety of factors, some of which are outside of our control and, as a result, may not fully reflect the underlying performance of our business. Fluctuation in our operating results may adversely affect the price of our ordinary shares. Factors that may cause fluctuations in our quarterly results include:

- our ability to attract new fee-paying members and customers, maintain relationships with existing members and customers, and expand into new territories in China;

- the amount and timing of operating expenses related to the maintenance and expansion of our business, operations and infrastructure;
- general economic, industry and market conditions in China;
- our emphasis on customer experience instead of near-term growth; and
- the timing of expenses related to the development or acquisition of technologies or businesses and potential future charges for impairment of goodwill from acquired technologies or businesses.

***Our new courses and services may compete with our existing courses and services.***

We are constantly developing new courses and services to meet changes in student demands, school curriculum, testing materials, government policies, market trends and technologies. While some of the courses and services that we develop will expand our current course catalogue and services and increase student enrollment, others may compete with or render obsolete our existing courses and services without increasing our total student enrollment. If we are unable to increase our total student enrollment and profitability as we expand our course catalogue and services, our business and growth may be adversely affected.

***If we are unable to control costs or implement efficient security system in connection with our cloud computing system, our business, financial condition and results of operations will be adversely affected.***

While most of our competitors in the online education market rely on cloud systems operated by third parties to operate their platforms and online programs, we operate our own cloud computing system consisting of cloud computing software, application and hardware. Although such systems provide an instant computer infrastructure and platform for our online training programs and content sharing with our strategic partners, we incur expenses as a result of continuous development and maintenance of such system, which might be higher than the expenses of using third party cloud computing systems. In addition, operating a cloud computing system requires establishing and implementing an efficient data management and security system. If our data management system turns out to be inefficient, our business, reputation and financial condition will be adversely affected.

***We may not be able to adopt new technologies important to our business.***

Technology standards in internet and value-added telecommunications services and products in general, and in online education in particular, may change over time. If we fail to anticipate and adapt to technological changes, our market share and our business development could suffer, which in turn could have a material and adverse effect on our financial condition and results of operations. If we are unsuccessful in addressing any of the risks related to new courses, our reputation and business may be materially and adversely affected.

***Some students may decide not to continue taking our courses for a number of reasons, including a perceived lack of improvement in their performance in specific courses, a change in requirements or general dissatisfaction with our programs, which may adversely affect our business, financial condition, results of operations and reputation.***

The success of our business depends in large part on our ability to retain our students by delivering a satisfactory learning experience and improving their performance in the courses they have taken. If students feel that we are not providing them the experience they are seeking, they may choose not to renew their existing packages. For example, our courses may fail to significantly improve a student's performance in the relevant subject area. Student satisfaction with our programs may decline for a number of reasons, many of which may not reflect the effectiveness of our lessons and teaching methods. Students also need to be self-motivated in order to successfully complete the courses in which they enroll. If students' performances decline as a result of their own study habits or inability to learn the course material, they may not renew their memberships with us or refer other students to us, which could materially adversely affect our business.

A student's learning experience may also suffer if his user experience does not meet expectations. If a significant number of students fail to significantly improve their proficiency in the applicable course subject after taking our lessons or if their learning experiences with us are unsatisfactory, they may not renew their memberships with us or refer other students to us and our business, financial condition, results of operations and reputation would be adversely affected.

***Failure to protect the confidential information of our teachers, students and other customers against security breaches could damage our reputation and brand and substantially harm our business and results of operations.***

A significant challenge to the online education industry is the secure storage of confidential information and its secure transmission over public networks. Most purchases of our membership are made through our websites. In addition, online payments for our membership are settled through third-party online payment services. Maintaining complete security for the storage and transmission of confidential information on our technology platform, such as student names, personal information and billing addresses, is essential to maintaining student confidence.

We have adopted security policies and measures to protect our proprietary data and student information. However, advances in technology, the expertise of hackers, new discoveries in the field of cryptography or other events or developments could result in a compromise or breach of the technology that we use to protect confidential information. We may not be able to prevent third parties, especially hackers or other individuals or entities engaging in similar activities, from illegally obtaining such confidential or private information we hold as a result of our users' visits to our websites. Such individuals or entities obtaining our clients' confidential or private information may further engage in various other illegal activities using such information. Any negative publicity regarding our websites' safety or privacy protection mechanisms and policies, and any claims asserted against us or fines imposed upon us as a result of actual or perceived failures, could have a material and adverse effect on our public image, reputation, financial condition and results of operations.

Practices regarding the collection, use, storage, transmission and security of personal information by companies operating over the internet platforms have recently come under increased public scrutiny. Increased regulation by the PRC government of data privacy on the internet may occur and we may become subject to new laws and regulations applying to the solicitation, collection, processing or use of personal or consumer information that could affect how we store and process the data of our students and clients. We generally comply with industry standards and are subject to the terms of our own privacy policies. Compliance with any additional laws could be expensive, and may place restrictions on the conduct of our business and the manner in which we interact with our students and other clients. Any failure to comply with applicable regulations could also result in regulatory enforcement actions against us.

Significant capital and other resources may be required to protect against information security breaches or to alleviate problems caused by such breaches or to comply with our privacy policies or privacy-related legal obligations. The resources required may increase over time as the methods used by hackers and others engaged in online criminal activities are increasingly sophisticated and constantly evolving. Any failure or perceived failure by us to prevent information security breaches or to comply with privacy policies or privacy-related legal obligations, or any compromise of security that results in the unauthorized release or transfer of personally identifiable information or other student data, could cause our students to lose trust in us and could expose us to legal claims. Any perception by the public that online transactions or the privacy of user information are becoming increasingly unsafe or vulnerable to attacks could inhibit the growth of online education services generally, which may negatively impact our business prospects.

***Our business, financial condition and results of operations may be adversely affected by a downturn in the global or Chinese economy.***

Because our student enrollment may depend on our students' and potential students' levels of disposable income, perceived job prospects and willingness to spend, as well as the level of hiring demand of positions in the areas of our training, our business and prospects may be affected by economic conditions in China or globally. The global financial markets experienced significant disruptions in 2008 and the United States, Europe and other economies went into recession. The recovery from the lows of 2008 and 2009 was uneven and is continuously facing new challenges, including the escalation of the European sovereign debt crisis since 2011 and the slowdown of the Chinese economy in 2012. 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. A decline in the economic prospects in the mechanics and other industries could alter current or prospective students' spending priorities and the recruiting demand from workers in these areas. We cannot assure you that education spending in general or with respect to our course offerings in particular will increase, or not decrease, from current levels. Therefore, a slowdown in China's economy or the global economy may lead to a reduction in demand for mechanics or other training covered by our courses, which could materially and adversely affect our financial condition and results of operations.

***Our business, financial condition and results of operations may be affected due to a Novel Coronavirus outbreak in China.***

In response to the outbreak of the Novel Coronavirus in China, all courseware of the Company was free of charge during February 1, 2020 to February 29, 2020, and the membership period of the existing paying-members was automatically extended for one month. The promotional activity during the epidemic caused reduced online revenue of the Company in February 2020 and we believe that it will prevent the Company from meeting its targeted performance for the fiscal year ended March 31, 2020. The number of new registered members, however, in February 2020 reached approximately 2.2 million, an increase of over 60% to January 2020. As such, it is expected that certain of these new registered members will become fee paying-members in the future. However, it is difficult to predict the long-term impact that the epidemic may have on our business, depending on the duration and severity of COVID-19's impact on our customers, instructors and students.

***If labor costs in the PRC increase substantially, our business and costs of operations may be adversely affected.***

In recent years, the Chinese economy has experienced inflation and labor cost increases. Average wages are projected to continue to increase. Further, under PRC law we are required to pay various statutory employee benefits, including pensions, housing funds, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance to designated government agencies for the benefit of our employees. The relevant government agencies may examine whether an employer has made adequate payments to the statutory employee benefits, and those employers who fail to make adequate payments may be subject to late payment fees, fines and/or other penalties. We expect that our labor costs, including wages and employee benefits, will continue to increase. If we are unable to control our labor costs or pass such increased labor costs on to our customers by increasing the price of our products and services, our financial condition and results of operations may be adversely affected.

***Competition for our employees is intense, and we may not be able to attract and retain the highly skilled employees needed to support our business.***

As we continue to experience growth, we believe our success depends on the efforts and talents of our employees, including software developers and financial personnel. Our future success depends on our continued ability to attract, develop, motivate and retain highly qualified and skilled employees. Competition for highly skilled personnel is extremely intense. We may not be able to hire and retain these personnel at compensation levels consistent with our existing compensation and salary structure. Many of the companies with which we compete for experienced employees have greater resources than we have and may be able to offer more attractive terms of employment.

In addition, we invest significant time and expense in training our employees, which increases their value to competitors who may seek to recruit them. If we fail to retain our employees, we could incur significant expenses in hiring and training their replacements, and the quality of our services and our ability to serve customers could diminish, resulting in a material adverse effect on our business.

***Allegations, harassment or other detrimental conduct by third parties, as well as the public dissemination of negative, inaccurate or misleading information about us, could harm our reputation and adversely affect the price of our ordinary shares.***

We may be subject to allegations by third parties or purported current or former employees, negative internet postings and other negative, inaccurate or misleading publicity related to our business and operations. We may also become the target of harassment or other detrimental conduct by third parties or disgruntled former or current employees. Such conduct may include complaints, anonymous or otherwise, to our board, advisors, regulatory agencies, media or other organizations. Depending on their nature and significance, we may need to conduct internal investigations to appropriately review any such allegations. We may also be subject to government or regulatory inquiries or, investigations or other proceedings as a result of such third-party conduct and may be required to spend significant time and incur substantial costs to address such conduct, and there is no assurance that we will be able to conclusively refute each of the allegations within a reasonable period of time, or at all. Allegations may be posted on the internet, including social media platforms, by anyone anonymously. Any negative, inaccurate or misleading publicity about us or our management can be quickly and widely disseminated. Social media platforms and devices immediately publish the content of their subscribers' and participants' posts, often without filters or checks on the accuracy of the content posted. Information posted on the internet or otherwise publicly released, including by us or our employees, may be inaccurate or misleading, and the information or the inaccurate or misleading nature of the information, may harm our reputation, business or prospects. The harm may be immediate without affording us an opportunity for redress or correction. Our reputation may be negatively affected as a result of the public dissemination of negative, inaccurate, or misleading information about our business and operations, which in turn may cause us to lose market share or students, and adversely affect the price of our ordinary shares.

***Our business depends on the continued efforts of our senior management, particularly Mr. Xiaofeng Gao. If Mr. Gao or one or more other of our key executives were unable or unwilling to continue in their present positions, our business may be severely disrupted.***

Our business operations depend on the continuing services of our senior management, particularly Mr. Xiaofeng Gao, our Chairman and Chief Executive Officer, and our other executive officers named in this prospectus. While we have provided different incentives to our management, we cannot assure you that we can continue to retain their services. If one or more of our key executives were unable or unwilling to continue in their present positions, we may not be able to replace them easily or at all, our future growth may be constrained, our business may be severely disrupted and our financial condition and results of operations may be materially and adversely affected, and we may incur additional expenses to recruit, train and retain qualified personnel. In addition, although we have entered into confidentiality and non-competition agreements with our key executives of our subsidiaries in China, there is no assurance that any member of our management team will not join our competitors or form a competing business. If any dispute arises between us and our current or former officers, we may have to incur substantial costs and expenses in order to enforce such agreements in China or we may be unable to enforce them at all.

***Our executive officers have no prior experience in operating a U.S. public company, and their inability to operate the public company aspects of our business could harm us.***

Our executive officers have no experience in operating a U.S. public company, which makes our ability to comply with applicable laws, rules and regulations uncertain. Our failure to comply with all laws, rules and regulations applicable to U.S. public companies could subject us or our management to regulatory scrutiny or sanction, which could harm our reputation and share price.

***From time to time we may evaluate and potentially consummate acquisitions or alliances, which could require significant management attention, disrupt our business, adversely affect our financial results, be unsuccessful or fail to achieve the desired result.***

Although not currently planned, in the future we may evaluate and consider strategic transactions, combinations, acquisitions or alliances to enhance our existing business or develop new products and services. These transactions could be material to our financial condition and results of operations if consummated. If we are able to identify an appropriate business opportunity, we may not be able to successfully consummate the transaction and, even if we do consummate the transaction, we may be unable to obtain the benefits or avoid the difficulties and risks of such a transaction.

Any acquisition or alliance will involve risks commonly encountered in business relationships, including:

- difficulties in assimilating and integrating the operations, personnel, systems, data, technologies, products and services of the acquired business;
- inability of the acquired technologies, products or businesses to achieve expected levels of revenue, profitability, productivity or other benefits;
- difficulties in retaining, training, motivating and integrating key personnel;
- diversion of management's time and resources from our normal daily operations;
- difficulties in successfully incorporating licensed or acquired technology and rights into our services;
- difficulties in retaining relationships with customers, employees and suppliers of the acquired business;
- regulatory risks; and
- liability for activities of the acquired business before the acquisition, including patent, copyright and trademark infringement claims, violations of laws, commercial disputes, tax liabilities and other known and unknown liabilities.

We may not make any acquisitions or consummate any alliances, or any future acquisitions or alliances may not be successful. Furthermore, we may not benefit from our business strategy, nor generate sufficient revenue to offset the associated costs or may otherwise not result in the intended benefits. In addition, we cannot assure you that any future acquisition of, or alliance with respect to, new businesses or technology will lead to the successful development of new or enhanced products and services or that any new or enhanced products and services, if developed, will achieve market acceptance or prove to be profitable.

***We may need additional capital, and financing may not be available on terms acceptable to us, or at all.***

Although our current cash and cash equivalents, anticipated cash flows from operating activities will be sufficient to meet our anticipated working capital requirements and capital expenditures in the ordinary course of business for at least 12 months following this offering, there is a risk that we may need additional cash resources in the future to fund our growth plans or if we experience adverse changes in business conditions or other developments. We may also need additional cash resources in the future if we find and wish to pursue opportunities for new investments, acquisitions, capital expenditures or similar actions. If we determine that our cash requirements exceed the amount of cash and cash equivalents we have on hand at the time, we may seek to issue equity or debt securities or obtain credit facilities. We cannot assure you that financing will be available in amounts or on terms acceptable to us, if at all. The issuance and sale of additional equity would result in further dilution to our shareholders.

- default and foreclosure on our assets if our operating revenue is insufficient to repay debt obligations;
- acceleration of obligations to repay the indebtedness (or other outstanding indebtedness), even if we make all principal and interest payments when due, if we breach any covenants that require the maintenance of certain financial ratios or reserves without a waiver or renegotiation of that covenant;
- our inability to obtain necessary additional financing if the debt security contains covenants restricting our ability to obtain such financing while the debt security is outstanding;
- diverting a substantial portion of cash flow to pay principal and interest on such debt, which would reduce the funds available for expenses, capital expenditures, acquisitions and other general corporate purposes; and
- creating potential limitations on our flexibility in planning for and reacting to changes in our business and in the industry in which we operate.

The occurrence of any of these risks could adversely affect our operations or financial condition.

***We will be subject to changing laws, rules and regulations in the U.S. and other jurisdictions regarding regulatory matters, corporate governance and public disclosure that will increase both our costs and the risks associated with non-compliance.***

Following this offering, we will be subject to rules and regulations by various governing bodies, including, for example, the Securities and Exchange Commission, which are charged with the protection of investors and the oversight of companies whose securities are publicly traded, and to new and evolving regulatory measures under applicable law. Our efforts to comply with new and changing laws and regulations have resulted in and are likely to continue to result in increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities.

Moreover, because these laws, regulations and standards are subject to varying interpretations, their application in practice may evolve over time as new guidance becomes available. This evolution may result in continuing uncertainty regarding compliance matters and additional costs necessitated by ongoing revisions to our disclosure and governance practices. If we fail to address and comply with these regulations and any subsequent changes, we may be subject to penalty and our business may be harmed.

***Our business is subject to risks related to lawsuits and other claims brought by our clients or business partners. If the outcomes of these proceedings are adverse to us, it could have a material adverse effect on our business, results of operations and financial condition.***

We are subject to lawsuits and other claims in the ordinary course of our business. We are currently not involved in any lawsuits with our customers. However, claims arising out of actual or alleged violations of law could be asserted against us by individuals, companies, governmental or other entities in civil, administrative or criminal investigations and proceedings. These claims could be asserted under a variety of laws and regulations, including but not limited to contract laws, consumer protection laws or regulations, intellectual property laws, environmental laws, and labor and employment laws. These actions could expose us to adverse publicity and to monetary damages, fines and penalties, as well as suspension or revocation of licenses or permits to conduct business. Even if we eventually prevail in these matters, we could incur significant legal fees or suffer reputational harm, which could have a material adverse effect on our business and results of operations as well as our future growth and prospects.

***Any failure to protect our own intellectual property rights could impair our brand, negatively impact our business or both.***

We currently own 17 PRC copyright registrations. Our intellectual property rights are key to our operations and business prospects.

Our success and ability to compete also depend in part on protecting our own intellectual property. We rely on a combination of copyrights, trade secrets and other rights, as well as confidentiality procedures and contractual provisions to protect our proprietary technology, processes and other intellectual property. However, the steps we take to protect our intellectual property rights may be inadequate.

Third parties may seek to challenge, invalidate or circumvent our copyrights, trade secrets, and other rights or applications for any of the foregoing. In order to protect our intellectual property rights, we may be required to spend significant resources. Litigation brought to protect and enforce our intellectual property rights could be costly, time-consuming and distracting to management. Our failure to secure, protect and enforce our intellectual property rights could adversely affect our brand and impact our business.

***We may be sued by third parties for alleged infringement of their proprietary rights, which could harm our business.***

Our competitors, as well as a number of other entities and individuals, may own or claim to own intellectual property relating to our industry. From time to time, a third-party provider may claim that we are infringing on their intellectual property rights. We may, however, be unaware of the intellectual property rights that others may claim over some or all of our applications, technology or services. Any claims or litigation could cause us to incur significant expenses and, if successfully asserted against us, could require that we pay substantial damages or ongoing royalty payments, restrict us from conducting our business or require that we comply with other unfavorable terms. We may also be obligated to indemnify parties or pay substantial settlement costs, including royalty payments, in connection with any such claim or litigation and to obtain licenses, modify applications or refund fees, which could be costly. Even if we were to prevail in such a dispute, any litigation regarding our intellectual property could be costly and time-consuming and divert the attention of our management from our business operations.

***The audit report included in this prospectus is prepared by an auditor who is not inspected by the PCAOB and, as such, our investors are deprived of the benefits of such inspection.***

Our independent registered public accounting firm that issues the audit report included in this prospectus, as auditors of companies that are traded publicly in the United States and a firm registered with the PCAOB, is required by the laws of the United States to undergo regular inspections by the PCAOB to assess its compliance with U.S. laws and professional standards. Because our auditors are located in China, a jurisdiction where the PCAOB is currently unable to conduct inspections without the approval of the PRC authorities, our auditors are not currently inspected by the PCAOB.

Inspections of other firms that the PCAOB has conducted outside China have identified deficiencies in those firms' audit procedures and quality control procedures, which may be addressed as part of the inspection process to improve future audit quality. This lack of PCAOB inspections in China prevents the PCAOB from regularly evaluating our auditor's audits and its quality control procedures. As a result, investors may be deprived of the benefits of PCAOB inspections.

The inability of the PCAOB to conduct inspections of auditors in China makes it more difficult to evaluate the effectiveness of our auditor's audit procedures or quality control procedures as compared to auditors outside of China that are subject to PCAOB inspections. Investors may lose confidence in our reported financial information and procedures and the quality of our financial statements.

***Certain data and information in this prospectus were obtained from third-party sources and were not independently verified by us.***

This prospectus contains certain data and information that we obtained from various government and private entity publications including industry information from government publications and publicly available third-party publications. Statistical data in these publications also include projections based on a number of assumptions. The online education industries may not grow at the rate projected by market data, or at all. Failure of these industries to grow at the projected rate may have a material adverse effect on our business and the market price of our ordinary shares. Furthermore, if any one or more of the assumptions underlying the market data is later found to be incorrect, actual results may differ from the projections based on these assumptions.

In addition, we have not independently verified the data and information contained in such third-party publications and reports and we did not commission any such third party for collecting or providing the data used in this prospectus. Data and information contained in such third-party publications and reports may be collected using third-party methodologies, which may differ from the data collection methods used by us. In addition, these industry publications and reports generally indicate that the information contained therein is believed to be reliable, but do not guarantee the accuracy and completeness of such information.

***We do not have any business insurance coverage.***

Insurance companies in China currently do not offer an extensive array of insurance products as insurance companies in more developed economies do. Currently, we do not have any business liability, disruption insurance or product liability insurance, except auto insurance, to cover our operations. We have determined that the costs of insuring for these risks and the difficulties associated with acquiring such insurance on commercially reasonable terms make it impractical for us to have such insurance. Any uninsured business disruptions may result in our incurring substantial costs and the diversion of resources, which could have an adverse effect on our results of operations and financial condition.

***We may have exposure to greater than anticipated tax liabilities.***

We are subject to enterprise income tax, value-added tax, and other taxes in each province and city in China where we have operations. Our tax structure is subject to review by various local tax authorities. The determination of our provision for income tax and other tax liabilities requires significant judgment. In the ordinary course of our business, there are many transactions and calculations where the ultimate tax determination is uncertain. Although we believe our estimates are reasonable, the ultimate decisions by the relevant tax authorities may differ from the amounts recorded in our financial statements and may materially affect our financial results in the period or periods for which such determination is made.

***We may be delayed in processing mail received at our registered office.***

Mail addressed to us and received at its registered office will be forwarded unopened to the forwarding address supplied by Company to be dealt with. None of the Company, its directors, officers, advisors or service providers (including the organization that provides registered office services in the Cayman Islands) will bear any responsibility for any delay howsoever caused in mail reaching the forwarding address.

#### **Risks Related to Doing Business in China**

***Uncertainties in the interpretation and enforcement of PRC laws and regulations could limit the legal protections available to you and us.***

Our PRC subsidiary is subject to various PRC laws and regulations generally applicable to companies in China. The PRC legal system is based on written statutes. Unlike common law systems, it is a system in which legal cases have limited value as precedents. In the late 1970s, the PRC government began to promulgate a comprehensive system of laws and regulations governing economic matters in general. The overall effect of legislation over the past four decades has significantly increased the protections afforded to various forms of foreign or private-sector investment in China.

As relevant laws and regulations are relatively new and the PRC legal system continues to rapidly evolve, the interpretations of many laws, regulations and rules are not always uniform and enforcement of these laws, regulations and rules involve uncertainties.

From time to time, we may have to resort to administrative and court proceedings to enforce our legal rights. However, since PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we enjoy than in more developed legal systems. Furthermore, the PRC legal system is based in part on government policies and internal rules (some of which are not published in a timely manner or at all) that may have retroactive effect. As a result, we may not be aware of our violation of these policies and rules until sometime after the violation. Such uncertainties, including uncertainty over the scope and effect of our contractual, property (including intellectual property) and procedural rights, and any failure to respond to changes in the regulatory environment in China could materially and adversely affect our business and impede our ability to continue our operations.

***We may be adversely affected by the complexity, uncertainties and changes in PRC regulation of internet-related business.***

The PRC government extensively regulates the internet industry, including foreign ownership of, and the licensing and permit requirements pertaining to, companies in the internet industry. These internet-related laws and regulations are relatively new and evolving, and their interpretation and enforcement involve significant uncertainties. As a result, in certain circumstances it may be difficult to determine what actions or omissions may be deemed to be in violation of applicable laws and regulations. Issues, risks and uncertainties relating to PRC governmental regulation of the internet industry include, but are not limited to, the following.

We only have control over our websites through contractual arrangements. We do not own the websites in China due to the restriction of foreign investment in businesses providing value-added telecommunication services and internet audio-visual program services in China. This may significantly disrupt our business, subject us to sanctions, compromise enforceability of related contractual arrangements, or have other harmful effects on us.

The evolving PRC regulatory system for the internet industry may lead to the establishment of new regulatory agencies. For example, in May 2011, the State Council announced the establishment of a new department, the Cyberspace Administration of China (with the involvement of the State Council Information Office, the Ministry of Industry and Information Technology, or “MIIT,” and the Ministry of Public Security). The primary role of this new agency is to facilitate the policy-making and legislative development in this field, to direct and coordinate with the relevant departments in connection with online content administration and to deal with cross-ministry regulatory matters in relation to the internet industry.

We are required to obtain and maintain various licenses and permits and fulfill registration and filing requirements in order to conduct and operate our business. If new laws and regulations are promulgated, additional licenses may be required for our operations. If our operations do not comply with these new regulations when they become effective, or if we fail to obtain any licenses required under these new laws and regulations, we could be subject to penalties.

The Circular on Strengthening the Administration of Foreign Investment in an Operation of Value-added Telecommunications Business, issued by the MIIT in July 2006, prohibits domestic telecommunication service providers from leasing, transferring or selling telecommunications business operating licenses to any foreign investor in any form, or providing any resources, sites or facilities to any foreign investor for their illegal operation of a telecommunications business in China. According to this circular, either the holder of a value-added telecommunication services operation permit or its shareholders must directly own the domain names and trademarks used by such license holders in their provision of value-added telecommunication services. The circular also requires each license holder to have the necessary facilities, including servers, for its approved business operations and to maintain such facilities in the regions covered by its license. If an ICP license holder fails to comply with the requirements and also fails to remediate such non-compliance within a specified period of time, the MIIT or its local counterparts have the discretion to take administrative measures against such license holder, including revoking its ICP license. Currently, Wuxi Wangdao holds an ICP license and operates our websites. Wuxi Wangdao owns the relevant domain names and software copyrights and has the necessary personnel to operate such websites.

The interpretation and application of existing PRC laws, regulations and policies and possible new laws, regulations or policies relating to the internet industry have created substantial uncertainties regarding the legality of existing and future foreign investments in, and the businesses and activities of, internet businesses in China, including our business. We cannot assure you that we have obtained all the permits or licenses required for conducting our business in China or will be able to maintain our existing licenses or obtain new ones.

***New legislation or changes in the PRC laws or policies regarding self-taught education may affect our business operations and prospects.***

The self-taught education industry in China and our business are subject to regulations and policies in various respects. Relevant rules and regulations could be amended or updated from time to time to accommodate the development of education in China. We may need to change our business practices in order to comply with the new rules and regulations or adapt to policy changes, but we may not be able to do so timely and efficiently. Any such failure may subject us to administrative fines or penalties or other negative consequences which could materially and adversely affect our brand name, reputation, business, financial condition and results of operations.

***The enforcement of the PRC Labor Contract Law and other labor-related regulations in the PRC may adversely affect our business and our results of operations.***

The PRC Labor Law and the Labor Contract Law require that employers must execute written employment contracts with full-time employees. All employers must compensate their employees with wages equal to at least the local minimum wage standards. Violations of the PRC Labor Law and the Labor Contract Law may result in the imposition of fines, compensations and other administrative sanctions, and serious violations may constitute criminal offenses.

The PRC Labor Contract Law became effective and was implemented on January 1, 2008, which was amended on December 28, 2012. It has reinforced the protection of employees who, under the PRC Labor Contract Law, have the right, among others, to have written labor contracts, to enter into labor contracts with no fixed terms under certain circumstances, to receive overtime wages and to terminate or alter terms in labor contracts. According to the PRC Social Insurance Law, which became effective on July 1, 2011, and the Administrative Regulations on the Housing Funds, companies operating in China are required to participate in pension insurance, work-related injury insurance, medical insurance, unemployment insurance, maternity insurance and housing funds plans, and the employers must pay all or a portion of the social insurance premiums and housing funds for their employees.

As the interpretation and implementation of these laws and regulations are still evolving, our employment practice may not at all times be deemed in compliance with the new laws and regulations. If we are subject to severe penalties or incur significant liabilities in connection with labor disputes or investigations, our business and results of operations may be adversely affected.

***Regulation and censorship of information disseminated over the internet in China may adversely affect our business and reputation and subject us to liability for information displayed on our websites.***

The PRC government has adopted regulations governing internet access and the distribution of news and other information over the internet. Under these regulations, internet content providers and internet publishers are prohibited from posting or displaying over the internet content that, among other things, violates PRC laws and regulations, impairs the national dignity of China, or is reactionary, obscene, superstitious, fraudulent or defamatory. Failure to comply with these requirements may result in the revocation of licenses to provide internet content and other licenses, and the closure of the concerned websites. The website operator may also be held liable for such censored information displayed on or linked to the websites. If any of our websites is found to be in violation of any such requirements, we may be penalized by relevant authorities, and our operations or reputation could be adversely affected.

***We face risks and uncertainties with respect to the licensing requirement for Internet audio-video programs.***

Under the Provisions on the Administration of the Publication Market, or Publications Market Measures, which was jointly promulgated by the State Administration of Press Publication Radio Film and Television (“SAPPRFT”) and MOFCOM and became effective on June 1, 2016, any enterprise or individual who engages in publication distribution activities shall obtain permission from SAPPRFT or its local counterpart. “Publication” is defined as “books, newspapers, periodicals, audio-video products, and electronic publications,” and “distributing” is defined as “wholesale, retail, rental, exhibition and other activities.” Where an entity or individual is engaged in the distribution of publications via the internet or other information networks, it or he/she shall obtain the operation permit for publications.

On April 1, 2010, SAPPRFT promulgated the Provisional Implementation of the Tentative Categories of Internet Audio-Visual Program Services, or the Categories, which was modified on March 10, 2017. The Categories clarified the scope of Internet audio-video programs services. According to the Categories, there are four categories of Internet audio-visual program services which are further divided into seventeen sub-categories, among which the making and editing of certain specialized audio-video programs concerning, among other things, educational content, and broadcasting such content to the general public online are covered. However, there are still significant uncertainties relating to the interpretation and implementation of the Audio-Visual Program Provisions, in particular, the scope of “Internet audio-video programs.”

On our vocational education platform, we offer recorded audio-video lectures to our enrolled students only. We believe the limited scope of our audience and the nature of the raw data we transmit distinguishes us from general providers of internet audio-visual program services, such as the operator of online video websites, and the provision of the Audio-Visual Program Provisions are not applicable with regard to our offering of the lessons. However, we cannot assure you that the competent PRC government authorities will not ultimately take a view contrary to our opinion. We will also pay close attention to the development of supervision regarding the Internet Audio-Visual Program Services and will apply for such licenses to the competent PRC authorities in case it is needed in the future.

In addition, as supplementary course materials, we offer certain audio-video contents on our websites for the review of all registered members. If the governmental authorities determine that our relevant activities fall within the definition of “Internet audio-video program service” under the Audio-Visual Program Provisions, we may be required to obtain the License for Disseminating Audio-Video Programs through Information Network. If this occurs, we may not be able to obtain such license and we may become subject to penalties, fines, legal sanctions or an order to suspend our use of audio-video content. We cannot assure you that the measures we have taken will be deemed adequate by the authorities and we will not be subject to any penalties or legal sanctions in the future for our use of audio or video contents on our websites.

***We are required to obtain various operating licenses and permits and to make registrations and filings for our business operations in China and any failure to comply with these requirements may materially adversely affect our business and results of operations.***

The internet industry in China is highly regulated by the PRC government. See “Regulations—Regulations on Value-Added Telecommunications Services.” We are required to obtain and maintain various licenses and permits and fulfill registration and filing requirements in order to conduct and operate our business currently carried out, and we may be required to obtain additional licenses and permits for our operations as the interpretation and implementation of current PRC laws and regulations are still evolving, and new laws and regulations may also be promulgated. We currently, through our PRC variable interest entity, Wuxi Wangdao, holds an ICP license for our websites, which is valid through December 29, 2018 to December 29, 2023 and is subject to annual review. Wuxi Wangdao, however, may be required to obtain additional licenses or expand the authorized business scope covered under the licenses it currently holds. For example, the contents we use on our websites, primarily including the course materials, may be deemed “Internet cultural products,” and our use of those contents may be regarded as “Internet cultural activities,” thus we may be required to obtain an Internet Culture Business Operating License for provision of those contents through our online platforms as currently there is no further official or publicly-available interpretation of those definitions. Also, we may be required to obtain a Publication Business Operating License for distribution of course books or other course materials, including electronic version, to members of our platforms. In addition, our providing content through our online platform may be regarded as “online publishing” and may thus subject us to the requirement of obtaining an Online Publishing License. If Wuxi Wangdao fails to obtain or maintain any of the required licenses or approvals, its continued business operations in the Internet industry may subject it to various penalties, such as confiscation of illegal revenues, fines and the discontinuation or restriction of its operations. Any such disruption in the business operations of our affiliated entities will materially and adversely affect our business, financial condition and results of operations.

***Changes in China's economic, political or social conditions or government policies could have a material adverse effect on our business and operations.***

Currently all of our business operations are conducted in China and all of our sales are made in China. Accordingly, our business, financial condition, results of operations and prospects 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.

China's economy differs from the economies of most developed countries in many respects, including the level of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. Although the PRC government has implemented measures since the late 1970's emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets, and the establishment of improved corporate governance in business enterprises, which are generally viewed as a positive development for foreign business investment, a substantial portion of productive assets in China is still owned by the PRC government. In addition, the PRC government continues to play a significant role in regulating industry development by imposing industrial policies. The PRC government also exercises significant control over the PRC economic growth through allocating resources, controlling payments of foreign currency-denominated obligations, setting monetary policy, and providing preferential treatment to particular industries or companies. For example, as a result of China's current nationwide anti-corruption campaign, public school spending has become strictly regulated. To comply with the expenditure control policies of the Chinese government, many public universities, including our clients, temporarily reduced their self-taught education spending in 2017. This caused the demand for our courses in 2017 to decrease. If our clients continue to reduce their demand for our services due to the policies of the Chinese government, this could adversely impact our business, financial condition and operating results.

While China's economy has experienced significant growth over the past decades, growth has been uneven, both geographically and among various sectors of the economy, and the rate of growth has been slowing. Some of the governmental 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. Any stimulus measures designed to boost the Chinese economy may contribute to higher inflation, which could adversely affect our results of operations and financial condition. For example, certain operating costs and expenses, such as employee compensation and office operating expenses, may increase as a result of higher inflation. In addition, the PRC government has implemented in the past certain measures to control the pace of economic growth. These measures may cause decreased economic activity, which in turn could lead to a reduction in demand for our services and consequently have a material adverse effect on our businesses, financial condition and results of operations.

***PRC regulations relating to foreign exchange registration of overseas investment by PRC residents may subject our PRC resident beneficial owners or our PRC subsidiary to liability or penalties, limit our ability to inject capital into these subsidiaries, limit PRC subsidiary's ability to increase their registered capital or distribute profits to us, or may otherwise adversely affect us.***

On July 4, 2014, the State Administration of Foreign Exchange ("SAFE") promulgated the Circular on Relevant Issues Relating to Domestic Resident's Investment and Financing and Roundtrip Investment through Special Purpose Vehicles, or SAFE Circular 37, which replaced the former Notice on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents to Engage in Financing and Inbound Investment via Overseas Special Purpose Vehicles (generally known as SAFE Circular 75) promulgated by SAFE on October 21, 2005. On February 13, 2015, SAFE further promulgated the Circular on Further Simplifying and Improving the Administration of the Foreign Exchange Concerning Direct Investment, or SAFE Circular 13, which took effect on June 1, 2015. This SAFE Circular 13 has amended SAFE Circular 37 by requiring PRC residents or entities to register with qualified banks rather than SAFE or its local branch in connection with their direct establishment or indirect control of an offshore entity established for the purpose of overseas investment or financing, for the purpose of overseas investment and financing, with such PRC residents' legally owned assets or equity interests in domestic enterprises or offshore assets or interests. Qualified local banks will directly examine and accept foreign exchange registration for overseas direct investment, including the initial foreign exchange registration and amendment registration, under Circular 37 from June 1, 2015. Moreover, a failure to comply with the various registration requirements described above could result in liability under PRC law for evasion of foreign exchange controls.

These circulars further require amendment to the registration in the event of any significant changes with respect to the special purpose vehicle, such as an increase or decrease of capital contributed by PRC residents, share transfer or exchange, merger, division or other material events. In the event that a PRC resident holding interests in a special purpose vehicle fails to complete the required SAFE registration, the PRC subsidiary of that special purpose vehicle may be prohibited from making profit distributions to the offshore parent and from carrying out subsequent cross-border foreign exchange activities, and the special purpose vehicle may be restricted in its ability to contribute additional capital into its PRC subsidiary. Furthermore, it is unclear how this regulation, and any future regulation concerning offshore or cross-border transactions, will be interpreted, amended and implemented by the relevant PRC government authorities, and we cannot predict how these regulations will affect our business operations or future strategy. Failure to comply with the various SAFE registration requirements described above could result in liability under PRC law for evasion of foreign exchange controls. This may have a material adverse effect on our business, financial condition and results of operations.

According to Circular 37 and Circular 13, our shareholders or beneficial owners who are PRC residents are subject to Circular 37 or other foreign exchange administrative regulations in respect of their investment in our company. To the best of our knowledge, our PRC resident shareholders who directly or indirectly hold shares in our Cayman Islands holding company and who are known to us have initiated the application for foreign exchange registrations for their foreign investment in our company in accordance with Circular 37 and Circular 13. We have taken steps to notify significant beneficial owners of ordinary shares whom we know are PRC residents of their filing obligations. However, we may not at all times be fully aware or informed of the identities of all our shareholders or beneficial owners that are required to make such registrations, and we may not always be able to compel them to comply with all relevant foreign exchange regulations. As a result, we cannot assure you that all of our shareholders or beneficial owners who are PRC residents will at all times comply with, or in the future make or obtain any applicable registrations or approvals required by all relevant foreign exchange regulations. The failure or inability of such individuals to comply with the registration procedures set forth in these regulations may subject us to fines or legal sanctions, restrictions on our cross-border investment activities or our PRC subsidiary's ability to distribute dividends to, or obtain foreign-exchange-dominated loans from, our company, or prevent us from making distributions or paying dividends. As a result, our business operations and our ability to make distributions to you could be materially and adversely affected.

Furthermore, as these foreign exchange regulations are still relatively new and their interpretation and implementation have been constantly evolving, it is unclear how these regulations, and any future regulation concerning offshore or cross-border transactions, will be interpreted, amended and implemented by the relevant government authorities. We cannot predict how these regulations will affect our business operations or future strategy. In addition, if we decide to acquire a PRC domestic company, we cannot assure you that we or the owners of such company, as the case may be, will be able to obtain the necessary approvals or complete the necessary filings and registrations required by the foreign exchange regulations. This may restrict our ability to implement our acquisition strategy and could adversely affect our business and prospects.

***PRC regulation on loans to, and direct investment in, PRC entities by offshore holding companies and governmental control in currency conversion may delay or prevent us from using the proceeds of this offering to make loans to our PRC subsidiary and PRC consolidated VIE or make additional capital contributions to our PRC subsidiary, which could materially and adversely affect our liquidity and our ability to fund and expand our business.***

We are an exempted company incorporated in the Cayman Islands structure as a holding company conducting our operations in China through our PRC subsidiary Craftsman Wuxi. As permitted under PRC laws and regulations, in utilizing the proceeds of this offering, we may make loans to our PRC subsidiary and PRC consolidated VIE subject to the approval from governmental authorities and limitation of amount, or we may make additional capital contributions to our PRC subsidiary. In particular, loans by us to our PRC subsidiaries to finance their activities cannot exceed statutory limits and must be registered with the local counterpart of the SAFE and capital contributions to our PRC subsidiaries are subject to the requirement of making necessary filings in the Foreign Investment Comprehensive Management Information System, and registration with other governmental authorities in China. See "Regulation – Regulations on Foreign Exchange – General Administration of Foreign Exchange." Pursuant to currently applicable PRC regulations, the statutory limit for the total amount of foreign debts of a foreign-invested company such as our PRC subsidiary is either the difference between the amount of total investment as approved by the MOFCOM or its local counterpart and the amount of registered capital of such foreign-invested company or twice of the net worth of the foreign-invested company. See "Regulation – Regulations on Foreign Exchange." Based on the current amount of total investment and registered capital, we anticipate that we will be able to transfer up to \$18 million of net proceeds from this offering in the form of shareholder loans without increasing the registered capital or total investment amount of our PRC subsidiary. We may also use up to \$12 million (which equals the current registered capital of our PRC subsidiary) of the net proceeds from this offering to finance our PRC subsidiary by means of capital contributions.

The SAFE promulgated the Notice of the State Administration of Foreign Exchange on Reforming the Administration of Foreign Exchange Settlement of Capital of Foreign-invested Enterprises, or Circular 19, effective on June 1, 2015, in replacement of the Circular on the Relevant Operating Issues Concerning the Improvement of the Administration of the Payment and Settlement of Foreign Currency Capital of Foreign-Invested Enterprises, the Notice from the State Administration of Foreign Exchange on Relevant Issues Concerning Strengthening the Administration of Foreign Exchange Businesses, and the Circular on Further Clarification and Regulation of the Issues Concerning the Administration of Certain Capital Account Foreign Exchange Businesses. According to SAFE Circular 19, the flow and use of the RMB capital converted from foreign currency-denominated registered capital of a foreign-invested company is regulated such that RMB capital may not be used for the issuance of RMB entrusted loans, the repayment of inter-enterprise loans or the repayment of bank loans that have been transferred to a third party. Although SAFE Circular 19 allows RMB capital converted from foreign currency-denominated registered capital of a foreign-invested enterprise to be used for equity investments within the PRC, it also reiterates the principle that RMB converted from the foreign currency-denominated capital of a foreign-invested company may not be directly or indirectly used for purposes beyond its business scope. Thus, it is unclear whether the SAFE will permit such capital to be used for equity investments in the PRC in actual practice. The SAFE promulgated the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account, or SAFE Circular 16, effective on June 9, 2016, which reiterates certain rules set forth in SAFE Circular 19, but changes the prohibition against using RMB capital converted from foreign currency-denominated registered capital of a foreign-invested company to issue RMB entrusted loans to a prohibition against using such capital to grant loans to non-associated enterprises. SAFE Circular 19 and SAFE Circular 16 set forth restrictions on the purposes of using net proceeds from this offering. Violations of SAFE Circular 19 and SAFE Circular 16 could result in administrative penalties. In light of such restrictions, we intend to convert substantially all of the net proceeds from this offering to RMB through our PRC subsidiaries and further develop our business within the business scope of our PRC subsidiaries.

On August 29, 2008, SAFE promulgated the Circular on the Relevant Operating Issues Concerning the Improvement of the Administration of the Payment and Settlement of Foreign Currency Capital of Foreign-Invested Enterprises, or SAFE Circular 142, regulating the conversion by a foreign-invested enterprise of foreign currency registered capital into RMB by restricting how the converted RMB may be used. SAFE Circular 142 provides that the RMB capital converted from foreign currency registered capital of a foreign-invested enterprise may only be used for purposes within the business scope approved by the applicable governmental authority and may not be used for equity investments within the PRC unless otherwise provided by law. In addition, SAFE strengthened its oversight of the flow and use of the RMB capital converted from foreign currency registered capital of a foreign-invested company. The use of such RMB capital may not be altered without SAFE approval, and such RMB capital may not in any case be used to repay RMB loans if the proceeds of such loans have not been used. Violations of SAFE Circular 142 could result in severe monetary or other penalties. On July 4, 2014, SAFE issued the Circular of the SAFE on Relevant Issues Concerning the Pilot Reform in Certain Areas of the Administrative Method of the Conversion of Foreign Exchange Funds by Foreign-invested Enterprises, or SAFE Circular 36, which launched the pilot reform of administration regarding conversion of foreign currency registered capitals of foreign-invested enterprises in 16 pilot areas. According to SAFE Circular 36, some of the restrictions under SAFE Circular 142 will not apply to the settlement of the foreign exchange capitals of an ordinary foreign-invested enterprise in the pilot areas, and such foreign-invested enterprise is permitted to use Renminbi converted from its foreign-currency registered capital to make equity investments in the PRC within and in accordance with the authorized business scope of such foreign-invested enterprises, subject to certain registration and settlement procedure as set forth in SAFE Circular 36. As this circular is relatively new, there remains uncertainty as to its interpretation and application and any other future foreign exchange related rules. On March 30, 2015, SAFE promulgated Circular on Reforming the Management Approach regarding the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises, or SAFE Circular 19, to expand the reform nationwide. SAFE Circular 19 came into force and replaced both SAFE Circular 142 and SAFE Circular 36 on June 1, 2015. However, SAFE Circular 19 continues to prohibit a foreign-invested enterprise from, among other things, using RMB funds converted from its foreign exchange capitals for expenditure beyond its authorized business scope, providing entrusted loans or repaying loans between non-financial enterprises. Violations of these Circulars could result in severe monetary or other penalties. These circulars may significantly limit our ability to use RMB converted from the net proceeds of this offering to fund the establishment of new entities in China by our PRC subsidiary, to invest in or acquire any other PRC companies through our PRC subsidiary, or to establish new consolidated VIEs in the PRC.

In light of the various requirements imposed by PRC regulations on loans to, and direct investment in, PRC entities by offshore holding companies, we cannot assure you that we will be able to complete the necessary government registrations or obtain the necessary government approvals on a timely basis, if at all, with respect to future loans by us to our PRC subsidiary or PRC consolidated VIE or with respect to future capital contributions by us to our PRC subsidiary. If we fail to complete such registrations or obtain such approvals, our ability to use the proceeds from this offering and to capitalize or otherwise fund our PRC operations may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

***Under the PRC Enterprise Income Tax Law, we may be classified as a PRC “resident enterprise” for PRC enterprise income tax purposes. Such classification would likely result in unfavorable tax consequences to us and our non-PRC shareholders and has a material adverse effect on our results of operations and the value of your investment.***

Under the PRC Enterprise Income Tax Law, or the EIT Law, that became effective in January, 2008 and was amended in February, 2017, as well as its implementing rules, an enterprise established outside the PRC with “de facto management bodies” within the PRC is considered a “resident enterprise” for PRC enterprise income tax purposes and is generally subject to a uniform 25% enterprise income tax rate on its worldwide income. Under the implementation rules to the EIT Law, a “de facto management body” is defined as a body that has material and overall management and control over the manufacturing and business operations, personnel and human resources, finances and properties of an enterprise. In addition, a circular, known as SAT Circular 82, issued in April 2009 by the State Administration of Taxation, or the SAT, specifies that certain offshore incorporated enterprises controlled by PRC enterprises or PRC enterprise groups will be classified as PRC resident enterprises if the following are located or resident in the PRC: senior management personnel and departments that are responsible for daily production, operation and management; financial and personnel decision making bodies; key properties, accounting books, company seal, and minutes of board meetings and shareholders’ meetings; and half or more of the senior management or directors having voting rights. Further to SAT Circular 82, the SAT issued a bulletin, known as SAT Bulletin 45, which took effect in September 2011, to provide more guidance on the implementation of SAT Circular 82 and clarify the reporting and filing obligations of such “Chinese-controlled offshore incorporated resident enterprises.” SAT Bulletin 45 provides procedures and administrative details for the determination of resident status and administration on post-determination matters. Although both SAT Circular 82 and SAT Bulletin 45 only apply to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreign individuals, the determining criteria set forth in SAT Circular 82 and SAT Bulletin 45 may reflect the SAT’s general position on how the “de facto management body” test should be applied in determining the tax resident status of offshore enterprises, regardless of whether they are controlled by PRC enterprises, PRC enterprise groups or by PRC or foreign individuals.

We do not believe that the Company meets all of the conditions above thus we do not believe that the Company is a PRC resident enterprise, though all members of our management team as well as the management team of our offshore holding company are located in China. However, if the PRC tax authorities determine that the Company is a PRC resident enterprise for PRC enterprise income tax purposes, a number of unfavorable PRC tax consequences could follow. First, we will be subject to the uniform 25% enterprise income tax on our world-wide income, which could materially reduce our net income. In addition, we will also be subject to PRC enterprise income tax reporting obligations. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term “de facto management body.”

Finally, dividends payable by us to our investors and gains on the sale of our shares may become subject to PRC withholding tax, at a rate of 10% in the case of non-PRC enterprises or 20% in the case of non-PRC individuals (in each case, subject to the provisions of any applicable tax treaty), if such gains are deemed to be from PRC sources. It is unclear whether non-PRC shareholders of our company would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. Any such tax may reduce the returns on your investment in the ordinary shares.

***There are significant uncertainties under the PRC Enterprise Income Tax Law relating to the withholding tax liabilities of our PRC subsidiaries, and dividends payable by our PRC subsidiaries to our offshore subsidiaries may not qualify to enjoy certain treaty benefits.***

Under the PRC Enterprise Income Tax Law and its implementation rules, we, as a non-resident enterprise, that is, an enterprise lawfully incorporated pursuant to the laws of a foreign country (region) that has an office or premises established in China with no actual management functions performed in China, or an enterprise that has income derived from or accruing in China although it does not have an office or premises in China, will be subject to a withholding tax rate of 10%. Pursuant to a special arrangement between Hong Kong and China, such rate may be reduced to 5% if a Hong Kong resident enterprise owns more than 25% of the equity interest in the PRC company. Craftsman Wuxi is wholly owned by Easy Skills Technology Limited (“Hong Kong ES”). Accordingly, Hong Kong ES may qualify for a 5% tax rate in respect of distributions from Craftsman Wuxi. Under the Notice of the State Administration of Taxation on Issues regarding the Administration of the Dividend Provision in Tax Treaties promulgated on February 20, 2009, the taxpayer needs to satisfy certain conditions to enjoy the benefits under a tax treaty. These conditions include: (1) the taxpayer must be the beneficial owner of the relevant dividends, and (2) the corporate shareholder to receive dividends from the PRC subsidiary must have continuously met the direct ownership thresholds during the 12 consecutive months preceding the receipt of the dividends. Further, under Announcement of the State Administration of Taxation on Issues Relating to “Beneficial Owner” in Tax Treaties, which took effect on April 1, 2018, a “Beneficial Owner” shall mean a person who has ownership and control over the income and the rights and property from which the income is derived. To determine the “beneficial owner” status of a resident of the treaty counterparty who needs to enjoy the tax treaty benefits, a comprehensive analysis shall be carried out, taking into account actual conditions of the specific case.

Entitlement to a lower tax rate on dividends according to tax treaties or arrangements between the PRC central government and governments of other countries or regions is subject to State Administration of Taxation Circular 60 (“Circular 60”). Circular 60 provides that non-resident enterprises are not required to obtain pre-approval from the relevant tax authority in order to enjoy the reduced withholding tax. Instead, non-resident enterprises and their withholding agents may, by self-assessment and on confirmation that the prescribed criteria to enjoy the tax treaty benefits are met, directly apply the reduced withholding tax rate, and file necessary forms and supporting documents when performing tax filings, which will be subject to post-tax filing examinations by the relevant tax authorities. As a result, we cannot assure you that we will be entitled to any preferential withholding tax rate under tax treaties for dividends received from Craftsman Wuxi.

***Enhanced scrutiny over acquisition transactions by the PRC tax authorities may have a negative impact on potential acquisitions we may pursue in the future.***

Pursuant to the Notice on Strengthening Administration of Enterprise Income Tax for Share Transfers by Non-PRC Resident Enterprises, or SAT Circular 698, issued by the SAT on December 10, 2009, where a foreign investor transfers the equity interests of a resident enterprise indirectly via disposition of the equity interests of an overseas holding company, or an “indirect transfer,” and such overseas holding company is located in a tax jurisdiction that (i) has an effective tax rate less than 12.5% or (ii) does not tax foreign income of its residents, the foreign investor shall report the indirect transfer to the competent tax authority. The PRC tax authority will examine the true nature of the indirect transfer, and if the tax authority considers that the foreign investor has adopted an “abusive arrangement” in order to avoid PRC tax, it may disregard the existence of the overseas holding company and re-characterize the indirect transfer and as a result, gains derived from such indirect transfer may be subject to PRC withholding tax at a rate of up to 10%.

On February 3, 2015, the SAT issued the Announcement of the State Administration of Taxation on Several Issues Concerning the Enterprise Income Tax on Indirect Property Transfer by Non-Resident Enterprises, or SAT Bulletin 7, to supersede existing provisions in relation to the “indirect transfer” as set forth in Circular 698, while the other provisions of Circular 698 remain in force. Pursuant to SAT Bulletin 7, where a non-resident enterprise indirectly transfers properties such as equity in PRC resident enterprises without any justifiable business purposes and aiming to avoid the payment of enterprise income tax, such indirect transfer must be reclassified as a direct transfer of equity in PRC resident enterprise. To assess whether an indirect transfer of PRC taxable properties has reasonable commercial purposes, all arrangements related to the indirect transfer must be considered comprehensively and factors set forth in SAT Bulletin 7 must be comprehensively analyzed in light of the actual circumstances. SAT Bulletin 7 also provides that, where a non-PRC resident enterprise transfers its equity interests in a resident enterprise to its related parties at a price lower than the fair market value, the competent tax authority has the power to make a reasonable adjustment to the taxable income of the transaction.

On October 17, 2017, the SAT issued the Announcement of the State Administration of Taxation on Matters Concerning Withholding of Income Tax of Non-resident Enterprises as Source, or SAT Bulletin 37, which repealed the entire Circular 698 and the provision in relation to the time limit for the withholding agent to declare to the competent tax authority for payment of such tax of SAT Bulletin 7. Pursuant to SAT Bulletin 37, the income from a property transfer, as stipulated in the second item under Article 19 of the Law on Enterprise Income Tax, shall include the income derived from transferring such equity investment assets as stock equity. The balance of deducting the equity’s net value from the total income from equity transfer shall be taxable income from equity transfer. Where a withholding agent enters into a business contract, involving the income specified in the third paragraph of Article 3 in the Law on Enterprise Income Tax, with a non-resident enterprise, the tax-excluding income of the non-resident enterprise will be treated as the tax-including income, based on which the tax payment will be calculated and remitted, if it is agreed in the contract that the withholding agent shall assume the tax payable.

There has been very limited application of SAT Bulletin 7 and SAT Bulletin 37 because these regulations were newly issued and came into force in February 2015 and in December 2017 respectively. During the effective period of SAT Circular 698, some intermediary holding companies were actually looked through by the PRC tax authorities, and consequently the non-PRC resident investors were deemed to have transferred the PRC subsidiary and PRC corporate taxes were assessed accordingly. It is possible that we or our non-PRC resident investors may become at risk of being taxed under SAT Bulletin 7 and SAT Bulletin 37 and may be required to expend valuable resources to comply with SAT Bulletin 7 and SAT Bulletin 37 or to establish that we or our non-PRC resident investors should not be taxed under SAT Bulletin 7 and SAT Bulletin 37, which may have an adverse effect on our financial condition and results of operations or such non-PRC resident investors’ investment in us.

***Our PRC subsidiary is subject to restrictions on paying dividends or making other payments to us, which may restrict our ability to satisfy our liquidity requirements.***

We are an exempted company incorporated in the Cayman Islands structured as a holding company. We may need dividends and other distributions on equity from our PRC subsidiary to satisfy our liquidity requirements. Current PRC regulations permit our PRC subsidiary to pay dividends to us only out of their accumulated profits, if any, determined in accordance with PRC accounting standards and regulations. In addition, our PRC subsidiary is required to set aside at least 10% of their respective accumulated profits each year, if any, to fund certain reserve funds until the total amount set aside reaches 50% of their respective registered capital. Our PRC subsidiary may also allocate a portion of its after-tax profits based on PRC accounting standards to employee welfare and bonus funds at their discretion. These reserves are not distributable as cash dividends. Furthermore, if our PRC subsidiary incurs debt on their own behalf in the future, the instruments governing the debt may restrict their ability to pay dividends or make other payments to us. In addition, the PRC tax authorities may require us to adjust our taxable income under the contractual arrangements we currently have in place in a manner that would materially and adversely affect our PRC subsidiary’s ability to pay dividends and other distributions to us. Any limitation on the ability of our subsidiary to distribute dividends to us or on the ability of our PRC consolidated VIE to make payments to us may restrict our ability to satisfy our liquidity requirements.

In addition, the EIT Law, and its implementation rules provide that a withholding tax rate of up to 10% will be applicable to dividends payable by Chinese companies to non-PRC-resident enterprises unless otherwise exempted or reduced according to treaties or arrangements between the PRC central government and governments of other countries or regions where the non-PRC-resident enterprises are incorporated.

***Governmental control of currency conversion may affect the value of your investment.***

The PRC government imposes controls on the convertibility of the RMB into foreign currencies and, in certain cases, the remittance of currency out of China. We receive substantially all of our revenues in RMB. Under our current corporate structure, our company in the Cayman Islands may rely on dividend payments from our PRC subsidiary to fund any cash and financing requirements we may have. Under existing PRC foreign exchange regulations, payments of current account items, such as profit distributions and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. Therefore, our PRC subsidiary is able to pay dividends in foreign currencies to us without prior approval from SAFE, subject to the condition that the remittance of such dividends outside of the PRC complies with certain procedures under PRC foreign exchange regulations, such as the overseas investment registrations by our shareholders or the ultimate shareholders of our corporate shareholders who are PRC residents. But approval from or registration with appropriate government authorities is required where RMB is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC government may also at its discretion restrict access in the future to foreign currencies for current account transactions. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our shareholders, including holders of our ordinary shares.

***The approval of the China Securities Regulatory Commission may be required in connection with this offering under a regulation adopted in August 2006, and, if required, we cannot assure you that we will be able to obtain such approval.***

The Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors, or the M&A Rules, adopted by six PRC regulatory agencies in 2006 and amended in 2009, requires an overseas special purpose vehicle formed for listing purposes through acquisitions of PRC domestic companies and controlled by PRC companies or individuals to obtain the approval of the China Securities Regulatory Commission, or the CSRC, prior to the listing and trading of such special purpose vehicle's securities on an overseas stock exchange. In September 2006, the CSRC published a notice on its official website specifying documents and materials required to be submitted to it by a special purpose vehicle seeking CSRC approval of its overseas listings. However, substantial uncertainty remains regarding the scope and applicability of the M&A Rules to offshore special purpose vehicles. Currently, there is no consensus among leading PRC law firms regarding the scope and applicability of the CSRC approval requirement.

Our PRC counsel, V&T Law firm, has advised us based on their understanding of the current PRC law, rules and regulations that the CSRC's approval is not required for the listing and trading of our ordinary shares on NASDAQ in the context of this offering, given that:

- the CSRC currently has not issued any definitive rule or interpretation concerning whether offerings like ours under this prospectus are subject to this regulation;
- Craftsman Wuxi was established by means of direct investment rather than by a merger with or an acquisition of any PRC domestic companies as defined under the M&A Rules and;
- no provision in this regulation clearly classifies contractual arrangements as a type of transaction subject to its regulation.

However, our PRC legal counsel has further advised us that there remains some uncertainty as to how the M&A Rules will be interpreted or implemented in the context of an overseas offering and its opinions summarized above are subject to any new laws, rules and regulations or detailed implementations and interpretations in any form relating to the M&A Rules. We cannot assure you that relevant PRC governmental agencies, including the CSRC, would reach the same conclusion as we do. If it is determined that CSRC approval is required for this offering, we may face sanctions by the CSRC or other PRC regulatory agencies for failure to seek CSRC approval for this offering. These sanctions may include fines and penalties on our operations in the PRC, limitations on our operating privileges in the PRC, delays in or restrictions on the repatriation of the proceeds from this offering into the PRC, restrictions on or prohibition of the payments or remittance of dividends by our China subsidiary, or other actions that could have a material and adverse effect on our business, financial condition, results of operations, reputation and prospects, as well as the trading price of our ordinary shares. The CSRC or other PRC regulatory agencies may also take actions requiring us, or making it advisable for us, to halt this offering before the settlement and delivery of the ordinary shares that we are offering. Consequently, if you engage in market trading or other activities in anticipation of and prior to the settlement and delivery of the ordinary shares we are offering, you would be doing so at the risk that the settlement and delivery may not occur.

***The M&A Rules and certain other PRC regulations establish complex procedures for some acquisitions of Chinese companies by foreign investors, which could make it more difficult for us to pursue growth through acquisitions in China.***

The M&A Rules discussed in the preceding risk factor and related regulations and rules concerning mergers and acquisitions established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time-consuming and complex. For example, the M&A Rules require that MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise, if (i) any important industry is concerned, (ii) such transaction involves factors that have or may have impact on the national economic security, or (iii) such transaction will lead to a change in control of a domestic enterprise which holds a famous trademark or PRC time-honored brand, (iv) or in circumstances where overseas companies established or controlled by PRC enterprises or residents acquire affiliated domestic companies. Mergers, acquisitions or contractual arrangements that allow one market player to take control of or to exert decisive impact on another market player must also be notified in advance to the MOFCOM when the threshold under the Provisions on Thresholds for Prior Notification of Concentrations of Undertakings, or the Prior Notification Rules, issued by the State Council in August 2008 is triggered.

In addition, the security review rules issued by the MOFCOM that became effective in September 2011 specify that mergers and acquisitions by foreign investors that raise “national defense and security” concerns and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises that raise “national security” concerns are subject to strict review by the MOFCOM, and the rules prohibit any activities attempting to bypass a security review, including by structuring the transaction through a proxy or contractual control arrangement.

In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the above-mentioned regulations and other relevant rules to complete such transactions could be time-consuming, and any required approval processes, including obtaining approval from the MOFCOM or its local counterparts may delay or inhibit our ability to complete such transactions. It is unclear whether our business would be deemed to be in an industry that raises “national defense and security” or “national security” concerns. However, the MOFCOM or other government agencies may publish explanations in the future determining that our business is in an industry subject to the security review, in which case our future acquisitions in the PRC, including those by way of entering into contractual control arrangements with target entities, may be closely scrutinized or prohibited. Our ability to expand our business or maintain or expand our market share through future acquisitions would as such be materially and adversely affected.

***If we are classified as a PRC resident enterprise for PRC enterprise income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders.***

Under the PRC Enterprise Income Tax Law and its implementation rules, an enterprise established outside of the PRC with its “de facto management body” within the PRC is considered a “resident enterprise” and will be subject to the enterprise income tax on its global income at the rate of 25%. The implementation rules define the term “de facto management body” as the body that exercises full and substantial control and overall management over the business, productions, personnel, accounts and properties of an enterprise. In 2009, the State Administration of Taxation, or SAT, issued a circular, known as SAT Circular 82, partially abolished on December 29, 2017, which provides certain specific criteria for determining whether the “de facto management body” of a PRC-controlled enterprise that is incorporated offshore is located in China. Although this circular applies only to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners, the criteria set forth in the circular may reflect the SAT’s general position on how the “de facto management body” text should be applied in determining the tax resident status of all offshore enterprises. According to SAT Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its “de facto management body” in China, and will be subject to PRC enterprise income tax on its global income only if all of the following conditions are met: (i) the primary location of the day-to-day operational management is in the PRC; (ii) decisions relating to the enterprise’s financial and human resource matters are made or are subject to approval by organizations or personnel in the PRC; (iii) the enterprise’s primary assets, accounting books and records, company seals, and board and shareholder resolutions are located or maintained in the PRC; and (iv) at least 50% of voting board members or senior executives habitually reside in the PRC.

We believe that, as a Cayman Islands exempted company, our company is not a PRC resident enterprise for PRC tax purposes. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term “*de facto* management body.” If the PRC tax authorities determine that our company is a PRC resident enterprise for enterprise income tax purposes, we would be subject to PRC enterprise income on our worldwide income at the rate of 25%. Furthermore, we would be required to withhold a 10% tax from dividends we pay to our shareholders that are non-resident enterprises, including the holders of our ordinary shares. In addition, non-resident enterprise shareholders may be subject to PRC tax on gains realized on the sale or other disposition of the ordinary shares, if such income is treated as sourced from within the PRC. Furthermore, if we are deemed a PRC resident enterprise, dividends paid to our non-PRC individual shareholders and any gain realized on the transfer of the ordinary shares by such shareholders may be subject to PRC tax at a rate of 20% (which, in the case of dividends, may be withheld at source by us). These rates may be reduced by an applicable tax treaty, but it is unclear whether non-PRC shareholders of our company would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. Any such tax may reduce the returns on your investment in our ordinary shares.

### **Risks Related to Our Corporate Structure**

***If the PRC government finds that the contractual arrangements that establish the structure for holding our Internet Content Provider (“ICP”) license do not comply with applicable PRC laws and regulations, we could be subject to severe penalties or be forced to relinquish our interests in those operations.***

Foreign ownership in entities that provide value-added telecommunication services, is subject to restrictions under current PRC laws and regulations. For example, in accordance with the Guidance Catalog of Industries for Foreign Investment, as amended in June 2017, and other applicable laws and regulations, foreign investors are not allowed to own more than 50% of the equity interests in a value-added telecommunication service provider (except for e-commerce) and any such foreign investor must have experience in providing value-added telecommunications services overseas and maintain a good track record.

We are a Cayman Islands company and our PRC subsidiary, Craftsman Wuxi, is considered a foreign-invested enterprise. To comply with PRC laws and regulations, we operate our website, [www.kingwayup.com](http://www.kingwayup.com), through our PRC consolidated VIE, Wuxi Wangdao, which holds our ICP License for [www.kingwayup.com](http://www.kingwayup.com). Wuxi Wangdao is 60% owned by Xiaofeng Gao and 40% owned by Lugang Hua. All shareholders of Wuxi Wangdao are PRC citizens. We entered into a series of contractual arrangements with Wuxi Wangdao and its shareholders, which enable us to:

- exercise effective control over Wuxi Wangdao;
- receive substantially all of the economic benefits; and
- have an exclusive option to purchase all or part of the equity interests in Wuxi Wangdao when and to the extent permitted by PRC law.

Because of these contractual arrangements, we are the primary beneficiary of Wuxi Wangdao and treat it as our PRC consolidated VIE under U.S. GAAP. We consolidate the financial results of Wuxi Wangdao in our consolidated financial statements in accordance with U.S. GAAP. For a detailed discussion of these contractual arrangements, see “Corporate History and Structure.”

V&T Law Firm, our PRC legal counsel, is of the opinion that (i) the ownership structure of Craftsman Wuxi will not result in any violation of PRC laws or regulations currently in effect; and (ii) the contractual arrangements among Craftsman Wuxi and Wuxi Wangdao and its shareholders governed by PRC law are valid, binding and enforceable, and will not result in any violation of PRC laws or regulations currently in effect. Our PRC legal counsel is also of the opinion that there are, however, substantial uncertainties regarding the interpretation and application of current or future PRC laws and regulations concerning foreign investment in the PRC, and their application to and effect on the legality, binding effect and enforceability of the contractual arrangements. In particular, we cannot rule out the possibility that PRC regulatory authorities, courts or arbitral tribunals may in the future adopt a different or contrary interpretation or take a view that is inconsistent with the opinion of our PRC legal counsel.

It is uncertain whether any new PRC laws, rules or regulations relating to VIE structures will be adopted or if adopted, what effect they may have on our corporate structure. In particular, in January 2015, the Ministry of Commerce of the PRC, or MOFCOM, published a discussion draft of the proposed Foreign Investment Law, or the Draft Foreign Investment Law, for public review and comments. Among other things, the Draft Foreign Investment Law expands the definition of foreign investment and introduces the principle of “actual control” in determining whether a company is considered a foreign-invested enterprise, or an FIE. Under the Draft Foreign Investment Law, VIEs would be deemed as FIEs, if they are ultimately “controlled” by foreign investors, and would thus be subject to restrictions on foreign investments. However, the draft law has not taken a position on what actions will be taken with respect to existing companies with a “variable interest entity” structure, whether or not these companies are controlled by Chinese parties. On December 26, 2018, National People’s Congress Standing Committee, or NPCSC, published the Draft Foreign Investment Law, or the 2018 Draft Foreign Investment Law, deliberated by the 7th Meeting of the Standing Committee of the Thirteenth National People’s Congress, to seek public comments. The 2018 Draft Foreign Investment Law which will come into effect on January 1, 2020, does not mention concepts including “de facto control” and “controlling through contractual arrangements,” nor does it specify the regulation on controlling through contractual arrangements. See “—Substantial uncertainties exist with respect to the interpretation and implementation of draft PRC Foreign Investment Law and how it may impact the viability of our current corporate structure, corporate governance and business operations.”

If, as a result of such contractual arrangement, we or Wuxi Wangdao is found to be in violation of any existing or future PRC laws or regulations, or such contractual arrangement is determined as illegal and invalid by the PRC court, arbitral tribunal or regulatory authorities, or we fail to obtain, maintain or renew any of the required permits or approvals, the relevant PRC regulatory authorities would have broad discretion to take action in dealing with such violations or failures, including:

- revoking the business licenses and/or operating licenses of Craftsman Wuxi and/or Wuxi Wangdao;
- discontinuing or restricting the conduct of any transactions between Craftsman Wuxi and Wuxi Wangdao;
- limiting our business expansion in China by way of entering into contractual arrangements;
- imposing fines, confiscating the income from Wuxi Wangdao, or imposing other requirements with which we or Wuxi Wangdao may not be able to comply with;
- shutting down our servers or blocking our websites;
- requiring us to restructure our ownership structure or operations, including terminating the contractual arrangements with Wuxi Wangdao and deregistering the equity pledges of Wuxi Wangdao;
- restricting or prohibiting our use of the proceeds of this offering to finance our business and operations in China;
- imposing additional conditions or requirements with which we may not be able to comply with; or
- take other regulatory or enforcement actions against us that could be harmful to our business.

The imposition of any of these penalties could result in a material and adverse effect on our ability to conduct our business and on our results of operations. If any of these penalties results in our inability to direct the activities of Wuxi Wangdao that most significantly impact its economic performance, and/or our failure to receive the economic benefits from Wuxi Wangdao, we may not be able to consolidate Wuxi Wangdao in our consolidated financial statements in accordance with U.S. GAAP.

***We rely on contractual arrangements with Wuxi Wangdao and its shareholders for a portion of our business operations, which may not be as effective as direct ownership in providing operational control.***

We have relied and expect to continue to rely on contractual arrangements with Wuxi Wangdao, as well as its respective shareholders, to operate our business in China. For a description of these contractual arrangements, see “Corporate History and Structure.” These contractual arrangements may not be as effective as direct ownership in providing us with control over Wuxi Wangdao. For example, Wuxi Wangdao and its shareholders could breach their contractual arrangements with us by, among other things, failing to conduct their operations, including maintaining our websites and using the domain names and software copyrights, in an acceptable manner or taking other actions that are detrimental to our interests.

If we had direct ownership of Wuxi Wangdao, we would be able to exercise our rights as a shareholder to change the executive director of Wuxi Wangdao, which in turn could affect changes, subject to any applicable fiduciary obligations, at the management level. However, under the current contractual arrangements, we rely on the performance by Wuxi Wangdao and its shareholders of their obligations under the contracts to exercise control over Wuxi Wangdao. However, the shareholders of Wuxi Wangdao may not act in the best interests of the Company or may not perform their obligations under these contracts. Such risks exist throughout the period in which we intend to operate our business through the contractual arrangements with Wuxi Wangdao. We may replace the shareholders of Wuxi Wangdao at any time pursuant to our contractual arrangements with it and its shareholders. However, if any dispute relating to these contracts remains unresolved, we will have to enforce our rights under these contracts through the operations of PRC law and by means of arbitration, litigation and other legal proceedings and therefore will be subject to uncertainties in the PRC legal system. See “—Any failure by Wuxi Wangdao or its shareholders to perform their obligations under our contractual arrangements with them would have a material and adverse effect on our business.” Therefore, our contractual arrangements with Wuxi Wangdao may not be as effective in ensuring our control over the relevant portion of our business operations as direct ownership would be.

***Substantial uncertainties exist with respect to the interpretation and implementation of draft PRC Foreign Investment Law and how it may impact the viability of our current corporate structure, corporate governance and business operations.***

The MOFCOM published a discussion draft of the proposed Foreign Investment Law in January 2015 aiming to, upon its enactment, replace the trio of existing laws regulating foreign investment in China, namely, *the Sino-foreign Equity Joint Venture Enterprise Law, the Sino-foreign Cooperative Joint Venture Enterprise Law and the Wholly Foreign-invested Enterprise Law*.

On March 15, 2019, the National People’s Congress approved the Foreign Investment Law, which will come into effect on January 1, 2020 and replace the trio of existing laws regulating foreign investment in China, namely, the Sino-foreign Equity Joint Venture Enterprise Law, the Sino-foreign Cooperative Joint Venture Enterprise Law and the Wholly Foreign-invested Enterprise Law, together with their implementation rules and ancillary regulations. The Foreign Investment Law embodies an expected PRC regulatory trend to rationalize 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. However, it does not explicitly classify contractual arrangements as a form of foreign investment. As such, there is no assurance that foreign investment via contractual arrangement 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 the PRC laws and regulations. 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. Any 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.

***Any failure by Wuxi Wangdao or its shareholders to perform their obligations under our contractual arrangements with them would have a material and adverse effect on our business.***

If Wuxi Wangdao or its shareholders fail to perform their obligations under the contractual arrangements, we may have to incur substantial costs and expend additional resources to enforce such arrangements. We may also have to rely on legal remedies under PRC law, including seeking specific performance or injunctive relief, and claiming damages, which we cannot assure you will be effective. For example, if the shareholders of Wuxi Wangdao, were to refuse to transfer their equity interest in Wuxi Wangdao to us or our designee if we exercise the purchase option pursuant to these contractual arrangements, or if they were otherwise to act in bad faith toward us, then we may have to take legal actions to compel them to perform their contractual obligations.

All the agreements under our contractual arrangements with Wuxi Wangdao are governed by PRC law and provide for the resolution of disputes through arbitration in China. Accordingly, these contracts would be interpreted in accordance with PRC law and any disputes would be resolved in accordance with PRC legal procedures. The legal system in the PRC is not as developed as in some other jurisdictions, such as the United States. As a result, uncertainties in the PRC legal system could limit our ability to enforce these contractual arrangements. In addition, there are very few precedents and little formal guidance as to how contractual arrangements in the context of a consolidated affiliated entity should be interpreted or enforced under PRC law. There remain significant uncertainties regarding the ultimate outcome of such arbitration should any legal action become necessary. In addition, under PRC law, rulings by arbitrators are final and parties cannot appeal the arbitration results in courts. If the losing parties fail to carry out the arbitration awards within a prescribed time limit, the prevailing parties may only enforce the arbitration awards in PRC courts through arbitration award recognition proceedings, which would require additional expenses and delay. In the event we are unable to enforce these contractual arrangements, we may not be able to exert effective control over Wuxi Wangdao, and our ability to conduct our business may be negatively affected.

***If the custodians or authorized users of our controlling non-tangible assets, including chops and seals, fail to fulfill their responsibilities, or misappropriate or misuse these assets, our business and operations could be materially and adversely affected.***

Under PRC law, legal documents for corporate transactions, including agreements and contracts such as the leases and sales contracts that our business relies on, are executed using the chop or seal of the signing entity or with the signature of a legal representative whose designation is registered and filed with the relevant local branch of the SAIC. We generally execute legal documents by affixing chops or seals, rather than having the designated legal representatives sign the documents.

We have three major types of chops—corporate chops, contract chops and finance chops. We use corporate chops generally for documents to be submitted to government agencies, such as applications for changing the business scope, directors or company name, and for legal letters. We use contract chops for executing leases and commercial contracts. We use finance chops generally for making and collecting payments, including, but not limited to issuing invoices. Use of corporate chops and contract chops must be approved by our legal department and administrative department, and use of finance chops must be approved by our finance department. The chops of our PRC subsidiary and our PRC consolidated VIE are generally held by the relevant entities so that documents can be executed locally. Although we usually utilize chops to execute contracts, the registered legal representatives of our PRC subsidiary and our PRC consolidated VIE have the apparent authority to enter into contracts on behalf of such entities without chops, unless such contracts set forth otherwise. All designated legal representatives of our PRC subsidiary and our PRC consolidated VIE have signed employment agreements with us under which they agree to abide by duties they owe to us.

In order to maintain the physical security of our chops, we generally have them stored in secured locations accessible only to the department heads of the legal, administrative or finance departments. Our designated legal representatives generally do not have access to the chops. Although we monitor our employees, including the designated legal representatives of our PRC subsidiary and our consolidated VIE, the procedures may not be sufficient to prevent all instances of abuse or negligence. There is a risk that our employees or designated legal representatives could abuse their authority, for example, by binding the relevant subsidiary or consolidated VIE with contracts against our interests, as we would be obligated to honor these contracts if the other contracting party acts in good faith in reliance on the apparent authority of our chops or signatures of our legal representatives. If any designated legal representative obtains control of the chop in an effort to obtain control over the relevant entity, we would need to have a shareholder or board resolution to designate a new legal representative and to take legal action to seek the for a new chop with the relevant authorities, or otherwise seek legal remedies for the legal representative's misconduct. If any of the designated legal representatives obtains and misuses or misappropriates our chops and seals or other controlling intangible assets for whatever reason, we could experience disruption to our normal business operations. We may have to take corporate or legal action, which could involve significant time and resources to resolve while distracting management from our operations.

***The shareholders of Wuxi Wangdao may have potential conflicts of interest with us, which may materially and adversely affect our business and financial condition.***

We have designated individuals who are PRC nationals to be the shareholders of Wuxi Wangdao. Wuxi Wangdao is owned by Xiaofeng Gao and Lugang Hua. The interests of these individuals as the shareholders of Wuxi Wangdao may differ from the interests of the Company as a whole. These shareholders may breach, or cause our PRC consolidated VIE to breach, or refuse to renew, the existing contractual arrangements we have with them and Wuxi Wangdao, which would have a material and adverse effect on our ability to effectively control Wuxi Wangdao. We cannot assure you that when conflicts of interest arise, any or all of these shareholders will act in the best interests of our company or such conflicts will be resolved in our favor.

Currently, we do not have any arrangements to address potential conflicts of interest between these shareholders and the Company, except that we could exercise our purchase option under the exclusive purchasing right agreement with these shareholders to request them to transfer all of their equity ownership in Wuxi Wangdao to Craftsman Wuxi or one or more individuals designated by us. We rely on Xiaofeng Gao and Lugang Hua, who are the shareholders of Wuxi Wangdao and also our directors and officers, to abide by PRC law, which provides that directors owe a fiduciary duty to the company. Such fiduciary duty requires directors to act in good faith and in the best interests of the company and not to use their positions for personal gains. If we cannot resolve any conflict of interest or dispute between us and the shareholders of Wuxi Wangdao, 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.

***We may rely on dividends and other distributions on equity paid by our PRC subsidiary to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC subsidiary to make payments to us could have a material and adverse effect on our ability to conduct our business.***

We are an exempted company incorporated in the Cayman Islands structured as a holding company, and we may rely on dividends and other distributions on equity paid by our PRC subsidiary, Craftsman Wuxi, for our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders and service any debt we may incur. If our PRC subsidiary incurs debt on its own behalf in the future, the instruments governing the debt may restrict its ability to pay dividends or make other distributions to us. In addition, the PRC tax authorities may require Craftsman Wuxi to adjust its taxable income under the contractual arrangements it currently has in place with our PRC consolidated VIE in a manner that would materially and adversely affect its ability to pay dividends and other distributions to us. See “—Our contractual arrangements may be subject to scrutiny by the PRC tax authorities, and a finding that we owe additional taxes could substantially reduce our consolidated net income and the value of your investment.”

Under PRC laws and regulations, our PRC subsidiary, which is a wholly foreign-owned enterprise may pay dividends only out of its respective accumulated profits as determined in accordance with PRC accounting standards and regulations. In addition, a wholly foreign-owned enterprise is required to set aside at least 10% of its accumulated after-tax profits each year, if any, to fund a certain statutory reserve fund, until the aggregate amount of such fund reaches 50% of its registered capital. At its discretion, a wholly foreign-owned enterprise may allocate a portion of its after-tax profits based on PRC accounting standards to an enterprise expansion fund, or a staff welfare and bonus fund. The statutory reserve funds, enterprise expansion funds and staff welfare and bonus funds are not distributable as cash dividends.

Any limitation on the ability of our PRC subsidiary to pay dividends or make other distributions to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business. See also “—Risks Related to Doing Business in China—Under the PRC Enterprise Income Tax Law, we may be classified as a PRC “resident enterprise” for PRC enterprise income tax purposes. Such classification would likely result in unfavorable tax consequences to us and our non-PRC shareholders and has a material adverse effect on our results of operations and the value of your investment.”

***Our contractual arrangements may be subject to scrutiny by the PRC tax authorities, and a finding that we owe additional taxes could substantially reduce our consolidated net income and the value of your investment.***

Under PRC laws and regulations, arrangements and transactions among related parties may be subject to audit or challenge by the PRC tax authorities within ten years after the taxable year when the transactions are conducted. We could face material and adverse tax consequences if the PRC tax authorities determine that the contractual arrangements among our PRC subsidiary and our PRC consolidated VIE do not represent an arm’s length price and adjust our PRC consolidated VIEs income in the form of a transfer pricing adjustment. A transfer pricing adjustment could, among other things, result in a reduction, for PRC tax purposes, of expense deductions recorded by our PRC consolidated VIE, which could in turn increase their tax liabilities without reducing our WOFE’s tax expenses. In addition, the PRC tax authorities may impose late payment fees and other penalties to our PRC consolidated VIE for under-paid taxes. Our consolidated net income may be materially and adversely affected if our tax liabilities increase or if we are found to be subject to late payment fees or other penalties.

***If Wuxi Wangdao becomes the subject of a bankruptcy or liquidation proceeding, we may lose the ability to use and enjoy its assets, which could reduce the size of our operations and materially and adversely affect our business, ability to generate revenues and the market price of our ordinary shares.***

To comply with PRC laws and regulations relating to foreign ownership restrictions in the online value-added telecommunications business, we hold our ICP license through contractual arrangements with Wuxi Wangdao, our PRC consolidated VIE, as well as its shareholders. As part of these arrangements, Wuxi Wangdao holds assets that are important to the operation of our business.

We do not have priority pledges and liens against Wuxi Wangdao’s assets. As a contractual and property right matter, this lack of priority pledges and liens has remote risks. If Wuxi Wangdao undergoes an involuntary liquidation proceeding, third-party creditors may claim rights to some or all of its assets and we may not have priority against such third-party creditors on Wuxi Wangdao’s assets. If Wuxi Wangdao liquidates, we may take part in the liquidation procedures as a general creditor under the PRC Enterprise Bankruptcy Law and recover any outstanding liabilities owed by Wuxi Wangdao to Craftsman Wuxi under the applicable service agreements. To ameliorate the risks of an involuntary liquidation proceeding initiated by a third-party creditor, we closely monitor the operations and finances of Wuxi Wangdao through carefully designed budgetary and internal controls to ensure that Wuxi Wangdao is well capitalized and is highly unlikely to trigger any third-party monetary claims in excess of its assets and cash resources. Furthermore, Craftsman Wuxi has the ability, if necessary, to provide finance support to Wuxi Wangdao to prevent such an involuntary liquidation.

If the shareholders of Wuxi Wangdao were to attempt to voluntarily liquidate Wuxi Wangdao without obtaining our prior consent, we could effectively prevent such unauthorized voluntary liquidation by exercising our right to request Wuxi Wangdao’s shareholders to transfer all of their equity ownership interest to Craftsman Wuxi or one or more individuals designated by us in accordance with the purchasing right agreements with the shareholders of Wuxi Wangdao. In the event that the shareholders of Wuxi Wangdao initiates a voluntary liquidation proceeding without our authorization or attempts to distribute the retained earnings or assets of Wuxi Wangdao without our prior consent, we may need to resort to legal of the contractual agreements. Any such litigation may be costly and may divert our management’s time and attention away from the operation of our business, and the outcome of such litigation would be uncertain.

## Risks Related to Our Ordinary Shares and This Offering

***An active trading market for our ordinary shares may not develop and the trading price for our ordinary shares may fluctuate significantly.***

We have applied to list our ordinary shares on the Nasdaq. Prior to the completion of this offering, there has been no public market for our ordinary shares, and we cannot assure you that a liquid public market for our ordinary shares will develop. If an active public market for our ordinary shares does not develop following the completion of this offering, the market price and liquidity of our ordinary shares may be materially and adversely affected. The initial public offering price for our ordinary shares was determined by negotiation between us and the underwriters based upon several factors, and we can provide no assurance that the trading price of our ordinary shares after this offering will not decline below the initial public offering price. As a result, investors in our securities may experience a significant decrease in the value of their ordinary shares.

***The trading price of our ordinary shares may be volatile, which could result in substantial losses to investors.***

The trading price of our ordinary shares may be volatile and could fluctuate widely due to factors beyond our control. This may happen because of the broad market and industry factors, like the performance and fluctuation of the market prices of other companies with business operations located mainly in China that have listed their securities in the United States. A number of Chinese companies have listed or are in the process of listing their securities on U.S. stock markets. The securities of some of these companies have experienced significant volatility, including price declines in connection with their initial public offerings. The trading performances of these Chinese companies' securities after their offerings may affect the attitudes of investors toward Chinese companies listed in the United States in general and consequently may impact the trading performance of our ordinary shares, regardless of our actual operating performance.

In addition to market and industry factors, the price and trading volume for our ordinary shares may be highly volatile for factors specific to our own operations, including the following:

- variations in our revenues, earnings, cash flow and data related to our user base or user engagement;
- announcements of new investments, acquisitions, strategic partnerships or joint ventures by us or our competitors;
- announcements of new services and expansions by us or our competitors;
- changes in financial estimates by securities analysts;
- detrimental adverse publicity about us, our services or our industry;
- additions or departures of key personnel;
- release of lock-up or other transfer restrictions on our outstanding equity securities or sales of additional equity securities; and
- potential litigation or regulatory investigations.

Any of these factors may result in large and sudden changes in the volume and price at which our ordinary shares will trade.

In the past, shareholders of public companies have often brought securities class action suits against those companies following periods of instability in the market price of their securities. If we were involved in a class action suit, it could divert a significant amount of our management's attention and other resources from our business and operations and require us to incur significant expenses to defend the suit, which could harm our results of operations. Any such class action suit, whether or not successful, could harm our reputation and restrict our ability to raise capital in the future. In addition, if a claim is successfully made against us, we may be required to pay significant damages, which could have a material adverse effect on our financial condition and results of operations.

***Our ordinary shares may initially trade under \$5.00 per share and thus could be penny stock. Trading in penny stocks has certain restrictions and these restrictions could negatively affect the price and liquidity of our ordinary shares.***

Our ordinary shares may trade below \$5.00 per share following listing. As a result, our ordinary shares would be known as a “penny stock,” which is subject to various regulations involving disclosures to be given to you prior to the purchase of any penny stock. The SEC has adopted regulations which generally define a “penny stock” to be any equity security that has a market price of less than \$5.00 per share, subject to certain exceptions. Depending on market fluctuations, our ordinary shares could be considered to be a “penny stock.” A penny stock is subject to rules that impose additional sales practice requirements on broker/dealers who sell these securities to persons other than established members and accredited investors. For transactions covered by these rules, the broker/dealer must make a special suitability determination for the purchase of these securities. In addition, a broker/dealer must receive the purchaser’s written consent to the transaction prior to the purchase and must also provide certain written disclosures to the purchaser. Consequently, the “penny stock” rules may restrict the ability of broker/dealers to sell our ordinary shares, and may negatively affect the ability of holders of our ordinary shares to resell them. These disclosures require you to acknowledge that you understand the risks associated with buying penny stocks and that you can absorb the loss of your entire investment. Penny stocks generally do not have a very high trading volume. Consequently, the price of the stock is often volatile and you may not be able to buy or sell the stock when you want to.

***If securities or industry analysts do not publish research or reports about our business, or if they adversely change their recommendations regarding our ordinary shares, the market price for our ordinary shares and trading volume could decline.***

The trading market for our ordinary shares will be influenced by research or reports that industry or securities analysts publish about our business. If one or more analysts who cover us downgrade our ordinary shares, the market price for our ordinary shares would likely decline. If one or more of these analysts cease to cover us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause the market price or trading volume for our ordinary shares to decline.

***The sale or availability for sale of substantial amounts of our ordinary shares could adversely affect their market price.***

Sales of substantial amounts of our ordinary shares in the public market after the completion of this offering, or the perception that these sales could occur, could adversely affect the market price of our ordinary shares and could materially impair our ability to raise capital through equity offerings in the future. The ordinary shares sold in this offering will be freely tradable without restriction or further registration under the Securities Act, and shares held by our existing shareholders may also be sold in the public market in the future subject to the restrictions in Rule 144 and Rule 701 under the Securities Act and the applicable lock-up agreements. Following the consummation of our initial public offering, there will be ordinary shares outstanding immediately after this offering. In connection with this offering, we and each of our directors and officers named in the section “Management,” and certain shareholders have agreed not to sell any ordinary shares for 12 months from the date of this prospectus without the prior written consent of the underwriter, subject to certain exceptions. However, the underwriters may release these securities from these restrictions at any time, subject to applicable regulations of the Financial Industry Regulatory Authority, Inc. (“FINRA”). We cannot predict what effect, if any, market sales of securities held by our significant shareholders or any other shareholder or the availability of these securities for future sale will have on the market price of our ordinary shares. See “Underwriting” and “Shares Eligible for Future Sale” for a more detailed description of the restrictions on selling our securities after this offering.

***Because we do not expect to pay dividends in the foreseeable future after this offering, you must rely on price appreciation of our ordinary shares for return on your investment.***

We currently intend to retain all of our available funds and any future earnings after this offering to fund the development and growth of our business. As a result, we do not expect to pay any cash dividends in the foreseeable future. Therefore, you should not rely on an investment in our ordinary shares as a source for any future dividend income.

Our board of directors has complete discretion as to whether to distribute dividends. Even if our board of directors decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on, among other things, our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions, if any, received by us from our subsidiaries, our financial condition, contractual restrictions and other factors deemed relevant by our board of directors. Accordingly, the return on your investment in our ordinary shares will likely depend entirely upon any future price appreciation of our ordinary shares. There is no guarantee that our ordinary shares will appreciate in value after this offering or even maintain the price at which you purchased our ordinary shares. You may not realize a return on your investment in our ordinary shares and you may even lose your entire investment.

***Because the initial public offering price is substantially higher than the pro forma net tangible book value per share, you will experience immediate and substantial dilution.***

If you purchase ordinary shares in this offering, you will pay more for each share than the corresponding amount paid by existing shareholders for their ordinary shares. As a result, you will experience immediate and substantial dilution of \$ 3.78 per share, representing the difference between our net tangible book value per share of \$ 1.22 as of September 30, 2019, after giving effect to this offering and an assumed initial public offering price of \$5.00 per share, which is the midpoint of the estimated range of the initial public offering price shown on the cover page of this prospectus. See “Dilution” for a more complete description of how the value of your investment in our ordinary shares will be diluted upon the completion of this offering.

***You must rely on the judgment of our management as to the use of the net proceeds from this offering, and such use may not produce income or increase our share price.***

We plan to use the net proceeds of this offering primarily for the development of additional online courses, vocational education mobile application and additional vocational education platforms. See “Use of Proceeds.” However, our management will have considerable discretion in the application of the net proceeds received by us. You will not have the opportunity, as part of your investment decision, to assess whether proceeds are being used appropriately. The net proceeds may be used for corporate purposes that do not improve our efforts to achieve or maintain profitability or increase our share price. The net proceeds from this offering may be placed in investments that do not produce income or that lose value.

***If we are classified as a passive foreign investment company, United States taxpayers who own our ordinary shares may have adverse United States federal income tax consequences.***

A non-U.S. corporation such as ourselves will be classified as a passive foreign investment company, which is known as a PFIC, for any taxable year if, for such year, either

- At least 75% of our gross income for the year is passive income; or
- The average percentage of our assets (determined at the end of each quarter) during the taxable year which produces passive income or which are held for the production of passive income is at least 50%.

Passive income generally includes dividends, interest, rents, royalties (other than rents or royalties derived from the active conduct of a trade or business) and gains from the disposition of passive assets.

If we are determined to be a PFIC for any taxable year (or portion thereof) that is included in the holding period of a U.S. taxpayer who holds our ordinary shares, the U.S. taxpayer may be subject to increased U.S. federal income tax liability and may be subject to additional reporting requirements.

Depending on the amount of cash we raise in this offering, together with any other assets held for the production of passive income, it is possible that, for our current taxable year or for any subsequent year, more than 50% of our assets may be assets which produce passive income. We will make this determination following the end of any particular tax year. Although the law in this regard is unclear, we treat our consolidated affiliated entities as being owned by us for United States federal income tax purposes, not only because we exercise effective control over the operation of such entities but also because we are entitled to substantially all of their economic benefits, and, as a result, we consolidate their operating results in our consolidated financial statements. For purposes of the PFIC analysis, in general, a non-U.S. corporation is deemed to own its pro rata share of the gross income and assets of any entity in which it is considered to own at least 25% of the equity by value.

For a more detailed discussion of the application of the PFIC rules to us and the consequences to U.S. taxpayers if we were determined to be a PFIC, see “Taxation — Material United States Federal Income Tax Consideration — Passive Foreign Investment Company.”

***The amended and restated memorandum and articles of association that we intend to adopt contain anti-takeover provisions that could have a material adverse effect on the rights of holders of our ordinary shares.***

We intend to adopt an amended and restated memorandum and articles of association immediately prior to the completion of this offering. Our proposed amended and restated memorandum and articles of association contain provisions to limit the ability of others to acquire control of our company or cause us to engage in change-of-control transactions. These provisions could have the effect of depriving our shareholders of an opportunity to sell their shares at a premium over prevailing market prices by discouraging third parties from seeking to obtain control of our company in a tender offer or similar transaction. In addition, our board of directors has the authority, without further action by our shareholders, to issue preferred shares in one or more series and to fix their designations, powers, preferences, privileges, and relative participating, optional or special rights and the qualifications, limitations or restrictions, including dividend rights, conversion rights, voting rights, terms of redemption and liquidation preferences, any or all of which may be greater than the rights associated with our ordinary shares. Preferred shares could be issued quickly with terms calculated to delay or prevent a change in control of our company or make removal of management more difficult. If our board of directors decides to issue preferred shares, the price of our ordinary shares may fall and the voting and other rights of the holders of our ordinary shares underlying the ordinary shares may be materially and adversely affected.

***Our principal shareholders have substantial influence over our company. Their interests may not be aligned with the interests of our other shareholders, and they could prevent or cause a change of control or other transactions.***

As of the date of this prospectus, Mr. Xiaofeng Gao, our founder and chairman of our board of directors, beneficially owns an aggregate of 43% of our outstanding ordinary shares. Upon the completion of this offering, our executive officers and directors, together with our existing shareholders, will beneficially own approximately 12,000,000 ordinary shares, or approximately 80% of our outstanding ordinary shares.

Accordingly, our executive officers and directors, together with our existing shareholders, could have a significant influence in determining the outcome of any corporate transaction or other matter submitted to the shareholders for approval, including mergers, consolidations, the election of directors and other significant corporate actions. In cases where their interests are aligned and they vote together, these shareholders will also have the power to prevent or cause a change in control. Without the consent of some or all of these shareholders, we may be prevented from entering into transactions that could be beneficial to us or our minority shareholders. In addition, our directors and officers could violate their fiduciary duties by diverting business opportunities from us to themselves or others. The interests of our largest shareholders may differ from the interests of our other shareholders. The concentration in the ownership of our ordinary shares may cause a material decline in the value of our ordinary shares. For more information regarding our principal shareholders and their affiliated entities, see “Principal Shareholders.”

***As a company incorporated in the Cayman Islands, we are permitted to adopt certain home country practices in relation to corporate governance matters that differ significantly from Nasdaq corporate governance listing standards. These practices may afford less protection to shareholders than they would enjoy if we complied fully with Nasdaq corporate governance listing standards.***

As an exempted company incorporated in the Cayman Islands that is expected to be listed on Nasdaq, we are subject to Nasdaq corporate governance listing standards. However, Nasdaq rules permit a foreign private issuer like us to follow the corporate governance practices of its home country. Certain corporate governance practices in the Cayman Islands, which is our home country, may differ significantly from Nasdaq corporate governance listing standards. Currently, we do not plan to rely on the home country practice with respect to our corporate governance after we complete this offering. However, if we choose to follow home country practice in the future, our shareholders may be afforded less protection than they otherwise would enjoy under Nasdaq corporate governance listing standards applicable to U.S. domestic issuers.

***You may face difficulties in protecting your interests, and your ability to protect your rights through U.S. courts may be limited, because we are incorporated under Cayman Islands law.***

We are an exempted company incorporated under the laws of the Cayman Islands with limited liability. Our corporate affairs are governed by our memorandum and articles of association, the Companies Law (2020 Revision) of the Cayman Islands and the common law of the Cayman Islands. The rights of shareholders to take action against the directors, actions by minority shareholders and the fiduciary duties 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 the common law of England, the decisions of whose courts are of persuasive authority, but are not binding, on a court in the Cayman Islands. The rights of our shareholders and the fiduciary duties of our directors under Cayman Islands law are not as clearly established as they would be under statutes or judicial precedent in some jurisdictions in the United States. In particular, the Cayman Islands has a less developed body of securities laws than the United States. Some U.S. states, such as Delaware, have more fully developed and judicially interpreted bodies of corporate law than the Cayman Islands. In addition, Cayman Islands companies may not have the standing to initiate a shareholder derivative action in a federal court of the United States.

Shareholders of Cayman Islands exempted companies like us have no general rights under Cayman Islands law to inspect corporate records or to obtain copies of the register of members of these companies. Our directors have discretion under our articles of association to determine whether or not, and under what conditions, our corporate records may be inspected by our shareholders, but are not obliged to make them available to our shareholders. This may make it more difficult for you to obtain the information needed to establish any facts necessary for a shareholder motion or to solicit proxies from other shareholders in connection with a proxy contest.

Certain corporate governance practices in the Cayman Islands, which is our home country, differ significantly from requirements for companies incorporated in other jurisdictions such as the U.S. Currently, we do not plan to rely on home country practice with respect to any corporate governance matter. However, if we choose to follow our home country practice in the future, our shareholders may be afforded less protection than they otherwise would under rules and regulations applicable to U.S. domestic issuers.

As a result of all of the above, public shareholders may have more difficulty in protecting their interests in the face of actions taken by our management, members of the board of directors or controlling shareholders than they would as public shareholders of a company incorporated in the United States. For a discussion of significant differences between the provisions of the Companies Law of the Cayman Islands and the laws applicable to companies incorporated in the United States and their shareholders, see “Description of Share Capital — Comparison of Cayman Islands Corporate Law and U.S. Corporate Law.”

***Certain judgments obtained against us by our shareholders may not be enforceable.***

We are a Cayman Islands exempted company and substantially all of our assets are located outside of the United States. All of our current operations are conducted in China. In addition, all of our current directors and officers are nationals and residents of countries other than the United States. Substantially all of the assets of these persons are located outside the United States. As a result, it may be difficult or impossible for you to bring an action against us or against these individuals in the United States in the event that you believe that your rights have been infringed under the U.S. federal securities laws or otherwise. Even if you are successful in bringing an action of this kind, the laws of the Cayman Islands and of China may render you unable to enforce a judgment against our assets or the assets of our directors and officers. For more information regarding the relevant laws of the Cayman Islands and China, see “Enforceability of Civil Liabilities—Enforcement of Civil Liabilities.”

***We are an emerging growth company within the meaning of the Securities Act and may take advantage of certain reduced reporting requirements.***

We are an “emerging growth company,” as defined in the JOBS Act, and we may take advantage of certain exemptions from requirements applicable to other public companies that are not emerging growth companies including, most significantly, not being required to comply with the auditor attestation requirements of Section 404 for so long as we are an emerging growth company.

The JOBS Act also provides that an emerging growth company does not need to comply with any new or revised financial accounting standards until such date that a private company is otherwise required to comply with such new or revised accounting standards. In other words, an “emerging growth company” can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We are electing to take advantage of the extended transition period, although we have early adopted certain new and revised accounting standards based on transition guidance permitted under such standards. As a result of this election, our future financial statements may not be comparable to other public companies that comply with the public company effective dates for these new or revised accounting standards.

***We are a foreign private issuer within the meaning of the rules under the Exchange Act, and as such we are exempt from certain provisions applicable to United States domestic public companies.***

Because we are a foreign private issuer under the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”), we are exempt from certain provisions of the securities rules and regulations in the United States that are applicable to U.S. domestic issuers, including:

- the rules under the Exchange Act requiring the filing of quarterly reports on Form 10-Q or current reports on Form 8-K with the SEC;
- the sections of the Exchange Act regulating the solicitation of proxies, consents, or authorizations in respect of a security registered under the Exchange Act;
- the sections of the Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and liability for insiders who profit from trades made in a short period of time; and
- the selective disclosure rules by issuers of material non-public information under Regulation FD.

We will be required to file an annual report on Form 20-F within four months of the end of each fiscal year. In addition, we intend to publish our results on a quarterly basis through press releases, distributed pursuant to the rules and regulations of the Nasdaq Capital Market. Press releases relating to financial results and material events will also be furnished to the SEC on Form 6-K. However, the information we are required to file with or furnish to the SEC will be less extensive and less timely compared to that required to be filed with the SEC by U.S. domestic issuers. As a result, you may not be afforded the same protections or information, which would be made available to you, were you investing in a U.S. domestic issuer.

***We will incur significantly increased costs and devote substantial management time as a result of the listing of our ordinary shares.***

We will incur additional legal, accounting and other expenses as a public reporting company, particularly after we cease to qualify as an emerging growth company. For example, we will be required to comply with the additional requirements of the rules and regulations of the SEC and the Nasdaq rules, including applicable corporate governance practices. We expect that compliance with these requirements will increase our legal and financial compliance costs and will make some activities more time-consuming and costly. In addition, we expect that our management and other personnel will need to divert attention from operational and other business matters to devote substantial time to these public company requirements. We cannot predict or estimate the number of additional costs we may incur as a result of becoming a public company or the timing of such costs.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time-consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidelines are provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We intend to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management’s time and attention from revenue-generating activities to compliance activities. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may also initiate legal proceedings against us and our business may be adversely affected.

***If a limited number of participants in this offering purchase a significant percentage of the offering, the effective public float may be smaller than anticipated and the price of our ordinary shares may be volatile which could subject us to securities litigation and make it more difficult for you to sell your shares.***

As a company conducting a relatively small public offering, we are subject to the risk that a small number of investors will purchase a high percentage of the offering. While the underwriters are required to sell shares in this offering to at least 300 round lot shareholders (a round lot shareholder is a shareholder who purchases at least 100 shares) in order to ensure that we meet the Nasdaq initial listing standards, we have not otherwise imposed any obligations on the underwriters as to the maximum number of shares they may place with individual investors. If, in the course of marketing the offering, the underwriters were to determine that demand for our shares was concentrated in a limited number of investors and such investors determined to hold their shares after the offering rather than trade them in the market, other shareholders could find the trading and price of our shares affected (positively or negatively) by the limited availability of our shares. If this were to happen, investors could find our shares to be more volatile than they might otherwise anticipate. Companies that experience such volatility in their share price may be more likely to be the subject of securities litigation. In addition, if a large portion of our public float were to be held by a few investors, smaller investors may find it more difficult to sell their shares.

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS AND INDUSTRY DATA

This prospectus contains forward-looking statements that reflect our current expectations and views of future events. The forward-looking statements are contained principally in the sections entitled “Prospectus Summary,” “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Business” and “Regulation.” Known and unknown risks, uncertainties and other factors, including those listed under “Risk Factors,” may cause our actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements.

You can identify some of these forward-looking statements by words or phrases such as “may,” “will,” “expect,” “anticipate,” “aim,” “estimate,” “intend,” “plan,” “believe,” “is/are likely to,” “potential,” “continue” or other similar expressions. We have based these forward-looking statements largely on our current expectations and projections about future events that we believe may affect our financial condition, results of operations, business strategy and financial needs. These forward-looking statements include statements relating to:

- our goals and strategies;
- our future business development, financial condition and results of operations;
- the expected growth of the online education industry, particularly, in China;
- our expectations regarding demand for and market acceptance of our marketplace’s products and services;
- our expectations regarding our platform’s base of borrowers and investors;
- our plans to invest in our platform;
- our relationships with our partners;
- competition in our industry; and
- relevant government policies and regulations relating to our industry.

These forward-looking statements are subject to various and significant risks and uncertainties, including those which are beyond our control. Although we believe that our expectations expressed in these forward-looking statements are reasonable, our expectations may later be found to be incorrect. The forward-looking statements made in this prospectus relate only to events or information as of the date on which the statements are made in this prospectus. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. You should thoroughly read this prospectus and the documents that we refer to herein with the understanding that our actual future results may be materially different from and worse than what we expect. We qualify all of our forward-looking statements by these cautionary statements. We disclaim any obligation to update our forward-looking statements, except as required by law.

This prospectus contains certain data and information that we obtained from various government and private publications. Statistical data in these publications also include projections based on a number of assumptions. The online education market in China may not grow at the rate projected by market data, or at all. Failure of this industry to grow at the projected rate may have a material adverse effect on our business and the market price of our ordinary shares.

In addition, the new and rapidly changing nature of the transportation industry results in significant uncertainties for any projections or estimates relating to the growth prospects or future condition of our industry. Furthermore, if any one or more of the assumptions underlying the market data are later found to be incorrect, actual results may differ from the projections based on these assumptions. You should not place undue reliance on these forward-looking statements.

## USE OF PROCEEDS

We estimate that we will receive net proceeds from this offering of approximately \$13.01 million after deducting estimated underwriting discounts and commissions and the estimated offering expenses payable by us and based upon an assumed initial offering price of \$5.00 per ordinary share (excluding any exercise of the underwriters' over-allotment option), the midpoint of the estimated range of the initial public offering price shown on the cover page of this prospectus. A \$1.00 increase (decrease) in the assumed initial public offering price of \$5.00 per share would increase (decrease) the net proceeds to us from this offering by approximately \$2.78 million, after deducting the estimated underwriting discounts and commissions and estimated aggregate offering expenses payable by us and assuming no change to the number of ordinary shares offered by us as set forth on the cover page of this prospectus.

We intend to use the net proceeds of this offering as follows after we complete the remittance process:

- 30% for development of 1+X online courses;
- 20% for development of additional virtual simulation experimental programs;
- 20% for development of mobile application for vocational education services; and
- 30% for development of vocational education interaction platform and career advice services platform.

The foregoing is set forth based on the order of priority for each purpose and represents our current intentions based upon our present plans and business conditions to use and allocate the net proceeds of this offering. Our management, however, will have flexibility and discretion to apply the net proceeds of this offering. If an unforeseen event occurs or business conditions change, we may use the proceeds of this offering differently than as described in this prospectus. See "Risk Factors — Risks Related to Our Ordinary Shares and This Offering — You must rely on the judgment of our management as to the use of the net proceeds from this offering, and such use may not produce income or increase our share price."

Pending any use described above, we plan to invest all the net proceeds in short-term, interest-bearing, debt instruments or demand deposits.

In using the proceeds of this offering, we are permitted under PRC laws and regulations as an offshore holding company to provide funding to our wholly foreign-owned subsidiary in China only through loans or capital contributions, and to our consolidated VIE only through loans, subject to the approval of government authorities and limit on the amount of capital contributions and loans. Subject to the satisfaction of applicable government registration and approval requirements, we may extend inter-company loans to our wholly foreign-owned subsidiary in China or make additional capital contributions to our wholly-foreign-owned subsidiary to fund its capital expenditures or working capital. For an increase of registered capital of our wholly foreign-owned subsidiary, we need to file at the PRC Ministry of Commerce ("MOFCOM") or its local counterparts. If we provide funding to our wholly foreign-owned subsidiary through loans, the total amount of such loans may not exceed the difference between the entity's total investment as approved by the foreign investment authorities and its registered capital. Such loans must be registered with the PRC State Administration of Foreign Exchange ("SAFE") or its local branches, which usually takes up to 20 working days to complete.

As advised by V&T law firm, our PRC legal counsel, the above discussed use of proceeds is within the currently applicable PRC statutory limitations. Subject to the procedural requirements discussed in this section and in the section titled "Regulation – Regulations on Foreign Exchange", we will be able to use our net proceeds from this offering in the form of RMB through loans or capital contributions to our PRC subsidiary and in the form of RMB through loans to consolidated VIE entity without increasing the registered capital and approval investment amount of such entities. In addition, we are subject to restrictions under applicable PRC laws and regulations in converting foreign currencies such as U.S. dollars raised in this offering into RMB. See "Regulations - Regulations on Foreign Exchange." We cannot assure you that we will be able to obtain these government registrations or approvals on a timely basis, if at all. See "Risk Factors—Risks Related to Doing Business in China — PRC regulations relating to foreign exchange registration of overseas investment by PRC residents may subject our PRC resident beneficial owners or our PRC subsidiary to liability or penalties, limit our ability to inject capital into these subsidiaries, limit PRC subsidiary's ability to increase their registered capital or distribute profits to us, or may otherwise adversely affect us;" "Risk Factors --- PRC regulation on loans to, and direct investment in, PRC entities by offshore holding companies and governmental control in currency conversion may delay or prevent us from using the proceeds of this offering to make loans to our PRC subsidiary and PRC consolidated VIE or make additional capital contributions to our PRC subsidiary, which could materially and adversely affect our liquidity and our ability to fund and expand our business."

## CAPITALIZATION

The following table sets forth our capitalization as of September 30, 2019 as follows:

- on an actual basis; and
- on an adjusted basis to reflect the sale of 3,000,000 ordinary shares in this offering, at an assumed initial public offering price of \$5.00 per share, the midpoint of the estimated range of the initial public offering price shown on the cover page of this prospectus, after deducting the underwriting discounts and commissions and estimated offering expenses payable by us.

The adjustments reflected below are subject to change and are based upon available information and certain assumptions that we believe are reasonable. Total shareholders' equity and total capitalization following the completion of this offering are subject to adjustment based on the actual initial public offering price and other terms of this offering determined at pricing. You should read this capitalization table in conjunction with "Use of Proceeds," "Summary Consolidated Financial and Operating Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and the related notes appearing elsewhere in this prospectus.

Shareholders' Equity	As of September 30, 2019	
	Actual	As adjusted
	(\$)	
Ordinary shares, par value \$0.00015 per share, 500,000,000 shares authorized; 12,000,000 shares issued and outstanding on an actual basis, 12,000,000 ordinary shares issued and outstanding on an adjusted basis and 3,000,000 ordinary shares to be issued in this offering	1,800	2,250
Additional paid-in capital	1,619,774	14,633,821
Statutory reserve	745,590	745,590
Accumulated Profits	22,080,010	22,080,010
Accumulated other comprehensive income/(loss)	(1,314,397)	(1,314,397)
<b>Total Shareholders' Equity</b>	<b>23,132,777</b>	<b>36,147,274</b>
<b>Total Capitalization</b>	<b>23,132,777</b>	<b>36,147,274</b>

If the underwriters' over-allotment option to purchase additional shares from us was exercised in full, pro forma (i) ordinary shares would be 15,450,000 shares, (ii) additional paid-in capital would be \$15,262,179 (iii) total shareholders' equity would be \$38,397,274 and (iv) total capitalization would be \$38,397,274.

## DILUTION

If you invest in our ordinary shares, your interest will be immediately diluted by \$3.78 per ordinary share, representing the difference between our net tangible book value per share of \$1.22 as of September 30, 2019, after giving effect to this offering and an assumed initial public offering price of \$5.00 per share, the midpoint of the estimated range of the initial public offering price shown on the cover page of this prospectus. Dilution results from the fact that the initial public offering price per ordinary share is substantially in excess of the book value per ordinary share attributable to the existing shareholders for our presently outstanding ordinary shares.

Our net tangible book value as of September 30, 2019 was \$5,268,377 or \$0.44 per ordinary share as of that date. Net tangible book value represents the amount of our total consolidated tangible assets, less the amount of our total consolidated liabilities. Dilution is determined by subtracting net tangible book value per ordinary share, after giving effect to the proceeds we will receive from this offering, from the assumed initial public offering price of \$5.00 per ordinary share, which is based on the midpoint of the estimated range of the initial public offering price set forth on the cover page of this prospectus and after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

Without taking into account any other changes in net tangible book value after September 30, 2019, other than to give effect to the sale of the ordinary shares offered in this offering at the assumed initial public offering price of \$5.00 per ordinary share (the midpoint of the estimated range of the initial public offering price shown on the cover page of this prospectus), after deduction of the underwriting discounts and commissions and estimated offering expenses payable by us, our pro forma as adjusted net tangible book value as of September 30, 2019 would have been approximately \$18,282,874, or \$1.22 per ordinary share. This represents an immediate increase in net tangible book value of \$0.78 per ordinary share to the existing shareholders and an immediate dilution in net tangible book value of \$3.78 per ordinary share to investors purchasing our ordinary shares in this offering. The following table illustrates such dilution:

	<b>Per Ordinary Share (\$)</b>
Assumed initial public offering price per ordinary share	5.00
Net tangible book value per ordinary share as of September 30, 2019	0.44
Pro forma as adjusted net tangible book value per ordinary share after giving effect to this offering	1.22
Amount of dilution in net tangible book value per ordinary share to new investors in this offering	3.78

A \$1.00 change in the assumed public offering price of \$5.00 per ordinary share, which is based on the midpoint of the estimated range of the initial public offering price set forth on the cover page of this prospectus, would increase (decrease), in the case of an increase (decrease), our pro forma as adjusted net tangible book value after giving effect to this offering by approximately \$2.78 million, the pro forma as adjusted net tangible book value per ordinary share after giving effect to this offering by \$0.18 per ordinary share and the dilution in pro forma as adjusted net tangible book value per ordinary share to new investors in this offering by \$0.18 per ordinary share, assuming no change to the number of ordinary shares offered by us as set forth on the cover page of this prospectus, and after deducting underwriting discounts and commissions and other offering expenses.

The following table summarizes, on a pro forma as adjusted basis as of September 30, 2019, the differences between existing shareholders and the new investors with respect to the number of ordinary shares purchased from us in this offering, the total consideration paid and the average price per ordinary share paid at an assumed initial public offering price of \$5.00 per ordinary share, which is the midpoint of the estimated initial public offering price range set forth on the cover page of this prospectus, before deducting the underwriting discounts and commissions and estimated offering expenses.

	<b>Ordinary Shares Purchased</b>		<b>Total Consideration</b>		<b>Average Price Per Ordinary Share</b>
	<b>Number</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>	
Existing shareholders	12,000,000	80 %	\$ 23,132,777	61 %	\$ 1.93
New investors	3,000,000	20 %	\$ 15,000,000	39 %	\$ 5.00
Total	15,000,000	100 %	\$ 38,132,777	100 %	\$

The pro forma as adjusted information discussed above is illustrative only. Our net tangible book value following the completion of this offering is subject to adjustment based on the actual initial public offering price of our ordinary shares and other terms of this offering determined at pricing.

## ENFORCEABILITY OF CIVIL LIABILITIES

We were incorporated in the Cayman Islands in order to enjoy the following benefits:

- political and economic stability;
- an effective judicial system;
- a favorable tax system;
- the absence of exchange control or currency restrictions; and
- the availability of professional and support services.

However, certain disadvantages accompany incorporation in the Cayman Islands. These disadvantages include, but are not limited to, the following:

- the Cayman Islands has a less developed body of securities laws as compared to the United States and these securities laws provide significantly less protection to investors; and
- Cayman Islands companies may not have the standing to sue before the federal courts of the United States.

Our constitutional documents do not contain provisions requiring that disputes, including those arising under the securities laws of the United States, between us, our officers, directors and shareholders, be arbitrated. Currently, substantially all of our operations are conducted outside the United States, and substantially all of our assets are located outside the United States. All of our officers are nationals or residents of jurisdictions other than the United States and a substantial portion of their assets are located outside the United States. As a result, it may be difficult for a shareholder to effect service of process within the United States upon these persons, or to enforce against us or them judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States.

We have appointed Puglisi & Associates, as our agent upon whom process may be served in any action brought against us under the securities laws of the United States.

Maples and Calder, our counsel as to Cayman Islands law, and V&T Law Firm, our counsel as to PRC law, have advised us, respectively, that there is uncertainty as to whether the courts of the Cayman Islands and China, respectively, would:

- recognize or enforce judgments of United States courts obtained against us or our directors or officers predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States; or
- entertain original actions brought in each respective jurisdiction against us or our directors or officers predicated upon the securities laws of the United States or any state in the United States.

## **Enforcement of Judgments/Enforcement of Civil Liabilities**

We have been advised by our Cayman Islands legal counsel, Maples and Calder, that the courts of the Cayman Islands are unlikely (i) to recognize or enforce against us judgments of courts of the United States predicated upon the civil liability provisions of the securities laws of the United States or any State; and (ii) in original actions brought in the Cayman Islands, to impose liabilities against us predicated upon the civil liability provisions of the securities laws of the United States or any State, so far as the liabilities imposed by those provisions are penal in nature. In those circumstances, although there is no statutory enforcement in the Cayman Islands of judgments obtained in the United States, the courts of the Cayman Islands will recognize and enforce a foreign money judgment of a foreign court of competent jurisdiction without retrial on the merits based on the principle that a judgment of a competent foreign court imposes upon the judgment debtor an obligation to pay the sum for which judgment has been given provided certain conditions are met. For a foreign judgment to be enforced in the Cayman Islands, such judgment must be final and conclusive and for a liquidated sum, and must not be in respect of taxes or a fine or penalty, inconsistent with a Cayman Islands judgment in respect of the same matter, impeachable on the grounds of fraud or obtained in a manner, and or be of a kind the enforcement of which is, contrary to natural justice or the public policy of the Cayman Islands (awards of punitive or multiple damages may well be held to be contrary to public policy). A Cayman Islands Court may stay enforcement proceedings if concurrent proceedings are being brought elsewhere. There is recent Privy Council authority (which is binding on the Cayman Islands Court) in the context of a reorganization plan approved by the New York Bankruptcy Court which suggests that due to the universal nature of bankruptcy/insolvency proceedings, foreign money judgments obtained in foreign bankruptcy/insolvency proceedings may be enforced without applying the principles outlined above. However, a more recent English Supreme Court authority (which is highly persuasive but not binding on the Cayman Islands Court), has expressly rejected that approach in the context of a default judgment obtained in an adversary proceeding brought in the New York Bankruptcy Court by the receivers of the bankruptcy debtor against a third party, and which would not have been enforceable upon the application of the traditional common law principles summarized above and held that foreign money judgments obtained in bankruptcy/insolvency proceedings should be enforced by applying the principles set out above, and not by the simple exercise of the Courts' discretion. Those cases have now been considered by the Cayman Islands Court. The Cayman Islands Court was not asked to consider the specific question of whether a judgment of a bankruptcy court in an adversary proceeding would be enforceable in the Cayman Islands, but it did endorse the need for active assistance of overseas bankruptcy proceedings. We understand that the Cayman Islands Court's decision in that case has been appealed and it remains the case that the law regarding the enforcement of bankruptcy/insolvency related judgments is still in a state of uncertainty.

We have been advised by our PRC counsel, V&T Law Firm, that the recognition and enforcement of foreign judgments are provided for under the PRC Civil Procedure Law. PRC courts may recognize and enforce foreign judgments in accordance with the requirements of the PRC Civil Procedure Law based either on treaties between China and the country, and PRC courts will not recognize or enforce these foreign judgments if PRC courts believe the foreign judgments violate the basic principles of PRC laws or national sovereignty, security or public interest after review. However, currently, China does not have treaties or reciprocity arrangement providing for recognition and enforcement of foreign judgments ruled by courts in the United States or the Cayman Islands. Thus, it is uncertain whether a PRC court would enforce a judgment ruled by a court in the United States or the Cayman Islands.

## SUMMARY CONSOLIDATED FINANCIAL AND OPERATING DATA

The following summary consolidated financial data for the six months ended September 30, 2019 and 2018 and the fiscal years ended March 31, 2019 and 2018 are derived from our consolidated financial statements included elsewhere in this prospectus. Our consolidated financial statements are prepared and presented in accordance with the generally accepted accounting principles in the United States (“U.S. GAAP”).

Our historical results for any period are not necessarily indicative of results to be expected for any future period. You should read the following summary financial information in conjunction with the consolidated financial statements and related notes and the information under “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included elsewhere in this prospectus.

The following table presents our summary consolidated statements of operations and comprehensive income (loss) for the six months ended September 30, 2019 and 2018 and the fiscal years ended March 31, 2019 and 2018.

### Summary Consolidated Statements of Income data:

	For the six months ended September 30, (unaudited)		For the years ended March 31,	
	2019	2018	2019	2018
<b>Revenue</b>	\$ 13,420,883	\$ 11,122,248	\$ 24,668,840	\$ 14,910,543
<b>Cost of revenue</b>	(5,350,363)	(3,739,458)	(9,458,559)	(4,715,419)
<b>Gross profit</b>	<u>8,070,520</u>	<u>7,382,790</u>	<u>15,210,281</u>	<u>10,195,124</u>
Operating expenses:				
Selling and marketing expenses	(776,903)	(738,515)	(1,832,006)	(1,148,375)
General and administrative expenses	(473,802)	(633,181)	(1,899,110)	(1,108,280)
Total operating expenses	<u>(1,250,705)</u>	<u>(1,371,696)</u>	<u>(3,731,116)</u>	<u>(2,256,655)</u>
<b>Income from operations</b>	<b>6,819,815</b>	<b>6,011,094</b>	<b>11,479,165</b>	<b>7,938,469</b>
Interest income	41,692	39,531	88,588	76,324
Others, net	(3,345)	(64)	(195)	(114)
Income before income taxes	6,858,162	<b>6,050,561</b>	11,567,558	8,014,679
Income tax expense	<u>(1,724,099)</u>	<u>(1,513,006)</u>	<u>(2,892,500)</u>	<u>(2,004,711)</u>
<b>Net profit</b>	<b>\$ 5,134,063</b>	<b>\$ 4,537,555</b>	<b>\$ 8,675,058</b>	<b>\$ 6,009,968</b>
Less: net profit attributable to non-controlling interests	-	-	-	-
<b>Net profit attributable to Skillful Craftsman Education Technology Limited’s shareholders</b>	<b>5,134,063</b>	<b>4,537,555</b>	<b>8,675,058</b>	<b>6,009,968</b>
Net earnings per ordinary share, basic and diluted	0.43	0.38	0.72	0.50
Weighted average number of ordinary shares, basic and diluted	12,000,000	12,000,000	12,000,000	12,000,000
<b>Net profit</b>	<b>\$ 5,134,063</b>	<b>\$ 4,537,555</b>	<b>8,675,058</b>	<b>\$ 6,009,968</b>
Other comprehensive (loss) /income:				
Foreign currency translation adjustment	<u>(1,020,318)</u>	<u>(1,104,201)</u>	<u>(735,192)</u>	<u>722,635</u>
<b>Total comprehensive income</b>	<b><u>4,113,745</u></b>	<b><u>3,433,354</u></b>	<b><u>7,939,866</u></b>	<b><u>6,732,603</u></b>

**Summary Consolidated Balance Sheet Data, Statements of Financial Position**

	As of September 30,	As of March 31,	
	2019	2019	2018
	(unaudited)		
Total current assets	\$ 13,717,726	\$ 11,716,226	\$ 5,069,793
Total assets	45,816,287	43,537,673	30,054,212
Total current liabilities	20,067,735	15,845,805	18,975,046
Total liabilities	22,683,510	24,518,641	18,975,046
Total Shareholders' Equity	23,132,777	19,019,032	11,079,166

**Summary Consolidated Statements of Cash Flow Data:**

	<b>For the six months ended September 30, (unaudited)</b>		<b>For the years ended March 31,</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Net cash provided by operating activities	\$ 6,782,179	\$ 10,983,272	\$ 20,292,760	\$ 16,952,108
Net cash used in investing activities	(5,725,990)	(9,232,500)	(15,746,284)	(15,073,518)
Net cash provided by financing activities	-	-	-	-
Net increase in cash and cash equivalents	1,595,255	2,578,425	5,466,216	848,296
Cash and cash equivalents at beginning of period	10,362,283	4,896,067	4,896,067	4,047,771
Cash and cash equivalents at end of period	11,957,538	7,474,492	10,362,283	4,896,067

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*You should read the following discussion together with our consolidated financial statements and the related notes included elsewhere in this prospectus. This discussion contains forward-looking statements that are based on our current expectations, estimates and projections about our business and operations. Our actual results may differ materially from those currently anticipated and expressed in such forward-looking statements as a result of a number of factors, including those which we discuss under "Risk Factors" and elsewhere in this prospectus. See "Cautionary Note Regarding Forward-Looking Statements and Industry Data."*

### Overview

We are a provider of online education and technology services in China. While our education services cover a wide range of subjects, including vocational education, continuing education, basic education and higher education, we have been focusing on vocational education and continuing education since our inception in 2013. We also provide technology services including software development as well as comprehensive cloud service for private companies, academic institutions and government agencies. Revenue from our online education services accounts for 98.6%, 98.7% and 99.5% of our revenue for the fiscal year ended March 31, 2019 and 2018 and the six months ended September 30, 2019 respectively, while revenue from technology services accounts for the balance.

China has a relatively large online education market and such market has experienced fast growth in the past two decades. With the growth of Internet use and improvements in online payment systems in China, we believe online education represents an attractive market opportunity. According to the 2018 iResearch Report, the size of China's online education market was valued at approximately RMB251.8 billion (\$37.4 billion) in 2018 and is expected to grow to RMB 543.4 billion (\$80.7 billion) by 2022. According to the 2019 China Online Vocational Education Market Report issued by Tencent Research Institution and Ipsos Group S.A., the online vocational education market in China grew from RMB36.8 billion (\$5.5 billion) in 2015 to RMB76.8 billion (\$11.4 billion) in 2018, representing an increase of 32%, and is expected to reach RMB113.6 billion (\$16.9 billion) in 2020. The vocational education services market in China is fragmented, rapidly evolving and highly competitive. Market participants include existing large online and offline providers of vocational education services, as well as smaller regional vocational education services providers. We believe that we are well-positioned to effectively compete in markets in which we operate on the basis of our innovative education platform, broad scope of course offering, expertise in vocational training and experienced management team.

Our online education services currently comprise of two aspects: online vocational training and virtual simulation experimental training. Students that sign up for our online vocational training can log into our 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. We currently offer over 400 vocational training courses that cover a wide range of subjects, most of which are subjects of vocational education in areas of strong hiring demand. Our courses provide students with practical education to prepare them for jobs in high demand industries and also help workers in rural and urban areas and reemployment groups with operational skill development.

The bulk of our revenue is generated from fees paid by registered members of our education platforms. We also generate revenue from technology services we provide to private companies and government agencies. Since we launched our first online education platform in 2014, we have grown substantially. The number of registered members of our platforms has increased from 0.69 million as of December 31, 2014 to 26.3 million as of March 31, 2018, 50.8 million as of March 31, 2019 and 59.5 million as of September 30, 2019. The number of fee-paying members, including registered members of our vocational training platform and our virtual simulation experimental programs, increased from 49,936 as of December 31, 2014 to 1.3 million as of March 31, 2018, 2.3 million as of March 31, 2019 and 2.6 million as of September 30, 2019. Our revenue reached \$14.9 million in fiscal year 2018 and \$24.7 million in fiscal year 2019. Our revenue reached \$11.1 million in six months ended September 30, 2018 and \$13.4 million in six months ended September 30, 2019.

### Key Factors Affecting Our Results of Operation

Our results of operations and financial condition are affected by the general factors driving China's online education industry. We have benefited from China's overall economic growth, significant urbanization rate, and higher per capita disposable income of urban households in China, which has allowed many households in China to spend more on education. We have also benefited from the increasing internet penetration in China.

At the same time, our results are subject to changes in the regulatory regime governing China’s education industry, particularly uncertainties relating to online education services. The PRC government regulates various aspects of our business and operations, including the qualification, licensing or filing requirements for entities that provide online education services and limitations on foreign investments in the online education industry. See “Risk Factors—Risks Related to Doing Business in China—We may be adversely affected by the complexity, uncertainties and changes in PRC regulation of internet-related business.” ; “Risk Factors—Risks Related to Doing Business in China— New legislation or changes in the PRC laws or policies regarding self-taught education may affect our business operations and prospects.”; “Risk Factors — Risks Related to Doing Business in China— Regulation and censorship of information disseminated over the internet in China may adversely affect our business and reputation and subject us to liability for information displayed on our website.”; “Risk Factors — Risks Related to Doing Business in China— We face risks and uncertainties with respect to the licensing requirement for Internet audio-video programs.”; and “Risk Factors — Risks Related to Doing Business in China—PRC regulations relating to foreign exchange registration of overseas investment by PRC residents may subject our PRC resident beneficial owners or our PRC subsidiary to liability or penalties, limit our ability to inject capital into these subsidiaries, limit PRC subsidiary’s ability to increase their registered capital or distribute profits to us, or may otherwise adversely affect us.”

In particular, we have benefited and expect to continue to benefit from the following recent trends in the China educational services market:

· ***Increasing Internet and broadband penetration rates in China***

China has one of the largest number of Internet users in the world. According to the China Internet Network Information Center, the number of Internet users in China reached 802 million in 2018 and the overall Internet penetration rate reached 57.7%. We believe the existing large size and growth potential of China’s Internet user base has contributed to the growth of online vocational education and continues to represent a significant market opportunity for the online education industry. We have benefited from the rapid improvement of internet and broadband connectivity in China, which have increased the accessibility of online education courses as an effective and convenient way for people to meet their educational and career development needs.

· ***Increasing demand for online vocational education services driven by favorable government policies***

The PRC government has issued a number of guiding policies to support the development of online education, including vocational education. In its Education Informationization Ten Year Development Plan (2011-2020), the MOE emphasized the application of information technology into education and listed education informationization as one of the important strategies of nationwide education reform and development. In January 2019, the MOE published its “College Diploma + Vocational Skills Certification Policy” or “1+X Policy.” The policy requires college students to obtain vocational skill certifications in addition to college diploma prior to graduation. According to the MOE, the primary purpose of implementing such a policy is to encourage the development of vocational skills and improve employment prospects of college students. We believe that the implementation of the 1+X policy will create additional market demand for online vocational education services and plan to develop online training courses in vocational training subjects covered by MOE’s requirements.

· ***Increasing awareness of the importance of vocational skills***

We believe workers in rural and urban areas of China are increasingly willing to invest in vocational skills development to improve their career prospects and increase earning power. The demand from workers who wish to further achieve their career and salary advancement potential will offer us the opportunity to expand our user base and increase our revenue.

While our business is influenced by general factors affecting the online education industry in China, our results of operations are also directly affected by certain company-specific factors, including the following major factors:

· ***Our ability to continuously increase paid course enrollments***

Our net revenues primarily consist of fees paid by registered members of our education platforms. Our growth in net revenues is primarily driven by the increase in our paid course enrollments. The number of fee-paying members increased from 49,936 as of December 31, 2014 to 1.3 million as of March 31, 2018, 2.3 million as of March 31, 2019 and 2.6 million as of September 30, 2019. Our revenue reached \$14.9 million in fiscal year 2018 and \$24.7 million in fiscal year 2019. Our revenue reached \$11.1 million in six months ended September 30, 2018 and \$13.4 million in six months ended September 30, 2019. We believe providing an effective learning experience is critical to attract new students and increase our paid course enrollments. We are committed to providing high quality course offerings to our students and will continue to enhance our students' learning experience through enriching our course offerings, enhancing our brand reputation and refining our technology. We will continue to improve our ability to convert sales leads into paid course enrollments cost-effectively.

· ***Our ability to manage our costs and operating expenses effectively***

Our operating margins depend on our ability to control our costs and realize additional operating leverage as we expand. A substantial majority of our cost of revenues consists of costs paid for online course development. Historically, we have been able to maintain such costs at a relatively low level.

We offer all of our courses online. Our future success depends on the development and application of relevant technologies to meet our demand for sufficient network capacity and to continue to enhance our proprietary technology, all in a cost-effective manner. While we continue to focus on our technology development, we plan to devote more resources to the development of our technology infrastructure, software upgrades to increase our operational efficiency.

· ***Fees for our courses***

Our revenue is also affected by the amount of fees we charge for our courses, which depends on the overall demand, the prices and availability of competing courses, and the perception of the quality and effectiveness of our courses. We are expanding our virtual experimental training programs, for which we charge a higher fee than the other programs. We anticipate that our revenue will likely increase as a result of this change to our course offerings.

· ***Our ability to expand the range of courses and other services***

Our ability to address market needs by expanding the range of our course offerings and other services has a direct impact on our ability to maintain growth in our course enrollments. Diversifying our sources of revenues also helps protect us from potential reduced course enrollment due to down-turns in certain industries or professions. To date, we have provided diversified online vocational and other courses to our members. In the future, we will continue to expand our course offerings in other areas to diversify and further grow our revenues.

· ***Our ability to efficiently manage costs and operating expenses in connection with our expansion of our services***

Our planned expansion of virtual experimental training program offerings may result in substantial demands on our management, operational, technological, financial and other resources and increase our operating expenses, primarily expenses to be incurred in order to access additional training programs. Our current virtual experimental training materials are provided by Jimei University pursuant to our existing cooperation agreement. In order to efficiently manage cost in connection with the expansion of our virtual experimental training program, we have been negotiating cooperation with academic institutions such as Jiangsu Education Management Information Center and Jiangsu Audio-visual Education Center in order to access additional virtual experimental training programs developed by these institutions at the cost within our controllable range. If we fail to enter into cooperation with these intuitions or otherwise obtain training materials at relatively low costs, our ability to manage cost and expenses will be adversely affected.

· ***Our ability to maintain and expand cooperation with strategic partners***

Since our inception, we have been relying upon strategic cooperation with education industry associations, vocational schools and universities to develop and expand our user base. Members and students of our strategic partners are oftentimes the target users of our platforms. If we fail to maintain or further strengthen our relationships with our strategic partners, we may not be able to maintain or further expand our customer base and our results of operations will be adversely affected.

· ***The impact of the Novel Coronavirus to our business***

Because of the outbreak of the Novel Coronavirus (COVID-19), schools at all levels in China have postponed their starting date for 2020. In January 2020, the Ministry of Education published an administrative order of "Closing school without stopping classes", which encourages the online teaching and promotes the online education market. Our management took the following two measures to respond to the epidemic: (1) all registered members can learn courseware without paying the fee during the period between February 1, 2020 to February 29, 2020 and the membership period of existing paying-members will be automatically extended for another month; (2) we have cooperated with China Adult Education Association and Higher Education Press Ltd. to promote the Company's online education platforms. In addition to the free courseware, the Company's paid courseware were offered for free in February 2020 for universities which have provided the online teaching courses. With these measures, the number of new registered members in February 2020 reached approximately 2.2 million, an increase of over 60% to January 2020. As such, we believe that the growth of the number of our registered members may initially have a beneficial impact on the business development of the Company. However, it is difficult to predict the long-term impact that the epidemic may have on our business, depending on the duration and severity of the coronavirus' impact on our customers, instructors and students.

**Key Performance Indicators**

Our management uses a number of financial and nonfinancial key performance indicators (KPIs) to measure its performance and manage our growth. The number of fee-paying members, revenue and net profit are three key indicators used by our management. These KPIs are the results of the efforts of all divisions rather than a single division, thus they are used to measure the performance of overall management. These KPIs are measured by comparing to pre-set percentage, which are discussed among board and managements on a quarterly basis or ad hoc as required in an effective manner.

The KPIs we consider and the results for each of fiscal years ended March 31, 2019 and 2018 are set forth in the table below.

	For the fiscal	For the fiscal	Actual	Target
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	year ended March 31, 2019	year ended March 31, 2018	growth rate	growth rate
<b>Number of Fee-Paying Members (1)</b>	2,282,297	1,286,035	77%	60%
<b>Revenue</b>	\$ 24,668,840	\$ 14,910,543	65%	50%
<b>Net Profit</b>	\$ 8,675,058	\$ 6,009,968	44%	30%

- (1) Number of fee-paying members is defined as the total number of members that are paying fees for accessing our platforms as of the end of the applicable period.

After considering market trend and shareholders' expectation, we set target growth percentages for KPIs including fee-paying members, revenue and net profit, which had further increased after we entered into the co-operations with Higher Education Press Ltd. and China Adult Education Association in June 2018. We experienced significant growth in fee-paying members (77%), revenue (65%) and net profit (44%) in the fiscal year ended March 31, 2019 compared with fiscal year ended March 31, 2018, all of which exceeded the pre-set expectations.

Starting in June 2018, we expanded our fee paying member base from workers in rural and urban areas to college students. Through our "pay one year get two years" promotion program, we expected we would reach a high peak of our short term fee-paying numbers increase during our fiscal year ended March 31, 2019 and accordingly set a relatively high target growth rate for each of our KPIs. The actual growth rate exceeded the target vote.

The KPIs we consider and the results for the six months ended September 30, 2019 and 2018 and are set forth in the table below

	For the six months ended September 30, 2019	For the six months ended September 30, 2018	Actual growth rate	Target growth rate
<b>Number of Fee-Paying Members (1)</b>	2,566,202	1,629,960	57%	50%
<b>Revenue</b>	\$ 13,420,883	\$ 11,122,248	21%	20%
<b>Net Profit</b>	\$ 5,134,063	\$ 4,537,555	13%	12%

In light of significant growth in fiscal year ended March 31, 2019, we set a stable growth percentage for each KPI for the six months ended September 30, 2019 compared with the six months ended September 30, 2018, all of which exceeded the pre-set expectations.

After fiscal year 2019, with the expiration of our “pay one year get two years” program and the end of the peak increase of fee paying college student members, we expected we would experience a stable growth period until 2021 when 1+X policy is fully launched and implemented. As a result, we set a relatively conservative target growth rate for the six months ended September 2019. The actual growth rate for each KPI slightly exceeded our target.

## Results of Operations

### Six Months Ended September 30, 2019 as Compared to Six Months Ended September 30, 2018

	For the Six Months Ended September 30,		Change	
	2019	2018	Amount	%
Revenue	\$ 13,420,883	\$ 11,122,248	\$ 2,298,635	20.7%
Cost of revenue	(5,350,363)	(3,739,458)	(1,610,905)	43.1%
<b>Gross profit</b>	<b>8,070,520</b>	<b>7,382,790</b>	<b>687,730</b>	<b>9.3%</b>
<b>Operating expenses</b>				
Sales and marketing expenses	(776,903)	(738,515)	(38,388)	5.2%
General and administrative expenses	(473,802)	(633,181)	159,379	-25.2%
<b>Total operating expense</b>	<b>(1,250,705)</b>	<b>(1,371,696)</b>	<b>120,991</b>	<b>-8.8%</b>
<b>Other income (expenses)</b>				
Interest income	41,692	39,531	2,161	5.5%
Others, net	(3,345)	(64)	(3,281)	>100%
			-	
<b>Income before tax</b>	<b>6,858,162</b>	<b>6,050,561</b>	<b>807,601</b>	<b>13.3%</b>
Income tax expense	(1,724,099)	(1,513,006)	(211,093)	14.0%
<b>Net profit</b>	<b>\$ 5,134,063</b>	<b>\$ 4,537,555</b>	<b>\$ 596,508</b>	<b>13.1%</b>

## Revenue

Revenue increased from \$11.1 million for the six months ended September 30, 2018 to \$13.4 million for the six months ended September 30, 2019, representing an increase of \$ 2.3 million, or 20.7%. The increase of revenue was due to our development efforts of virtual simulation experiment platform, which helped us attract more members.

## Cost of revenues

Cost of revenue increase in the six months ended September 30, 2019, representing an increase of \$1.6 million, or 43.1%. The increase of cost of revenue was mainly caused by the increase of depreciation expenses of server hardware and the increase of resource usage fee. We carried out a server development during the six months ended September 30, 2019, which resulted in the increase of depreciation expenses of server hardware. In addition, since November 2018, the Company started to pay resource usage fee to colleges and universities in order to access the online course resources of these institutions.

## Operating Expenses

Operating expenses kept relatively stable in the six month period ended September 30, 2019 compared to the same period in the prior year. Such expenses were \$1.3 million and \$1.4 million, respectively, for the six months ended September 30, 2019 and 2018. Operating expenses primarily consisted of sales and marketing expenses and general and administrative expenses.

Sales and marketing expenses increased by \$0.04 million and general and administrative expenses decreased by \$0.16 million. The majority of sales and marketing expenses was promotion fees which remained stable in line with the amount of membership fees received in the six months period ended September 30, 2019 compared to the same period in the prior year. The general and administrative expenses consisted of employee compensation and miscellaneous expenses, which remained unchanged in the six months period ended September 30, 2019 as compared to the same period in the prior year.

## Income before tax

Income before tax increased from \$6.1 million for the six months ended September 30, 2018 to \$6.9 million for the six months ended September 30, 2019, representing an increase of \$0.8 million, or 13.3%. The reason for such increase was mainly an increase of \$0.7 million of gross profit.

## Net income

As a result of the foregoing, net income for the six months ended September 30, 2019 was \$5.1 million representing an increase of \$0.6 million from a net income of \$4.5 million for the six months ended September 30, 2018. The net of an increase of \$0.8 million of income before tax and an increase of \$0.2 million of income tax expense mainly resulted in an increase of \$0.6 million of net income.

### Year Ended March 31, 2019 as Compared to Year Ended March 31, 2018

	For the Years Ended March 31,		Change	
	2019	2018	Amount	%
Revenue	\$ 24,668,840	\$ 14,910,543	\$ 9,758,297	65.4%
Cost of revenue	(9,458,559)	(4,715,419)	(4,743,140)	>100%
<b>Gross profit</b>	<b>15,210,281</b>	<b>10,195,124</b>	<b>5,015,157</b>	<b>49.2%</b>
<b>Operating expenses</b>				

Sales and marketing expenses	(1,832,006)	(1,148,375)	(683,631)	59.5%
General and administrative expenses	(1,899,110)	(1,108,280)	(790,830)	71.4%
<b>Total operating expense</b>	<b>(3,731,116)</b>	<b>(2,256,655)</b>	<b>(1,474,461)</b>	<b>65.3%</b>
<b>Other income (expenses)</b>				
Interest income	88,588	76,324	12,264	16.1%
Interest expense	(195)	(114)	(81)	71.1%
<b>Income before tax</b>	<b>11,567,558</b>	<b>8,014,679</b>	<b>3,552,879</b>	<b>44.3%</b>
Income tax expense	(2,892,500)	(2,004,711)	(887,789)	44.3%
<b>Net profit</b>	<b>\$ 8,675,058</b>	<b>6,009,968</b>	<b>2,665,090</b>	<b>44.3%</b>

## Revenue

Revenue increased from \$14.9 million for the fiscal year ended March 31, 2018 to \$24.7 million for the fiscal year ended March 31, 2019, representing an increase of \$9.8 million, or 65.4%. We executed a Cloud Computing Service Agreement with Higher Education Press Ltd. in June 2018, pursuant to which we provided technology services to facilitate data sharing and interconnection among colleges and universities personalized education services for teachers and students in colleges and vocational colleges. We also entered into the Promotion Agreement with the China Adult Education Association in June 2018, to offer online learning resources in urban and rural communities, and carried out research and development cooperation with universities to achieve resource sharing, and added online training videos, etc. As a result of the execution and performance of these cooperation agreements, our access to target member group increased. As a result, the number of fee-paying member of college students increased from zero to 943,732 as of March 31, 2019, which contributed to an increase of VIP revenue in the amount of \$1.9 million and an increase of SVIP revenue in the amount of \$5.1 million in such fiscal year. In particular, the increase of SVIP revenue was a result of our development efforts of the virtual simulation experiment platform. The remaining increase of revenue in the amount of \$2.8 million was due to an increase of fee-paying member who were workers in rural and urban areas.

## Cost of revenues

Cost of revenue increased from \$4.7 million in the year ended March 31, 2018 to \$9.5 million in the year ended March 31, 2019, representing an increase of \$4.8 million, or over 100%. The increase of cost of revenue was mainly caused by the increase of amortization expenses of courseware by \$2.1 million, and the increase of resource usage fee by \$1.6 million. The Company bought online training materials at a purchase price of \$14.4 million at the end of fiscal year 2018 which resulted in the increase of amortization expenses of courseware in the year ended March 31, 2019. In addition, since November 2018, the Company started to pay resource usage fee to colleges and universities in order to access the online course resources of these institutions.

## Operating Expenses

Operating expenses increased from \$2.3 million for the fiscal year ended March 31, 2018 to \$3.8 million for the fiscal year ended March 31, 2019, representing an increase of \$1.5 million, or 65.3%. Operating expenses primarily consisted of sales and marketing expenses and general and administrative expenses.

Sales and marketing expenses increased by \$0.7 million, or 59.5%, and general and administrative expenses increased by \$0.8 million, or 71.4%. The increase of sales and marketing expenses was mainly due to Union pay service charges, and promotion expenses, which increased by \$0.2 million and \$0.5 million, respectively, inconsistent with the increase of members of the Company's platforms.

The increase of general and administrative expenses was primarily caused by higher employee compensation and welfare for the technical department which increased by \$0.5 million. We also recorded research and development expenses in general and administrative expenses of \$1.3 million and \$0.8 million for the year ended March 31, 2019 and 2018, respectively. Research and development expenses, which consist of compensation and benefit expenses to our technology development personnel, are expensed as incurred.

## Income before tax

Income before tax increased from \$8.0 million for the year ended March 31, 2018 to \$11.6 million for the year ended March 31, 2019, representing an increase of \$3.6 million, or 44.3%.

## Net income

As a result of the foregoing, net income for the year ended March 31, 2019 was \$8.7 million representing a change of \$2.7 million from net income of \$6.0 million for the year ended March 31, 2018.

## Liquidity and Capital Resources

As of September 30, 2019 and March 31, 2019, we had cash and cash equivalents of \$12.0 million and \$10.4 million, respectively. To date, we have financed our operations primarily through net cash flow from operations and shareholder contributions. We expect to finance our operations and working capital needs in the near future from part of our net proceeds of this offering and cash generated through operations.

We currently conduct our operations through Wuxi Wangdao, our variable interest entity. All our cash balances are located in the PRC. Our access to cash balances or future earnings of Wuxi Wangdao is only through our contractual arrangements with Wuxi Wangdao, our PRC subsidiary and Wuxi Wangdao's shareholders. See "Corporate History and Structure - Contractual Arrangements with Wuxi Wangdao and Its Shareholders."

In addition to limitations of the contractual arrangements, our liquidity and capital resources are also affected by a number of restrictions set forth under current PRC laws and regulations. Under our current corporate structure, we rely on dividend payments from our PRC subsidiary to fund any cash and financing requirements we may have. Current PRC regulations permit our PRC subsidiary to pay dividends to us only out of their accumulated profits, if any, determined in accordance with PRC accounting standards and regulations. In addition, our PRC subsidiary is required to set aside at least 10% of their respective accumulated profits each year, if any, to fund certain reserve funds until the total amount set aside reaches 50% of their respective registered capital. These restrictions may limit our ability to satisfy our liquidity requirements.

Additionally, our operating entity receives substantially all of our revenues in RMB and the PRC government imposes controls on the convertibility of the RMB into foreign currencies and, in certain cases, the remittance of currency out of China. Under existing PRC foreign exchange regulations, payments of current account items, such as profit distributions and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. Dividends payments to us by our PRC subsidiary in foreign currencies are subject to the condition that the remittance of such dividends outside of the PRC complies with certain procedures under PRC foreign exchange regulations, such as the overseas investment registrations by our shareholders or the ultimate shareholders of our corporate shareholders who are PRC residents. Approvals by or registration with appropriate government authorities is required where RMB is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC government may also at its discretion restrict access in the future to foreign currencies for current account transactions. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, our PRC subsidiary may not be able to pay dividends in foreign currencies to us and our access to cash generated from its operations will be restricted.

We believe that our current levels of cash and cash flow from operations will be sufficient to meet our anticipated cash needs for our operations and expansion plans for at least the next 12 months. We may, however, in the future require additional cash resources due to changing business conditions, implementation of our strategies to expand our business, or other investments or acquisitions we may decide to pursue. If our own financial resources are insufficient to satisfy our capital requirements, we may seek additional equity or debt financing or obtain credit facilities. The sale of additional equity securities could result in dilution to our shareholders. The incurrence of indebtedness would result in increased debt service obligations and could require us to agree to operating and financial covenants that would restrict our operations. Financing may not be available in amounts or on terms acceptable to us, if at all. Any failure by us to raise additional funds on terms favorable to us, or at all, could limit our ability to expand our business operations and could harm our overall business prospects.

## Statement of Cash Flows

### Six Months Ended September 30, 2019 as Compared to Six Months Ended September 30, 2018

	For six months ended September 30,	
	2019	2018
Net cash provided by operating activities	\$ 6,782,179	\$ 10,983,272
Net cash used in investing activities	(5,725,990)	(9,232,500)
Net cash provided by financing activities	-	-
Effects of exchange rate changes on cash	539,066	827,653
Net cash inflow	\$ 1,595,255	\$ 2,578,425

### Net Cash Provided By Operating Activities

	For six months ended September 30,	
	2019	2018
Net cash provided by operating activities	\$ 6,782,179	\$ 10,983,272
Cash received of membership fees with service period within one-year	12,053,634	6,605,208
Cash received of membership fees with two-year service period	-	7,292,075
Cash received from other operating activities	41,692	39,531
Cash paid for resource usage fee	(1,047,340)	-
Cash paid for employees	(234,160)	(238,183)
Cash paid for income tax	(2,327,558)	(1,437,550)

During the six months ended September 30, 2019, we had a cash inflow from operating activities of \$6.8 million, a decrease of \$4.2 million from a cash inflow of \$11.0 million for the six months ended September 30, 2018.

The decrease was primarily due to the following reasons:

- (1) When starting its online training business to university students in 2018, the Company launched a promotion program “pay one year get two years” in the period from July 2018 to March 2019, which significantly increased membership fees received during the promotion period. With the expiration of the promotional program, the number of newly registered fee-paying members returned to a level prior to the launching of such program. However, the membership fees received during the promotion period were amortized over two years as revenue according to the US GAAP.
- (2) Since November 2018, the company started to pay resource usage fee to colleges and universities in order to access the online course resources of these institutions. \$1.0 million resource usage fee was paid during the six months ended September 30, 2019.
- (3) Income taxes were paid one quarter after the applicable tax period. The net income in the six months ended June 2019 increased compared with in the six months ended June 2018. As a result, the income taxes paid during the six months ended September 30, 2019 increased by \$0.9 million compared to the same period in fiscal year 2018.

## Net Cash Used in Investing Activities

	For six months ended September 30,	
	2019	2018
Net cash used in investing activities	\$ (5,725,990)	\$ (9,232,500)
Cash paid for purchases of property and equipment	(1,682,416)	(7,427,563)
Cash paid for purchases of intangible assets	(4,043,574)	(1,804,937)

During the six months ended September 30, 2019, we had a cash outflow from investing activities of \$5.7 million, a decrease of \$3.5 million from a cash outflow of \$9.2 million in the six months ended September 30, 2018. The decrease was the combined impact of a decreased cash paid (\$5.7 million) for property and equipment purchases and an increased cash paid (\$2.2 million) for intangible assets (software) purchases.

## Contractual Obligations

The Company leases premises under operating leases, which is within one year. As of September 30, 2019 and March 31, 2019, the Company had no obligation under long-term operating leases requiring minimum rentals and off balance sheet arrangement.

## Off-Balance Sheet Commitments and Arrangements

We have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. In addition, we have not entered into any derivative contracts that are indexed to our shares and classified as shareholder's equity or that are not reflected in our consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or research and development services with us.

## Critical Accounting Policies

Please refer to Note 2 of the Consolidated Financial Statements included in this Form F-1 for details of our critical accounting policies.

## Recent Accounting Pronouncements

Please refer to Note 2(Z) of the Consolidated Financial Statements included in Form F-1 for details of our recently issued accounting standards.

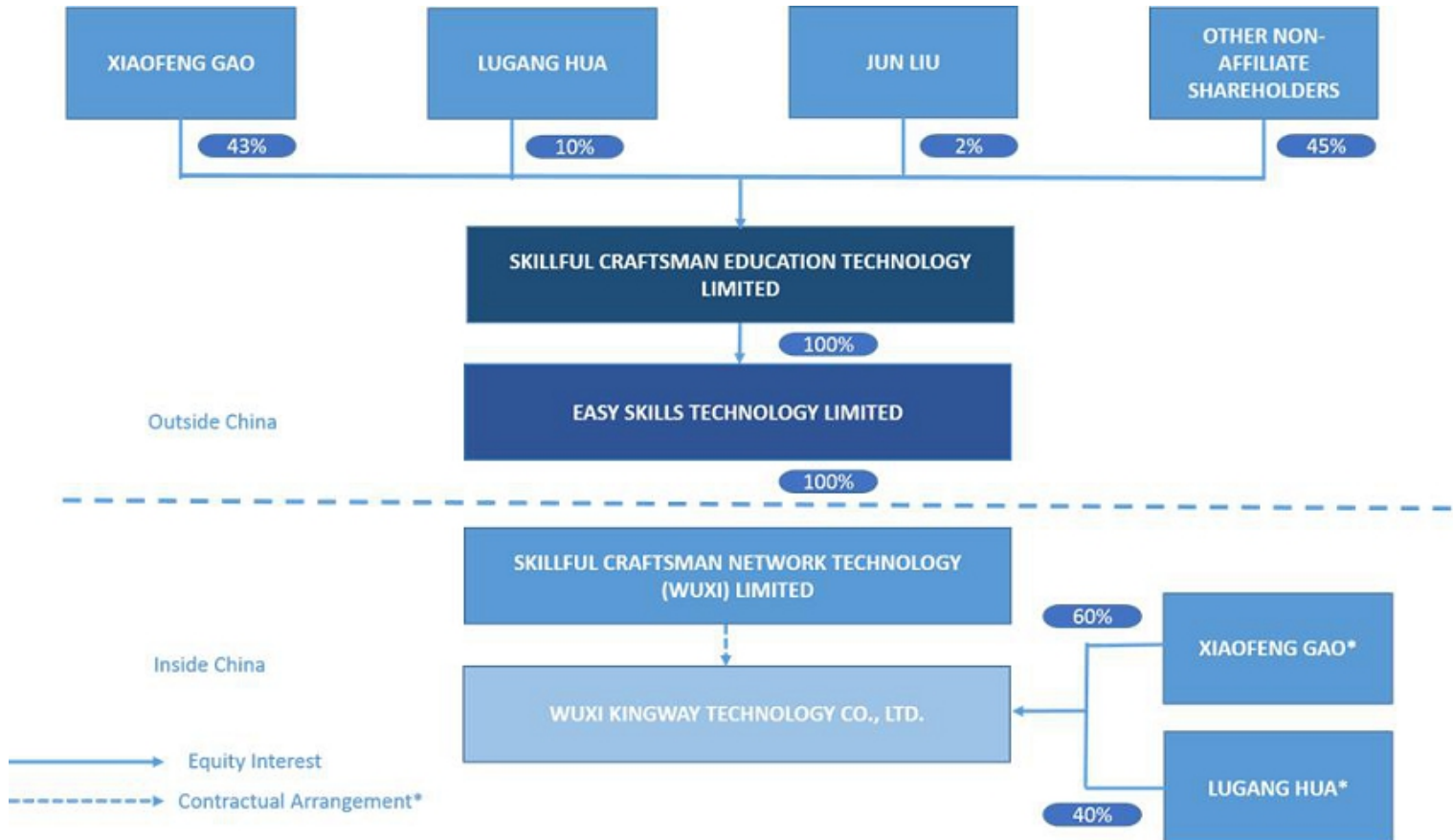
## CORPORATE HISTORY AND STRUCTURE

Skillful Craftsman Education Technology Limited was incorporated on June 14, 2019 as an exempted company structured as a holding company incorporated under the laws of Cayman Islands. Immediately prior to this offering, 55% of our outstanding ordinary shares were owned by our officers and directors and the remaining shares were owned by unaffiliated individuals and entities. We began our operations in China in 2013 and currently conduct our business through our subsidiaries and variable interest entity.

We currently have three wholly-owned subsidiaries, including Easy Skills Technology Limited, a limited liability company formed under the laws of Hong Kong and Skillful Craftsman Network Technology (Wuxi) Co., Limited, a limited liability company formed under the laws of the PRC (“WOFE” or “Craftsman Wuxi”). In 2013, we formed Wuxi Kingway Technology Co., Ltd. (“Wuxi Wangdao”) under the laws of the PRC to primarily engage in the business of online education and technology services. WOFE controls Wuxi Wangdao through a series of contractual arrangements (the “VIE Agreements”). See “— Contractual Arrangements with Wuxi Wangdao and Its Shareholders.”

The following diagram illustrates our corporate structure, including our subsidiaries and variable interest entity as of the date of this prospectus:

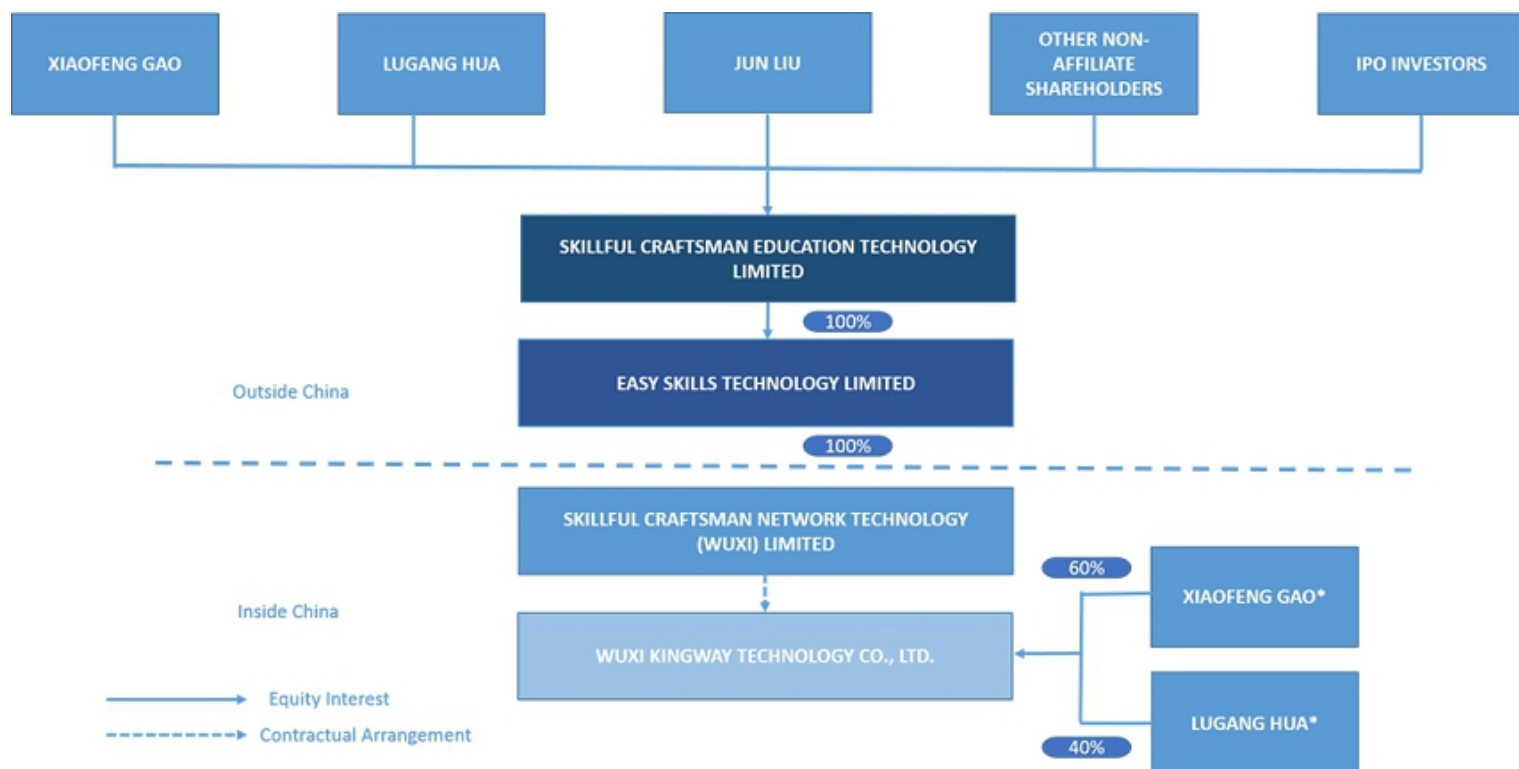
### Pre- IPO Ownership and Organization Chart



\*Xiaofeng Gao and Lugang Hua are shareholders of Wuxi Kingway Technology Co., Ltd. Mr. Gao and Mr. Hua have entered into a series of variable interest entity agreements with Skillful Craftsman Network Technology (Wuxi) Limited, as a result of which Skillful Craftsman Network Technology (Wuxi) Limited has gained the power, rights and obligations equivalent to those of equity owners.

Upon the consummation of this offering, we anticipate that our ownership and corporate structure will be as follows:

### Post-IPO Ownership and Organization Chart



\*Xiaofeng Gao and Lugang Hua are shareholders of Wuxi Kingway Technology Co., Ltd. Mr. Gao and Mr. Hua have entered into a series of variable interest entity agreements with Easy Skills Technology Limited, as a result of which Easy Skills Technology Limited has gained the power, rights and obligations equivalent to those of equity owners.

#### Contractual Arrangements with Wuxi Wangdao and Its Shareholders

Due to PRC legal restrictions on foreign ownership in internet-based businesses, including online education services, neither we nor our subsidiaries own any equity interest in Wuxi Wangdao. Instead, we control and receive the economic benefits of Wuxi Wangdao's business operations through the VIE Agreements. WOFE, Wuxi Wangdao and its shareholders entered into the VIE Agreements, on July 17, 2019. The VIE Agreements are designed to provide WOFE with the power, rights, and obligations equivalent in all material respects to those it would possess as the equity holders of Wuxi Wangdao, including absolute control rights and the rights to the assets, property and revenue of Wuxi Wangdao.

Each of the VIE Agreements is described in detail below:

(1) Exclusive Business Cooperation Agreement

According to the Exclusive Business Cooperation Agreement signed by Craftsman Wuxi and Wuxi Wangdao on July 17, 2019, Craftsman Wuxi shall have the exclusive right to provide or designate any third party to provide to Wuxi Wangdao any service that is determined by Craftsman Wuxi from time to time, including without limitation to the following: technical services, network support, business consulting, intellectual property licensing, equipment or office space leasing, market consulting, system integration, product development, system maintenance, etc. Wuxi Wangdao shall not accept any advice and/or service provided by any third party without the prior written consent of Craftsman Wuxi, or cooperate with any third party. Craftsman Wuxi shall maintain all the rights, ownerships, benefits and intellectual property rights generated from or created by the Exclusive Business Cooperation Agreement. Wuxi Wangdao agrees to pay the service fee to Craftsman Wuxi according to the Exclusive Business Cooperation Agreement. Pursuant to the Exclusive Business Cooperation Agreement, the profits generated by the operation of Wuxi Wangdao shall be transmitted to Craftsman Wuxi by means of payment of the service fees, and such service fees shall not be lower than 90% of the income of Wuxi Wangdao while the remaining part (which will not exceed 10% of the income of Wuxi Wangdao) shall be reserved as management cost expenditures.

(2) Exclusive Purchasing Right Agreement

According to the Exclusive Purchasing Right Agreement signed by Craftsman Wuxi, Xiaofeng Gao, Lugang Hua and Wuxi Wangdao on July 17, 2019, Xiaofeng Gao and Lugang Hua irrevocably grant Craftsman Wuxi or its designated third party an irrevocable exclusive right to purchase from Xiaofeng Gao and/or LuGang Hua all or part of the equity interest of Wuxi Wangdao held by them at the lowest price permitted by the applicable PRC laws. Craftsman Wuxi shall have the right to decide whether to exercise the exclusive purchasing right based on the cancellation of China's prohibitions or restrictions of foreign investment on value-added telecommunications services.

(3) Equity Interest Pledge Agreement

Pursuant to the Equity Interest Pledge Agreement signed by Craftsman Wuxi, Xiaofeng Gao, Lugang Hua and Wuxi Wangdao on July 17, 2019, Xiaofeng Gao and Lugang Hua pledged the shares of Wuxi Wangdao held by them to Craftsman Wuxi as guarantees for the timely and complete payment of any or all payments due (whether on the specified due date, by means of an earlier payment or otherwise) to Wuxi Wangdao (including but not limited to service fees payable to Craftsman Wuxi under the Exclusive Business Cooperation Agreement) .

According to the Equity Interest Pledge Agreement, Xiaofeng Gao and Lugang Hua agree that they will not transfer the equity, set or allow the existence of any security interest or encumbrance that may affect Craftsman Wuxi's rights and benefits regarding the equity interest they hold without the prior written consent of Craftsman Wuxi. The pledge period is 10 years and if the Exclusive Business Cooperation Agreement guaranteed by the pledge is postponed, the pledge period under the Equity Interest Pledge Agreement shall be extended accordingly.

Equity Interest Pledge Agreement has been properly registered with the relevant Chinese statutory bodies in accordance with the PRC laws.

(4) Authorization Agreement

According to the Authorization Agreement signed by Craftsman Wuxi, Xiaofeng Gao and LuGang Hua on July 17, 2019, Xiaofeng Gao and Lugang Hua irrevocably authorized Craftsman Wuxi to exercise the following rights: (i) Craftsman Wuxi is authorized as the sole agent and the authorized person of both Xiaofeng Gao and Lugang Hua and shall act on behalf of them on all matters concerning the equity, including but not limited to attending the shareholders' meeting, exercising all shareholder rights and shareholder voting right, exercising rights on designation and appointment of the legal representative, executive director, supervisor, general manager and other senior management personnel of Wuxi Wangdao; (ii) Craftsman Wuxi shall have the right to transfer or delegate the aforesaid rights to any other party at its discretion without notifying Xiaofeng Gao and Lugang Hua or obtaining any consent of them; and (iii) Xiaofeng Gao and Lugang Hua hereby irrevocably waive all rights which are related to their holding of equity interest of Wuxi Wangdao and have been authorized to Craftsman Wuxi under this Agreement. Xiaofeng Gao and Lugang Hua shall not exercise such rights on their own.

(5) Letters of Consent

Pursuant to the Letters of Consent signed by the spouse of each of Xiaofeng Gao and Lugang Hua on July 17, 2019, the spouses of Xiaofeng Gao and Lugang Hua irrevocably agreed to the control agreements signed by Xiaofeng Gao and Lugang Hua, and the dispose of the shares of Wuxi Wangdao which are held by Xiaofeng Gao and Lugang Hua and registered under their names in accordance with the control agreements; (ii) Xiaofeng Gao and Lugang Hua's spouses admit that they do not have any interest in the equity of Wuxi Wangdao and promise that they will not make any claim towards the equity of Wuxi Wangdao; and (iii) if the spouse(s) of Xiaofeng Gao and/or LuGang Hua obtains any equity of Wuxi Wangdao for any reason, they shall be bound by the VIE agreements and shall abide by the obligations that they undertake as the shareholders of Wuxi Wangdao under the VIE agreements.

## INDUSTRY OVERVIEW

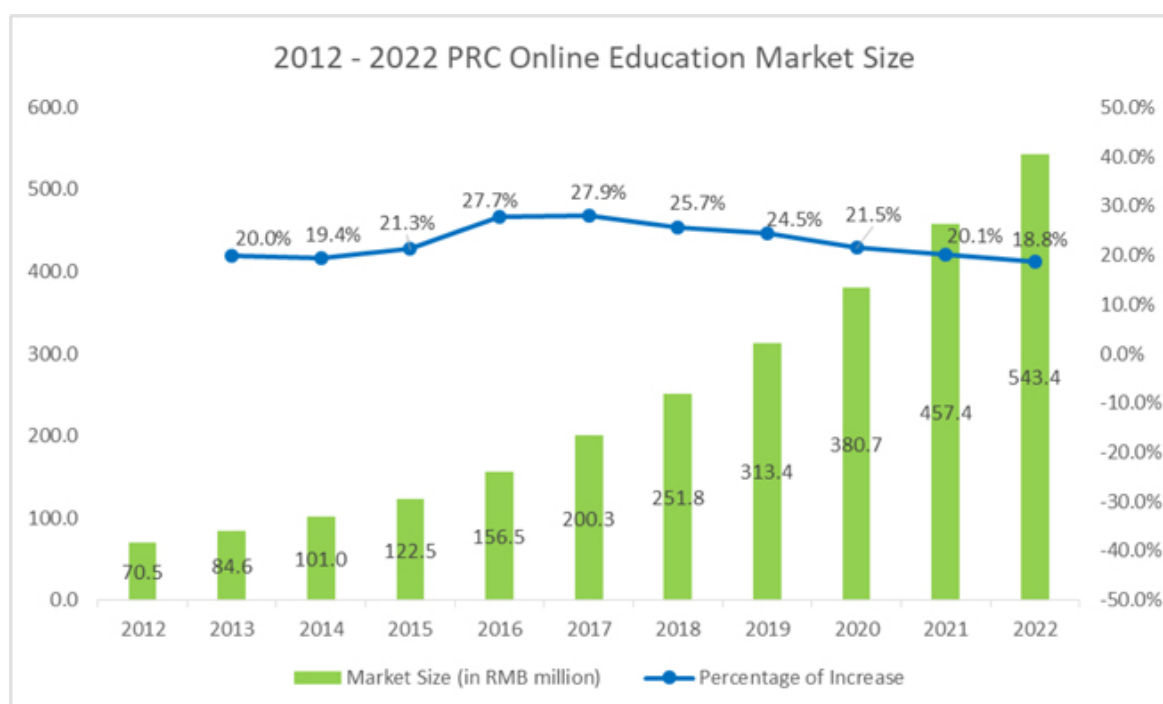
This section provides an overview of the markets in which we operate and compete, in particular the PRC online education industry. Information such as historical data included in this section is derived from official PRC government publications and publications of independent third parties that are publicly available. We did not commission any such third party for collecting or supplying data referenced in this section or elsewhere in this prospectus.

### Market Overview

#### China's Online Education Market

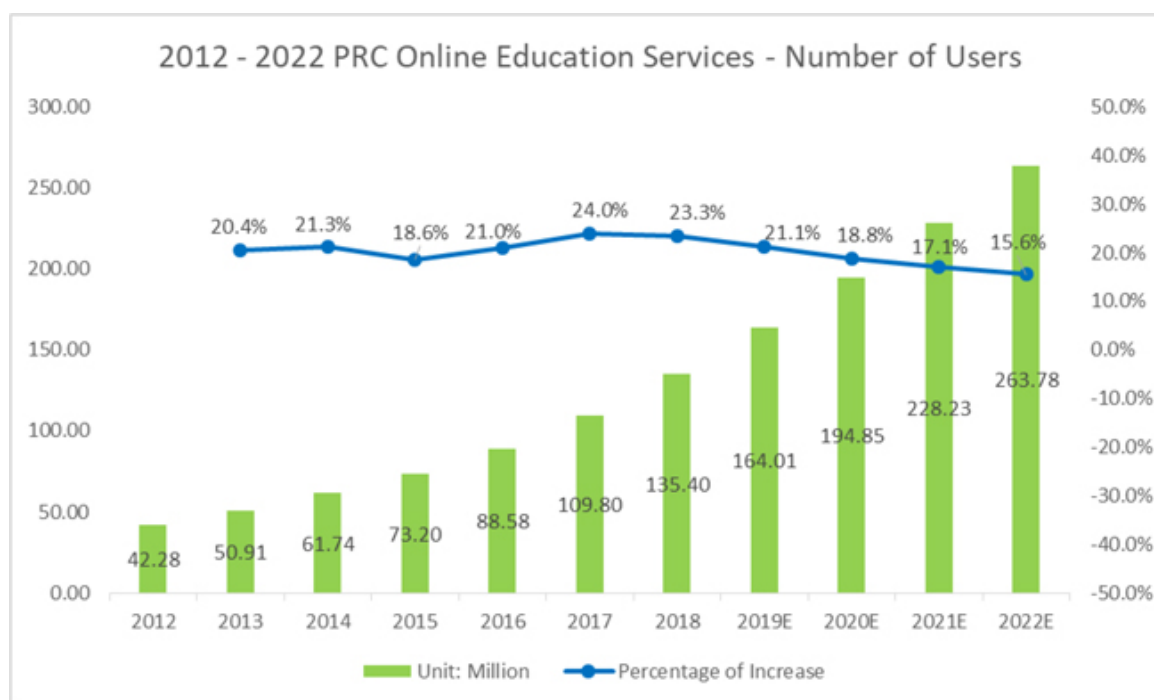
China has a relatively large online education market and such market has experienced fast growth in the past two decades. With the growth of Internet use and improvements in online payment systems in China, we believe online education represents an attractive market opportunity. According to the 2018 China Online Education Research Report of iResearch Consulting Group (the "2018 iResearch Report"), the size of China's online education market was valued at approximately RMB251.8 billion (\$37.40 billion) in 2018 and is expected to grow to RMB 543.4 billion (\$80.70 billion) by 2022. The following graph sets forth total revenues of China's online education market from 2012 to 2020. The number of fee-paying users of online education increased from 42.3 million in 2012 to 135.4 million in 2018.

China Online Education Market Size



Source: iResearch, 2018

## Number of Users of China Online Education Market



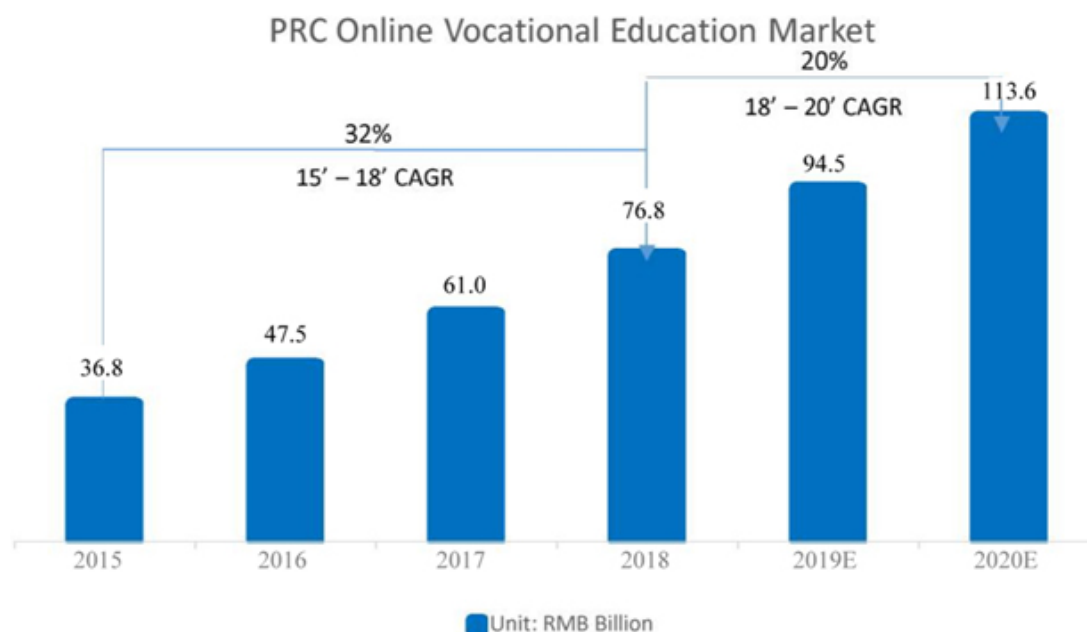
Source: iResearch, 2018

## China's Online Vocational Education Market

According to the 2018 iResearch Report, online vocational education services consistently accounted for over 20% of the total PRC online education during the period from 2012 to 2018.

According to the 2019 China Online Vocational Education Market Report issued by Tencent Research Institution and Ipsos Group S.A. (the "Vocational Education Report"), the online vocational education market in China grew from RMB36.8 billion (\$5.47 billion) in 2015 to RMB76.8 billion (\$11.41 billion) in 2018, representing an increase of 32%, and is expected to reach RMB113.6 billion (\$16.87 billion) in 2020. The following graph sets forth market size data of China's online education industry from 2015 to 2020.

## China Online Vocational Education Market Size



Source: Tencent, Ipsos, 2019

The fast growth of the China Online Vocational Education Market is attributable to the following:

**Favorable Government Policies:** Since 2012, the PRC government has issued a number of guiding policies to support the development of online education, including vocational education. In its Education Informationization Ten Year Development Plan (2011-2020), the PRC Ministry of Education (the “MOE”) emphasized the application of information technology into education and listed education informationization as one of the important strategies of nationwide education reform and development. In 2014, the PRC State Council issued its Decision on Facilitating Development of Modern Vocation Education, which, among other supporting policies, emphasized the application of information technology to expand coverage of vocational education. In 2018, the MOE published its Education Informationization Action Plan 2.0, which re-emphasized the implementation of the “Internet +Education” model in various types of education.

In January 2019, the MOE issued its National Vocational Educational Reform Implementing Plan (the “Implementing Plan”), which, among other aspects, set forth its new policy to require college students to obtain vocational skill certifications in addition to college diploma prior to graduation. Such policy is known as “College Diploma + Vocational Skills Certification Policy” or “1+X Policy.” According to the MOE, the primary purpose of implementing such policy is to encourage the development of vocational skills and improve employment prospects of college students. As an initial step for implementing its 1+X Policy, the MOE has set up a pilot program in certain selected universities and schools and requires students of these institutions to obtain vocational skill certifications in one of the six vocational training areas selected by the MOE, including front end web development, Building Information Model, auto repair and application, long term care, logistics management and new energy vehicle engineering. In April 2019, the MOE published its list of schools for the pilot program, which included 320 schools for Building Information Model training certification, 422 schools for front end web development training certification, 465 schools for auto repair and application, 231 schools for long term care, 355 schools for logistics management and 195 schools for new energy vehicle. The MOE plans to continue the pilot program until the end of 2020 and evaluate the implementation strategies of such program. Based on such evaluation, starting in 2021, the ministry plans to gradually implement the policy nationwide and expand the program to additional vocational training areas.

**Increased Government Funding:** In addition to favorable policies, the PRC government has also increased its funding in the education industry. According to the Vocational Education Report, national government investment in education increased from RMB 2.92 billion (\$0.44 billion) in 2015 to RMB 3.57 billion (\$0.53 billion) in 2018, representing an increase of 22.3%.

*Significant Growth of Internet Use in China:* China has one of the largest number of Internet users in the world. According to the China Internet Network Information Center, the number of Internet users in China reached 802 million in 2018 and the overall Internet penetration rate reached 57.7%. We believe the existing large size and growth potential of China's Internet user base has contributed to the growth of online vocational education and continues to represent a significant market opportunity for the online education industry.

### **Market Trends**

#### *Individualization of Online Vocational Education Industry*

With the increased use of technologies such as artificial intelligence and big data analysis, online vocational education services tend to become more individualized. In particular, online education service providers have or will be able to develop the capacity of analyzing the study habits, comprehension ability and degree of interest in specific subjects of each individual student and accordingly develop and update various aspects of education services that are tailored for each student.

#### *Increased Application of Technologies in Service Management*

According to the Vocational Education Report, in addition to the application of technologies in individualizing educational services, service providers will likely apply technologies to improve management of their operations. For example, cloud computing technologies make it feasible for instant data sharing and application connecting. By utilizing cloud computing technologies, online education institutions can integrate the different aspects of the management of their operations and improve management efficiency.

### **Challenges Facing the PRC Online Vocational Education Industry**

#### *Limited Recognition by Employers*

Although China's vocational education has developed significantly in the past decade, vocational education has not been fully recognized by businesses and other employers. According to the Vocational Education Report, employers give limited credit to vocational education when selecting candidates for openings and considering their employees for promotions. According to the Vocational Education Report, the limited recognition of vocational education by employers is primarily due to the traditional emphasis on diploma education in China and difficulties in assessing the quality of vocational education given by different training institutions.

#### *Low Entry Barrier and a Lack of Standards for Quality Evaluation*

According to the Vocational Education Report, the entry barrier for the PRC online vocational education industry is relatively low. A company only needs to bear the costs relating to platform and course development or procurement in order to enter the online vocational education market. Due to the low entry barrier, the industry is highly fragmented with a significant amount of participants. Students and employers can only rely on a limited number of factors, such as number of users and feedback of prior users, to assess the quality of online vocational education services and such factors may not be directly relevant to the quality of courses or lay the foundation for a full evaluation of online training programs. The disconnect between service quality and user recognition will likely affect market participants' incentive to improve the quality of their vocational education services.

### **Competitive Landscape**

China's online education industry is highly competitive and fragmented. According to the 2018 iResearch Report, the four largest revenue generating service providers accounted for only 6.5% of the total PRC online education services market in 2017, which represented a low level of industry concentration. Despite the fact that online education is not restricted by geographic regions, most market participants initially focus on their local markets and subsequently expand nationwide. The 2018 iResearch Report has also indicated that the competition in first-tier cities tend to be fiercer and services of different market players are not highly differentiated. The online education services market is expected to continue grow in second and third-tier cities, which are becoming the focus of market participants' future expansion.

The vocational education services market in China is fragmented, rapidly evolving and highly competitive. Market participants include existing large online and offline providers of vocational education services, as well as smaller regional vocational education services providers. Providers that offer specialized programs targeting certain markets such as IT and accounting are also participating in their respective niche market. The competitive strength will continue to depend upon the scope and quality of course offerings, compatibility between services and market trends and government policies and the ability to apply evolving technologies in course development and service management.

## BUSINESS

### Overview

We are a provider of online education and technology services in China. While our education services cover a wide range of subjects, including vocational education, continuing education, basic education and higher education, we have been focusing on vocational education since our inception in 2013. We currently provide approximately 407 vocational training courses that cover a wide range of subjects such as mechanics, electronics, auto repair and construction. We also provide technology services including software development as well as comprehensive cloud services for private companies, academic institutions and government agencies in the PRC. Revenue from our online education services accounts for 99.5%, 98.6% and 98.7%, respectively, of our revenue for the six months ended September 30, 2019 and the fiscal years ended March 31, 2019 and 2018 and revenue from technology services accounts for the balance.

Our online education services primarily comprise of two aspects: online vocational training and virtual simulation experimental training. Students that sign up for our online vocational training can log into our platform and access pre-recorded courses in the areas of their professional development. Through our platform, virtual simulation technology training offers college students the opportunity to conduct experiments in a virtual environment as part of their curricula. In response to the recently announced “1+X” policy of the PRC Ministry of Education that requires students of certain selected universities and colleges to obtain vocational training certification in certain selected areas, see “Industry Overview – China’s Online Vocational Education Market – Favorable Government Policies,” we plan to expand our services to address subjects required by such policy in the near future.

We currently operate three education platforms, including the Lifelong Education Public Service Platform that is freely accessible to students, teachers and members of our strategic partners, and the Vocational Training Platform and Virtual Simulation Experimental Training Platform to our fee-paying members. There are currently over 200 courses available on the Lifelong Education Public Service Platform covering a wide range of subjects. We also offer 407 vocational training courses on our Vocational Training Platform and 9 experimental programs on our Virtual Simulation Experimental Training Platform. We believe that our courses provide college and vocational school students with practical education to prepare them for jobs in industries with strong hiring demand and also help workers in rural and urban areas and reemployment groups with operational skill development. Compared to traditional classroom-based teaching, which requires hiring and training of instructors in local sites, we are able to expand our geographic footprint to our users nationwide without impacting the quality of our course offerings and provide students and other groups across China with equal access to course materials given by experienced instructors.

The bulk of our revenue is generated from fees paid by registered members of our education platforms. We also generate revenue from technology services to private companies and government agencies. Since we launched our first online education platform in 2014, we have grown substantially. The number of registered members of our platforms has increased from 0.69 million as of December 31, 2014 to 26.3 million as of March 31, 2018, 50.8 million as of March 31, 2019 and 59.5 million as of September 30, 2019. The number of fee-paying members, including registered members of our vocational training platform and our virtual simulation experimental programs, increased from 49,936 as of December 31, 2014 to 1.3 million as of March 31, 2018, 2.3 million as of March 31, 2019 and 2.6 million as of September 30, 2019. Our revenue reached \$14.9 million in fiscal year 2018 and \$24.7 million in fiscal year 2019. Our revenue reached \$11.1 million in six months ended September 30, 2018 and \$13.4 million in six months ended September 30, 2019.

Our education platforms are built upon cloud computing technologies. By leveraging a combination of cloud computing software, application and hardware owned by us, we provide an instant computer infrastructure and platform for our online training programs and content sharing for our strategic partners. We believe that, by capitalizing on our innovative cloud-based platform, we have built a highly scalable business that we can expand and replicate rapidly with consistent quality.

Our goal is to position ourselves as a leading provider of online vocational education in the PRC while expanding our education and technology services based on evolving industry trends and government policies. We aim to accomplish our objective by implementing a number of growth strategies as described under “Our Strategies” below.

## **Our Strengths**

We believe the following competitive strengths are essential for our success and differentiate us from our competitors:

### ***Broad Scope of Education Materials Covering Lifelong Education***

Despite our focus on vocational education, our platforms offer materials that cover education at different life stages, including basic education, higher education, vocational training and continuing education. The broad coverage of our education services distinguishes ourselves from many of our competitors in the PRC, who offer online courses of one or more specific subjects such as information technology, language learning and K-12 education. Our ability to offer a wide range of online education services provides the convenience of one-stop shopping to our target customers. In addition, existing customers for one type of online education will likely become customers for other types of online training as they continue to grow. We believe that, given the possibility of such conversion, the broad scope of our course materials facilitates efficient customer acquisition.

### ***Expertise in Online Vocational Training***

Since our inception, we have been focusing on developing and improving online vocational training. As of the date of the prospectus, we are the only online platform in the PRC that specializes in lifelong vocational training. Although certain other online education companies also cover vocational training related subjects, we believe that the number of categories of courses we offer, the depth of our experience and existing customer relationships set us apart from the other service providers in this market.

### ***Innovative Cloud Computing Based System***

We operate an innovative education platform based on cloud computing technologies while most of our competitors in the online education market rely on cloud systems operated by third parties to operate their platforms and online programs. Our cloud-based system provides the technological infrastructure for us to expand the scope of our online trading materials in response to evolving market demands and government policies. With such infrastructure, we can easily develop additional platforms or add additional features to our existing platforms without spending a significant amount of additional time and resources. It also facilitates the connection between our platforms and that of our partner universities. Compared to our competitors that are using third party cloud system, the data of our members and their activities on our platforms are not available to third party cloud computing service providers, which increases data security. In addition, we own the hardware and software components of our cloud system and our ability to integrate these components enables us to provide cloud computing as services or infrastructure to our customers in the technology services market.

### ***Experienced Management Team***

We have a strong management team with extensive experience in and passion for the online education and technology services industry. Mr. Xiaofeng Gao, our founder, chairman and chief executive officer, has over 20 years of experience in the technology industry. We have a seasoned team of senior officers with significant prior experience in online education and technology industries. Mr. Lugang Hua, our Chief Technology Officer, has 20 years of experience in technology and system management. Over the past five years, our management team has organically built an online education and technology service business that has grown significantly under its leadership.

## **Our Strategies**

We are dedicated to improving careers by delivering high quality vocational education services. Our goal is to become a leading provider of online vocational education in the PRC while expanding our services in other areas based on evolving industry trends and government policies. We intend to achieve our goal by pursuing the following strategies:

### ***Expand Course Offering based on Industry Trends and Government Policies***

Based on evolving industry trends and government policies, we plan to continue expanding the scope of our course materials corresponding to such developments. In particular, the MOE recently announced its 1+X policy that requires students of certain selected universities and schools to obtain vocational training certification in one or more of the six areas selected by the MOE. In order to capitalize on the market demand for training services in these five areas, we plan to develop online training courses in four of these six vocational training subjects, including front end web development, Building Information Model, auto repair and application and logistics management.

### ***Integrate Online and Offline Resources for Our Virtual Simulation Experimental Training***

In order to attract more college students to our virtual simulation experimental platform, we are developing virtual experimental programs for other majors, including electrical engineering, software engineering, satellite navigation, and surveying and mapping. Another development strategy for our virtual simulation experimental training business is to integrate online and offline resources for such training through strategic relationships. In particular, we plan to negotiate and enter into cooperation with universities or expand our existing strategic relationships with education industry associations so that our members can access laboratories close to their locations. We believe that such arrangements will offer our platform users the opportunity to conduct experiments in both online and offline settings, which further increase the attractiveness of our virtual experimental training.

### ***Offer Professional Development Related Services by Leveraging Big Data and Artificial Intelligence Technologies***

By leveraging the experience of our research & development team in big data and artificial intelligence and the data we have collected through operating our cloud computing system, we are dedicated to expanding our services to areas related to online training. Such services include career advice, industry hiring demands analysis, interview history tracking and recommendations of potential employers for individual users. We believe that these additional services will increase the value of our services as a whole and also expand sources of our service revenue.

### ***Develop Mobile Applications and Wechat Interface for Our Online Education Services***

Another aspect of our growth strategy is to build mobile applications and Wechat interface for our online education services. These features will allow our users to access training materials through their mobile devices regardless of their locations and accordingly improve the loyalty of our existing users. Considering the increasing use of mobile applications in the PRC, we believe that we will be able to attract additional users who are more comfortable using mobile devices for online training or simply prefer having more options than taking classes via the web.

### ***Our Education Platforms***

We currently operate three online education platforms: lifelong education public service platform, online vocational training platform and virtual simulation experimental platform. Among these platforms, the lifelong education public service platform is a platform we operate pursuant to our existing strategic cooperation and the other two are paid platforms that are only available to their respective registered members. Each platform is built upon cloud computing technology.

#### ***Lifelong Education Public Service Platform***

Lifelong education public service platform is a platform we have developed pursuant to our existing strategic partnership agreements with Higher Education Press and China Adult Education Association. The platform offers free online classes to students and teachers of our partnership schools as well as workers and reemployment population that are members of our strategic partners. Registered members of our vocational training platform and virtual simulation experimental platform have access to the lifelong education public service platform as part of their subscription package.

Our lifelong education public service platform is further divided into four sub platforms: iCourse, Intelligent Vocational Education, Quality Course and China Rural Distance Education Network. Each of these platforms was developed pursuant to our existing strategic partnership agreements. See “–Material Contracts.” iCourse provides online course materials to undergraduate students and teachers relating to their college coursework. Intelligent Vocational Education platform provides online course materials to students and teachers of vocational schools relating to their vocational training coursework. Quality Course platform provides students and teachers of universities and other higher education institutions trainings relating to their curricula.

The course materials on the Lifelong Education Public Service Platform are provided by our strategic partners while we provide the technical infrastructure for members of this platform to access these course materials.

#### ***Vocational Training Platform***

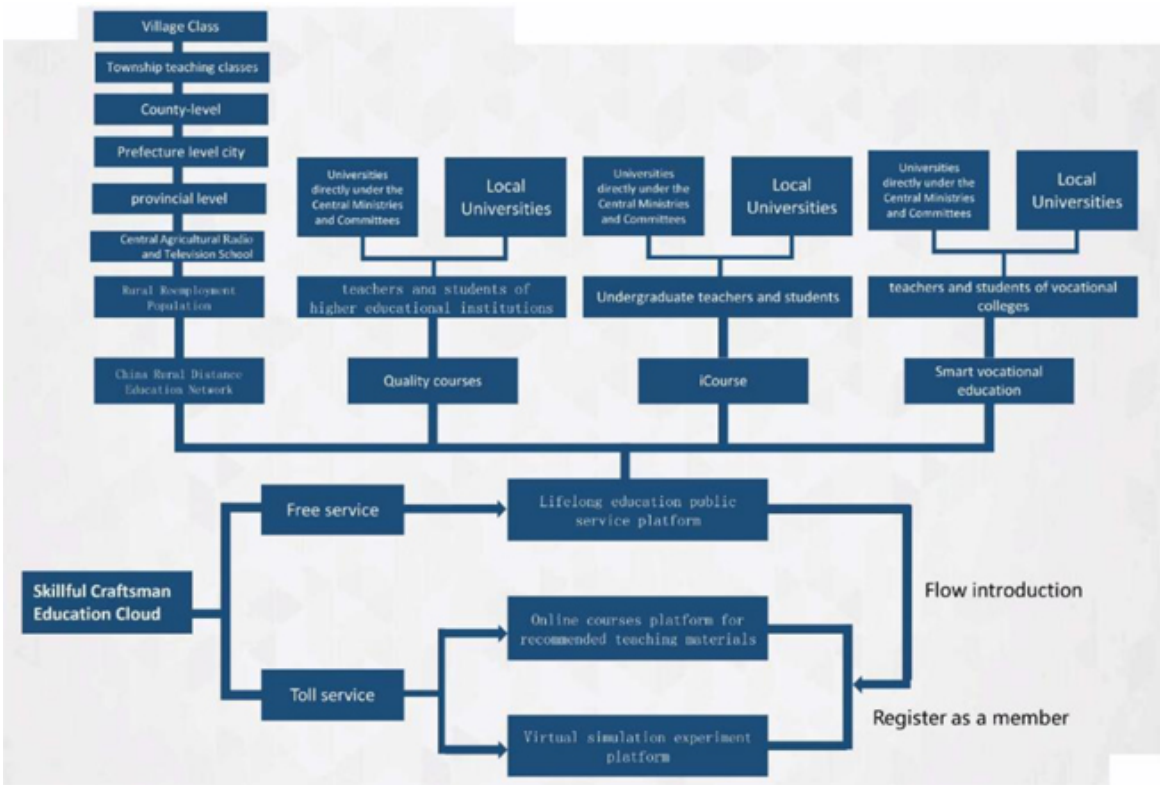
We launched our vocational training platforms in April 2014. Through this platform, we provide online vocational training to workers in urban and rural areas as well as reemployment groups. Registered members of our vocational training platform can access pre-recorded training materials by paying an annual fee. There are currently 407 courses available on this platform that are designed to help platform users develop and improve their vocational skills in industries with strong hiring demand. See “–Our Course Offerings.”

Virtual Simulation Experimental Training Platform

We launched our virtual simulation experimental training platform in 2018 to offer online virtual simulation experimental training to college students. Registered members of our virtual simulation experimental training platform can access virtual experimental centers by paying an annual fee. The platform currently hosts virtual centers for conducting nine types of experiments. See “– Our Course Offerings.”

We believe that the combination of these three platforms allows us to address online education demands of different groups of our target customers, ranging from college students to workers and reemployment groups in both rural and urban areas of the PRC. More importantly, our free lifelong education public service platform gives us access to target user groups for our fee charging platforms by offering such users the opportunity to initially experience our training materials and services without paying a fee and then become a fee-paying member of our vocational training and virtual simulation experimental training platforms by paying flat-rate annual fees for more systematic and sophisticated online training services. As of December 2018, approximately 9.2% of users of our life long public service platform became fee-paying users of our vocational training and virtual simulation experimental training platforms.

The diagram below illustrates our existing platforms, their respective users and our integration of these platforms as of the date of this prospectus:



Our Course Offerings

Our courses provide students with practical education to prepare them for jobs in industries or fulfill the requirements of college curricula. We generally offer the following two types of classes: vocational training courses and virtual simulation experiments.

## ***Vocational Training Courses***

Vocational training courses are pre-recorded video classes that cover major areas of vocational training such as electronics, computer, construction and mechanical. We currently provide 407 courses covering a wide range of disciplines such as welding, electronics, carpentering and metal materials. For each subject, there are basic, mid-level and high-level training courses available on our platform. Our vocational training courses have been recognized as recommended community vocational education multimedia teaching materials by the PRC Ministry of Education.

Vocational training courses are offered to vocational training students as well as other groups that are interested in vocational training such as workers in rural and urban areas of the PRC. Registered members of our platform can access pre-recorded training materials by paying an annual fee. We currently have approximately 2.1 million registered members using our vocational training platform, each of whom pays an annual fee of RMB 100 (approximately \$14.85).

## ***Virtual Simulation Experimental Training***

Starting 2018, we have been offering online virtual simulation experimental training to college students. Students that have registered with our virtual simulation experimental training platform can access our virtual experiment software and conduct experiments in a virtual environment. We currently host nine virtual experiment centers, including but not limited to, diesel engine disassembly, flower management, flower planting, and Beidou satellite navigation.

Vocational training course materials and virtual simulation experimental training materials are currently developed through our cooperation with Jimei University pursuant to the cooperation agreement between the parties. See “Material Contracts — Cooperation Agreement with Jimei University.” In particular, faculties of Jimei University give lectures and other employees of the university are responsible for recording the session. Once these steps are taken, our technical team uploads the recorded lessons to our platform and works on subsequent technical maintenance to ensure our members’ access to these programs. We may directly engage teachers in the future to provide teaching sessions in addition to relying upon cooperation with universities and other academic institutions for content development. We currently have approximately 35,000 registered members using our virtual simulation experimental training programs, each of whom pays a quarterly fee of RMB 300 (approximately \$44.56).

## ***Our Platform Users***

Users of our platforms primarily include: college students and graduates that are studying towards, or already held, a post-secondary degree, professionals, reemployment groups and rural migrant workers. Our online training materials are designed to provide supplemental course materials and practical training opportunities to college students and graduates. We are also dedicated to helping professionals, reemployment groups and rural migrant workers further develop skills that benefit their professional development and competitiveness on the job market.

Based on the amount of fees we charge and the types of services we provide, our users are divided into three categories: regular members, VIP members and SVIP members. Regular members are not required to pay a fee and only have access to materials on our lifelong education public service platform. VIP members have access to materials on our lifelong education public service platform and vocational training platform by paying a flat-rate annual fee and SVIP members have access to all our platforms by paying a quarterly fee at a higher rate. See “—Fees and Payments.”

We have experienced significant growth in the number of fee-paying users in recent years. The number of fee-paying members increased from 49,936 as of December 31, 2014 to 1.3 million as of March 31, 2018 and 2.3 million as of March 31, 2019.

## ***Our Technology Services***

In addition to online education services, we also provide technology services to our clients, comprising government agencies, academic institutions and private clients such as education service companies. The services we provide include software development and maintenance, hardware installation and testing and related consulting and training services. For fiscal year ended March 31, 2019 and 2018, we generated revenue of \$342,118 and \$192, 934, respectively, from technology services.

## **Fees and Payments**

For our VIP members, we charge a flat annual fee of RMB 100 (approximately \$14.85) per member for access to our life long education platform and our vocational training platform. For our SVIP members who have access to all platforms, including the virtual simulation experimental training, we charge a flat fee of RMB 300 (approximately \$44.56) per member per quarter. The initial payment of such fees is due upon registration and subsequent payments are due at the beginning of each year or month within the membership period. We also review and adjust our fee structure based on market demands for our services and industry trends.

Our members can log into their accounts on our platforms and pay annual fees via online banking. Our members can also request a refund of their annual and quarterly membership fees by submitting a request to our customer service department. Upon receiving and reviewing such request, we will refund such members on a pro rata basis based on the remaining time of their applicable membership periods. We have not received any request for refund from any of our members as of the date of this prospectus.

For our technology services, our service fees are determined through negotiation between us and our customers and memorialized in our service agreements with such customers.

## **Material Contracts**

Below is a summary of all material contracts to which we are a party dated within the preceding two years from the date hereof:

### *Service Agreement with China Adult Education Association*

The Company and China Adult Education Association (“CAEA”) entered a data cloud service agreement (the “Service Agreement”) on December 12, 2014. The Service Agreement provides that CAEA has engaged the Company to provide cloud services to Central Agricultural Radio and Television University (“CARTU”), a member university of CAEA. The Company shall not charge for service fee for such cloud service to CARTU, and CARTU shall guide its students to become subscription members of the Company. The Company shall also gradually complete the cloud service of data integration for higher vocational colleges and secondary vocational colleges within 5 years. CAEA shall play its role of supervision, guidance and coordination and provide convenient green channels for the Company to perform its services under the Service Agreement.

### *Cloud Computing Service Agreement with Higher Education Press Ltd.*

The Company and Higher Education Press Ltd. (“HEP”) entered a cloud computing service agreement (the “Cloud Agreement”) on June 1, 2018. The Cloud Agreement provides that HEP has engaged the Company to provide cloud computing services to HEP’s three websites: quality courses (www.jingpinke.com) website, intelligent vocational education platform (www.icve.com.cn) and iCourses website (www.icourses.cn). The Company will provide data sharing and interconnection service among colleges and universities, and to enable “elite courses,” “intelligent vocational education platform” and “favorite courses” to offer personalized services for teachers and students in Colleges and vocational colleges. HEP also agreed to engage the Company to provide related operational and maintenance work. There is no service fee charged by the Company. The Company shall own the basic software technology used by themselves to build the platform. The instrumental software used by HEP for secondary development shall be owned by HEP. The service term of the Cloud Agreement is 50 years.

### *Cooperation Agreement with China Adult Education Association*

The Company and CAEA entered a promotion cooperation agreement (the “Cooperation Agreement”) on February 19, 2014. The Cooperation Agreement provides that the Company and CAEA shall cooperate to promote online learning in urban and rural communities, especially to establish communication and collaboration mechanism and service platform for urban and rural communities. The Company shall provide high-quality digital learning products and resources, design and develop online learning management model and promote advanced technology in accordance with the needs of community education, adult education and lifelong education. CAEA will collaborate with other course providers and encourage them to upload their courses to the Company’s website, and promote the Company’s online products to CAEA’s users. The Company shall pay 5% of its income generated from members referred by CAEA to CAEA as a promotion fee. The term of the Cooperation Agreement is 5 years and such Cooperation Agreement can be automatically renewed at the end of the 5th year. An amendment of the Cooperation Agreement was entered on November 2, 2016, which changed the percentage of a promotion fee from 5% to 4%.

The Company, CAEA and HEP entered a promotion agreement (the “Promotion Agreement”) on June 6, 2018. The Promotion Agreement provides that the Company offers online learning resources for college students and other groups, especially to establish communication and collaboration mechanism and service platform for college students’ communities and other communities. CAEA and HEP agreed to promote the Company’s website by using their advantages and resources. The Company shall provide high-quality digital learning products and resources, design and develop online learning management model and promote advanced technology based on the needs of community education, adult education and lifelong education. CAEA and HEP will collaborate with other course providers and encourage them to upload their courses to the Company’s website, and promote the Company’s online products to the users of CAEA and HEP. The Company shall pay 4% of its income generated from members referred by CAEA and HEP to them as a promotion fee. The term of the Promotion Agreement is 5 years and such Promotion Agreement can be automatically renewed at the end of the 5-year period.

#### *Cooperation Agreement with Jimei University*

The Company and Jimei University entered a cooperation contract (the “Cooperation Contract”) on January 7, 2014. The Cooperation Contract provides that Jimei University shall produce high-quality video course materials in areas such as Mechanical Engineering, Marine Engineering, Information and other subjects for the Company, provide related technology services and provide trainings to employees of the Company. Jimei University shall provide no less than 50 video course materials to the Company in 2014 and the price for each is RMB500, 000 (approximately \$72,741). The Intellectual Property right of each course material produced by Jimei University belongs to the Company.

The parties entered into an Amendment to the Cooperation Agreement on November 12, 2014, pursuant to which Jimei University shall provide an additional 300 video course materials by December 31, 2017.

#### **Technology; Research & Development**

Our education platform is built upon cloud computing technology. The cloud-based education platform integrates telecommunication network, broadcast network and Internet into a unified network and enables a higher amount of data sharing compared to other types of platforms. By leveraging a combination of software, application and hardware, we provide an instant computer infrastructure and platform for our online training programs and content sharing between us and our strategic partners such as universities and vocational schools. Such infrastructure lays the foundation for developing any additional platforms required for our business expansions in the future. With such infrastructure, we can easily develop additional platforms or add additional features to our existing platforms without spending a significant amount of additional time and resources. It also facilitates the connection between our platforms and that of our partner universities. Compared to our competitors that are using third party cloud system, the data of our members and their activities on our platforms are not available to third party cloud computing service providers, which increases data security. In addition, we own the hardware and software components of our cloud system and our ability to integrate these components enables us to provide cloud computing as services or infrastructure to our customers in the technology services market. Our cloud computing technology enables us to collect and analyze a significant amount of data within a relatively short period of time and also accumulate algorithmic models, which facilitate the application of big data and artificially intelligence technologies in our business expansions.

We operate an Internet technology center at our headquarters in Wuxi, Jiangsu, where we host hardware facilities for our cloud computing programs. Our technology center has well equipped computer rooms and provides 24 hours operation services with nationally certified security protections.

We currently have a technology team consisting of 17 members led by our Chief Technology Officer. Our technology team dedicates its time to our research and development efforts. Our technology team has experience in the development, design, operation and maintenance of online platforms and services as well as application of big data and artificial intelligence technologies into improvement and expansion of our online education services. Most of our team members have 10 years or more of experience, 10% of our team members have master’s or doctor’s degree and certain team members have work experience at reputable laboratories. Our research and development efforts are closely tied to the market. We adjust our development efforts based on market conditions and government policies. The focuses of our research and development efforts include improving our online training data collection, programs focused on intelligent study, education resource integration and cloud technology application. In addition to internal development efforts, we also engage third parties for certain aspects of the development and maintenance of our platforms and online programs to the extent that such arrangements can help us save development costs. For instance, our current online vocational training courses are developed by Jimei University. See “Material Contracts - Cooperation Agreement with Jimei University.” Such cooperation allows our internal technical team to focus on other aspects of our research & development efforts while keeping course development costs at a relatively low level.

## Marketing

Since our inception, we have been relying upon strategic cooperation with education industry associations, vocational schools and universities to develop and expand our user base. Members and students of our strategic partners are oftentimes the target users of our platforms. In particular, we provide the members, students and teachers of our partners free access to our lifelong education public service platform. If these potential users are satisfied with the quality of our free course materials and services, they will register with our fee charging platforms. We also publish articles on vocational training and online education industry trends and government policies on publications of our strategic partners and organize seminars on these topics. Based on our experience, our current marketing strategy is cost-effective compared to traditional brand promotion strategies such as television and newspaper advertising. By implementing such strategy, we have been able to significantly increase our user base.

To enhance our brand awareness, we plan to engage in other brand promotion activities such as attending high profile industry events and advertising through social media such as Wechat and Toutiao.

## Intellectual Property

Our intellectual property rights distinguish our courses and services from those of our competitors and contribute to our ability to compete in our target markets. We rely on a combination of copyright law, trade secret protection and employment and confidentiality agreements with executive officers and most other employees, to protect our intellectual property rights. Our employment agreements with our executive officers contain confidentiality and non-disclosure clauses that impose confidentiality obligations on the executive officers at all times during and after their employment with us. Furthermore, the executive officers acknowledge, pursuant to the employment agreements, that copyrightable works prepared by them within the scope of and during the period of their employment with us are “works for hire” and that we will be considered the author thereof. In addition, we require certain key employees to enter into separate confidentiality agreements with us under which they acknowledge that all inventions, utility models, designs, know-how, copyrights and other forms of intellectual property made by them within the scope of their employment with us, pursuant to job assignments or using our materials and technology, or during the one year after their employment that relates to their employment with us, are our property and they should assign the same to us if we so require. We also regularly monitor any infringement or misappropriation of our intellectual property rights.

We have registered 17 software copyrights in relating to our platforms with the National Copyright Administration of the PRC. We have also registered 3 domain names relating to our business, including our [www.kingwayup.com](http://www.kingwayup.com), [www.kingwayedu.cn](http://www.kingwayedu.cn) and [kingwayedu.net](http://kingwayedu.net) websites, with the Internet Corporation for Assigned Names and Numbers and China Internet Network Information Center.

## Employees

We are currently headquartered in Wuxi, Jiangsu Province, where all of our employees are based. We had a total of 44 employees as of the date of this prospectus. All of our current employees are employed on a full-time basis. The following table sets forth the number of our employees, categorized by function:

Function	Number of Employees
Research and Development	17
Marketing	10
Finance and Accounting	7
General and administration	10
Total	44

We enter into employment contracts with all of our employees. We also enter into separate confidentiality agreements with certain key employees that impose confidentiality obligations until the relevant information becomes public or is no longer considered confidential by us. In addition to salaries and benefits, we provide performance-based bonuses for our employees.

As required by regulations in China, we participate in various employee social security plans that are organized by municipal and provincial governments, including pension, unemployment insurance, childbirth insurance, work-related injury insurance, medical insurance and housing insurance. We are required under PRC law to make contributions from time to time to employee benefit plans at specified percentages of the salaries, bonuses and certain allowances of our employees, up to a maximum amount specified by the local government.

We believe that we maintain a good working relationship with our employees, and we have not experienced any significant labor disputes. As of the date of this prospectus, none of our employees belongs to any union.

### **Seasonality**

Given the constant demands for vocational education services throughout the year, our current operations have not demonstrated seasonality.

### **Competition**

The vocational education services market in China is fragmented, rapidly evolving and highly competitive. We face competition for student enrollment from existing large online and offline providers of vocational education services, as well as smaller regional vocational education services providers in China. We may also face competition from providers that offer specialized programs targeting certain markets such as IT and accounting. In the future, we may also face competition from new entrants into the Chinese vocational education market.

We believe that the principal competitive factors in our markets include the following:

- scope and quality of course offerings and services;
- ability to independently operate our own cloud platform that integrates a wide range of online resources;
- access to experienced teachers through strategic partnership; and
- ability to align course offerings and services to specific needs of students.

We believe that we are well-positioned to effectively compete in markets in which we operate on the basis of our innovative education platform, broad scope of course offering, expertise in vocational training and experienced management team. However, some of our current or future competitors may have longer operating histories, greater brand recognition, or greater financial, technical or marketing resources than we do. For a discussion of risks relating to competition, see “Risk Factors— Risks Related to Our Business and Industry— If we fail to develop and introduce new courses in anticipation of market demand in a timely and cost-effective manner, our competitive position and ability to generate revenues may be materially and adversely affected.”

### **Facilities**

Our current principal executive offices are located at our headquarters in Wuxi, Jiangsu Province, comprising 1,219 square meters, at Floor 4, Building 1, No. 311, Yanxin Road, Huishan District, Wuxi, Jiangsu Province, PRC. This facility currently accommodates our management headquarters, research and development and general and administrative activities. We rent this facility from an unaffiliated third party for an annual rent of RMB 526,660 (approximately \$78,215). The lease will expire on December 31, 2020 and we do not anticipate any issue renewing such lease or finding alternative space.

We believe that the facilities that we currently lease are adequate to meet our needs for the foreseeable future, and we believe that we will be able to obtain adequate facilities, principally through leasing of additional properties, to accommodate our future expansion plans.

### **Insurance and Social Security Matters**

We do not maintain any liability insurance or property insurance policies covering equipment and facilities for losses due to fire, earthquake, flood or any other disaster. Consistent with customary industry practice in China, we do not maintain business interruption insurance, nor do we maintain key-man life insurance. We participate in various government statutory social security plans, including a pension contribution plan, a medical insurance plan, an unemployment insurance plan, a work-related injury insurance plan, a maternity insurance plan and a housing provident fund.

**Legal Proceedings**

We are currently not a party to, and are not aware of any threat of, any legal, arbitration or administrative proceedings that, in the opinion of our management, are likely to have a material and adverse effect on our business, financial condition or results of operations. From time to time, we have become, and may in the future become, a party to various legal or administrative proceedings or claims arising in the ordinary course of our business. Regardless of the outcome, legal or administrative proceedings or claims may have an adverse impact on us because of defense and settlement costs, diversion of management attention and other factors.

## REGULATION

*This section sets forth a summary of the most significant laws, rules and regulations that affect our business activities in the PRC and our shareholders' rights to receive dividends and other distributions from us.*

### **Regulations on Value-added Telecommunication Services**

On September 25, 2000, the State Council promulgated the Telecommunications Regulations of the People's Republic of China, or the Telecom Regulations, which was amended on July 29, 2014 and February 6, 2016. The Telecom Regulations is the primary PRC law governing telecommunication services and sets out the general regulatory framework for telecommunication services provided by PRC companies. The Telecom Regulations distinguishes between "basic telecommunication services" and "value-added telecommunication services." The Telecom Regulations defines value-added telecommunications services as telecommunications and information services provided through public networks. Pursuant to the Telecom Regulations, commercial operators of value-added telecommunications services must first obtain an operating license from the Ministry of Industry and Information Technology, or the MIIT, or its provincial counterparts.

On July 3, 2017, the MIIT issued the Measures on the Administration of Telecommunications Business Operating Permits, or the Telecom License Measures, which became effective on September 1, 2017, to supplement the Telecom Regulations. The Telecom License Measures sets forth the types of licenses required to operate value-added telecommunications services and the qualifications and procedures for obtaining such licenses. The Telecom License Measures also provides that an operator providing value-added telecommunication services in multiple provinces is required to obtain an inter-regional license, whereas an operator providing value-added telecommunication services in one province is required to obtain an intra-provincial license. Any telecommunication services operator must conduct its business in accordance with the specifications in its license.

We engage in business activities that are value-added telecommunication services as defined in the Telecom Regulations and Catalogue of Industries for Guiding Foreign Investment (2017 Revision) ("the Catalogue"). To comply with the relevant laws and regulations, Wuxi Wangdao, our VIE, has obtained a Value-Added Telecommunications Services Operating License for providing information services via the internet, or the ICP License, which will remain effective until December 29, 2023.

### **Regulations on Foreign Investment in the Value-added Telecommunications Industry**

Foreign direct investment in telecommunications companies in China is governed by the Provisions on the Administration of Foreign-Invested Telecommunications Enterprises, or the FITE Regulations, which was promulgated by the State Council on December 11, 2001 and amended on September 10, 2008 and February 6, 2016. These regulations require that foreign-invested value-added telecommunications enterprises in China must be established as Sino-foreign equity joint ventures and that foreign investors may not hold a majority equity interest in such joint ventures. In addition, foreign investors must demonstrate significant experience in a value-added telecommunications business as well as a good business track record. Moreover, foreign investors that meet these requirements must obtain approvals from the MIIT and the MOFCOM to provide value-added telecommunication services in China, and the MIIT and the MOFCOM retain considerable discretion in granting such approvals.

On July 13, 2006, the Ministry of Information Industry (the predecessor of the MIIT) issued the Circular on Strengthening the Administration of Foreign Investment in and Operation of Value-added Telecommunications Business, pursuant to which a PRC company that holds an ICP License is prohibited from leasing, transferring or selling the ICP License to foreign investors in any form, and from providing any assistance, including resources, sites or facilities, to foreign investors that conduct value-added telecommunications business illegally in China. Moreover, the domain names and registered trademarks used by an operating company providing value-added telecommunications services shall be legally owned by such company and/or its shareholders. In addition, such company's operation premises and equipment must comply with its approved ICP License, and such company must improve its internal internet and information security standards and emergency management procedures.

In view of these restrictions on foreign direct investment in value-added telecommunications services under which our business may fall, including internet audio-visual program services and radio/television programs production and operation businesses, due to the lack of interpretative guidance from the relevant PRC governmental authorities, there are uncertainties regarding whether PRC governmental authorities would consider our corporate structure and contractual arrangements to constitute foreign ownership of a value-added telecommunications business. See "Risk Factors—Risks Related to Our Corporate Structure— If the PRC government finds that the contractual arrangements that establish the structure for holding our ICP license do not comply with applicable PRC laws and regulations, we could be subject to severe penalties or be forced to relinquish our interests in those operations." If our current ownership structure is found to be in violation of current or future PRC laws, rules or regulations regarding the legality of foreign investment in value-added telecommunications services and other types of businesses in which foreign investment is restricted or prohibited, we could be subject to severe penalties.

## Regulations on Foreign Investment

### *Catalogue of Industries for Guiding Foreign Investment (2017 Revision)*

The Catalogue, was promulgated by the National Development and Reform Commission (“NDRC”) and the MOFCOM on June 28, 1995, and most recently amended on June 28, 2017. The Foreign Investment Catalog lays out the basic framework for foreign investment in China, classifying businesses into three categories with regard to foreign investment: “encourage,” “restricted” and “prohibited.” Industries not listed in the catalogue are generally deemed as falling into a fourth category, “permitted,” unless specifically restricted by other PRC laws. Our business falls under value-added telecommunications services, which are under the “restricted” category in the Catalogue. In addition, in June 2018, the MOFCOM and the NDRC promulgated the Special Management Measures (Negative List) for the Access of Foreign Investment (2019) (“Negative List”), which will become effective on July 30, 2019. On June 30, 2019, NDRC and MOFCOM issued Catalogue of Encouraged Industries for Foreign Investment (2019), which will also come into effect on July 30, 2019. The aforesaid two regulations have updated their counterparts in the Catalogue. Foreign investment in value-added telecommunications services (except for e-commerce) falls within the Negative List. As a result, foreign investors can only conduct investment activities through equity or contractual joint ventures with certain shareholding requirements and approvals from competent authorities. PRC partners are required to hold the majority interests in the joint ventures and approvals from the MOFCOM and the MIIT for the incorporation of the joint ventures and the business operations.

### *Company Law of the People’s Republic of China (2018 Amendment), Law of the People’s Republic of China on Wholly Foreign-Owned Enterprises*

The establishment, operation and management of corporate entities in the PRC is governed by the Company Law of the People’s Republic of China (2018 Amendment) (“PRC Company Law”), which was initially promulgated by the NPCSC, on December 29, 1993, came into effect on July 1, 1994, and was subsequently amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013 and October 26, 2018. The latest amended PRC Company Law became effective on October 26, 2018. The PRC Company Law generally governs two types of companies—limited liability companies and joint stock limited companies. The PRC Company Law also applies to foreign-invested companies. Where laws on foreign investment have other stipulations, such stipulations shall prevail. The establishment procedures, approval or record-filing procedures, registered capital requirements, foreign exchange matters, accounting practices, taxation matters and labor matters of a wholly foreign-owned enterprise are regulated by Law of the People’s Republic of China on Wholly Foreign-owned Enterprises, (“WFOE Law”), promulgated on April 12, 1986 and amended on October 31, 2000 and September 3, 2016, and the Rules for the Implementation of the WFOE Law, promulgated on December 12, 1990 and amended on April 12, 2001 and February 19, 2014. According to the amendments to the WFOE law in 2016, for any wholly foreign-owned enterprise that the special entry management system does not apply to, its establishment, operation duration and extension, separation, merger or other major changes shall be reported for record.

On October 8, 2016, the MOFCOM promulgated the Provisional Measures on Administration of Filing for Establishment and Change of Foreign Investment Enterprises (“FIE Provisional Administrative Measures”), and was subsequently amended on July 30, 2017 and on June 30, 2018. Under the FIE Provisional Administrative Measures, the incorporation and change of FIEs are subject to record-filing procedures, instead of prior approval requirements, provided that the incorporation or change does not trigger any special entry administrative measures required by the government. If the incorporation or change of FIE matters is subject to the special entry administration measures, the approval of the MOFCOM or its local counterparts is still required.

On March 15, 2019, the National People's Congress approved Foreign Investment Law of the People's Republic of China ("the Foreign Investment Law"), which will come into effect on January 1, 2020 and replace the trio of existing laws regulating foreign investment in China, namely, the Sino-foreign Equity Joint Venture Enterprise Law, the Sino-foreign Cooperative Joint Venture Enterprise Law and the Wholly Foreign-owned Enterprise Law, together with their implementation rules and ancillary regulations. The organization form, organization and activities of foreign-invested enterprises shall be governed, among others, by the PRC Company Law and the PRC Partnership Enterprise Law. Foreign-invested enterprises established before the implementation of the Foreign Investment Law may retain the original business organization and so on within five years after the implementation of this Law.

The Foreign Investment Law is formulated to further expand opening-up, vigorously promote foreign investment and protect the legitimate rights and interests of foreign investors. According to the Foreign Investment Law, foreign investments are entitled to pre-entry national treatment and are subject to a negative list management system. The pre-entry national treatment means that the treatment given to foreign investors and their investments at the stage of investment access shall not be less favorable than that of domestic investors and their investments. The negative list management system means that the state implements special administrative measures for access of foreign investment in specific fields. The Foreign Investment Law does not mention the relevant concept and regulatory regime of VIE structures. However, since it is relatively new, uncertainties still exist in relation to its interpretation and implementation. See "Risk Factors—Risks Related to Our Corporate Structure— Substantial uncertainties exist with respect to interpretation and implementation of draft PRC Foreign Investment Law and how it may impact the viability of our current corporate structure, corporate governance and business operations."

Foreign investors' investment, earnings and other legitimate rights and interests within the territory of China shall be protected in accordance with the law, and all national policies on supporting the development of enterprises shall equally apply to foreign-invested enterprises. Among others, the state guarantees that foreign-invested enterprises participate in the formulation of standards in an equal manner and that foreign-invested enterprises participate in government procurement activities through fair competition in accordance with the law. Further, the state shall not expropriate any foreign investment except under special circumstances. In special circumstances, the state may levy or expropriate the investment of foreign investors in accordance with the law for the needs of the public interest. The expropriation and requisition shall be conducted in accordance with legal procedures and timely and reasonable compensation shall be given. In carrying out business activities, foreign-invested enterprises shall comply with relevant provisions on labor protection.

### **Regulations on Internet Content Providers**

The Administrative Measures on Internet Information Services, or the Internet Content Measures, which was promulgated by the State Council on September 25, 2000 and amended on January 8, 2011, sets out guidelines on the provision of internet information services. The Internet Content Measures specifies that internet information services regarding news, publications, education, medical and health care, pharmacy and medical appliances, among other things, are required to be examined, approved and regulated by the relevant authorities.

Internet information providers are prohibited from providing services beyond those included in the scope of their licenses or filings. Furthermore, the Internet Content Measures specifies a list of prohibited content. Internet information providers are prohibited from producing, copying, publishing or distributing information that is humiliating or defamatory to others or that infringes the legal rights of others. Internet information providers that violate such prohibition may face criminal charges or administrative sanctions. Internet information providers must monitor and control the information posted on their websites. If any prohibited content is found, they must remove the content immediately, keep a record of such content and report to the relevant authorities.

The Internet Content Measures classifies internet information services into commercial internet information services and non-commercial internet information services. Commercial internet information services refer to services that provide information or services to internet users with charge. A provider of commercial internet information services must obtain an ICP License.

### **Regulations on Online and Distance Education**

Pursuant to the Administrative Regulations on Educational Websites and Online and Distance Education Schools issued by the Ministry of Education on July 5, 2000, educational websites and online education schools may provide educational services in relation to higher education, elementary education, pre-school education, teaching education, occupational education, adult education, other education and public educational information services. "Educational websites" refer to organizations providing education or education-related information services to website visitors by means of a database or online education platform connected via the Internet or an educational television station through an Internet Service Provider, or ISP. "Online education schools" refer to education websites providing academic education services or training services with the issuance of various certificates.

Setting up an education website and online education school is subject to approvals from relevant education authorities, depending on the specific types of education. Any education website and online education school shall, upon the receipt of approval, indicate on its website such approval information as well as the approval date and file number.

On June 29, 2004, the State Council promulgated the Decision on Setting Down Administrative Licenses for the Administrative Examination and Approval Items Really Necessary to be Retained, pursuant to which the administrative license for “online education schools” was maintained, while the administrative license for “educational websites” was not retained. Accordingly, Craftsman Wuxi, which holds ICP license for *kingwayup.com* website is not required to obtain approval to operate “educational websites” from the Ministry of Education. On January 28, 2014, the State Council promulgated the Decision on Abolishing and Delegating Certain Administrative Examination and Approval Items, pursuant to which the administrative approval for “online education schools” of higher education was abolished. Craftsman Wuxi and Wuxi Wangdao are not required to obtain a license to operate “online education schools,” as it does not directly offer government accredited degrees or certifications.

## **Regulations on Internet Audio-Visual Program Services**

### *Audio-Visual License*

On December 20, 2007, the State Administration of Radio, Film and Television, or the SARFT (the predecessor of NRTA) and the MIII jointly promulgated the Administrative Provisions on Internet Audio-Visual Program Services, or the Audio-Visual Program Provisions, which became effective as of January 31, 2008 and were subsequently amended on August 28, 2015. Providers of internet audio-visual program services are required to obtain the license for online transmission of audio-visual programs, or the Audio-Visual License issued by SARFT, or complete record-filing procedures with SARFT. In general, providers of internet audio-visual program services must be either state-owned or state-controlled entities, and their businesses must satisfy the overall planning and guidance catalog for internet audio-visual program service determined by SARFT.

On May 21, 2008, SARFT issued a Notice on Relevant Issues Concerning Application and Approval of License for the Online Transmission of Audio-Visual Programs, which was amended on August 28, 2015. Such regulation further sets out detailed provisions concerning the application and approval process regarding the Audio-Visual License. The notice also stipulates that internet audio-visual program services providers that have engaged in such services prior to the promulgation of the Audio-Visual Program Provisions are able to apply for the license so long as (i) the violation of the laws and regulations is minor in scope and can be rectified in a timely manner, and (ii) the providers had no violations of laws during the last three months prior to the promulgation of the Audio-Visual Program Provisions.

On March 30, 2009, SARFT promulgated the Notice on Strengthening the Administration of the Content of Internet Audio-Visual Programs, which prohibits internet audio-visual programs containing violence, pornography, gambling, terrorism, superstition or other similarly prohibited elements.

## **Regulations on Publication and Distribution of Audio-Visual Programs through the Internet or Other Information Network**

Under the Provisions on the Administration of the Publication Market, or Publications Market Measures, which was jointly promulgated by SAPPRFT and MOFCOM and became effective on June 1, 2016, any enterprise or individual who engages in publication distribution activities shall obtain permission from SAPPRFT or its local counterpart. “Publication” is defined as “books, newspapers, periodicals, audio-video products, and electronic publications,” and “distributing” is defined as “wholesale, retail, rental, exhibition and other activities,” respectively, under the Publication Market Measures. Any enterprise or individual that engages in retail of publications shall obtain a Publication Business Operating License issued by the local counterpart of SAPPRFT at the county level. In addition, any enterprise or individual that holds a Publication Business Operating License shall file with the relevant local counterpart of SAPPRFT that granted such license to it within 15 days since it begins to carry out any online publication distribution business. Where an entity or individual is engaged in the distribution of publications via the internet or other information networks, it or he/she shall obtain the operation permit for publications.

The SAPPRFT and the MIIT jointly promulgated the Administrative Provisions on Internet Audio-Visual Program Service, or the Audio-Visual Program Provisions, on December 20, 2007, which came into effect on January 31, 2008 and was amended and effective on August 8, 2015. Under the Audio-Visual Program Provisions, “internet audio-visual program services” is defined as activities of producing, redacting and integrating audio-visual programs, providing them to the general public via the internet, and providing service for other people to upload and transmits audio-visual programs.

On April 1, 2010, SAPPRFT promulgated the Provisional Implementation of the Tentative Categories of Internet Audio-Visual Program Services, or the Categories, which was modified on March 10, 2017. The Categories clarified the scope of Internet audio-video programs services. According to the Categories, there are four categories of Internet audio-visual program services which are further divided into seventeen sub-categories. The third sub-category to the second category covers the making and editing of certain specialized audio-video programs concerning, among other things, educational content, and broadcasting such content to the general public online. However, there are still significant uncertainties relating to the interpretation and implementation of the Audio-Visual Program Provisions, in particular, the scope of “internet audio-video programs.”

### **Regulations on Internet Publishing**

On February 4, 2016, the SAPPRFT and the MIIT jointly issued the Rules for the Administration for Internet Publishing Services, or the Internet Publishing Rules, which became effective on March 10, 2016, to replace the Provisional Rules for the Administration for Internet Publishing that had been jointly issued by the SAPPRFT and the MIIT on June 27, 2002. The Internet Publishing Rules defines “internet publications” as digital works that are edited, produced, or processed to be published and provided to the public through the internet, including (a) original digital works, such as pictures, maps, games, and comics; (b) digital works with content that is consistent with the type of content that, prior to the internet age, typically was published in media such as books, newspapers, periodicals, audio-visual products, and electronic publications; (c) digital works in the form of online databases compiled by selecting, arranging, and compiling other types of digital works; and (d) other types of digital works identified by the SAPPRFT. Under the Internet Publishing Rules, internet operators distributing such publications via the internet are required to apply for an internet publishing license with the relevant governmental authorities and for SAPPRFT approval before distributing internet publications.

### **Regulations on Internet Security**

Internet information in China is regulated and restricted from a national security standpoint. The SCNPC, has enacted the Decisions on Maintaining Internet Security on December 28, 2000, amended on August 27, 2009, which may subject violators to criminal punishment in China for any effort to: (i) gain improper entry into a computer or system of strategic importance; (ii) disseminate politically disruptive information; (iii) leak state secrets; (iv) spread false commercial information; or (v) infringe intellectual property rights. In 1997, the Ministry of Public Security promulgated measures that prohibit the use of the internet in ways which, among other things, result in a leakage of state secrets or a spread of socially destabilizing content. If an internet information service provider violates these measures, the Ministry of Public Security and the local security bureaus may revoke its operating license and shut down its websites.

On November 7, 2016, the SCNPC promulgated the Network Security Law of the PRC, or the Network Security Law, which became effective on June 1, 2017. The Network Security Law requires network operators, including online lending information intermediaries, to comply with laws and regulations and fulfill their obligations to safeguard the security of the network when conducting business and to provide services. The Network Security Law further requires network operators to take all necessary measures in accordance with applicable laws, regulations and compulsory national requirements to safeguard the safe and stable operation of the networks, respond to network security incidents effectively, prevent illegal and criminal activities, and maintain the integrity, confidentiality and usability of network data.

## **Regulations on Intellectual Property**

### *Regulations on Copyright*

The Copyright Law of the PRC, or the Copyright Law, which took effect on June 1, 1991 and was amended in 2001 and in 2010, provides that Chinese citizens, legal persons, or other organizations shall, whether published or not, own copyright in their copyrightable works, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software. Copyright owners enjoy certain legal rights, including the right of publication, right of authorship and right of reproduction. The Copyright Law as revised in 2010 extends copyright protection to Internet activities, products disseminated over the Internet and software products. In addition, the Copyright Law provides for a voluntary registration system administered by the China Copyright Protection Center, or the CPCC. According to the Copyright Law, an infringer of the copyrights shall be subject to various civil liabilities, which include ceasing infringement activities, apologizing to the copyright owners and compensating the loss of copyright owner. Infringers of copyright may also be subject to fines and/or administrative or criminal liabilities in severe situations.

Pursuant to the Computer Software Copyright Protection Regulations promulgated by the State Council on December 20, 2001 and last amended on January 30, 2013, the software copyright owner may go through the registration formalities with a software registration authority recognized by the State Council's copyright administrative department. The software copyright owner may authorize others to exercise that copyright, and is entitled to receive remuneration.

### *Regulations on Domain Names*

The MIIT promulgated the Measures on Administration of Internet Domain Names, or the Domain Name Measures, on August 24, 2017, which took effect on November 1, 2017 and replaced the Administrative Measures on China Internet Domain Name first promulgated by the MIIT on August 1, 2002. According to the Domain Name Measures, the MIIT is in charge of the administration of PRC internet domain names. The domain name registration follows a first-to-file principle. Applicants for registration of domain names must provide the true, accurate and complete information of their identities to domain name registration service institutions. The applicants will become the holder of such domain names upon the completion of the registration procedure.

## **Regulations on Foreign Exchange**

### *General Administration of Foreign Exchange*

Under the Regulation of the People's Republic of China on Foreign Exchange Administration (2008 Revision) ("Foreign Exchange Administration Rules") promulgated on January 29, 1996 and most recently amended on August 5, 2008 and various regulations issued by the State Administration of Foreign Exchange of the PRC, or the SAFE and other relevant PRC government authorities, Renminbi is convertible into other currencies for current account items, such as trade-related receipts and payments and payment of interest and dividends. The conversion of Renminbi into other currencies and remittance of the converted foreign currency outside the PRC for capital account items, such as direct equity investments, loans and repatriation of investment, requires the prior approval from the SAFE or its local office.

Payments for transactions that take place within the PRC must be made in Renminbi. Unless otherwise approved, PRC companies may not repatriate foreign currency payments received from abroad or retain the same abroad. Foreign-invested enterprises may retain foreign exchange in accounts with designated foreign exchange banks under the current account items subject to a cap set by the SAFE or its local office. Foreign exchange proceeds under the current accounts may be either retained or sold to a financial institution engaged in settlement and sale of foreign exchange pursuant to relevant SAFE rules and regulations. For foreign exchange proceeds under the capital accounts, approval from the SAFE is generally required for the retention or sale of such proceeds to a financial institution engaged in settlement and sale of foreign exchange.

Pursuant to the Circular of the SAFE on Further Improving and Adjusting Foreign Exchange Administration Policies for Direct Investment, or the SAFE Circular 59, promulgated by SAFE on November 19, 2012, which became effective on December 17, 2012 and was further amended on May 4, 2015, approval by SAFE is not required for opening a foreign exchange account and depositing foreign exchange into the accounts relating to the direct investments. The SAFE Circular 59 also simplified foreign exchange-related registration required for the foreign investors to acquire the equity interests of Chinese companies and further improve the administration on foreign exchange settlement for foreign-invested enterprises.

The Circular on Further Simplifying and Improving the Foreign Currency Management Policy on Direct Investment, or the SAFE Circular 13, effective from June 1, 2015, cancels the administrative approvals of foreign exchange registration of direct domestic investment and direct overseas investment and simplifies the procedure of foreign exchange-related registration. Pursuant to the SAFE Circular 13, the investors shall register with banks for direct domestic investment and direct overseas investment.

The Circular on Reforming the Management Approach regarding the Settlement of Foreign Capital of Foreign-invested Enterprise, or the SAFE Circular 19, which was promulgated by the SAFE on March 30, 2015 and became effective on June 1, 2015, provides that a foreign-invested enterprise may, according to its actual business needs, settle with a bank the portion of the foreign exchange capital in its capital account for which the relevant foreign exchange administration has confirmed monetary capital contribution rights and interests (or for which the bank has registered the injection of the monetary capital contribution into the account). Pursuant to the SAFE Circular No. 19, for the time being, foreign-invested enterprises are allowed to settle 100% of their foreign exchange capitals on a discretionary basis; a foreign-invested enterprise shall truthfully use its capital for its own operational purposes within the scope of business; where an ordinary foreign-invested enterprise makes domestic equity investment with the amount of foreign exchanges settled, the invested enterprise must first go through domestic re-investment registration and open a corresponding account for foreign exchange settlement pending payment with the foreign exchange administration or the bank at the place where it is registered.

The Circular on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts, or the SAFE Circular 16, which was promulgated by the SAFE and became effective on June 9, 2016, provides that enterprises registered in the PRC may also convert their foreign debts from foreign currency into Renminbi on self-discretionary basis. The SAFE Circular 16 also provides an integrated standard for conversion of foreign exchange under capital account items (including but not limited to foreign currency capital and foreign debts) on a self-discretionary basis, which applies to all enterprises registered in the PRC. Domestic institutions may, at their discretion, settle up to 100% of their foreign exchange receipts under the capital account for the time being, while the RMB funds obtained from discretionary settlement under the capital account shall be included in the account pending for foreign exchange settlement and payment. Our PRC subsidiary and VIE entity may only use the RMB funds obtained from foreign exchange settlement for expenditures under the current account within the business scope or the expenditure under the capital account permitted by laws and regulations. In addition, our PRC subsidiary and VIE entity are required to comply with the following provisions in using their foreign exchange receipts under the capital account and RMB funds obtained from foreign exchange settlement: (1) such receipts and funds shall not, directly or indirectly, be used for the expenditures beyond the business scope of domestic institutions or the expenditures prohibited by laws and regulations of the State; (2) unless otherwise provided, such receipts and funds shall not, directly or indirectly, be used for investment in securities or other investments than banks' principal-secured products; (3) such receipts and funds shall not be used for the granting of loans to non-affiliated enterprises, with the exception that such granting is expressly permitted in the business license; and (4) such receipts and funds shall not be used for construction or purchase of real estate for purpose other than self-use (exception applies for real estate enterprises). Where there is any agreement on the use scope of receipt under the capital account between a domestic institution and other parties involved, the domestic institution shall not use such receipts and funds beyond the scope of such agreement and the contractual agreement shall not conflict with this Circular 16.

According to the Provisional Measures, the Administrative Rules on the Company Registration, which was promulgated by the State Council on June 24, 1994, became effective on July 1, 1994 and was last amended on February 6, 2016, and other laws and regulations governing the foreign-invested enterprises and company registrations, the establishment of a foreign-invested enterprise and any capital increase and other major changes in a foreign-invested enterprise shall be registered with the SAMR or its local counterparts, and shall be filed via the foreign investment comprehensive administrative system, or the FICMIS, if such foreign-invested enterprise does not involve special access administrative measures prescribed by the PRC government.

Pursuant to the SAFE Circular No. 13 and other laws and regulations relating to foreign exchange, when setting up a new foreign-invested enterprise, the foreign-invested enterprise shall register with the bank located at its registered place after obtaining the business license, and if there is any change in capital or other changes relating to the basic information of the foreign-invested enterprise, including without limitation any increase in its registered capital or total investment, the foreign-invested enterprise must register such changes with the bank located at its registered place after obtaining the approval from or completing the filing with competent authorities. Pursuant to the relevant foreign exchange laws and regulations, the above-mentioned foreign exchange registration with the banks will typically take less than four weeks upon the acceptance of the registration application.

#### *Loans by the Foreign Companies to their PRC Subsidiaries*

A loan made by foreign investors as shareholders in a foreign-invested enterprise is considered to be foreign debt in China and is regulated by various laws and regulations, including the Regulation of the People's Republic of China on Foreign Exchange Administration, the Interim Provisions on the Management of Foreign Debts, the Statistical Monitoring of Foreign Debts Tentative Provisions, the Detailed Rules for the Implementation of Provisional Regulations on Statistics and Supervision of External Debt, and the Administrative Measures for Registration of Foreign Debts. Under these rules and regulations, a shareholder loan in the form of foreign debt made to a PRC entity does not require the prior approval of SAFE. However, such foreign debt must be registered with and recorded by SAFE or its local branches within fifteen business days after entering into the foreign debt contract. Pursuant to these rules and regulations, the balance of the foreign debts of a foreign-invested enterprise shall not exceed the difference between the total investment and the registered capital of the foreign-invested enterprise, or Total Investment and Registered Capital Balance.

On January 11, 2017, the People's Bank of China, or the PBOC, promulgated the Notice of the People's Bank of China on Matters concerning the Macro-Prudential Management of Full-Covered Cross-Border Financing, or the PBOC Notice No. 9. Pursuant to the PBOC Notice No. 9, within a transition period of one year from January 11, 2017, the foreign-invested enterprises may adopt the currently valid foreign debt management mechanism, or Current Foreign Debt Mechanism, or the mechanism as provided in the PBOC Notice No. 9, or Notice No. 9 Foreign Debt Mechanism, at their own discretion. The PBOC Notice No. 9 provides that enterprises may conduct independent cross-border financing in RMB or foreign currencies as required. Pursuant to the PBOC Notice No. 9, the outstanding cross-border financing of an enterprise (the outstanding balance drawn, here and below) shall be calculated using a risk-weighted approach, or Risk-Weighted Approach, and shall not exceed the specified upper limit, namely: risk-weighted outstanding cross-border financing  $\leq$  the upper limit of risk-weighted outstanding cross-border financing. Risk-weighted outstanding cross-border financing is calculated based on a formula set forth under such regulation. The PBOC Notice No. 9 further provides that the upper limit of risk-weighted outstanding cross-border financing for enterprises shall be 200% of its net assets, or Net Asset Limits. Enterprises shall file with SAFE in its capital item information system after entering into the relevant cross-border financing contracts and at least three business day before drawing any money from the foreign debts.

Based on the foregoing, if we provide funding to our wholly foreign-owned subsidiaries through shareholder loans, the balance of such loans shall not exceed the Total Investment and Registered Capital Balance and we will need to register such loans with SAFE or its local branches in the event that the Current Foreign Debt Mechanism applies, or the balance of such loans shall be subject to the Risk-Weighted Approach and the Net Asset Limits. According to the PBOC Notice No. 9, after a transition period of one year from January 11, 2017, the PBOC and SAFE will determine the cross-border financing administration mechanism for the foreign-invested enterprises after evaluating the overall implementation of the PBOC Notice No. 9. As of the date hereof, neither PBOC nor SAFE has promulgated and made public any further rules, regulations, notices or circulars in this regard. It is uncertain which mechanism will be adopted by PBOC and SAFE in the future and what statutory limits will be imposed on us when providing loans to our PRC subsidiaries. We will need to file the loans with SAFE in its information system in the event that the Notice No. 9 Mechanism applies.

#### *Offshore Investment*

Under the Circular of the State Administration of Foreign Exchange on Issues Concerning the Foreign Exchange Administration over the Overseas Investment and Financing and Round-trip Investment by Domestic Residents via Special Purpose Vehicles, or the SAFE Circular 37, issued by the SAFE and effective on July 4, 2014, PRC residents are required to register with the local SAFE branch prior to the establishment or control of an offshore special purpose vehicle, or SPV, which is defined as offshore enterprises directly established or indirectly controlled by PRC residents for offshore equity financing of the enterprise assets or interests they hold in China. An amendment to registration or subsequent filing with the local SAFE branch by such PRC resident is also required if there is any change in basic information of the offshore company or any material change with respect to the capital of the offshore company. At the same time, the SAFE has issued the Operation Guidance for the Issues Concerning Foreign Exchange Administration over Round-trip Investment regarding the procedures for SAFE registration under the SAFE Circular 37, which became effective on July 4, 2014 as an attachment of Circular 37.

SAFE Notice Circular No. 13 has amended SAFE Circular 37 requiring PRC residents or entities to register with qualified banks rather than SAFE or its local branches in connection with their establishment or control of an offshore entity established for the purpose of seeking offshore investment or making offshore financing.

Under the relevant rules, a failure to comply with the registration procedures set forth in the SAFE Circular 37 may result in bans on the foreign exchange activities of the relevant onshore company, including the payment of dividends and other distributions to its offshore parent or affiliates, and may also subject relevant PRC residents to penalties under PRC foreign exchange administration regulations.

#### *Regulations on Dividend Distribution*

The principal laws and regulations regulating the dividend distribution of dividends by foreign-invested enterprises in the PRC include the Company Law and the forthcoming Foreign Investment Law. Under the current regulatory regime in the PRC, foreign-invested enterprises in the PRC may pay dividends only out of their retained earnings, if any, determined in accordance with PRC accounting standards and regulations. A PRC company is required to set aside as statutory reserve funds at least 10% of its after-tax profit, until the cumulative amount of such reserve funds reaches 50% of its registered capital unless laws regarding foreign investment provide otherwise. A PRC company shall not distribute any profits until any losses from prior fiscal years have been offset. Profits retained from prior fiscal years may be distributed together with distributable profits from the current fiscal year.

## Regulations on Tax

### *Enterprise Income Tax*

On March 16, 2007, the SCNPC promulgated the Law of the PRC on Enterprise Income Tax which was amended on February 24, 2017 and on December 6, 2007, the State Council enacted the Regulations for the Implementation of the Law on Enterprise Income Tax, or collectively, the EIT Law. The EIT Law came into effect on January 1, 2008. Under the EIT Law, both resident enterprises and non-resident enterprises are subject to tax in the PRC. Resident enterprises are defined as enterprises that are established in China in accordance with PRC laws, or that are established in accordance with the laws of foreign countries but are actually or in effect controlled from within the PRC. Non-resident enterprises are defined as enterprises that are organized under the laws of foreign countries and whose actual management is conducted outside the PRC, but have established institutions or premises in the PRC, or have no such established institutions or premises but have income generated from inside the PRC. Under the EIT Law and relevant implementing regulations, a uniform corporate income tax rate of 25% is applied. However, if non-resident enterprises have not formed permanent establishments or premises in the PRC, or if they have formed permanent establishment or premises in the PRC but there is no actual relationship between the relevant income derived in the PRC and the established institutions or premises set up by them, enterprise income tax is set at the rate of 10% with respect to their income sourced from inside the PRC.

### *Value-added Tax*

In November 2011, the Ministry of Finance and the State Administration of Taxation promulgated the Pilot Plan for Imposition of Value-Added Tax to Replace Business Tax. In March 2016, the Ministry of Finance and the State Administration of Taxation further promulgated the Notice on Fully Promoting the Pilot Plan for Replacing Business Tax by Value-Added Tax. On March 20, 2019, the Ministry of Finance, the State Administration of Taxation, General Administration of Customs issued Announcement on Policies for Deepening the VAT Reform jointly, under which the VAT rates under the basic mechanism is 13% for the sectors such as operating and financial leases of equipment, 9% for sectors such as transportation, postal, basic telecommunication, and construction services as well as sales and leases of real property and real property rights, 0% for exported services and 6% for all remaining services, including financial services. Unlike business tax, a taxpayer is allowed to offset the qualified input VAT paid on taxable purchases against the output VAT chargeable on the modern services provided. Furthermore, according to Announcement of the State Taxation Administration on Matters relating to Expanding the Scope of the Pilot Scheme for Issuance of Special VAT Invoices by Small-Scale Taxpayers issued by State Administration on February 3, 2019, the basic mechanism may not apply to small-scale taxpayers who may pay the VAT taxes at the levy rates of 3% and 5% on the basis of their sales amount.

### *Dividend Withholding Tax*

The EIT Law provides that since January 1, 2008, an income tax rate of 10% will normally be applicable to dividends declared to non-PRC resident investors who do not have an establishment or place of business in the PRC, or who have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends are derived from sources within the PRC.

Pursuant to an Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Incomes, or the Double Tax Avoidance Arrangement, and other applicable PRC laws, if a Hong Kong resident enterprise is determined by the competent PRC tax authority to have satisfied the relevant conditions and requirements under such Double Tax Avoidance Arrangement and other applicable laws, the 10% withholding tax on the dividends the Hong Kong resident enterprise receives from a PRC resident enterprise may be reduced to 5%. However, based on the Circular on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties, or the SAT Circular 81, issued on February 20, 2009 by the SAT, if the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment. According to the Circular on Several Questions regarding the “beneficial owner” in Tax Treaties, which was issued on February 3, 2018 by the SAT and will take effect on April 1, 2018, when determining the applicant’s status of the “beneficial owner” regarding tax treatment in connection with dividends, interests or royalties in the tax treaties, several factors, including without limitation, whether the applicant is obligated to pay more than 50% of his or her income in twelve months to residents in third country or region, whether the business operated by the applicant constitutes the actual business activities, and whether the counterparty country or region to the tax treaties does not levy any tax or grant tax exemption on relevant incomes or levy tax at an extremely low rate, will be taken into account, and it will be analyzed according to the actual circumstances of the specific cases. This circular further provides that applicants who intend to prove his or her status of the “beneficial owner” shall submit the relevant documents to the relevant tax bureau according to the Announcement on Issuing the Measures for the Administration of Non-Resident Taxpayers’ Enjoyment of the Treatment under Tax Agreements.

### *Tax on Indirect Transfer*

On February 3, 2015, the SAT issued the Circular on Issues of Enterprise Income Tax on Indirect Transfers of Assets by Non-PRC Resident Enterprises, or Circular 7. Pursuant to Circular 7, an “indirect transfer” of assets, including equity interests in a PRC resident enterprise, by non-PRC resident enterprises, may be recharacterized and treated as a direct transfer of PRC taxable assets, if such an arrangement does not have a reasonable commercial purpose and was established for the purpose of avoiding payment of PRC enterprise income tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax. When determining whether there is a “reasonable commercial purpose” of the transaction arrangement, features to be taken into consideration include, inter alia, whether the main value of the equity interest of the relevant offshore enterprise derives directly or indirectly from PRC taxable assets; whether the assets of the relevant offshore enterprise mainly consists of direct or indirect investment in China or if its income is mainly derived from China; and whether the offshore enterprise and its subsidiaries directly or indirectly holding PRC taxable assets have real commercial nature which is evidenced by their actual function and risk exposure. According to Circular 7, where the payer fails to withhold any or sufficient tax, the transferor shall declare and pay such tax to the tax authority by itself within the statutory time limit. Late payment of applicable tax will subject the transferor to default interest. Circular 7 does not apply to transactions of sale of shares by investors through a public stock exchange where such shares were acquired on a public stock exchange. On October 17, 2017, the SAT issued the Circular on Issues of Tax Withholding regarding Non-PRC Resident Enterprise Income Tax, or SAT Circular 37, which further elaborates the relevant implemental rules regarding the calculation, reporting and payment obligations of the withholding tax by the non-resident enterprises. Nonetheless, there remain uncertainties as to the interpretation and application of Circular 7. Circular 7 may be determined by the tax authorities to be applicable to our offshore transactions or sale of our shares or those of our offshore subsidiaries where non-resident enterprises, being the transferors, were involved.

### *Regulations on M&A Regulations and Overseas Listings*

On August 8, 2006, six PRC governmental and regulatory agencies, including the MOFCOM and the China Securities Regulatory Commission, or the CSRC, promulgated the Rules on Acquisition of Domestic Enterprises by Foreign Investors, or the M&A Rules, governing the mergers and acquisitions of domestic enterprises by foreign investors that became effective on September 8, 2006 and was revised on June 22, 2009. The M&A Rules, among other things, requires that if an overseas company established or controlled by PRC companies or individuals, or PRC Citizens, intends to acquire equity interests or assets of any other PRC domestic company affiliated with the PRC Citizens, such acquisition must be submitted to the MOFCOM for approval. The M&A Rules also requires that an offshore special vehicle, or a special purpose vehicle formed for overseas listing purposes and controlled directly or indirectly by the PRC companies or individuals, shall obtain the approval of the CSRC prior to overseas listing and trading of such special purpose vehicle’s securities on an overseas stock exchange.

## MANAGEMENT

### Directors and Executive Officers

The following table sets forth information regarding our executive officers, directors and director nominees as of the date of this prospectus. Unless otherwise stated, the business address for our directors and executive officers is that of our principal executive offices at Floor 4, Building 1, No. 311, Yanxin Road, Huishan District, Wuxi, Jiangsu Province, PRC.

Name	Age	Position with our company
Xiaofeng Gao	48	Chairman of the Board of Directors and Chief Executive Officer
Jun Liu	43	Chief Financial Officer
Lugang Hua	47	Chief Technology Officer
Huiqing Ye	67	Director Nominee*
Liming Huang	37	Director Nominee*
Teoh Chun Hiah	35	Director Nominee*
David H. Sherman	72	Director Nominee*

\* This individual has indicated his or her assent to occupy such position upon the effective date of the registration statement of which this prospectus forms a part.

**Xiaofeng Gao**, founder of our company, has been serving as the Chairman of our board of directors and Chief Executive Officer since June 2019 and has also been serving as the Executive Director and the Chief Executive Officer of our VIE, Wuxi Wangdao, since June 2013. He has more than 10 years of experience in company management. From March 2005 to December 2015, Mr. Gao served as Business General Manager of Wuxi Gaoda Environmental Technology Co., Ltd., a technology company in China. Mr. Gao served as a project manager and an engineer of China Metallurgical Equipment Corporation, a company specializes in manufacturing metallurgical equipment in China from July 1997 to February 2005. Mr. Gao received a bachelor's degree in automation from Beijing Technology University in 1994 and a master's degree in automation from Beijing Technology University in 1997.

**Jun Liu** has served as our Chief Financial Officer since June 2019 and has also served as Financial Director of our VIE, Wuxi Wangdao, since June 2017. From September 2008 to May 2017, Mr. Liu served as Financial Manager of Wuxi Aiwon Mengte Technology Co., Ltd., a technology company in China. Previously, Mr. Liu served as a teacher in Xiamen Huaxia Vocational Technology College from February 2008 to July 2008. From February 2006 to February 2008, Mr. Liu served as a teacher of Xiamen Huatian Foreign-Related Vocational Technology College. From April 2005 to February 2006, Mr. Liu served as an accountant of Xiamen Dongfang Dragon Metal Material Co., Ltd., a company that specializes in metal processing in China. Mr. Liu also served as an accountant in Amoi Technology Co., Ltd., a mobile service provider which integrates manufacturing, research and development and sales of mobile communication devices, from July 1998 to March 2015. Mr. Liu received a bachelor's degree in accounting from Xiamen University in China in 1998 and a master's degree in accounting from Xiamen University and Xiamen National Accounting Institute in China in 2007.

**Lugang Hua** has been serving as our Chief Technology Officer since June 2019, and has also been serving as Chief Technology Officer and General Manager of our VIE, Wuxi Wangdao, since June 2013. Mr. Hua has been serving as General Manager, Client Director, Sale Director and CMS Business Director of Wuxi Langqi Software Technology Co., Ltd., a computer software company in China, from July 2008 to May 2013. Mr. Hua also served as a financial system engineer in Changzhou Qianhong Biopharmaceutical Co., Ltd., a company focusing on biopharmaceutical research in China. Previously, Mr. Hua served as a trade specialist at Changzhou Qianhong Bio-pharma Co., Ltd., a pharmaceutical company in China. He has more than 10 years of experience in the internet and mobile internet industry and other businesses focusing on product development, operation and promotion. He received a bachelor's degree in electrical engineering from Naval Engineering University of China in 1997.

**Huiqing Ye**, who will serve as one of our directors as of the effective date of the registration statement of which this prospectus forms part, served as an executive director of Suqian Zeda Vocational & Technical College from September 2014 to January 2016. From September 2012 to August 2014, Mr. Ye served as a Vice President and the Secretary-general of Xishan Education Society. Mr. Ye also served as a Vice President of Jiangsu College of Information Technology from April 2003 to August 2012. Mr. Ye received a Bachelor of Arts degree from Jiangsu Education College in 1989. Due to his considerable experience in the education industry, we believe Mr. Ye is well qualified to serve as a Director.

**Liming Huang**, who will serve as one of our directors as of the effective date of the registration statement of which this prospectus forms part, has also been serving as a Senior Accounting Manager of Covestro Polymers (China) Co., Ltd. since June 2015. From May 2011 to May 2015, Mr. Huang served as a SAP Project Manager of Bayer (China) Co., Ltd. From April 2006 to April 2011, Mr. Huang served as a Senior SAP consultant and a SAP Project Manager of Shanghai Keyenabler Management Consulting Co., Ltd., a management consulting company in China. Mr. Huang also served as a Senior SAP consultant of Hand Enterprise Solutions Co., Ltd., a technology consulting firm in China, from March 2004 to March 2006. Mr. Huang received dual Bachelor of Arts degrees in Law and Accounting from Shanghai University of Finance and Economics in 2004. Due to his broad operational experience, we believe Mr. Huang is well qualified to serve as a Director.

**Teoh Chun Hiah**, who will serve as one of our directors as of the effective date of the registration statement of which this prospectus forms part, has been serving as an Audit Senior Manager of Robin Chia PAC, an auditing firm in Singapore, since April 2019. He has also been serving as a Senior Accounting Manager of Covestro Polymers (China) Co., Ltd. From July 2016 to March 2019, Mr. Hiah served as Chief Finance Officer of Teambest International Limited, a construction consulting firm in China. From July 2014 to June 2016, Mr. Hiah served as a Senior Accountant of Renoidea Sdn Bhd, a construction and renovation company in Malaysia company in Malaysia. Mr. Hiah also served as a Senior Accountant of MUI Properties Berhad, a Malaysia-listed construction and renovation company in Malaysia, from April 2014 to June 2014. From April 2013 to April 2014, Mr. Hiah served as an accountant of Averis Sdn Bhd, a global business solution company in Malaysia. In addition, Mr. Hiah served as an accountant of Banyan Tree Investments Pte Ltd, a Singapore-listed hotel development company in Singapore, from April 2012 to November 2012. Previously, Mr. Hiah served as an audit associate of Foo Kon Tan Grant Thornton LLP from August 2007 to April 2012. Mr. Hiah received a Bachelor of Business Administration degree from University Tunku Abdul Rahman in 2006. Due to his extensive management and investment experience, we believe Mr. Hiah is well qualified to serve as a Director.

**H. David Sherman**, who will serve as one of our directors as of the effective date of the registration statement of which this prospectus forms part, has been serving as a professor at Northeastern University since September 1984. He has also been serving as Treasurer and chair of the finance committee at American Academy of Dramatic Arts since January 2014 and serving as Treasurer and board member at D-Tree International since July 2010.

From January 2018 to August 2019, Mr. Sherman served as chair of the audit committee of Dunxin Financial Holding Ltd. (Amex: DXF), a financing service company in China. From January 6, 2010 – August 21, 2012 Mr. Sherman served as chair of the audit committee of China HGS Real Estate Inc. (Nasdaq: HGSH), a residential apartment construction company in Hanzhong, China. From January 2012 to November 2014, Mr. Sherman served as chair the audit committee and compensation committee of Agfeed Corporation (OTC: FEED), a hog production business. From February 2011 to May 2016, Mr. Sherman served as chair of the audit committee of Kingold Jewelry Inc. (Nasdaq: KGJI), a manufacturer of 24K gold jewelry in Wuhan, China. From 2007–2008, Mr. Sherman served as chair of the audit committee of China Growth Alliance, Ltd., a special purpose acquisition company (SPAC). Mr. Sherman received a Bachelor of Economics degree from Brandeis University in 1969 and an MBA degree from Harvard University in 1971. Mr. Sherman also received a Doctorate degree from Harvard University in 1981. Due to his extensive experience with the US-listed companies, we believe Mr. Sherman is well qualified to serve as a Director.

## Board of Directors and Committees

Upon the SEC's declaration of effectiveness of our registration statement on Form F-1, of which this prospectus is a part, our board of directors will consist of five directors, including two executive directors and three independent directors. We will also establish an Audit Committee, a Nominating and Corporate Governance Committee and a Compensation Committee upon the effectiveness of our registration statement on Form F-1, of which this prospectus is a part. We will adopt a charter for each of the three committees. Each of the committees of our board of directors shall have the composition and responsibilities described below.

### *Audit Committee*

Liming Huang, Teoh Chun Hiah and David H. Sherman will serve as members of our Audit Committee. Mr. Sherman will serve as the chairman of the Audit Committee. Each of our Audit Committee members will satisfy the "independence" requirements of the Nasdaq listing rules and meet the independence standards under Rule 10A-3 under the Exchange Act. We have determined that David H. Sherman possesses accounting or related financial management experience that qualifies him as an "audit committee financial expert" as defined by the rules and regulations of the SEC. Our Audit Committee oversees our accounting and financial reporting processes and the audits of our financial statements. Our Audit Committee will perform several functions, including:

- evaluating the independence and performance of, and assesses the qualifications of, our independent auditor, and engages such independent auditor;
- approving the plan and fees for the annual audit, quarterly reviews, tax and other audit-related services, and approves in advance any non-audit service to be provided by the independent auditor;
- monitoring the independence of the independent auditor and the rotation of partners of the independent auditor on our engagement team as required by law;
- reviewing the financial statements to be included in our Annual Report on Form 20-F and Current Reports on Form 6-K and reviews with management and the independent auditors the results of the annual audit and reviews of our quarterly financial statements;
- overseeing all aspects of our systems of internal accounting control and corporate governance functions on behalf of the board;
- reviewing and approving in advance any proposed related-party transactions and report to the full Board on any approved transactions; and
- providing oversight assistance in connection with legal, ethical and risk management compliance programs established by management and our board of directors, including Sarbanes-Oxley Act implementation, and makes recommendations to our board of directors regarding corporate governance issues and policy decisions.

### *Compensation Committee*

Liming Huang, David H. Sherman and Huiqing Ye will serve as members of our Compensation Committee. Mr. Huang will serve as the chairman of the Compensation Committee. All of our Compensation Committee members satisfy the "independence" requirements of the Nasdaq listing rules and meet the independence standards under Rule 10A-3 under the Exchange Act. Our Compensation Committee will be responsible for overseeing and making recommendations to our board of directors regarding the salaries and other compensation of our executive officers and general employees and providing assistance and recommendations with respect to our compensation policies and practices.

### *Nominating and Corporate Governance Committee*

Huiqing Ye, Teoh Chun Hiah and Liming Huang will serve as members of our Nominating and Corporate Governance Committee. Mr. Hiah will serve as the chairman of the Nominating and Corporate Governance Committee. All of our Nominating and Corporate Governance Committee members will satisfy the "independence" requirements of the Nasdaq listing rules and meet the independence standards under Rule 10A-3 under the Exchange Act. Our Nominating and Corporate Governance Committee will be responsible for identifying and proposing new potential director nominees to the board of directors for consideration and reviewing our corporate governance policies.

## **Code of Ethics**

Effective upon consummation of this offering, we will adopt a code of ethics that applies to all of our executive officers, directors and employees in accordance with the rules of the Nasdaq and the SEC. The code of ethics codifies the business and ethical principles that govern all aspects of our business. We will file a copy of our Code of Ethics as an exhibit to the registration statement of which this prospectus is a part. You will be able to review these documents by accessing our public filings at the SEC's website at [www.sec.gov](http://www.sec.gov).

## **Family Relationship**

There are no family relationships, or other arrangements or understandings between or among any of the directors, director nominees, executive officers or other person pursuant to which such person was selected to serve as a director or officer.

## **Duties of Directors**

Under Cayman Islands law, directors and officers owe the following fiduciary duties:

- (i) duty to act in good faith in what the director or officer believes to be in the best interests of the company as a whole;
- (ii) duty to exercise powers for the purposes for which those powers were conferred and not for a collateral purpose;
- (iii) directors should not properly fetter the exercise of future discretion;
- (iv) duty to exercise powers fairly as between different sections of shareholders;
- (v) duty not to put themselves in a position in which there is a conflict between their duty to the company and their personal interests; and
- (vi) duty to exercise independent judgment.

In addition to the above, directors also owe a duty of care which is not fiduciary in nature. This duty has been defined as a requirement to act as a reasonably diligent person having both the general knowledge, skill and experience that may reasonably be expected of a person carrying out the same functions as are carried out by that director in relation to the company and the general knowledge skill and experience which that director has.

As set out above, directors have a duty not to put themselves in a position of conflict and this includes a duty not to engage in self-dealing, or to otherwise benefit as a result of their position. However, in some instances what would otherwise be a breach of this duty can be forgiven and/or authorized in advance by the shareholders provided that there is full disclosure by the directors. This can be done by way of permission granted in the memorandum and articles of association or alternatively by shareholder approval at general meetings.

Accordingly, as a result of multiple business affiliations, our officers and directors may have similar legal obligations relating to presenting business opportunities meeting the above-listed criteria to multiple entities. In addition, conflicts of interest may arise when our board evaluates a particular business opportunity with respect to the above-listed criteria. We cannot assure you that any of the afore-mentioned conflicts will be resolved in our favor. Furthermore, each of our officers and directors has pre-existing fiduciary obligations to other businesses of which they are officers or directors.

Our company has the right to seek damages if a duty owed by our directors is breached. A shareholder may in certain limited exceptional circumstances have the right to seek damages in our name if a duty owed by our directors is breached. You should refer to "Description of Share Capital — Differences in Corporate Law" for additional information on our standard of corporate governance under Cayman Islands law.

## **Terms of Directors and Officers**

Our officers are appointed by and serve at the discretion of our board of directors and the shareholders voting by ordinary resolution as a matter of Cayman Islands law (which requires the affirmative vote of a majority of the shareholders who attend and vote at a general meeting of the company). Our directors are not subject to a set term of office and hold office until the next general meeting called for the election of directors and until their successor is duly appointed or such time as they die, resign or are removed from office by an ordinary resolution as a matter of Cayman Islands law (which requires the affirmative vote of a majority of the shareholders who attend and vote at a general meeting of the company). The office of a director will be vacated automatically if, among other things, the directors resign in writing, becomes bankrupt or makes any arrangement or composition with his/her creditors generally or is found to be or becomes of unsound mind.

## **Employment Agreements**

We have entered into employment agreements with each of our executive officers. Under these agreements, each of our executive officers is employed for an initial term of one year and is subject to successive, automatic one-year extensions unless either party gives notice of non-extension to the other party at least 30 days prior to the end of the applicable term.

The executive officers are entitled to a fixed salary and to participate in our equity incentive plans, if any and other company benefits, each as determined by the Board from time to time.

We may terminate the executive officer's employment for cause, at any time, without notice or remuneration, for certain acts, such as conviction or plea of guilty to a felony or grossly negligent or dishonest acts to our detriment, or misconduct or a failure to perform agreed duties. In such case, the executive officer will not be entitled to receive payment of any severance benefits or other amounts by reason of the termination, and his right to all other benefits will terminate, except as required by any applicable law. We may also terminate his employment without cause upon 30 days' advance written notice. In such case of termination by us, we are required to provide the following severance payments and benefits to the executive officer: a cash payment of one month of base salary as of the date of such termination for each year (which is any period longer than six months but no more than one year) and a cash payment of half month of base salary as of the date of such termination for any period of employment no more than six months, provided that the total severance payments shall not exceed twelve months of base salary.

The executive officer may terminate his employment at any time with 30 days' advance written notice if there is any significant change in his duties and responsibilities or a material reduction in his annual salary. In such a case, the executive officer will be entitled to receive compensation equivalent to 3 months of his base salary. In addition, if we or our successor terminates the employment agreements upon a merger, consolidation, or transfer or sale of all or substantially all of our assets with or to any other individual(s) or entity, the executive officer shall be entitled to the following severance payments and benefits upon such termination: (1) a lump sum cash payment equal to 3 months of base salary at a rate equal to the greater of his annual salary in effect immediately prior to the termination, or his then current annual salary as of the date of such termination; (2) a lump sum cash payment equal to a pro-rated amount of target annual bonus for the year immediately preceding the termination; (3) payment of premiums for continued health benefits under our health plans for 3 months following the termination; and (4) immediate vesting of 100% of the then-unvested portion of any outstanding equity awards held by the executive officer. The employment agreements also contain customary restrictive covenants relating to confidentiality, non-competition and non-solicitation, as well as indemnification of the executive officer against certain liabilities and expenses incurred by him in connection with claims made by reason of him being an officer of our company.

## **Compensation of Directors and Executive Officers**

For the fiscal year ended March 31, 2019, we paid an aggregate of RMB 4,085,620 (approximately \$606,760) in cash and benefits in-kind granted to or accrued on behalf of all of our directors and members of senior management for their services, in all capacities, and we did not pay any additional compensation to our directors and members of senior management. We have not set aside or accrued any amount to provide pension, retirement or other similar benefits to our executive officers and directors. Our PRC subsidiaries and consolidated variable interest entity are required by law to make contributions equal to certain percentages of each employee's salary for his or her pension insurance, medical insurance, unemployment insurance and other statutory benefits and a housing provident fund.

## **Equity Compensation Plan Information**

We have not adopted any equity compensation plan.

## **Outstanding Equity Awards at Fiscal Year-End**

As of March 31, 2019, we had no outstanding equity awards.

## PRINCIPAL SHAREHOLDERS

The following table sets forth information regarding the beneficial ownership of our ordinary shares as of the date of this prospectus by our officers, directors, director nominees and 5% or greater beneficial owners of ordinary shares.

We have determined beneficial ownership in accordance with the rules of the SEC. These rules generally attribute beneficial ownership of securities to persons who possess sole or shared voting power or investment power with respect to those securities. The person is also deemed to be a beneficial owner of any security of which that person has a right to acquire beneficial ownership within 60 days. Unless otherwise indicated, the person identified in this table has sole voting and investment power with respect to all shares shown as beneficially owned by him, subject to applicable community property laws.

Name and Address of Beneficial Owner <sup>(1)</sup>	Prior to Offering		After Offering	
	Amount and Nature of Beneficial Ownership	Approximate Percentage of Outstanding Shares <sup>(2)</sup>	Amount and Nature of Beneficial Ownership	Approximate Percentage of Outstanding Shares <sup>(3)</sup>
<b>5% or Greater Shareholders</b>				
Xiaofeng Gao	5,160,000	43.0%	5,160,000	34.4%
Lugang Hua	1,200,000	10.0%	1,200,000	8.0%
<b>Executive Officers, Directors and Director Nominees</b>				
Xiaofeng Gao	5,160,000	43.0%	5,160,000	34.4%
Jun Liu	240,000	2.0%	240,000	1.6%
Lugang Hua	1,200,000	10.0%	1,200,000	8.0%
David H. Sherman	--	--	--	--
Limin Huang	--	--	--	--
Huiqing Ye	--	--	--	--
Teoh Chun Hiah	--	--	--	--
<b>All directors, director nominees and executive officers as a group (7 individuals)</b>				
	6,600,000	55.0%	6,600,000	44.0%

(1) Unless otherwise noted, the business address of each of the following entities or individuals is Floor 4, Building 1, No. 311, Yanxin Road, Huishan District, Wuxi, Jiangsu Province, PRC.

(2) Applicable percentage of ownership is based on 12,000,000 ordinary shares outstanding as of the date of this prospectus.

(3) Applicable percentage of ownership is based on 15,000,000 ordinary shares outstanding immediately after the offering.

## RELATED PARTY TRANSACTIONS

Before the completion of this offering, we intend to adopt an audit committee charter, which will require the committee to review all related-party transactions on an ongoing basis and all such transactions be approved by the committee.

Set forth below are the related party transactions of our company that occurred during the past three fiscal years up to the date of this prospectus. The transactions are identified in accordance with the rules prescribed under Form F-1 and Form 20-F and may not be considered as related party transactions under PRC law.

### Share Issuances

In June 2019, we issued, in a private placement, an aggregate of 18,000,000 ordinary shares to certain individuals and entities, including [9,900,000] shares to three officers of our company, for a total purchase price of \$1,800 (or \$0.0001 per share). In April 2020, our initial shareholders 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 before this offering.

Interest free loan from related parties were as follows:

	Six months ended September 30,	First year ended March 31,		
	2019	2019	2018	2017
Name of related parties:				
Gao Xiaofeng	-	-	1,590,305	4,348,267
<b>Total</b>		-	<b>\$ 1,590,305</b>	<b>\$ 4,348,267</b>

The balance due to the related party represented interest-free loan to the shareholder was \$1,590,305 and \$4,348,267 as of March 31, 2018 and 2017, respectively. The loan was paid off as of March 31, 2019.

As of September 30, 2019 and March 31, 2019, the Company had no balances due from or due to related parties. During the six months ended September 30, 2019 and 2018, the Company did not enter into any significant related party transactions.

As of April 22, 2020, the Company had no balances due from or due to related parties and during the period from September 30, 2019 to April 22, 2020, the Company did not enter into any significant related party transactions.

### Contractual Arrangements with Our Variable Interest Entity and Its Shareholders

PRC laws and regulations currently restrict foreign ownership and investment in value-added telecommunications services in China. As a result, we operates our relevant business through contractual arrangements among Craftsman Wuxi, our PRC subsidiary, Wuxi Wangdao, our variable interest entity, and the shareholders of Wuxi Wangdao. For a description of these contractual arrangements, see “Corporate History and Structure — Contractual Arrangements with Wuxi Wangdao and Its Shareholders.”

### Employment Agreements

See “Management — Employment Agreements.”

## DESCRIPTION OF SHARE CAPITAL

We are a Cayman Islands company and our affairs are governed by our amended and restated memorandum and articles of association and the Companies Law (2020 Revision) of the Cayman Islands, which we refer to as the Companies Law below.

Our authorized share capital consists of 500,000,000 ordinary shares, par value \$0.00015 per share, and 1,000,000 preferred shares, par value \$0.00015 per share. As of the date of this prospectus, 12,000,000 ordinary shares were issued and outstanding and no preferred shares were issued and outstanding.

We intend to adopt an amended and restated memorandum and articles of association immediately prior to the completion of this offering and will replace our current memorandum and articles of association in its entirety.

The following are summaries of material provisions of our proposed post-offering memorandum and articles of association and the Companies Law insofar as they relate to the material terms of our ordinary shares that we expect will become effective upon the completion of this offering.

### Ordinary Shares

*Dividends.* Subject to any rights and restrictions of any other class or series of shares, our board of directors may, from time to time, declare dividends on the shares issued and authorize payment of the dividends out of our lawfully available funds. No dividends shall be declared by the board out of our company except the following:

- profits; or
- “share premium account,” which represents the excess of the price paid to our company on the issue of its shares over the par or “nominal” value of those shares, which is similar to the U.S. concept of additional paid in capital.

However, no dividend shall bear interest against our company.

*Voting Rights.* Holders of our ordinary shares vote as a single class on all matters submitted to a vote of our shareholders, except as may otherwise be required by law. At any general meeting a resolution put to the vote of the meeting shall be decided by a poll.

As a matter of Cayman Islands law, (i) an ordinary resolution requires the affirmative vote of a majority of the shareholders who attend and vote at a general meeting of the company; and (ii) a special resolution requires the affirmative vote of a majority of at least two-thirds of the shareholders who attend and vote at a general meeting of the company.

Under Cayman Islands law, some matters, such as amending the memorandum and articles of association, changing the name or resolving to be registered by way of continuation in a jurisdiction outside the Cayman Islands, require the approval of shareholders by a special resolution.

There are no limitations on non-residents or foreign shareholders to hold or exercise voting rights on the ordinary shares imposed by foreign law or by the charter or other constituent documents of our company. However, no person will be entitled to vote at any general meeting or at any separate meeting of the holders of the ordinary shares unless the person is registered as of the record date for such meeting and unless all calls or other sums presently payable by the person in respect of our ordinary shares have been paid.

*Winding Up; Liquidation.* Upon the winding up of our company, after the full amount that holders of any issued shares ranking senior to the ordinary shares as to distribution on liquidation or winding up are entitled to receive has been paid or set aside for payment, the holders of our ordinary shares are entitled to receive any remaining assets of our company available for distribution as determined by the liquidator. The assets received by the holders of our ordinary shares in a liquidation may consist in whole or in part of a property, which is not required to be of the same kind for all shareholders.

*Calls on Ordinary Shares and Forfeiture of Ordinary Shares.* Our board of directors may from time to time make calls upon shareholders for any amounts unpaid on their ordinary shares in a notice served to such shareholders at least 14 days prior to the specified time and place of payment. Any ordinary shares that have been called upon and remain unpaid are subject to forfeiture.

*Redemption of Ordinary Shares.* We may issue shares that are, or at our option or at the option of the holders are, subject to redemption on such terms and in such manner as it may, before the issue of the shares, determine. Under the Companies Law, shares of a Cayman Islands company may be redeemed or repurchased out of profits of the company, out of the proceeds of a fresh issue of shares made for that purpose or out of capital, provided the memorandum and articles of association authorize this and it has the ability to pay its debts as they come due in the ordinary course of business.

*No Preemptive Rights.* Holders of ordinary shares will have no preemptive or preferential right to purchase any securities of our company.

*Variation of Rights Attaching to Shares.* If at any time the share capital is divided into different classes of shares, the rights attaching to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the memorandum and articles of association, be varied or abrogated with the consent in writing of the holders of three-fourths of the issued shares of that class or with the sanction of a special resolution passed at a general meeting of the holders of the shares of that class.

*Anti-Takeover Provisions.* Some provisions of our amended and restated memorandum and articles of association may discourage, delay or prevent a change of control of our company or management that shareholders may consider favorable, including provisions that authorize our board of directors to issue preferred shares in one or more series and to designate the price, rights, preferences, privileges and restrictions of such preferred shares without any further vote or action by our shareholders.

*Exempted Company.* We are an exempted company with limited liability under the Companies Law. The Companies Law distinguishes between ordinary resident companies and exempted companies. Any company that is registered in the Cayman Islands but conducts business mainly outside of the Cayman Islands may apply to be registered as an exempted company. The requirements for an exempted company are essentially the same as for an ordinary company except that an exempted company:

- does not have to file an annual return of its shareholders with the Registrar of Companies;
- is not required to open its register of members for inspection;
- does not have to hold an annual general meeting;
- may issue shares with no par value;
- may obtain an undertaking against the imposition of any future taxation (such undertakings are usually given for 20 years in the first instance);
- may register by way of continuation in another jurisdiction and be deregistered in the Cayman Islands;
- may register as a limited duration company; and
- may register as a segregated portfolio company.

“Limited liability” means that the liability of each shareholder is limited to the amount unpaid by the shareholder on the shares of the company.

## **Preferred Shares**

The board of directors is empowered to designate and issue from time to time one or more classes or series of preferred shares and to fix and determine the relative rights, preferences, designations, qualifications, privileges, options, conversion rights, limitations and other special or relative rights of each such class or series so authorized. Such action could adversely affect the voting power and other rights of the holders of our ordinary shares or could have the effect of discouraging any attempt by a person or group to obtain control of us.

## Comparison of Cayman Islands Corporate Law and U.S. Corporate Law

Cayman Islands companies are governed by the Companies Law. The Companies Law is modeled on English Law but does not follow recent English Law statutory enactments, and differs from laws applicable to United States corporations and their shareholders. Set forth below is a summary of the material differences between the provisions of the Companies Law applicable to us and the laws applicable to companies incorporated in the United States and their shareholders.

***Mergers and Similar Arrangements.*** In certain circumstances the Cayman Islands Companies Law allows for mergers or consolidations between two Cayman Islands companies, or between a Cayman Islands company and a company incorporated in another jurisdiction (provided that is facilitated by the laws of that other jurisdiction).

Where the merger or consolidation is between two Cayman Islands companies, the directors of each company must approve a written plan of merger or consolidation containing certain prescribed information. That plan or merger or consolidation must then be authorized by either (a) a special resolution (usually a majority of 66 2/3 % in value) of the shareholders of each company; or (b) such other authorization, if any, as may be specified in such constituent company's articles of association. A shareholder has the right to vote on a merger or consolidation regardless of whether the shares that he holds otherwise give him voting rights. No shareholder resolution is required for a merger between a parent company (i.e., a company that owns at least 90% of the issued shares of each class in a subsidiary company) and its subsidiary company. The consent of each holder of a fixed or floating security interest of a constituent company must be obtained, unless the court waives such requirement. If the Cayman Islands Registrar of Companies is satisfied that the requirements of the Companies Law (which includes certain other formalities) have been complied with, the Registrar of Companies will register the plan of merger or consolidation.

Where the merger or consolidation involves a foreign company, the procedure is similar, save that with respect to the foreign company, the director of the Cayman Islands company is required to make a declaration to the effect that, having made due enquiry, he is of the opinion that the requirements set out below have been met: (i) that the merger or consolidation is permitted or not prohibited by the constitutional documents of the foreign company and by the laws of the jurisdiction in which the foreign company is incorporated, and that those laws and any requirements of those constitutional documents have been or will be complied with; (ii) that no petition or other similar proceeding has been filed and remains outstanding or order made or resolution adopted to wind up or liquidate the foreign company in any jurisdictions; (iii) that no receiver, trustee, administrator or other similar person has been appointed in any jurisdiction and is acting in respect of the foreign company, its affairs or its property or any part thereof; (iv) that no scheme, order, compromise or other similar arrangement has been entered into or made in any jurisdiction whereby the rights of creditors of the foreign company are and continue to be suspended or restricted.

Where the surviving company is the Cayman Islands company, the director of the Cayman Islands company is further required to make a declaration to the effect that, having made due enquiry, he is of the opinion that the requirements set out below have been met: (i) that the foreign company is able to pay its debts as they fall due and that the merger or consolidated is bona fide and not intended to defraud unsecured creditors of the foreign company; (ii) that in respect of the transfer of any security interest granted by the foreign company to the surviving or consolidated company (a) consent or approval to the transfer has been obtained, released or waived; (b) the transfer is permitted by and has been approved in accordance with the constitutional documents of the foreign company; and (c) the laws of the jurisdiction of the foreign company with respect to the transfer have been or will be complied with; (iii) that the foreign company will, upon the merger or consolidation becoming effective, cease to be incorporated, registered or exist under the laws of the relevant foreign jurisdiction; and (iv) that there is no other reason why it would be against the public interest to permit the merger or consolidation.

Where the above procedures are adopted, the Companies Law provides for a right of dissenting shareholders to be paid a payment of the fair value of his shares upon their dissenting to the merger or consolidation if they follow a prescribed procedure. In essence, that procedure is as follows (a) the shareholder must give his written objection to the merger or consolidation to the constituent company before the vote on the merger or consolidation, including a statement that the shareholder proposes to demand payment for his shares if the merger or consolidation is authorized by the vote; (b) within 20 days following the date on which the merger or consolidation is approved by the shareholders, the constituent company must give written notice to each shareholder who made a written objection; (c) a shareholder must within 20 days following receipt of such notice from the constituent company, give the constituent company a written notice of his intention to dissent including, among other details, a demand for payment of the fair value of his shares; (d) within seven days following the date of the expiration of the period set out in paragraph (b) above or seven days following the date on which the plan of merger or consolidation is filed, whichever is later, the constituent company, the surviving company or the consolidated company must make a written offer to each dissenting shareholder to purchase his shares at a price that the company determines is the fair value and if the company and the shareholder agree on the price within 30 days following the date on which the offer was made, the company must pay the shareholder such amount; (e) if the company and the shareholder fail to agree on a price within such 30 day period, within 20 days following the date on which such 30 day period expires, the company (and any dissenting shareholder) must file a petition with the Cayman Islands Grand Court to determine the fair value and such petition must be accompanied by a list of the names and addresses of the dissenting shareholders with whom agreements as to the fair value of their shares have not been reached by the company. At the hearing of that petition, the court has the power to determine the fair value of the shares together with a fair rate of interest, if any, to be paid by the company upon the amount determined to be the fair value. Any dissenting shareholder whose name appears on the list filed by the company may participate fully in all proceedings until the determination of fair value is reached. These rights of a dissenting shareholder are not be available in certain circumstances, for example, to dissenters holding shares of any class in respect of which an open market exists on a recognized stock exchange or recognized interdealer quotation system at the relevant date or where the consideration for such shares to be contributed are shares of any company listed on a national securities exchange or shares of the surviving or consolidated company.

Moreover, Cayman Islands law also has separate statutory provisions that facilitate the reconstruction or amalgamation of companies in certain circumstances, schemes of arrangement will generally be more suited for complex mergers or other transactions involving widely held companies, commonly referred to in the Cayman Islands as a “scheme of arrangement” which may be tantamount to a merger. In the event that a merger was sought pursuant to a scheme of arrangement (the procedure of which are more rigorous and take longer to complete than the procedures typically required to consummate a merger in the United States), the arrangement in question must be approved by a majority in number of each class of shareholders and creditors with whom the arrangement is to be made and who must in addition represent three-fourths in value of each such class of shareholders or creditors, as the case may be, that are present and voting either in person or by proxy at a meeting, or meeting summoned for that purpose. The convening of the meetings and subsequently the terms of the arrangement must be sanctioned by the Grand Court of the Cayman Islands. While a dissenting shareholder would have the right to express to the court the view that the transaction should not be approved, the court can be expected to approve the arrangement if it satisfies itself that:

- we are not proposing to act illegally or beyond the scope of our corporate authority and the statutory provisions as to majority vote have been complied with;
- the shareholders have been fairly represented at the meeting in question;
- the arrangement is such that a business person would reasonably approve; and
- the arrangement is not one that would more properly be sanctioned under some other provision of the Companies Law or that would amount to a “fraud on the minority.”

If a scheme of arrangement or takeover offer (as described below) is approved, any dissenting shareholder would have no rights comparable to appraisal rights, which would otherwise ordinarily be available to dissenting shareholders of United States corporations, providing rights to receive payment in cash for the judicially determined value of the shares.

***Squeeze-out Provisions.*** When a takeover offer is made and accepted by holders of 90% of the shares to whom the offer is made within four months, the offeror may, within a two-month period, require the holders of the remaining shares to transfer such shares on the terms of the offer. An objection can be made to the Grand Court of the Cayman Islands but this is unlikely to succeed unless there is evidence of fraud, bad faith, collusion or inequitable treatment of the shareholders.

Further, transactions similar to a merger, reconstruction and/or an amalgamation may in some circumstances be achieved through other means to these statutory provisions, such as a share capital exchange, asset acquisition or control, through contractual arrangements, of an operating business.

**Shareholders' Suits.** Our Cayman Islands counsel is not aware of any reported class action having been brought in a Cayman Islands court. Derivative actions have been brought in the Cayman Islands courts, and the Cayman Islands courts have confirmed the availability for such actions. In most cases, we will be the proper plaintiff in any claim based on a breach of duty owed to us, and a claim against (for example) our officers or directors usually may not be brought by a shareholder. However, based on English authorities, which would in all likelihood be of persuasive authority and be applied by a court in the Cayman Islands, exceptions to the foregoing principle apply in circumstances in which:

- a company is acting, or proposing to act, illegally or beyond the scope of its authority;
- the act complained of, although not beyond the scope of the authority, could be affected if duly authorized by more than the number of votes which have actually been obtained; or
- those who control the company are perpetrating a "fraud on the minority."

A shareholder may have a direct right of action against us where the individual rights of that shareholder have been infringed or are about to be infringed.

**Indemnification of Directors and Executive Officers and Limitation of Liability.** Cayman Islands law does not limit the extent to which a company's memorandum and articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences of committing a crime. Our amended and restated memorandum and articles of association permit indemnification of officers and directors for losses, damages, costs and expenses incurred in their capacities as such unless such losses or damages arise from dishonesty or fraud of such directors or officers. This standard of conduct is generally the same as permitted under the Delaware General Corporation Law for a Delaware corporation. In addition, our offer letters to our independent directors and our employment agreements with our executive officers provide such persons with additional indemnification beyond that provided in our amended and restated memorandum and articles of association.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers or persons controlling us under the foregoing provisions, we have been informed that in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

**Directors' Fiduciary Duties.** Under Delaware General Corporation Law, a director of a Delaware corporation has a fiduciary duty to the corporation and its shareholders. This duty has two components: the duty of care and the duty of loyalty. The duty of care requires that a director act in good faith, with the care that an ordinarily prudent person would exercise under similar circumstances. Under this duty, a director must inform himself of, and disclose to shareholders, all material information reasonably available regarding a significant transaction. The duty of loyalty requires that a director acts in a manner he reasonably believes to be in the best interests of the corporation. He must not use his corporate position for personal gain or advantage. This duty prohibits self-dealing by a director and mandates that the best interest of the corporation and its shareholders take precedence over any interest possessed by a director, officer or controlling shareholder and not shared by the shareholders generally. In general, actions of a director are presumed to have been made on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the corporation. However, this presumption may be rebutted by evidence of a breach of one of the fiduciary duties. Should such evidence be presented concerning a transaction by a director, the director must prove the procedural fairness of the transaction, and that the transaction was of fair value to the corporation.

As a matter of Cayman Islands law, a director of a Cayman Islands company is in the position of a fiduciary with respect to the company and therefore it is considered that he or she owes the following duties to the company: a duty to act bona fide in the best interests of the company, a duty not to make a profit based on his or her position as director (unless the company permits him or her to do so), and a duty not to put himself or herself in a position where the interests of the company conflict with his or her personal interest or his or her duty to a third party. A director of a Cayman Islands company owes to the company a duty to act with skill and care. It was previously considered that a director need not exhibit in the performance of his or her duties a greater degree of skill than may reasonably be expected from a person of his or her knowledge and experience. However, English and Commonwealth courts have moved towards an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands.

**Shareholder Action by Written Consent.** Under the Delaware General Corporation Law, a corporation may eliminate the right of shareholders to act by written consent in its certificate of incorporation. Our amended and restated articles of association provide that shareholders may not approve corporate matters by way of a unanimous written resolution signed by or on behalf of each shareholder who would have been entitled to vote on such matter at a general meeting without a meeting being held.

**Shareholder Proposals.** Under the Delaware General Corporation Law, a shareholder has the right to put any proposal before the annual general meeting, provided it complies with the notice provisions in the governing documents. An extraordinary general meeting may be called by the board of directors or any other person authorized to do so in the governing documents, but shareholders may be precluded from calling special meetings.

Cayman Islands law does not provide shareholders any right to put proposals before a general meeting or requisition a general meeting. However, these rights may be provided in articles of association. Our amended and restated articles of association allow our shareholders holding not less than one-third of all voting power of our share capital in issue to requisition a general meeting. Other than this right to requisition a general meeting, our current articles of association do not provide our shareholders other rights to put a proposal before a meeting. As an exempted Cayman Islands company, we are not obliged by law to call annual general meetings.

**Cumulative Voting.** Under the Delaware General Corporation Law, cumulative voting for elections of directors is not permitted unless the corporation's certificate of incorporation specifically provides for it. Cumulative voting potentially facilitates the representation of minority shareholders on a board of directors since it permits the minority shareholder to cast all the votes to which the shareholder is entitled on a single director, which increases the shareholder's voting power with respect to electing such director. There are no prohibitions in relation to cumulative voting under the laws of the Cayman Islands but our amended and restated articles of association do not provide for cumulative voting. As a result, our shareholders are not afforded any fewer protections or rights on this issue than shareholders of a Delaware corporation.

**Removal of Directors.** Under the Delaware General Corporation Law, a director of a corporation with a classified board may be removed only for cause with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under our amended and restated articles of association, directors may be removed with or without cause, by an ordinary resolution as a matter of Cayman Islands law (which requires the affirmative vote of a majority of the shareholders who attend and vote at a general meeting of the company).

**Transactions with Interested Shareholders.** The Delaware General Corporation Law contains a business combination statute applicable to Delaware corporations whereby, unless the corporation has specifically elected not to be governed by such statute in its certificate of incorporation, it is prohibited from engaging in certain business combinations with an "interested shareholder" for three years following the date that such person becomes an interested shareholder. An interested shareholder generally is a person or a group who or which owns or owned 15% or more of the target's outstanding voting share within the past three years. This has the effect of limiting the ability of a potential acquirer to make a two-tiered bid for the target in which all shareholders would not be treated equally. The statute does not apply if, among other things, prior to the date on which such shareholder becomes an interested shareholder, the board of directors approves either the business combination or the transaction which resulted in the person becoming an interested shareholder. This encourages any potential acquirer of a Delaware corporation to negotiate the terms of any acquisition transaction with the target's board of directors.

Cayman Islands law has no comparable statute. As a result, we cannot avail ourselves of the types of protections afforded by the Delaware business combination statute. However, although Cayman Islands law does not regulate transactions between a company and its significant shareholders, it does provide that such transactions must be entered into bona fide in the best interests of the company and not with the effect of constituting a fraud on the minority shareholders.

***Dissolution; Winding up.*** Under the Delaware General Corporation Law, unless the board of directors approves the proposal to dissolve, dissolution must be approved by shareholders holding 100% of the total voting power of the corporation. Only if the dissolution is initiated by the board of directors may it be approved by a simple majority of the corporation's outstanding shares. Delaware law allows a Delaware corporation to include in its certificate of incorporation a supermajority voting requirement in connection with dissolutions initiated by the board. Under Cayman Islands law, a company may be wound up by either an order of the courts of the Cayman Islands or by a special resolution of its members or, if the company is unable to pay its debts as they fall due, by an ordinary resolution of its members. The court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the court, just and equitable to do so. Under the Companies Law and our amended and restated articles of association, our company may be wound up, liquidated or dissolved by a special resolution of our shareholders.

***Variation of Rights of Shares.*** Under the Delaware General Corporation Law, a corporation may vary the rights of a class of shares with the approval of a majority of the outstanding shares of such class, unless the certificate of incorporation provides otherwise. Under Cayman Islands law and our amended and restated articles of association, if our share capital is divided into more than one class of shares, we may vary the rights attached to any class with the written consent of the holders of three-fourths of the issued shares of that class or with the sanction of a special resolution passed at a general meeting of the holders of the shares of that class.

***Amendment of Governing Documents.*** Under the Delaware General Corporation Law, a corporation's governing documents may be amended with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. As permitted by Cayman Islands law, our amended and restated memorandum and articles of association may only be amended with a special resolution of our shareholders.

***Rights of Non-resident or Foreign Shareholders.*** There are no limitations imposed by our post-offering amended and restated memorandum and articles of association on the rights of non-resident or foreign shareholders to hold or exercise voting rights on our shares. In addition, there are no provisions in our amended and restated memorandum and articles of association governing the ownership threshold above which shareholder ownership must be disclosed.

## **Listing**

We have applied to have our ordinary shares listed on the Nasdaq Capital Market under the symbol "NGJY." We cannot guarantee that we will be successful in listing our ordinary shares on the Nasdaq Capital Market; however, we will not complete this offering unless we are so listed.

## **Transfer Agent and Registrar**

The transfer agent and registrar for our ordinary shares is VStock Transfer LLC. The transfer agent and registrar's address is 18 Lafayette Pl, Woodmere, NY 11598.

## SHARES ELIGIBLE FOR FUTURE SALE

Upon completion of this offering, we will have 15,000,000 ordinary shares outstanding, assuming the underwriters do not exercise their over-allotment option to purchase additional ordinary shares. All of the ordinary shares sold in this offering will be freely transferable by persons other than by our “affiliates” without restriction or further registration under the Securities Act. Sales of substantial amounts of our ordinary shares in the public market could adversely affect prevailing market prices of our ordinary shares. Prior to this offering, there has been no public market for our ordinary shares. We have applied to list our ordinary shares on the Nasdaq Capital Market, but we cannot assure you that a regular trading market will develop. We cannot guarantee that we will be successful in listing our ordinary shares on the Nasdaq Capital Market; however, we will not complete this offering unless we are so listed.

### Lock-up Agreements

Each of our directors, executive officers and shareholders of 5% or more of our ordinary shares has also entered into a similar lock-up agreement for a period of 12 months from the date of this prospectus, subject to certain exceptions, with respect to our ordinary shares and securities that are substantially similar to our ordinary shares. These parties collectively own all of our outstanding ordinary shares, without giving effect to this offering.

Other than this offering, we are not aware of any plans by any significant shareholders to dispose of significant numbers of our ordinary shares. However, one or more existing shareholders or owners of securities convertible or exchangeable into or exercisable for our ordinary shares may dispose of significant numbers of our ordinary shares in the future. We cannot predict what effect, if any, future sales of our ordinary shares, or the availability of ordinary shares for future sale, will have on the trading price of our ordinary shares from time to time. Sales of substantial amounts of our ordinary shares in the public market, or the perception that these sales could occur, could adversely affect the trading price of our ordinary shares.

### Rule 144

All of our ordinary shares that will be outstanding upon the completion of this offering, other than those ordinary shares sold in this offering, are “restricted securities” as that term is defined in Rule 144 under the Securities Act and may be sold publicly in the United States only if they are subject to an effective registration statement under the Securities Act or pursuant to an exemption from the registration requirement such as those provided by Rule 144 and Rule 701 promulgated under the Securities Act. In general, beginning 90 days after the date of this prospectus, a person (or persons whose shares are aggregated) who at the time of a sale is not, and has not been during the three months preceding the sale, an affiliate of ours and has beneficially owned our restricted securities for at least six months will be entitled to sell the restricted securities without registration under the Securities Act, subject only to the availability of current public information about us, and will be entitled to sell restricted securities beneficially owned for at least one year without restriction. Persons who are our affiliates and have beneficially owned our restricted securities for at least six months may sell a number of restricted securities within any three-month period that does not exceed the greater of the following:

- 1% of the then outstanding ordinary shares which will equal ordinary shares, assuming the underwriters do not exercise their over-allotment option; or
- the average weekly trading volume of our ordinary shares during the four calendar weeks preceding the date on which notice of the sale is filed with the SEC. Sales by our affiliates under Rule 144 are also subject to certain requirements relating to the manner of sale, notice and the availability of current public information about us.

### Rule 701

In general, under Rule 701 of the Securities Act as currently in effect, each of our employees, consultants or advisors who purchases our ordinary shares from us in connection with a compensatory stock plan or other written agreement executed prior to the completion of this offering is eligible to resell those ordinary shares in reliance on Rule 144, but without compliance with some of the restrictions, including the holding period, contained in Rule 144.

## TAXATION

*The following discussion of material Cayman Islands, PRC and United States federal income tax consequences of an investment in our ordinary shares is based upon laws and relevant interpretations thereof in effect as of the date of this prospectus, all of which are subject to change. This discussion does not deal with all possible tax consequences relating to an investment in our ordinary shares, such as the tax consequences under state, local and other tax laws. To the extent that the discussion relates to matters of Cayman Islands tax law, it represents the opinion of Maples and Calder, our Cayman Islands counsel. To the extent that the discussion relates to matters of PRC tax law, it represents the opinion of V&T Law Firm, our PRC counsel. To the extent the discussion relates to the matters of U.S. tax law, it represents the opinion of Ellenoff Grossman & Schole LLP.*

The following summary contains a description of certain Cayman Islands and U.S. federal income tax consequences of the acquisition, ownership and disposition of ordinary shares, but it does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase ordinary shares. The summary is based upon the tax laws of the Cayman Islands and regulations thereunder and on the tax laws of the United States and regulations thereunder as of the date hereof, which are subject to change.

Prospective investors should consult their professional advisers on the possible tax consequences of buying, holding or selling any Shares under the laws of their country of citizenship, residence or domicile.

### **Cayman Islands Taxation**

The following is a discussion on certain Cayman Islands income tax consequences of an investment in the Shares. The discussion is a general summary of the present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances, and does not consider tax consequences other than those arising under Cayman Islands law.

#### **Under Existing Cayman Islands Laws:**

Payments of dividends and capital in respect of the Shares will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of interest and principal or a dividend or capital to any holder of the Shares, as the case may be, nor will gains derived from the disposal of the Shares be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax.

No stamp duty is payable in respect of the issue of the Shares or on an instrument of transfer in respect of a Share.

We have been incorporated under the laws of the Cayman Islands as an exempted company with limited liability and, as such, has applied for and expects to obtain an undertaking from the Financial Secretary of the Cayman Islands in the following form:

The Tax Concessions Law  
(2018 Revision)  
Undertaking as to Tax Concessions

In accordance with Section 6 of the Tax Concessions Law (2018 Revision) the Financial Secretary undertakes with Skillful Craftsman Education Technology Limited (Cayman Islands).

- (a) that no Law which is hereafter enacted in the Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to us or our operations; and
- (b) in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable:
  - (i) on or in respect of the shares, debentures or other obligations of our company; or
  - (ii) by way of the withholding in whole or part, of any relevant payment as defined in Section 6(3) of the Tax Concessions Law (2018 Revision).

These concessions shall be for a period of 20 years from the date of the undertaking.

## People's Republic of China Taxation

### *Enterprise Income Tax and Value Added Tax*

Under the PRC Enterprise Income Tax Law and its implementation rules, an enterprise established outside the PRC with a “de facto management body” within the PRC is considered a PRC resident enterprise for PRC enterprise income tax purposes and is generally subject to a uniform 25% enterprise income tax rate on its worldwide income as well as tax reporting obligations. Under the Implementation Rules to the EIT Law, a “de facto management body” is defined as a body that has material and overall management and control over the manufacturing and business operations, personnel and human resources, finances and properties of an enterprise.

Our PRC subsidiary and PRC consolidated VIE are companies incorporated under PRC law and, as such, are subject to PRC enterprise income tax on their taxable income in accordance with the relevant PRC income tax laws. Pursuant to the EIT Law, which became effective on January 1, 2008 and was amended on February 24, 2017, a uniform 25% enterprise income tax rate is generally applicable to both foreign-invested enterprises and domestic enterprises, except where a special preferential rate applies. The enterprise income tax is calculated based on the entity's global income as determined under PRC tax laws and accounting standards. Our PRC subsidiary and PRC consolidated VIE are subject to VAT at a rate of 6% on the services we provide, VAT at a rate of 3% on the online training services we provide, VAT at a rate of 13% on the goods we sell, less any deductible VAT our PRC entities have already paid or borne. Our PRC entities are also subject to surcharges on VAT payments in accordance with PRC law.

In addition, State Administration of Taxation (“SAT”) Circular 82 issued in April 2009 specifies that certain offshore-incorporated enterprises controlled by PRC enterprises or PRC enterprise groups will be classified as PRC resident enterprises if all of the following conditions are met: (a) senior management personnel and core management departments in charge of the daily operations of the enterprises have their presence mainly in the PRC; (b) their financial and human resources decisions are subject to determination or approval by persons or bodies in the PRC; (c) major assets, accounting books and company seals of the enterprises, and minutes and files of their board's and shareholders' meetings are located or kept in the PRC; and (d) half or more of the enterprises' directors or senior management personnel with voting rights habitually reside in the PRC. Further to SAT Circular 82, the SAT issued Announcement of the State Administration of Taxation on Printing and Distributing the Administrative Measures for Income Tax on Chinese-controlled Resident Enterprises Incorporated Overseas (Trial Implementation) (the “SAT Bulletin 45”) on July 27, 2011, which took effect on September 1, 2011, to provide more guidance on the implementation of SAT Circular 82. SAT Bulletin 45 provides for procedures and administration details of determination on PRC resident enterprise status and administration on post-determination matters. If the PRC tax authorities determine that Skillful Craftsman Education Technology Limited (Cayman Islands) is a PRC resident enterprise for PRC enterprise income tax purposes, a number of unfavorable PRC tax consequences could follow. For example, Skillful Craftsman Education Technology Limited (Cayman Islands) may be subject to enterprise income tax at a rate of 25% with respect to its worldwide taxable income. Also, a 10% withholding tax would be imposed on dividends we pay to our non-PRC enterprise shareholders and with respect to gains derived by our non-PRC enterprise shareholders from transferring our shares or ordinary shares and potentially a 20% of withholding tax would be imposed on dividends we pay to our non-PRC individual shareholders and with respect to gains derived by our non-PRC individual shareholders from transferring our shares or ordinary shares.

We believe that Skillful Craftsman Education Technology Limited is not a PRC resident enterprise for PRC tax purposes. It is not controlled by a PRC enterprise or PRC enterprise group and we do not believe that Skillful Craftsman Education Technology Limited meets all of the conditions above. Skillful Craftsman Education Technology Limited is a company incorporated outside China. As a holding company, its key assets are its ownership interests in its subsidiaries, and its key assets are located, and its records (including the resolutions of its board of directors and the resolutions of its shareholders) are maintained, outside China. In addition, we are not aware of any offshore holding companies with a similar corporate structure as ours ever having been deemed a PRC “resident enterprise” by the PRC tax authorities. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term “de facto management body.” There can be no assurance that the PRC government will ultimately take a view that is consistent with ours. It is unclear whether, if we are considered a PRC resident enterprise, holders of our shares or ordinary shares would be able to claim the benefit of income tax treaties or agreements entered into between China and other countries or areas. See “Risk Factors — Risk Factors Related to Doing Business in China - If we are classified as a PRC resident enterprise for PRC enterprise income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders..”

## *Tax on Transferring Equity Interests*

The SAT and the Ministry of Finance issued the Notice of Ministry of Finance and State Administration of Taxation on Several Issues relating to Treatment of Corporate Income Tax Pertaining to Restructured Business Operations of Enterprises (the “SAT Circular 59”) in April 2009, which became effective on January 1, 2008. On October 17, 2017, the SAT issued the Announcement of the State Administration of Taxation Concerning Withholding of Income Tax of Non-resident Enterprises as Source, which became effective on December 1, 2017 and was amended on June 15, 2018 (the “SAT Circular 37”). Pursuant to SAT Bulletin 37, the income from property transfer, as stipulated in the second item under Article 19 of the Law on Enterprise Income Tax, shall include the income derived from transferring such equity investment assets as stock equity. The balance of deducting the equity’s net value from the total income from equity transfer shall be taxable income from equity transfer. Where a withholding agent enters into a business contract, involving the income specified in the third paragraph of Article 3 in the Law on Enterprise Income Tax, with a non-resident enterprise, the tax-excluding income of the non-resident enterprise will be treated as the tax-including income, based on which the tax payment will be calculated and remitted, if it is agreed in the contract that the withholding agent shall assume the tax payable. By promulgating and implementing the SAT Circular 59 and the SAT Bulletin 37, the PRC tax authorities have enhanced their scrutiny over the direct or indirect transfer of equity interests in a PRC resident enterprise by a non-PRC resident enterprise.

## *Tax Deduction Based on Tax Treaty between Mainland China and Hong Kong*

Pursuant to the Arrangement between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Tax Evasion on Income, or the Tax Arrangement, where a Hong Kong resident enterprise which is considered a non-PRC tax resident enterprise directly holds at least 25% of a PRC enterprise, the withholding tax rate in respect of the payment of dividends by such PRC enterprise to such Hong Kong resident enterprise is reduced to 5% from a standard rate of 10%, subject to approval of the PRC local tax authority.

Pursuant to the Circular of the State Administration of Taxation on the Issues concerning the Application of the Dividend Clauses of Tax Agreements (“Circular 81”), a resident enterprise of the counter-party to such Tax Arrangement should meet the following conditions, among others, in order to enjoy the reduced withholding tax under the Tax Arrangement: (i) it must directly own the required percentage of equity interests and voting rights in such PRC resident enterprise; and (ii) it should directly own such percentage in the PRC resident enterprise anytime in the 12 months prior to receiving the dividends. Furthermore, the Administrative Measures for Non-Resident Enterprises to Enjoy Treatments under Tax Treaties (For Trial Implementation), or the Administrative Measures, which became effective in October 2009, requires that the non-resident enterprises must obtain the approval from the relevant tax authority in order to enjoy the reduced withholding tax rate under the tax treaties. There are also other conditions to qualify for such a reduced withholding tax rate according to other relevant tax rules and regulations. Accordingly, Hong Kong ES may be able to enjoy the 5% withholding tax rate for the dividends it receives from the WOFE, if it satisfies the conditions prescribed under Circular 81 and other relevant tax rules and regulations, and obtains the approvals as required under the Administrative Measures. However, according to Circular 81, if the relevant tax authorities consider the transactions or arrangements we have are for the primary purpose of enjoying a favorable tax treatment, the relevant tax authorities may adjust the favorable withholding tax in the future.

## *Urban Maintenance and Construction Tax*

According to *Interim Regulations on Urban Maintenance and Construction Tax of the People's Republic of China (Amended in 2011)* issued by the State Council on January 8, 2011, the rates of urban maintenance and construction tax shall be as follows: 7% for a taxpayer in a city, 5% for a taxpayer in a county town or town, 1% for a taxpayer living in a place other than a city, county-level town or town. The rate of urban maintenance and construction tax of Wuxi Wangdao is 7%; the rate of urban maintenance and construction tax Craftsman Wuxi is 7%.

## *Education Surcharge Tax*

According to *Provisional Regulations on the Collection of Education Surcharges (Amended in 2011)* by the State Council on January 8, 2011, Computation and collection of education surcharges are based on the amount of value-added tax, business tax and consumption tax actually paid by entities and individuals. The rate of education surcharges is 3%, which shall be paid together with value-added tax, business tax or consumption tax respectively. The rate of education surcharge tax of Wuxi Wangdao is 3% and the rate of local education surcharge tax of Craftsman Wuxi is 3%.

As per *The Notice on relevant Issues on the unification of local education surcharge tax policy* issued on November 7, 2010, the rate of local education surcharge tax of Wuxi Wangdao is 2% and the rate of local education surcharge tax of Craftsman Wuxi is 2%.

## **Material United States Federal Income Tax Considerations**

The following is a discussion of certain material United States federal income tax considerations relating to the acquisition, ownership, and disposition of our ordinary shares by a U.S. Holder, as defined below, that acquires our ordinary shares in this offering and holds our ordinary shares as “capital assets” (generally, property held for investment) under the United States Internal Revenue Code of 1986, as amended (the “Code”). This discussion is based on existing United States federal income tax law, which is subject to differing interpretations or change, possibly with retroactive effect. No ruling has been sought from the Internal Revenue Service (the “IRS”) with respect to any United States federal income tax consequences described below, and there can be no assurance that the IRS or a court will not take a contrary position. This discussion does not address all aspects of United States federal income taxation that may be important to particular investors in light of their individual circumstances, including investors subject to special tax rules (such as, for example, certain financial institutions, insurance companies, regulated investment companies, real estate investment trusts, broker-dealers, traders in securities that elect mark-to-market treatment, partnerships (or other entities treated as partnerships for United States federal income tax purposes) and their partners, tax-exempt organizations (including private foundations)), investors who are not U.S. Holders, investors that own (directly, indirectly, or constructively) 5% or more of our voting shares, investors that hold their ordinary shares as part of a straddle, hedge, conversion, constructive sale or other integrated transaction), or investors that have a functional currency other than the U.S. dollar, all of whom may be subject to tax rules that differ significantly from those summarized below. In addition, this discussion does not address any tax laws other than the United States federal income tax laws, including any state, local, alternative minimum tax or non-United States tax considerations, or the Medicare tax on unearned income. Each potential investor is urged to consult its tax advisor regarding the United States federal, state, local and non-United States income and other tax considerations of an investment in our ordinary shares.

### ***General***

For purposes of this discussion, a “U.S. Holder” is a beneficial owner of our ordinary shares that is, for United States federal income tax purposes, (i) an individual who is a citizen or resident of the United States, (ii) a corporation (or other entity treated as a corporation for United States federal income tax purposes) created in, or organized under the laws of, the United States or any state thereof or the District of Columbia, (iii) an estate the income of which is includible in gross income for United States federal income tax purposes regardless of its source, or (iv) a trust (A) the administration of which is subject to the primary supervision of a United States court and which has one or more United States persons who have the authority to control all substantial decisions of the trust or (B) that has otherwise elected to be treated as a United States person under the Code.

If a partnership (or other entity treated as a partnership for United States federal income tax purposes) is a beneficial owner of our ordinary shares, the tax treatment of a partner in the partnership will depend upon the status of the partner and the activities of the partnership. Partnerships and partners of a partnership holding our ordinary shares are urged to consult their tax advisors regarding an investment in our ordinary shares.

The discussion set forth below is addressed only to U.S. Holders that purchase ordinary shares in this offering. Prospective purchasers are urged to consult their own tax advisors about the application of U.S. federal income tax law to their particular circumstances as well as the state, local, foreign and other tax consequences to them of the purchase, ownership and disposition of our ordinary shares.

### ***Taxation of Dividends and Other Distributions on our Ordinary Shares***

Subject to the passive foreign investment company rules discussed below, distributions of cash or other property made by us to you with respect to the ordinary shares (including the amount of any taxes withheld therefrom) will generally be includable in your gross income as dividend income on the date of receipt by you, but only to the extent that the distribution is paid out of our current or accumulated earnings and profits (as determined under U.S. federal income tax principles). With respect to corporate U.S. Holders, the dividends will not be eligible for the dividends-received deduction allowed to corporations in respect of dividends received from other U.S. corporations.

With respect to non-corporate U.S. Holders, including individual U.S. Holders, dividends will be taxed at the lower capital gains rate applicable to qualified dividend income, provided that (1) the ordinary shares are readily tradable on an established securities market in the United States, or we are eligible for the benefits of an approved qualifying income tax treaty with the United States that includes an exchange of information program, (2) we are not a passive foreign investment company (as discussed below) for either our taxable year in which the dividend is paid or the preceding taxable year, and (3) certain holding period requirements are met. You are urged to consult your tax advisors regarding the availability of the lower rate for dividends paid with respect to our ordinary shares, including the effects of any change in law after the date of this prospectus.

To the extent that the amount of the distribution exceeds our current and accumulated earnings and profits (as determined under U.S. federal income tax principles), it will be treated first as a tax-free return of your tax basis in your ordinary shares, and to the extent the amount of the distribution exceeds your tax basis, the excess will be taxed as capital gain. We do not intend to calculate our earnings and profits under U.S. federal income tax principles. Therefore, a U.S. Holder should expect that a distribution will be treated as a dividend even if that distribution would otherwise be treated as a non-taxable return of capital or as capital gain under the rules described above.

### ***Taxation of Dispositions of Ordinary Shares***

Subject to the passive foreign investment company rules discussed below, you will recognize taxable gain or loss on any sale, exchange or other taxable disposition of a share equal to the difference between the amount realized (in U.S. dollars) for the share and your tax basis (in U.S. dollars) in the ordinary shares. The gain or loss will be capital gain or loss. If you are a non-corporate U.S. Holder, including an individual U.S. Holder, who has held the ordinary shares for more than one year, you may be eligible for reduced tax rates on any such capital gains. The deductibility of capital losses is subject to limitations.

### ***Passive Foreign Investment Company***

A non-U.S. corporation is considered a PFIC for any taxable year if either:

- at least 75% of its gross income for such taxable year is passive income; or
- at least 50% of the value of its assets (based on an average of the quarterly values of the assets during a taxable year) is attributable to assets that produce or are held for the production of passive income (the “asset test”).

Passive income generally includes dividends, interest, rents and royalties (other than rents or royalties derived from the active conduct of a trade or business) and gains from the disposition of passive assets. We will be treated as owning our proportionate share of the assets and earning our proportionate share of the income of any other corporation in which we own, directly or indirectly, at least 25% (by value) of the shares. In determining the value and composition of our assets for purposes of the PFIC asset test, (1) the cash we raise in this offering will generally be considered to be held for the production of passive income and (2) the value of our assets must be determined based on the market value of our ordinary shares from time to time, which could cause the value of our non-passive assets to be less than 50% of the value of all of our assets (including the cash raised in this offering) on any particular quarterly testing date for purposes of the asset test.

We must make a separate determination each year as to whether we are a PFIC. Depending on the amount of cash we raise in this offering, together with any other assets held for the production of passive income, it is possible that, for our current taxable year or for any subsequent taxable year, more than 50% of our assets may be assets held for the production of passive income. We will make this determination following the end of any particular tax year. In particular, because the value of our assets for purposes of the asset test will generally be determined based on the market price of our ordinary shares and because cash is generally considered to be an asset held for the production of passive income, our PFIC status will depend in large part on the market price of our ordinary shares and the amount of cash we raise in this offering. Accordingly, fluctuations in the market price of the ordinary shares may cause us to become a PFIC. In addition, the application of the PFIC rules is subject to uncertainty in several respects and the composition of our income and assets will be affected by how, and how quickly, we spend the cash we raise in this offering. We are under no obligation to take steps to reduce the risk of our being classified as a PFIC, and as stated above, the determination of the value of our assets will depend upon material facts (including the market price of our ordinary shares from time to time and the amount of cash we raise in this offering) that may not be within our control. If we are a PFIC for any year during which you hold ordinary shares, we will continue to be treated as a PFIC for all succeeding years during which you hold ordinary shares. However, if we cease to be a PFIC and you did not previously make a timely “mark-to-market” election as described below, you may avoid some of the adverse effects of the PFIC regime by making a “purging election” (as described below) with respect to the ordinary shares.

If we are a PFIC for your taxable year(s) during which you hold ordinary shares, you will be subject to special tax rules with respect to any “excess distribution” that you receive and any gain you realize from a sale or other disposition (including a pledge) of the ordinary shares, unless you make a “mark-to-market” election as discussed below. Distributions you receive in a taxable year that are greater than 125% of the average annual distributions you received during the shorter of the three preceding taxable years or your holding period for the ordinary shares will be treated as an excess distribution. Under these special tax rules:

- the excess distribution or gain will be allocated ratably over your holding period for the ordinary shares;
- the amount allocated to your current taxable year, and any amount allocated to any of your taxable year(s) prior to the first taxable year in which we were a PFIC, will be treated as ordinary income, and
- the amount allocated to each of your other taxable year(s) will be subject to the highest tax rate in effect for that year and the interest charge generally applicable to underpayments of tax will be imposed on the resulting tax attributable to each such year.

The tax liability for amounts allocated to years prior to the year of disposition or “excess distribution” cannot be offset by any net operating losses for such years, and gains (but not losses) realized on the sale of the ordinary shares cannot be treated as capital, even if you hold the ordinary shares as capital assets.

A U.S. Holder of “marketable stock” (as defined below) in a PFIC may make a mark-to-market election for such stock to elect out of the tax treatment discussed above. If you make a mark-to-market election for the first taxable year during which you hold (or are deemed to hold) ordinary shares and for which we are determined to be a PFIC, you will include in your income each year an amount equal to the excess, if any, of the fair market value of the ordinary shares as of the close of such taxable year over your adjusted basis in such ordinary shares, which excess will be treated as ordinary income and not capital gain. You are allowed an ordinary loss for the excess, if any, of the adjusted basis of the ordinary shares over their fair market value as of the close of the taxable year. However, such ordinary loss is allowable only to the extent of any net mark-to-market gains on the ordinary shares included in your income for prior taxable years. Amounts included in your income under a mark-to-market election, as well as gain on the actual sale or other disposition of the ordinary shares, are treated as ordinary income. Ordinary loss treatment also applies to any loss realized on the actual sale or disposition of the ordinary shares, to the extent that the amount of such loss does not exceed the net mark-to-market gains previously included for such ordinary shares. Your basis in the ordinary shares will be adjusted to reflect any such income or loss amounts. If you make a valid mark-to-market election, the tax rules that apply to distributions by corporations which are not PFICs would apply to distributions by us, except that the lower applicable capital gains rate for qualified dividend income discussed above under “— Taxation of Dividends and Other Distributions on our Ordinary Shares” generally would not apply.

The mark-to-market election is available only for “marketable stock,” which is stock that is traded in other than de minimis quantities on at least 15 days during each calendar quarter (“regularly traded”) on a qualified exchange or other markets (as defined in applicable U.S. Treasury regulations), including Nasdaq. If the ordinary shares are regularly traded on Nasdaq and if you are a holder of ordinary shares, the mark-to-market election would be available to you were we to be or become a PFIC.

Alternatively, a U.S. Holder of stock in a PFIC may make a “qualified electing fund” election with respect to such PFIC to elect out of the tax treatment discussed above. A U.S. Holder who makes a valid qualified electing fund election with respect to a PFIC will generally include in gross income for a taxable year such holder’s pro rata share of the corporation’s earnings and profits for the taxable year. However, the qualified electing fund election is available only if such PFIC provides such U.S. Holder with certain information regarding its earnings and profits as required under applicable U.S. Treasury regulations. We do not currently intend to prepare or provide the information that would enable you to make a qualified electing fund election. If you hold ordinary shares in any taxable year in which we are a PFIC, you will be required to file IRS Form 8621 in each such year and provide certain annual information regarding such ordinary shares, including regarding distributions received on the ordinary shares and any gain realized on the disposition of the ordinary shares.

If you do not make a timely “mark-to-market” election (as described above), and if we were a PFIC at any time during the period you hold our ordinary shares, then such ordinary shares will continue to be treated as stock of a PFIC with respect to you even if we cease to be a PFIC in a future year, unless you make a “purging election” for the year we cease to be a PFIC. A “purging election” creates a deemed sale of such ordinary shares at their fair market value on the last day of the last year in which we are treated as a PFIC. The gain recognized by the purging election will be subject to the special tax and interest charge rules treating the gain as an excess distribution, as described above. As a result of the purging election, you will have a new basis (equal to the fair market value of the ordinary shares on the last day of the last year in which we are treated as a PFIC) and holding period (which new holding period will begin the day after such last day) in your ordinary shares for tax purposes.

You are urged to consult your tax advisors regarding the application of the PFIC rules to your investment in our ordinary shares and the elections discussed above.

### ***Information Reporting and Backup Withholding***

Dividend payments with respect to our ordinary shares and proceeds from the sale, exchange or redemption of our ordinary shares may be subject to information reporting to the IRS and possible U.S. backup withholding. Backup withholding will not apply, however, to a U.S. Holder who furnishes a correct taxpayer identification number and makes any other required certification on IRS Form W-9 or who is otherwise exempt from backup withholding. U.S. Holders who are required to establish their exempt status generally must provide such certification on IRS Form W-9. U.S. Holders are urged to consult their tax advisors regarding the application of the U.S. information reporting and backup withholding rules.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against your U.S. federal income tax liability, and you may obtain a refund of any excess amounts withheld under the backup withholding rules by filing the appropriate claim for refund with the IRS and furnishing any required information. We do not intend to withhold taxes for individual shareholders. However, transactions effected through certain brokers or other intermediaries may be subject to withholding taxes (including backup withholding), and such brokers or intermediaries may be required by law to withhold such taxes.

Under the Hiring Incentives to Restore Employment Act of 2010, certain U.S. Holders are required to report information relating to our ordinary shares, subject to certain exceptions (including an exception for ordinary shares held in accounts maintained by certain financial institutions), by attaching a complete IRS Form 8938, Statement of Specified Foreign Financial Assets, with their tax return for each year in which they hold ordinary shares.

## UNDERWRITING

In connection with this offering, we will enter into an underwriting agreement with The Benchmark Company, LLC. as representative for the underwriters in this offering. Each underwriter named below has severally agreed to purchase from us, on a firm commitment basis, the number of ordinary shares set forth opposite its name below, at the public offering price, less the underwriting discount set forth on the cover page of this prospectus.

Underwriter	Number of shares
The Benchmark Company, LLC	[●]
Axiom Capital Management, Inc.	[●]
Total	[●]

The underwriting agreement will provide that the underwriters are obligated to purchase all of the shares offered by this prospectus, other than those covered by the over-allotment option, if any shares are purchased. The underwriters are offering the shares when, as and if issued to and accepted by them, subject to a number of conditions. These conditions include, among other things, the requirements that no stop order suspending the effectiveness of the registration statement be in effect and that no proceedings for this purpose have been initiated or threatened by the SEC.

The representative of the underwriters has advised us that the underwriters propose to offer our ordinary shares to the public at the offering price set forth on the cover page of this prospectus and to selected dealers at that price less a concession of not more than \$[●] per share. The underwriters and selected dealers may re-allow a concession to other dealers, including the underwriters, of not more than \$[●] per share. After completion of the public offering of the shares, the offering price, the concessions to selected dealers and the reallowance to their dealers may be changed by the underwriters.

We have been advised by the representative of the underwriters that the underwriters intend to make a market in our securities but that they are not obligated to do so and may discontinue making a market at any time without notice.

In connection with the offering, the underwriters or certain of the securities dealers may distribute prospectuses electronically.

### Over-allotment Option

We have granted a 45-day option to the underwriters, exercisable one or more times in whole or in part, to purchase up to an additional 450,000 ordinary shares on the same terms as the other shares being purchased by the underwriters from us, underwriting discounts and commissions to cover over-allotments, if any. The underwriters may exercise this option only to cover over-allotments made in connection with this offering. If the underwriters exercise this option in whole or in part, then the underwriters will be committed, subject to the conditions described in the underwriting agreement, to purchase the additionally offered securities in proportion to each of their commitments set forth in the prior table.

### Underwriters' Compensation

Except as disclosed in this prospectus, the underwriters have not received and will not receive from us any other item of compensation or expense in connection with this offering considered by the Financial Industry Regulatory Authority, Inc. ("FINRA"), to be underwriting compensation under its rule of fair price.

## Discount

The underwriting discount is equal to the public offering price per share, less the amount paid by the underwriters to us per share. The underwriting discount was determined through an arms' length negotiation between us and the underwriters. We have agreed to sell the shares to the underwriters, (i) with respect to sales of shares to investors introduced by the underwriters in this offering, at the initial offering price of \$[●] per share, which represents the initial public offering price of the shares set forth on the cover page of this prospectus less a 7.0% underwriting discount; and (ii) with respect to sales of ordinary shares to investors introduced by Company in this offering, at the initial offering price of \$[●] per share, which represents the initial public offering price of the shares set forth on the cover page of this prospectus less a 5.0% underwriting discount.

The following table shows the per-share price and total underwriting discounts and commissions to be paid to the underwriters. Such amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase 450,000 additional shares.

	Per Share	Total Without Exercise of Over-Allotment Option	Total With Exercise of Over-Allotment option
Discounts & commissions	[●]	[●]	[●]
Non-accountable expense allowance	[●]	[●]	[●]
Net proceeds to us	[●]	[●]	[●]

## Expense Reimbursement

We have agreed to pay a non-accountable expense allowance to the underwriters equal to 1.5% of the gross proceeds received in this offering. In addition, we have also agreed to pay or reimburse the underwriters for certain of the underwriters' out-of-pocket expenses relating to the offering, including all reasonable fees and expenses of the underwriters' outside legal counsel, which shall not exceed \$135,000. All fees already paid shall be reimbursable to us to the extent not actually incurred. Furthermore, pursuant to the underwriting agreement, the underwriters' obligations are subject to customary conditions, representations and warranties contained in the underwriting agreement, such as receipt by the underwriters of officers' certificates and legal opinions.

We estimate that our share of the total expenses of the offering, excluding underwriting discounts and commissions, will be approximately \$[●] million.

## Warrants

Upon the closing of this offering, we have agreed to sell to the representative of the underwriters a warrant to purchase up to 5% of the number of ordinary shares sold in this offering. The warrant will be exercisable at a per share and warrant exercise price equal to 120% of the public offering price per share and warrant sold pursuant to this offering, subject to standard anti-dilution adjustments for share sub-divisions and similar transactions. The warrant will be exercisable at any time, and from time to time, in whole or in part, during the period from the effective date of the offering, which period shall not extend further than five years from the effective date of the offering in compliance with FINRA Rule 5110(f)(2)(G)(i). The warrant is also exercisable on a cashless basis. The warrants have been deemed compensation by FINRA and are therefore subject to a 180-day lock-up pursuant to FINRA Rule 5110(g)(1). Except as permitted by Rule 5110(g)(1), the underwriters (or permitted assignees under the Rule) will not sell, transfer, assign, pledge, or hypothecate the warrants or the securities underlying the warrants, nor will any, of them engage in any hedging, short sale, derivative, put, or call transaction that would result in the effective economic disposition of the option or the underlying securities for a period of 180 days from the date of effectiveness of the registration statement of which this prospectus forms a part or the commencement of sales under this prospectus. These registration rights apply to all of the securities directly and indirectly issuable upon exercise of the warrants, and shall expire on the fifth anniversary of the effective date of the registration statement of which this prospectus forms a part. We will bear all fees and expenses attendant to registering the securities issuable on exercise of the warrants, other than underwriting commissions incurred and payable by the holders.

## Lock-up Agreements

Each of our executive officers and directors and 5% or more holders of all of our shares and warrants outstanding prior to the effective date of this offering, have agreed with the underwriters not to directly or indirectly sell, offer, contract or grant any option to sell, pledge, transfer (excluding intra-family transfers, transfers to a trust for estate planning purposes or to beneficiaries of officers, directors and shareholders upon their death), or otherwise dispose of or enter into any transaction which may result in the disposition of any ordinary shares or securities convertible into, exchangeable or exercisable for any ordinary shares, without the prior written consent of The Benchmark Company, LLC, as representative of the underwriters, for a period of twelve months after the date of this prospectus.

## Stabilization

In connection with this offering, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of our ordinary shares. Specifically, the underwriters may over-allot in connection with this offering by selling more shares than they are obligated to purchase under the underwriting agreement, creating a short position in our shares. The short position may be either a covered short position or a naked short position. In a covered short position, the number of ordinary shares over-allotted by the underwriters is not greater than the number of shares that they may purchase in the over-allotment option. In a naked short position, the number of shares of shares involved is greater than the number of ordinary shares in the over-allotment option. To close out a short position or to stabilize the price per share of our ordinary shares, the underwriters may bid for, and purchase, shares in the open market. The underwriters may also elect to reduce any short position by exercising all or part of the over-allotment option. In determining the source of ordinary shares to close out the short position, the underwriters will consider, among other things, the price of share available for purchase in the open market as compared to the price at which it may purchase shares through the over-allotment option. If the underwriters sell more than could be covered by the over-allotment option, a naked short position, the position can only be closed out by buying ordinary shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there could be downward pressure on the price of the ordinary shares in the open market after pricing that could adversely affect investors who purchase in the offering.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representative has repurchased ordinary shares sold by or for the account of such underwriter in stabilizing or short covering transactions.

Finally, the underwriters may bid for, and purchase, ordinary shares in market making transactions, including “passive” market making transactions as described below.

The foregoing transactions may stabilize or maintain the market price of our ordinary shares at a price that is higher than the price that might otherwise exist in the absence of these activities. The underwriters are not required to engage in these activities, and may discontinue any of these activities at any time without notice. These transactions may be effected on the Nasdaq Capital Market or otherwise.

In connection with this offering, the underwriters and selling group members, if any, or their affiliates may engage in passive market making transactions in ordinary shares on the Nasdaq Capital Market immediately prior to the commencement of sales in this offering, in accordance with Rule 103 of Regulation M under the Exchange Act of 1934. Rule 103 generally provides that:

- a passive market maker may not effect transactions or display bids for our common share and or warrants in excess of the highest independent bid price by persons who are not passive market makers; net purchases by a passive market maker on each day are generally limited to 30% of the passive market maker’s average daily trading volume in our common share during a specified two-month prior period or 200 shares, whichever is greater, and must be discontinued when that limit is reached; and
- passive market making bids must be identified as such.

Passive market making may stabilize or maintain the market price of our ordinary shares at a level above that which might otherwise prevail and, if commenced, may be discontinued at any time.

The underwriters do not expect sales to discretionary accounts to exceed five percent of the total number of ordinary shares offered.

### **Indemnification**

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act and liabilities arising from breaches of representations and warranties contained in the underwriting agreement, or to contribute to payments that the underwriter may be required to make in respect of those liabilities.

### **Participation in Future Offerings**

Until twelve months from the closing of the offering, the underwriters shall have a right of first refusal to act on our behalf as lead or managing underwriters or exclusive financial advisors for offerings of equity and debt securities, including equity-linked securities, of us and our subsidiaries and successors.

### **Determination of Offering Price**

Prior to this offering, there has not been a public market for our ordinary shares. The public offering price of the ordinary shares offered by this prospectus has been determined by negotiation between us and the underwriters. Among the factors considered in determining the public offering price of the ordinary shares were:

- Our history and our prospects;
- Our financial information and historical performance;
- The industry in which we operate;
- The status and development prospects for our services;
- The experience and skills of our executive officers; and
- The general condition of the securities markets at the time of this offering.

The offering price stated on the cover page of this prospectus should not be considered an indication of the actual value of the ordinary shares. That price is subject to change as a result of market conditions and other factors, and we cannot assure you that the ordinary shares can be resold at or above the public offering price.

### **Listing**

We have applied for the listing of our ordinary shares on The Nasdaq Capital Market under the symbol “NGJY.”

### **Electronic Distribution**

A prospectus in electronic format may be made available on websites or through other online services maintained by the underwriter of this offering, or by its affiliates. Other than the prospectus in electronic format, the information on the underwriters’ website and any information contained in any other website maintained by an underwriter is not part of this prospectus or the registration statement of which this prospectus forms a part, has not been approved and/or endorsed by us or the underwriter in its capacity as underwriter, and should not be relied upon by investors.

### **Other Relationships**

The underwriters have informed us that they do not expect to confirm sales of our ordinary shares offered by this prospectus to any accounts over which they exercise discretionary authority.

Some of the underwriters and their affiliates may in the future engage in investment banking and other commercial dealings in the ordinary course of business with us or our affiliates. They may in the future receive customary fees and commissions for these transactions.

In addition, in the ordinary course of their business activities, the underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers.

Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

## **Selling Restrictions outside the United States**

### *Notice to Prospective Investors in Canada*

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

The ordinary shares may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the ordinary shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

### *Notice to Prospective Investors in the United Kingdom*

This prospectus is only being distributed to and is only directed at persons in the United Kingdom that are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive that are also (i) to investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 within, and/or (ii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) (all such persons together being referred to as "relevant persons").

This prospectus and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other persons in the United Kingdom. Any person in the United Kingdom who is not a relevant person should not act or rely on this prospectus or any of its contents.

## **Notice to Prospective Investors in Singapore**

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the ordinary shares may not be circulated or distributed, nor may the ordinary shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to compliance with conditions set forth in the SFA.

**Notice to Prospective Investors in the People's Republic of China**

This prospectus may not be circulated or distributed in China and the ordinary shares may not be offered or sold, and will not offer or sell to any person for re-offering or resale directly or indirectly to any resident of China except pursuant to applicable laws, rules and regulations of China. For the purpose of this paragraph only, China does not include Taiwan and the special administrative regions of Hong Kong and Macau.

**Notice to Prospective Investors in Hong Kong**

The ordinary shares may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), (ii) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a “prospectus” within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong) and no advertisement, invitation or document relating to our ordinary shares be issued or may be in possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to our ordinary shares which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

**Notice to Prospective Investors in Taiwan, the Republic of China**

The ordinary shares have not been and will not be registered with the Financial Supervisory Commission of (“Taiwan”), pursuant to relevant securities laws and regulations and may not be offered or sold in Taiwan through a public offering or in any manner which would constitute an offer within the meaning of the Securities and Exchange Act of Taiwan or would otherwise require registration with or the approval of the Financial Supervisory Commission of Taiwan.

## EXPENSES RELATING TO THIS OFFERING

Set forth below is an itemization of the total expenses, excluding underwriting discounts and commissions, that we expect to incur in connection with this offering. With the exception of the SEC registration fee, Nasdaq listing fee and the FINRA filing fee, all amounts are estimates.

SEC Registration Fee	\$
Nasdaq Listing Fee	75,000
FINRA Filing Fee	
Legal Fees and Expenses	
Accounting Fees and Expenses	
Printing and Engraving Expenses	
Transfer Agent Fee	
Miscellaneous Expenses	
Total	\$

## LEGAL MATTERS

We are being represented by Ellenoff Grossman & Schole LLP with respect to certain legal matters as to United States federal securities and New York State law. The underwriters are being represented by Schiff Hardin LLP with respect to certain legal matters as to United States federal securities and New York State law. The validity of the ordinary shares offered in this offering will be passed upon for us by Maples and Calder. Certain legal matters as to PRC law will be passed upon for us by V&T Law Firm. Ellenoff Grossman & Schole LLP may rely upon Maples and Calder with respect to matters governed by Cayman Islands law and V&T Law Firm with respect to matters governed by PRC law. Schiff Hardin LLP may rely upon V&T Law Firm with respect to matters governed by PRC law.

## EXPERTS

The consolidated financial statements of our company as of March 31, 2019 and 2018 for each of the years in the period then ended included in this prospectus have been so included in reliance on the report of BDO China Shu Lun Pan Certified Public Accountants LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

The office of BDO China Shu Lun Pan Certified Public Accountants LLP is located at 4th Floor, 61 East Nanjing Road, Shanghai, PRC.

## WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed a registration statement, including relevant exhibits, with the SEC on Form F-1 under the Securities Act with respect to underlying ordinary shares to be sold in this offering. This prospectus, which constitutes a part of the registration statement on Form F-1, does not contain all of the information contained in the registration statement. You should read our registration statements and their exhibits and schedules for further information with respect to us and our ordinary shares.

Immediately upon the effectiveness of the registration statement on Form F-1 to which this prospectus is a part, we will become subject to periodic reporting and other informational requirements of the Exchange Act as applicable to foreign private issuers. Accordingly, we will be required to file reports, including annual reports on Form 20-F, and other information with the SEC. You can read our SEC filings, including the registration statement, over the Internet at the SEC's website at [www.sec.gov](http://www.sec.gov). You may also request a copy of these filings, at no cost, by writing to us at Floor 4, Building 1, No. 311, Yanxin Road, Huishan District, Wuxi, Jiangsu Province, PRC or call us at +86 0510-81805788. We also maintain a corporate website at [www.kingwayup.com](http://www.kingwayup.com), at which, following the completion of this offering, you may access these materials free of charge as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC. The information contained in, and that can be accessed through, our website is not incorporated into and is not part of this prospectus.

**SKILLFUL CRAFTSMAN EDUCATION TECHNOLOGY LIMITED**

**CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED MARCH 31, 2019 AND 2018**

**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

**AS OF SEPTEMBER 30, 2019 AND MARCH 31, 2019**

**AND**

**FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2019 AND 2018**

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SKILLFUL CRAFTSMAN EDUCATION TECHNOLOGY LIMITED

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<a href="#">Unaudited Consolidated Statements of Cash Flows for the six months ended September 30, 2019 and 2018</a>	<a href="#">F-30</a>
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## **Report of Independent Registered Public Accounting Firm**

To the Shareholders and the Board of Directors of Skillful Craftsman Education Technology Limited

### **Opinion on the Consolidated Financial Statements**

We have audited the accompanying consolidated balance sheets of Skillful Craftsman Education Technology Limited and its subsidiaries (the “Company”) as of March 31, 2019 and 2018, the related consolidated statements of operations and comprehensive income, changes in shareholders’ equity and cash flows for each of the two years in the period ended March 31, 2019, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at March 31, 2019 and 2018, and the results of its operations and its cash flows for each of the two years in the period ended March 31, 2019, in conformity with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ BDO China Shu Lun Pan Certified Public Accountants LLP

We have served as the Company’s auditor since 2019.

Shanghai, The People’s Republic of China  
July 30th, 2019

**SKILLFUL CRAFTSMAN EDUCATION TECHNOLOGY LIMITED**

**CONSOLIDATED BALANCE SHEETS**

	Note	As of March 31	
		2019	2018
ASSETS			
Current assets:			
Cash and cash equivalents	3	\$ 10,362,283	\$ 4,896,067
Accounts receivable, net	4	451,132	171,753
Prepayments and other current assets	5	902,811	1,973
Total current assets		11,716,226	5,069,793
Non-current assets			
Property and equipment, net	6	14,022,240	1,062,573
Intangible assets, net	7	17,799,207	23,921,846
Total non-current assets		31,821,447	24,984,419
TOTAL ASSETS		\$ 43,537,673	\$ 30,054,212
LIABILITIES			
Current liabilities			
Accounts payable	8	\$ 10,025	\$ 6,044,274
Taxes payable	13	375,337	697,099
Amounts due to a related party	14	-	1,590,305
Other payables	9	151,545	85,219
Deferred revenue-current	10	15,308,898	10,558,149
Total current liabilities		15,845,805	18,975,046
Non-current liabilities			
Deferred revenue-noncurrent	10	8,672,836	-
Total non-current liabilities		8,672,836	-
TOTAL LIABILITIES		\$ 24,518,641	\$ 18,975,046
SHAREHOLDERS' EQUITY:			
Ordinary shares, par value \$0.00015 per share, 500,000,000 shares authorized; 12,000,000 shares issued and outstanding		1,800	1,800
Additional paid-in capital		1,619,774	1,619,774
Statutory reserve		745,590	745,590
Accumulated profits		16,945,947	8,270,889
Accumulated other comprehensive (loss) /income		(294,079)	441,113
TOTAL SHAREHOLDERS' EQUITY		19,019,032	11,079,166
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 43,537,673	\$ 30,054,212

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

**SKILLFUL CRAFTSMAN EDUCATION TECHNOLOGY LIMITED**

**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME**

	Note	For the years ended March 31,	
		2019	2018
<b>Revenue</b>	10	\$ 24,668,840	\$ 14,910,543
<b>Cost of revenue</b>	11	(9,458,559)	(4,715,419)
<b>Gross profit</b>		<u>15,210,281</u>	<u>10,195,124</u>
<b>Operating expenses:</b>			
Selling and marketing expenses		(1,832,006)	(1,148,375)
General and administrative expenses		(1,899,110)	(1,108,280)
<b>Total operating expenses</b>	12	<u>(3,731,116)</u>	<u>(2,256,655)</u>
<b>Income from operations</b>		<b>11,479,165</b>	<b>7,938,469</b>
Interest income		88,588	76,324
Interest expenses		(195)	(114)
<b>Income before income taxes</b>		11,567,558	8,014,679
Income tax expense	13	(2,892,500)	(2,004,711)
<b>Net profit</b>		<u>\$ 8,675,058</u>	<u>\$ 6,009,968</u>
Less: net profit attributable to non-controlling interests		-	-
<b>Net profit attributable to Skillful Craftsman Education Technology Limited's shareholders</b>		<u><b>8,675,058</b></u>	<u><b>6,009,968</b></u>
Net earnings per ordinary share, basic and diluted		0.72	0.50
Weighted average number of ordinary shares, basic and diluted		12,000,000	12,000,000
<b>Net profit</b>		<b>\$ 8,675,058</b>	<b>\$ 6,009,968</b>
Other comprehensive (loss) /income:			
Foreign currency translation adjustment		(735,192)	722,635
<b>Total comprehensive income</b>		<u><b>7,939,866</b></u>	<u><b>6,732,603</b></u>

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

**SKILLFUL CRAFTSMAN EDUCATION TECHNOLOGY LIMITED**

**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

	<u>Number of Shares</u>	<u>Ordinary Shares</u>	<u>Additional paid-in capital</u>	<u>Statutory reserve</u>	<u>Accumulated profits</u>	<u>Accumulated other comprehensive (loss)/income</u>	<u>Total</u>
<b>Balance as of March 31, 2017</b>	<b>12,000,000</b>	<b>\$ 1,800</b>	<b>\$ 1,619,774</b>	<b>\$ 252,020</b>	<b>\$ 2,754,491</b>	<b>\$ (281,522)</b>	<b>\$ 4,346,563</b>
Net profit for the year	-	-	-	-	6,009,968	-	6,009,968
Appropriation to statutory reserve	-	-	-	493,570	(493,570)	-	-
Foreign currency translation adjustment	-	-	-	-	-	722,635	722,635
<b>Balance as of March 31, 2018</b>	<b>12,000,000</b>	<b>\$ 1,800</b>	<b>\$ 1,619,774</b>	<b>\$ 745,590</b>	<b>\$ 8,270,889</b>	<b>\$ 441,113</b>	<b>\$ 11,079,166</b>
Net profit for the year	-	-	-	-	8,675,058	-	8,675,058
Foreign currency translation adjustment	-	-	-	-	-	(735,192)	(735,192)
<b>Balance as of March 31, 2019</b>	<b>12,000,000</b>	<b>\$ 1,800</b>	<b>\$ 1,619,774</b>	<b>\$ 745,590</b>	<b>\$ 16,945,947</b>	<b>\$ (294,079)</b>	<b>\$ 19,019,032</b>

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

**SKILLFUL CRAFTSMAN EDUCATION TECHNOLOGY LIMITED**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>For the years ended March 31,</b>	
	<b>2019</b>	<b>2018</b>
<b>Cash flows from operating activities</b>		
Net profit	\$ 8,675,058	\$ 6,009,968
Adjustments to reconcile net profit to net cash generated from operating activities		
Depreciation of property and equipment	922,770	415,838
Amortization of intangible assets	6,324,124	3,968,113
Loss on disposals of property and equipment	7,430	-
Changes in operating assets and liabilities:		
Accounts receivables	(279,379)	(131,162)
Prepayments and other current assets	(900,838)	60,158
Accounts payable	(6,034,249)	4,021,643
Amounts due to a related party	(1,590,305)	(2,757,962)
Deferred revenue	13,423,585	4,948,787
Other payables	66,326	33,851
Taxes payable	(321,762)	382,874
<b>Net cash generated from operating activities</b>	<b>20,292,760</b>	<b>16,952,108</b>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(13,963,669)	-
Purchase of intangible assets	(1,782,615)	(15,073,518)
<b>Net cash used in investing activities</b>	<b>\$ (15,746,284)</b>	<b>\$ (15,073,518)</b>
<b>Net cash flows from financing activities</b>	<b>-</b>	<b>-</b>
Effects of foreign currency translation	919,740	(1,030,294)
Net increase in cash and cash equivalents	5,466,216	848,296
Cash and cash equivalents at beginning of period	4,896,067	4,047,771
<b>Cash and cash equivalents at end of period</b>	<b>\$ 10,362,283</b>	<b>\$ 4,896,067</b>
<b>Supplemental disclosures of cash flow information:</b>		
Cash paid for income taxes	\$ 3,257,505	1,658,830
Cash paid for interest expense	195	114

The accompanying notes are an integral part of these 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”) (collectively, the “Group”) are 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 undergone 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 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”).

As the Company, its subsidiaries and 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 Group's subsidiaries and the VIE 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. (“WFOE” or “Craftsman Wuxi”)	January 16, 2019	PRC	100%	Investment holding
<b>VIE:</b>			<b>Indirect</b>	
Wuxi Kingway Technology Co., Ltd.( “Wuxi Wangdao”)	June 6, 2013	PRC	100%	Vocational online education and technology 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 WFOE in PRC and held all of the equity interest in the WFOE. In July 2019, WFOE entered into a series of contractual arrangements with the VIE 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, 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.

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 has effective control of the VIE through a series of contractual arrangements (the "Contractual Agreements") and a quasi-parent-subsidary relationship exists between the Company and the VIE. 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 Agreement*

Under the Exclusive Business Cooperation Agreement 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 Agreement*

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 her behalf as her 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 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 the VIE, the signing spouses unconditionally and irrevocably agreed that the equity interest in the VIE 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 the VIE held by their spouses. In addition, in the event that the signing spouses obtains any equity interest in the VIE 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 and VIE are not in violation with any applicable PRC laws and regulations; and (ii) each of the Contractual Agreements among the WOFE, the VIE 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 VIE 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.

The Group's business has been directly operated by the VIE. For the years ended March 31, 2019 and 2018, the VIE contributed 100% and 100% of the Group's consolidated revenues, respectively. As of March 31, 2019 and 2018, the VIE accounted for an aggregate of 100% and 100%, respectively, of the consolidated total assets, and 100% and 100%, 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 March 31,	
	2019	2018
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 10,362,283	\$ 4,896,067
Accounts receivable, net	451,132	171,753
Prepayments and other current assets	900,968	-
<b>Total current assets</b>	<b>11,714,383</b>	<b>5,067,820</b>
<b>Non-current assets:</b>		
Property and equipment, net	14,022,240	1,062,573
Intangible assets, net	17,799,207	23,921,846
Total non-current assets	31,821,447	24,984,419
<b>TOTAL ASSETS</b>	<b>\$ 43,535,830</b>	<b>\$ 30,052,239</b>
<b>Current liabilities:</b>		
Accounts payable	\$ 10,025	\$ 6,044,274
Taxes payable	375,337	697,099
Amounts due to a related party	-	1,590,305
Other payables	151,545	85,219
Deferred revenue-current	15,308,898	10,558,149
<b>Total current liabilities:</b>	<b>15,845,805</b>	<b>18,975,046</b>
<b>Non-current liabilities:</b>		
Deferred revenue-noncurrent	8,672,836	-
<b>Total non-current liabilities</b>	<b>8,672,836</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>24,518,641</b>	<b>18,975,046</b>
<b>For the years ended March 31,</b>		
	<b>2019</b>	<b>2018</b>
Revenue	\$ 24,668,840	\$ 14,910,543
Net profit	\$ 8,675,058	\$ 6,009,968
<b>For the years ended March 31,</b>		
	<b>2019</b>	<b>2018</b>
Net cash generated from operating activities	\$ 20,292,760	\$ 16,952,108
Net cash used in investing activities	(15,746,284)	(15,073,518)
Net cash generated from financing activities	-	-
Net increase in cash and cash equivalents	5,466,216	848,296

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) 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.

### **e) 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.

**f) Property and equipment, net**

Property and equipment are stated at cost including the cost of improvements. 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:

Useful Lives	
Server hardware	5 years
Vehicle	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 income and other 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.

**g) Intangible assets**

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:

Useful Lives	
Acquired software	5 years
Purchased courseware	5 years
Copyrights	5 years

**h) Leases**

Leases are classified at lease commencement date as either a finance lease or an operating lease. A lease is a finance lease if any of the following criteria meets: a) the lease transfers ownership of the underlying asset to the lessee by the end of the lease term. b) the lease grants the lessee an option to purchase the underlying asset that the lessee is reasonably certain to exercise, c) The lease term is for the major part of the remaining economic life of the underlying asset, d) the present value of the sum of the lease payments and any residual value guaranteed by the lessee that is not already reflected in the lease payments equals or exceeds substantially all of the fair value of the underlying asset or e) the underlying asset is of such a specialized nature that it is expected to have no alternative use to the lessor at the end of the lease term. When none of the criteria meets, the lease shall be classified as an operating lease.

For lessee, a lease is recognized as a right-of use asset with a corresponding liability at lease commencement date. The lease liability is calculated at the present value of the lease payments not yet paid by using the lease term and discount rate determined at lease commencement. The right-of-use asset is calculated as the lease liability, increased by any initial direct costs and prepaid lease payments, reduced by any lease incentives received before lease commencement. The right-of-use asset itself is amortized on a straight-line basis unless another systematic method better reflects how the underlying asset will be used by and benefits the lessee over the lease term

#### **i) Impairment of long-lived assets**

The Group reviews long-lived assets, including definitive-lived intangible assets, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If the estimated cash flows from the use of the asset and its eventual disposition are below the asset's carrying value, then the asset is deemed to be impaired and written down to its fair value. There were no impairments of these assets as of March 31, 2019 and 2018.

#### **j) 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, prepaid expenses 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, prepayment and operating lease, accounts payable and taxes payable approximate the fair value of the respective assets and liabilities as of March 31, 2019 and 2018 owing to their short-term nature or present value of the assets and liabilities.

## k) 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 to the members through 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 RMB 100 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 RMB 300 per member per quarter.

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 of online members paid in advance.

The Group also generate 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 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 March 31,		
	2019	2018	2017
Deferred revenue-current	\$ 15,308,898	\$ 10,558,149	\$ 5,609,362
Deferred revenue-non-current	8,672,836	-	
<b>Total</b>	<b>\$ 23,981,734</b>	<b>\$ 10,558,149</b>	<b>\$ 5,609,362</b>

	For the years ended March 31,	
	2019	2018
Revenue recognized from deferred revenue balance	\$ 10,558,149	\$ 5,609,362

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 March 31, 2019, the aggregate amount of the transaction price allocated for the remaining performance obligations amounted to \$23,981,734. The Group expects to recognize revenue of \$15,308,898 and \$8,672,836 related the remaining performance obligations over the next 12 months and the next 12 months to 24 months, respectively.

#### Disaggregation of revenue

For the years ended March 31, 2018 and 2019, all of the Group's revenues were generated in the PRC. Additionally, all of the revenues for the periods were recognized from contracts with customers. The following table provides information about disaggregated revenue by types:

	<b>For the years ended March 31,</b>	
	<b>2019</b>	<b>2018</b>
Online VIP membership revenue	\$ 19,271,739	\$ 14,717,609
Online SVIP membership revenue	5,054,983	-
Technical service revenue	342,118	192,934
<b>Total</b>	<b>\$ 24,668,840</b>	<b>\$ 14,910,543</b>

#### **l) Cost of revenue**

Cost of revenue is mainly composed of copyright fee 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.

#### **m) Allowance for doubtful accounts**

Accounts receivable are recorded at original invoiced amount less an estimated allowance for uncollectible accounts. The management determines the adequacy of allowance for doubtful accounts based on individual account analysis and historical collection situation. When the management believes an allowance is necessary, the allowance is provided against accounts receivable balances, with a corresponding charge recorded in the statement of income. Delinquent account balances are written-off against the allowance for doubtful accounts when the collection is not probable. The Group considers there is no allowance for doubtful accounts for years ended March 31, 2019 and 2018.

#### **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 \$79,056 and \$ 65,076 of for the years ended March 31, 2019 and 2018, respectively.

#### **o) Selling and marketing expenses**

Selling and marketing are expensed as incurred in accordance with ASC 720-35. Among this, advertising and promotion costs were \$ 1,319,969 and \$ 779,162 for years ended March 31, 2019 and 2018, respectively.

**p) Research and development costs**

Research and development expenses consist of compensations 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 costs 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 the 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) 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.

**s) 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.

**t) 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.

#### u) 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.

#### v) 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. 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.

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:

	March 31, 2019	March 31, 2018
Year-end spot rate	US\$1= 6.7335 RMB	US\$1= 6.2881 RMB
Average rate	US\$1= 6.7317 RMB	US\$1= 6.6021 RMB

#### w) 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.

#### x) 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.

**y) 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 March 31, 2019 and 2018, the RMB denominated cash and cash equivalents amounted to \$10,362,283 and \$ 4,896,067 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.

**z) 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 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.

**aa) 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.

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 ending after December 15, 2019. Early adoption is permitted. The Group is currently assessing the timing and impact of adopting the updated provisions to its consolidated financial statements.

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 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. Early adoption is permitted. The Group is currently assessing the impact of this pronouncement to its consolidated financial statements.

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. Early adoption is permitted for any removed or modified disclosures. The Group is currently assessing the timing and impact of adopting the updated provisions to its consolidated financial statements.

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. The Group is currently evaluating the impact of the adoption of ASU 2016-13 on our consolidated financial statements.

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

#### **bb) Recently adopted accounting standards**

In February 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2018-02, Income Statement - Reporting Comprehensive Income (Topic 220). The new guidance permits, but does not require, companies to reclassify the stranded tax effects of the Tax Cuts and Jobs Act (the "Act") on items within accumulated other comprehensive income to retained earnings. This ASU is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The Group adopted this standard in the first quarter of 2019 and did not elect to reclassify the stranded tax effects of the Act on items within accumulated other comprehensive income to retained earnings. The Group uses the portfolio method for releasing the stranded tax effects from accumulated other comprehensive income.

In April 2016, FASB issued ASU No. 2016-10, Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing. The amendments clarify the following two aspects of Topic 606: (a) identifying performance obligations; and (b) the licensing implementation guidance. The amendments do not change the core principle of the guidance in Topic 606. The effective date and transition requirements for the amendments are the same as the effective date and transition requirements in Topic 606. Public entities should apply the amendments for annual reporting periods beginning after December 15, 2017, including interim reporting periods therein (i.e., January 1, 2018, for a calendar year entity). Early application for public entities is permitted only as of annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period. The Group does not expect that adoption of Topic 606 did not have a material impact on its consolidated balance sheets or on its consolidated statements of cash flows.

In February 2016, FASB issued an accounting standard update (ASC Topic 842) that amends the accounting guidance on leases. The new standard establishes a right-of-use (ROU) model that requires a lessee to record an ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The FASB also subsequently issued amendments to the standard, including providing an additional and optional transition method to adopt the new standard, described below, as well as certain practical expedients related to land easements and lessor accounting. On adoption and as of March 31, 2019, we did not recognize ROU assets or lease liabilities as we did not enter into any lease agreements with lease term over 12 months.

### 3. Cash and cash equivalents

Cash and cash equivalents consisted of the followings:

	As of March 31,	
	2019	2018
Cash on hand	\$ 110	\$ 2,662
Bank balances	10,362,173	4,893,405
Total	<u>\$ 10,362,283</u>	<u>\$ 4,896,067</u>

### 4. Accounts receivable, net

Accounts receivable, net consisted of the followings:

	As of March 31,	
	2019	2018
Accounts receivable, gross	\$ 451,132	\$ 171,753
Less: allowance for doubtful accounts	-	-
Accounts receivable, net	<u>\$ 451,132</u>	<u>\$ 171,753</u>

### 5. Prepayments and other current assets

Prepayments and other current assets consisted of the followings:

	As of March 31,	
	2019	2018
Prepaid service fees	\$ 900,968	\$ -
Others	1,843	-
Total	<u>\$ 902,811</u>	<u>\$ 1,973</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.

### 6. Property and equipment, net

Property and equipment consisted of the followings:

	As of March 31,	
	2019	2018
Server hardware	\$ 8,479,493	\$ 2,128,252
Vehicles	114,204	122,294
	8,593,697	2,250,546
Less: accumulated depreciation	(1,997,016)	(1,187,973)
Server development in progress	7,425,559	-
Property and equipment, net	<u>\$ 14,022,240</u>	<u>\$ 1,062,573</u>

Server development in process represented the advance payment made to a third party.

During the years ended March 31, 2019 and 2018, the Group had no impaired or pledged property and equipment.

Depreciation expenses were \$ 922,770 and \$ 415,838 for the years ended March 31, 2019 and 2018, respectively.

## 7. Intangible assets, net

Intangible assets consisted of the followings:

	As of March 31,	
	2019	2018
Software	\$ 1,567,387	\$ 1,678,408
Courseware	27,355,662	29,293,324
Copyrights	3,118,735	1,431,275
	32,041,784	32,403,007
Less: accumulated amortization	(14,242,577)	(8,481,161)
Intangible assets, net	\$ 17,799,207	\$ 23,921,846

During the years ended March 31, 2019 and 2018, the Group had no impaired or pledged intangible assets.

Amortization expenses were \$ 6,324,124 and \$ 3,968,113 for the years ended March 31, 2019 and 2018, respectively.

## 8. Accounts payable

Accounts payable consisted of the followings:

	As of March 31,	
	2019	2018
Payable to a courseware supplier	\$ -	\$ 6,044,274
Payable to accessories suppliers	10,025	-
Total	\$ 10,025	\$ 6,044,274

## 9. Other payables

Other payable consisted of the followings:

	As of March 31,	
	2019	2018
Promotion fee payable	\$ 143,710	\$ 77,872
Welfare payables	7,835	7,347
Total	\$ 151,545	\$ 85,219

## 10. Revenue

### Disaggregation of revenue

For the years ended March 31, 2018 and 2019, all of the Group's revenues were generated in the PRC. Additionally, all of the revenues for the periods were recognized from contracts with customers. Revenue consisted of the following categories:

	For the years ended March 31,	
	2019	2018
Online VIP membership revenue	\$ 19,271,739	\$ 14,717,609
Online SVIP membership revenue	5,054,983	-
Technical service revenue	342,118	192,934
Total	\$ 24,668,840	\$ 14,910,543

The Group's revenue is principally derived from the rendering of vocational education services to the members through 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 RMB 100 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 RMB 300 per member per quarter.

#### 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 March 31,		
	2019	2018	2017
Deferred revenue-current	\$ 15,308,898	\$ 10,558,149	\$ 5,609,362
Deferred revenue-non-current	8,672,836	-	
<b>Total</b>	<b>\$ 23,981,734</b>	<b>\$ 10,558,149</b>	<b>\$ 5,609,362</b>

	For the years ended March 31,	
	2019	2018
Revenue recognized from deferred revenue balance	\$ 10,558,149	\$ 5,609,362

Deferred revenue refers to the remaining unamortized amount of membership fee of online members paid in advance. 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 March 31, 2019, the aggregate amount of the transaction price allocated for the remaining performance obligations amounted to \$23,981,734. The Group expects to recognize revenue of \$15,308,898 and \$8,672,836 related the remaining performance obligations over the next 12 months and the next 12 months to 24 months, respectively.

#### **11. Cost of revenue**

Cost of revenue consisted of the followings:

	For the years ended March 31,	
	2019	2018
Amortization expenses	\$ 6,324,124	\$ 3,968,113
Resource usage fees	1,573,653	-
Depreciation expenses of server hardware	900,608	393,242
Website maintenance fee	356,523	227,199
Raw material consumption fees	156,790	59,132
Others	146,861	67,733
<b>Total</b>	<b>\$ 9,458,559</b>	<b>\$ 4,715,419</b>

## 12. Operating expenses

Operating expenses consisted of the followings:

	For the years ended March 31,	
	2019	2018
Selling and marketing expenses:		
Promotion expenses	\$ 1,319,969	\$ 779,162
Union pay service charges	393,205	193,477
Employee compensation	99,514	94,378
Employee benefit expenses	18,056	18,310
Others	1,262	63,048
	<u>1,832,006</u>	<u>1,148,375</u>
General and administrative expenses:		
Employee compensation	\$ 1,749,429	\$ 1,017,412
Employee benefit expenses	61,000	46,766
Depreciation expenses of vehicles	22,162	22,596
Others	66,519	21,506
	<u>1,899,110</u>	<u>1,108,280</u>
Operating expenses	<u>\$ 3,731,116</u>	<u>\$ 2,256,655</u>

## 13. Taxes Payable

The Company is incorporated in the Cayman Islands. The Group generated substantially all of its income from its PRC operations for the years ended March 31, 2019 and 2018.

### 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 HKD2, 000,000 from April 2018 onwards. The Group had no assessable profit subject to Hong Kong profit tax for the years ended March 31, 2019 and 2018.

### PRC

#### Income Tax

The Company's subsidiaries and VIEs 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 years ended March 31	
	2019	2018
Current	\$ 2,892,500	\$ 2,004,711
Deferred	-	-
Income tax expense	<u>\$ 2,892,500</u>	<u>\$ 2,004,711</u>

The following table sets forth reconciliation between the statutory EIT rate of 25% and the effective tax for the years ended March 31, 2019 and 2018, respectively:

	For the years ended March 31,	
	2019	2018
Income before income taxes	11,567,558	8,014,679
Tax rate	25%	25%
Provision for income taxes at statutory tax rate	\$ 2,891,890	\$ 2,003,670
Effect of non-tax deductible expenses	610	1,041
Income tax expense	<u>\$ 2,892,500</u>	<u>\$ 2,004,711</u>

There was not any temporary difference between the tax base and the reported amount of assets and liabilities in the financial statements as of March 31, 2019 and 2018, thus no deferred income tax is recognized.

#### 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 followings:

	As of March 31,	
	2019	2018
Income tax payable	\$ 224,882	\$ 631,565
VAT payable	134,172	57,720
Other tax payables	16,283	7,814
Total	<u>\$ 375,337</u>	<u>\$ 697,099</u>

#### 14. Related parties

##### 1) Nature of relationships with related parties

Name of related parties	Relationship with the Company
-------------------------	-------------------------------

Gao Xiaofeng	Shareholder
--------------	-------------

##### 2) Transactions and balances with related parties

Amounts due to a related party:

	As of March 31,	
	2019	2018
Gao Xiaofeng	-	1,590,305
Total	<u>-</u>	<u>\$ 1,590,305</u>

The amounts represented an interest-free loan borrowed from a related party which was settled in December 2018.

## 15. Commitments and Contingencies

The Group's lease consisted of operating leases for administrative office spaces in Wuxi in the PRC. As of March 31, 2019, the Group had no obligation under long-term operating leases and financing lease requiring minimum rentals. As of March 31, 2019, the Group did not have additional operating leases that have not yet commenced.

Total operating lease expenses for the period ended March 31, 2019 was \$ 31,046, and was recorded in general and administrative expense on the consolidated statements of operations. On March 31, 2019, the Group had no future minimum payments under non-cancelable operating leases over one year.

As of March 31, 2019, future minimum payments under non-cancelable operating leases were as followings:

### Future Lease Payments

Within one year	\$	58,677
Total	\$	58,677

## 16. Subsequent events

The Group has evaluated subsequent events through the issuance of the consolidated financial statements and no other subsequent event except that the reorganization of the Group's legal structure was completed on July 17, 2019 (Note 1).

## 17. Condensed financial information of the Company

The following is the condensed financial information of the Company on a parent company only basis.

### Condensed balance sheets

	As of March 31,	
	2019	2018
<b>Assets/(liability)</b>		
Prepayment and other current assets	\$ 1,843	\$ 1,973
Investment in subsidiaries and VIE	19,017,189	11,077,193
<b>Total assets/(liability)</b>	<b>\$ 19,019,032</b>	<b>\$ 11,079,166</b>
<b>Shareholders' equity</b>		
Ordinary shares, par value \$0.00015 per share, 500,000,000 shares authorized; 12,000,000 shares issued and outstanding	1,800	1,800
Additional paid-in capital	1,619,774	1,619,774
Statutory reserve	745,590	745,590
Accumulated Profits	16,945,947	8,270,889
Accumulated other comprehensive (loss)/income	(294,079)	441,113
<b>Total shareholders' equity</b>	<b>\$ 19,019,032</b>	<b>\$ 11,079,166</b>

### Condensed statements of income

	For the years ended March 31,	
	2019	2018
Share of profit in subsidiaries and VIE	8,675,058	6,009,968
<b>Income before income tax provision</b>	<b>8,675,058</b>	<b>6,009,968</b>
Provision for income tax	-	-
<b>Net profit</b>	<b>\$ 8,675,058</b>	<b>\$ 6,009,968</b>

### Condensed statements of comprehensive income

	For the years ended March 31,	
	2019	2018
Net income	\$ 8,675,058	\$ 6,009,968
Other comprehensive income	(735,192)	722,635
<b>Comprehensive income</b>	<b>\$ 7,939,866</b>	<b>\$ 6,732,603</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 a 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.

**SKILLFUL CRAFTSMAN EDUCATION TECHNOLOGY LIMITED**  
**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF SEPTEMBER 30, 2019 AND MARCH 31, 2019**  
**AND**  
**FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2019 AND 2018**

**SKILLFUL CRAFTSMAN EDUCATION TECHNOLOGY LIMITED**

**UNAUDITED CONSOLIDATED BALANCE SHEETS**

		As of	
	Note	September 30, 2019	March 31, 2019
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	3	\$ 11,957,538	\$ 10,362,283
Accounts receivable, net	4	85,736	451,132
Prepayments and other current assets	5	1,290,860	902,811
Income tax receivable	13	383,592	-
<b>Total current assets</b>		<b>13,717,726</b>	<b>11,716,226</b>
<b>Non-current assets</b>			
Property and equipment, net	6	13,942,555	14,022,240
Intangible assets, net	7	17,864,400	17,799,207
Long-term prepayments and other non-current assets		291,606	-
Total non-current assets		32,098,561	31,821,447
<b>TOTAL ASSETS</b>		<b>\$ 45,816,287</b>	<b>\$ 43,537,673</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable	8	\$ 28,249	\$ 10,025
Taxes payable	13	66,677	375,337
Other payables	9	339,495	151,545
Deferred revenue-current	10	19,633,314	15,308,898
<b>Total current liabilities</b>		<b>20,067,735</b>	<b>15,845,805</b>
<b>Non-current liabilities</b>			
Deferred revenue-noncurrent	10	2,615,775	8,672,836
<b>Total non-current liabilities</b>		<b>2,615,775</b>	<b>8,672,836</b>
<b>TOTAL LIABILITIES</b>		<b>\$ 22,683,510</b>	<b>\$ 24,518,641</b>
<b>SHAREHOLDERS' EQUITY:</b>			
Ordinary shares, par value \$0.00015 per share, 500,000,000 shares authorized; 12,000,000 shares issued and outstanding		1,800	1,800
Additional paid-in capital		1,619,774	1,619,774
Statutory reserve		745,590	745,590
Accumulated profits		22,080,010	16,945,947
Accumulated other comprehensive (loss) /income		(1,314,397)	(294,079)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>23,132,777</b>	<b>19,019,032</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>\$ 45,816,287</b>	<b>\$ 43,537,673</b>

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

**SKILLFUL CRAFTSMAN EDUCATION TECHNOLOGY LIMITED**

**UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME**

	<b>Note</b>	<b>For the six months ended September 30,</b>	
		<b>2019</b>	<b>2018</b>
<b>Revenue</b>	10	\$ 13,420,883	\$ 11,122,248
<b>Cost of revenue</b>	11	(5,350,363)	(3,739,458)
<b>Gross profit</b>		<u>8,070,520</u>	<u>7,382,790</u>
<b>Operating expenses:</b>			
Selling and marketing expenses		(776,903)	(738,515)
General and administrative expenses		(473,802)	(633,181)
<b>Total operating expenses</b>	12	<u>(1,250,705)</u>	<u>(1,371,696)</u>
<b>Income from operations</b>		<b>6,819,815</b>	<b>6,011,094</b>
Interest income		41,692	39,531
Others, net		(3,345)	(64)
<b>Income before income taxes</b>		<b>6,858,162</b>	<b>6,050,561</b>
Income tax expense	13	<u>(1,724,099)</u>	<u>(1,513,006)</u>
<b>Net profit</b>		<b>\$ 5,134,063</b>	<b>\$ 4,537,555</b>
Less: net profit attributable to non-controlling interests		-	-
<b>Net profit attributable to Skillful Craftsman Education Technology Limited's shareholders</b>		<b>5,134,063</b>	<b>4,537,555</b>
<b>Net Profit attributable to non-controlling interests</b>			
Net earnings per ordinary share, basic and diluted		0.43	0.38
Weighted average number of ordinary shares, basic and diluted		12,000,000	12,000,000
<b>Net profit</b>		<b>\$ 5,134,063</b>	<b>\$ 4,537,555</b>
Other comprehensive (loss) /income:			
Foreign currency translation adjustment		(1,020,318)	(1,104,201)
<b>Total comprehensive income</b>		<b>4,113,745</b>	<b>3,433,354</b>

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

**SKILLFUL CRAFTSMAN EDUCATION TECHNOLOGY LIMITED**

**UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

	Number of Shares	Ordinary Shares	Additional paid-in capital	Statutory reserve	Accumulated profits	Accumulated other comprehensive (loss)/income	Total
Balance as of March 31, 2018	12,000,000	\$ 1,800	\$ 1,619,774	\$ 745,590	\$ 8,270,889	\$ 441,113	\$ 11,079,166
Net profit for the year					4,537,555		4,537,555
Foreign currency translation adjustment						(1,104,201)	(1,104,201)
Balance as of September 30, 2018	12,000,000	1,800	1,619,774	745,590	12,808,444	(663,088)	14,512,520
Balance as of March 31, 2019	12,000,000	\$ 1,800	\$ 1,619,774	\$ 745,590	\$ 16,945,947	\$ (294,079)	\$ 19,019,032
Net profit for the year					5,134,063		5,134,063
Foreign currency translation adjustment						(1,020,318)	(1,020,318)
Balance as of September 30, 2019	12,000,000	1,800	1,619,774	745,590	22,080,010	(1,314,397)	23,132,777

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

**SKILLFUL CRAFTSMAN EDUCATION TECHNOLOGY LIMITED**

**UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>For the six months ended September 30,</b>	
	<b>2019</b>	<b>2018</b>
<b>Cash flows from operating activities</b>		
Net profit	\$ 5,134,063	\$ 4,537,555
Adjustments to reconcile net profit to net cash generated from operating activities	4,181,098	3,368,921
Depreciation of property and equipment	1,069,520	206,471
Amortization of intangible assets	3,104,576	3,162,450
Loss on disposals of property and equipment	7,002	-
Changes in operating assets and liabilities:	9,315,161	7,906,476
Accounts receivables	365,396	56,274
Prepayments and other current assets	(388,049)	169
Long-term prepayments and other non-current assets	(291,606)	-
Accounts payable	18,224	(504,822)
Amounts due to a related party	-	(1,590,305)
Deferred revenue	(1,732,645)	2,718,761
Other payables	187,950	1,871,097
Income Taxes payable or receivable	(692,252)	525,622
<b>Net cash generated from operating activities</b>	<b>6,782,179</b>	<b>10,983,272</b>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(1,682,416)	(7,427,563)
Purchase of intangible assets	(4,043,574)	(1,804,937)
<b>Net cash used in investing activities</b>	<b>\$ (5,725,990)</b>	<b>\$ (9,232,500)</b>
<b>Net cash flows from financing activities</b>	<b>-</b>	<b>-</b>
Effects of foreign currency translation	539,066	827,653
Net increase in cash and cash equivalents	1,595,255	2,578,425
Cash and cash equivalents at beginning of period	10,362,283	4,896,067
<b>Cash and cash equivalents at end of period</b>	<b>\$ 11,957,538</b>	<b>\$ 7,474,492</b>
<b>Supplemental disclosures of cash flow information:</b>		
Cash paid for income taxes	\$ 2,327,558	1,277,809

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

## 1. Organization and basis of financial statements

Skillful Craftsman Education Technology Limited (“the Company”) is a limited company incorporated under the laws of Cayman Islands on June 14, 2019. The Company through its consolidated subsidiaries, variable interest entity (the “VIE”) (collectively, the “Group”) are 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 has undergone 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 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”).

As the Company, its subsidiaries and 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 Group's subsidiaries and the VIE 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. (“WFOE” or “Craftsman Wuxi”)	January 16, 2019	PRC	100%	Investment holding
<b>VIE:</b>			<b>Indirect</b>	
Wuxi Kingway Technology Co., Ltd.( “Wuxi Wangdao”)	June 6, 2013	PRC	100%	Vocational online education and technology 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 WFOE in PRC and held all of the equity interest in the WFOE. In July 2019, WFOE entered into a series of contractual arrangements with the VIE 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, 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.

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 has effective control of the VIE through a series of contractual arrangements (the "Contractual Agreements") and a quasi-parent-subsidiary relationship exists between the Company and the VIE. 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 Agreement*

Under the Exclusive Business Cooperation Agreement 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 Agreement*

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 her behalf as her 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 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 the VIE, the signing spouses unconditionally and irrevocably agreed that the equity interest in the VIE 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 the VIE held by their spouses. In addition, in the event that the signing spouses obtains any equity interest in the VIE 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 and VIE are not in violation with any applicable PRC laws and regulations; and (ii) each of the Contractual Agreements among the WOFE, the VIE 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 VIE 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.

The Group's business has been directly operated by the VIE. For the years ended March 31, 2019 and 2018, the VIE contributed 100% and 100% of the Group's consolidated revenues, respectively. As of September 30, 2019 and March 31, 2019, the VIE accounted for an aggregate of 100% and 100%, respectively, of the consolidated total assets, and 100% and 100%, 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, 2019 (unaudited)	March 31, 2019 (audited)
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 11,957,341	\$ 10,362,283
Accounts receivable, net	85,736	451,132
Prepayments and other current assets	1,289,106	900,968
Income tax receivable	383,592	-
<b>Total current assets</b>	<b>13,715,775</b>	<b>11,714,383</b>
<b>Non-current assets:</b>		
Property and equipment, net	13,942,555	14,022,240
Intangible assets, net	17,864,400	17,799,207
Long-term prepayments and other non-current assets	291,606	-
Total non-current assets	<b>32,098,561</b>	<b>31,821,447</b>
<b>TOTAL ASSETS</b>	<b>\$ 45,814,336</b>	<b>\$ 43,535,830</b>
<b>Current liabilities:</b>		
Accounts payable	\$ 28,249	\$ 10,025
Taxes payable	66,677	375,337
Amounts due to a related party	-	-
Other payables	332,248	151,545
Deferred revenue-current	19,633,314	15,308,898
<b>Total current liabilities:</b>	<b>20,060,488</b>	<b>15,845,805</b>
<b>Non-current liabilities:</b>		
Deferred revenue-noncurrent	2,615,775	8,672,836
<b>Total non-current liabilities</b>	<b>2,615,775</b>	<b>8,672,836</b>
<b>TOTAL LIABILITIES</b>	<b>22,676,263</b>	<b>24,518,641</b>
<b>For the six months September 30,</b>		
	<b>2019</b>	<b>2018</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Revenue	\$ 13,420,883	\$ 11,122,248
Net profit	\$ 5,141,265	\$ 4,537,555
<b>For the six months September 30,</b>		
	<b>2019</b>	<b>2018</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Net cash generated from operating activities	\$ 6,789,381	\$ 10,983,272
Net cash used in investing activities	(5,725,990)	(9,232,500)
Net cash generated from financing activities	-	-
Net increase in cash and cash equivalents	1,595,058	2,578,425

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) 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.

### **e) 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.

**f) Property and equipment, net**

Property and equipment are stated at cost including the cost of improvements. 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:

Useful Lives	
Server hardware	5 years
Vehicle	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 income and other 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.

**g) Intangible assets**

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:

Useful Lives	
Acquired software	5 years
Purchased courseware	5 years
Copyrights	5 years

**h) Leases**

Leases are classified at lease commencement date as either a finance lease or an operating lease. A lease is a finance lease if any of the following criteria meets: a) the lease transfers ownership of the underlying asset to the lessee by the end of the lease term. b) the lease grants the lessee an option to purchase the underlying asset that the lessee is reasonably certain to exercise, c) The lease term is for the major part of the remaining economic life of the underlying asset, d) the present value of the sum of the lease payments and any residual value guaranteed by the lessee that is not already reflected in the lease payments equals or exceeds substantially all of the fair value of the underlying asset or e) the underlying asset is of such a specialized nature that it is expected to have no alternative use to the lessor at the end of the lease term. When none of the criteria meets, the lease shall be classified as an operating lease.

In February 2016, FASB issued an accounting standard update (ASC Topic 842) that amends the accounting guidance on leases. The new standard establishes a right-of-use (ROU) model that requires a lessee to record an ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. The FASB also subsequently issued amendments to the standard, including providing an additional and optional transition method to adopt the new standard, described below, as well as certain practical expedients related to land easements and lessor accounting.

We adopted this accounting standard effective January 1, 2019, using the optional transition method with no restatement of comparative periods. We elected certain practical expedients available under the transition guidance within the new standard, which among other things, allowed us to carry forward the historical lease classification of our existing leases. We did not elect the use-of-hindsight or the practical expedient pertaining to land easements; the latter not being applicable to us. The new standard also provides practical expedients for an entity’s ongoing accounting. We elected the short-term lease recognition exemption for all leases that qualify. As a result, for those leases that qualify, we will not recognize ROU assets or lease liabilities, and we did not recognize ROU assets or lease liabilities for existing short-term leases of those assets in transition. We also elected the practical expedient to not separate lease and non-lease components of leases for the majority of our classes of underlying assets. On adoption and as of September 30, 2019, we did not recognize ROU assets or lease liabilities as we did not enter into any lease agreements with lease term over 12 months.

#### **i) Impairment of long-lived assets**

The Group reviews long-lived assets, including definitive-lived intangible assets, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If the estimated cash flows from the use of the asset and its eventual disposition are below the asset's carrying value, then the asset is deemed to be impaired and written down to its fair value. There were no impairments of these assets as of September 30, 2019 and March 31, 2019.

#### **j) 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, prepaid expenses 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, prepayment and operating lease, accounts payable and taxes payable approximate the fair value of the respective assets and liabilities as of March 31, 2019 and 2018 owing to their short-term nature or present value of the assets and liabilities.

## k) 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 to the members through 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 RMB 100 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 RMB 300 per member per quarter.

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 of online members paid in advance.

The Group also generate 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 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, 2019	March 31, 2019
Deferred revenue-current	\$ 19,633,314	\$ 15,308,898
Deferred revenue-non-current	2,615,775	8,672,836
<b>Total</b>	<b>\$ 22,249,089</b>	<b>\$ 23,981,734</b>
	For the six months ended September 30,	
	2019	2018
Revenue recognized from deferred revenue balance	\$ 7,566,381	\$ 7,345,415

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, 2019, the aggregate amount of the transaction price allocated for the remaining performance obligations amounted to \$ 22,249,089. The Group expects to recognize revenue of \$ 19,633,314 and \$ 2,615,775 related the remaining performance obligations over the next 12 months and the next 12 months to 24 months, respectively.

#### *Disaggregation of revenue*

For the six months ended September 30, 2019 and 2018, all of the Group's revenues were generated in the PRC. Additionally, all of the revenues for the periods were recognized from contracts with customers. The following table provides information about disaggregated revenue by types:

	<b>For the six months ended September 30,,</b>	
	<b>2019</b>	<b>2018</b>
Online VIP membership revenue	\$ 9,670,587	\$ 9,913,396
Online SVIP membership revenue	3,676,795	937,684
Technical service revenue	73,501	271,168
<b>Total</b>	<b>\$ 13,420,883</b>	<b>\$ 11,122,248</b>

#### **l) Cost of revenue**

Cost of revenue is mainly composed of copyright fee 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.

#### **m) Allowance for doubtful accounts**

Accounts receivable are recorded at original invoiced amount less an estimated allowance for uncollectible accounts. The management determines the adequacy of allowance for doubtful accounts based on individual account analysis and historical collection situation. When the management believes an allowance is necessary, the allowance is provided against accounts receivable balances, with a corresponding charge recorded in the statement of income. Delinquent account balances are written-off against the allowance for doubtful accounts when the collection is not probable. The Group considers there is no allowance for doubtful accounts for the six months ended September 30, 2019 and 2018.

#### **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 \$ 23,553 and \$ 24,216 of for the six months ended September 30, 2019 and 2018, respectively.

#### **o) Selling and marketing expenses**

Selling and marketing are expensed as incurred in accordance with ASC 720-35. Among this, advertising and promotion costs were \$ 500,139 and \$ 529,206 for the six months ended September 30, 2019 and 2018, respectively.

**p) Research and development costs**

Research and development expenses consist of compensations 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 costs 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 the 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) 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.

**s) 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.

**t) 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.

#### u) 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.

#### v) 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. 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.

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, 2019	September 30, 2018	March 31, 2019
Year-end spot rate	US\$1= 7.0729 RMB	US\$1= 6.8792 RMB	US\$1= 6.7335 RMB
Average rate	US\$1= 6.9246 RMB	US\$1= 6.6484 RMB	US\$1= 6.7317 RMB

#### w) 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.

#### x) 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.

**y) 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, 2019 and March 31, 2019, the RMB denominated cash and cash equivalents amounted to \$ 11,957,538 and \$10,362,283 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.

**z) 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 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.

**aa) 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.

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 ending after December 15, 2019. Early adoption is permitted. The Group is currently assessing the timing and impact of adopting the updated provisions to its consolidated financial statements.

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 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. Early adoption is permitted. The Group is currently assessing the impact of this pronouncement to its consolidated financial statements.

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. Early adoption is permitted for any removed or modified disclosures. The Group is currently assessing the timing and impact of adopting the updated provisions to its consolidated financial statements.

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. The Group is currently evaluating the impact of the adoption of ASU 2016-13 on our consolidated financial statements.

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

#### **bb) Recently adopted accounting standards**

In February 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2018-02, Income Statement - Reporting Comprehensive Income (Topic 220). The new guidance permits, but does not require, companies to reclassify the stranded tax effects of the Tax Cuts and Jobs Act (the "Act") on items within accumulated other comprehensive income to retained earnings. This ASU is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The Group adopted this standard in the first quarter of 2019 and did not elect to reclassify the stranded tax effects of the Act on items within accumulated other comprehensive income to retained earnings. The Group uses the portfolio method for releasing the stranded tax effects from accumulated other comprehensive income.

In April 2016, FASB issued ASU No. 2016-10, Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing. The amendments clarify the following two aspects of Topic 606: (a) identifying performance obligations; and (b) the licensing implementation guidance. The amendments do not change the core principle of the guidance in Topic 606. The effective date and transition requirements for the amendments are the same as the effective date and transition requirements in Topic 606. Public entities should apply the amendments for annual reporting periods beginning after December 15, 2017, including interim reporting periods therein (i.e., January 1, 2018, for a calendar year entity). Early application for public entities is permitted only as of annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period. The Group does not expect that adoption of Topic 606 did not have a material impact on its consolidated balance sheets or on its consolidated statements of cash flows.

In February 2016, FASB issued an accounting standard update (ASC Topic 842) that amends the accounting guidance on leases. The new standard establishes a right-of-use (ROU) model that requires a lessee to record an ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The FASB also subsequently issued amendments to the standard, including providing an additional and optional transition method to adopt the new standard, described below, as well as certain practical expedients related to land easements and lessor accounting. On adoption and as of September 30, 2019, we did not recognize ROU assets or lease liabilities as we did not enter into any lease agreements with lease term over 12 months.

### 3. Cash and cash equivalents

Cash and cash equivalents consisted of the followings:

	As of	
	September 30, 2019	March 31, 2019
Cash on hand	\$ 54	\$ 110
Bank deposit	11,957,484	10,362,173
Total	<u>\$ 11,957,538</u>	<u>\$ 10,362,283</u>

### 4. Accounts receivable, net

Accounts receivable, net consisted of the followings:

	As of	
	September 30, 2019	March 31, 2019
Accounts receivable, gross	\$ 85,736	\$ 451,132
Less: allowance for doubtful accounts	-	-
Accounts receivable, net	<u>\$ 85,736</u>	<u>\$ 451,132</u>

### 5. Prepayments and other current assets

Prepayments and other current assets consisted of the followings:

	As of	
	September 30, 2019	March 31, 2019
Prepaid issuance fee	\$ 719,971	\$ -
Prepaid service fee within one year	569,135	900,968
Others	1,754	1,843
Total	<u>\$ 1,290,860</u>	<u>\$ 902,811</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 and are amortized within one year.

### 6. Property and equipment, net

Property and equipment consisted of the followings:

	As of	
	September 30, 2019	March 31, 2019
Server hardware	\$ 16,724,879	\$ 8,479,493
Vehicles	108,724	114,204
Subtotal	16,833,603	8,593,697
Less: accumulated depreciation	(2,891,048)	(1,997,016)
Server development in progress	-	7,425,559
Property and equipment, net	<u>\$ 13,942,555</u>	<u>\$ 14,022,240</u>

Server development in process represented the advance payment made to a third party as of March 31, 2019, which has been transferred to specific property and equipment during the six months ended September 30, 2019.

As of September 30, 2019 and March 31, 2019, the Group had no impaired or pledged property and equipment.

Depreciation expense was \$ 1,069,520 and \$ 206,471 for the six months ended September 30, 2019 and 2018, respectively.

## 7. Intangible assets, net

Intangible assets consisted of the followings:

	As of	
	September 30, 2019	March 31, 2019
Software	\$ 5,450,947	\$ 1,567,387
Courseware	26,042,974	27,355,662
Copyrights	2,969,079	3,118,735
Subtotal	34,463,000	32,041,784
Less: accumulated amortization	(16,598,600)	(14,242,577)
Intangible assets, net	\$ 17,864,400	\$ 17,799,207

As of September 30, 2019 and March 31, 2019, the Group had no impaired or pledged intangible assets.

Amortization expenses were \$ 3,104,576 and \$ 3,162,450 for the six months ended September 30, 2019 and 2018, respectively.

## 8. Accounts payable

Accounts payable consisted of the followings:

	As of	
	September 30, 2019	March 31, 2019
Payable to accessories suppliers	28,249	10,025
Total	\$ 28,249	\$ 10,025

## 9. Other payables

Other payable consisted of the followings:

	As of	
	September 30, 2019	March 31, 2019
Promotion fee payable	\$ 250,699	\$ 143,710
Payroll and welfare payables	81,549	7,835
Others	7,247	
Total	\$ 339,495	\$ 151,545

## 10. Revenue

### Disaggregation of revenue

For the six months ended September 30, 2019 and 2018, all of the Group's revenues were generated in the PRC. Additionally, all of the revenues for the periods were recognized from contracts with customers. Revenue consisted of the following categories:

	For six months ended September 30,	
	2019	2018
Online VIP membership revenue	\$ 9,670,587	\$ 9,913,396
Online SVIP membership revenue	3,676,795	937,684
Technical service revenue	73,501	271,168
Total	\$ 13,420,883	\$ 11,122,248

The Group's revenue is principally derived from the rendering of vocational education services to the members through 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 RMB 100 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 RMB 300 per member per quarter.

#### 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 S	
	September 30, 2019	March 31, 2019
Deferred revenue-current	\$ 19,633,314	\$ 15,308,898
Deferred revenue-non-current	2,615,775	8,672,836
<b>Total</b>	<b>\$ 22,249,089</b>	<b>\$ 23,981,734</b>

	For the six months ended September 30,	
	2019	2018
Revenue recognized from deferred revenue balance	\$ 7,566,381	\$ 7,345,415

Deferred revenue refers to the remaining unamortized amount of membership fee of online members paid in advance. 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, 2019, the aggregate amount of the transaction price allocated for the remaining performance obligations amounted to \$ 22,249,089. The Group expects to recognize revenue of \$ 19,633,314 and \$ 2,615,775 related the remaining performance obligations over the next 12 months and the next 12 months to 24 months, respectively.

#### 11. Cost of revenue

Cost of revenue consisted of the followings:

	For the six months ended September 30,	
	2019	2018
Amortization expenses	\$ 3,104,576	\$ 3,162,450
Resource usage fees	944,984	-
Depreciation expenses of server hardware	1,058,748	195,251
Website maintenance fee	173,296	180,494
Raw material consumption fees	22,594	148,111
Others	46,165	53,152
<b>Total</b>	<b>\$ 5,350,363</b>	<b>\$ 3,739,458</b>

## 12. Operating expenses

Operating expenses consisted of the followings:

	For the six months ended September 30,	
	2019	2018
Selling and marketing expenses:		
Promotion expenses	\$ 500,139	529,206
Union pay service charges	134,936	150,840
Employee compensation	33,858	49,500
Employee benefit expenses	8,687	8,969
Others	99,283	-
Subtotal	776,903	738,515
General and administrative expenses:		
Employee compensation	\$ 420,312	559,724
Employee benefit expenses	14,866	15,247
Depreciation expenses of vehicles	10,772	11,219
Others	27,852	46,991
Subtotal	473,802	633,181
Operating expenses	\$ 1,250,705	1,371,696

## 13. Taxes Payable and Receivable

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, 2019 and 2018.

### 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 HKD2, 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, 2019 and 2018.

### PRC

#### Income Tax

The Company's subsidiaries and VIEs 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:

	<b>For six months ended September 30,</b>	
	<b>2019</b>	<b>2018</b>
Current income tax provision	\$ 1,724,099	\$ 1,513,006
Deferred income tax provision	-	-
Income tax expense	<u>\$ 1,724,099</u>	<u>\$ 1,513,006</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, 2019 and 2018, respectively:

	<b>For six months ended September 30,</b>	
	<b>2019</b>	<b>2018</b>
Income before income taxes	6,858,162	6,050,561
Tax rate	25%	25%
Provision for income taxes at statutory tax rate	\$ 1,714,541	1,512,640
Effect of non-tax deductible expenses	9,558	366
Income tax expense	<u>\$ 1,724,099</u>	<u>1,513,006</u>

There was not any temporary difference between the tax base and the reported amount of assets and liabilities in the financial statements as of September 30, 2019 and March 31, 2019, thus no deferred income tax is recognized.

#### *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 and receivable consisted of the followings:

	<b>As of</b>	
	<b>September 30, 2019</b>	<b>March 31, 2019</b>
Income tax payable	\$ -	\$ 224,882
VAT payable	59,380	134,172
Other tax payables	7,297	16,283
Total	<u>66,677</u>	<u>375,337</u>
Income tax receivable	<u>383,592</u>	<u>-</u>
Total	<u>383,592</u>	<u>-</u>

#### **14. Related parties**

##### 1) Nature of relationships with related parties

<b>Name of related parties</b>	<b>Relationship with the Company</b>
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Gao Xiaofeng	Shareholder
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##### 2) Transactions and balances with related parties

As of September 30, 2019 and March 31, 2019, the Company had no balances due from or due to related parties.

During the six months ended September 30, 2019 and 2018, the Company did not incur significant related party transactions.

## 15. Commitments and Contingencies

The Group's lease consisted of operating leases for administrative office spaces in Wuxi in the PRC. As of September 30, 2019, the Group had no obligation under long-term operating leases and financing lease requiring minimum rentals. As of September 30, 2019, the Group did not have additional operating leases that have not yet commenced. On September 30, 2019, the Group had no future minimum payments under non-cancelable operating leases over one year.

As of September 30, 2019, future minimum payments under non-cancelable operating leases were as followings:

### Future Lease Payments

Within one year	\$	18,615
Total	\$	<u>18,615</u>

## 16. Subsequent events

The Group has evaluated subsequent events through the issuance of the consolidated financial statements and no other subsequent event.

**PART II**  
**INFORMATION NOT REQUIRED IN PROSPECTUS**

**ITEM 6. INDEMNIFICATION OF DIRECTORS AND OFFICERS.**

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences of committing a crime. Under our post-offering memorandum and articles of association, which will become effective immediately prior to the completion of this offering, to the fullest extent permissible under Cayman Islands law every director and officer of our company shall be indemnified against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by him in connection with the execution or discharge of his duties, powers, authorities or discretions as a director or officer of our company, including without prejudice to the generality of the foregoing, any costs, expenses, losses or liabilities incurred by him in defending (whether successfully or otherwise) any civil proceedings concerning our company or its affairs in any court whether in the Cayman Islands or elsewhere.

Pursuant to our offer letters to independent directors and employment agreements with executive officers, we will agree to indemnify our directors and executive officers against certain liabilities and expenses incurred by such persons in connection with claims made by reason of their being such a director or executive officer.

The form of underwriting agreement to be filed as Exhibit 1.1 to this registration statement will also provide for indemnification of us and our officers and directors.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling us under the foregoing provisions, we have been informed that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

**ITEM 7. RECENT SALES OF UNREGISTERED SECURITIES.**

In June 2019, we issued an aggregate of 18,000,000 ordinary shares to certain individuals and entities, including three officers of our company, for a total purchase price of \$1,800 (or \$0.0001 per share). Such issuance was exempt from registration under the Securities Act pursuant to Section 4(a)(2) thereof regarding transactions not involving a public offering. No underwriters were involved in these issuances of ordinary shares. In April 2020, our initial shareholders 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 before this offering. Other than disclosed herein, we did not issue any securities in the past three years.

**ITEM 8. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.**

a) Exhibits

See Exhibit Index beginning on page II-5 of this registration statement.

The agreements included as exhibits to this registration statement contain representations and warranties by each of the parties to the applicable agreement. These representations and warranties were made solely for the benefit of the other parties to the applicable agreement and (i) were not intended to be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate; (ii) may have been qualified in such agreement by disclosure that was made to the other party in connection with the negotiation of the applicable agreement; (iii) may apply contract standards of "materiality" that are different from "materiality" under the applicable securities laws; and (iv) were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement.

We acknowledge that, notwithstanding the inclusion of the foregoing cautionary statements, we are responsible for considering whether additional specific disclosure of material information regarding material contractual provisions is required to make the statements in this registration statement not misleading.

b) Financial Statement Schedules

Schedules have been omitted because the information required to be set forth therein is not applicable or is shown in the Consolidated Financial Statements or the Notes thereto.

**ITEM 9. UNDERTAKINGS.**

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

i. To include any prospectus required by Section 10(a)(3) of the Securities Act;

ii. To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the SEC pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective Registration Statement;

iii. To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof;

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) To file a post-effective amendment to the registration statement to include any financial statements required by "Item 8.A. of Form 20-F" at the start of any delayed offering or throughout a continuous offering. Financial statements and information otherwise required by Section 10(a)(3) of the Act need not be furnished, provided that the registrant includes in the prospectus, by means of a post-effective amendment, financial statements required pursuant to this paragraph (4) and other information necessary to ensure that all other information in the prospectus is at least as current as the date of those financial statements.

(5) That, for purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b) (1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(6) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(7) That, for the purpose of determining liability under the Securities Act to any purchaser:

Each prospectus filed by the registrant pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

(8) For the purposes of determining liability under the Securities Act of 1933 to any purchaser in the initial distributions of the securities, the undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

- (i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;
- (ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;
- (iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and
- (iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

## SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form F-1 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Wuxi, Jiangsu, People's Republic of China, on April 23, 2020.

### Skillful Craftsman Education Technology Limited

By: /s/ Xiaofeng Gao  
Name: Xiaofeng Gao  
Title: Chief Executive Officer

## POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that we, the undersigned officers and directors of Skillful Craftsman Education Technology Limited, a Cayman Islands company, do hereby constitute and appoint Xiaofeng Gao as his or her true and lawful attorney-in-fact and agent, with full power of substitution and re-substitution, for him and in his name, place, and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments, exhibits thereto and other documents in connection therewith) to this Registration Statement and any subsequent registration statement filed by the registrant pursuant to Rule 462(b) of the Securities Act of 1933, as amended, which relates to this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
<u>/s/ Xiaofeng Gao</u> Xiaofeng Gao	Chief Executive Officer and Director (principal executive officer)	April 23, 2020
<u>/s/ Jun Liu</u> Jun Liu	Chief Financial Officer (principal financial and accounting officer)	April 23, 2020

## SIGNATURE OF AUTHORIZED REPRESENTATIVE IN THE UNITED STATES

Pursuant to the Securities Act of 1933, the undersigned, the duly authorized representative in the United States of Skillful Craftsman Education Technology Limited, has signed this registration statement or amendment thereto in Newark, Delaware on April 23, 2020.

### Puglisi & Associates

By: /s/ Donald J. Puglisi  
Name: Donald J. Puglisi  
Title: Managing Director

## EXHIBIT INDEX

Exhibit No.	Description of document
<a href="#"><u>1.1*</u></a>	<a href="#"><u>Form of Underwriting Agreement</u></a>
<a href="#"><u>3.1*</u></a>	<a href="#"><u>Memorandum of Association of the Registrant</u></a>
<a href="#"><u>3.2*</u></a>	<a href="#"><u>Articles of Association of the Registrant</u></a>
<a href="#"><u>3.3*</u></a>	<a href="#"><u>Amended and Restated Memorandum of Association of the Registrant</u></a>
<a href="#"><u>4.1*</u></a>	<a href="#"><u>Form of Underwriters' Warrant</u></a>
<a href="#"><u>5.1*</u></a>	<a href="#"><u>Form of Opinion of Maples and Calder regarding the validity of ordinary shares being registered.</u></a>
<a href="#"><u>5.2*</u></a>	<a href="#"><u>Form of Opinion of V&amp;T Law Firm regarding PRC legal matters.</u></a>
<a href="#"><u>5.3*</u></a>	<a href="#"><u>Form of Opinion of Ellenoff Grossman &amp; Schole LLP regarding the validity of warrants being registered.</u></a>
<a href="#"><u>8.1*</u></a>	<a href="#"><u>Form of Opinion of Maples and Calder regarding certain Cayman Islands tax matters (included in Exhibit 5.1)</u></a>
<a href="#"><u>8.2*</u></a>	<a href="#"><u>Form of Opinion of Ellenoff Grossman &amp; Schole LLP regarding certain U.S. tax matters.</u></a>
<a href="#"><u>10.1*</u></a>	<a href="#"><u>Exclusive Business Cooperation Agreement, dated July 17, 2019, by and between Craftsman Wuxi and Wuxi Wangdao.</u></a>
<a href="#"><u>10.2*</u></a>	<a href="#"><u>Exclusive Purchasing Right Agreement, dated July 17, 2019, by and among Craftsman Wuxi, Xiaofeng Gao, Lugang Hua and Wuxi Wangdao.</u></a>
<a href="#"><u>10.3*</u></a>	<a href="#"><u>Equity Interest Pledge Agreement, dated July 17, 2019, by and among Craftsman Wuxi, Xiaofeng Gao, Lugang Hua and Wuxi Wangdao.</u></a>
<a href="#"><u>10.4*</u></a>	<a href="#"><u>Authorization Agreement, dated July 17, 2019, by and among Craftsman Wuxi and Xiaofeng Gao.</u></a>
<a href="#"><u>10.5*</u></a>	<a href="#"><u>Authorization Agreement, dated July 17, 2019, by and among Craftsman Wuxi and Lugang Hua</u></a>
<a href="#"><u>10.6*</u></a>	<a href="#"><u>Letter of Spouse Consent by Xiaoping Zhou</u></a>
<a href="#"><u>10.7*</u></a>	<a href="#"><u>Letter of Spouse Consent by Haiyin Shi</u></a>
<a href="#"><u>10.8*</u></a>	<a href="#"><u>English translation of Service Agreement with China Adult Education Association, dated December 12, 2014, by and between Wuxi Wangdao and China Adult Education Association.</u></a>
<a href="#"><u>10.9*</u></a>	<a href="#"><u>English translation of Cooperation Agreement with China Adult Education Association, dated June 1, 2018, by and between Wuxi Wangdao and Higher Education Press Ltd.</u></a>
<a href="#"><u>10.10*</u></a>	<a href="#"><u>English translation of Cooperation Agreement with China Adult Education Association, dated February 19, 2014, by and between Wuxi Wangdao and China Adult Education Association.</u></a>
<a href="#"><u>10.11*</u></a>	<a href="#"><u>English translation of Promotion Agreement by and among Wuxi Wangdao, China Adult Education Association and Higher Education Press Ltd., dated June 6, 2018.</u></a>
<a href="#"><u>10.12*</u></a>	<a href="#"><u>English translation of Cooperation Agreement with Jimei University, dated January 7, 2014, by and between Wuxi Wangdao and Jimei University.</u></a>
<a href="#"><u>10.13*</u></a>	<a href="#"><u>Form of Employment Agreement between the Registrant and its executive officers</u></a>
<a href="#"><u>10.14*</u></a>	<a href="#"><u>Form of Letter Agreement between the Registrant and its directors</u></a>
<a href="#"><u>21.1*</u></a>	<a href="#"><u>List of Subsidiaries of the Registrant</u></a>
<a href="#"><u>23.1*</u></a>	<a href="#"><u>Consent of BDO China Shu Lun Pan Certified Public Accountants LLP</u></a>
<a href="#"><u>23.2*</u></a>	<a href="#"><u>Consent of Maples and Calder (included in Exhibits 5.1 and 8.1)</u></a>
<a href="#"><u>23.3*</u></a>	<a href="#"><u>Consent of V&amp;T Law Firm (included in Exhibit 5.2)</u></a>
<a href="#"><u>99.1*</u></a>	<a href="#"><u>Consent of Huiqing</u></a>
<a href="#"><u>99.2*</u></a>	<a href="#"><u>Consent of Liming Huang</u></a>
<a href="#"><u>99.3*</u></a>	<a href="#"><u>Consent of David H. Sherman</u></a>
<a href="#"><u>99.4*</u></a>	<a href="#"><u>Consent of Teoh Chun Hiah</u></a>

\* Filed herewith.

\*\* To be filed by amendment

UNDERWRITING AGREEMENT

[●], 2020

The Benchmark Company, LLC  
 150 East 58th St, 17th Floor  
 New York, NY 10155†

As the Representative of the several Underwriters named on Schedule 1 attached hereto

Ladies and Gentlemen:

The undersigned, Skillful Craftsman Education Technology Limited, an exempted company incorporated under the laws of the Cayman Islands (the “**Company**”), hereby confirms its agreement (this “**Agreement**”) with The Benchmark Company, LLC (the “**Representative**”) and with the other underwriters, if any, named on Schedule 1 hereto for which the Representative is acting as such (the Representative and such other underwriters being collectively called the “**Underwriters**” or, individually, an “**Underwriter**”) as follows

1. Subscription of Shares.

(a) Firm Shares.

(i) Nature and Subscription of Firm Shares.

(A) On the basis of the representations and warranties herein contained, but subject to the terms and conditions herein set forth, the Company agrees to issue and sell to the several Underwriters an aggregate of [●] ordinary shares (“**Firm Shares**”), par value \$0.0001 (the “**Ordinary Shares**”).

(B) The Underwriters, severally and not jointly, agree to subscribe for the number of Firm Shares set forth opposite their respective names on Schedule 1 attached hereto and made a part hereof at a Subscription Price of \$[●] (the “**Subscription Price**”) per Firm Share (93% of the public offering price per Firm Share, provided the Subscription Price shall be 95% of the public offering price per Firm Share for investors introduced to the Underwriters by the Company). The Firm Shares are to be offered initially to the public at the offering price set forth on the cover page of the Prospectus (as defined in Section 2(a)(i)(A) hereof).

(ii) Share Payment.

(A) Issue and Payment for the Firm Shares shall be made prior to 2:00 p.m., Eastern time, on the second (2<sup>nd</sup>) Business Day following the date hereof (the “**Effective Date**”) (or the third (3<sup>rd</sup>) Business Day following the Effective Date if this Agreement is executed after 4:01 p.m., Eastern time) or at such earlier time as shall be agreed upon by the Representative and the Company, at the offices of Schiff Hardin LLP, 901 K Street NW, Suite 700, Washington DC 20001 (“**Representative’s Counsel**”), or at such other place (or by electronic transmission) as shall be agreed upon by the Representative and the Company. The hour and date of issue and payment for the Firm Shares is called the “**Closing Date**.”

(B) Payment for the Firm Shares shall be made on the Closing Date by wire transfer in federal (same day) funds, payable to the order of the Company upon issue of the Firm Shares (in form and substance satisfactory to the Underwriters), for the account of the Underwriters. The securities comprising the Firm Shares shall be registered in such name or names and in such authorized denominations as the Representative may request in writing prior to the Closing Date. The term “**Business Day**” means any day other than a Saturday, a Sunday or a legal holiday or a day on which banking institutions are authorized or obligated by law to close in New York, New York.

(C) Concurrently with the execution and delivery of this Agreement, the Company, the Representative and [ ], as escrow agent (the “**Escrow Agent**”), shall enter into an escrow agreement (the “**Escrow Agreement**”), pursuant to which \$150,000 in proceeds from the Offering shall be deposited by the Company at Closing in an escrow account (the “**Escrow Account**”). All remaining funds in the Escrow Account that

are not subject to an indemnification claim as of the fifteen (15) month anniversary of the Closing Date will be returned to the Company in accordance with the terms of the Escrow Agreement. The Company shall pay the reasonable fees and expenses of the Escrow Agent.

(b) Over-Allotment Option.

(i) Option Shares. For the purposes of covering any over-allotments in connection with the issue and sale of the Ordinary Shares, the Representative is hereby granted an option (the “**Over-Allotment Option**”) to subscribe for, in the aggregate, up to [●] Ordinary Shares (15% of the Firm Shares) at the Subscription Price (the “**Option Shares**” and together with the Firm Shares, the “**Shares**”). The Firm Shares and the Option Shares are collectively referred to as the “**Public Securities**.” The Public Securities shall be issued directly by the Company and shall have the rights and privileges described in the Amended and Restated Memorandum and Articles of Association of the Company, the Registration Statement, the Pricing Disclosure Package and the Prospectus referred to below. The offering and sale of the Public Securities is hereinafter referred to as the “**Offering**.”

(ii) Exercise of Over-Allotment Option. The Over-Allotment Option granted pursuant to this Section 1(b) may be exercised by the Representative as to all (at any time) or any part (from time to time) of the Option Shares within forty-five (45) days after the effective date of the Registration Statement. An Underwriter will not be under any obligation to subscribe for any Option Shares prior to the exercise of the Over-Allotment Option by the Representative. The Over-Allotment Option granted hereby may be exercised by the giving of oral notice to the Company from the Representative, which must be confirmed in writing by overnight mail or by email or other electronic transmission setting forth the number of Option Shares to be subscribed for and the date and time for issue of and payment for the Option Shares (each, an “**Option Closing Date**”), which will not be earlier than one (1) Business Day nor later than three (3) full Business Days after the date of the notice or such other time as shall be agreed upon by the Company and the Representative, at the offices of the Representative’s Counsel, or at such other place (including remotely by electronic transmission) as shall be agreed upon by the Company and the Representative. If such issue and payment for the Option Shares does not occur on the Closing Date, each Option Closing Date will be as set forth in the notice. Upon exercise of the Over-Allotment Option, the Company will become obligated to issue to the Underwriters, and, subject to the terms and conditions set forth herein, the Underwriters will become obligated to subscribe for, the number of Option Shares specified in such notice. The Representative may cancel the Over-Allotment Option at any time prior to the expiration of the Over-Allotment Option by written notice to the Company (except to the extent the Representative has exercised the Over-Allotment Option in accordance herewith).

(iii) Payment and Issue. Payment for the Option Shares shall be made on the Option Closing Date by wire transfer in federal (same day) funds, payable to the order of the Company upon issue of the certificates (in form and substance satisfactory to the Underwriters, if any) representing the Option Shares (or via DWAC) for the account of the Underwriters. The Option Shares shall be registered in such name or names and in such authorized denominations as the Representative may request in writing prior to the Option Closing Date.

(c) Representative’s Warrant.

(i) Representative’s Warrant. The Company hereby agrees to issue to the Representative (and/or its designees) on the Closing Date warrants for the subscribe for of an aggregate number of Ordinary Shares equal to 5% of the number of Ordinary Shares issued in the Offering, pursuant to a warrant agreement in the form attached hereto as Exhibit A (the “**Representative’s Warrants**”), at an initial exercise price of \$[●], which is equal to 120% of the public offering price for one Ordinary Share. The Representative’s Warrant and the Ordinary Shares issuable upon exercise of the Representative’s Warrants are hereinafter referred to together as the “**Representative’s Securities**.” The Representative understand and agree that there are significant restrictions pursuant to FINRA Rule 5110 against transferring the Representative’s Warrants and the underlying securities during the one hundred eighty (180) days after the Effective Date and by its acceptance thereof shall agree that it will not sell, transfer, assign, pledge or hypothecate the Representative’s Warrants, or any portion thereof, or be the subject of any hedging, short sale, derivative, put or call transaction that would result in the effective economic disposition of such securities for a period of one hundred eighty (180) days following the Effective Date to anyone other than (i) an Underwriter or a selected dealer in connection with the Offering, or (ii) a bona fide officer or partner of the Representative or of any

such Underwriter or selected dealer; or as otherwise expressly permitted by Rule 5110(g), and only if any such transferee agrees to the foregoing lock-up restrictions.

(ii) Delivery. Delivery of the Representative's Warrant shall be made on the Closing Date or Option Closing Date, as applicable, and shall be issued in the name or names and in such authorized denominations as the Representative may request.

2. Representations and Warranties of the Company. The Company represents and warrants to the Underwriters as of the Applicable Time (as defined below) and as of the Closing Date, as follows:

(a) Registration Matters.

(i) Pursuant to the Securities Act.

(A) The Company has filed with the U.S. Securities and Exchange Commission (the "Commission") a registration statement, and an amendment or amendments thereto, on Form F-1 (File No. 333-[]), including any related prospectus or prospectuses, for the registration of the Public Securities and the Representative's Securities under the Securities Act of 1933, as amended (the "Securities Act"), which registration statement and amendment or amendments have been prepared by the Company in conformity in all material respects with the requirements of the Securities Act and the rules and regulations of the Commission under the Securities Act (the "Securities Act Regulations") and will contain all material statements that are required to be stated therein in accordance with the Securities Act and the Securities Act Regulations. Except as the context may otherwise require, such registration statement, as amended, on file with the Commission at the time the registration statement became effective (including the Preliminary Prospectus included in the registration statement, financial statements, schedules, exhibits and all other documents filed as a part thereof or incorporated therein by reference and all information deemed to be a part thereof as of the Effective Date pursuant to paragraph (b) of Rule 430A of the Securities Act Regulations (the "Rule 430A Information")), is referred to herein as the "Registration Statement." If the Company files any registration statement pursuant to Rule 462(b) of the Securities Act Regulations, then after such filing, the term "Registration Statement" shall include such registration statement filed pursuant to Rule 462(b). The Registration Statement has been declared effective by the Commission on the date hereof.

(B) Each prospectus used prior to the effectiveness of the Registration Statement, and each prospectus that omitted the Rule 430A Information that was used after such effectiveness and prior to the execution and issue of this Agreement, is herein called a "Preliminary Prospectus." The Preliminary Prospectus, subject to completion, dated [●], 2019, that was included in the Registration Statement immediately prior to the Applicable Time is hereinafter called the "Pricing Prospectus." The final prospectus in the form first furnished to the Underwriters for use in the Offering is hereinafter called the "Prospectus." Any reference to the "most recent Preliminary Prospectus" shall be deemed to refer to the latest Preliminary Prospectus included in the Registration Statement.

(C) The term "Pricing Disclosure Package" means (i) the Preliminary Prospectus, as most recently amended or supplemented immediately prior to the Applicable Time (as defined herein), (ii) the Issuer Free Writing Prospectuses (as defined below), if any, identified in Schedule I hereto, (iii) any other Free Writing Prospectus (as defined below) that the parties hereto shall hereafter expressly agree to treat as part of the Pricing Disclosure Package, and (iv) the information included on Schedule 2 of this Agreement.

(D) "Applicable Time" means 4:30 p.m., Eastern time, on the date of this Agreement.

(E) "Issuer Free Writing Prospectus" means any issuer free writing prospectus, as defined in Rule 433 of the Securities Act Regulations. The term "Free Writing Prospectus" means any free writing prospectus, as defined in Rule 405 of the Securities Act Regulations.

(ii) Pursuant to the Exchange Act. The Company has filed with the Commission a Form 8-A providing for the registration pursuant to Section 12(b) under the Securities Exchange Act of 1934, as amended (the

“**Exchange Act**”), of the Ordinary Shares. The registration of the Ordinary Shares under the Exchange Act has been declared effective by the Commission on or prior to the date hereof. The Company has taken no action designed to, or likely to have the effect of, terminating the registration of the Ordinary Shares under the Exchange Act, nor has the Company received any notification that the Commission is contemplating terminating such registration.

(b) Stock Exchange Listing. The Ordinary Shares are approved for listing on NASDAQ Capital Market (the “**Exchange**”) and the Company has taken no action designed to, or likely to have the effect of, delisting the Ordinary Shares from the Exchange, nor has the Company received any notification that the Exchange is contemplating terminating such listing.

(c) No Stop Orders, etc. Neither the Commission nor, to the Company’s knowledge, any state regulatory authority has issued any order preventing or suspending the use of the Registration Statement, any Preliminary Prospectus or the Prospectus or has instituted or, to the Company’s knowledge, threatened to institute, any proceedings with respect to such an order. The Company has complied with each request (if any) from the Commission for additional information.

(d) Organization; Subsidiaries; Good Standing. Each of the Company and each of the Company’s subsidiaries have been duly incorporated and are validly existing as entities in good standing under the laws of jurisdictions of their respective incorporation or organization, with power and authority to own, lease and operate their respective properties and conduct their respective businesses as described in the Preliminary Prospectus, and have been duly qualified as foreign companies or corporations for the transaction of business and are in good standing under the laws of each other jurisdiction in which they own or lease properties or conduct any business so as to require such qualification, except where the failure so to qualify or be in good standing would not have a Material Adverse Change (as defined in Section 2(f)(i)); all of the issued and outstanding share capital (or other ownership interests) of such subsidiaries has been duly and validly authorized and issued, is fully paid and non-assessable and is owned, directly or indirectly, by the Company free and clear of any security interest, mortgage, pledge, lien, encumbrance, claim or equity. Unless otherwise set forth, all references in this Section 2 to the “Company” shall include references to all such subsidiaries. Neither the Company nor any subsidiary is in violation or default of any of the provisions of its respective certificate or articles of incorporation, bylaws or other organizational or charter documents.

(e) Disclosures in Registration Statement.

(i) Compliance with Securities Act and 10b-5 Representation.

(A) Each of the Registration Statement and any post-effective amendment thereto, at the time it became effective, complied in all material respects with the requirements of the Securities Act and the Securities Act Regulations. Each Preliminary Prospectus, including the prospectus filed as part of the Registration Statement as originally filed or as part of any amendment or supplement thereto, and the Prospectus, at the time each was filed with the Commission, complied in all material respects with the requirements of the Securities Act and the Securities Act Regulations. Each Preliminary Prospectus delivered to the Underwriters for use in connection with this Offering and the Prospectus was or will be identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(B) Neither the Registration Statement nor any amendment thereto, at its respective effective time, contained, contains or will contain an untrue statement of a material fact or omitted, omits or will omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading.

(C) The Pricing Disclosure Package, as of the Applicable Time, at the Closing Date or at any Option Closing Date, did not, does not, and will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and each Issuer Free Writing Prospectus does not conflict with the information contained in the Registration Statement, any Preliminary Prospectus, or the Prospectus, and each such Issuer Free Writing Prospectus, as supplemented by and taken together with the Preliminary Prospectus as of the Applicable Time, did not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading;

provided, however, that this representation and warranty shall not apply to statements made or statements omitted in reliance upon and in conformity with written information furnished to the Company with respect to the Underwriters by the Representative expressly for use in the Registration Statement, the Preliminary Prospectus or the Prospectus or any amendment thereof or supplement thereto. The parties acknowledge and agree that such information provided by or on behalf of any Underwriter consists solely of the following disclosure contained in the following paragraphs in the “Underwriting” section of the Prospectus: (i) the names of the several underwriters, and (ii) the information under the subsections “Underwriters’ Compensation”; “Participation in Future Offerings”; and “Stabilization” (the “**Underwriters’ Information**”).

(D) Neither the Prospectus nor any amendment or supplement thereto (including any prospectus wrapper), as of its issue date, at the time of any filing with the Commission pursuant to Rule 424(b), or at the Closing Date, included, includes or will include an untrue statement of a material fact or omitted, omits or will omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that this representation and warranty shall not apply to the Underwriters’ Information contained therein.

(ii) **Disclosure of Agreements.** The agreements and documents described in the Registration Statement, the Pricing Disclosure Package and the Prospectus conform in all material respects to the descriptions thereof contained therein and there are no agreements or other documents required by the Securities Act and the Securities Act Regulations to be described in the Registration Statement, the Pricing Disclosure Package and the Prospectus or to be filed with the Commission as exhibits to the Registration Statement, that have not been so described or filed. Each agreement or other instrument (however characterized or described) to which the Company is a party or by which it is or may be bound or affected and (i) that is referred to in the Registration Statement, the Pricing Disclosure Package and the Prospectus, and (ii) is material to the Company’s business, has been duly authorized and validly executed by the Company, is in full force and effect in all material respects and is enforceable against the Company and, to the Company’s knowledge, the other parties thereto, in accordance with its terms, except (w) for such agreements or instruments for enforceability of which would not reasonably be expected to result, individually or in the aggregate, in a Material Adverse Change, (x) as such enforceability may be limited by bankruptcy, insolvency, reorganization or similar laws affecting creditors’ rights generally, (y) as enforceability of any indemnification or contribution provision may be limited under the federal and state securities laws, and (z) that the remedy of specific performance and injunctive and other forms of equitable relief may be subject to the equitable defenses and to the discretion of the court before which any proceeding therefor may be brought. None of such agreements or instruments has been assigned by the Company, and neither the Company nor, to the Company’s knowledge, any other party is in material default thereunder and, to the Company’s knowledge, no event has occurred that, with the lapse of time or the giving of notice, or both, would constitute a material default thereunder, except as disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus, or which would not reasonably be expected to result, individually or in the aggregate, in a Material Adverse Change. To the Company’s knowledge, performance by the Company of the material provisions of such agreements or instruments will not result in a violation of any existing applicable law, rule, regulation, judgment, order or decree of any governmental agency or court, domestic or foreign, having jurisdiction over the Company or any of its assets or businesses (each, a “**Governmental Entity**”), including, without limitation, those relating to environmental laws and regulations, except such violations which would not reasonably be expected to result, individually or in the aggregate, in a Material Adverse Change.

(iii) **Prior Securities Transactions.** Since the beginning of the last two full fiscal years, no securities of the Company have been sold by the Company or by or on behalf of, or for the benefit of, any person or persons controlling, controlled by or under common control with the Company, except as disclosed in the Registration Statement, the Pricing Disclosure Package and the Preliminary Prospectus.

(iv) **Regulations.** The disclosures in the Registration Statement, the Pricing Disclosure Package and the Prospectus concerning the effects of federal, state, local and foreign laws, rules and regulations relating to the Company’s business as currently contemplated are correct in all material respects and no other such regulations are required to be disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus which are not so disclosed.

(f) **Changes After Dates in Registration Statement.**

(i) No Material Adverse Change. Since the respective dates as of which information is given in the Registration Statement, the Pricing Disclosure Package and the Prospectus, except as otherwise specifically stated therein: (i) there has been no material adverse change in the financial position or results of operations of the Company, nor any change or development that, singularly or in the aggregate, would reasonably be expected to involve a material adverse change in or affecting the condition (financial or otherwise), results of operations, business or assets of the Company and its subsidiaries, taken as a whole (a “**Material Adverse Change**”); (ii) there have been no material transactions entered into by the Company, other than as contemplated pursuant to this Agreement; and (iii) no officer or director of the Company has resigned from any position with the Company.

(ii) Recent Securities Transactions, etc. Subsequent to the respective dates as of which information is given in the Registration Statement, the Pricing Disclosure Package and the Prospectus, and except as may otherwise be indicated or contemplated herein or disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus, the Company has not: (i) issued any securities or incurred any liability or obligation, direct or contingent, for borrowed money; or (ii) declared or paid any dividend or made any other distribution on or in respect to its share capital.

(g) Independent Accountants. To the knowledge of the Company, BDO China Shu Lun Pan Certified Public Accountants LLP, during such time as it was engaged by the Company (the “**Auditors**”), has been and is an independent registered public accounting firm as required by the Securities Act and the Securities Act Regulations and the Public Company Accounting Oversight Board. During such time period in which the Auditors served as the Company’s independent registered public accounting firm, the Auditors did not or have not, during the periods covered by the financial statements included in the Registration Statement, the Pricing Disclosure Package and the Prospectus, provided to the Company any non-audit services, as such term is used in Section 10A(g) of the Exchange Act.

(h) Financial Statements, etc. The financial statements, including the notes thereto and supporting schedules included in the Registration Statement, the Pricing Prospectus and the Prospectus, fairly present in all material respects the financial position and the results of operations of the Company at the dates and for the periods to which they apply; and such financial statements have been prepared in accordance with United States generally accepted accounting principles applied on a consistent basis during the periods involved (“**GAAP**”), except as may be otherwise specified in such financial statements or the notes thereto and except that unaudited financial statements may not contain all footnotes required by GAAP, and fairly present in all material respects the financial position of the Company and its consolidated subsidiaries as of and for the dates thereof and the results of operations and cash flows for the periods then ended, subject, in the case of unaudited statements, to normal, immaterial, year-end audit adjustments. The financial statements, including the notes thereto and supporting schedules included in the Registration Statement, the Pricing Disclosure Package and the Prospectus, fairly present in all material respects the financial position and the results of operations of the Company at the dates and for the periods to which they apply; and such financial statements have been prepared in conformity with GAAP, consistently applied throughout the periods involved (provided that unaudited interim financial statements are subject to year-end audit adjustments that are not expected to be material in the aggregate and do not contain all footnotes required by GAAP); and the supporting schedules included in the Registration Statement present fairly in all material respects the information required to be stated therein. Except as included therein, no historical or pro forma financial statements are required to be included in the Registration Statement, the Pricing Disclosure Package or the Prospectus under the Securities Act or the Securities Act Regulations. The pro forma and pro forma as adjusted financial information and the related notes, if any, included in the Registration Statement, the Pricing Disclosure Package and the Prospectus have been properly compiled and prepared in accordance with the applicable requirements of the Securities Act and the Securities Act Regulations and present fairly in all material respects the information shown therein, and the assumptions used in the preparation thereof are reasonable and the adjustments used therein are appropriate to give effect to the transactions and circumstances referred to therein. All disclosures contained in the Registration Statement, the Pricing Disclosure Package or the Prospectus regarding “non-GAAP financial measures” (as such term is defined by the rules and regulations of the Commission), if any, comply with Regulation G of the Exchange Act and Item 10 of Regulation S-K of the Securities Act, to the extent applicable. Each of the Registration Statement, the Pricing Disclosure Package and the Prospectus discloses all material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons that may have a material current or future effect on the Company’s financial condition, changes in financial condition, results of operations, liquidity, capital expenditures, capital resources, or

significant components of revenues or expenses. Except as disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus, (a) the Company has not incurred any material liabilities or obligations, direct or contingent, or entered into any material transactions other than in the ordinary course of business, (b) the Company has not declared or paid any dividends or made any distribution of any kind with respect to its share capital, (c) there has not been any change in the share capital of the Company, and (d) there has not been any Material Adverse Change in the Company's long-term or short-term debt.

(i) Authorized Capital; Options, etc. The Company had, at the date or dates indicated in the Registration Statement, the Pricing Disclosure Package and the Prospectus, the duly authorized, issued and outstanding capitalization as set forth therein. Based on the assumptions stated in the Registration Statement, the Pricing Disclosure Package and the Prospectus, the Company will have on the Closing Date the adjusted share capitalization set forth therein. Except as set forth in, or contemplated by, the Registration Statement, the Pricing Disclosure Package and the Prospectus, on the Effective Date, as of the Applicable Time, and on the Closing Date, there will be no share options, warrants, or other rights to subscribe for or otherwise acquire any authorized, but unissued Ordinary Shares or any security convertible or exercisable into Ordinary Shares, or any contracts or commitments to issue or sell Ordinary Shares or any such options, warrants, rights or convertible securities.

(j) Valid Issuance of Securities, etc.

(i) Outstanding Securities. All issued and outstanding securities of the Company issued prior to the transactions contemplated by this Agreement have been duly authorized and validly issued and are fully paid and non-assessable; the holders thereof have no rights of rescission with respect thereto, and are not subject to personal liability by reason of being such holders; and none of such securities were issued in violation of the preemptive rights of any holders of any security of the Company or similar contractual rights granted by the Company. The offers and sales of the issued and outstanding Ordinary Shares were at all relevant times either registered under the Securities Act and the applicable state securities or "blue sky" laws or, based in part on the representations and warranties of the subscribe for of such shares, exempt from such registration requirements. The authorized Ordinary Shares and other issued and outstanding securities conform in all material respects to all statements relating thereto contained in the Registration Statement, the Pricing Disclosure Package and the Prospectus.

(ii) Securities Sold Pursuant to this Agreement. The Public Securities and the Ordinary Shares to be issued upon exercise Representative's Warrants have been duly authorized for issuance and sale and, when issued and paid for, will be validly issued as fully paid and non-assessable; the holders thereof are not and will not be subject to personal liability by reason of being such holders; the Public Securities and Representative's Securities are not and will not be subject to the preemptive rights of any holders of any security of the Company or similar contractual rights granted by the Company; and all corporate action required to be taken for the authorization, issuance and sale of the Public Securities and Representative's Securities has been duly and validly taken. The Public Securities and Representative's Securities conform in all material respects to all statements with respect thereto contained in the Registration Statement, the Pricing Disclosure Package and the Prospectus.

(k) Registration Rights of Third Parties. Except as set forth in the Registration Statement, the Pricing Disclosure Package and the Prospectus, no holders of any securities of the Company or any rights exercisable for or convertible or exchangeable into securities of the Company have the right to require the Company to register any such securities of the Company under the Securities Act or to include any such securities in a registration statement to be filed by the Company (except for any such rights that have been waived or with respect to securities covered by any effective registration statement).

(l) Validity and Binding Effect of Agreements. This Agreement and the Representative's Warrants have been duly and validly authorized by the Company and when executed and delivered, will constitute, the valid and binding agreement of the Company, enforceable against the Company in accordance with its respective terms, except: (i) as such enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance, fraudulent transfer, moratorium or similar laws affecting creditors' rights generally; (ii) as enforceability of any indemnification or contribution provision may be limited under the federal and state securities laws; and (iii) that the remedy of specific performance and injunctive and other forms of equitable relief may be subject to the equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

(m) No Conflicts, etc. The execution, delivery and performance by the Company of this Agreement, the Representative's Warrant and all ancillary documents, the consummation by the Company of the transactions herein and therein contemplated and the compliance by the Company with the terms hereof and thereof do not and will not, with or without the giving of notice or the lapse of time or both: (i) result in a material breach of, or conflict with any of the terms and provisions of, or constitute a material default under, or result in the creation, modification, termination or imposition of any material lien, charge or encumbrance upon any property or assets of the Company pursuant to the terms of any agreement or instrument to which the Company is a party; (ii) result in any violation of the provisions of the Amended and Restated Memorandum and Articles of Association of the Company; or (iii) violate any existing law, rule, regulation, judgment, order or decree of any Governmental Entity as of the date hereof, except in the case of clauses (i) and (iii) above for any such breaches, conflicts or violations which would not reasonably be expected to result in a Material Adverse Change.

(n) Regulatory. Except as described in the Registration Statement, the Pricing Prospectus and the Prospectus or as would not reasonably be expected to result, individually or in the aggregate, in a Material Adverse Change: (i) the Company has not received notice from any Governmental Entity alleging or asserting noncompliance with any Applicable Laws (as defined in clause (ii) below) or Authorizations (as defined in clause (iii) below); (ii) to the Company's knowledge, the Company is and has been in material compliance with federal, state or foreign statutes, laws, ordinances, rules and regulations applicable to the Company (collectively, "Applicable Laws"); (iii) to the Company's knowledge, the Company possesses all licenses, certificates, approvals, clearances, consents, authorizations, qualifications, registrations, permits, and supplements or amendments thereto required by any such Applicable Laws and/or to carry on its businesses as now conducted ("Authorizations") and such Authorizations are valid and in full force and effect and the Company is not in violation of any term of any such Authorizations, except for any violations which would not reasonably be expected to have a Material Adverse Change; (iv) the Company has not received notice of any claim, action, suit, proceeding, hearing, enforcement, investigation, arbitration or other action from any Governmental Entity or third party alleging that any product, operation or activity is in violation of any Applicable Laws or Authorizations or has any knowledge that any such Governmental Entity or third party is considering any such claim, litigation, arbitration, action, suit, investigation or proceeding, nor, to the Company's knowledge, has there been any material noncompliance with or violation of any Applicable Laws by the Company that could reasonably be expected to require the issuance of any such communication or result in an investigation, corrective action, or enforcement action by any Governmental Entity; and (v) the Company has not received notice that any Governmental Entity has taken, is taking or intends to take action to limit, suspend, modify or revoke any Authorizations or has any knowledge that any such Governmental Entity has threatened or is considering such action. Neither the Company nor, to the Company's knowledge, any of its directors, officers, employees or agents has been convicted of any crime under any Applicable Laws.

(o) No Defaults; Violations. No default exists in the due performance and observance of any term, covenant or condition of any material license, contract, indenture, mortgage, deed of trust, note, loan or credit agreement, or any other agreement or instrument evidencing an obligation for borrowed money, or any other material agreement or instrument to which the Company is a party or by which the Company may be bound or to which any of the properties or assets of the Company is subject, except as would not reasonably be expected to result, individually or in the aggregate, in a Material Adverse Change. The Company is not (i) in violation of any term or provision of the Amended and Restated Memorandum and Articles of Association of the Company, or (ii) except as would not reasonably be expected to result, individually or in the aggregate, in a Material Adverse Change, in violation of any franchise, license, permit, applicable law, rule, regulation, judgment or decree of any Governmental Entity applicable to the Company.

(p) Corporate Power; Licenses; Consents.

(i) Conduct of Business. Except as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, the Company has all requisite corporate power and authority, and has all necessary authorizations, approvals, orders, licenses, certificates and permits of and from all governmental regulatory officials and bodies that it needs as of the date hereof to conduct its business purpose as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus.

(ii) Transactions Contemplated Herein. The Company has all corporate power and authority to enter into this Agreement and to carry out the provisions and conditions hereof, and all consents, authorizations,

approvals and orders required in connection therewith have been obtained. No consent, authorization or order of, and no filing with, any court, government agency or other body is required for the valid issuance, sale and issue of the Public Securities and the consummation of the transactions and agreements contemplated by this Agreement and as contemplated by the Registration Statement, the Pricing Disclosure Package and the Prospectus, except with respect to applicable federal and state securities laws, the rules and regulations of the Financial Industry Regulatory Authority, Inc. ("FINRA") and the rules and regulations of the Exchange, and except with respect to such consent, authorization, order or filing that would not reasonably be expected to have a Material Adverse Change.

(q) Litigation; Governmental Proceedings. There is no material action, suit, proceeding, inquiry, arbitration, investigation, litigation or governmental proceeding pending or, to the Company's knowledge, threatened against, or involving the Company or, to the Company's knowledge, any executive officer or director which has not been disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus or in connection with the Company's listing application for the additional listing of the Shares on the Exchange.

(r) Insurance. The Company carries or is entitled to the benefits of insurance, with, to the Company's knowledge, reputable insurers, and in such amounts and covering such risks which the Company believes are reasonably adequate, and all such insurance is in full force and effect. The Company has no reason to believe that it will not be able (i) to renew its existing insurance coverage as and when such policies expire or (ii) to obtain comparable coverage from similar institutions as may be necessary or appropriate to conduct its business as now conducted and at a cost that would not reasonably be expected to result in a Material Adverse Change.

(s) Transactions Affecting Disclosure to FINRA.

(i) Finder's Fees. Except as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, there are no claims, payments, arrangements, agreements or understandings relating to the payment of a finder's, consulting or origination fee by the Company or any executive officer or director of the Company (each, an, "Insider") with respect to the sale of the Public Securities hereunder or any other arrangements, agreements or understandings of the Company or, to the Company's knowledge, any of its shareholders that may affect the Underwriters' compensation, as determined by FINRA.

(ii) Payments Within Six (6) Months. The Company has not made any direct or indirect payments (in cash, securities or otherwise) to: (i) any person, as a finder's fee, consulting fee or otherwise, in consideration of such person raising capital for the Company or introducing to the Company persons who raised or provided capital to the Company; (ii) any FINRA member; or (iii) any person or entity that has any direct or indirect affiliation or association with any FINRA member, within the 180 days prior to the date of the initial filing of the Registration Statement, other than the payment to the Underwriters as provided hereunder in connection with the Offering.

(iii) Use of Proceeds. None of the net proceeds of the Offering will be paid by the Company to any participating FINRA member or its affiliates, except as specifically authorized herein.

(iv) FINRA Affiliation. There is no (i) officer or director of the Company, (ii) beneficial owner of 5% or more of any class of the Company's securities or (iii) beneficial owner of the Company's unregistered equity securities which were acquired during the 180-day period immediately preceding the filing of the Registration Statement that, in each such case, is an affiliate or associated person of a FINRA member participating in the Offering (as determined in accordance with the rules and regulations of FINRA).

(v) Information. To the Company's knowledge, all information provided by the Company's officers and directors in their FINRA Questionnaires to Representative's Counsel specifically for use by Representative's Counsel in connection with its Public Offering System filings (and related disclosure) with FINRA is true, correct and complete in all material respects.

(t) Foreign Corrupt Practices Act. Neither the Company nor, to the Company's knowledge, any director, officer, agent, employee or affiliate of the Company (acting in such capacity) or any other person acting on behalf of the Company (acting in such capacity), has, directly or indirectly, given or agreed to give any money, gift

or similar benefit (other than legal price concessions to customers in the ordinary course of business) to any customer, supplier, employee or agent of a customer or supplier, or official or employee of any governmental agency or instrumentality of any government (domestic or foreign) or any political party or candidate for office (domestic or foreign) or other person who was, is, or may be in a position to help or hinder the business of the Company (or assist it in connection with any actual or proposed transaction) that (i) might subject the Company to any damage or penalty in any civil, criminal or governmental litigation or proceeding, (ii) if not given in the past, might reasonably be expected to have had a Material Adverse Change or (iii) if not continued in the future, might adversely affect the assets, business, operations or prospects of the Company. The Company has taken reasonable steps to ensure that its accounting controls and procedures are sufficient to cause the Company to comply in all material respects with the Foreign Corrupt Practices Act of 1977, as amended.

(u) Compliance with OFAC. Neither the Company nor, to the Company's knowledge, any director, officer, agent, employee or affiliate of the Company (acting in such capacity) or any other person acting on behalf of the Company (acting in such capacity), is currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury ("OFAC").

(v) Money Laundering Laws. The operations of the Company are and have been conducted at all times in compliance in all material respects with applicable financial recordkeeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, the money laundering statutes of all applicable jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any Governmental Entity (collectively, the "Money Laundering Laws"); and no action, suit or proceeding by or before any Governmental Entity involving the Company with respect to the Money Laundering Laws is pending or, to the knowledge of the Company, threatened.

(w) Officers' Certificate. Any certificate signed by any duly authorized officer of the Company and delivered to the Representative or to Representative's Counsel shall be deemed a representation and warranty by the Company to the Underwriters as to the matters covered thereby.

(x) Related Party Transactions. There are no business relationships or related party transactions involving the Company or any other person required to be described in the Registration Statement, the Pricing Disclosure Package and the Prospectus that have not been described as required.

(y) Board of Directors. The qualifications of the persons serving as board members and the overall composition of the board comply with the Exchange Act, the Exchange Act Regulations, the Sarbanes-Oxley Act of 2002 and the rules promulgated thereunder (the "Sarbanes-Oxley Act") applicable to the Company and the listing rules of the Exchange. At least one member of the Audit Committee of the Board of Directors of the Company qualifies as an "audit committee financial expert," as such term is defined under Regulation S-K and the listing rules of the Exchange.

(z) Sarbanes-Oxley Compliance.

(i) Disclosure Controls. The Company has developed and currently maintains disclosure controls and procedures that will comply with Rule 13a-15 or 15d-15 under the Exchange Act Regulations applicable to it, and such controls and procedures are effective to ensure that all material information concerning the Company will be made known on a timely basis to the individuals responsible for the preparation of the Company's Exchange Act filings and other public disclosure documents.

(ii) Compliance. The Company is in compliance with the provisions of the Sarbanes-Oxley Act applicable to it, and has implemented or will implement such programs and taken reasonable steps to ensure the Company's future compliance (not later than the relevant statutory and regulatory deadlines therefor) with all of the provisions of the Sarbanes-Oxley Act.

(aa) Accounting Controls. The Company maintains systems of "internal control over financial reporting" (as defined under Rules 13a-15 and 15d-15 under the Exchange Act Regulations) that comply in all material respects with the requirements of the Exchange Act and have been designed by, or under the supervision of,

its principal executive and principal financial officers, or persons performing similar functions, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP, including, but not limited to, internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. Except as disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus, the Company is not aware of any material weaknesses in its internal controls. The Auditors and the Audit Committee of the Board of Directors of the Company have been advised of: (i) all significant deficiencies and material weaknesses, if any, in the design or operation of internal controls over financial reporting which are known to the Company's management and that have adversely affected or are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and (ii) any fraud, if any, known to the Company's management, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls over financial reporting.

(bb) No Investment Company Status. The Company is not and, after giving effect to the Offering and the application of the proceeds thereof as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, will not be, required to register as an "investment company," as defined in the Investment Company Act of 1940, as amended.

(cc) No Labor Disputes. No labor dispute with the employees of the Company, which would reasonably be expected to result in a Material Adverse Change, exists or, to the knowledge of the Company, is imminent.

(dd) Intellectual Property Rights. To the Company's knowledge, the Company has, or can acquire on reasonable terms, ownership of and/or license to, or otherwise has the right to use, all inventions, know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures), patents and patent rights trademarks, service marks and trade names, copyrights, (collectively "Intellectual Property") material to carrying on its businesses as described in the Pricing Prospectus. The Company has not received any correspondence relating to any Intellectual Property, including notice of: (A) infringement or misappropriation of, or conflict with, any Intellectual Property of a third party; (B) asserted rights of others with respect to any Intellectual Property of the Company; (C) assertions that any Intellectual Property of the Company is invalid or otherwise inadequate to protect the interest of the Company, that in each case (if the subject of any unfavorable decision, ruling or finding), individually or in the aggregate, would have or would reasonably be expected to have a Material Adverse Change. There are no third parties who have been able to establish any material rights to any Intellectual Property, except for the retained rights of the owners or licensors of any Intellectual Property that is licensed to the Company. There is no pending or, to the Company's knowledge, threatened action, suit, proceeding or claim by others: (A) challenging the validity, enforceability or scope of any Intellectual Property of the Company in any material respect or (B) challenging the Company's rights in or to any Intellectual Property in any material respect or (C) that the Company materially infringes, misappropriates or otherwise violates or conflicts with any Intellectual Property or other proprietary rights of others. The Company has complied in all material respects with the terms of each agreement described in the Registration Statement, Pricing Disclosure Package or Prospectus pursuant to which any Intellectual Property is licensed to the Company, and all such agreements related to products currently made or sold by the Company, or to product candidates currently under development, are in full force and effect. All patents issued in the name of, or assigned to, the Company, and all patent applications made by or on behalf of the Company (collectively, the "Company Patents") have been duly and properly filed, except for such failures to file as would reasonably be expected to result in a Material Adverse Change. The Company is not aware of any material information that was required to be disclosed to the United States Patent and Trademark Office (the "USPTO") but that was not disclosed to the USPTO with respect to any issued Company Patent, or that is required to be disclosed and has not yet been disclosed in any pending application in the Company Patents and that would preclude the grant of a patent on such application. To the Company's knowledge, the Company is the sole owner of the Company Patents.

(ee) Taxes. The Company has filed all returns (as hereinafter defined) required to be filed with taxing

authorities prior to the date hereof or has duly obtained extensions of time for the filing thereof. The Company has paid all taxes (as hereinafter defined) shown as due on such returns that were filed and has paid all taxes imposed on or assessed against the Company, except (i) such taxes the Company is challenging in good faith and (ii) for such exceptions as could not reasonably be expected, individually or in the aggregate, to have a Material Adverse Change. The provisions for taxes payable, if any, shown on the financial statements filed with or as part of the Registration Statement are sufficient for all material accrued and unpaid taxes, whether or not disputed, and for all periods to and including the dates of such consolidated financial statements. Except as would not reasonably be expected to result in a Material Adverse Change, (i) no issues have been raised (and are currently pending) by any taxing authority in connection with any of the returns or taxes asserted as due from the Company, and (ii) no waivers of statutes of limitation with respect to the returns or collection of taxes have been given by or requested from the Company. The term “taxes” mean all federal, state, local, foreign and other net income, gross income, gross receipts, sales, use, ad valorem, transfer, franchise, profits, license, lease, service, service use, withholding, payroll, employment, excise, severance, stamp, occupation, premium, property, windfall profits, customs, duties or other taxes, fees, assessments or charges of any kind whatever, together with any interest and any penalties, additions to tax or additional amounts with respect thereto. The term “returns” means all returns, declarations, reports, statements and other documents required to be filed in respect to taxes.

(ff) Employee Benefit Laws. The operations of the Company and its subsidiaries are and have been conducted at all times in material compliance with the Employee Retirement Income Security Act of 1974, as amended, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any governmental agency (collectively, the “Employee Benefit Laws”) and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or its subsidiaries with respect to the Employee Benefit Laws is pending or, to the knowledge of the Company, threatened.

(gg) Compliance with Laws. The Company: (A) to its knowledge, is and at all times has been in compliance with all Applicable Laws, except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Change; (B) has not received any correspondence from any Governmental Entity alleging or asserting noncompliance with any Applicable Laws or any Authorizations; (C) to its knowledge, possesses all material Authorizations and such Authorizations are valid and in full force and effect and the Company is not in material violation of any term of any such Authorizations, in each case except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Change; (D) has not received written notice of any claim, action, suit, proceeding, hearing, enforcement, investigation, arbitration or other action from any Governmental Entity or third party alleging that any product operation or activity is in violation of any Applicable Laws or Authorizations and has no knowledge that any such Governmental Entity or third party is considering any such claim, litigation, arbitration, action, suit, investigation or proceeding; (E) has not received written notice that any Governmental Entity has taken, is taking or intends to take action to limit, suspend, modify or revoke any Authorizations; and (F) has filed, obtained, maintained or submitted all material reports, documents, forms, notices, applications, records, claims, submissions and supplements or amendments as required by any Applicable Laws or Authorizations and that all such reports, documents, forms, notices, applications, records, claims, submissions and supplements or amendments were complete and correct in all material respects on the date filed (or were corrected or supplemented by a subsequent submission).

(hh) Ineligible Issuer. At the time of filing the Registration Statement and any post-effective amendment thereto, at the time of effectiveness of the Registration Statement and any amendment thereto, at the earliest time thereafter that the Company or another offering participant made a bona fide offer (within the meaning of Rule 164(h)(2) of the Securities Act Regulations) of the Public Securities and at the date hereof, the Company was not and is not an “ineligible issuer,” as defined in Rule 405, without taking account of any determination by the Commission pursuant to Rule 405 that it is not necessary that the Company be considered an ineligible issuer.

(ii) Industry Data. The statistical and market-related data included in each of the Registration Statement, the Pricing Disclosure Package and the Prospectus are based on or derived from sources that the Company reasonably and in good faith believes are reliable and accurate or represent the Company’s good faith estimates that are made on the basis of data derived from such sources.

(jj) Forward-Looking Statements. No forward-looking statement (within the meaning of Section 27A

of the Securities Act and Section 21E of the Exchange Act) contained in the Registration Statement, the Pricing Disclosure Package or the Prospectus has been made or reaffirmed without a reasonable basis or has been disclosed other than in good faith.

(kk) Reserved.

(ll) Margin Securities. The Company owns no “margin securities” as that term is defined in Regulation U of the Board of Governors of the Federal Reserve System (the “Federal Reserve Board”), and none of the proceeds of Offering will be used, directly or indirectly, for the purpose of purchasing or carrying any margin security, for the purpose of reducing or retiring any indebtedness which was originally incurred to subscribe for or carry any margin security or for any other purpose which might cause any of the Ordinary Shares to be considered a “purpose credit” within the meanings of Regulation T, U or X of the Federal Reserve Board.

(mm) Integration. Neither the Company, nor any of its affiliates, nor any person acting on its or their behalf has, directly or indirectly, made any offers or sales of any security or solicited any offers to buy any security, under circumstances that would cause the Offering to be integrated with prior offerings by the Company for purposes of the Securities Act that would require the registration of any such securities issued in such prior offerings under the Securities Act.

(nn) Confidentiality and Non-Competition. To the Company’s knowledge, no director, officer, key employee or consultant of the Company is subject to any confidentiality, non-disclosure, non-competition agreement or non-solicitation agreement with any employer (other than the Company or any subsidiary thereof) or prior employer that could reasonably be expected to materially affect his ability to be and act in his respective capacity of the Company or reasonably be expected to result in a Material Adverse Change.

(oo) Export and Import Laws. The Company, and, to the Company's knowledge, each of its affiliates, and any director, officer, agent or employee of, or other person associated with or acting on behalf of the Company, has acted at all times in compliance with applicable Export and Import Laws (as defined below) and there are no claims, complaints, charges, investigations or proceedings pending or expected or, to the knowledge of the Company, threatened between the Company or any of its Subsidiaries and any governmental authority under any Export or Import Laws. The term “Export and Import Laws” means the Arms Export Control Act, the International Traffic in Arms Regulations, the Export Administration Act of 1979, as amended, the Export Administration Regulations, and all other laws and regulations of the United States government regulating the provision of services to non-U.S. parties or the export and import of articles or information from and to the United States of America, and all similar laws and regulations of any foreign government regulating the provision of services to parties not of the foreign country or the export and import of articles and information from and to the foreign country to parties not of the foreign country.

(pp) PRC Representation and Warranties.

(i) PRC Taxes. Except as disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus, no transaction, stamp, capital or other issuance, registration, transaction, transfer or withholding taxes or duties are payable to any PRC taxing authority in connection with (A) the issuance, sale and issue of the Public Securities and the Representative’s Securities, (B) the subscribe for from the Company and the sale and issue of the Public Securities to subscribers thereof, or (C) the execution and issue of this Agreement by the Underwriters.

(ii) Compliance with SAFE Regulations. The Company has taken all commercially reasonable steps to cause all of the Company's shareholders who are residents or citizens of the PRC, to comply with any applicable rules and regulations of the State Administration of Foreign Exchange relating to such shareholders' shareholding with the Company (the “SAFE Rules and Regulations”), including, without limitation, taking commercially reasonable steps to require each shareholder who is a resident or citizen of the PRC to complete any registration and other procedures required under applicable SAFE Rules and Regulations.

(iii) M&A and CSRC Rules. The Company is aware of and has been advised as to the content of the Rules on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors jointly promulgated by the Ministry of Commerce, the State Assets Supervision and Administration Commission, the State Tax Administration, the State Administration of Industry and Commerce, the China Securities Regulatory Commission (“CSRC”) and the State Administration of Foreign Exchange of China on August 8, 2006 (the “M&A Rules”), in particular the relevant provisions thereof that purport to require offshore special purpose vehicles formed for the purpose of obtaining a stock exchange listing outside of the PRC and controlled directly or indirectly by companies or natural persons of the PRC, to obtain the approval of the CSRC prior to the listing and trading of their securities on a stock exchange located outside of the PRC; the Company has received legal advice specifically with respect to the M&A Rules from its PRC counsel and based on such legal advice, the Company confirms with the Underwriters that: (i) except as disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus, the issuance and sale of the Public Securities, the listing and trading of the Ordinary Shares on the Exchange and the consummation of the transactions contemplated by this Agreement are not and will not be, as of the date hereof, at the Closing Date or on each settlement date, affected by the M&A Rules or any official clarifications, guidance, interpretations or implementation rules in connection with or related to the M&A Rules, including the guidance and notices issued by the CSRC on September 8 and September 21, 2006, as amended (collectively, the “M&A Rules and Related Clarifications”) and (ii) except as disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus, as of the date hereof, the M&A Rules and Related Classifications did not and do not require the Company to obtain the approval of the CSRC prior to the issuance and sale of the Ordinary Shares and Underwriters’ Warrants, the listing and trading of the Ordinary Shares on Nasdaq, or the consummation of the transactions contemplated by this Agreement.

3. Covenants of the Company. The Company covenants and agrees as follows:

(a) Amendments to Registration Statement. The Company shall deliver to the Representative prior to filing, any amendment or supplement to the Registration Statement or Prospectus proposed to be filed after the Effective Date and not file any such amendment or supplement to which the Representative shall reasonably object in writing; provided however, that this Section 3(a) shall not be applicable with respect to any supplements to the Registration Statement filed solely for the purpose of supplementing the Registration Statement or Prospectus with a report filed with the Commission by the Company pursuant to the Exchange Act.

(b) Federal Securities Laws.

(i) Compliance. The Company shall comply with the requirements of Rule 430A of the Securities Act Regulations, and will notify the Representative promptly, and confirm the notice in writing, (i) when any amendment or supplement to the Prospectus shall have been filed; (ii) of the receipt of any comments from the Commission related to the Prospectus or Offering; (iii) of any request by the Commission for any amendment or supplement to the Prospectus or for additional information; (iv) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or any post-effective amendment or of any order preventing or suspending the use of any Preliminary Prospectus or the Prospectus, or of the suspension of the qualification of the Public Securities and Representative’s Securities for offering or sale in any jurisdiction, or of the initiation or, to the Company’s knowledge, threatening, of any proceedings for any of such purposes or of any examination pursuant to Section 8(d) or 8(e) of the Securities Act concerning the Registration Statement; and (v) if the Company becomes the subject of a proceeding under Section 8A of the Securities Act in connection with the Offering of the Public Securities and Representative’s Securities. The Company shall effect all filings required under Rule 424(b) of the Securities Act Regulations, in the manner and within the time period required by Rule 424(b) (without reliance on Rule 424(b)(8)), and shall take such steps as it deems necessary to ascertain promptly whether the form of prospectus transmitted for filing under Rule 424(b) was received for filing by the Commission and, in the event that it was not, it will promptly file such prospectus. The Company shall use its best efforts to prevent the issuance of any stop order, prevention or suspension and, if any such order is issued, to obtain the lifting thereof at the earliest possible moment.

(ii) Continued Compliance. The Company shall comply with the Securities Act, the Securities Act Regulations, the Exchange Act and the Exchange Act Regulations so as to permit the completion of

the distribution of the Public Securities as contemplated in this Agreement and in the Registration Statement, the Pricing Disclosure Package and the Prospectus. If at any time when a prospectus relating to the Public Securities is (or, but for the exception afforded by Rule 172 of the Securities Act Regulations (“Rule 172”), would be) required by the Securities Act to be delivered in connection with sales of the Public Securities, any event shall occur or condition shall exist as a result of which it is necessary, in the opinion of counsel for the Underwriters or for the Company, to (i) amend or supplement the Pricing Disclosure Package or the Prospectus in order that the Pricing Disclosure Package or the Prospectus, as the case may be, will not include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein not misleading in the light of the circumstances existing at the time it is delivered to a subscriber or (ii) amend the Registration Statement or amend or supplement the Pricing Disclosure Package or the Prospectus, as the case may be, in order to comply with the requirements of the Securities Act or the Securities Act Regulations, the Company will promptly (A) give the Representative notice of such event; (B) prepare any amendment or supplement as may be necessary to correct such statement or omission or to make the Registration Statement, the Pricing Disclosure Package or the Prospectus comply with such requirements and, a reasonable amount of time prior to any proposed filing or use, furnish the Representative with copies of any such amendment or supplement and (C) file with the Commission any such amendment or supplement; provided that the Company shall not file or use any such amendment or supplement to which the Representative or counsel for the Representative shall reasonably object. The Company will furnish to the Underwriters such number of copies of such amendment or supplement as the Underwriters may reasonably request. The Company has given the Representative notice of any filings made pursuant to the Exchange Act or the Exchange Act Regulations within 48 hours prior to the Applicable Time. The Company shall give the Representative notice of its intention to make any such filing from the Applicable Time until the later of the Closing Date and the exercise in full or expiration of the Over-allotment Option specified in Section 1(b) hereof.

(iii) Exchange Act Registration. For a period of two (2) years from the Effective Date, the Company shall use its commercially reasonable efforts to maintain the registration of the Ordinary Shares under the Exchange Act other than deregistration in connection with an extraordinary transaction approved by the holders of the Ordinary Shares.

(iv) Free Writing Prospectuses. The Company agrees that, unless it obtains the prior written consent of the Representative it shall not make any offer relating to the Public Securities that would constitute an Issuer Free Writing Prospectus or that would otherwise constitute a “free writing prospectus,” or a portion thereof, required to be filed by the Company with the Commission or retained by the Company under Rule 433; provided that the Representative shall be deemed to have consented to each Issuer Free Writing Prospectus and any “road show that is a written communication” within the meaning of Rule 433(d)(8)(i) that is set forth on Schedule I. The Company represents that it has treated or agrees that it will treat each such free writing prospectus consented to, or deemed consented to, by the Underwriters as an “issuer free writing prospectus,” as defined in Rule 433, and that it has complied and will comply with the applicable requirements of Rule 433 with respect thereto, including timely filing with the Commission where required, legending and record keeping. If at any time following issuance of an Issuer Free Writing Prospectus there occurred or occurs an event or development as a result of which such Issuer Free Writing Prospectus conflicted or would conflict with the information contained in the Registration Statement or included or would include an untrue statement of a material fact or omitted or would omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at that subsequent time, not misleading, the Company will promptly notify the Underwriters and will promptly amend or supplement, at its own expense, such Issuer Free Writing Prospectus to eliminate or correct such conflict, untrue statement or omission.

(c) Delivery to the Underwriters of Registration Statements. The Company has delivered or made available or shall deliver or make available to the Representative and counsel for the Representative, without charge, signed copies of the Registration Statement as originally filed and each amendment thereto (including exhibits filed therewith) and signed copies of all consents and certificates of experts, and will also deliver to the Underwriters, without charge, a conformed copy of the Registration Statement as originally filed and each amendment thereto (without exhibits) for each of the Underwriters. The copies of the Registration Statement and each amendment thereto furnished to the Underwriters will be identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(d) Delivery to the Underwriters of Prospectuses. The Company has delivered or made available or

will deliver or make available to each Underwriter, without charge, as many copies of each Preliminary Prospectus as such Underwriter reasonably requested, and the Company hereby consents to the use of such copies for purposes permitted by the Securities Act. The Company will furnish to each Underwriter, without charge, during the period when a prospectus relating to the Public Securities is (or, but for the exception afforded by Rule 172, would be) required to be delivered under the Securities Act, such number of copies of the Prospectus (as amended or supplemented) as such Underwriter may reasonably request. The Prospectus and any amendments or supplements thereto furnished to the Underwriters will be identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(e) Events Requiring Notice to the Representative. During the period when a prospectus relating to the Public Securities is (or, but for the exception afforded by Rule 172, would be) required by the Securities Act to be delivered in connection with sales of the Public Securities, the Company shall notify the Representative immediately and confirm the notice in writing: (i) of the issuance by the Commission of any stop order or of the initiation, or to the Company's knowledge, the threatening, of any proceeding for that purpose; (ii) of the issuance by any state securities commission of any proceedings for the suspension of the qualification of the Public Securities for offering or sale in any jurisdiction or of the initiation, or to the Company's knowledge, the threatening, of any proceeding for that purpose; (iii) of the delivery to the Commission for filing of any amendment or supplement to the Prospectus; (iv) of the receipt of any comments or request for any additional information from the Commission related to the Prospectus; and (v) of the happening of any event during the period described in this Section 3(e) that, in the judgment of the Company, makes any statement of a material fact made in the Pricing Disclosure Package or the Prospectus untrue or that requires the making of any changes in in the Pricing Disclosure Package or the Prospectus in order to make the statements therein, in light of the circumstances under which they were made, not misleading. If the Commission or any state securities commission shall enter a stop order or suspend such qualification at any time, the Company shall use its commercially reasonable efforts to obtain promptly the lifting of such order.

(f) Listing. The Company shall use its commercially reasonable efforts to maintain the listing of the Ordinary Shares on the Exchange for a period of three (3) years.

(g) Transfer Agent. The Company shall maintain a transfer agent and registrar for the Ordinary Shares.

(h) Payment of Expenses.

(i) The Company hereby agrees to pay on each of the Closing Date, all expenses incident to the performance of the obligations of the Company under this Agreement, including, but not limited to: (a) all filing fees and expenses relating to the registration of the Public Securities with the Commission; (b) all FINRA Public Offering filing fees; (c) all fees and expenses relating to the listing of the Public Securities on the Exchange; (d) all fees, expenses and disbursements relating to the registration or qualification of the Public Securities under the "blue sky" securities laws of such states and other jurisdictions as the Underwriter may reasonably designate (including, without limitation, all filing and registration fees, and the reasonable fees and disbursements of "blue sky" counsel); (e) all fees, expenses and disbursements relating to the registration, qualification or exemption of the Public Securities under the securities laws of such foreign jurisdictions as the Underwriter may reasonably designate; (f) the costs of all mailing and printing of the Offering documents; (g) transfer and/or stamp taxes, if any, payable upon the transfer of Public Securities from the Company to the Underwriters; (h) the fees and expenses of the Company's accountants; and (i) all other actual out-of-pocket costs and expenses of the Underwriters, including, without limitation, the fees of Representative's Counsel, such costs and expenses not to exceed \$135,000. The Representative may deduct from the net proceeds of the Offering payable to the Company on the Closing Date, the expenses set forth herein (less any amounts previously advanced against such actual reimbursable expense) to be paid by the Company to the Underwriters, provided, however, that in the event that the Offering is terminated, the Company agrees to reimburse the Underwriters pursuant to Section 8(c) hereof.

(ii) Non-accountable Expenses. The Company further agrees that, in addition to the expenses payable pursuant to Section 3(h)(h), on the Closing Date it shall pay to the Representative, by deduction from the net proceeds of the Offering contemplated herein, a non-accountable expense allowance equal to 1.5% of the gross proceeds received by the Company from the sale of the Firm Shares (excluding Option Shares).

(i) Application of Net Proceeds. The Company shall apply the net proceeds from the Offering received by it in a manner consistent with the application thereof described under the caption “Use of Proceeds” in the Prospectus.

(j) Rule 158. The Company will timely file such reports pursuant to the Exchange Act as are necessary in order to make generally available to its security holders as soon as practicable an earnings statement for the purposes of, and to provide to the Underwriters the benefits contemplated by, Rule 158(a) under Section 11(a) of the Securities Act.

(k) Stabilization. Neither the Company nor, to its knowledge, any of its employees, directors or shareholders (without the consent of the Representative) has taken or shall take, directly or indirectly, any action designed to or that has constituted or that might reasonably be expected to cause or result in, under Regulation M of the Exchange Act, or otherwise, stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Public Securities.

(l) FINRA. For a period of 90 days from the later of the Closing Date or Option Closing Date, the Company shall advise the Representative (who shall make an appropriate filing with FINRA) if it is or becomes aware that (i) any officer or director of the Company, (ii) any beneficial owner of 5% or more of any class of the Company's securities or (iii) any beneficial owner of the Company's unregistered equity securities which were acquired during the 180 days immediately preceding the filing of the Registration Statement is or becomes an affiliate or associated person of a FINRA member participating in the Offering (as determined in accordance with the rules and regulations of FINRA).

(m) No Fiduciary Duties. The Company acknowledges and agrees that the Underwriters' responsibility to the Company is solely contractual in nature and that none of the Underwriters or their affiliates or any selling agent shall be deemed to be acting in a fiduciary capacity, or otherwise owes any fiduciary duty to the Company or any of its affiliates in connection with the Offering and the other transactions contemplated by this Agreement.

(n) Reporting Requirements. The Company, during the period when a prospectus relating to the Public Securities is (or, but for the exception afforded by Rule 172, would be) required to be delivered under the Securities Act, will file all documents required to be filed with the Commission pursuant to the Exchange Act within the time periods required by the Exchange Act and Exchange Act Regulations.

(o) OFAC. The Company will not, directly or indirectly, use the proceeds of the Offering hereunder, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other person or entity, for the purpose of financing the activities of any person currently subject to any U.S. sanctions administered by OFAC.

(p) Company Lock-Up Agreement. The Company, on behalf of itself and any successor entity, agrees that, without the prior written consent of the Representative, it will not, for a period of twelve (12) months after the date of this Agreement (the “Lock-Up Period”), (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any shares of capital stock of the Company or any securities convertible into or exercisable or exchangeable for shares of capital stock of the Company; (ii) file or caused to be filed any registration statement with the Commission relating to the offering of any shares of capital stock of the Company or any securities convertible into or exercisable or exchangeable for shares of capital stock of the Company; or (iii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of capital stock of the Company, whether any such transaction described in clause (i), (ii) or (iii) above is to be settled by delivery of shares of capital stock of the Company or such other securities, in cash or otherwise. The restrictions contained in this Section 3(p) shall not apply to (i) the Ordinary Shares to be sold hereunder and the issuance of the Representative's Securities, (ii) the issuance by the Company of Ordinary Shares upon the exercise of a stock option or warrant or the conversion of a security outstanding on the date hereof and disclosed in the Registration Statement, the Pricing Disclosure Package or the Prospectus, and (iii) the issuance by the Company, or the filing by the Company of a Registration Statement related thereto, of stock options or shares of capital stock of the Company under any equity compensation plan of the Company disclosed in the Registration Statement, the Pricing Disclosure Package or the Prospectus, and (iv) securities issued pursuant to acquisitions or

strategic transactions approved by a majority of the disinterested directors of the Company, provided that such securities are issued as “restricted securities” (as defined in Rule 144) and carry no registration rights that require or permit the filing of any registration statement in connection therewith during the Lock-Up Period and provided that any such issuance shall only be to a Person (or to the equity holders of a Person) which is, itself or through its subsidiaries, an operating company or an owner of an asset in a business synergistic with the business of the Company and shall provide to the Company additional benefits in addition to the investment of funds, but shall not include a transaction in which the Company is issuing securities primarily for the purpose of raising capital.

4. Conditions of Underwriters’ Obligations. The obligations of the Underwriters to subscribe for and pay for the Public Securities, as provided herein, shall be subject to (i) the continuing accuracy of the representations and warranties of the Company as of the date hereof and as of each of the Closing Date, and any Option Closing Date; (ii) the accuracy of the statements of officers of the Company made pursuant to the provisions hereof; (iii) the performance by the Company of its obligations hereunder; and (iv) the following conditions:

(a) Regulatory Matters.

(i) Effectiveness of Registration Statement. The Registration Statement has become effective not later than 5:00 p.m., Eastern time, on the date of this Agreement or such later date and time as shall be consented to in writing by the Representative, and, at each of the Closing Date and any Option Closing Date, no stop order suspending the effectiveness of the Registration Statement or any post-effective amendment thereto shall have been issued under the Securities Act, no order preventing or suspending the use of any Preliminary Prospectus or the Prospectus shall have been issued and no proceedings for any of those purposes have been instituted or are pending or, to the Company’s knowledge, contemplated by the Commission. The Company has complied with each request (if any) from the Commission for additional information. The Prospectus containing the Rule 430A Information shall have been filed with the Commission in the manner and within the time frame required by Rule 424(b) (without reliance on Rule 424(b)(8)) or a post-effective amendment providing such information shall have been filed with, and declared effective by, the Commission in accordance with the requirements of Rule 430A.

(ii) FINRA Clearance. On or before the Closing Date, the Representative shall have received clearance from FINRA as to the amount of compensation allowable or payable to the Underwriters as described in the Registration Statement.

(iii) Exchange Stock Market Clearance. On the Closing Date, the Company shall have received notice from the Exchange that it has approved the listing of the Ordinary Shares on the Exchange.

(b) Company Counsel Matters.

(i) Closing Date Opinion of Counsel. On the Closing Date, the Representative shall have received: (A) the favorable opinion and negative assurance letter of Ellenoff Grossman & Schole LLP, U.S. counsel to the Company, (B) the favorable opinion of V&T Law Firm, PRC counsel to the Company, and (C) the favorable opinion of Maples and Calder, Cayman Island counsel to the Company, each dated the Closing Date and addressed to the Representative, substantially in form and substance reasonably satisfactory to the Representative.

(ii) Option Closing Date Opinion of Counsel. On each Option Closing Date, if any, the Representative shall have received: (A) the favorable opinion and negative assurance letter of Ellenoff Grossman & Schole LLP, U.S. counsel to the Company, (B) the favorable opinion of V&T Law Firm, PRC counsel to the Company, and (C) the favorable opinion of Maples and Calder, Cayman Island counsel to the Company, each dated the Option Closing Date, addressed to the Representative and in form and substance reasonably satisfactory to the Representative, confirming as of the Option Closing Date, the statements made by such counsel in its respective opinions delivered on the Closing Date.

(iii) Reliance. In rendering such opinions, such counsel may rely: (i) as to matters involving the application of laws other than the laws of the United States and jurisdictions in which they are admitted, to the extent such counsel deems proper and to the extent specified in such opinion, if at all, upon an opinion or opinions (in form and substance reasonably satisfactory to the Representative) of other counsel reasonably acceptable to the

Representative, familiar with the applicable laws; and (ii) as to matters of fact, to the extent they deem proper, on certificates or other written statements of officers of the Company and officers of departments of various jurisdictions having custody of documents respecting the corporate existence or good standing of the Company, provided that copies of any such statements or certificates shall be delivered to Representative's Counsel if requested.

(c) Comfort Letters.

(i) Comfort Letter. At the time this Agreement is executed the Representative shall have received a cold comfort letter from the Auditors containing statements and information of the type customarily included in accountants' comfort letters with respect to the financial statements and certain financial information contained in the Registration Statement, the Pricing Prospectus and the Prospectus, addressed to the Representative and in form and substance satisfactory in all respects to the Representative and to the Auditor, dated as of the date of this Agreement.

(ii) Bring-down Comfort Letter. At the Closing Date and on each Option Closing Date (if any), the Representative shall have received from the Auditors a letter, dated as of the Closing Date or Option Closing Date, as applicable, to the effect that such Auditor reaffirms the statements made in the letter furnished pursuant to Section 4(c)(i), except that with respect to the initial comfort letter the specified date referred to shall be a date not more than three (3) business days prior to the Closing Date.

(d) Officers' Certificates.

(i) Officers' Certificate. The Company shall have furnished to the Representative a certificate, dated the Closing Date and any Option Closing Date, of its Chairman and Chief Executive Officer and its Chief Financial Officer stating (not in an individual capacity) that (i) such officers have carefully examined the Registration Statement, the Pricing Disclosure Package, any Issuer Free Writing Prospectus and the Prospectus and, to their knowledge, the Registration Statement and each amendment thereto, as of the Applicable Time and as of the Closing Date or Option Closing Date, as applicable, did not include any untrue statement of a material fact and did not omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, and the Pricing Disclosure Package, as of the Applicable Time and as of the Closing Date or Option Closing Date, as applicable, any Issuer Free Writing Prospectus as of its date and as of the Closing Date or Option Closing Date, as applicable, the Prospectus and each amendment or supplement thereto, as of the respective date thereof and as of the Closing Date or Option Closing Date, as applicable, did not include any untrue statement of a material fact and did not omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances in which they were made, not misleading, (ii) since the effective date of the Registration Statement, no event has occurred which should have been set forth in a supplement or amendment to the Registration Statement, the Pricing Disclosure Package or the Prospectus, (iii) to their knowledge after reasonable investigation, as of the Closing Date or Option Closing Date, as applicable, the representations and warranties of the Company in this Agreement are true and correct in all material respects (or, in the case of a relevant representation or warranty that contains a materiality concept, true in all respects) and the Company has complied with all agreements and satisfied all conditions on its part to be performed or satisfied hereunder at or prior to the Closing Date or Option Closing Date, as applicable, and (iv) there has not been, subsequent to the date of the most recent audited financial statements included in the Pricing Disclosure Package, any Material Adverse Change, or any change or development that, singularly or in the aggregate, would reasonably be expected to involve a Material Adverse Change, except as set forth in the Prospectus.

(ii) Secretary's Certificate. At each of the Closing Date or Option Closing Date, as applicable, the Representative shall have received a certificate of the Company signed by the Secretary of the Company, dated the Closing Date, or Option Closing Date, as applicable, certifying: (i) that the Amended and Restated Memorandum and Articles of Association of the Company is true and complete, has not been modified and is in full force and effect; (ii) that the resolutions of the Company's Board of Directors relating to the Offering are in full force and effect and have not been modified; (iii) the good standing of the Company and its subsidiaries; and (iv) as to the incumbency of the officers of the Company. The documents referred to in such certificate shall be attached to such certificate.

(e) No Material Changes. Prior to and on each of the Closing Date or Option Closing Date, as applicable: (i) there shall have been no Material Adverse Change or any change or development that, singularly or in the aggregate, would reasonably be expected to involve a Material Adverse Change, from the latest dates as of which such condition is set forth in the Registration Statement, the Pricing Disclosure Package and the Prospectus; (ii) no action, suit or proceeding, at law or in equity, shall have been pending or threatened against the Company or any Insider before or by any court or federal or state commission, board or other administrative agency wherein an unfavorable decision, ruling or finding would reasonably be expected to result in a Material Adverse Change, except as set forth in the Registration Statement, the Pricing Disclosure Package and the Prospectus; (iii) no stop order shall have been issued under the Securities Act and no proceedings therefor shall have been initiated or threatened by the Commission; and (iv) the Registration Statement, the Pricing Disclosure Package and the Prospectus and any amendments or supplements thereto shall contain all material statements which are required to be stated therein in accordance with the Securities Act and the Securities Act Regulations and shall conform in all material respects to the requirements of the Securities Act and the Securities Act Regulations, and neither the Registration Statement, the Pricing Disclosure Package nor the Prospectus nor any amendment or supplement thereto shall contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(f) Lock-Up Agreements. The Company has caused each of its officers, directors and certain shareholders to deliver to the Representative an executed Lock-Up Agreement, in a form substantially similar to that attached hereto as Exhibit B (the “Lock-Up Agreement”), prior to the execution of this Agreement.

(g) Additional Documents. At the Closing Date or Option Closing Date, as applicable, Representative’s Counsel shall have been furnished with such documents and opinions as they and counsel to the Company reasonably agree are required for the purpose of enabling Representative’s Counsel to deliver an opinion to the Underwriters, or in order to evidence the accuracy of any of the representations or warranties, or the fulfillment of any of the conditions, herein contained; and all proceedings taken by the Company in connection with the issuance and sale of the Public Securities and Representative’s Securities as herein contemplated shall be satisfactory in form and substance to the Representative and Representative’s Counsel.

## 5. Indemnification.

(a) Indemnification of the Underwriters. The Company agrees to indemnify and hold harmless each Underwriter, its affiliates and each person controlling such Underwriter (within the meaning of Section 15 of the Securities Act), and the directors, officers, agents and employees of each Underwriter, its affiliates and each such controlling person (each Underwriter, and each such entity or person hereafter is referred to as an “Indemnified Person”) from and against any losses (other than losses of profits), claims, damages, judgments, assessments, costs and other liabilities (collectively, the “Liabilities”), and shall reimburse each Indemnified Person for all fees and expenses (including the reasonable fees and expenses of counsel for the Indemnified Persons, except as otherwise expressly provided in this Agreement) (collectively, the “Expenses”) and agrees to advance payment of such Expenses as they are incurred by an Indemnified Person in investigating, preparing, pursuing or defending any actions, whether or not any Indemnified Person is a party thereto, arising out of or based upon any untrue statement or alleged untrue statement of a material fact contained in (i) the Registration Statement, the Pricing Disclosure Package, the Preliminary Prospectus, the Prospectus or in any Issuer Free Writing Prospectus (as from time to time each may be amended and supplemented); (ii) any materials or information provided to investors by, or with the approval of, the Company in connection with the marketing of the Offering, including any “road show” or investor presentations made to investors by the Company (whether in person or electronically); or (iii) any application or other document or written communication (in this Section 5, collectively called “application”) executed by the Company or based upon written information furnished by the Company in any jurisdiction in order to qualify the Public Securities and Representative’s Securities under the securities laws thereof or filed with the Commission, any state securities commission or agency, the Exchange or any other national securities exchange; or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, unless such statement or omission was made in reliance upon, and in conformity with, the Underwriters’ Information.

(b) Procedure. Upon receipt by an Indemnified Person of notice of an action against such Indemnified Person with respect to which indemnity may reasonably be expected to be sought under this Agreement, such

Indemnified Person shall promptly notify the Company in writing; provided that failure by any Indemnified Person so to notify the Company shall not relieve the Company from any obligation or liability which the Company may have on account of this Section 5 or otherwise to such Indemnified Person, except to the extent the Company is materially prejudiced as a proximate result of such failure. An Indemnified Person shall have the right to require the Company to assume the defense of any such action (including the employment of counsel designated by the Company and reasonably satisfactory to the Representative). Any Indemnified Person shall have the right to employ separate counsel in any such action and participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Person unless: (i) the Company has failed promptly to assume the defense and employ counsel satisfactory to the Representative for the benefit of the Underwriters and the other Indemnified Persons or (ii) such Indemnified Person shall have been advised that in the opinion of counsel that there is an actual or potential conflict of interest that prevents (or makes it imprudent for) the counsel engaged by the Company for the purpose of representing the Indemnified Person, to represent both such Indemnified Person and any other person represented or proposed to be represented by such counsel. The Company shall not be liable for the fees and expenses of more than one separate counsel (together with local counsel), representing all Indemnified Persons who are parties to such action, which counsel (together with any local counsel) for the Indemnified Persons shall be selected by the Representative. The Company shall not be liable for any settlement of any action effected without its written consent (which shall not be unreasonably withheld). In addition, the Company shall not, without the prior written consent of the Underwriters, settle, compromise or consent to the entry of any judgment in or otherwise seek to terminate any pending or threatened action in respect of which advancement, reimbursement, indemnification or contribution may be sought hereunder (whether or not such Indemnified Person is a party thereto) unless such settlement, compromise, consent or termination (i) includes an unconditional release of each Indemnified Person, acceptable to such Indemnified Party, from all Liabilities arising out of such action for which indemnification or contribution may be sought hereunder and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act, by or on behalf of any Indemnified Person. The advancement, reimbursement, indemnification and contribution obligations of the Company required hereby shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as every Liability and Expense is incurred and is due and payable, and in such amounts as fully satisfy each and every Liability and Expense as it is incurred (and in no event later than 30 days following the date of any invoice therefore).

(c) Indemnification of the Company. Each Underwriter, severally and not jointly, agrees to indemnify and hold harmless the Company, its directors, its officers who signed the Registration Statement and persons who control the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act against any and all Liabilities, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions made in the Registration Statement, any Preliminary Prospectus, the Pricing Disclosure Package or Prospectus or any amendment or supplement thereto, in reliance upon, and in strict conformity with, the Underwriters' Information. In case any action shall be brought against the Company or any other person so indemnified based on any Preliminary Prospectus, the Registration Statement, the Pricing Disclosure Package or Prospectus or any amendment or supplement thereto, and in respect of which indemnity may be sought against any Underwriter, such Underwriter shall have the rights and duties given to the Company, and the Company and each other person so indemnified shall have the rights and duties given to the several Underwriters by the provisions of Section 5(b). The Company agrees promptly to notify the Representative of the commencement of any litigation or proceedings against the Company or any of its officers, directors or any person, if any, who controls the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, in connection with the issuance and sale of the Public Securities or in connection with the Registration Statement, the Pricing Disclosure Package, the Prospectus or any Issuer Free Writing Prospectus; provided that failure by the Company so to notify the Representative shall not relieve any Underwriter from any obligation or liability which such Underwriter may have on account of this Section 5 or otherwise to the Company, except to the extent such Underwriter is materially prejudiced as a proximate result of such failure.

(d) Contribution. If the indemnification provided for in this Section 5 shall for any reason be unavailable to or insufficient to hold harmless an indemnified party under Section 5(a) or 5(c) in respect of any Liabilities and Expenses referred to therein, then each indemnifying party shall, in lieu of indemnifying such indemnified party, contribute to the amount paid or payable by such indemnified party as a result of such Liabilities and Expenses, (i) in such proportion as shall be appropriate to reflect the relative benefits received by the Company, on the one hand, and each of the Underwriters, on the other hand, from the Offering, or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the

relative benefits referred to in clause (i) above but also the relative fault of the Company, on the one hand, and the Underwriters, on the other hand, in connection with the matters as to which such Liabilities or Expenses relate, as well as any other relevant equitable considerations. The relative benefits received by the Company, on the one hand, and the Underwriters, on the other hand, with respect to such Offering shall be deemed to be in the same proportion as the total proceeds from the Offering subscribed for under this Agreement (before deducting expenses) received by the Company bear to the total underwriting discount and commissions actually received by the Underwriters in connection with the Offering, in each case as set forth in the table on the cover page of the Prospectus. The relative fault of the Company, on the one hand, and the Underwriters, on the other hand, shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company, on the one hand, or the Underwriters, on the other hand, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement, omission, act or failure to act; provided that the parties hereto agree that the written information furnished to the Company through the Representative by or on behalf of any Underwriter for use in any Preliminary Prospectus, any Registration Statement or the Prospectus, or in any amendment or supplement thereto, consists solely of the Underwriters' Information. The Company and the Underwriters agree that it would not be just and equitable if contributions pursuant to this subsection (d) were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take into account the equitable considerations referred to above in this subsection (d). Notwithstanding the above, no person guilty of fraudulent misrepresentation within the meaning of Section 11(f) of the Securities Act shall be entitled to contribution from a party who was not guilty of fraudulent misrepresentation.

(e) Limitation. The Company also agrees that no Indemnified Person shall have any liability (whether direct or indirect, in contract or tort or otherwise) to the Company for or in connection with advice or services rendered or to be rendered by any Indemnified Person pursuant to this Agreement, the transactions contemplated thereby or any Indemnified Person's actions or inactions in connection with any such advice, services or transactions, except to the extent that a court of competent jurisdiction has made a finding that Liabilities (and related Expenses) of the Company have resulted primarily from such Indemnified Person's gross negligence or willful misconduct in connection with any such advice, actions, inactions or services.

(f) Survival. The advancement, reimbursement, indemnity and contribution obligations set forth in this Section 5 shall remain in full force and effect regardless of any termination of, or the completion of any Indemnified Person's services under or in connection with, this Agreement. Each Indemnified Person is an intended third-party beneficiary of this Section 5, and has the right to enforce the provisions of Section 5 as if he/she/it was a party to this Agreement.

6. Default by an Underwriter.

(a) Default Not Exceeding 10% of Shares. If any Underwriter or Underwriters shall default in its or their obligations to subscribe for the Shares, and if the number of the Shares with respect to which such default relates does not exceed in the aggregate 10% of the number of Shares that all Underwriters have agreed to subscribe for hereunder, then such Shares to which the default relates shall be subscribed for by the non-defaulting Underwriters in proportion to their respective commitments hereunder.

(b) Default Exceeding 10% of Shares. In the event that the default addressed in Section 6(a) relates to more than 10% of the Shares, the Representative may in their discretion arrange for itself or for another party or parties to subscribe for such Shares to which such default relates on the terms contained herein. If, within one (1) Business Day after such default relating to more than 10% of the Shares, the Representative do not arrange for the subscribe for of such Shares, then the Company shall be entitled to a further period of one (1) Business Day within which to procure another party or parties satisfactory to the Representative to subscribe for said Shares on such terms. In the event that neither the Representative nor the Company arrange for the subscribe for of the Shares to which a default relates as provided in this Section 6, this Agreement will automatically be terminated by the Representative or the Company without liability on the part of the Company (except as provided in Sections 3(f) and 5 hereof) or the several Underwriters (except as provided in Section 5 hereof); provided that if any such default occurs with respect to any Option Shares, this Agreement will not terminate in respect of the Firm Shares; and provided, further, that nothing herein shall relieve a defaulting Underwriter of its liability, if any, to the other Underwriters and to the Company for damages occasioned by its default hereunder.

(c) Postponement of Closing Date. In the event that the Shares to which the default relates are to be subscribed for by the non-defaulting Underwriters, or are to be subscribed for by another party or parties as aforesaid, the Representative or the Company shall have the right to postpone the Closing Date for a reasonable period, but not in any event exceeding five (5) Business Days, in order to effect whatever changes may thereby be made necessary in the Registration Statement, the Pricing Disclosure Package or the Prospectus or in any other documents and arrangements, and the Company agrees to file promptly any amendment to the Registration Statement, the Pricing Disclosure Package or the Prospectus that in the opinion of counsel for the Underwriter may thereby be made necessary. The term “Underwriter” as used in this Agreement shall include any party substituted under this Section 6 with like effect as if it had originally been a party to this Agreement with respect to such Securities.

7. Additional Covenants.

(a) Prohibition on Press Releases and Public Announcements. The Company shall not issue press releases or engage in any other publicity, without the Representative’s prior written consent, for a period ending at 5:00 p.m., Eastern time, on the first (1st) Business Day following the forty-fifth (45th) day after the Closing Date, other than normal and customary releases issued in the ordinary course of the Company’s business.

(b) Right of First Refusal. During the period ending 12 months after the Closing Date, if and only if the closing of the subscribe for of the Firm Shares hereunder actually occurs, the Company grants the Representative the right of first refusal to act as lead managing underwriter or book runner, or as lead placement agent, for any and all future equity, equity-linked or debt (excluding commercial bank debt) offerings during such period, of the Company, or any successor to or any subsidiary of the Company, on customary terms. The Representative shall have the sole right to determine whether or not any other broker dealer shall have the right to participate in any such offering and the economic terms of any such participation.

8. Effective Date of this Agreement and Termination Thereof.

(a) Effective Date. This Agreement shall become effective when both the Company and the Representative have executed the same and delivered counterparts of such signatures to the other party.

(b) Termination. The Representative shall have the right to terminate this Agreement at any time prior to any Closing Date, (i) if any domestic or international event or act or occurrence has materially disrupted, or in Representative’s opinion will in the immediate future materially disrupt, general securities markets in the United States; or (ii) if trading on the New York Stock Exchange or the Exchange shall have been suspended or materially limited, or minimum or maximum prices for trading shall have been fixed, or maximum ranges for prices for securities shall have been required by FINRA or by order of the Commission or any other government authority having jurisdiction; or (iii) if the United States shall have become involved in a new war or an increase in major hostilities; or (iv) if a banking moratorium has been declared by a New York State or federal authority; or (v) if a moratorium on foreign exchange trading has been declared which materially adversely impacts the United States securities markets; or (vi) if the Company shall have sustained a material loss by fire, flood, accident, hurricane, earthquake, theft, sabotage or other calamity or malicious act which, whether or not such loss shall have been insured, will, in the Representative’s opinion, make it inadvisable to proceed with the issue of the Shares; or (vii) if the Company is in material breach of its representations, warranties or covenants hereunder; or (viii) if the Representative shall have become aware after the date hereof of such a Material Adverse Change in the conditions or prospects of the Company, or such adverse material change in general market conditions, in each case, as in the Representative’s judgment would make it impracticable to proceed with the offering, sale and/or issue of the Public Securities or to enforce contracts made by the Underwriters for the sale of the Public Securities. Section 5 of this Agreement shall survive any termination of this Agreement.

(c) Expenses. Notwithstanding anything to the contrary in this Agreement, except in the case of a default by the Underwriters pursuant to Section 6(b) above, in the event that this Agreement shall not be carried out for any reason whatsoever, within the time specified herein or any extensions thereof pursuant to the terms herein, the Company shall be obligated to pay to the Underwriters their actual and accountable out-of-pocket expenses related to the transactions contemplated herein then due and payable and upon demand the Company shall pay the full amount thereof to the Representative on behalf of the Underwriters, up to the amounts set forth in Section

3(h)(h); and provided, however, that such expense cap in no way limits or impairs the indemnification and contribution provisions of this Agreement.

(d) Indemnification. Notwithstanding any contrary provision contained in this Agreement, any election hereunder or any termination of this Agreement, and whether or not this Agreement is otherwise carried out, the provisions of Section 5 shall remain in full force and effect and shall not be in any way affected by, such election or termination or failure to carry out the terms of this Agreement or any part hereof.

(e) Representations, Warranties, Agreements to Survive. All representations, warranties and agreements contained in this Agreement or in certificates of officers of the Company submitted pursuant hereto, shall remain operative and in full force and effect regardless of (i) any investigation made by or on behalf of any Underwriter or its affiliates or selling agents, any person controlling any Underwriter, its officers or directors or any person controlling the Company or (ii) issue of and payment for the Public Securities.

9. Miscellaneous.

(a) Notices. All communications hereunder, except as herein otherwise specifically provided, shall be in writing and shall be mailed (registered or certified mail, return receipt requested), or personally delivered and shall be deemed given when so delivered or if mailed, three (3) days after such mailing.

If to the Representative:

The Benchmark Company, LLC  
150 East 58th St, 17th Floor  
New York, NY 10155†  
Attention: [●]

If to the Company:

Skillful Craftsman Education Technology Limited  
Floor 4, Building 1, No. 311, Yanxin Road  
Huishan District, Wuxi  
Jiangsu Province, PRC 214000  
Attention: Chief Executive Officer

(b) Headings. The headings contained herein are for the sole purpose of convenience of reference, and shall not in any way limit or affect the meaning or interpretation of any of the terms or provisions of this Agreement.

(c) Amendment. This Agreement may only be amended by a written instrument executed by each of the parties hereto.

(d) Entire Agreement. This Agreement (together with the other agreements and documents being delivered pursuant to or in connection with this Agreement) constitutes the entire agreement of the parties hereto with respect to the subject matter hereof and thereof, and supersedes all prior agreements and understandings of the parties, oral and written, with respect to the subject matter hereof.

(e) Binding Effect. This Agreement shall inure solely to the benefit of and shall be binding upon the Representative, the Underwriters, each Indemnified Person referred to in Section 5, the Company and the controlling persons, directors and officers referred to in Section 5 hereof, and their respective successors, legal representatives, heirs and assigns, and no other person shall have or be construed to have any legal or equitable right, remedy or claim under or in respect of or by virtue of this Agreement or any provisions herein contained. The term “successors and assigns” shall not include a subscriber, in its capacity as such, of securities from any of the Underwriters.

(f) Governing Law; Consent to Jurisdiction; Trial by Jury. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of New York, without giving effect to conflict of laws principles thereof. The Company hereby agrees that any action, proceeding or claim against it arising out of, or

relating in any way to this Agreement shall be brought and enforced in the state and federal courts sitting in New York, New York, and irrevocably submits to such jurisdiction, which jurisdiction shall be exclusive. The Company hereby waives any objection to such exclusive jurisdiction and that such courts represent an inconvenient forum. Any such process or summons to be served upon the Company may be served by transmitting a copy thereof by registered or certified mail, return receipt requested, postage prepaid, addressed to it at the address set forth in Section 9(a) hereof. Such mailing shall be deemed personal service and shall be legal and binding upon the Company in any action, proceeding or claim. The Company agrees that the prevailing party(ies) in any such action shall be entitled to recover from the other party(ies) all of its reasonable attorneys' fees and expenses relating to such action or proceeding and/or incurred in connection with the preparation therefor. The Company (on its behalf and, to the extent permitted by applicable law, on behalf of its shareholders and affiliates) and each of the Underwriters hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Agreement or the transactions contemplated hereby.

(g) Execution in Counterparts. This Agreement may be executed in one or more counterparts, and by the different parties hereto in separate counterparts, each of which shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement, and shall become effective when one or more counterparts has been signed by each of the parties hereto and delivered to each of the other parties hereto. Delivery of a signed counterpart of this Agreement by email/pdf transmission shall constitute valid and sufficient delivery thereof.

(h) Waiver, etc. The failure of any of the parties hereto to at any time enforce any of the provisions of this Agreement shall not be deemed or construed to be a waiver of any such provision, nor to in any way effect the validity of this Agreement or any provision hereof or the right of any of the parties hereto to thereafter enforce each and every provision of this Agreement. No waiver of any breach, non-compliance or non-fulfillment of any of the provisions of this Agreement shall be effective unless set forth in a written instrument executed by the party or parties against whom or which enforcement of such waiver is sought; and no waiver of any such breach, non-compliance or non-fulfillment shall be construed or deemed to be a waiver of any other or subsequent breach, non-compliance or non-fulfillment.

***[Signature Page Follows]***

**SKILLFUL CRAFTSMAN EDUCATION TECHNOLOGY LIMITED – UNDERWRITING AGREEMENT**

If the foregoing correctly sets forth the understanding between the Underwriters and the Company, please so indicate in the space

Very truly yours,

**SKILLFUL CRAFTSMAN EDUCATION TECHNOLOGY LIMITED**

By:

\_\_\_\_\_  
Name:

Title:

Confirmed as of the date first written above mentioned, on behalf of itself and as Representative of the several Underwriters named on Schedule 1 hereto:

**The Benchmark Company, LLC**

By:

\_\_\_\_\_  
Name:

Title:

On behalf of each of the Underwriters

The Benchmark Company, LLC	[•]	[•]
<b>Total:</b>	[•]	[•]

**SCHEDULE 2**

**Pricing Information**

Number of Firm Shares: [●]

Number of Option Shares: [●]

Public Offering Price Share: \$[●]

Underwriting Discount per Share: \$[●] (7% per Share; 5% per Share for investors introduced to the Underwriters by the Company)

**SCHEDULE I**

**Issuer Use Free Writing Prospectuses**

None.

**EXHIBIT A**

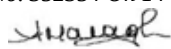
**Form of Representative's Warrant**

**EXHIBIT B**

**Form of Lock-Up Agreement**



*EXEMPTED* Company Registered and  
filed as No. 352354 On 14-Jun-2019

  
Assistant Registrar

**THE CAYMAN ISLANDS**

**THE COMPANIES LAW  
(AS AMENDED)**

**Memorandum of Association**

**of**

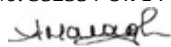
**SKILLFUL CRAFTSMAN EDUCATION  
TECHNOLOGY LIMITED**

Auth Code: D53915215993  
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**EXEMPTED** Company Registered and  
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**THE CAYMAN ISLANDS**  
**THE COMPANIES LAW (AS AMENDED)**  
**MEMORANDUM OF ASSOCIATION**  
**OF**  
**SKILLFUL CRAFTSMAN EDUCATION TECHNOLOGY LIMITED**  
(the “Company”)

**1. Name**

The name of the Company is SKILLFUL CRAFTSMAN EDUCATION TECHNOLOGY LIMITED.

**2. Registered Office**

The registered office of the Company shall be situated at the Office of Sertus Incorporations (Cayman) Limited, Sertus Chambers, Governors Square, Suite # 5-204, 23 Lime Tree Bay Avenue, P.O. Box 2547, Grand Cayman, KY1-1104, Cayman Islands, or such other place in the Cayman Islands as the Directors may, from time to time decide, being the registered office of the Company.

**3. General Objects and Powers**

The objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by Section 7(4) of The Companies Law (As Amended) or as the same may be amended from time to time, or any other law of the Cayman Islands.

**4. Limitations on the Company’s Business**

4.1 For the purposes of the Companies Law (As Amended) the Company has no power to:

- (a) carry on the business of a Bank or Trust Company without being licensed in that behalf under the provisions of the Banks & Trust Companies Law (2013 Revision); or
- (b) to carry on Insurance Business from within the Cayman Islands or the business of an Insurance Manager, Agent, Sub-agent or Broker without being licensed in that behalf under the provisions of the Insurance Law (2010 Revision); or
- (c) to carry on the business of Company Management without being licensed in that behalf under the provisions of the Companies Management Law (2003 Revision).

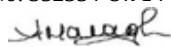
4.2 The Company shall not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands; provided that nothing in this section shall be construed as to prevent the Company effecting and concluding contracts in the Cayman Islands, and exercising in the Cayman Islands all of its powers necessary for the carrying on of its business outside the Cayman Islands.

**5. Company Limited by Shares**

The Company is a company limited by shares. The liability of each member is limited to the amount, if any, unpaid on the shares held by such member.



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**6. Authorised Shares**

The capital of the Company is USD50,000.00 divided into 500,000,000 shares of a nominal or par value of USD0.0001 each. Subject to the provisions of the Companies Law (As Amended) and the Articles of Association of the Company, the Company shall have power to redeem or purchase any of its shares and to increase, reduce, sub-divide or consolidate the share capital and to issue all or any part of its capital whether original, redeemed, increased or reduced with or without any preference, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions whatsoever and so that unless the conditions of issue shall otherwise expressly provide every issue of shares whether stated to be ordinary, preference or otherwise shall be subject to the powers on the part of the Company hereinbefore provided.

**7. Continuation**

Subject to the provisions of the Companies Law (As Amended) and the Articles of Association of the Company, the Company may exercise the power contained in Section 206 of The Companies Law (As Amended) to deregister in the Cayman Islands and be registered by way of continuation under the laws of any jurisdiction outside the Cayman Islands.

We, the undersigned, whose name and address are hereto given below are desirous of being formed into a Company in pursuance of this Memorandum of Association, and agree to take the number of shares in the capital of the Company set opposite our name.

**NAME AND ADDRESS OF SUBSCRIBER**

**NUMBER OF SHARES TAKEN BY SUBSCRIBER**

**Sertus Nominees (Cayman) Limited**

One (1) Ordinary Share

Sertus Chambers, Governors Square,  
Suite # 5-204, 23 Lime Tree Bay Avenue,  
P.O. Box 2547, Grand Cayman, KY1-1104,  
Cayman Islands

/s/ Gabriela Neverilova

Gabriela Neverilova  
Authorised Signatory

**DATED this 14th day of June, 2019**

/s/ Burnette Pope

Witness to the above signature:

Burnette Pope

Sertus Chambers, Governors Square,  
Suite # 5-204, 23 Lime Tree Bay Avenue,  
P.O. Box 2547, Grand Cayman, KY1-1104,  
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*[Signature]*  
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# **THE CAYMAN ISLANDS**

## **THE COMPANIES LAW (AS AMENDED)**

### **Articles of Association**

**of**

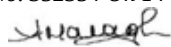
### **SKILLFUL CRAFTSMAN EDUCATION TECHNOLOGY LIMITED**

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**THE CAYMAN ISLANDS**  
**THE COMPANIES LAW (AS AMENDED)**  
**ARTICLES OF ASSOCIATION**  
**OF**  
**SKILLFUL CRAFTSMAN EDUCATION TECHNOLOGY LIMITED**  
(the “Company”)

**1. Table A**

The Table ‘A’ in the First Schedule of The Companies Law (As Amended) shall not apply to this Company and the following shall constitute the Articles of Association of the Company.

**2. Definitions and Interpretation**

2.1 References in these Articles of Association (“**Articles**”) to the “**Companies Law**” shall mean The Companies Law (As Amended) of the Cayman Islands and any statutory amendments or re-enactment thereof. In these Articles, save where the content otherwise requires:

“**Directors**” and “**Board of Directors**” means the Directors of the Company for the time being, or as the case may be, the Directors assembled as a board or as a committee thereof, and “**Director**” means any one of the Directors;

“**Members**” means those persons whose names are entered in the register of members as the holders of shares and includes each subscriber of the Memorandum pending the issue to him of the subscriber share or shares, and “**Member**” means any one of them;

“**Memorandum of Association**” means the Memorandum of Association of the Company, as amended and re-stated from time to time;

“**Ordinary Resolution**” means a resolution:

passed by a simple majority of such Members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of the Company and where a poll is taken regard shall be had in computing a majority to the number of votes to which each Member is entitled; or

approved in writing by all of the Members entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of the Members and the effective date of the resolution so adopted shall be the date on which the instrument, or the last of such instruments if more than one, is executed;

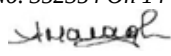
“**Paid up**” means paid up as to the par value and any premium payable in respect of the issue of any shares and includes credited as paid up;

“**Register of Members**” means the register to be kept by the Company in accordance with Section 40 of the Companies Law;

“**Seal**” means the Common Seal of the Company (if any) including any facsimile thereof;



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“**Shares**” means shares in the capital of the Company, including a fraction of any of them and “**Share**” means any one of them;

“**Special Resolution**” means a resolution passed in accordance with Section 60 of the Companies Law, being a resolution:

- (a) passed by a majority of not less than two-thirds of such Members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of the Company of which notice specifying the intention to propose the resolution as a Special Resolution has been duly given and where a poll is taken regard shall be had in computing a majority to the number of votes to which each Member is entitled, or
- (b) approved in writing by all of the Members entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of the Members and the effective date of the Special Resolution so adopted shall be the date on which the instrument or the last of such instruments if more than one, is executed.

2.2 In these Articles, words and expressions defined in the Companies Law shall have the same meaning and, unless otherwise required by the context, (a) the singular shall include the plural and vice versa; (b) the masculine shall include the feminine and the neuter and references to persons shall include companies and all legal entities capable of having a legal existence; (c) “may” shall be construed as permissive and “shall” shall be construed as imperative; (d) a reference to a dollar or dollars (or \$) is a reference to dollars of the United States of America; and (e) references to a statutory enactment shall include reference to any amendment or re-enactment thereof for the time being in force.

### 3. Share Certificates

3.1 Every person whose name is entered as a Member in the Register of Members, shall without payment, be entitled to a share certificate signed by a Director of the Company specifying the share or shares held and the amount paid up thereof, provided that in respect of a share or shares held jointly by several persons, the Company shall not be bound to issue more than one share certificate and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all.

3.2 If a share certificate is worn out, lost or defaced, it may be renewed on production of the worn out or defaced certificate, or on satisfactory proof of its loss together with such indemnity as the Directors may reasonably require. Any Member receiving a share certificate shall indemnify and hold the Company and its officers harmless from any loss or liability which it or they may incur by reason of wrongful or fraudulent use or representation made by any person by virtue of the possession of such a share certificate.

### 4. Issue of Shares

4.1 Subject to the provisions of these Articles, the unissued shares of the Company (whether forming part of the original or any increased authorised shares) shall be at the disposal of the Directors who may offer, allot, grant options over or otherwise dispose of them to such persons at such times and for such consideration, and upon such terms and conditions as the Directors may determine.



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4.2 The Company may in so far as may be permitted by Companies Law, pay a commission to any person in consideration of his subscribing or agreeing to subscribe whether absolutely or conditionally for any shares. Such commissions may be satisfied by the payment of cash or the lodgement of fully or partly paid-up shares or partly in one way and partly in the other. The Company may also on any issue of shares pay such brokerage as may be lawful.

**5. Variation of Rights Attaching to Shares**

5.1 If at any time the share capital of the Company is divided into different classes of shares, the rights attaching to any class (unless otherwise provided by the terms of issue of the shares of that class) may be varied or abrogated with the consent in writing of the holders of two-thirds of the issued shares of that class, or with the sanction of a resolution passed by at least a two-thirds majority of the holders of shares of the class present in person or by proxy at a separate general meeting of the holders of the shares of the class. To every such separate general meeting the provisions of these Articles relating to general meetings of the Company shall mutatis mutandis apply, but so that the necessary quorum shall be at least one person holding or representing by proxy at least one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll.

5.2 The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith or by the redemption or purchase of shares of any class by the Company.

5.3 The Company shall not issue shares to bearer form.

**6. Transfer of Shares**

6.1 Subject to such of the restriction of these Articles as may be applicable, any Member may transfer all or any of his shares by an instrument in writing in any usual or common form or any other form which the Directors may approve or on behalf of the transferor and if in respect of a nil or partly paid up share or if so required by the Directors shall also be executed on behalf of the transferee and shall be accompanied by the certificate of the shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer. The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the Register of Members in respect thereof.

6.2 The Directors may in their absolute discretion to decline to register any transfer of any share, whether or not it is a fully paid share, without assigning any reason for so doing. If the Directors refuse to register a transfer they shall within 2 months of the date on which the transfer was lodged with the Company send to the transferor and transferee notice of the refusal.

6.3 All instruments of transfer which shall be registered shall be retained by the Company, but any instrument of transfer which the Directors may decline to register shall (except in any case of fraud) be returned to the person depositing the same.

6.4 The registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine, provided always that such registration shall not be suspended for more than 45 days in any year.



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## **7. Transmission of Shares**

- 7.1 In case of the death of a Member, the survivor or survivors, or the legal personal representatives of the deceased survivor, where the deceased was a joint holder, and the legal personal representatives of the deceased, where he was a sole holder, shall be the only persons recognized by the Company as having any title to the shares.
- 7.2 Any person becoming entitled to a share in consequence of the death, bankruptcy, liquidation or dissolution of a Member shall, upon such evidence being produced as may from time to time be properly required by the Directors, and subject as hereinafter provided, elect either to be registered himself as holder of the share or to have some person nominated by him registered as the transferee thereof, but the Directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the share by that Member before his death or bankruptcy, as the case may be.
- 7.3 A person becoming entitled to a share by reason of the death, bankruptcy, liquidation or dissolution of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a Member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

## **8. Redemption and Purchase of Own Shares**

- 8.1 Subject to the provisions of the Companies Law, the Company may:
- (a) issue shares on terms that they are to be redeemed or are liable to be redeemed at the option of the Company on such terms and in such manner as the Directors may determine before the issue of such shares;
  - (b) purchase its own shares (including any redeemable shares) on such terms and in such manner as the Directors may determine and agree with the Member; and
  - (c) make a payment in respect of the redemption or purchase of its own shares in any manner permitted by the Companies Law, including out of capital.
- 8.2 A share which is liable to be redeemed by the Company shall be redeemed by the Company giving to the Member notice in writing of the intention to redeem such shares (a "Redemption Notice") and specifying the date of such redemption which must be a day on which banks in the Cayman Islands are open for business.
- 8.3 Any share in respect of which Redemption Notice has been given shall not be entitled to participate in the profits of the Company in respect of the period after the date specified as the date of redemption in the Redemption Notice.
- 8.4 The redemption or purchase of any share shall not be deemed to give rise to the redemption or purchase of any other share.
- 8.5 At the date specified in the Redemption Notice, or the date on which the shares are to be purchased, the holder of the shares being redeemed or purchased shall be bound to deliver up to the Company at its Registered Office the certificate thereof for cancellation and thereupon the Company shall pay to him the redemption or purchase moneys in respect thereof.



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8.6 The Directors may when making payments in respect of redemption or purchase of shares, if authorised by the terms of issue of the shares being redeemed or purchased or with the agreement of the holder of such shares, make such payment either in cash or in specie.

## **9. Fractional Shares**

The Directors may issue fractions of a share of any class of shares, and, if so issued, a fraction of a share (calculated to three decimal points) shall be subject to and carry the corresponding fraction of liabilities (whether with respect to any unpaid amount thereon, contribution, calls or otherwise), limitations, preferences, privileges, qualifications, restrictions, rights (including, without limitation, voting and participation rights) and other attributes of a whole share of the same class of shares. If more than one fraction of a share of the same class is issued to or acquired by the same Member such fractions shall be accumulated. For the avoidance of doubt, in these Articles the expression “share” shall include a fraction of a share.

## **10. Lien**

10.1 The Company shall have a first priority lien and charge on every share (not being a fully paid up share) for all moneys (whether presently payable or not) called or payable at a fixed time in respect of that share, and the Company shall also have a first priority lien and charge on all shares (other than fully paid up shares) registered in the name of a member for all moneys presently payable by him or his estate to the Company, but the Directors may at any time declare any share to be wholly or in part exempt from the provisions of this Article. The Company’s lien, if any, on a share shall extend to all dividends and other moneys payable in respect thereon.

10.2 The Company may sell, in such manner as the Directors think fit, any shares on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable, nor until the expiration of 14 days after a notice in writing, stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share, or the persons entitled thereto of which the Company has notice, by reason of his death or bankruptcy, winding up or otherwise by operation of Companies Law or court order.

10.3 To give effect to any such sale the Directors may authorise some person to transfer the shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the shares comprised in any such transfer, and he shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

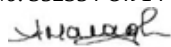
10.4 The proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the shares prior to the sale) be paid to the person entitled to the shares at the date of the sale.

## **11. Calls on Shares**

11.1 The Directors may from time to time make calls upon the Members in respect of any moneys unpaid on their shares (whether on account of the nominal value of the shares or by way of premium or otherwise), and each Member shall (subject to receiving at least 14 days’ notice in writing specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. The non-receipt of a notice of any call by, or the accidental omission to give notices of a call to, any Members shall not invalidate the call. A call may be revoked or postponed as the Directors may determine.



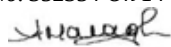
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- 11.2 The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
- 11.3 If a sum called in respect of a share is remain unpaid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for the payment thereof to the time of the actual payment at such rate not exceeding 10 percent per annum as the Directors may determine, but the Directors shall be at liberty to waive payment of that interest wholly or in part.
- 11.4 Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium or otherwise, shall for the purposes of these Articles be deemed to be a call duly made, notified and payable on the date on which by the terms of issue the same becomes payable, and in case of non-payment all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.
- 11.5 The provisions of these Articles as to the liability of joint holders and as to payment of interest shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the amount of the share, or by way of premium, as if the same had become payable by virtue of a call duly made and notified.
- 11.6 The Directors may make arrangements on the issue of shares, differentiate between the Members, as to the amount of calls to be paid and the times of payment.
- 11.7 The Directors may, if they think fit, receive from any Member willing to advance the same, all or any part of the moneys uncalled and unpaid upon any shares held by him, and upon all or any of the moneys so advanced may (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding 10 percent per annum (unless the Company in general meeting shall otherwise direct), as may be agreed between the Directors and the Member paying the sum in advance.
- 12. Forfeiture of Shares**
- 12.1 If a Member fails to pay any call or instalment of a call with any interest on the day appointed for payment thereof, the Directors may, at any time thereafter during such time as any part of such call or instalment remains unpaid, serve a notice in writing on him requiring payment of so much of the call or instalment as is unpaid, together with any interest accrued and expenses incurred by the reason of such non-payment.
- 12.2 The notice shall name a further day (not earlier than the expiration of 14 days from the date of the service of the notice) on or before which the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time appointed the shares in respect of which the call was made will be liable to be forfeited.
- 12.3 If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by notice has been made, be forfeited by a resolution of the Directors to that effect and such forfeiture shall extend to all dividends declared in respect of the share so forfeited but not actually paid before such forfeiture.
- 12.4 A forfeited share may be sold, cancelled or otherwise disposed of on such terms and in such manner as the Directors in their absolute discretion think fit, and at any time before a sale, cancellation or disposition the forfeiture may be cancelled on such terms as the Directors in their absolute discretion think fit.



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- 12.5 A person whose shares have been forfeited shall cease to be a Member in respect of the forfeited shares, but shall, notwithstanding, remain liable to pay to the Company all moneys which, at the date of forfeiture, were payable by him to the Company in respect of the shares, but his liability shall cease if and when the Company receives payment in full of the fully paid up amount of the shares.
- 12.6 A statutory declaration in writing that the declarant is a Director of the Company, and that a share in the Company has been duly forfeited or surrendered or sold to satisfy a lien of the Company on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. The Company may receive the consideration, if any, given for the share on any sale or disposition thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of and he shall thereupon be registered as the holder of the share, and shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.
- 12.7 When any shares have been forfeited, an entry shall be made in the Register of Members recording the forfeiture and the date thereof, and so soon as the shares so forfeited have been sold or otherwise disposed of, an entry shall be made of the manner and date of the sale or disposal thereof.
- 12.8 The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum, which by the terms of issue of a share, becomes due and payable at any time, whether on account of the amount of the share, or by way of premium, as if the same had been payable by virtue of a call duly made and notified.
- 13. Alteration of Share Capital**
- 13.1 The Company may from time to time by Ordinary Resolution increase the share capital by such sum, to be divided into shares of such classes and amount, as the resolution shall prescribe.
- 13.2 The Company may by Ordinary Resolution:
- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
  - (b) subdivide its existing shares, or any of them, into shares of a smaller amount provided that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in case of the share from which the reduced share is derived;
  - (c) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; and
  - (d) convert all or any of its paid up shares into stock and reconvert that stock into paid up shares of any denomination.
- 13.3 The Company may by Special Resolution reduce its share capital and any capital redemption reserve in any manner, authorised and consent required by Companies Law.



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**14. Closing Register of Members or Fixing Record Date**

- 14.1 For the purpose of determining those Members that are entitled to receive notice of, attend or vote at any meeting of Members or any adjournment thereof, or those Members that are entitled to receive payment of any dividend, or in order to make a determination as to who is a Member for any other purpose, the Directors may provide that the Register of Members shall be closed for transfers for a stated period but not to exceed in any case 40 days. If the Register of Members shall be so closed for the purpose of determining those Members that are entitled to receive notice of, attend or vote at a meeting of Members such register shall be so closed for at least 10 days immediately preceding such meeting and the record date for such determination shall be the first day of the closure of the Register of Members.
- 14.2 In lieu of or apart from closing the Register of Members, the Directors may fix in advance a date as the record date for any such determination of those Members that are entitled to receive notice of, attend or vote at a meeting of the Members and for the purpose of determining those Members that are entitled to receive payment of any dividend the Directors may, at or within 90 days prior to the date of declaration of such dividend fix a subsequent date as the record date for such determination.
- 14.3 If the Register of Members is not so closed and no record date is fixed for the determination of those Members that are entitled to receive notice of, attend or vote at a meeting of Members or those Members that are entitled to receive payment of a dividend, the date on which notice of the meeting is posted or the date on which the resolution of the Directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of Members. When a determination of those Members that are entitled to receive notice of, attend or vote at a meeting of Members has been made as provided in this section, such determination shall apply to any adjournment thereof.

**15. General Meeting of Members**

- 15.1 The Directors, whenever they consider necessary or desirable, may convene meetings of the Members of the Company. The Directors shall convene a meeting of Members upon the written requisition of any Members or Members entitled to attend and vote at general meeting of the Company who hold not less than 10 percent of the paid up voting share capital of the Company in respect to the matter for which the meeting is requested, deposited at the registered office of the Company specifying the objects of the meeting for a date no later than 21 days from the date of deposit of the requisition signed by the requisitionists. If the Directors do not convene such meeting for a date not later than 30 days after the date of such deposit, the requisitionists themselves may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Directors, and all reasonable expenses incurred by the requisitionists as a result of the failure of the Directors shall be reimbursed to them by the Company.
- 15.2 If at any time there are no Directors of the Company, any two Members (or if there is only one Member then that Member) entitled to vote at general meetings of the Company may convene a general meeting in the same manner as nearly as possible as that in which meetings may be convened by the Directors.

**16. Notice of General Meetings**

- 16.1 At least seven days' notice counting from the date service is deemed to take place as provided in these Articles specifying the place, the day and the hour of the meeting and, in case of special business, the general nature of that business, shall be given in manner hereinafter provided or in such other manner (if any) as may be prescribed by the Company by Ordinary Resolution to such persons as are, under these Articles, entitled to receive such notices from the Company.
- 16.2 Notwithstanding the aforesaid Article, a meeting of Members is held in contravention of the requirement to give notice shall be deemed to have been validly held if the consent of all Members entitled to receive notice of some particular meeting and attend and vote thereat, that meeting may be convened by such shorter notice or without notice and in such manner as those Members may think fit.



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16.3 The accidental omission to give notice of a meeting to, or the non-receipt of a notice of a meeting by any Member shall not invalidate the proceedings at any meeting.

**17. Proceedings at General Meetings**

17.1 No business shall be transacted at any general meeting unless a quorum of Members is present at the time when the meeting proceeds to business. Save as otherwise provided by these Articles, a quorum shall consist of one or more Members present in person or by proxy holding at least a majority of the paid up voting share capital of the Company. If the Company has only one Member, that only Member present in person or by proxy shall be a quorum for all purposes.

17.2 If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of Members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week, at the same time and place or to such other day and at such other time and place as the Directors may decide, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting the Member or Members present and entitled to vote shall be a quorum.

17.3 At every meeting the Members present shall choose someone of their number to be the chairman (the "Chairman"). If the Members are unable to choose a Chairman for any reason, then the person representing the greatest number of voting shares present at the meeting shall preside as Chairman, failing which the oldest individual Member present at the meeting or failing any Member personally attending the meeting, the proxy present at the meeting representing the oldest Member of the Company, shall take the chair.

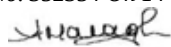
17.4 The Chairman may, with the consent of any meeting, at which a quorum is present (and shall if so directed by the meeting) adjourn any meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for 10 days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

17.5 All business carried out at a general meeting shall be deemed special with the exception of declaring a dividend, the consideration of the accounts, balance sheets, and reports of the Directors and the Company's auditors, the appointment and removal of Directors, and the appointment and the fixing of the remuneration of the Company's auditors. No special business shall be transacted at any general meeting without the consent of all Members entitled to receive notice of that meeting unless notice of such special business has been given in the notice convening that meeting.

17.6 Any one or more Members may participate in a general meeting by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time. Participating by such means shall constitute presence in person at a meeting. A resolution in writing signed by all the Members for the time being entitled to receive notice of and to attend and vote at general meetings (or being corporations by their duly authorized representatives) shall be as valid and effective as if the same had been passed at a general meeting of the Company duly convened and held.



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**18. Votes of Members**

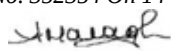
- 18.1 Subject to any rights and restrictions for the time being attached to any class or classes of shares, on a show of hands every Member present in person and every person representing a Member by proxy shall at a general meeting of the Company have one vote and on a poll every Member and every person representing a Member by proxy shall have one vote for each share of which he or the person represented by proxy is the holder.
- 18.2 At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands by a simple majority, unless a poll is (before or on the declaration of the result of the show of hands) demanded by the Chairman; or one or more Members present in person or by proxy entitled to vote and who together hold not less than 10 percent of the paid up voting share capital of the Company. Unless a poll is so demanded, a declaration by the Chairman that a resolution has, on a show of hands, been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book of the proceedings of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favor of or against such resolution.
- 18.3 If a poll is duly demanded it shall be taken in such manner as the Chairman directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn.
- 18.4 In the case of an equality of votes, whether on a show of hands, or on a poll, the Chairman of the meeting at which the show of hands takes place, or at which the poll is demanded, shall be entitled to a second or casting vote.
- 18.5 A poll demanded on the election of a Chairman of a meeting or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the Chairman of the meeting directs, and any business other than that upon which a poll has been demanded may be proceeded with pending the taking of the poll.
- 18.6 In the case of joint holders the vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members.
- 18.7 A Member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee, or other person in the nature of a committee appointed by that court, and any such committee or other person, may on a poll, vote by proxy.
- 18.8 No Member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the Company held by him and carrying the right to vote have been paid.

**19. Members' Proxies**

- 19.1 The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorized. A proxy need not be a Member of the Company. An instrument appointing a proxy may be in any usual or common form or such other form as the Directors may approve. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.



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19.2 On a poll votes may be given either personally or by proxy. The instrument appointing a proxy shall be deposited at the Registered Office or at such other place appointed for the meeting before the time for holding the meeting at which the person named in such instrument proposes to vote.

## **20. Corporations Acting by Representatives at Meetings**

Any corporation or other form of corporate legal entity which is a Member or a Director of the Company may, by resolution of its directors or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of the Members or any class of Members of the Company or of the Board of Directors or of a Committee of Directors, and the person so authorised shall be entitled to exercise the same powers on behalf of such corporation which he represents as that corporation could exercise if it were an individual Member or Director of the Company.

## **21. Directors**

21.1 The name of the first Director(s) shall either be determined in writing by a majority (or in the case of a sole subscriber that subscriber) of, or elected at a meeting of, the subscribers of the Memorandum of Association. The Company may by Ordinary Resolution appoint any person to be a Director.

21.2 Subject to the provisions of these Articles, a Director shall hold office until such time as he is removed from office by the Company by Ordinary Resolution.

21.3 Unless and until otherwise determined by an Ordinary Resolution of the Company, the Directors shall not be less than one in number, and there shall be no maximum number of Directors.

21.4 The remuneration of the Directors shall from time to time be determined by the Company by Ordinary Resolution.

21.5 The shareholding qualification for Directors may be fixed by the Company by Ordinary Resolution and unless and until so fixed no share qualification shall be required.

21.6 The Directors shall have power at any time and from time to time to appoint any other person as a Director, either to fill a casual vacancy or as an additional Director, subject to the maximum number (if any) imposed by the Company by Ordinary Resolution.

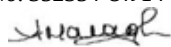
## **22. Alternate Director**

22.1 Any Director may in writing appoint another Director or another person to be his alternate to act in his place at any meeting of the Directors at which he is unable to be present and may at any time in writing to revoke the appointment of an alternate appointed by him. Every such alternate shall be entitled to be given notice of meetings of the Directors and to attend and vote thereat as a Director at any such meeting at which the person appointing him is not personally present and generally at such meeting to have and exercise all the powers, right, duties and authorises of the Director appointing him.

22.2 An alternate shall not be an officer of the Company and shall be deemed to be the agent of the Director appointing him. A Director may at any time in writing revoke the appointment of an alternate appointed by him. The remuneration of such alternate shall be payable out of the remuneration of the Director appointing him and the proportion thereof shall be agreed between them. If a Director shall die or cease to hold the office of Director, the appointment of his alternate shall thereupon cease and terminate.



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22.3 Any Director may appoint any person, whether or not a Director, to be the proxy of that Director to attend and vote on his behalf, in accordance with instructions given by that Director, or in the absence of such instructions at the discretion of the proxy, at a meeting or meetings of the Directors which that Director is unable to attend personally. The instrument appointing the proxy shall be in writing under the hand of the appointing Director and shall be in any usual or common form or such other form as the Directors may approve, and must be lodged with the chairman of the meeting of the Directors at which such proxy is to be used, or first used, prior to the commencement of the meeting.

## 23. Officers

23.1 The Directors of the Company may, by resolution of Directors, appoint officers of the Company at such times as shall be considered necessary or expedient, and such officers may consist of a president, one or more vice presidents, a secretary, and a treasurer and/or such other officers as may from time to time be deemed desirable. The officers shall perform such duties as shall be prescribed at the time of their appointment subject to any modifications in such duties as may be prescribed by the Directors thereafter, but in the absence of any specific allocation of duties it shall be the responsibility of the president to manage the day to day affairs of the Company, the vice presidents to act in order of seniority in the absence of the president, but otherwise to perform such duties as may be delegated to them by the president, the secretary to maintain the registers, minute books and records (other than financial records) of the Company and to ensure compliance with all procedural requirements imposed on the Company by applicable law, and the treasurer to be responsible for the financial affairs of the Company.

23.2 Any person may hold more than one office and no officer need be a Director or Member of the Company. The officers shall remain in relevant office until removed from the said office by the Directors, whether or not a successor is appointed.

23.3 Any officer who is a body corporate may appoint any person its duly authorised representative for the purpose of representing it and of transacting any of the business of the officers.

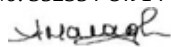
## 24. Powers and Duties of Directors

24.1 The business of the Company shall be managed by the Directors who may pay all expenses incurred preliminary to and in connection with the setup and registration of the Company, and may exercise all such powers of the Company necessary for managing and for directing and supervising, the business affairs of the Company as are not required by the Companies Law or by these Articles required to be exercised by the Members subject to any delegation of such powers as may be authorised by these Articles and permitted by the Companies Law and to such requirements as may be prescribed by resolution of the Members, but no requirement made by resolution of the Members shall prevail if it was inconsistent with these Articles nor shall such resolution invalidate any prior act of the Directors which would have been valid if such resolution had not been made.

24.2 The Directors may from time to time and at any time by power of attorney or otherwise appoint any company, firm or person or body of persons, whether nominated directly or indirectly by the Directors, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretion (not exceeding those vested in or exercisable by the Directors under these Articles) and for such period and subject to such conditions as they may think fit, and any such powers of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Directors may think fit and may also authorise any such attorney to delegate all or any of the powers, authorities and discretions vested in him.



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24.3 The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property, assets (present and future) and uncalled capital or any part thereof, to issue debentures, debenture stock and other securities whenever money is borrowed or as security for any debt, liability or obligation of the Company or of any third party.

## **25. Committees of Directors**

25.1 The Directors may delegate any of their powers to committees consisting of such member or members of their body as they think fit; any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by the Directors.

25.2 The Directors may establish any committees, local boards or agencies for managing any of the businesses and affairs of the Company, and may appoint any persons to be members of such committees, local boards, managers or agents for the Company and may fix their remuneration and may delegate to any committees, local board, manager or agent any of the powers, authorities and discretions vested in the Directors, with the power to sub-delegate, and may authorise the members of any committees, local boards or agencies, or any of them, to fill any vacancies therein and to act notwithstanding vacancies, and any such appointment and delegation may be made upon such terms and subject to such conditions as the Directors may think fit, and the Directors may remove any person so appointed and may annul or vary any such delegation, but no person dealing in good faith and without notice of any such annulment or variation shall be affected thereby.

## **26. Disqualification of Directors**

The office of Director shall be automatically vacated, if the Director:

- (a) becomes bankrupt or makes any arrangement or composition with his creditors;
- (b) is found to be or becomes of unsound mind;
- (c) resigns his office by notice in writing to the Company;
- (d) is removed from office by Ordinary Resolution;
- (e) is convicted of an arrestable offence; or
- (f) dies.

## **27. Proceedings of Directors**

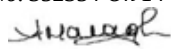
27.1 The meetings of the Board of Directors and any committee thereof shall be held at such place or places as the Directors shall decide.

27.2 The Directors may elect a chairman of their meetings and determine the period for which he is to hold office. If no such chairman is elected, or if at any meeting the chairman is not present within fifteen minutes after the time appointed for holding the meeting, the Directors present may choose one of their number to be chairman for the meeting. If the Directors are unable to choose a chairman, for any reason, then the seniority Director present at the meeting shall preside as the chairman of the meeting.

27.3 The Directors may meet together (either within or without the Cayman Islands) for the dispatch of business, adjourn and otherwise regulate their meetings and proceedings as they think fit. Questions arising at any meeting shall be decided by a majority of votes. In case of an equality in votes the chairman shall have a second or casting vote. A Director may at any time summon a meeting of the Directors. If the Company shall have only one Director, the provisions hereinafter contained for meetings of the Directors shall not apply but such sole Director shall have full power to represent and act for the Company in all matters and in lieu of minutes of a meeting shall record written resolutions and sign as a resolution of the Directors. Such note or memorandum shall constitute sufficient evidence of such resolution for all purposes.



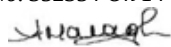
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- 27.4 Any one or more members of the Board of Directors or any committee thereof may participate in a meeting of such Board of Directors or committee by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time. Participating by such means shall constitute presence in person at a meeting.
- 27.5 The quorum necessary for the transaction of the business of the Directors may be fixed by the Directors, and unless so fixed, if there be more than two Directors shall be two, and if there be two or less Directors shall be one. A Director represented by proxy or by an alternate Director at any meeting shall be deemed to be present for the purposes of determining whether or not a quorum is present.
- 27.6 A Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company shall declare the nature of his interest at a meeting of the Directors. A general notice given to the Directors by any Director to the effect that he is a member of any specified company or firm and is to be regarded as interested in any contract which may thereafter be made with that company or firm shall be deemed a sufficient declaration of interest in regard to any contract so made. A Director may vote in respect of any contract or proposed contract or arrangement notwithstanding that he may be interested therein and if he does so his vote shall be counted and he may be counted in the quorum at any meeting of the Directors at which any such contract or proposed contract or arrangement shall come before the meeting for consideration.
- 27.7 A Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine and no Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise, nor shall any such contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested, be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relation thereby established. A Director, notwithstanding his interest, may be counted in the quorum present at any meeting whereat he or any other Director is appointed to hold any such office or place of profit under the Company or whereat the terms of any such appointment are arranged and he may vote on any such appointment or arrangement.
- 27.8 The Directors shall cause to be entered and kept in books or files provided for the purpose minutes or memoranda of the following (where applicable): -
- (a) all appointments of officers made by the Directors;
  - (b) the names of the Directors, and any alternate Director who is not also a Director, present at each meeting of the Directors and of any committee of the Directors; and
  - (c) all resolutions and proceedings of all meetings of the Members, all meetings of the Directors and all meetings of committees and, where the Company has only one Member and/or one Director, all written resolutions of the decisions of the sole Member and/or the sole Director;
- and any such minutes or memoranda of any meeting or decisions of the Directors, or any committee, or of the Company, if purporting to be signed by the chairman of such meeting, or by the chairman of the next succeeding meeting, shall be receivable as prima facie evidence of the matters stated therein.



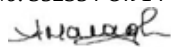
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- 27.9 When the Chairman of a meeting of the Directors signs the minutes of such meeting the same shall be deemed to have been duly held notwithstanding that all the Directors have not actually come together or that there may have been a technical defect in the proceedings.
- 27.10 A resolution in writing signed by a majority of the Directors for the time being shall be as valid and effectual for all purposes as a resolution of the Directors passed at a meeting of the Directors duly called and constituted. Such resolution in writing may consist of several documents each signed by one or more of the Directors.
- 27.11 The continuing Directors may act notwithstanding any vacancy in their body but if and so long as their number is reduced below the number fixed by or pursuant to the Articles of the Company as the necessary quorum of Directors, the continuing Directors may act for the purpose of increasing the number, or of summoning a general meeting of the Company, but for no other purpose.
- 27.12 A committee appointed by the Directors may elect a chairman of its meetings. If no such chairman is elected, or if at any meeting the chairman is not present within 15 minutes after the time appointed for holding the same, the members present may choose one of their number to be chairman of their meetings.
- 27.13 A committee appointed by the Directors may meet and adjourn as it thinks fit. Questions arising at any meeting shall be determined by a majority of votes of the committee members present and in case of an equality of votes the chairman shall have a second or casting vote.
- 27.14 All acts done bona fide by any meeting of the Directors or of a committee of Directors, or by any person acting as a Director, shall notwithstanding that it was afterwards discovered that there was some defect in the appointment of any such Director or person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director.
- 28. Dividends**
- 28.1 Subject to any rights and restrictions for the time being attached to any class or classes of shares, the Directors may from time to time declare dividends (including interim dividends) and other distributions on shares of the Company in issue and authorize payment of the same out of the funds of the Company lawfully available therefor.
- 28.2 Subject to any rights and restrictions for the time being attached to any class or classes of shares, the Company may by Ordinary Resolution declare final dividends, but no dividend shall exceed the amount recommended by the Directors.
- 28.3 The Directors may, before recommending or declaring any dividend, set aside out of the funds legally available for distribution of the Company such sums as they think proper as a reserve or reserves which shall, at the absolute discretion of the Directors be applicable for meeting contingencies, or for equalizing dividends or for any other purpose to which those funds may be properly applied and may pending such application, in the Directors' absolute discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Directors may from time to time think fit.
- 28.4 No dividend shall be paid otherwise than out of profits or, subject to the restrictions of the Companies Law, the share premium account.



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- 28.5 Any dividend may be paid by cheque or warrant sent through the post directed to the registered address of the Member or person entitled thereto (or in case of joint holders, to the registered address of any one of such joint holders whose name stands first on the Register of Members of the Company in respect of the joint holding) or addressed to such person at such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent, but in any event the Company shall not be liable or responsible for any cheque or warrant lost in transmission nor for any dividend, bonus, interest or other monies lost to the Member or person entitled thereto by the forged endorsement of any cheque or warrant. Any payment of the cheque or warrant by the Company's banker on whom it is drawn shall be a good discharge to the Company.
- 28.6 The Directors when paying dividends to the Members in accordance with the foregoing provisions may make such payment either in cash or in specie.
- 28.7 Subject to the rights of persons, if any, entitled to shares with special rights as to dividend, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but no amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this article as paid on the share. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid but if any share is issued on terms providing that it shall rank for dividend as from a particular date that share shall rank for dividend accordingly.
- 28.8 If several persons are registered as joint holders of any share, any of them may give effectual receipts for any dividend or other moneys payable on or in respect of the share.
- 28.9 No dividend shall bear interest against the Company.
- 29. Accounts and Audit**
- 29.1 The Directors shall cause books of account relating to the Company's affairs to be kept in such manner as may be determined from time to time by the Directors.
- 29.2 The books of account shall be kept at the registered office of the Company, or at such other place or places as the Directors think fit, and shall always be open to the inspection of the Directors.
- 29.3 The Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of Members not being Directors, and no Member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by the Companies Law or authorized by the Directors or by the Company by ordinary resolution.
- 29.4 The Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions the records, documents and registers of the Company or any of them shall be open to the inspection of Members not being Directors, and no Member (not being a Director) shall have any right of inspecting any records, documents or registers of the Company except as conferred by the Companies Law or authorized by resolution of the Directors.



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**30. Capitalisation of Profits**

- 30.1 Subject to the Companies Law, the Directors may, with the authority of an Ordinary Resolution, resolve that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve accounts (including a share premium account and capital redemption reserve), or to the credit of the profit and loss account or otherwise available for distribution, and accordingly that such sum be set free for distribution, amongst the Members who would have been entitled thereto if distributed by way of dividend and in the same proportion, on condition that the same be not paid in cash but be applied either in or towards paying up any amounts (if any) for the time being unpaid on any shares held by such Members respectively, or paying up in full unissued shares or debentures of the Company to be allotted and distributed credited as fully paid up to and amongst such Members in the proportion aforesaid or partly in the one way and partly in the other. Provided that a share premium account and a capital redemption reserve fund may, for the purposes of this Article, only be applied in the paying up of unissued shares to be allotted to Members of the Company as fully paid bonus shares.
- 30.2 Whenever such a resolution as aforesaid shall have been passed the Directors shall make all appropriations and applications of the undivided profits resolved to be capitalized thereby, and all allotments and issues of fully paid shares or debentures, if any and generally shall do all acts and things required to give effect thereto, with full power to the Directors to make such provision by the issue of fractional certificates by payment in cash or otherwise as they think fit for the case of shares or debentures becoming distributable in fractions, and also to authorize any person to enter on behalf of all the Members entitled thereto into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further shares or debentures to which they may be entitled upon such capitalization, or as the case may require, for the payment up by the Company on their behalf, by the application thereto of their respective proportions of the profits resolved to be capitalized, of the amounts or any part of the amounts remaining unpaid on their existing shares, and any agreement made under such authority shall be effective and binding on all such Members.

**31. Share Premium Account**

- 31.1 The Board of Directors shall in accordance with the Companies Law establish a share premium account and shall carry to the credit of such account from time to time a sum equal to the amount or value of the premium paid on the issue of any share.
- 31.2 There shall be debited to any share premium account on the redemption or purchase of a share the difference between the nominal value of such share and the redemption or purchase price provided always that at the discretion of the Board of Directors such sum may be paid out of the profits of the Company or, if permitted by the Companies Law, out of capital.

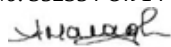
**32. Indemnity**

Subject to the provisions of the Companies Law and in the absence of fraud or wilful default, the Company may indemnify against all expenses, including legal fees, and against all judgments, fines and amounts paid in settlement and reasonably incurred in connection with legal, administrative or investigative proceedings any person who:

- (a) is or was a party or is threatened to be made a party to any threatened, pending or completed proceedings, whether civil, criminal, administrative or investigative, by reason of the fact that the person is or was a Director, managing director, agent, auditor, secretary and other officer for the time being of the Company; or



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- (b) is or was, at the request of the Company, serving as a Director, managing director, agent, auditor, secretary and other officer for the time being of, or in any other capacity is or was acting for, another company or a partnership, joint venture, trust or other enterprise.

### **33. Notices**

- 33.1 Notice shall be in writing and may be given by the Company or by the person entitled to give notice to any Member either personally by electronic mail, by facsimile or by sending it through the post in a prepaid letter or via a recognized courier service, fees prepaid, addressed to the Member at his address as appearing in the Register of Members. Notices posted to addresses outside the Cayman Islands shall be forwarded by prepaid airmail. A notice may be given by the Company to the joint holders of a share by giving the notice to the joint holder first named in the Register of Members in respect of the share.
- 33.2 Any Member present, either personally or by proxy, at any meeting of the Company shall for all purposes be deemed to have received due notice of such meeting and, where requisite, of the purposes for which such meeting was convened.
- 33.3 Any notice, if served by (a) post, shall be deemed to have been served 5 days after the time when the letter containing the same is posted and if served by courier, shall be deemed to have been served 5 days after the time when the letter containing the same is delivered to the courier or, (b) facsimile, shall be deemed to have been served upon confirmation of receipt or (c) electronic mail, shall be deemed to have been served upon confirmation of receipt, or (d) recognized delivery service, shall be deemed to have been served 48 hours after the time when the letter containing the same is delivered to the courier service provider.
- 33.4 A notice may be given by the Company to the persons entitled to a share in consequence of the death, bankruptcy or insolvency of a Member by sending it through the post in a prepaid letter, by airmail if appropriate addressed to them by name or by the title of representatives of the deceased or assignee or trustee of the bankrupt or insolvent or by a like description at the address, if any, supplied for the purpose by the persons claiming to be so entitled, or, until such an address has been so supplied, by giving the notice in any manner in which the same might have been given if the death, bankruptcy or insolvency had not occurred.
- 33.5 Notice of every general meeting shall be given in the manner hereinbefore authorized to:
- (a) all Members who have a right to receive notice and who have supplied the Company with an address for the giving of notices to them and in case of joint holder, the notice shall be sufficient if given to the first named joint holder in the Register of Members; and
  - (b) every person entitled to a share in consequence of the death or bankruptcy of a Member, who but for his death or bankruptcy would be entitled to receive notice of the meeting.

No other person shall be entitled to receive notice of general meetings.

### **34. Seal**

- 34.1 The Directors shall provide for the safe custody of the Seal of the Company. The Seal when affixed to any instrument shall be witnessed by a Director or the secretary or officer of the Company or any other person so authorized from time to time by the Directors or of a committee of the Directors authorized by the Directors on that behalf. The Directors may provide for a facsimile of the Seal and approve the signature of any Director or authorized person which may be reproduced by printing or other means on any instrument and it shall have the same force and validity as if the Seal has been affixed to such instrument and the same had been signed as hereinbefore described.



**EXEMPTED** Company Registered and  
filed as No. 352354 On 14-Jun-2019

*[Signature]*  
Assistant Registrar

34.2 Notwithstanding the foregoing, a director or officer, representative or attorney of the Company shall have the authority to affix the Seal, or a duplicate of the Seal, over his signature alone on any instrument or document required to be authenticated by him under Seal or to be filed with the Registrar of Companies in the Cayman Islands or elsewhere wheresoever.

**35. Winding Up**

35.1 If the Company shall be wound up the liquidator may, with the sanction of an Ordinary Resolution of the Company and any other sanction required by the Companies Law, divide amongst the Members in specie or cash the whole or any part of the assets of the Company whether they shall consist of property of the same kind or not and may, for such purpose set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributors as the liquidator shall think fit, but so that no Member shall be compelled to accept any shares or other securities whereon there is any liability.

35.2 Without prejudice to the rights of holders of shares issued upon special terms and conditions, if the Company shall be wound up, and the assets available for distribution among the Members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Members in proportion to the capital paid-up, or which ought to have been paid-up, at the commencement of the winding up on the shares held by them respectively. If on a winding up the assets available for distribution among the Members shall be more than sufficient to repay the whole of the capital paid-up at the commencement of the winding up, the excess shall be distributed among the Members in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively.

**36. Amendment of Memorandum and Articles of Association**

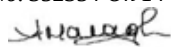
The Company may alter or modify the provisions contained in these Memorandum and Articles of Association as originally drafted or as amended from time to time by a Special Resolution and subject to the Companies Law and the rights attaching to the various classes of shares.

**37. Registration By Way of Continuation**

The Company may by Special Resolution resolve to be registered by way of continuation in a jurisdiction outside the Cayman Islands or such other jurisdiction in which it is for the time being incorporated, registered or existing. In furtherance of a resolution adopted pursuant to this Article. The Directors may cause an application to be made to the Registrar of Companies to deregister the Company in the Cayman Islands or such other jurisdiction in which it is for the time being incorporated, registered or existing and may cause all such further steps as they consider appropriate to be taken in accordance to the Companies Law to effect the transfer by way of continuation of the Company.



**EXEMPTED** Company Registered and  
filed as No. 352354 On 14-Jun-2019

  
Assistant Registrar

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**NAME AND ADDRESS OF SUBSCRIBER**

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**Sertus Nominees (Cayman) Limited**  
Sertus Chambers, Governors Square,  
Suite # 5-204, 23 Lime Tree Bay Avenue,  
P.O. Box 2547, Grand Cayman, KY1-1104,  
Cayman Islands

/s/ Gabriela Neverilova  
Gabriela Neverilova  
Authorised Signatory

**DATED this 14th day of June, 2019**

/s/ Burnette Pope  
Witness to the above signature:  
Burnette Pope  
Sertus Chambers, Governors Square,  
Suite # 5-204, 23 Lime Tree Bay Avenue,  
P.O. Box 2547, Grand Cayman, KY1-1104,  
Cayman Islands

**THE COMPANIES LAW (2020 REVISION)**

**OF THE CAYMAN ISLANDS**

**COMPANY LIMITED BY SHARES**

**AMENDED AND RESTATED**

**MEMORANDUM AND ARTICLES OF ASSOCIATION**

**OF**

**SKILLFUL CRAFTSMAN EDUCATION TECHNOLOGY LIMITED**

**(ADOPTED BY SPECIAL RESOLUTION DATED 22 APRIL 2020 AND EFFECTIVE ON 22 APRIL 2020)**

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**THE COMPANIES LAW (2020 REVISION)**

**OF THE CAYMAN ISLANDS**

**COMPANY LIMITED BY SHARES**

**AMENDED AND RESTATED**

**MEMORANDUM OF ASSOCIATION**

**OF**

**SKILLFUL CRAFTSMAN EDUCATION TECHNOLOGY LIMITED**

**(ADOPTED BY SPECIAL RESOLUTION DATED 22 APRIL 2020 AND EFFECTIVE ON 22 APRIL 2020)**

- 1 The name of the Company is **Skillful Craftsman Education Technology Limited**
  - 2 The Registered Office of the Company shall be at the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands, or at such other place within the Cayman Islands as the Directors may decide.
  - 3 The objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the laws of the Cayman Islands.
  - 4 The liability of each Member is limited to the amount unpaid on such Member's shares.
  - 5 The share capital of the Company is US\$75,150 divided into 500,000,000 ordinary shares of US\$0.00015 par value each and 1,000,000 preference shares of US\$0.00015 par value each.
  - 6 The Company has power to register by way of continuation as a body corporate limited by shares under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.
  - 7 Capitalised terms that are not defined in this Memorandum of Association bear the respective meanings given to them in the Articles of Association of the Company.
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**THE COMPANIES LAW (2020 REVISION)**

**OF THE CAYMAN ISLANDS**

**COMPANY LIMITED BY SHARES**

**AMENDED AND RESTATED**

**ARTICLES OF ASSOCIATION**

**OF**

**SKILLFUL CRAFTSMAN EDUCATION TECHNOLOGY LIMITED**

**(ADOPTED BY SPECIAL RESOLUTION DATED 22 APRIL 2020 AND EFFECTIVE ON 22 APRIL 2020)**

**1 Interpretation**

1.1 In the Articles Table A in the First Schedule to the Statute does not apply and, unless there is something in the subject or context inconsistent therewith:

"Articles"	means these articles of association of the Company.
"Auditor"	means the person for the time being performing the duties of auditor of the Company (if any).
"Company"	means the above named company.
"Directors"	means the directors for the time being of the Company.
"Dividend"	means any dividend (whether interim or final) resolved to be paid on Shares pursuant to the Articles.
"Electronic Record"	has the same meaning as in the Electronic Transactions Law.
"Electronic Transactions Law"	means the Electronic Transactions Law (2003 Revision) of the Cayman Islands.
"Member"	has the same meaning as in the Statute.
"Memorandum"	means the memorandum of association of the Company.

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<b>"Ordinary Resolution"</b>	means a resolution passed by a simple majority of the Members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting, and includes a unanimous written resolution. In computing the majority when a poll is demanded regard shall be had to the number of votes to which each Member is entitled by the Articles.
<b>"Ordinary Share"</b>	means an ordinary share of a par value of US\$0.00015 in the share capital of the Company.
<b>"Preference Share"</b>	means a preference share of a par value of US\$0.00015 in the share capital of the Company.
<b>"Register of Members"</b>	means the register of Members maintained in accordance with the Statute and includes (except where otherwise stated) any branch or duplicate register of Members.
<b>"Registered Office"</b>	means the registered office for the time being of the Company.
<b>"Seal"</b>	means the common seal of the Company and includes every duplicate seal.
<b>"Share"</b>	means an Ordinary Share or a Preference Share and includes a fraction of a share in the Company.
<b>"Special Resolution"</b>	has the same meaning as in the Statute, and includes a unanimous written resolution.
<b>"Statute"</b>	means the Companies Law (2020 Revision) of the Cayman Islands.
<b>"Subscriber"</b>	means the subscriber to the Memorandum.
<b>"Treasury Share"</b>	means a Share held in the name of the Company as a treasury share in accordance with the Statute.

1.2 In the Articles:

- (a) words importing the singular number include the plural number and vice versa;
- (b) words importing the masculine gender include the feminine gender;
- (c) words importing persons include corporations as well as any other legal or natural person;
- (d) "written" and "in writing" include all modes of representing or reproducing words in visible form, including in the form of an Electronic Record;
- (e) "shall" shall be construed as imperative and "may" shall be construed as permissive;

- (f) references to provisions of any law or regulation shall be construed as references to those provisions as amended, modified, re-enacted or replaced;
- (g) any phrase introduced by the terms "including", "include", "in particular" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms;
- (h) the term "and/or" is used herein to mean both "and" as well as "or." The use of "and/or" in certain contexts in no respects qualifies or modifies the use of the terms "and" or "or" in others. The term "or" shall not be interpreted to be exclusive and the term "and" shall not be interpreted to require the conjunctive (in each case, unless the context otherwise requires);
- (i) headings are inserted for reference only and shall be ignored in construing the Articles;
- (j) any requirements as to delivery under the Articles include delivery in the form of an Electronic Record;
- (k) any requirements as to execution or signature under the Articles including the execution of the Articles themselves can be satisfied in the form of an electronic signature as defined in the Electronic Transactions Law;
- (l) sections 8 and 19(3) of the Electronic Transactions Law shall not apply;
- (m) the term "clear days" in relation to the period of a notice means that period excluding the day when the notice is received or deemed to be received and the day for which it is given or on which it is to take effect; and
- (n) the term "holder" in relation to a Share means a person whose name is entered in the Register of Members as the holder of such Share.

## **2 Commencement of Business**

- 2.1 The business of the Company may be commenced as soon after incorporation of the Company as the Directors shall see fit.
- 2.2 The Directors may pay, out of the capital or any other monies of the Company, all expenses incurred in or about the formation and establishment of the Company, including the expenses of registration.

## **3 Issue of Shares and other Securities**

- 3.1 Subject to the provisions, if any, in the Memorandum (and to any direction that may be given by the Company in general meeting) and, where applicable, the rules and regulations of the Designated Stock Exchange, the Securities and Exchange Commission and/or any other

competent regulatory authority or otherwise under Applicable Law, and without prejudice to any rights attached to any existing Shares, the Directors may allot, issue, grant options over or otherwise dispose of Shares (including fractions of a Share) with or without preferred, deferred or other rights or restrictions, whether in regard to Dividends or other distributions, voting, return of capital or otherwise and to such persons, at such times and on such other terms as they think proper, and may also (subject to the Statute and the Articles) vary such rights.

- 3.2 The Company may issue rights, options, warrants or convertible securities or securities of similar nature conferring the right upon the holders thereof to subscribe for, purchase or receive any class of Shares or other securities in the Company on such terms as the Directors may from time to time determine.
- 3.3 The Company may issue units of securities in the Company, which may be comprised of whole or fractional Shares, rights, options, warrants or convertible securities or securities of similar nature conferring the right upon the holders thereof to subscribe for, purchase or receive any class of Shares or other securities in the Company, upon such terms as the Directors may from time to time determine.
- 3.4 The Company shall not issue Shares to bearer.

#### **4 Register of Members**

- 4.1 The Company shall maintain or cause to be maintained the Register of Members in accordance with the Statute.
- 4.2 The Directors may determine that the Company shall maintain one or more branch registers of Members in accordance with the Statute. The Directors may also determine which register of Members shall constitute the principal register and which shall constitute the branch register or registers, and to vary such determination from time to time.

#### **5 Closing Register of Members or Fixing Record Date**

- 5.1 For the purpose of determining Members entitled to notice of, or to vote at any meeting of Members or any adjournment thereof, or Members entitled to receive payment of any Dividend or other distribution, or in order to make a determination of Members for any other purpose, the Directors may provide that the Register of Members shall be closed for transfers for a stated period which shall not in any case exceed forty days.
- 5.2 In lieu of, or apart from, closing the Register of Members, the Directors may fix in advance or arrears a date as the record date for any such determination of Members entitled to notice of, or to vote at any meeting of the Members or any adjournment thereof, or for the purpose of determining the Members entitled to receive payment of any Dividend or other distribution, or in order to make a determination of Members for any other purpose.

- 5.3 If the Register of Members is not so closed and no record date is fixed for the determination of Members entitled to notice of, or to vote at, a meeting of Members or Members entitled to receive payment of a Dividend or other distribution, the date on which notice of the meeting is sent or the date on which the resolution of the Directors resolving to pay such Dividend or other distribution is passed, as the case may be, shall be the record date for such determination of Members. When a determination of Members entitled to vote at any meeting of Members has been made as provided in this Article, such determination shall apply to any adjournment thereof.

## **6 Certificates for Shares**

- 6.1 A Member shall only be entitled to a share certificate if the Directors resolve that share certificates shall be issued. Share certificates representing Shares, if any, shall be in such form as the Directors may determine. Share certificates shall be signed by one or more Directors or other person authorised by the Directors. The Directors may authorise certificates to be issued with the authorised signature(s) affixed by mechanical process. All certificates for Shares shall be consecutively numbered or otherwise identified and shall specify the Shares to which they relate. All certificates surrendered to the Company for transfer shall be cancelled and subject to the Articles no new certificate shall be issued until the former certificate representing a like number of relevant Shares shall have been surrendered and cancelled.
- 6.2 The Company shall not be bound to issue more than one certificate for Shares held jointly by more than one person and delivery of a certificate to one joint holder shall be a sufficient delivery to all of them.
- 6.3 If a share certificate is defaced, worn out, lost or destroyed, it may be renewed on such terms (if any) as to evidence and indemnity and on the payment of such expenses reasonably incurred by the Company in investigating evidence, as the Directors may prescribe, and (in the case of defacement or wearing out) upon delivery of the old certificate.
- 6.4 Every share certificate sent in accordance with the Articles will be sent at the risk of the Member or other person entitled to the certificate. The Company will not be responsible for any share certificate lost or delayed in the course of delivery.

## **7 Transfer of Shares**

- 7.1 Subject to Article 3.1, Shares are transferable subject to the approval of the Directors by resolution who may, in their absolute discretion, decline to register any transfer of Shares without giving any reason. If the Directors refuse to register a transfer they shall notify the transferee within two months of such refusal.
- 7.2 The instrument of transfer of any Share shall be in writing and shall be executed by or on behalf of the transferor (and if the Directors so require, signed by or on behalf of the transferee). The transferor shall be deemed to remain the holder of a Share until the name of the transferee is entered in the Register of Members.

## **8 Redemption, Repurchase and Surrender of Shares**

- 8.1 Subject to the provisions of the Statute the Company may issue Shares that are to be redeemed or are liable to be redeemed at the option of the Member or the Company. The redemption of such Shares shall be effected in such manner and upon such other terms as the Company may, by Special Resolution, determine before the issue of the Shares.
- 8.2 Subject to the provisions of the Statute, the Company may purchase its own Shares (including any redeemable Shares) in such manner and on such other terms as the Directors may agree with the relevant Member.
- 8.3 The Company may make a payment in respect of the redemption or purchase of its own Shares in any manner permitted by the Statute, including out of capital.
- 8.4 The Directors may accept the surrender for no consideration of any fully paid Share.

## **9 Treasury Shares**

- 9.1 The Directors may, prior to the purchase, redemption or surrender of any Share, determine that such Share shall be held as a Treasury Share.
- 9.2 The Directors may determine to cancel a Treasury Share or transfer a Treasury Share on such terms as they think proper (including, without limitation, for nil consideration).

## **10 Variation of Rights of Shares**

- 10.1 If at any time the share capital of the Company is divided into different classes of Shares, all or any of the rights attached to any class (unless otherwise provided by the terms of issue of the Shares of that class) may, whether or not the Company is being wound up, be varied without the consent of the holders of the issued Shares of that class where such variation is considered by the Directors not to have a material adverse effect upon such rights; otherwise, any such variation shall be made only with the consent in writing of the holders of not less than two thirds of the issued Shares of that class, or with the approval of a resolution passed by a majority of not less than two thirds of the votes cast at a separate meeting of the holders of the Shares of that class. For the avoidance of doubt, the Directors reserve the right, notwithstanding that any such variation may not have a material adverse effect, to obtain consent from the holders of Shares of the relevant class. To any such meeting all the provisions of the Articles relating to general meetings shall apply *mutatis mutandis*, except that the necessary quorum shall be one person holding or representing by proxy at least one third of the issued Shares of the class and that any holder of Shares of the class present in person or by proxy may demand a poll.
- 10.2 For the purposes of a separate class meeting, the Directors may treat two or more or all the classes of Shares as forming one class of Shares if the Directors consider that such class of Shares would be affected in the same way by the proposals under consideration, but in any other case shall treat them as separate classes of Shares.

- 10.3 The rights conferred upon the holders of the Shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the Shares of that class, be deemed to be varied by the creation or issue of further Shares ranking pari passu therewith.

## **11 Commission on Sale of Shares**

The Company may, in so far as the Statute permits, pay a commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) or procuring or agreeing to procure subscriptions (whether absolutely or conditionally) for any Shares. Such commissions may be satisfied by the payment of cash and/or the issue of fully or partly paid-up Shares. The Company may also on any issue of Shares pay such brokerage as may be lawful.

## **12 Non Recognition of Trusts**

The Company shall not be bound by or compelled to recognise in any way (even when notified) any equitable, contingent, future or partial interest in any Share, or (except only as is otherwise provided by the Articles or the Statute) any other rights in respect of any Share other than an absolute right to the entirety thereof in the holder.

## **13 Lien on Shares**

- 13.1 The Company shall have a first and paramount lien on all Shares (whether fully paid-up or not) registered in the name of a Member (whether solely or jointly with others) for all debts, liabilities or engagements to or with the Company (whether presently payable or not) by such Member or his estate, either alone or jointly with any other person, whether a Member or not, but the Directors may at any time declare any Share to be wholly or in part exempt from the provisions of this Article. The registration of a transfer of any such Share shall operate as a waiver of the Company's lien thereon. The Company's lien on a Share shall also extend to any amount payable in respect of that Share.
- 13.2 The Company may sell, in such manner as the Directors think fit, any Shares on which the Company has a lien, if a sum in respect of which the lien exists is presently payable, and is not paid within fourteen clear days after notice has been received or deemed to have been received by the holder of the Shares, or to the person entitled to it in consequence of the death or bankruptcy of the holder, demanding payment and stating that if the notice is not complied with the Shares may be sold.
- 13.3 To give effect to any such sale the Directors may authorise any person to execute an instrument of transfer of the Shares sold to, or in accordance with the directions of, the purchaser. The purchaser or his nominee shall be registered as the holder of the Shares comprised in any such transfer, and he shall not be bound to see to the application of the purchase money, nor shall his title to the Shares be affected by any irregularity or invalidity in the sale or the exercise of the Company's power of sale under the Articles.

- 13.4 The net proceeds of such sale after payment of costs, shall be applied in payment of such part of the amount in respect of which the lien exists as is presently payable and any balance shall (subject to a like lien for sums not presently payable as existed upon the Shares before the sale) be paid to the person entitled to the Shares at the date of the sale.

#### **14 Call on Shares**

- 14.1 Subject to the terms of the allotment and issue of any Shares, the Directors may make calls upon the Members in respect of any monies unpaid on their Shares (whether in respect of par value or premium), and each Member shall (subject to receiving at least fourteen clear days' notice specifying the time or times of payment) pay to the Company at the time or times so specified the amount called on the Shares. A call may be revoked or postponed, in whole or in part, as the Directors may determine. A call may be required to be paid by instalments. A person upon whom a call is made shall remain liable for calls made upon him notwithstanding the subsequent transfer of the Shares in respect of which the call was made.
- 14.2 A call shall be deemed to have been made at the time when the resolution of the Directors authorising such call was passed.
- 14.3 The joint holders of a Share shall be jointly and severally liable to pay all calls in respect thereof.
- 14.4 If a call remains unpaid after it has become due and payable, the person from whom it is due shall pay interest on the amount unpaid from the day it became due and payable until it is paid at such rate as the Directors may determine (and in addition all expenses that have been incurred by the Company by reason of such non-payment), but the Directors may waive payment of the interest or expenses wholly or in part.
- 14.5 An amount payable in respect of a Share on issue or allotment or at any fixed date, whether on account of the par value of the Share or premium or otherwise, shall be deemed to be a call and if it is not paid all the provisions of the Articles shall apply as if that amount had become due and payable by virtue of a call.
- 14.6 The Directors may issue Shares with different terms as to the amount and times of payment of calls, or the interest to be paid.
- 14.7 The Directors may, if they think fit, receive an amount from any Member willing to advance all or any part of the monies uncalled and unpaid upon any Shares held by him, and may (until the amount would otherwise become payable) pay interest at such rate as may be agreed upon between the Directors and the Member paying such amount in advance.
- 14.8 No such amount paid in advance of calls shall entitle the Member paying such amount to any portion of a Dividend or other distribution payable in respect of any period prior to the date upon which such amount would, but for such payment, become payable.

## **15 Forfeiture of Shares**

- 15.1 If a call or instalment of a call remains unpaid after it has become due and payable the Directors may give to the person from whom it is due not less than fourteen clear days' notice requiring payment of the amount unpaid together with any interest which may have accrued and any expenses incurred by the Company by reason of such non-payment. The notice shall specify where payment is to be made and shall state that if the notice is not complied with the Shares in respect of which the call was made will be liable to be forfeited.
- 15.2 If the notice is not complied with, any Share in respect of which it was given may, before the payment required by the notice has been made, be forfeited by a resolution of the Directors. Such forfeiture shall include all Dividends, other distributions or other monies payable in respect of the forfeited Share and not paid before the forfeiture.
- 15.3 A forfeited Share may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the Directors think fit and at any time before a sale, re-allotment or disposition the forfeiture may be cancelled on such terms as the Directors think fit. Where for the purposes of its disposal a forfeited Share is to be transferred to any person the Directors may authorise some person to execute an instrument of transfer of the Share in favour of that person.
- 15.4 A person any of whose Shares have been forfeited shall cease to be a Member in respect of them and shall surrender to the Company for cancellation the certificate for the Shares forfeited and shall remain liable to pay to the Company all monies which at the date of forfeiture were payable by him to the Company in respect of those Shares together with interest at such rate as the Directors may determine, but his liability shall cease if and when the Company shall have received payment in full of all monies due and payable by him in respect of those Shares.
- 15.5 A certificate in writing under the hand of one Director or officer of the Company that a Share has been forfeited on a specified date shall be conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the Share. The certificate shall (subject to the execution of an instrument of transfer) constitute a good title to the Share and the person to whom the Share is sold or otherwise disposed of shall not be bound to see to the application of the purchase money, if any, nor shall his title to the Share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the Share.
- 15.6 The provisions of the Articles as to forfeiture shall apply in the case of non payment of any sum which, by the terms of issue of a Share, becomes payable at a fixed time, whether on account of the par value of the Share or by way of premium as if it had been payable by virtue of a call duly made and notified.

## **16 Transmission of Shares**

- 16.1 If a Member dies the survivor or survivors (where he was a joint holder) or his legal personal representatives (where he was a sole holder), shall be the only persons recognised by the

Company as having any title to his Shares. The estate of a deceased Member is not thereby released from any liability in respect of any Share, for which he was a joint or sole holder.

16.2 Any person becoming entitled to a Share in consequence of the death or bankruptcy or liquidation or dissolution of a Member (or in any other way than by transfer) may, upon such evidence being produced as may be required by the Directors, elect, by a notice in writing sent by him to the Company, either to become the holder of such Share or to have some person nominated by him registered as the holder of such Share. If he elects to have another person registered as the holder of such Share he shall sign an instrument of transfer of that Share to that person. The Directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the Share by the relevant Member before his death or bankruptcy or liquidation or dissolution, as the case may be.

16.3 A person becoming entitled to a Share by reason of the death or bankruptcy or liquidation or dissolution of a Member (or in any other case than by transfer) shall be entitled to the same Dividends, other distributions and other advantages to which he would be entitled if he were the holder of such Share. However, he shall not, before becoming a Member in respect of a Share, be entitled in respect of it to exercise any right conferred by membership in relation to general meetings of the Company and the Directors may at any time give notice requiring any such person to elect either to be registered himself or to have some person nominated by him be registered as the holder of the Share (but the Directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the Share by the relevant Member before his death or bankruptcy or liquidation or dissolution or any other case than by transfer, as the case may be). If the notice is not complied with within ninety days of being received or deemed to be received (as determined pursuant to the Articles) the Directors may thereafter withhold payment of all Dividends, other distributions, bonuses or other monies payable in respect of the Share until the requirements of the notice have been complied with.

## **17 Amendments of Memorandum and Articles of Association and Alteration of Capital**

17.1 The Company may by Ordinary Resolution:

- (a) increase its share capital by such sum as the Ordinary Resolution shall prescribe and with such rights, priorities and privileges annexed thereto, as the Company in general meeting may determine;
- (b) consolidate and divide all or any of its share capital into Shares of larger amount than its existing Shares;
- (c) convert all or any of its paid-up Shares into stock, and reconvert that stock into paid-up Shares of any denomination;
- (d) by subdivision of its existing Shares or any of them divide the whole or any part of its share capital into Shares of smaller amount than is fixed by the Memorandum or into Shares without par value; and

- (e) cancel any Shares that at the date of the passing of the Ordinary Resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the Shares so cancelled.
- 17.2 All new Shares created in accordance with the provisions of the preceding Article shall be subject to the same provisions of the Articles with reference to the payment of calls, liens, transfer, transmission, forfeiture and otherwise as the Shares in the original share capital.
- 17.3 Subject to the provisions of the Statute and the provisions of the Articles as regards the matters to be dealt with by Ordinary Resolution, the Company may by Special Resolution:
  - (a) change its name;
  - (b) alter or add to the Articles;
  - (c) alter or add to the Memorandum with respect to any objects, powers or other matters specified therein; and
  - (d) reduce its share capital or any capital redemption reserve fund.
- 18 Offices and Places of Business**

Subject to the provisions of the Statute, the Company may by resolution of the Directors change the location of its Registered Office. The Company may, in addition to its Registered Office, maintain such other offices or places of business as the Directors determine.
- 19 General Meetings**
- 19.1 All general meetings other than annual general meetings shall be called extraordinary general meetings.
- 19.2 The Company may, but shall not (unless required by the Statute) be obliged to, in each year hold a general meeting as its annual general meeting, and shall specify the meeting as such in the notices calling it. Any annual general meeting shall be held at such time and place as the Directors shall appoint and if no other time and place is prescribed by them, it shall be held at the Registered Office on the second Wednesday in December of each year at ten o'clock in the morning. At these meetings the report of the Directors (if any) shall be presented.
- 19.3 The Directors may call general meetings, and they shall on a Members' requisition forthwith proceed to convene an extraordinary general meeting of the Company.
- 19.4 A Members' requisition is a requisition of Members holding at the date of deposit of the requisition not less than ten per cent. in par value of the issued Shares which as at that date carry the right to vote at general meetings of the Company.

- 19.5 The Members' requisition must state the objects of the meeting and must be signed by the requisitionists and deposited at the Registered Office, and may consist of several documents in like form each signed by one or more requisitionists.
- 19.6 If there are no Directors as at the date of the deposit of the Members' requisition or if the Directors do not within twenty-one days from the date of the deposit of the Members' requisition duly proceed to convene a general meeting to be held within a further twenty-one days, the requisitionists, or any of them representing more than one-half of the total voting rights of all of the requisitionists, may themselves convene a general meeting, but any meeting so convened shall be held no later than the day which falls three months after the expiration of the said twenty-one day period.
- 19.7 A general meeting convened as aforesaid by requisitionists shall be convened in the same manner as nearly as possible as that in which general meetings are to be convened by Directors.

## **20 Notice of General Meetings**

- 20.1 At least five clear days' notice shall be given of any general meeting. Every notice shall specify the place, the day and the hour of the meeting and the general nature of the business to be conducted at the general meeting and shall be given in the manner hereinafter mentioned or in such other manner if any as may be prescribed by the Company, provided that a general meeting of the Company shall, whether or not the notice specified in this Article has been given and whether or not the provisions of the Articles regarding general meetings have been complied with, be deemed to have been duly convened if it is so agreed:
- (a) in the case of an annual general meeting, by all of the Members entitled to attend and vote thereat; and
  - (b) in the case of an extraordinary general meeting, by a majority in number of the Members having a right to attend and vote at the meeting, together holding not less than ninety five per cent. in par value of the Shares giving that right.
- 20.2 The accidental omission to give notice of a general meeting to, or the non receipt of notice of a general meeting by, any person entitled to receive such notice shall not invalidate the proceedings of that general meeting.

## **21 Proceedings at General Meetings**

- 21.1 No business shall be transacted at any general meeting unless a quorum is present. Two Members being individuals present in person or by proxy or if a corporation or other non-natural person by its duly authorised representative or proxy shall be a quorum unless the Company has only one Member entitled to vote at such general meeting in which case the quorum shall be that one Member present in person or by proxy or (in the case of a corporation or other non-natural person) by its duly authorised representative or proxy.

- 21.2 A person may participate at a general meeting by conference telephone or other communications equipment by means of which all the persons participating in the meeting can communicate with each other. Participation by a person in a general meeting in this manner is treated as presence in person at that meeting.
- 21.3 A resolution (including a Special Resolution) in writing (in one or more counterparts) signed by or on behalf of all of the Members for the time being entitled to receive notice of and to attend and vote at general meetings (or, being corporations or other non-natural persons, signed by their duly authorised representatives) shall be as valid and effective as if the resolution had been passed at a general meeting of the Company duly convened and held.
- 21.4 If a quorum is not present within half an hour from the time appointed for the meeting to commence or if during such a meeting a quorum ceases to be present, the meeting, if convened upon a Members' requisition, shall be dissolved and in any other case it shall stand adjourned to the same day in the next week at the same time and/or place or to such other day, time and/or place as the Directors may determine, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting to commence, the Members present shall be a quorum.
- 21.5 The Directors may, at any time prior to the time appointed for the meeting to commence, appoint any person to act as chairman of a general meeting of the Company or, if the Directors do not make any such appointment, the chairman, if any, of the board of Directors shall preside as chairman at such general meeting. If there is no such chairman, or if he shall not be present within fifteen minutes after the time appointed for the meeting to commence, or is unwilling to act, the Directors present shall elect one of their number to be chairman of the meeting.
- 21.6 If no Director is willing to act as chairman or if no Director is present within fifteen minutes after the time appointed for the meeting to commence, the Members present shall choose one of their number to be chairman of the meeting.
- 21.7 The chairman may, with the consent of a meeting at which a quorum is present (and shall if so directed by the meeting) adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
- 21.8 When a general meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Otherwise it shall not be necessary to give any such notice of an adjourned meeting.
- 21.9 A resolution put to the vote of the meeting shall be decided on a show of hands unless before, or on the declaration of the result of, the show of hands, the chairman demands a poll, or any other Member or Members collectively present in person or by proxy (or in the case of a corporation or other non-natural person, by its duly authorised representative or proxy) and holding at least ten per cent. in par value of the Shares giving a right to attend and vote at the meeting demand a poll.

- 21.10 Unless a poll is duly demanded and the demand is not withdrawn a declaration by the chairman that a resolution has been carried or carried unanimously, or by a particular majority, or lost or not carried by a particular majority, an entry to that effect in the minutes of the proceedings of the meeting shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.
- 21.11 The demand for a poll may be withdrawn.
- 21.12 Except on a poll demanded on the election of a chairman or on a question of adjournment, a poll shall be taken as the chairman directs, and the result of the poll shall be deemed to be the resolution of the general meeting at which the poll was demanded.
- 21.13 A poll demanded on the election of a chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such date, time and place as the chairman of the general meeting directs, and any business other than that upon which a poll has been demanded or is contingent thereon may proceed pending the taking of the poll.
- 21.14 In the case of an equality of votes, whether on a show of hands or on a poll, the chairman shall be entitled to a second or casting vote.

## **22 Votes of Members**

- 22.1 Subject to any rights or restrictions attached to any Shares, on a show of hands every Member who (being an individual) is present in person or by proxy or, if a corporation or other non-natural person is present by its duly authorised representative or by proxy, shall have one vote and on a poll every Member present in any such manner shall have one vote for every Share of which he is the holder.
- 22.2 In the case of joint holders the vote of the senior holder who tenders a vote, whether in person or by proxy (or, in the case of a corporation or other non-natural person, by its duly authorised representative or proxy), shall be accepted to the exclusion of the votes of the other joint holders, and seniority shall be determined by the order in which the names of the holders stand in the Register of Members.
- 22.3 A Member of unsound mind, or in respect of whom an order has been made by any court, having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee, receiver, curator bonis, or other person on such Member's behalf appointed by that court, and any such committee, receiver, curator bonis or other person may vote by proxy.
- 22.4 No person shall be entitled to vote at any general meeting unless he is registered as a Member on the record date for such meeting nor unless all calls or other monies then payable by him in respect of Shares have been paid.
- 22.5 No objection shall be raised as to the qualification of any voter except at the general meeting or adjourned general meeting at which the vote objected to is given or tendered and every vote not

disallowed at the meeting shall be valid. Any objection made in due time in accordance with this Article shall be referred to the chairman whose decision shall be final and conclusive.

- 22.6 On a poll or on a show of hands votes may be cast either personally or by proxy (or in the case of a corporation or other non-natural person by its duly authorised representative or proxy). A Member may appoint more than one proxy or the same proxy under one or more instruments to attend and vote at a meeting. Where a Member appoints more than one proxy the instrument of proxy shall state which proxy is entitled to vote on a show of hands and shall specify the number of Shares in respect of which each proxy is entitled to exercise the related votes.
- 22.7 On a poll, a Member holding more than one Share need not cast the votes in respect of his Shares in the same way on any resolution and therefore may vote a Share or some or all such Shares either for or against a resolution and/or abstain from voting a Share or some or all of the Shares and, subject to the terms of the instrument appointing him, a proxy appointed under one or more instruments may vote a Share or some or all of the Shares in respect of which he is appointed either for or against a resolution and/or abstain from voting a Share or some or all of the Shares in respect of which he is appointed.
- 23 Proxies**
- 23.1 The instrument appointing a proxy shall be in writing and shall be executed under the hand of the appointor or of his attorney duly authorised in writing, or, if the appointor is a corporation or other non natural person, under the hand of its duly authorised representative. A proxy need not be a Member.
- 23.2 The Directors may, in the notice convening any meeting or adjourned meeting, or in an instrument of proxy sent out by the Company, specify the manner by which the instrument appointing a proxy shall be deposited and the place and the time (being not later than the time appointed for the commencement of the meeting or adjourned meeting to which the proxy relates) at which the instrument appointing a proxy shall be deposited. In the absence of any such direction from the Directors in the notice convening any meeting or adjourned meeting or in an instrument of proxy sent out by the Company, the instrument appointing a proxy shall be deposited physically at the Registered Office not less than 48 hours before the time appointed for the meeting or adjourned meeting to commence at which the person named in the instrument proposes to vote.
- 23.3 The chairman may in any event at his discretion declare that an instrument of proxy shall be deemed to have been duly deposited. An instrument of proxy that is not deposited in the manner permitted, or which has not been declared to have been duly deposited by the chairman, shall be invalid.
- 23.4 The instrument appointing a proxy may be in any usual or common form (or such other form as the Directors may approve) and may be expressed to be for a particular meeting or any adjournment thereof or generally until revoked. An instrument appointing a proxy shall be deemed to include the power to demand or join or concur in demanding a poll.

- 23.5 Votes given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the Share in respect of which the proxy is given unless notice in writing of such death, insanity, revocation or transfer was received by the Company at the Registered Office before the commencement of the general meeting, or adjourned meeting at which it is sought to use the proxy.
- 24 Corporate Members**
- Any corporation or other non-natural person which is a Member may in accordance with its constitutional documents, or in the absence of such provision by resolution of its directors or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of Members, and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as the corporation could exercise if it were an individual Member.
- 25 Shares that May Not be Voted**
- Shares in the Company that are beneficially owned by the Company shall not be voted, directly or indirectly, at any meeting and shall not be counted in determining the total number of outstanding Shares at any given time.
- 26 Directors**
- There shall be a board of Directors consisting of not less than one person (exclusive of alternate Directors) provided however that the Company may by Ordinary Resolution increase or reduce the limits in the number of Directors. The first Directors of the Company shall be determined in writing by, or appointed by a resolution of, the Subscriber.
- 27 Powers of Directors**
- 27.1 Subject to the provisions of the Statute, the Memorandum and the Articles and to any directions given by Special Resolution, the business of the Company shall be managed by the Directors who may exercise all the powers of the Company. No alteration of the Memorandum or Articles and no such direction shall invalidate any prior act of the Directors which would have been valid if that alteration had not been made or that direction had not been given. A duly convened meeting of Directors at which a quorum is present may exercise all powers exercisable by the Directors.
- 27.2 All cheques, promissory notes, drafts, bills of exchange and other negotiable or transferable instruments and all receipts for monies paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed as the case may be in such manner as the Directors shall determine by resolution.
- 27.3 The Directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any Director who has held any other salaried office or place of profit with the Company or to his widow or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

- 27.4 The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof and to issue debentures, debenture stock, mortgages, bonds and other such securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

## **28 Appointment and Removal of Directors**

- 28.1 The Company may by Ordinary Resolution appoint any person to be a Director or may by Ordinary Resolution remove any Director.
- 28.2 The Directors may appoint any person to be a Director, either to fill a vacancy or as an additional Director provided that the appointment does not cause the number of Directors to exceed any number fixed by or in accordance with the Articles as the maximum number of Directors.

## **29 Vacation of Office of Director**

The office of a Director shall be vacated if:

- (a) the Director gives notice in writing to the Company that he resigns the office of Director; or
- (b) the Director absents himself (for the avoidance of doubt, without being represented by proxy or an alternate Director appointed by him) from three consecutive meetings of the board of Directors without special leave of absence from the Directors, and the Directors pass a resolution that he has by reason of such absence vacated office; or
- (c) the Director dies, becomes bankrupt or makes any arrangement or composition with his creditors generally; or
- (d) the Director is found to be or becomes of unsound mind; or
- (e) all of the other Directors (being not less than two in number) determine that he should be removed as a Director, either by a resolution passed by all of the other Directors at a meeting of the Directors duly convened and held in accordance with the Articles or by a resolution in writing signed by all of the other Directors.

## **30 Proceedings of Directors**

- 30.1 The quorum for the transaction of the business of the Directors may be fixed by the Directors, and unless so fixed shall be two if there are two or more Directors, and shall be one if there is only one Director. A person who holds office as an alternate Director shall, if his appointor is not present, be counted in the quorum. A Director who also acts as an alternate Director shall, if his appointor is not present, count twice towards the quorum.

- 30.2 Subject to the provisions of the Articles, the Directors may regulate their proceedings as they think fit. Questions arising at any meeting shall be decided by a majority of votes. In the case of an equality of votes, the chairman shall have a second or casting vote. A Director who is also an alternate Director shall be entitled in the absence of his appointor to a separate vote on behalf of his appointor in addition to his own vote.
- 30.3 A person may participate in a meeting of the Directors or any committee of Directors by conference telephone or other communications equipment by means of which all the persons participating in the meeting can communicate with each other at the same time. Participation by a person in a meeting in this manner is treated as presence in person at that meeting. Unless otherwise determined by the Directors the meeting shall be deemed to be held at the place where the chairman is located at the start of the meeting.
- 30.4 A resolution in writing (in one or more counterparts) signed by all the Directors or all the members of a committee of the Directors or, in the case of a resolution in writing relating to the removal of any Director or the vacation of office by any Director, all of the Directors other than the Director who is the subject of such resolution (an alternate Director being entitled to sign such a resolution on behalf of his appointor and if such alternate Director is also a Director, being entitled to sign such resolution both on behalf of his appointor and in his capacity as a Director) shall be as valid and effectual as if it had been passed at a meeting of the Directors, or committee of Directors as the case may be, duly convened and held.
- 30.5 A Director or alternate Director may, or other officer of the Company on the direction of a Director or alternate Director shall, call a meeting of the Directors by at least two days' notice in writing to every Director and alternate Director which notice shall set forth the general nature of the business to be considered unless notice is waived by all the Directors (or their alternates) either at, before or after the meeting is held. To any such notice of a meeting of the Directors all the provisions of the Articles relating to the giving of notices by the Company to the Members shall apply *mutatis mutandis*.
- 30.6 The continuing Directors (or a sole continuing Director, as the case may be) may act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the number fixed by or pursuant to the Articles as the necessary quorum of Directors the continuing Directors or Director may act for the purpose of increasing the number of Directors to be equal to such fixed number, or of summoning a general meeting of the Company, but for no other purpose.
- 30.7 The Directors may elect a chairman of their board and determine the period for which he is to hold office; but if no such chairman is elected, or if at any meeting the chairman is not present within five minutes after the time appointed for the meeting to commence, the Directors present may choose one of their number to be chairman of the meeting.
- 30.8 All acts done by any meeting of the Directors or of a committee of the Directors (including any person acting as an alternate Director) shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any Director or alternate Director, and/or that they or

any of them were disqualified, and/or had vacated their office and/or were not entitled to vote, be as valid as if every such person had been duly appointed and/or not disqualified to be a Director or alternate Director and/or had not vacated their office and/or had been entitled to vote, as the case may be.

- 30.9 A Director but not an alternate Director may be represented at any meetings of the board of Directors by a proxy appointed in writing by him. The proxy shall count towards the quorum and the vote of the proxy shall for all purposes be deemed to be that of the appointing Director.

### **31 Presumption of Assent**

A Director or alternate Director who is present at a meeting of the board of Directors at which action on any Company matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent from such action with the person acting as the chairman or secretary of the meeting before the adjournment thereof or shall forward such dissent by registered post to such person immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director or alternate Director who voted in favour of such action.

### **32 Directors' Interests**

- 32.1 A Director or alternate Director may hold any other office or place of profit under the Company (other than the office of Auditor) in conjunction with his office of Director for such period and on such terms as to remuneration and otherwise as the Directors may determine.
- 32.2 A Director or alternate Director may act by himself or by, through or on behalf of his firm in a professional capacity for the Company and he or his firm shall be entitled to remuneration for professional services as if he were not a Director or alternate Director.
- 32.3 A Director or alternate Director may be or become a director or other officer of or otherwise interested in any company promoted by the Company or in which the Company may be interested as a shareholder, a contracting party or otherwise, and no such Director or alternate Director shall be accountable to the Company for any remuneration or other benefits received by him as a director or officer of, or from his interest in, such other company.
- 32.4 No person shall be disqualified from the office of Director or alternate Director or prevented by such office from contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract or any contract or transaction entered into by or on behalf of the Company in which any Director or alternate Director shall be in any way interested be or be liable to be avoided, nor shall any Director or alternate Director so contracting or being so interested be liable to account to the Company for any profit realised by or arising in connection with any such contract or transaction by reason of such Director or alternate Director holding office or of the fiduciary relationship thereby established. A Director (or his alternate Director in his absence) shall be at liberty to vote in respect of any contract or transaction in which he is interested provided that the nature of the interest of any Director or alternate Director in any such contract or transaction shall be disclosed by him at or prior to its consideration and any vote thereon.

32.5 A general notice that a Director or alternate Director is a shareholder, director, officer or employee of any specified firm or company and is to be regarded as interested in any transaction with such firm or company shall be sufficient disclosure for the purposes of voting on a resolution in respect of a contract or transaction in which he has an interest, and after such general notice it shall not be necessary to give special notice relating to any particular transaction.

### **33 Minutes**

The Directors shall cause minutes to be made in books kept for the purpose of recording all appointments of officers made by the Directors, all proceedings at meetings of the Company or the holders of any class of Shares and of the Directors, and of committees of the Directors, including the names of the Directors or alternate Directors present at each meeting.

### **34 Delegation of Directors' Powers**

34.1 The Directors may delegate any of their powers, authorities and discretions, including the power to sub-delegate, to any committee consisting of one or more Directors. They may also delegate to any managing director or any Director holding any other executive office such of their powers, authorities and discretions as they consider desirable to be exercised by him provided that an alternate Director may not act as managing director and the appointment of a managing director shall be revoked forthwith if he ceases to be a Director. Any such delegation may be made subject to any conditions the Directors may impose and either collaterally with or to the exclusion of their own powers and any such delegation may be revoked or altered by the Directors. Subject to any such conditions, the proceedings of a committee of Directors shall be governed by the Articles regulating the proceedings of Directors, so far as they are capable of applying.

34.2 The Directors may establish any committees, local boards or agencies or appoint any person to be a manager or agent for managing the affairs of the Company and may appoint any person to be a member of such committees, local boards or agencies. Any such appointment may be made subject to any conditions the Directors may impose, and either collaterally with or to the exclusion of their own powers and any such appointment may be revoked or altered by the Directors. Subject to any such conditions, the proceedings of any such committee, local board or agency shall be governed by the Articles regulating the proceedings of Directors, so far as they are capable of applying.

34.3 The Directors may by power of attorney or otherwise appoint any person to be the agent of the Company on such conditions as the Directors may determine, provided that the delegation is not to the exclusion of their own powers and may be revoked by the Directors at any time.

34.4 The Directors may by power of attorney or otherwise appoint any company, firm, person or body of persons, whether nominated directly or indirectly by the Directors, to be the attorney or authorised signatory of the Company for such purpose and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under the Articles) and for such period and subject to such conditions as they may think fit, and any such powers of attorney or other appointment may contain such provisions for the protection and convenience of persons dealing with any such attorneys or authorised signatories as the Directors may think fit

and may also authorise any such attorney or authorised signatory to delegate all or any of the powers, authorities and discretions vested in him.

- 34.5 The Directors may appoint such officers of the Company (including, for the avoidance of doubt and without limitation, any secretary) as they consider necessary on such terms, at such remuneration and to perform such duties, and subject to such provisions as to disqualification and removal as the Directors may think fit. Unless otherwise specified in the terms of his appointment an officer of the Company may be removed by resolution of the Directors or Members. An officer of the Company may vacate his office at any time if he gives notice in writing to the Company that he resigns his office.

### **35 Alternate Directors**

- 35.1 Any Director (but not an alternate Director) may by writing appoint any other Director, or any other person willing to act, to be an alternate Director and by writing may remove from office an alternate Director so appointed by him.
- 35.2 An alternate Director shall be entitled to receive notice of all meetings of Directors and of all meetings of committees of Directors of which his appointor is a member, to attend and vote at every such meeting at which the Director appointing him is not personally present, to sign any written resolution of the Directors, and generally to perform all the functions of his appointor as a Director in his absence.
- 35.3 An alternate Director shall cease to be an alternate Director if his appointor ceases to be a Director.
- 35.4 Any appointment or removal of an alternate Director shall be by notice to the Company signed by the Director making or revoking the appointment or in any other manner approved by the Directors.
- 35.5 Subject to the provisions of the Articles, an alternate Director shall be deemed for all purposes to be a Director and shall alone be responsible for his own acts and defaults and shall not be deemed to be the agent of the Director appointing him.

### **36 No Minimum Shareholding**

The Company in general meeting may fix a minimum shareholding required to be held by a Director, but unless and until such a shareholding qualification is fixed a Director is not required to hold Shares.

### **37 Remuneration of Directors**

- 37.1 The remuneration to be paid to the Directors, if any, shall be such remuneration as the Directors shall determine. The Directors shall also be entitled to be paid all travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of Directors or committees of Directors, or general meetings of the Company, or separate meetings of the

holders of any class of Shares or debentures of the Company, or otherwise in connection with the business of the Company or the discharge of their duties as a Director, or to receive a fixed allowance in respect thereof as may be determined by the Directors, or a combination partly of one such method and partly the other.

- 37.2 The Directors may by resolution approve additional remuneration to any Director for any services which in the opinion of the Directors go beyond his ordinary routine work as a Director. Any fees paid to a Director who is also counsel, attorney or solicitor to the Company, or otherwise serves it in a professional capacity shall be in addition to his remuneration as a Director.

### **38 Seal**

- 38.1 The Company may, if the Directors so determine, have a Seal. The Seal shall only be used by the authority of the Directors or of a committee of the Directors authorised by the Directors. Every instrument to which the Seal has been affixed shall be signed by at least one person who shall be either a Director or some officer of the Company or other person appointed by the Directors for the purpose.
- 38.2 The Company may have for use in any place or places outside the Cayman Islands a duplicate Seal or Seals each of which shall be a facsimile of the common Seal of the Company and, if the Directors so determine, with the addition on its face of the name of every place where it is to be used.
- 38.3 A Director or officer, representative or attorney of the Company may without further authority of the Directors affix the Seal over his signature alone to any document of the Company required to be authenticated by him under seal or to be filed with the Registrar of Companies in the Cayman Islands or elsewhere wheresoever.

### **39 Dividends, Distributions and Reserve**

- 39.1 Subject to the Statute and this Article and except as otherwise provided by the rights attached to any Shares, the Directors may resolve to pay Dividends and other distributions on Shares in issue and authorise payment of the Dividends or other distributions out of the funds of the Company lawfully available therefor. A Dividend shall be deemed to be an interim Dividend unless the terms of the resolution pursuant to which the Directors resolve to pay such Dividend specifically state that such Dividend shall be a final Dividend. No Dividend or other distribution shall be paid except out of the realised or unrealised profits of the Company, out of the share premium account or as otherwise permitted by law.
- 39.2 Except as otherwise provided by the rights attached to any Shares, all Dividends and other distributions shall be paid according to the par value of the Shares that a Member holds. If any Share is issued on terms providing that it shall rank for Dividend as from a particular date, that Share shall rank for Dividend accordingly.

- 39.3 The Directors may deduct from any Dividend or other distribution payable to any Member all sums of money (if any) then payable by him to the Company on account of calls or otherwise.
- 39.4 The Directors may resolve that any Dividend or other distribution be paid wholly or partly by the distribution of specific assets and in particular (but without limitation) by the distribution of shares, debentures, or securities of any other company or in any one or more of such ways and where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient and in particular may issue fractional Shares and may fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any Members upon the basis of the value so fixed in order to adjust the rights of all Members and may vest any such specific assets in trustees in such manner as may seem expedient to the Directors.
- 39.5 Except as otherwise provided by the rights attached to any Shares, Dividends and other distributions may be paid in any currency. The Directors may determine the basis of conversion for any currency conversions that may be required and how any costs involved are to be met.
- 39.6 The Directors may, before resolving to pay any Dividend or other distribution, set aside such sums as they think proper as a reserve or reserves which shall, at the discretion of the Directors, be applicable for any purpose of the Company and pending such application may, at the discretion of the Directors, be employed in the business of the Company.
- 39.7 Any Dividend, other distribution, interest or other monies payable in cash in respect of Shares may be paid by wire transfer to the holder or by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of the holder who is first named on the Register of Members or to such person and to such address as such holder or joint holders may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. Any one of two or more joint holders may give effectual receipts for any Dividends, other distributions, bonuses, or other monies payable in respect of the Share held by them as joint holders.
- 39.8 No Dividend or other distribution shall bear interest against the Company.
- 39.9 Any Dividend or other distribution which cannot be paid to a Member and/or which remains unclaimed after six months from the date on which such Dividend or other distribution becomes payable may, in the discretion of the Directors, be paid into a separate account in the Company's name, provided that the Company shall not be constituted as a trustee in respect of that account and the Dividend or other distribution shall remain as a debt due to the Member. Any Dividend or other distribution which remains unclaimed after a period of six years from the date on which such Dividend or other distribution becomes payable shall be forfeited and shall revert to the Company.

#### **40 Capitalisation**

The Directors may at any time capitalise any sum standing to the credit of any of the Company's reserve accounts or funds (including the share premium account and capital redemption reserve)

fund) or any sum standing to the credit of the profit and loss account or otherwise available for distribution; appropriate such sum to Members in the proportions in which such sum would have been divisible amongst such Members had the same been a distribution of profits by way of Dividend or other distribution; and apply such sum on their behalf in paying up in full unissued Shares for allotment and distribution credited as fully paid-up to and amongst them in the proportion aforesaid. In such event the Directors shall do all acts and things required to give effect to such capitalisation, with full power given to the Directors to make such provisions as they think fit in the case of Shares becoming distributable in fractions (including provisions whereby the benefit of fractional entitlements accrue to the Company rather than to the Members concerned). The Directors may authorise any person to enter on behalf of all of the Members interested into an agreement with the Company providing for such capitalisation and matters incidental or relating thereto and any agreement made under such authority shall be effective and binding on all such Members and the Company.

#### **41 Books of Account**

- 41.1 The Directors shall cause proper books of account (including, where applicable, material underlying documentation including contracts and invoices) to be kept with respect to all sums of money received and expended by the Company and the matters in respect of which the receipt or expenditure takes place, all sales and purchases of goods by the Company and the assets and liabilities of the Company. Such books of account must be retained for a minimum period of five years from the date on which they are prepared. Proper books shall not be deemed to be kept if there are not kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions.
- 41.2 The Directors shall determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of Members not being Directors and no Member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by Statute or authorised by the Directors or by the Company in general meeting.
- 41.3 The Directors may cause to be prepared and to be laid before the Company in general meeting profit and loss accounts, balance sheets, group accounts (if any) and such other reports and accounts as may be required by law.

#### **42 Audit**

- 42.1 The Directors may appoint an Auditor of the Company who shall hold office on such terms as the Directors determine.
- 42.2 Every Auditor of the Company shall have a right of access at all times to the books and accounts and vouchers of the Company and shall be entitled to require from the Directors and officers of the Company such information and explanation as may be necessary for the performance of the duties of the Auditor.

42.3 Auditors shall, if so required by the Directors, make a report on the accounts of the Company during their tenure of office at the next annual general meeting following their appointment in the case of a company which is registered with the Registrar of Companies as an ordinary company, and at the next extraordinary general meeting following their appointment in the case of a company which is registered with the Registrar of Companies as an exempted company, and at any other time during their term of office, upon request of the Directors or any general meeting of the Members.

#### **43 Notices**

43.1 Notices shall be in writing and may be given by the Company to any Member either personally or by sending it by courier, post, cable, telex, fax or e-mail to him or to his address as shown in the Register of Members (or where the notice is given by e-mail by sending it to the e-mail address provided by such Member). Any notice, if posted from one country to another, is to be sent by airmail.

43.2 Where a notice is sent by courier, service of the notice shall be deemed to be effected by delivery of the notice to a courier company, and shall be deemed to have been received on the third day (not including Saturdays or Sundays or public holidays) following the day on which the notice was delivered to the courier. Where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, pre paying and posting a letter containing the notice, and shall be deemed to have been received on the fifth day (not including Saturdays or Sundays or public holidays in the Cayman Islands) following the day on which the notice was posted. Where a notice is sent by cable, telex or fax, service of the notice shall be deemed to be effected by properly addressing and sending such notice and shall be deemed to have been received on the same day that it was transmitted. Where a notice is given by e-mail service shall be deemed to be effected by transmitting the e-mail to the e-mail address provided by the intended recipient and shall be deemed to have been received on the same day that it was sent, and it shall not be necessary for the receipt of the e-mail to be acknowledged by the recipient.

43.3 A notice may be given by the Company to the person or persons which the Company has been advised are entitled to a Share or Shares in consequence of the death or bankruptcy of a Member in the same manner as other notices which are required to be given under the Articles and shall be addressed to them by name, or by the title of representatives of the deceased, or trustee of the bankrupt, or by any like description at the address supplied for that purpose by the persons claiming to be so entitled, or at the option of the Company by giving the notice in any manner in which the same might have been given if the death or bankruptcy had not occurred.

43.4 Notice of every general meeting shall be given in any manner authorised by the Articles to every holder of Shares carrying an entitlement to receive such notice on the record date for such meeting except that in the case of joint holders the notice shall be sufficient if given to the joint holder first named in the Register of Members and every person upon whom the ownership of a Share devolves by reason of his being a legal personal representative or a trustee in bankruptcy of a Member where the Member but for his death or bankruptcy would be entitled to receive

notice of the meeting, and no other person shall be entitled to receive notices of general meetings.

#### **44 Winding Up**

44.1 If the Company shall be wound up the liquidator shall apply the assets of the Company in satisfaction of creditors' claims in such manner and order as such liquidator thinks fit. Subject to the rights attaching to any Shares, in a winding up:

- (a) if the assets available for distribution amongst the Members shall be insufficient to repay the whole of the Company's issued share capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Members in proportion to the par value of the Shares held by them; or
- (b) if the assets available for distribution amongst the Members shall be more than sufficient to repay the whole of the Company's issued share capital at the commencement of the winding up, the surplus shall be distributed amongst the Members in proportion to the par value of the Shares held by them at the commencement of the winding up subject to a deduction from those Shares in respect of which there are monies due, of all monies payable to the Company for unpaid calls or otherwise.

44.2 If the Company shall be wound up the liquidator may, subject to the rights attaching to any Shares and with the approval of a Special Resolution of the Company and any other approval required by the Statute, divide amongst the Members in kind the whole or any part of the assets of the Company (whether such assets shall consist of property of the same kind or not) and may for that purpose value any assets and determine how the division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like approval, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the Members as the liquidator, with the like approval, shall think fit, but so that no Member shall be compelled to accept any asset upon which there is a liability.

#### **45 Indemnity and Insurance**

45.1 Every Director and officer of the Company (which for the avoidance of doubt, shall not include auditors of the Company), together with every former Director and former officer of the Company (each an "**Indemnified Person**") shall be indemnified out of the assets of the Company against any liability, action, proceeding, claim, demand, costs, damages or expenses, including legal expenses, whatsoever which they or any of them may incur as a result of any act or failure to act in carrying out their functions other than such liability (if any) that they may incur by reason of their own actual fraud or wilful default. No Indemnified Person shall be liable to the Company for any loss or damage incurred by the Company as a result (whether direct or indirect) of the carrying out of their functions unless that liability arises through the actual fraud or wilful default of such Indemnified Person. No person shall be found to have committed actual fraud or wilful default under this Article unless or until a court of competent jurisdiction shall have made a finding to that effect.

45.2 The Company shall advance to each Indemnified Person reasonable attorneys' fees and other costs and expenses incurred in connection with the defence of any action, suit, proceeding or investigation involving such Indemnified Person for which indemnity will or could be sought. In connection with any advance of any expenses hereunder, the Indemnified Person shall execute an undertaking to repay the advanced amount to the Company if it shall be determined by final judgment or other final adjudication that such Indemnified Person was not entitled to indemnification pursuant to this Article. If it shall be determined by a final judgment or other final adjudication that such Indemnified Person was not entitled to indemnification with respect to such judgment, costs or expenses, then such party shall not be indemnified with respect to such judgment, costs or expenses and any advancement shall be returned to the Company (without interest) by the Indemnified Person.

45.3 The Directors, on behalf of the Company, may purchase and maintain insurance for the benefit of any Director or other officer of the Company against any liability which, by virtue of any rule of law, would otherwise attach to such person in respect of any negligence, default, breach of duty or breach of trust of which such person may be guilty in relation to the Company.

#### **46 Financial Year**

Unless the Directors otherwise prescribe, the financial year of the Company shall end on 31st December in each year and, following the year of incorporation, shall begin on 1st January in each year.

#### **47 Transfer by Way of Continuation**

If the Company is exempted as defined in the Statute, it shall, subject to the provisions of the Statute and with the approval of a Special Resolution, have the power to register by way of continuation as a body corporate under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.

#### **48 Mergers and Consolidations**

The Company shall have the power to merge or consolidate with one or more other constituent companies (as defined in the Statute) upon such terms as the Directors may determine and (to the extent required by the Statute) with the approval of a Special Resolution.

## Form of Underwriters's Warrant Agreement

THE REGISTERED HOLDER OF THIS PURCHASE WARRANT BY ITS ACCEPTANCE HEREOF, AGREES THAT IT WILL NOT SELL, TRANSFER OR ASSIGN THIS PURCHASE WARRANT EXCEPT AS HEREIN PROVIDED AND THE REGISTERED HOLDER OF THIS PURCHASE WARRANT AGREES THAT IT WILL NOT SELL, TRANSFER, ASSIGN, PLEDGE OR HYPOTHECATE THIS PURCHASE WARRANT FOR A PERIOD OF ONE HUNDRED EIGHTY DAYS FOLLOWING THE EFFECTIVE DATE (DEFINED BELOW) TO ANYONE OTHER THAN (I) THE BENCHMARK COMPANY, LLC OR AN UNDERWRITER OR A SELECTED DEALER IN CONNECTION WITH THE OFFERING, OR (II) A BONA FIDE OFFICER OR PARTNER OF THE BENCHMARK COMPANY, LLC OR OF ANY SUCH UNDERWRITER OR SELECTED DEALER AND IN ACCORDANCE WITH FINRA RULE 5110(G)(2).

THIS PURCHASE WARRANT IS NOT EXERCISABLE PRIOR TO [●], 2020. VOID AFTER 5:00 P.M., EASTERN TIME, [●], 2025.

## SHARE PURCHASE WARRANT

For the Purchase of [●]<sup>1</sup> Ordinary Shares

of

**Skillful Craftsman Education Technology Limited**

1. Underwriters's Warrant. THIS CERTIFIES THAT, pursuant to that certain Underwriting Agreement, dated [●], by and among Skillful Craftsman Education Technology Limited, a Cayman Islands exempted company (the "**Company**"), The Benchmark Company, LLC, as the representative of the underwriters named therein in connection with the initial public offering of ordinary shares, par value \$0.00015 per share, of the Company (the "**Shares**") and in consideration of funds duly paid by or on behalf of [●] ("**Holder**"), as registered owner of this Purchase Warrant, to the Company, Holder is entitled, at any time or from time to time from [●], 2020<sup>2</sup> (the "**Commencement Date**"), and at or before 5:00 p.m., Eastern time, [●], 2025<sup>3</sup> (the "**Expiration Date**"), which will be the five-year anniversary of the effective date of the Company's Registration Statement on Form F-1 (File No. 333-[●]) (the "**Registration Statement**") (such date, the "**Effective Date**"), but not thereafter, to subscribe for, purchase and receive, in whole or in part, up to [●] Shares, subject to adjustment as provided in Section 6 hereof. If the Expiration Date is a day on which banking institutions are authorized by law to close, then this Purchase Warrant may be exercised on the next succeeding day which is not such a day in accordance with the terms herein. During the period commencing on the date hereof and ending on the Expiration Date, the Company agrees not to take any action that would terminate this Purchase Warrant, except as otherwise provided herein or with the Holder's consent. This Purchase Warrant is initially exercisable at \$[●]<sup>4</sup> per Share; provided, however, that upon the occurrence of any of the events specified in Section 6 hereof, the rights granted by this Purchase Warrant, including the exercise price per Share and the number of Shares to be received upon such exercise, shall be adjusted as therein specified. The term "**Exercise Price**" shall mean the initial exercise price or the adjusted exercise price, depending on the context.

<sup>1</sup> [Insert 5% of shares sold in offering]

<sup>2</sup> [Insert date that is 180 days after Effective Date of Registration Statement]

<sup>3</sup> [Insert date that is five years after Effective Date of Registration Statement]

<sup>4</sup> [Insert 120% of public offering price]

## 2. Exercise.

2.1 Exercise Form. In order to exercise this Purchase Warrant, the exercise form attached hereto must be duly executed and completed and delivered to the Company, together with this Purchase Warrant and payment of the Exercise Price for the Shares being subscribed for and purchased payable in cash by wire transfer of immediately available funds to an account designated by the Company or by certified check or official bank check to the order of the Company. If the subscription rights represented hereby shall not be exercised at or before 5:00 p.m., Eastern time, on the Expiration Date, this Purchase Warrant shall become and be void without further force or effect, and all rights represented hereby shall cease and expire. Upon completion of all conditions relating to the exercise of this Purchase Warrant, the Company shall instruct its transfer agent to update the Register of Members of the Company to reflect the issue of the Shares to be issued.

2.2 Cashless Exercise. In lieu of exercising this Purchase Warrant by payment of cash or check payable to the order of the Company pursuant to Section 2.1 above, Holder may elect to receive the number of Shares equal to the value of this Purchase Warrant (or the portion thereof being exercised), by surrender of this Purchase Warrant to the Company, together with the exercise form attached hereto, in which event the Company shall issue to Holder Shares in accordance with the following formula:

$$X = \frac{Y(A-B)}{A}$$

Where,

- X = The number of Shares to be issued to Holder;
- Y = The number of Shares for which the Purchase Warrant is being exercised if such exercise were by means of a cash exercise pursuant to Section 2.1 rather than a cashless exercise pursuant to this Section 2.2;
- A = The fair market value of one Share, as determined in accordance with the provisions of this Section 2; and
- B = The Exercise Price.

For purposes of this Section 2.2, the fair market value of a Share is defined as follows:

- (i) if the Company's ordinary shares are traded on a national securities exchange, the fair market value shall be deemed to be the closing price on such exchange on the trading day immediately preceding the date on which the Holder elects to exercise this Purchase Warrant, which shall be set forth in the applicable notice of exercise; or
  - (ii) if the Company's ordinary shares are traded on any tier of the OTC Markets or any successor over-the-counter market, the fair market value shall be deemed to be the closing bid price on the over-the-counter market on the trading day immediately preceding date on which Holder elects to exercise this Purchase Warrant, which shall be set forth in the applicable notice of exercise; or
  - (iii) if clauses (i) or (ii) do not apply, the fair market value shall be the fair market value as determined in good faith by the Company's Board of Directors.
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2.3 Legend. Each certificate for the Shares (if any) subscribed for and purchased under this Purchase Warrant shall bear a legend as follows unless such Shares have been registered under the Securities Act of 1933, as amended (the “**Act**”):

“The securities represented by this certificate have not been registered under the U.S. Securities Act of 1933, as amended (the “**Act**”), or applicable U.S. state law. Neither the securities nor any interest therein may be offered for sale, sold or otherwise transferred except pursuant to an effective registration statement under the Act, or pursuant to an exemption from registration under the Act and applicable state law which, in the opinion of counsel to the Company, is available.”

3. Transfer.

3.1 General Restrictions. The registered Holder of this Purchase Warrant agrees by his, her or its acceptance hereof, that such Holder will not: (a) sell, transfer, assign, pledge or hypothecate this Purchase Warrant for a period of one hundred eighty (180) days following the Effective Date to anyone other than: (i) **The Benchmark Company, LLC.** (the “**Underwriters**”) or an underwriter or a selected dealer participating in the offering being made pursuant to the Registration Statement (the “**Offering**”), or (ii) a bona fide officer or partner of the Underwriters or of any such underwriter or selected dealer, in each case in accordance with FINRA Conduct Rule 5110(g)(1), and (b) cause this Purchase Warrant or the securities issuable hereunder to be the subject of any hedging, short sale, derivative, put or call transaction that would result in the effective economic disposition of this Purchase Warrant or the securities hereunder, except as provided for in FINRA Rule 5110(g)(2). After 180 days after the Effective Date, transfers to others may be made subject to compliance with or exemptions from applicable securities laws. In order to make any permitted assignment, the Holder must deliver to the Company the assignment form attached hereto duly executed and completed, together with the Purchase Warrant and payment of all transfer taxes, if any, payable in connection therewith. The Company shall within five (5) Business Days upon receipt of the completed assignment form and payment of all transfer taxes, if any, transfer this Purchase Warrant on the books of the Company and shall execute and deliver a new Purchase Warrant or Purchase Warrants of like tenor to the appropriate assignee(s) expressly evidencing the right to purchase the aggregate number of Shares purchasable hereunder or such portion of such number as shall be contemplated by any such assignment. The term “Business Day” means any day other than a Saturday, Sunday or a legal holiday or a day on which banking institutions are authorized or obligated by law to close in New York, New York.

3.2 Restrictions Imposed by the Act. The Shares evidenced by this Purchase Warrant shall not be transferred unless and until: (i) the Company has received the opinion of counsel for the Holder that the securities may be transferred pursuant to an exemption from registration under the Act and applicable state securities laws, the availability of which is established to the reasonable satisfaction of the Company (the Company hereby agreeing that the opinion of Schiff Hardin LLP shall be deemed satisfactory evidence of the availability of an exemption), or (ii) a registration statement or a post-effective amendment to the Registration Statement relating to the offer and sale of such Shares has been filed by the Company and declared effective by the U.S. Securities and Exchange Commission (the “**Commission**”) and compliance with applicable state securities law has been established. The Company acknowledges that this Purchase Warrant and the Shares issuable upon exercise of this Purchase Warrant have been registered pursuant to the Registration Statement.

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4. [Intentionally Omitted]

5. New Purchase Warrants to be Issued.

5.1 Partial Exercise or Transfer. Subject to the restrictions in Section 3 hereof, this Purchase Warrant may be exercised or assigned in whole or in part. In the event of the exercise or assignment hereof in part only, upon surrender of this Purchase Warrant for cancellation, together with the duly executed exercise or assignment form and funds sufficient to pay any Exercise Price and/or transfer tax if exercised pursuant to Section 2.1 hereto, the Company shall cause to be delivered to the Holder without charge a new Purchase Warrant of like tenor to this Purchase Warrant in the name of the Holder evidencing the right of the Holder to purchase the number of Shares purchasable hereunder as to which this Purchase Warrant has not been exercised or assigned.

5.2 Lost Certificate. Upon receipt by the Company of evidence satisfactory to it of the loss, theft, destruction or mutilation of this Purchase Warrant and of reasonably satisfactory indemnification or the posting of a bond, the Company shall execute and deliver a new Purchase Warrant of like tenor and date. Any such new Purchase Warrant executed and delivered as a result of such loss, theft, mutilation or destruction shall constitute a substitute contractual obligation on the part of the Company.

6. Adjustments.

6.1 Adjustments to Exercise Price and Number of Securities. The Exercise Price and the number of Shares underlying the Purchase Warrant shall be subject to adjustment from time to time as hereinafter set forth:

6.1.1 Share Capitalizations; Sub-Divisions. If, after the date hereof, and subject to the provisions of Section 6.3 below, the number of outstanding Shares is increased by a share capitalization payable in Shares or by a sub-division of Shares or other similar event, then, on the effective day thereof, the number of Shares purchasable hereunder shall be increased in proportion to such increase in outstanding Shares, and the Exercise Price shall be proportionately decreased. Any adjustment made pursuant to this Section 6.1.1 shall become effective immediately after the record date for the determination of shareholders entitled to receive such capitalization and shall become effective immediately after the effective date in the case of a capitalization, sub-division or re-classification.

6.1.2 Aggregation of Shares. If, after the date hereof, and subject to the provisions of Section 6.3 below, the number of outstanding Shares is decreased by a consolidation, combination or re-classification of Shares or other similar event, then, on the effective date thereof, the number of Shares purchasable hereunder shall be decreased in proportion to such decrease in outstanding Shares, and the Exercise Price shall be proportionately increased.

6.1.3 Replacement of Securities upon Reorganization, etc. In case of any reclassification or reorganization of the outstanding Shares other than a change covered by Section 6.1.1 or 6.1.2 hereof or that solely affects the par value of such Shares, or in the case of any share reconstruction or amalgamation or consolidation or merger of the Company with or into another company, corporation or other entity (other than a consolidation or share reconstruction or amalgamation or merger in which the Company is the surviving or continuing company, corporation or other entity and that does not result in any reclassification or reorganization of the outstanding Shares), or in the case of any sale or conveyance to another company, corporation or other entity of the property of the Company as an entirety or substantially as an entirety in connection with which the Company is liquidated and dissolved, the Holder of this Purchase Warrant shall have the right thereafter (until the expiration of the right of exercise of this Purchase Warrant) to receive upon the exercise hereof, for the same aggregate Exercise Price payable hereunder immediately prior to such event, the kind and amount of shares, shares of stock or other securities or property (including cash) receivable upon such reclassification, reorganization, share reconstruction or amalgamation, or consolidation, or upon the liquidation and dissolution following any such sale or transfer, by a Holder of the number of Shares of the Company obtainable upon exercise of this Purchase Warrant immediately prior to such event; and if any reclassification also results in a change in Shares covered by Section 6.1.1 or 6.1.2, then such adjustment shall be made pursuant to Sections 6.1.1, 6.1.2 and this Section 6.1.3. The provisions of this Section 6.1.3 shall similarly apply to successive reclassifications, reorganizations, share reconstructions or amalgamations, or consolidations, sales or other transfers.

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6.1.4 Changes in Form of Purchase Warrant. This form of Purchase Warrant need not be changed because of any change pursuant to this Section 6.1, and Purchase Warrants issued after such change may state the same Exercise Price and the same number of Shares as are stated in the Purchase Warrants initially issued pursuant to this Agreement. The acceptance by any Holder of the issuance of new Purchase Warrants reflecting a required or permissive change shall not be deemed to waive any rights to an adjustment occurring after the Commencement Date or the computation thereof.

6.2 Substitute Purchase Warrant. In case of any consolidation of the Company with, or share reconstruction or amalgamation or merger of the Company with or into, another company, corporation or other entity (other than a consolidation or share reconstruction or amalgamation or merger which does not result in any reclassification or change of the outstanding Shares), the company, corporation or other entity formed by such consolidation or share reconstruction or amalgamation or merger shall execute and deliver to the Holder a supplemental Purchase Warrant providing that the holder of each Purchase Warrant then outstanding or to be outstanding shall have the right thereafter (until the stated expiration of such Purchase Warrant) to receive, upon exercise of such Purchase Warrant, the kind and amount of shares, shares of stock and other securities and property receivable upon such consolidation or share reconstruction or amalgamation or merger, by a holder of the number of Shares of the Company for which such Purchase Warrant might have been exercised immediately prior to such consolidation, share reconstruction or amalgamation or merger, sale or transfer. Such supplemental Purchase Warrant shall provide for adjustments which shall be identical to the adjustments provided for in this Section 6. The above provision of this Section shall similarly apply to successive consolidations or share reconstructions or amalgamations.

6.3 Elimination of Fractional Interests. The Company shall not be required to issue certificates representing fractions of Shares upon the exercise of the Purchase Warrant, nor shall it be required to issue scrip or pay cash in lieu of any fractional interests, it being the intent of the parties that all fractional interests shall be eliminated by rounding any fraction up or down, as the case may be, to the nearest whole number of Shares or other securities, properties or rights.

7. Reservation and Listing. The Company shall at all times reserve and keep available out of its authorized Shares, solely for the purpose of issuance upon exercise of the Purchase Warrants, such number of Shares or other securities, properties or rights as shall be issuable upon the exercise thereof. The Company covenants and agrees that, upon exercise of the Purchase Warrants and payment of the Exercise Price therefor, in accordance with the terms hereby and, in the case of Shares, the Amended and Restated Memorandum and Articles of Association of the Company (as may be amended, restated, supplemented and/or otherwise modified from time to time), all Shares and other securities issuable upon such exercise shall be duly and validly issued as fully paid and non-assessable and not subject to preemptive rights of any shareholder. As long as the Purchase Warrants shall be outstanding, the Company shall use its commercially reasonable efforts to cause all Shares issuable upon exercise of the Purchase Warrants to be listed (subject to official notice of issuance) on a national securities exchange or quoted on any tier of the OTC Bulletin Board or any successor trading market on which the Shares issued to the public in the Offering may then be listed and/or quoted.

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8. Certain Notice Requirements.

8.1 Holder's Right to Receive Notice. Nothing herein shall be construed as conferring upon the Holders the right to vote or consent or to receive notice as a shareholder for the appointment of directors or any other matter, or as having any rights whatsoever as a shareholder of the Company. If, however, at any time prior to the expiration of the Purchase Warrants and their exercise, any of the events described in Section 8.2 shall occur, then, in one or more of said events, the Company shall give written notice of such event at least ten (10) days prior to the date fixed as a record date or the date of closing the transfer books for the determination of the shareholders entitled to such dividend, distribution, conversion or exchange of securities or subscription rights, or entitled to vote on such proposed sale, winding up, liquidation or dissolution. Such notice shall specify such record date or the date of the closing of the transfer books, as the case may be. Notwithstanding the foregoing, the Company shall deliver to each Holder a copy of each notice given to the other shareholders of the Company in connection with the events described in Section 8.2 below at the same time and in the same manner that such notice is given to the shareholders.

8.2 Events Requiring Notice. The Company shall be required to give the notice described in this Section 8 upon one or more of the following events: (i) if the Company shall take a record of the holders of its Shares for the purpose of entitling them to receive a dividend or distribution payable otherwise than in cash, or a cash dividend or distribution payable otherwise than out of retained earnings, as indicated by the accounting treatment of such dividend or distribution on the books of the Company, (ii) the Company shall offer to all the holders of its Shares any additional shares of the Company or securities convertible into or exchangeable for shares of the Company, or any option, right or warrant to subscribe therefor, or (iii) a winding up, liquidation and dissolution of the Company (other than in connection with a consolidation or share reconstruction or amalgamation or merger) or a sale of all or substantially all of its property, assets and business shall be proposed.

8.3 Notice of Change in Exercise Price. The Company shall, promptly after an event requiring a change in the Exercise Price pursuant to Section 6 hereof, send notice to the Holder of such event and change ("**Price Notice**"). The Price Notice shall describe the event causing the change and the method of calculating the same and shall be certified as being true and accurate by the Company's Chief Financial Officer (or other officer or director of the Company).

8.4 Transmittal of Notices. All communications hereunder, except as herein otherwise specifically provided, shall be in writing and addressed to the other party at its address set forth below (or to such other address that the receiving party may designate from time to time in accordance with this Section 8.4), and shall be deemed to have been given (a) three (3) days after mailing if sent by certified mail return receipt requested, (b) one (1) day after mailing if sent by receipted overnight carrier (i.e. Federal Express), provided that proof of delivery or rejection is obtained, or (c) when delivered if by hand or sent by email to the physical address or email address set forth below.

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If to the Holder:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

If to the Company:

Skillful Craftsman Education Technology Limited  
Floor 4, Building 1, No. 311, Yanxin Road  
Huishan District, Wuxi  
Jiangsu Province, PRC 214000  
Attention: Chief Executive Officer  
Email: gaoxf@kingwayedu.cn

9. Miscellaneous.

9.1 Amendments. The Company and the Underwriter may from time to time supplement or amend this Purchase Warrant without the approval of any of the Holders in order to cure any ambiguity, to correct or supplement any provision contained herein that may be defective or inconsistent with any other provisions herein, or to make any other provisions in regard to matters or questions arising hereunder that the Company and the Underwriter may deem necessary or desirable and that the Company and the Underwriter deem shall not adversely affect the interest of the Holders. All other modifications or amendments shall require the written consent of and be signed by the party against whom enforcement of the modification or amendment is sought.

9.2 Headings. The headings contained herein are for the sole purpose of convenience of reference, and shall not in any way limit or affect the meaning or interpretation of any of the terms or provisions of this Purchase Warrant.

9.3 Entire Agreement. This Purchase Warrant (together with the other agreements and documents being delivered pursuant to or in connection with this Purchase Warrant) constitutes the entire agreement of the parties hereto with respect to the subject matter hereof, and supersedes all prior agreements and understandings of the parties, oral and written, with respect to the subject matter hereof.

9.4 Binding Effect. This Purchase Warrant shall inure solely to the benefit of and shall be binding upon, the Holder and the Company and their permitted assignees, respective successors, legal representative and assigns, and no other person shall have or be construed to have any legal or equitable right, remedy or claim under or in respect of or by virtue of this Purchase Warrant or any provisions herein contained.

9.5 Governing Law; Submission to Jurisdiction; Trial by Jury. This Purchase Warrant shall be governed by and construed and enforced in accordance with the laws of the State of New York, without giving effect to conflict of laws principles thereof. The Company hereby agrees that any action, proceeding or claim against it arising out of, or relating in any way to this Purchase Warrant shall be brought and enforced in the New York Supreme Court, County of New York, or in the United States District Court for the Southern District of New York, and irrevocably submits to such jurisdiction, which jurisdiction shall be exclusive. The Company hereby waives any objection to such exclusive jurisdiction and that such courts represent an inconvenient forum. Any process or summons to be served upon the Company may be served by transmitting a copy thereof by registered or certified mail, return receipt requested, postage prepaid, addressed to it at the address set forth in Section 8 hereof. Such mailing shall be deemed personal service and shall be legal and binding upon the Company in any action, proceeding or claim. The Company and the Holder agree that the prevailing party(ies) in any such action shall be entitled to recover from the other party(ies) all of its reasonable attorneys' fees and expenses relating to such action or proceeding and/or incurred in connection with the preparation therefor. The Company and the Holder hereby irrevocably waive, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Agreement or the transactions contemplated hereby.

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9.6 Waiver, etc. The failure of the Company or the Holder to at any time enforce any of the provisions of this Purchase Warrant shall not be deemed or construed to be a waiver of any such provision, nor to in any way affect the validity of this Purchase Warrant or any provision hereof or the right of the Company or any Holder to thereafter enforce each and every provision of this Purchase Warrant. No waiver of any breach, non-compliance or non-fulfillment of any of the provisions of this Purchase Warrant shall be effective unless set forth in a written instrument executed by the party or parties against whom or which enforcement of such waiver is sought; and no waiver of any such breach, non-compliance or non-fulfillment shall be construed or deemed to be a waiver of any other or subsequent breach, non-compliance or non-fulfillment.

9.7 Exchange Agreement. As a condition of the Holder's receipt and acceptance of this Purchase Warrant, Holder agrees that, at any time prior to the complete exercise of this Purchase Warrant by Holder, if the Company and the Underwriters enter into an agreement ("**Exchange Agreement**") pursuant to which they agree that all outstanding Purchase Warrants will be exchanged for securities or cash or a combination of both, then Holder shall agree to such exchange and become a party to the Exchange Agreement.

**[Signature Page Follows]**

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IN WITNESS WHEREOF, the Company has caused this Purchase Warrant to be signed by its duly authorized officer as of the [●] day of [●], 2020.

**Skillful Craftsman Education Technology Limited**

By: \_\_\_\_\_  
Name:  
Title:

---

[Form to be used to exercise Purchase Warrant]

Date: \_\_\_\_\_, 20\_\_\_\_

The undersigned hereby elects irrevocably to exercise the Purchase Warrant for \_\_\_\_\_ ordinary shares, par value \$0.00015 per share (the “**Shares**”), of Skillful Craftsman Education Technology Limited, a Cayman Islands exempted company (the “**Company**”), and hereby makes payment of \$\_\_\_\_ (at the rate of \$\_\_\_\_ per Share) in payment of the Exercise Price pursuant thereto. Please issue the Shares as to which this Purchase Warrant is exercised in accordance with the instructions given below and, if applicable, a new Purchase Warrant representing the number of Shares for which this Purchase Warrant has not been exercised.

or

The undersigned hereby elects irrevocably to convert its right to purchase \_\_\_\_ Shares of the Company under the Purchase Warrant for \_\_\_\_\_ Shares, as determined in accordance with the following formula:

$$X = \frac{Y(A-B)}{A}$$

Where,

- X = The number of Shares to be issued to Holder;
- Y = The number of Shares for which the Purchase Warrant is being exercised;
- A = The fair market value of one Share which is equal to \$\_\_\_\_; and
- B = The Exercise Price which is equal to \$\_\_\_\_ per share

The undersigned agrees and acknowledges that the calculation set forth above is subject to confirmation by the Company and any disagreement with respect to the calculation shall be resolved by the Company in its sole discretion.

Please issue the Shares as to which this Purchase Warrant is exercised in accordance with the instructions given below and, if applicable, a new Purchase Warrant representing the number of Shares for which this Purchase Warrant has not been converted.

Signature \_\_\_\_\_

Signature Guaranteed \_\_\_\_\_

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INSTRUCTIONS FOR REGISTRATION OF SECURITIES

Name: \_\_\_\_\_  
(Print in Block Letters)

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

NOTICE: The signature to this form must correspond with the name as written upon the face of the Purchase Warrant without alteration or enlargement or any change whatsoever, and must be guaranteed by a bank, other than a savings bank, or by a trust company or by a firm having membership on a registered national securities exchange.

\_\_\_\_\_

ASSIGNMENT

(To be executed by the registered Holder to effect a transfer of the within Purchase Warrant):

FOR VALUE RECEIVED, \_\_\_\_\_ does hereby sell, assign and transfer unto the right to subscribe for and purchase ordinary shares, par value \$0.00015 per share, of Skillful Craftsman Education Technology Limited, a Cayman Islands exempted company (the “**Company**”), evidenced by the Purchase Warrant and does hereby authorize the Company to transfer such right on the books of the Company.

The undersigned also represents that, by assignment hereof, the Assignee acknowledges that this Warrant and the ordinary shares to be issued upon exercise hereof or conversion thereof are being acquired for investment and that the Assignee will not offer, sell or otherwise dispose of this Warrant or any ordinary shares to be issued upon exercise hereof or conversion thereof except under circumstances which will not result in a violation of the Securities Act of 1933, as amended, or any state securities laws. Further, the Assignee has acknowledged that upon exercise of this Warrant, the Assignee shall, if requested by the Company, confirm in writing, in a form satisfactory to the Company, that the ordinary shares so purchased are being acquired for investment and not with a view toward distribution or resale.

Dated: \_\_\_\_\_, 20\_\_

Signature \_\_\_\_\_

Signature Guaranteed \_\_\_\_\_

NOTICE: The signature to this form must correspond with the name as written upon the face of the within Purchase Warrant without alteration or enlargement or any change whatsoever, and must be guaranteed by a bank, other than a savings bank, or by a trust company or by a firm having membership on a registered national securities exchange.

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Our ref LMY/761839-000001/62188696v6

Skillful Craftsman Education Technology Limited  
PO Box 309, Uglan House  
Grand Cayman  
KY1-1104  
Cayman Islands

[ ] 2020

### Skillful Craftsman Education Technology Limited

We have acted as counsel as to Cayman Islands law to Skillful Craftsman Education Technology Limited (the "**Company**") in connection with the Company's registration statement on Form S-1, including all amendments or supplements thereto, filed with the United States Securities and Exchange Commission (the "**Commission**") under the United States Securities Act of 1933, as amended (the "**Act**") (including its exhibits, the "**Registration Statement**") for the purposes of, registering with the Commission under the Act, the offering and sale to the public of:

- (A) up to 3,450,000 ordinary shares of a par value of US\$0.00015 of the Company (including 450,000 ordinary shares, which the several underwriters, for whom The Benchmark Company, LLC is acting as representative ("**Representative**"), will have a 45-day option to purchase from the Company to cover over-allotments, if any) ("**Ordinary Shares**"); and
- (B) warrants to be sold and issued to the Representative to purchase up to 5% of the number of Ordinary Shares sold and issued in the offering exercisable at a per Ordinary Share and warrant exercise price equal to 120% of the public offering price per Ordinary Share and warrant sold and issued in the initial public offering of the Company ("**Underwriters' Warrants**"); and
- (C) all Ordinary Shares that may be issued upon exercise of the Underwriters' Warrants.

This opinion letter is given in accordance with the terms of the Legal Matters section of the Registration Statement.

### 1 Documents Reviewed

We have reviewed originals, copies, drafts or conformed copies of the following documents:

- 1.1 The certificate of incorporation dated 14 June 2019, the amended and restated memorandum and articles of association of the Company as registered or adopted on 22 April 2020 (the "**Memorandum and Articles**") and a draft of the amended and restated memorandum and articles of association of the Company to be adopted by special resolution to be effective immediately before the listing of the Shares (the "**Listing**") (the "**IPO Memorandum and Articles**").
  - 1.2 The written resolutions of the board of directors of the Company dated [ ] 2020 (the "**Resolutions**") and the corporate records of the Company maintained at its registered office in the Cayman Islands.
-

- 1.3 The draft written resolutions of all the shareholders of the Company (the "**Shareholder Resolutions**") which includes a resolution to re-designate the authorised (and issued) share capital of the Company in the manner therein described effective on the Listing.
- 1.4 A certificate of good standing with respect to the Company issued by the Registrar of Companies (the "**Certificate of Good Standing**").
- 1.5 A certificate from a director of the Company a copy of which is attached to this opinion letter (the "**Director's Certificate**").
- 1.6 The Registration Statement.
- 1.7 A draft of the underwriting agreement between the Company and the Representative (the "**Underwriting Agreement**").
- 1.8 A draft of the form of the share purchase warrant in respect of the Underwriters' Warrants (the "**Share Purchase Warrant**").

The documents listed in paragraphs 1.7 to 1.8 inclusive above shall be referred to collectively herein as the "**Documents**".

## **2 Assumptions**

The following opinions are given only as to, and based on, circumstances and matters of fact existing and known to us on the date of this opinion letter. These opinions only relate to the laws of the Cayman Islands which are in force on the date of this opinion letter. In giving the following opinions, we have relied (without further verification) upon the completeness and accuracy, as at the date of this opinion letter, of the Director's Certificate and the Certificate of Good Standing. We have also relied upon the following assumptions, which we have not independently verified:

- 2.1 The Documents have been or will be authorised and duly executed and unconditionally delivered by or on behalf of all relevant parties in accordance with all relevant laws (other than, with respect to the Company, the laws of the Cayman Islands).
- 2.2 The Documents are, or will be, legal, valid, binding and enforceable against all relevant parties in accordance with their terms under the laws of the State of New York (the "**Relevant Law**") and all other relevant laws (other than, with respect to the Company, the laws of the Cayman Islands).
- 2.3 The choice of the Relevant Law as the governing law of the Documents has been made in good faith and would be regarded as a valid and binding selection which will be upheld by the courts of the State of New York and any other relevant jurisdiction (other than the Cayman Islands) as a matter of the Relevant Law and all other relevant laws (other than the laws of the Cayman Islands).
- 2.4 Copies of documents, conformed copies or drafts of documents provided to us are true and complete copies of, or in the final forms of, the originals.
- 2.5 All signatures, initials and seals are genuine.
- 2.6 The capacity, power, authority and legal right of all parties under all relevant laws and regulations (other than, with respect to the Company, the laws and regulations of the Cayman Islands) to enter into, execute, unconditionally deliver and perform their respective obligations under the Documents.

- 2.7 No invitation has been or will be made by or on behalf of the Company to the public in the Cayman Islands to subscribe for any of the Underwriters' Warrants or the Ordinary Shares.
- 2.8 There is no contractual or other prohibition or restriction (other than as arising under Cayman Islands law) binding on the Company prohibiting or restricting it from entering into and performing its obligations under the Documents.
- 2.9 No monies paid to or for the account of any party under the Documents or any property received or disposed of by any party to the Documents in each case in connection with the Documents or the consummation of the transactions contemplated thereby represent or will represent proceeds of criminal conduct or criminal property or terrorist property (as defined in the Proceeds of Crime Law (2020 Revision) and the Terrorism Law (2018 Revision), respectively).
- 2.10 There is nothing under any law (other than the laws of the Cayman Islands) which would or might affect the opinions set out below. Specifically, we have made no independent investigation of the Relevant Law.
- 2.11 The Company will receive money or money's worth in consideration for the issue of the Ordinary Shares and none of the Ordinary Shares were or will be issued for less than par value.
- 2.12 The Shareholder Resolutions will be passed in the manner prescribed in the Memorandum and Articles and will not be amended, varied or revoked in any respect.
- 2.13 At the time of the Listing, the IPO Memorandum and Articles will be in full force and effect and will be unamended.
- 2.14 Save as aforesaid we have not been instructed to undertake and have not undertaken any further enquiry or due diligence in relation to the transaction the subject of this opinion letter.

Save as aforesaid we have not been instructed to undertake and have not undertaken any further enquiry or due diligence in relation to the transaction the subject of this opinion letter.

### **3 Opinions**

Based upon, and subject to, the foregoing assumptions and the qualifications set out below, and having regard to such legal considerations as we deem relevant, we are of the opinion that:

- 3.1 The Company has been duly incorporated as an exempted company with limited liability and is validly existing and in good standing with the Registrar of Companies under the laws of the Cayman Islands.
- 3.2 Based solely on the Director's Certificate and our review of the IPO Memorandum and Articles, upon the IPO Memorandum and Articles and the Shareholder Resolutions becoming effective, the authorised share capital of the Company will be US\$75,150 divided into 500,000,000 ordinary shares of US\$0.00015 par value each and 1,000,000 preference shares of US\$0.00015 par value each.
- 3.3 The Ordinary Shares to be offered and issued by the Company as contemplated by the Registration Statement (including the issuance of Ordinary Shares upon the exercise of the Underwriters' Warrants in accordance with the Share Purchase Warrant) have been duly authorised for issue, and when issued by the Company against payment in full of the consideration as set out in the Registration Statement and in accordance with the terms set out in the Registration Statement (including the issuance of Ordinary Shares upon the exercise of the Underwriters' Warrants in accordance with the Share Purchase Warrant), such Ordinary Shares will be validly issued, fully paid and non-assessable. As a matter of Cayman Islands law, a share is only issued when it has been entered in the register of members (shareholders).

- 3.4 The execution, delivery and performance of the Share Purchase Warrant have been authorised by and on behalf of the Company and, once the Share Purchase Warrant have been executed and delivered by any director or officer of the Company, Share Purchase Warrant will be duly executed and delivered on behalf of the Company and will constitute the legal, valid and binding obligations of the Company enforceable in accordance with its terms.
- 3.5 The statements made in Registration Statement under the heading "Cayman Islands Taxation" are accurate in so far as such statements are summaries of Cayman Islands law.

#### 4 Qualifications

The opinions expressed above are subject to the following qualifications:

- 4.1 The term "**enforceable**" as used above means that the obligations assumed by the Company under the Documents are of a type which the courts of the Cayman Islands will enforce. It does not mean that those obligations will necessarily be enforced in all circumstances in accordance with their terms. In particular:
- (a) enforcement may be limited by bankruptcy, insolvency, liquidation, reorganisation, readjustment of debts or moratorium or other laws of general application relating to or affecting the rights of creditors;
  - (b) enforcement may be limited by general principles of equity. For example, equitable remedies such as specific performance may not be available, *inter alia*, where damages are considered to be an adequate remedy;
  - (c) where obligations are to be performed in a jurisdiction outside the Cayman Islands, they may not be enforceable in the Cayman Islands to the extent that performance would be illegal under the laws of that jurisdiction; and
  - (d) some claims may become barred under relevant statutes of limitation or may be or become subject to defences of set off, counterclaim, estoppel and similar defences.
- 4.2 To maintain the Company in good standing with the Registrar of Companies under the laws of the Cayman Islands, annual filing fees must be paid and returns made to the Registrar of Companies within the time frame prescribed by law.
- 4.3 Under Cayman Islands law, the register of members (shareholders) is *prima facie* evidence of title to shares and this register would not record a third party interest in such shares. However, there are certain limited circumstances where an application may be made to a Cayman Islands court for a determination on whether the register of members reflects the correct legal position. Further, the Cayman Islands court has the power to order that the register of members maintained by a company should be rectified where it considers that the register of members does not reflect the correct legal position. As far as we are aware, such applications are rarely made in the Cayman Islands and for the purposes of the opinion given in paragraph 3.2, there are no circumstances or matters of fact known to us on the date of this opinion letter which would properly form the basis for an application for an order for rectification of the register of members of the Company, but if such an application were made in respect of the Ordinary Shares, then the validity of such shares may be subject to re-examination by a Cayman Islands court.

- 4.4 Except as specifically stated herein, we make no comment with respect to any representations and warranties which may be made by or with respect to the Company in any of the documents or instruments cited in this opinion letter or otherwise with respect to the commercial terms of the transactions the subject of this opinion letter.
- 4.5 In this opinion letter, the phrase "non-assessable" means, with respect to the issuance of shares, that a shareholder shall not, in respect of the relevant shares and in the absence of a contractual arrangement, or an obligation pursuant to the memorandum and articles of association, to the contrary, have any obligation to make further contributions to the Company's assets (except in exceptional circumstances, such as involving fraud, the establishment of an agency relationship or an illegal or improper purpose or other circumstances in which a court may be prepared to pierce or lift the corporate veil).

We hereby consent to the filing of this opinion letter as an exhibit to the Registration Statement and to the reference to our firm under the heading "Legal Matters" in the prospectus included in the Registration Statement. In providing our consent, we do not thereby admit that we are in the category of persons whose consent is required under Section 7 of the Act or the Rules and Regulations of the Commission thereunder.

This opinion letter is addressed to you and may be relied upon by you, your counsel and purchasers of Ordinary Shares and Underwriters' Warrants pursuant to the Registration Statement. This opinion letter is limited to the matters detailed herein and is not to be read as an opinion with respect to any other matter.

Yours faithfully

Maples and Calder

Skillful Craftsman Education Technology Limited  
PO Box 309, Ugland House  
Grand Cayman  
KY1-1104  
Cayman Islands

[ ] 2020

To: Maples and Calder  
PO Box 309, Ugland House  
Grand Cayman  
KY1-1104  
Cayman Islands

**Skillful Craftsman Education Technology Limited (the "Company")**

I, the undersigned, being a director of the Company, am aware that you are being asked to provide an opinion letter (the "**Opinion**") in relation to certain aspects of Cayman Islands law. Unless otherwise defined herein, capitalised terms used in this certificate have the respective meanings given to them in the Opinion. I hereby certify that:

- 1 The Memorandum and Articles remain in full force and effect and are unamended.
- 2 The Company has not entered into any mortgages or charges over its property or assets other than those entered in the register of mortgages and charges of the Company.
- 3 The Resolutions were duly passed in the manner prescribed in the Memorandum and Articles (including, without limitation, with respect to the disclosure of interests (if any) by directors of the Company) and have not been amended, varied or revoked in any respect.
- 4 Upon adoption of the IPO Memorandum and Articles, the authorised share capital of the Company will be US\$75,150 divided into 500,000,000 ordinary shares of US\$0.00015 par value each and 1,000,000 preference shares of US\$0.00015 par value each. The issued share capital of the Company is 12,000,000 ordinary shares, which have been have been duly authorised and are validly issued as fully-paid and non-assessable.
- 5 The shareholders of the Company (the "**Shareholders**") have not restricted the powers of the directors of the Company in any way.
- 6 The sole director of the Company at the date of the Resolutions and at the date of this certificate was and is as follows: Xiaofeng Gao.
- 7 The minute book and corporate records of the Company as maintained at its registered office in the Cayman Islands and made available to you are complete and accurate in all material respects, and all minutes and resolutions filed therein represent a complete and accurate record of all meetings of the Shareholders and directors (or any committee thereof) of the Company (duly convened in accordance with the Memorandum and Articles) and all resolutions passed at the meetings or passed by written resolution or consent, as the case may be.
- 8 Prior to, at the time of, and immediately following the approval of the transactions the subject of the Registration Statement the Company was, or will be, able to pay its debts as they fell, or fall, due and has entered, or will enter, into the transactions the subject of the Registration Statement for proper value and not with an intention to defraud or wilfully defeat an obligation owed to any creditor or with a view to giving a creditor a preference.

- 9 Each director of the Company considers the transactions contemplated by the Registration Statement to be of commercial benefit to the Company and has acted in good faith in the best interests of the Company, and for a proper purpose of the Company, in relation to the transactions which are the subject of the Opinion.
- 10 To the best of my knowledge and belief, having made due inquiry, the Company is not the subject of legal, arbitral, administrative or other proceedings in any jurisdiction. Nor have the directors or Shareholders taken any steps to have the Company struck off or placed in liquidation, nor have any steps been taken to wind up the Company. Nor has any receiver been appointed over any of the Company's property or assets.
- 11 To the best of my knowledge and belief, having made due inquiry, there are no circumstances or matters of fact existing which may properly form the basis for an application for an order for rectification of the register of members of the Company.
- 12 The Registration Statement has been, or will be, authorised and duly executed and delivered by or on behalf of all relevant parties in accordance with all relevant laws.
- 13 No invitation has been made or will be made by or on behalf of the Company to the public in the Cayman Islands to subscribe for any of the Ordinary Shares.
- 14 The Ordinary Shares to be issued pursuant to the Registration Statement have been, or will be, duly registered, and will continue to be registered, in the Company's register of members (shareholders).
- 15 The Company is not a central bank, monetary authority or other sovereign entity of any state and is not a subsidiary, direct or indirect, of any sovereign entity or state.
- 16 There is no contractual or other prohibition or restriction (other than as arising under Cayman Islands law) binding on the Company prohibiting or restricting it from entering into and performing its obligations under the Documents.

(Signature Page follows)

I confirm that you may continue to rely on this certificate as being true and correct on the day that you issue the Opinion unless I shall have previously notified you in writing personally to the contrary.

Signature: \_\_\_\_\_

Name:

Title: Director



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BEIJING SHENZHEN SHANGHAI CHENGDU  
WUHAN XI'AN CHANGSHA HANGZHOU

Date: [ ], 2020

**To: Skillful Craftsman Education Technology Limited**

Floor 4, Building 1, No. 311, Yanxin Road  
Huishan District, Wuxi  
Jiangsu Province, PRC 214000

**Re: Legal Opinion on Certain PRC Law Matters**

Dear ladies/Gentlemen:

We are qualified lawyers of the People's Republic of China (the "**PRC**", for the sole purpose of this legal opinion, excluding Hong Kong Special Administrative Region, Macao Special Administrative Region and Taiwan Region) and as such are qualified to issue this opinion on the laws and regulations of the PRC.

We have acted as PRC legal counsel for Skillful Craftsman Education Technology Limited, a company incorporated under the laws of the Cayman Islands (the "**Company**"); in connection with the proposed initial public offering (the "**Offering**") of up to 3,450,000 shares, par value \$0.00015 per share, of the Company's ordinary shares (the "**Shares**"), warrants to be sold and issued to the Underwriters to purchase up to 5% of the number of Shares sold and issued in the Offering, and the proposed listing of the Shares on the NASDAQ Capital Market (the "**Listing**") by the Company on a registration statement on Form F-1, including all amendments and supplements thereto (the "**Registration Statement**"), filed with the U.S. Securities and Exchange Commission under the U.S. Securities Act of 1933, as amended (the "**Securities Act**").

**A. Documents Examined, Definition and Information Provided**

In connection with the furnishing of this opinion, we have examined copies, certified or otherwise identified to our satisfaction, of documents provided to us by the Company and the PRC Entities (as defined below) and such other documents, the Registration Statement, corporate records, certificates, approvals and other instruments as we have deemed necessary for the purpose of rendering this opinion, including, without limitation, originals or copies of the certificates issued by PRC governmental authorities and officers of the Company. All of these documents are hereinafter collectively referred to as the "**Documents**".

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Unless the context of this opinion otherwise provides, the following terms in this opinion shall have the meanings as ascribed to them as follows:

- (a) **“PRC Laws”** mean all laws, regulations, statutes, rules, orders, decrees, guidelines, notices, judicial interpretations, subordinate legislations of the PRC (for the sole purpose of this opinion, excluding the laws of Hong Kong Special Administrative Region, Macao Special Administrative Region and Taiwan Region);
- (b) **“Government Agency”** mean any court, competent government authority or regulatory body or any stock exchange authority of the PRC;
- (c) **“Governmental Authorizations”** means any licenses, approvals, consents, waivers, orders, sanctions, certificates, authorizations, filings, disclosures, registrations, exemptions, permissions, endorsements, annual inspections, clearances, qualifications, permits or licenses by, from or with any Governmental Agency pursuant to any PRC Laws;
- (d) **“Circular 37”** means the Notice on Relevant Issues Concerning Foreign Exchange Administration for Domestic Residents to Engage in Overseas Financing and Round-Tripping Investment via Overseas Special Purpose Vehicles issued by SAFE on July 4, 2014 and its implementing rules and guidelines;
- (e) **“PRC Entities”** means (i) Skillful Craftsman Internet Technology (Wuxi) Limited (**“Craftsman Wuxi”**), a limited liability company formed under the laws of PRC, which is indirectly wholly owned by the Company; and (ii) Wuxi Kingway Technology Limited (**“Wuxi Wangdao”**), a limited liability company formed under the laws of PRC having contractual arrangements with Craftsman Wuxi; and individually a **“PRC Entity”**;
- (f) **“VIE Agreements”** means the agreements described under the caption “Corporate History and Structure” in the Registration Statement; and
- (g) **“Material Adverse Effect”** means a material adverse effect on the general affairs, managements, conditions (financial or otherwise), business, properties, results of operations, shareholders’ equity or business prospects of the Company or, taken as a whole, the PRC Entities.

**B. Assumptions**

In our examination of the aforesaid Documents, we have assumed, without independent investigation and inquiry that:

- (a) all signatures, seals and chops are genuine and were made or affixed by representatives duly authorized by the respective parties, all natural persons have the necessary legal capacity, all Documents submitted to us as originals are authentic, and all Documents submitted to us as certified or photo static copies conform to their originals;
  - (b) the Documents that were presented to us remain in full force and effect on the date of this opinion and have not been revoked, amended or supplemented, and no amendments, revisions, modifications or other changes have been made with respect to any of the Documents after they were submitted to us for the purposes of this opinion;
  - (c) all factual statements contained in the Documents are truthful, accurate and complete;
  - (d) each of the parties to the Documents (other than PRC Entities) is duly organized and validly existing in good standing under the laws of its jurisdiction of organization and/or incorporation, and has been duly approved and authorized where applicable by the competent governmental authorities of the relevant jurisdiction to carry on its business and to perform its obligations under the Documents to which it is a party;
-

- (e) all information (including factual statements) provided to us by the Company and PRC Entities in response to our enquiries for the purpose of this opinion is true, accurate, complete and not misleading, and that the Company and PRC Entities have not withheld anything that, if disclosed to us, would reasonably cause us to alter this opinion in whole or in part;
- (f) that all parties have the requisite power and authority to enter into, execute, deliver and perform the Documents to which they are parties;
- (g) that all parties have duly executed, delivered and performed the Documents to which they are parties, and all parties will duly perform their obligations under the Documents to which they are parties;
- (h) that all Governmental Authorizations and other official statement or documentation were obtained from competent PRC Agencies by lawful means;
- (i) that all the Documents are legal, valid, binding and enforceable under all such laws as govern or relate to them, other than PRC Laws; and
- (j) that this opinion is limited to matters of the PRC Laws effective as the date hereof. We have not investigated, and we do not express or imply any opinion on accounting, auditing, or laws of any other jurisdiction.

In rendering the following opinions, we state that we are not admitted to practice in any country other than the PRC, and we express no opinion as to any laws other than the laws of the PRC. To the extent, the Registration Statement, or any other document referenced therein or herein, is governed by any law other than that of the PRC, we have assumed that no such other laws would affect the opinion stated herein.

### **C. Opinions**

Based on the foregoing, we are of the opinion that on the date hereof:

- (1) Each of the PRC Entities has been duly incorporated and is validly existing under the PRC Laws, with full legal person status and its business license is in full force and effect; the articles of association of each of the PRC Entities, the business license and other constituent documents of each of the PRC Entities comply with the requirements of applicable PRC Laws, have been approved by the relevant PRC authorities and are in full force and effect. To our best knowledge after due inquiry, the PRC Entities are not in violation of any provision of their respective organizational documents. None of the PRC Entities has taken any action nor had any steps taken, nor has legal or administrative proceedings been commenced or threatened for the winding up, dissolution or liquidation of any of the PRC Entities, nor has there been any suspension, withdrawal, revocation or cancellation of any of their respective business licenses.
  - (2) The registered capital of Craftsman Wuxi has not been contributed yet, as according to the its Article of Association as recorded at local Administration for Market Regulation, such registered capital shall be contributed within 30 years upon the issuance date of the business license of Craftsman Wuxi, i.e., January 16 2019, while the registered capital of Wuxi Wangdao has been fully paid in accordance with the relevant PRC Laws, the Governmental Authorizations and its respective articles of association. All the equity interest in the registered capital of the PRC Entities is legally owned by such PRC Entities' respective shareholder(s) as set out in their respective articles of association, and to the best of our knowledge after due inquiry, has obtained all governmental authorizations required under PRC Laws in relation to its ownership interest in such PRC Entities.
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- (3) Each of the PRC Entities has full legal right, power and authority and is qualified to own, use, lease and operate its assets and to conduct its business in the manner presently conducted and as described in the Registration Statement.
  - (4) Except as disclosed in the Registration Statement, none of the PRC Entities is (a) in violation of its articles of association, business license, approval certificate (if any) or any other constitutional document (if any), (b) in breach of or default in the performance or observance of any binding agreements to which such PRC Entity is a party or by which it or any of its properties may be bound or affected, or (c) in violation of any applicable PRC Laws or decree, judgment, decision or order of any Government Agency, except in the case of (b) and (c) above, for such violations or defaults which would not, individually or in the aggregate, have a Material Adverse Effect.
  - (5) Except as disclosed in the Registration Statement and to the best of our knowledge after due inquiry, there are no legal, arbitral, administrative or governmental proceedings pending or threatened in the PRC to which any of the PRC Entities is a party or of which any property of any of the PRC Entities is the subject which, if determined adversely or such PRC Entities, would individually or in the aggregate have a Material Adverse Effect.
  - (6) Except as disclosed in the Registration Statement, (a) none of the PRC Entities is currently prohibited from paying any dividends on their equity interests subject to the restriction under VIE Agreements and (b) all dividends and other distributions declared and payable upon the interests in Craftsman Wuxi in accordance with its articles of associations and PRC Laws in Renminbi, after full payment of all the applicable taxes and full allocation of statutory reserve fund under the PRC Laws, may be converted into foreign currency and transferred out of the PRC, provided that the remittance of such dividends and other distributions out of the PRC is subject to complying with the procedures required by the relevant PRC Laws relating to foreign exchange.
  - (7) To the best of our knowledge after due inquiry, no labor dispute, work stoppage, slow down or other conflict with the employees of any of the PRC Entities exists and there is no action, suit, proceeding, inquiry or investigation before or brought by any Governmental Agency against any of the PRC Entities on labor or employment matters is the subject which, if determined adversely to such PRC Entities, would have a Material Adverse Effect.
  - (8) To the best of our knowledge after due inquiry, each of the PRC Entities has registered with the relevant PRC tax bureau and is not delinquent in the payment of any taxes due and there is no tax deficiency which might be assessed against it, and there is no material breach or violation by each of the PRC Entities of any applicable PRC tax law or regulation except as disclosed in the Registration Statement.
  - (9) Except as disclosed in the Registration Statement and to the best of our knowledge after due inquiry, the Company has taken all necessary steps to ensure compliance by all of the Company's direct or indirect shareholders who are deemed as PRC resident individuals and confirmed by the Company with Circular 37 in connection with such PRC resident individuals' direct or indirect offshore round-tripping investment activities, including without limitation, requiring each such shareholder to complete registration and other procedures required under Circular 37.
  - (10) Except as disclosed in the Registration Statement and subject to full compliance with the PRC General Principle of Civil Law, the PRC Civil Procedure Law and the relevant civil substantive and procedural requirements in the PRC, (a) the irrevocable submission of the Company to the jurisdiction of the New York Courts, the waiver by the Company of any objection to the venue of a proceeding in a New York Court, the waiver and agreement of the Company not to plead an inconvenient forum, and the agreement of the Company that the Underwriting Agreement be construed in accordance with and governed by the laws of the State of New York are valid and legal under PRC Laws; (b) service of process effected in the manner set forth in the Underwriting Agreement does not contravene PRC Laws and, insofar as matters of PRC Laws are concerned, are effective to confer jurisdiction over the equity interests in subsidiaries, assets and property of the Company in the PRC, subject to compliance with the PRC Civil Procedure Law if the service of process is conducted in the PRC; and (c) any judgment obtained in a New York Court arising out of or in relation to the obligations of the Company under the Underwriting Agreement will be recognized by PRC courts in accordance with PRC Laws, subject to the conditions, restrictions and uncertainties described under the caption "Enforceability of Civil Liabilities" in the Registration Statement.
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- (11) Under the PRC Laws, none of the PRC Entities, or any of their respective properties, assets or revenues, is entitled to any right of immunity on the grounds of sovereignty or otherwise from any legal action, suit or proceeding, set off or counterclaim, from the jurisdiction of any court in the PRC, from service of process, from attachment prior to or in aid of execution of judgment, or from other PRC legal process or proceeding for the granting of any relief or the enforcement of any judgment of a PRC court.
- (12) Other than the potential withholding of PRC taxes on holders of the ADSs who are non-residents of the PRC in respect of (a) any payments, dividends or other distributions made on the ADSs or (b) gains made on sales of the ADSs between non-residents of the PRC consummated outside the PRC, and except as disclosed in the Registration Statement, there are no other PRC income tax or other PRC taxes applicable to such ADS holders unless the holder thereof is subject to such taxes in respect of the ADSs by reason of being connected with the PRC other than by reason only of the holding of the ADSs or receiving payments in connection therewith as described in the Registration Statement.
- (13) The contractual arrangement as set forth under the heading “Corporate History and Structure” , among Craftsman Wuxi, Wuxi Wangdao, Wuxi Wangdao’s shareholders and their spouses (the “**VIE Agreements**”), both currently and immediately after giving effect to the Offering, is valid, binding and enforceable in accordance with applicable PRC Laws, and will not result in any violation of PRC Laws currently in effect. However, as there are substantial uncertainties regarding the interpretation and application of PRC Laws, there can be no assurance that Government Agency will not take a view that is contrary to or otherwise different from our opinion stated above.
- (14) On August 8, 2006, six PRC Government Agencies, namely, the Ministry of Commerce, the State Assets Supervision and Administration Commission, the State Administration for Taxation, the State Administration for Industry and Commerce, the China Securities Regulatory Commission, and the State Administration of Foreign Exchange, jointly adopted the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (the “**M&A Rule**”), which became effective on September 8, 2006 and was amended on June 22, 2009. The M&A Rule requires among other things, that an overseas special purpose vehicle formed for listing purposes through acquisitions of PRC domestic companies and controlled by PRC companies or individuals to obtain the approval of the China Securities Regulatory Commission (“**CSRC**”), prior to the listing and trading of such special purpose vehicle’s securities on an overseas stock exchange. In September 2006, the CSRC published on its official website procedures regarding its approval of overseas listings by special purpose vehicles. However, the CSRC has not issued any definitive rules or interpretations concerning whether offerings such as the Offering are subject to the CSRC approval procedures under the M&A Rule. Based on our understanding of the explicit provisions under the PRC Laws as of the date hereof, we believe that since the Craftsman Wuxi was not established by means of merging with or acquisition directly or indirectly of the equity interest or assets of any “domestic company” as defined under the M&A Rule, and no provision in the M&A Rule classifies the contractual arrangement contemplated under the VIE Agreements as a type of acquisition transaction falling under the M&A Rule, we are of the opinion that the issuance and sale of the Shares by the Company on the NASDAQ Capital Market, do not require any Governmental Authorization. However, there are substantial uncertainties regarding the interpretation and application of current PRC laws and regulations and there can be no assurance that the Government Agency will ultimately take a view that is consistent with our opinion stated above.
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- (15) The recognition and enforcement of foreign judgments are subject to compliance with the PRC Civil Procedure Law and relevant judicial interpretations on civil procedure requirements in PRC. PRC courts may recognize and enforce foreign judgments in accordance with the requirements of PRC Civil Procedure Law based either on treaties between China and the country where the judgment is made or on reciprocity between jurisdictions. China does not have any treaties or other form of reciprocity with the United States or the Cayman Islands that provide for the recognition and enforcement of foreign judgments. In addition, according to the PRC Civil Procedure Law, courts in the PRC will not enforce a foreign judgment against PRC Entities or its directors and officers if they decide that the judgment violates the basic principles of PRC Laws or national sovereignty, security or public interest. As a result, it is uncertain whether and on what basis a PRC court would enforce a judgment rendered by a court in the United States or in the British Virgin Islands.
- (16) The statements in the Registration Statement under the captions “Risk Factors”, “Business”, “Enforceability of Civil Liabilities” and “Taxation”, insofar as such statements constitute summaries of the PRC legal matters referred to therein, in each case to the extent, and only to the extent, governed by PRC Laws, fairly present the information and summarize in all material aspects the matters referred to therein; and such statements are true and accurate in all material aspects, and correctly set forth therein, and nothing has been omitted from such statements which would make the same misleading in any material respect.
- (17) Except for the potential tax liabilities described in the Registration Statement, no transaction or stamp or other issuance or transfer taxes or duties and no capital gains, income, withholding or other taxes are payable by or on behalf of the Company or the underwriters as listed under the captions “Underwriting” (“**Underwriters**”) to any Governmental Agency in connection with (a) the creation, issuance, sale and delivery of the Shares, (b) the sale and delivery by the Company of the Shares to or for the accounts of the Underwriters in the manner contemplated in the Underwriting Agreement, (c) the execution, delivery and performance of the Underwriting Agreement by the Company and the Underwriters, (d) the listing and trading of the Shares as contemplated under the Underwriting Agreement and the Registration Statement, (e) the sale and delivery by the Underwriters of the Shares to the initial purchasers thereof in the manner contemplated in the Underwriting Agreement and the Registration Statement or (f) any dividends or distributions made by the Company to the holders of the Shares who are not PRC residents.
- (18) Assuming no issuance or sale of the Shares has been or will be made directly or indirectly within the PRC, the entry into and performance or enforcement of the Underwriting Agreement in accordance with their respective terms will not subject the Underwriters to any requirement to be licensed or otherwise qualified to do business in the PRC, nor will any Underwriters be deemed to be resident, domiciled, carrying on business through an establishment or place in the PRC or be in breach of the PRC Laws by reason of entry into, performance or enforcement of the Underwriting Agreement.
- (19) All matters of PRC Laws relating to the Company, each of the PRC Entities and their respective businesses and other statements with respect to or involving PRC Laws set forth in the Registration Statement are correctly set forth therein, and nothing has been omitted from such statements which would make the same misleading in any material respect.

This opinion relates only to PRC Laws and we express no opinion as to any laws other than PRC Laws. PRC Laws as used in this opinion refers to the PRC Laws currently in force as of the date of this opinion and there is no guarantee that any of such PRC Laws will not be changed, amended or revoked in the immediate future or in the longer term with or without retroactive effect.

We hereby consent to the use of this opinion in, and the filing hereof as Exhibit 5.2 to the Registration Statement, and to the reference to our name in such Registration Statement.

Yours faithfully,  
V&T Law Firm (Shanghai Office)

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Ellenoff Grossman & Schole LLP  
1345 Avenue of the Americas  
New York, NY 10105

[ ], 2020

Skillful Craftsman Education Technology Limited  
Floor 4, Building 1, No. 311, Yanxin Road  
Huishan District, Wuxi  
Jiangsu Province, PRC 214000

**Re: Registration Statement of Skillful Craftsman Education Technology Limited**

Ladies and Gentlemen:

We have acted as United States counsel to Skillful Craftsman Education Technology Limited, a Cayman Islands exempted company (the “**Company**”), in connection with the registration by the Company with the U.S. Securities and Exchange Commission (the “**Commission**”) of up to 3,622,500 ordinary shares of the Company, par value \$0.00015 per share (the “**Ordinary Shares**”) including 450,000 shares underlying the underwriters’ over-allotment option and 172,500 shares issuable upon exercise of warrants issuable to the representative of the underwriters (the “**Warrants**”), pursuant to a Registration Statement on Form F-1 initially filed by the Company with the Commission on April 23, 2020 (as amended, the “**Registration Statement**”). This opinion is being given in accordance with the Legal Matters section of the Registration Statement, as it pertains to the portions of New York law set forth below.

We have examined such documents and considered such legal matters as we have deemed necessary and relevant as the basis for the opinion set forth below. With respect to such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as reproduced or certified copies, and the authenticity of the originals of those latter documents. As to questions of fact material to this opinion, we have, to the extent deemed appropriate, relied upon certain representations of certain officers and employees of the Company.

Based upon the foregoing, we are of the opinion when the Registration Statement becomes effective under the Securities Act of 1933, as amended (the “**Act**”), and such Warrants are duly executed and authenticated in accordance with the underwriting agreement by and between the Company and the representative of the underwriters and issued, delivered and paid for, as contemplated by the Registration Statement and the underwriting agreement, such Warrants will be legally binding obligations of the Company enforceable in accordance with their terms except: (a) as such enforceability may be limited by bankruptcy, insolvency, reorganization or similar laws affecting creditors’ rights generally and by general equitable principles (regardless of whether enforceability is considered in a proceeding in equity or at law); (b) as enforceability of any indemnification or contribution provision may be limited under the Federal and state securities laws; and (c) that the remedy of specific performance and injunctive and other forms of equitable relief may be subject to the equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

Notwithstanding anything in this letter which might be construed to the contrary, our opinions expressed herein are limited to the laws of the State of New York. We express no opinion with respect to the applicability to, or the effect on, the subject transaction of the laws of any other jurisdiction or as to any matters of municipal law or the laws of any local agencies within any state other than the State of New York. The opinion expressed herein is based upon the law of the State of New York in effect on the date hereof and as of the effective date of the Registration Statement, and we assume no obligation to revise or supplement this opinion after the effective date of the Registration Statement should such law be changed by legislative action, judicial decision, or otherwise. Except as expressly set forth in our opinion above: (i) we express no opinion as to whether the laws of any other jurisdiction are applicable to the subject matter hereof; and (ii) we express no opinion as to compliance with any other federal or state law, rule or regulation relating to securities, or to the sale or issuance thereof.

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We hereby consent to the use of this opinion as an exhibit to the Registration Statement, to the use of our name as your counsel and to all references made to us in the Registration Statement and in the Prospectus forming a part thereof. In giving this consent, we do not hereby admit that we are in the category of persons whose consent is required under Section 7 of the Act, or the rules and regulations promulgated thereunder. This opinion is given as of the effective date of the Registration Statement, and we are under no duty to update the opinions contained herein.

Very truly yours,

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Ellenoff Grossman & Schole LLP

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ELLENOFF GROSSMAN & SCHOLE LLP  
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April [ ], 2020

Skillful Craftsman Education Technology Limited  
Floor 4, Building 1, No. 311, Yanxin Road  
Huishan District, Wuxi  
Jiangsu Province, PRC 214000

Re: Opinion of Ellenoff Grossman & Schole LLP as to Tax Matters

Ladies and Gentlemen:

You have requested our opinion concerning the statements in the Registration Statement (as defined below) under the caption “Taxation — Material United States Federal Income Tax Considerations” in connection with the public offering of certain ordinary shares, par value \$0.00015 per share (the “ordinary shares”), of Skillful Craftsman Education Technology Limited (the “Company”) pursuant to the registration statement on Form F-1 under the Securities Act of 1933, as amended (the “Act”), originally filed by the Company with the Securities and Exchange Commission (the “Commission”) on August 13, 2019, as amended (the “Registration Statement”).

This opinion is being furnished to you as Exhibit 8.2 to the Registration Statement.

In connection with rendering the opinion set forth below, we have examined and relied on originals or copies of the following (collectively the “Documents”):

(a) the Registration Statement; and

(b) such other documents, certificates and records as we have deemed necessary or appropriate as a basis for the opinion set forth below.

Our opinion is conditioned on the initial and continuing accuracy of the facts, information and analyses set forth in the Documents. All capitalized terms used but not otherwise defined herein shall have the respective meanings set forth in the Registration Statement.

For purposes of our opinion, we have assumed the legal capacity of all natural persons, the genuineness of all signatures, the authenticity of all Documents submitted to us as originals, the conformity to original Documents of all Documents submitted to us as certified, conformed, electronic, or photostatic copies, and the authenticity of the originals of such latter Documents. We have relied on a representation of the Company that such Documents are duly authorized, valid and enforceable. Furthermore, our opinion assumes, with your consent, that (i) the final executed version of any Document that has not been executed as of the date of this letter (including any underwriting agreement to be executed in connection with the offering of the ordinary shares) will be, in substance, identical to the version that we have reviewed, (ii) no material term or condition set forth in any executed Document (or the executed version of any Document described in clause (i) immediately above) will be amended, waived, or otherwise modified, and (iii) any transaction contemplated by any Document shall be consummated in accordance with the terms and conditions of the Document.

In addition, we have relied on factual statements and representations of the officers and other representatives of the Company and others, and we have assumed that such statements and representations are and will continue to be correct without regard to any qualification as to knowledge or belief.

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We have not independently verified, and do not assume any responsibility for, the completeness or fairness of the Registration Statement and make no representation that the actions taken in connection with the preparation and review of the Registration Statement are sufficient to cause the Registration Statement to be complete or fair.

Our opinion is based on the United States Internal Revenue Code of 1986, as amended, United States Treasury regulations, judicial decisions, published positions of the United States Internal Revenue Service, and such other authorities as we have considered relevant, all as in effect as of the date of this opinion and all of which are subject to differing interpretations or change at any time (possibly with retroactive effect). A change in the authorities upon which our opinion is based could affect the conclusions expressed herein. There can be no assurance, moreover, that the opinion expressed herein will be accepted by the United States Internal Revenue Service or, if challenged, by a court.

Based upon and subject to the foregoing, we are of the opinion that, under current United States federal income tax law, although the discussion set forth in the Registration Statement under the heading “Taxation — Material United States Federal Income Tax Considerations” does not purport to summarize all possible United States federal income tax considerations of the ownership and disposition of the ordinary shares to U.S. Holders (as defined therein), such discussion constitutes, in all material respects, an accurate summary of the United States federal income tax consequences of the ownership and disposition of the ordinary shares that are anticipated to be material to U.S. Holders who hold the ordinary shares pursuant to the Registration Statement, subject to the qualifications set forth in such discussion, and, to the extent that it sets forth any specific legal conclusion under United States federal income tax law, except as otherwise provided therein, it represents our opinion. Notwithstanding the foregoing, we do not express any opinion herein with respect to the Company’s status as a passive foreign investment company (“PFIC”) for United States federal income tax purposes for any taxable year, for the reasons stated in the discussion on PFICs set forth in the Registration Statement under the heading “Taxation — Material United States Federal Income Tax Considerations.”

Except as set forth above, we express no other opinion. This opinion is furnished to you in connection with the offering of the ordinary shares. This opinion is expressed as of the date hereof, and we are under no obligation to supplement or revise our opinion to reflect any legal developments or factual matters arising subsequent to the date hereof.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement, to the use of our name under the captions “Taxation” and “Legal Matters” in the prospectus included in the Registration Statement and to the discussion of this opinion in the prospectus included in the Registration Statement. In giving such consent, we do not thereby admit that we are within the category of persons whose consent is required under Section 7 of the Act or the rules or regulations of the Commission promulgated thereunder.

Very truly yours,

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ELLENOFF GROSSMAN & SCHOLE LLP

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Exclusive Business Cooperation Agreement

Exclusive Business Cooperation Agreement

This Exclusive Business Cooperation Agreement (this “Agreement”) is made and entered into by and between the following parties on July 17, 2019,

in Wuxi, the People’s Republic of China (“China” or the “PRC”, for the purposes of this Agreement, excluding Hong Kong Special Administrative Region, Macao Special Administrative Region and Taiwan Region).

Party A: Skillful Craftsman Internet Technology (Wuxi) Limited  
Address: Room 0405, Building 1, No. 311, Fuxin Road, Huishan Economic Development Zone, Wuxi

Party B: Wuxi Kingway Technology Limited  
Address: Room 0403, Building 1, No. 311, Fuxin Road, Huishan Economic Development Zone, Wuxi

In this Agreement, each of Party A and Party B shall be hereinafter referred to as a “Party” individually, and as the “Parties” collectively.

Whereas,

- 1. Party A is a wholly foreign-owned enterprise established in China, and has sufficient capacity, experience and resources for the R&D of computer communication information technology and for providing technical development, technical services and consultation in relation to computer communication information;

2. 乙方是一家在中国境内设立并拥有独立法人资格的公司;乙方主要从事:计算机软硬件开发;网络系统集成;技术咨询(依法须经批准的项目,经相关部门批准后方可开展经营活动)等业务,乙方将其上述业务统称为“主营业务”。
- Party B is a company established in China with exclusive domestic capital and as registered with the relevant PRC government authorities, is permitted to engage in technology development and technical services in the field of computer communication information technology; online vocational education and training business; value-added telecommunications business; design and construction of computer network engineering; network system integration services; development and sales of computer software and hardware; (Projects subject to approval according to laws and regulations may be operated after approval by relevant government authorities). The businesses conducted by Party B currently and at any time during the term of this Agreement are collectively referred to as the “Principal Business”;
3. 甲方愿意向乙方提供技术开发、技术支持、管理咨询及其他相关服务,乙方愿意接受甲方或甲方指定的乙方提供的上述服务,双方就本协议项下服务事宜达成如下约定:
- Party A is willing to provide Party B with technical development, technical support, management consultation and other related services on an exclusive basis in relation to the Principal Business during the term of this Agreement, utilizing its advantages in technology, team, and resources, and Party B is willing to accept such services provided by Party A or Party A's designee(s), each on the terms set forth herein.

因此,双方经友好协商,达成如下协议:

Now, therefore, through mutual discussion, the Parties have reached the following agreements:

1. 甲方
- Services Provided by Party A**
- 1.1 乙方特此指定甲方为乙方在中国境内的唯一技术服务提供商,为乙方提供全面的技术支持、咨询服务及其他相关服务,甲方在履行本协议项下义务时,应遵守本协议的条款和条件,包括但不限于以下内容:技术服务、网络支持、商务咨询、知识产权、设备或场所的租赁、市场咨询、系统集成、产品开发及系统维护。
- Party B hereby appoints Party A as Party B's exclusive services provider to provide Party B with comprehensive technical support, consulting services and other related services during the term of this Agreement, in accordance with the terms and conditions of this Agreement, including but not limited to the following contents: technical services, network support, business consultancy, licenses for Intellectual Property, equipment or the lease of the work places, market consultancy, system integration, product development and system maintenance.

1.2 1.3 Party B agrees to accept all the services provided by Party A. The Parties agree that Party A may appoint or designate its affiliates or other qualified parties to provide Party B with the services under this Agreement (the parties designated by Party A may enter into certain agreements described in Section 1.3 with Party B). Party B further agrees that unless with Party A's prior written consent, during the term of this Agreement, Party B shall not directly or indirectly accept the same or any similar services provided by any third party and shall not establish same or similar corporation relationships with any third party regarding the matters contemplated by this Agreement.

1.3 Service Providing Methodology

1.3.1 Party A and Party B agree that during the term of this Agreement, where necessary, Party B may enter into further service agreements with Party A or any other party designated by Party A, which shall provide the specific contents, methods, personnel, and fees for the specific services.

1.3.2 To fulfill this Agreement, Party A and Party B agree that during the term of this Agreement, where necessary, Party B may enter into equipment or property lease agreements with Party A or any other party designated by Party A which shall permit Party B to use Party A's relevant equipment or property based on the business needs of Party B.

1.3.3 Party B hereby grants to Party A an irrevocable and exclusive option to purchase from Party B, at Party A's sole discretion, any or all of the assets and business of Party B, to the extent permitted under PRC law, and at the lowest purchase price permitted by PRC law. The Parties shall then enter into a separate assets or business transfer agreement, specifying the terms and conditions of the transfer of the assets.

2. The Calculation and Payment of the Service Fees

2.1 The fees payable by Party B to Party A during the term of this Agreement shall be calculated as follows:

2.1.1 In consideration for the services provided by Party A hereunder, Party B shall pay a service fee to Party A on quarterly basis. The service fees for each quarter shall consist of a management fee and a fee for services provided. Party A shall issue the bill in accordance with the work volume and commercial value of the technical services provided by Party B on a quarterly basis as per the agreed price by the Parties, and Party B shall pay corresponding consultancy service fees to Party A in accordance with the dates and amounts specified in the bill. The service fee shall not be lower than 90% of all the net income of Party B in that quarter. Party A shall be entitled to adjust the standards of amounts and contents of the consultancy services provided by Party B at any time.

2.1.2 若甲方将技术或许可转让给乙方，开发软件或其他技术作为乙方委托，或租赁设备或财产给乙方，该技术转让价格，许可价格，开发费用或租金应由双方根据实际情况和/或在相关合同中单独执行。

If Party A transfers or licenses technology to Party B, develops software or other technology as entrusted by Party B, or leases equipment or properties to Party B, the technology transfer price, license price, development fees or rent shall be determined by the Parties separately based on the actual situations and/or set forth in the relevant contracts separately executed by the Parties.

3. 知识产权和保密条款

**Intellectual Property Rights and Confidentiality Clauses**

3.1 甲方拥有其在本协议项下开发的所有知识产权，包括但不限于专利权、专利申请、软件、技术秘密、商业秘密和其他（在不违反中国法律的前提下）。除非甲方明确授权，乙方不得在任何甲方知识产权中拥有任何权利或利益，该等知识产权用于甲方提供服务。为确保甲方在本协议项下的权利，必要时，乙方应执行所有适当文件，采取所有适当行动，提交所有 filings 和/或申请，提供所有适当协助，并其他方式进行 whatever 是必要的，如甲方认为其唯一裁量，对于任何此类知识产权和无形资产，甲方应进行注册或保护，或为甲方（包括在甲方名下注册此类知识产权和无形资产）。

Party A shall have sole, exclusive and complete ownership, rights and interests in any and all intellectual properties or intangible assets arising out of or created or developed during the performance of this Agreement by both Parties, including but not limited to copyrights, patents, patent applications, software, technical secrets, trade secrets and others (to the extent not prohibited by the PRC laws). Unless expressly authorized by Party A, Party B is not entitled to any rights or interests in any intellectual property rights of Party A which are used by Party A in providing the services pursuant to this Agreement. To ensure Party A's rights under this Section, where necessary, Party B shall execute all appropriate documents, take all appropriate actions, submit all filings and/or applications, render all appropriate assistance and otherwise conduct whatever is necessary as deemed by Party A at its sole discretion, for the purposes of vesting the ownership, right or interest of any such intellectual property rights and intangible assets in Party A, and/or perfecting the protections of any such intellectual property rights and intangible assets for Party A (including registering such intellectual property rights and intangible assets under Party A's name).

3.2 The Parties acknowledge that the existence and the terms of this Agreement and any oral or written information exchanged between the Parties in connection with the preparation and performance of this Agreement are regarded as confidential information. Each Party shall maintain confidentiality of all such confidential information, and without obtaining the written consent of the other Party, it shall not disclose any relevant confidential information to any third party, except for the information that: (a) is or will be in the public domain (other than through the receiving Party's unauthorized disclosure); (b) is under the obligation to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) is required to be disclosed by any Party to its shareholders, directors, employees, legal counsels or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, directors, employees, legal counsels or financial advisors shall be bound by the confidentiality obligations similar to those set forth in this Section. Disclosure of any confidential information by the shareholders, director, employees of or agencies engaged by any Party shall be deemed disclosure of such confidential information by such Party and such Party shall be held liable for breach of this Agreement.

4. **Representations and Warranties**

4.1 Party A hereby represents, warrants and covenants as follows:

4.1.1 Party A is a wholly foreign-owned enterprise legally established and validly existing in accordance with the laws of China; Party A or the service providers designated by Party A will obtain all government permits and licenses necessary for providing the service under this Agreement (if required) before providing such services.

4.1.2 甲方已经采取所有必要的公司行动，获得所有必要的授权以及所有第三方的同意和批准，以执行、交付和履行本协议。甲方执行、交付和履行本协议不会违反任何法律或法规的明确要求。

4.1.3 本协议构成甲方的法律、有效和具有约束力的义务，可对其强制执行，符合其条款。

4.2 乙方特此声明、保证和承诺如下：

4.2.1 乙方是一家根据中国法律合法成立并有效存续的公司，已经获得并将维持所有从事其主营业务所需的许可和执照。

4.2.2 乙方已经采取所有必要的公司行动，获得所有必要的授权以及所有第三方的同意和批准，以执行、交付和履行本协议。乙方执行、交付和履行本协议不会违反任何法律或法规的明确要求。

4.2.3. 本協議は、本協議の締結に必要となるすべての事項を含む。

This Agreement constitutes Party B's legal, valid and binding obligations, and shall be enforceable against it in accordance with its terms.

5. 本協議

**Term of Agreement**

5.1 本協議は、本協議の締結に必要となるすべての事項を含む。10年間の有効期間を有する。10年間の有効期間満了後、本協議は自動的に延長される。

This Agreement shall become effective upon execution by the Parties. Unless earlier terminated in accordance with the provisions of this Agreement or other agreements separately executed between the Parties, the term of this Agreement shall be ten (10) years. Unless agreed by Party A in writing before the expiration of the term that this Agreement shall terminate upon expiration of its term, the term of this Agreement shall automatically be extended for another ten (10) years upon expiration date.

5.2 本協議は、本協議の締結に必要となるすべての事項を含む。本協議の有効期間満了前、各当事者は、本協議の有効期間の更新を完了し、本協議の有効期間を延長する。

During the term of this Agreement, each Party shall renew its operation term prior to the expiration thereof and endeavor to obtain the approval of, and complete registration with, the competent authorities for such renewal, so as to enable this Agreement to remain effective. This Agreement shall be terminated upon the expiration of the operation term of a Party if the application for the renewal of its operation term is not approved by the competent government authorities.

5.3 本協議は、本協議の締結に必要となるすべての事項を含む。3年6ヶ月と5.3条は、本協議の有効期間満了後も適用される。

The rights and obligations of the Parties under Sections 3, 6, 7 and this Section 5.3 shall survive the termination of this Agreement.

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6. 适用法律和争议解决

Governing Law and Resolution of Disputes

6.1 本协议的订立、效力、解释、履行、变更和终止均适用中华人民共和国法律。

The execution, effectiveness, interpretation, performance, amendment and termination of this Agreement and the resolution of disputes hereunder shall be governed by the PRC laws.

6.2 凡因本协议引起的或与本协议有关的任何争议，双方应首先通过友好协商解决；如果协商不能解决，任何一方均有权向上海国际仲裁中心提起仲裁。

In the event of any dispute with respect to the interpretation and performance of this Agreement, the Parties shall first resolve the dispute through friendly negotiations. In the event the Parties fail to reach an agreement on the dispute, either Party may submit the relevant dispute to the Shanghai International Arbitration Center for arbitration, in accordance with the arbitration rules of such arbitration commission effective at that time. The place of the hearing of the arbitration shall be Shanghai. The arbitration award shall be final and binding on both Parties.

6.3 在发生任何争议的情况下，除非争议事项正在仲裁中，双方应继续履行本协议项下的义务。

Upon the occurrence of any disputes arising from the interpretation and performance of this Agreement or during the pending arbitration of any dispute, except for the matters under dispute, the Parties shall continue to exercise their respective rights under this Agreement and perform their respective obligations under this Agreement.

7. 违约责任

Breach of Agreement and Indemnification

7.1 如果乙方严重违反本协议的任何条款，或未能履行、不完全履行或延迟履行本协议的任何义务，则构成乙方对本协议的违约。甲方有权要求乙方采取补救措施。如果乙方未在甲方发出书面通知后十(10)天内采取补救措施，甲方有权，在其 discretion 下，(1) 终止本协议并要求乙方赔偿所有损失；或(2) 要求乙方继续履行本协议项下的义务。本条款不应损害甲方在本协议项下的任何其他权利。

If Party B materially breaches any provision under this Agreement, or fails to perform, performs incompletely or delays to perform any obligation under this Agreement, it shall constitute a breach under this Agreement on the part of Party B. Party A is entitled to require Party B to rectify or take remedial measures. If Party B fails to rectify or take remedial measures within ten (10) days after Party A delivers a written notice to Party B and requires for rectification (or within any other reasonable period required by Party A), Party A is entitled to, at its sole discretion, (1) terminate this Agreement and require Party B to compensate all the losses; or (2) require specific performance of the obligations of Party B under this Agreement and require Party B to compensate all the losses. This Section shall not prejudice any other rights of Party A under this Agreement.

7.2 ☐ Unless otherwise required by the applicable laws, Party B shall not unilaterally terminate this Agreement in any event.

7.3 Party B shall indemnify Party A and hold Party A harmless from any losses, damages, obligations or expenses caused by any lawsuit, claims or other demands raised by any third party against Party A arising from or caused by the services provided by Party A to Party B pursuant to this Agreement, except where such losses, damages, obligations or expenses arise from the gross negligence or willful misconduct of Party A.

8. **Force Majeure**

8.1 In the case of any force majeure events (“Force Majeure”) such as earthquakes, typhoons, floods, fires, flu, wars, riots, strikes or any other events that cannot be predicted and are unpreventable and unavoidable by the affected Party, which causes the failure of either Party to perform or completely perform this Agreement or perform this Agreement on time, the Party affected by such Force Majeure shall not be liable for this. However, the Party affected by such Force Majeure shall give the other Party written notices without any delay, and shall provide details and related documents evidencing such event within 15 days after sending out such notice, explaining the reasons for such failure of, partial or delay of performance.

8.2 If such Party claiming Force Majeure fails to notify the other Party and furnish it with proof pursuant to the above provision, such Party shall not be excused from the non-performance, incomplete performance or delay of performance of its obligations hereunder. The Party so affected by the event of Force Majeure shall use reasonable efforts to minimize the consequences of such Force Majeure and to promptly resume performance hereunder whenever the causes of such excuse are cured. Should the Party so affected by the event of Force Majeure fail to resume performance hereunder when the causes of such excuse are cured, such Party shall be liable to the other Party.

8.3 在发生不可抗力事件时，双方应立即相互磋商，并竭尽合理之努力，以尽快达成减少事件后果的方案或协议。  
In the event of Force Majeure, the Parties shall immediately consult with each other to find an equitable solution and shall use all reasonable endeavours to minimize the consequences of such Force Majeure.

9. 通知  
Notices

9.1 所有通知和其他通讯均应按照本协议或本协议下其他文件的要求，以本协议中规定的地址，通过本协议中规定的通讯方式，由一方发送给另一方。  
All notices and other communications required to be given pursuant to this Agreement or otherwise given in connection with this Agreement shall be delivered personally, or sent by registered mail, prepaid postage, a commercial courier service, facsimile transmission or email to the address of such Party set forth below. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:

- 9.1.1 通过个人交付的通知应被视为在收到通知的地址或通知被放置在地址的日期有效；  
Notices given by personal delivery shall be deemed effectively given on the date of receipt at the address set forth below, or the date on which such notices are placed at the address set forth below;
- 9.1.2 通过快递、挂号信或预付邮资的通知应被视为在收到通知、拒绝或退回的日期有效；  
Notices given by courier service, registered mail or prepaid postage shall be deemed effectively given on the date of receipt, refusal or return for any reason at the address set forth below;
- 9.1.3 通过传真发送的通知应被视为在成功传输到指定的传真号码的日期有效（如由自动生成的传输确认所证明）。通过电子邮件发送的通知应被视为在成功传输的日期有效，前提是发送方已收到系统消息，指示成功传输或未在24小时内收到系统消息，指示传输失败或退回。  
Notices given by facsimile transmission shall be deemed effectively given on the date of successful transmission to the Fax no. set forth below (as evidenced by an automatically generated confirmation of transmission). Notices given by email shall be deemed effectively given on the date of successful transmission, provided that the sending Party has received a system message indicating successful transmission or has not received a system message within 24 hours indicating failure of delivery or return of email.

9.2 通知的地址如下：  
For the purpose of notices, the addresses of the Parties are as follows:

甲方：	Skillful Craftsman Internet Technology (Wuxi) Limited
地址：	Room 0405, Building 1, No. 311, Fuxin Road, Huishan Economic Development Zone, Wuxi
注意：	Liu Ping
电话：	(+86) [ 0510-81805788]
电邮：	(+86) [ 0510-81805788]
乙方：	Wuxi Kingway Technology Limited
地址：	Room 0403, Building 1, No. 311, Fuxin Road, Huishan Economic Development Zone, Wuxi
注意：	He Jie
电话：	(+86) [0510-81805788-810]
电邮：	(+86) [0510-81805788-810]

9.3 通知

Any Party may at any time change its address for notices by a notice delivered to the other Party in accordance with the terms of this Section.

## 10. 转让

### Assignment

10.1 通知

Without Party A's prior written consent, Party B shall not assign its rights and obligations under this Agreement to any third party.

10.2 通知

Party B agrees that unless expressly required by the applicable laws otherwise, Party A may assign its obligations and rights under this Agreement to any third party and in case of such assignment, Party A is only required to give written notice to Party B and does not need any consent from Party B for such assignment.

## 11. 可分割性

### Severability

通知

In the event that one or several of the provisions of this Agreement are held to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any aspect. The Parties shall negotiate in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.

12. 修改和补充  
**Amendments and Supplements**

Any amendment, change and supplement to this Agreement shall be made in writing by all of the Parties. Any amendment agreement and supplementary agreement duly executed by the Parties hereto with regard to this Agreement shall constitute an integral part of this Agreement, and shall have equal legal validity as this Agreement.

13. 继任者  
**Successors**

The terms of this Agreement shall be binding on the Parties hereto and their respective successors and permitted assigns, and shall be valid with respect to the Parties and each of their successors and permitted assigns.

14. 语言  
**Language and Counterparts**

This Agreement is written in both Chinese and English language in two copies, each Party having one copy. In case of any conflicts between the Chinese version and the English Version, the Chinese version shall prevail.

The Remainder of this page is intentionally left blank

IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Exclusive Business Cooperation Agreement as of the date first above written.

(seal)  
**Party A: Skillful Craftsman Internet Technology (Wuxi) Limited**

By: /s/Gao Xiaofeng  
Name: Gao Xiaofeng  
Title: Legal Representative

(seal)  
**Party B: Wuxi Kingway Technology Limited**

By: /s/Gao Xiaofeng  
Name: Gao Xiaofeng  
Title: Legal Representative

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Exclusive Purchasing Right Agreement

“Agreement” 2019 7 17, ,

This Exclusive Purchasing Right Agreement (this “Agreement”) is executed by and among the following Parties as of July 17, 2019, in Wuxi, the People’s Republic of China (“China” or the “PRC”, for the purposes of this Agreement, excluding Hong Kong Special Administrative Region, Macao Special Administrative Region and Taiwan Region):

Party A: Skillful Craftsman Internet Technology (Wuxi) Limited  
Address: Room 0405, Building 1, No. 311, Fuxin Road, Huishan Economic Development Zone, Wuxi

Party B: Gao Xiaofeng (a Chinese citizen with Identification No.: 320222197104203458)  
Hua Lugang (a Chinese citizen with Identification No.: 32040219721123081X)

Party C: Wuxi Kingway Technology Limited  
Address: Room 0403, Building 1, No. 311, Fuxin Road, Huishan Economic Development Zone, Wuxi

“Party” “Parties”

In this Agreement, each of Party A, Party B and Party C shall be hereinafter referred to as a “Party” individually, and as the “Parties” collectively.

Whereas:

Party B is the shareholder of Party C and as of the date hereof hold 100% of the equity interests of Party C totally, representing RMB ten million yuan in the registered capital of Party C.

Now therefore, upon mutual discussion and negotiation, the Parties have reached the following agreement:

1.1 □□□□  
Purchasing Right Granted

Party B hereby irrevocably and unconditionally grants Party A an irrevocable and exclusive right to purchase, or designate one or more persons (each, a “Designee”) to purchase the equity in Party C then held by Party B once or at multiple times at any time in part or in whole at Party A’s sole and absolute discretion to the extent permitted by PRC laws and at the price described in Section 1.3 herein (such right being the “Equity Purchasing Right”). Except for Party A and the Designee(s), no other person shall be entitled to the Equity Purchasing Right or other rights with respect to the equity of Party B. Party C hereby agrees to the grant by Party B of the Equity Purchasing Right to Party A. The term “person” as used herein shall refer to individuals, corporations, partnerships, partners, enterprises, trusts or non-corporate organizations.

Subject to the provisions of the PRC laws and regulations, Party A may exercise the Equity Purchasing Right by issuing a written notice to Party B (the “Equity Purchasing Right Notice”), specifying: (a) Party A’s decision to exercise the Equity Purchasing Right, and the name of the Designee(s) if any; (b) the portion of equity interests to be purchased by Party A or the Designee from Party B (the “Target Equity”); and (c) the date for purchasing the Target Equity or the date for the transfer of the Target Equity.

1.3 Equity Purchase Price  
Target Equity

Unless the PRC laws or regulations require assessment at the time when Party A exercises the right, the purchasing price of the Purchased Shares (the “Equity Purchase Price”) shall be the lowest price permitted by law.

1.4 Transfer of Optioned Interests

For each exercise of the Equity Interest Purchase Option:

1.4.1 Party B shall cause Party C to promptly convene a shareholders’ meeting, at which a resolution shall be adopted approving Party B’s transfer of the Optioned Interests to Party A and/or the Designee(s);

1.4.2 Party B shall obtain written statements from the other shareholders of Party C giving consent to the transfer of the Optioned Interests by Party B to Party A and/or the Designee(s) and waiving any right of first refusal with respect thereto;

1.4.3 Party B shall execute an equity interest transfer contract with respect to each transfer with Party A and/or each Designee (whichever is applicable), in accordance with the provisions of this Agreement and the Equity Interest Purchase Option Notice regarding the Optioned Interests;

1.4.4 Party B shall, within thirty (30) days after receipt of the Equity Interest Purchase Option Notice, execute all necessary contracts, agreements or documents with relevant parties, obtain all necessary government approvals and permits, and complete all necessary registrations and filings, so as to transfer valid ownership of the Optioned Interests to Party A and/or the Designee(s), unencumbered by any security interests, and cause Party A and/or the Designee(s) to become the registered owner(s) of the Optioned Interests. For the purpose of this Section and this Agreement, “security interests” shall include securities, mortgages, third party’s rights or interests, any stock options, acquisition right, right of first refusal, right to offset, ownership retention or other security arrangements, but shall be deemed to exclude any security interest created by this Agreement, Party B’s Equity Interest Pledge Agreement and Party B’s Power of Attorney; “Party B’s Equity Interest Pledge Agreement” as used in this Agreement shall refer to the Interest Pledge Agreement executed by and among Party A, Party B and Party C on the date hereof and any modification, amendment and restatement thereto.; “Party B’s Power of Attorney” as used in this Agreement shall refer to the Power of Attorney executed by Party B on the date hereof granting Party A with a power of attorney and any modification, amendment and restatement thereto.

2. **Covenants**

2.1 **Covenants regarding Party C**

Party B (as a shareholder of Party C) and Party C hereby covenant as follows:

- 2.1.1 Without the prior written consent of Party A, they shall not in any manner supplement, change or amend the articles of association of Party C, increase or decrease its registered capital, or change its structure of registered capital in other manners;
- 2.1.2 They shall maintain Party C’s corporate existence in accordance with good financial and business standards and practices, obtain and maintain all necessary government licenses and permits by prudently and effectively operating its business and handling its affairs;
- 2.1.3 Without the prior written consent of Party A, they shall not at any time following the date hereof, sell, transfer, mortgage or dispose of in any manner any material assets of Party C or legal or beneficial interest in the material business or revenues of Party C, or allow the encumbrance thereon of any security interest;
- 2.1.4 Without the prior written consent of Party A, they shall not incur, inherit, guarantee or suffer the existence of any debt, except for payables incurred in the ordinary course of business other than through loans;

- 2.1.5 他们应始终在普通业务过程中运营 Party C 的所有业务，以维持 Party C 的资产价值，并避免采取任何可能损害 Party C 的经营状况和资产价值的行动/遗漏；  
They shall always operate all of Party C's businesses within the ordinary course of business to maintain the asset value of Party C and refrain from any action/omission that may adversely affect Party C's operating status and asset value;
- 2.1.6 未经 Party A 事先书面同意，他们不得导致 Party C 执行任何重大合同，除非该合同属于普通业务过程（对于本小节的目的，价格超过人民币 [100,000] 的合同将被视为重大合同）；  
Without the prior written consent of Party A, they shall not cause Party C to execute any major contract, except the contracts in the ordinary course of business [(for the purpose of this subsection, a contract with a price exceeding RMB [100,000] shall be deemed a major contract)];
- 2.1.7 未经 Party A 事先书面同意，他们不得导致 Party C 向任何人提供贷款或信用；  
Without the prior written consent of Party A, they shall not cause Party C to provide any person with any loan or credit;
- 2.1.8 他们应向 Party A 提供 Party C 的业务运营和财务状况信息，应 Party A 的要求；  
They shall provide Party A with information on Party C's business operations and financial condition at Party A's request;
- 2.1.9 如果 Party A 要求，他们应就 Party C 的资产和业务向可接受的 Party A 的保险公司投保，投保金额和范围应与经营类似业务的公司典型；  
If requested by Party A, they shall procure and maintain insurance in respect of Party C's assets and business from an insurance carrier acceptable to Party A, at an amount and type of coverage typical for companies that operate similar businesses;
- 2.1.10 未经 Party A 事先书面同意，他们不得导致或允许 Party C 合并、整合、收购或投资于任何个人；  
Without the prior written consent of Party A, they shall not cause or permit Party C to merge, consolidate with, acquire or invest in any person;

- 2.1.11 他们应立即通知 Party A 有关任何诉讼、仲裁或行政程序的发生或可能发生，涉及 Party C 的资产、业务、收入或权益；
- 2.1.12 为了保持 Party C 对其所有资产的所有权，他们应执行所有必要或适当的文件，采取所有必要或适当的行动，提出所有必要或适当的诉讼，并对所有索赔提出必要的或适当的辩护；
- 2.1.13 未经 Party A 事先书面同意，他们应确保 Party C 不得以任何方式向其股东分配股息，但根据 Party A 的书面请求，Party C 应立即向其股东分配所有可分配的利润；
- 2.1.14 应 Party A 的要求，他们应任命 Party A 指定的任何人为 Party C 的董事或执行董事。
- 2.1.15 未经 Party A 事先书面同意，他们不得从事任何与 Party A 或其附属公司竞争的业务；
- 2.1.16 除非 PRC 法律另有规定，否则 Party C 不得在没有 Party A 事先书面同意的情况下解散或清算；

2.1.17 一旦中国法律允许外国投资者在中国境内投资 Party C 的主要业务，并持有控股股份和/或在形式上为 wholly foreign-owned enterprises，且中国有关政府主管部门开始批准此类投资，一旦 Party 行使 Equity Interest Purchase Option，Party B 应立即将 Party A 或 Designee(s) 在 Party C 中的权益利益转移给 Party B。

2.2 条款  
Covenants of Party B

条款  
Party B hereby covenants as follows:

2.2.1 条款  
Without the prior written consent of Party A, Party B shall not sell, transfer, mortgage or dispose of in any other manner any legal or beneficial interest in the equity interests in Party C held by Party B, or allow the encumbrance thereon, except for the interest placed in accordance with Party B's Equity Interest Pledge Agreement, Party B's Power of Attorney and this Agreement;

2.2.2 条款  
Without the prior written consent of Party A, Party B shall ensure the shareholders' meeting and/or the directors (or the executive director) of Party C not to approve any sale, transfer, mortgage or disposition in any other manner of any legal or beneficial interest in the equity interests in Party C held by Party B, or allow the encumbrance thereon of any security interest, except for the interest placed in accordance with Party B's Equity Interest Pledge Agreement, Party B's Power of Attorney and this Agreement;

- 2.2.3 Without the prior written consent of Party A, Party B shall cause the shareholders' meeting or the directors (or the executive director) of Party C not to approve the merger or consolidation with any person, or the acquisition of or investment in any person;
- 2.2.4 Party B shall immediately notify Party A of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to the equity interests in Party C held by Party B;
- 2.2.5 Party B shall ensure the shareholders' meeting or the directors (or the executive director) of Party C to vote in favor of the transfer of the Optioned Interests as set forth in this Agreement and to take any and all other actions that may be requested by Party A;
- 2.2.6 To the extent necessary to maintain Party B's ownership in Party C, Party B shall execute all necessary or appropriate documents, take all necessary or appropriate actions, file all necessary or appropriate complaints, and raise necessary or appropriate defenses against all claims;
- 2.2.7 Party B shall appoint any designee of Party A as the director or the executive director of Party C, at the request of Party A;
- 2.2.8 Party B gives consent to the execution by each of the other shareholders of Party C with Party A and Party C of the exclusive option agreement, the equity interest pledge agreement and the power of attorney similar to this Agreement, Party B's Equity Interest Pledge Agreement and Party B's Power of Attorney, and undertakes not to take any action in conflict with such documents executed by such other shareholders; with respect to the transfer of equity interest of Party C by any of the other shareholders of Party C to Party A and/or the Designee(s) pursuant to such shareholder's exclusive option agreement, Party B hereby waives all of its right of first refusal (if any).

2.2.9 如果 Party 收到任何利润分配、利息、股息或清算所得，Party B 应立即向 Party A 或 Party A 指定的任何其他人捐赠所有此类利润分配、利息、股息或清算所得，捐赠方式应符合适用的 PRC 法律；并且

2.2.10 如果 Party B 收到任何利润分配、利息、股息或清算所得，Party B 应立即向 Party A 或 Party A 指定的任何其他人捐赠所有此类利润分配、利息、股息或清算所得。Party B 应严格遵守本协议和其他合同（由 Party B、Party C 和 Party A 共同或分别执行）的义务，并 refrain 从任何可能影响本协议有效性和可执行性的行为/遗漏。本协议项下 Party B 享有的任何剩余权利，无论本协议、Party B 的股权利益质押协议或 Party B 的授权委托书，Party B 均不得行使此类权利，除非符合 Party A 的书面指示。

3. 陈述与保证

**Representations and Warranties**

Party B 和 Party C 特此向 Party A 陈述并保证，自本协议签署之日起

Party B 和 Party C 特此向 Party A 陈述并保证，自本协议签署之日起，以及每次转让期权利益时，如下：

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- 3.1 他们拥有执行和交付本协议以及任何权益转让合同所需的权力、能力和授权，并履行其在本协议以及任何转让合同项下的义务。他们拥有执行和交付本协议以及任何权益转让合同所需的权力、能力和授权，并履行其在本协议以及任何转让合同项下的义务。They have the power, capacity and authority to execute and deliver this Agreement and any equity interest transfer contracts to which they are parties concerning each transfer of the Optioned Interests as described thereunder (each, a “Transfer Contract”), and to perform their obligations under this Agreement and any Transfer Contracts. Party B and Party C agree to enter into Transfer Contracts substantially consistent with the terms of this Agreement upon Party A’s exercise of the Equity Interest Purchase Option. This Agreement and the Transfer Contracts to which they are parties constitute or will constitute their legal, valid and binding obligations and shall be enforceable against them in accordance with the provisions thereof;
- 3.2 本协议已经获得所有必要的政府主管部门和第三方的批准。Party B and Party C have obtained any and all approvals and consents from the competent government authorities and third parties (if required) for the execution, delivery and performance of this Agreement.
- 3.3 本协议的履行和交付不得：(i) 违反中国任何适用的法律；(ii) 与任何组织章程、章程或其他组织文件相冲突；(iii) 违反任何合同或工具，或构成任何合同或工具下的违约；(iv) 违反任何许可证或许可的授予和/或持续有效性；(v) 导致任何许可证或许可的暂停或撤销。The execution and delivery of this Agreement or any Transfer Contracts and the obligations under this Agreement or any Transfer Contracts shall not: (i) cause any violation of any applicable laws of China; (ii) be inconsistent with the articles of association, bylaws or other organizational documents of Party C; (iii) cause the violation of any contracts or instruments to which they are a party or which are binding on them, or constitute any breach under any contracts or instruments to which they are a party or which are binding on them; (iv) cause any violation of any condition for the grant and/or continued effectiveness of any licenses or permits issued to either of them; or (v) cause the suspension or revocation of or imposition of additional conditions to any licenses or permits issued to either of them;

- 3.4 Party B has the legal and complete title to the equity interests held by it in Party C. Except for Party B's Equity Interest Pledge Agreement and Party B's Power of Attorney, Party B has not placed any security interest or encumbrances on such equity interests;
- 3.5 Party C is a limited liability company duly organized and validly existing under the laws of the PRC. Party C has the legal and complete title to all of the assets used in connection with its business operation, and has not placed any security interest on the aforementioned assets;
- 3.6 Party C does not have any outstanding debts, except for (i) debt incurred during the ordinary course of business; and (ii) debts disclosed to Party A for which Party A's written consent has been obtained.
- 3.7 Party C has complied with all PRC laws and regulations in material aspects; and
- 3.8 There are no pending or threatened litigation, arbitration or administrative proceedings relating to the equity interests in Party C, assets of Party C or Party C.

4.

**Effective Date and Term**

This Agreement shall become effective upon execution by the Parties, and remain effective until all equity interests held by Party B in Party C have been transferred or assigned to Party A and/or any other person designated by Party A in accordance with this Agreement.

5.  Governing Law and Resolution of Disputes

5.1  Governing Law

The execution, effectiveness, interpretation, performance, amendment and termination of this Agreement and the resolution of disputes hereunder shall be governed by the laws of the PRC.

5.2  Methods of Resolution of Disputes

In the event of any dispute with respect to the interpretation and performance of this Agreement, the Parties shall first resolve the dispute through friendly negotiations. In the event the Parties fail to reach an agreement on the dispute, either Party may submit the relevant dispute to the Shanghai International Arbitration Center for arbitration, in accordance with the arbitration rules of such arbitration commission effective at that time. The place of the hearing of the arbitration shall be Shanghai. The arbitration award shall be final and binding on both Parties.

6.  Taxes and Fees

Each Party shall pay any and all transfer and registration taxes, expenses and fees incurred thereby or levied thereon in accordance with the laws of China in connection with the preparation and execution of this Agreement and the Transfer Contracts, as well as the consummation of the transactions contemplated under this Agreement and the Transfer Contracts.

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## Notices

7.1 All notices and other communications required to be given pursuant to this Agreement or otherwise given in connection with this Agreement shall be delivered personally, or sent by registered mail, prepaid postage, a commercial courier service, facsimile transmission or email to the address of such Party set forth below. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:

7.1.1 Notices given by personal delivery shall be deemed effectively given on the date of receipt at the address set forth below, or the date on which such notices are placed at the address set forth below;

7.1.2 Notices given by courier service, registered mail or prepaid postage shall be deemed effectively given on the date of receipt, refusal or return for any reason at the address set forth below;

7.1.3 Notices given by facsimile transmission shall be deemed effectively given on the date of successful transmission to the Fax no. set forth below (as evidenced by an automatically generated confirmation of transmission). Notices given by email shall be deemed effectively given on the date of successful transmission, provided that the sending Party has received a system message indicating successful transmission or has not received a system message within 24 hours indicating failure of delivery or return of email.

7.2 通知の送付先  
 For the purpose of notices, the addresses of the Parties are as follows:

甲方 苏州工业园区

**Party A: Skillful Craftsman Internet Technology (Wuxi) Limited**

乙方 苏州工业园区3111110405

Address: Room 0405, Building 1, No. 311, Fuxin Road, Huishan Economic Development Zone, Wuxi

姓名 刘平

Attn: Liu Ping

电话 (+86) [ 0510-81805788]

Tel: (+86) [ 0510-81805788]

甲方 苏州工业园区

**Party B: Gao Xiaofeng, Hua Lugang**

乙方 苏州工业园区3111110403

Address: Room 0403, Building 1, No. 311, Fuxin Road, Huishan Economic Development Zone, Wuxi

电话 (+86) [0510-81805788-816]

Tel (+86) [0510-81805788-816]

甲方 苏州工业园区

**Party C: Wuxi Kingway Technology Limited**

乙方 苏州工业园区3111110403

Address: Room 0403, Building 1, No. 311, Fuxin Road, Huishan Economic Development Zone, Wuxi

姓名 何杰

Attn: He Jie

电话 (+86) [0510-81805788-810]

Tel (+86) [0510-81805788-810]

7.3 任何一方均可随时变更其地址，以便通知，但须符合本条款的规定。

Any Party may at any time change its address for notices by a notice delivered to the other Parties in accordance with the terms of this Section.

8. Confidentiality

The Parties acknowledge that the existence and the terms of this Agreement, and any oral or written information exchanged between the Parties in connection with the preparation and performance of this Agreement are regarded as confidential information. Each Party shall maintain confidentiality of all such confidential information, and without obtaining the written consent of other Parties, it shall not disclose any relevant confidential information to any third parties, except for the information that: (a) is or will be in the public domain (other than through the receiving Party's unauthorized disclosure); (b) is under the obligation to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) is required to be disclosed by any Party to its shareholders, directors, employees, legal counsels or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, directors, employees, legal counsels, or financial advisors shall be bound by the confidentiality obligations similar to those set forth in this Section. Disclosure of any confidential information by the shareholders, director, employees of, or agencies engaged by any Party shall be deemed disclosure of such confidential information by such Party and such Party shall be held liable for breach of this Agreement.

9. Further Warranties

The Parties agree to promptly execute documents that are reasonably required for or are conducive to the implementation of the provisions and purposes of this Agreement and take further actions that are reasonably required for or are conducive to the implementation of the provisions and purposes of this Agreement.



10. Breach of Agreement

10.1 If Party B or Party C materially breaches any provision under this Agreement, or fails to perform, performs incompletely or delays to perform any obligation under this Agreement, it shall constitute a breach under this Agreement on the part of Party B or Party C (as the case may be). Party A is entitled to require Party B or Party C to rectify or take remedial measures. If within ten (10) days after Party A delivers a written notice to Party B or Party C and requires for rectification (or within any other reasonable period required by Party A), Party B or Party C (as the case may be) fails to rectify or take remedial measures, Party A is entitled to, at its sole discretion, (1) terminate this Agreement and require Party B or Party C (as the case may be) to compensate all the losses; or (2) require specific performance of the obligations of Party B or Party C (as the case may be) under this Agreement and require Party B or Party C (as the case may be) to compensate all the losses. This Section shall not prejudice any other rights of Party A under this Agreement.

10.2 Party B or Party C shall not terminate this Agreement unilaterally in any event unless otherwise required by the applicable laws.

11. Miscellaneous

11.1 Amendments, changes and supplements

Any amendment, change and supplement to this Agreement shall be made in writing by all of the Parties. Any amendment agreement and supplementary agreement duly executed by the Parties hereto with regard to this Agreement shall constitute an integral part of this Agreement, and shall have equal legal validity as this Agreement.

11.2 全部  
Entire agreement

除对本协议的修改、补充或在本协议执行后以书面形式对本协议作出的任何更改外，本协议应构成各方就本协议主题事项达成的全部协议，并应取代各方此前就本协议主题事项达成的所有口头和书面磋商、陈述和合同。

11.3 标题  
Headings

本协议的标题仅为方便起见，不得用于解释、说明或以其他方式影响本协议条款的含义。

11.4 可分割性  
Severability

如果本协议的任何条款被裁定无效、非法或不可执行，则本协议其余条款的有效性、合法性或可执行性不应受到影响。各方应本着善意，以符合法律规定的有效条款取代无效、非法或不可执行的条款，且该等有效条款的经济效果应尽可能接近无效、非法或不可执行的条款的经济效果。

11.5 继承人  
Successors

本协议应约束各方及其各自的继承人、继承人（包括继承期权利益）和允许的受让人，并应有效约束各方及其各自的继承人、继承人和允许的受让人。

11.6 生存  
Survival

11.6.1 任何在本协议到期或提前终止之前发生的或根据本协议产生的义务，应在本协议到期或提前终止后继续有效。  
Any obligations that occurred or that are due in connection with this Agreement before the expiration or early termination of this Agreement shall survive the expiration or early termination thereof.

11.6.2 本协议第5、8、10条及本第11.6条应在本协议终止后继续有效。  
The provisions of Sections 5, 8, 10 and this Section 11.6 shall survive the termination of this Agreement.

11.7 弃权  
Waivers

任何一方可放弃本协议的任何条款，但此类弃权必须是书面的，并且需要该方的签署。任何一方向另一方作出的弃权，不得作为该方对任何其他方的弃权。任何一方向另一方作出的弃权，不得作为该方对任何其他方的弃权。  
Any Party may waive the terms and conditions of this Agreement, provided that such a waiver must be provided in writing and shall require the signatures of the Parties. No waiver by any Party in certain circumstances with respect to a breach by other Parties shall operate as a waiver by such a Party with respect to any similar breach in other circumstances.

11.8 语言  
Language

本协议以中英文两种语言书写，共五份，每方各执一份，且本协议的中文版本和英文版本具有同等法律效力。本协议的中文版本和英文版本如有冲突，以中文版本为准。  
This Agreement is written in both Chinese and English language in five copies, each Party having one copy, and the other copy shall be kept by Party C. In case of any conflicts between the Chinese version and the English Version, the Chinese version shall prevail.

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此协议一式两份，甲乙双方各执一份，具有同等法律效力。

IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Exclusive Option Agreement as of the date first above written.

甲方：Skillful Craftsman Internet Technology (Wuxi) Limited

By: /s/Gao Xiaofeng  
 Name: Gao Xiaofeng  
 Title: Legal Representative

乙方：Gao Xiaofeng

By: /s/Gao Xiaofeng

乙方：Hua Lugang

By: /s/Hua Lugang

丙方：Wuxi Kingway Technology Limited

By: /s/Gao Xiaofeng  
 Name: Gao Xiaofeng  
 Title: Legal Representative

Equity Interest Pledge Agreement

此《股权质押协议》（“本协议”）由2019年7月17日签署，由以下各方（“各方”）共同签署，并自签署之日起生效。

This Exclusive Interest Pledge Agreement (this “Agreement”) is executed by and among the following Parties as of July 17, 2019, in Wuxi, the People’s Republic of China (“China” or the “PRC”, for the purposes of this Agreement, excluding Hong Kong Special Administrative Region, Macao Special Administrative Region and Taiwan Region):

**Party A:** **Skillful Craftsman Internet Technology (Wuxi) Limited** (hereinafter the “**Pledgee**”), a wholly foreign-owned enterprise, organized and existing under the laws of the PRC, with its registered address at Room 0405, Building 1, No. 311, Fuxin Road, Huishan Economic Development Zone, Wuxi;

**Party B:** **Gao Xiaofeng** (a Chinese citizen with Identification No.: 320222197104203458)  
**Hua Lugang** (a Chinese citizen with Identification No.: 32040219721123081X)  
 (hereinafter the “**Pledgors**”)

**Party C:** **Wuxi Kingway Technology Limited**, a limited liability company organized and existing under the laws of the PRC, with its registered address at Room 0403, Building 1, No. 311, Fuxin Road, Huishan Economic Development Zone, Wuxi.

In this Agreement, each of the Pledgee, the Pledgors and Party C shall be hereinafter referred to as a “Party” individually, and as the “Parties” collectively.

Whereas:

- The Pledgors are citizens of China who as of the date hereof hold 100% of the equity interests of Party C totally, representing RMB 10 million yuan in the registered capital of Party C. Party C is a limited liability company registered in Wuxi, China. Party C acknowledges the respective rights and obligations of the Pledgors and the Pledgee under this Agreement, and intends to provide any necessary assistance in registering the Pledge;
- The Pledgee is a wholly foreign-owned enterprise registered in China. The Pledgee and Party C have executed an Exclusive Business Cooperation Agreement (as defined below); Party C, the Pledgee and the Pledgors have executed an Exclusive Purchasing Right Agreement (as defined below); the Pledgors have executed an Authorization Agreement (as defined below) in favor of the Pledgee;
- To ensure that Party C and the Pledgors fully perform their obligations under the Exclusive Business Cooperation Agreement, the Exclusive Purchasing Right Agreement, and the Authorization Agreement, the Pledgors hereby pledge to the Pledgee all of the equity interest that the Pledgors hold in Party C as security for Party C's and the Pledgors' obligations under the Exclusive Business Cooperation Agreement, the Exclusive Purchasing Right Agreement and the Authorization Agreement.

To perform the provisions of the Transaction Documents (as defined below), the Parties have mutually agreed to execute this Agreement upon the following terms.

## 1. 定义

### Definitions

除非另有规定，下列术语应具有以下含义：

- 1.1 质押：指根据本协议第2条，由出质人向质权人提供的，即本协议第2条所述的，质权人有权在出质人权益变现时，就其变现所得优先受偿的权利。
- 1.2 权益：指出质人当前持有的，代表人民币1,000万元的，在注册于C方的资本，以及此后由出质人在C方合法取得的权益。
- 1.3 质押期限：指本协议第3条所述的期限。
- 1.4 交易文件：指2019年7月17日由C方和质权人执行的“独家业务合作”协议，2019年7月17日由C方和质权人执行的“独家购买权”协议，2019年7月17日由C方和质权人执行的“授权”协议，以及前述文件的任何修改、补充和重述。
- 1.5 合同义务：指出质人根据独家购买权协议、授权协议和本协议所承担的所有义务；C方根据独家业务合作协议、独家购买权协议和本协议所承担的所有义务。
- 1.6 或有债务：指因出质人和/或C方在交易文件下的任何违约事件而导致的，质权人遭受的直接、间接和衍生损失和预期利润损失。此类损失的计算应基于合理商业计划和利润预测、质权人应得的咨询和服务费、交易文件下的损害赔偿和相关费用、质权人在执行出质人和/或C方的合同义务过程中发生的所有费用等。

1.7 事件の定義  
Event of Default: shall refer to any of the circumstances set forth in Section 7 of this Agreement.

1.8 通知の定義  
Notice of Default: shall refer to the notice issued by the Pledgee in accordance with this Agreement declaring an Event of Default.

2. 譲渡  
**Pledge**

2.1 譲渡の同意  
The Pledgors agree to pledge all the Equity Interest as security for performance of the Contract Obligations and payment of the Secured Indebtedness under this Agreement. Party C hereby assents that the Pledgors pledge the Equity Interest to the Pledgee pursuant to this Agreement.

- 2.2 除法律、法规及有权机关另有规定外，在质押期间，除非被质押人书面同意，出质人不得将质押标的再行质押或转让给第三人。除法律、法规及有权机关另有规定外，在质押期间，除非被质押人书面同意，出质人不得将质押标的再行质押或转让给第三人。除法律、法规及有权机关另有规定外，在质押期间，除非被质押人书面同意，出质人不得将质押标的再行质押或转让给第三人。
- During the term of the Pledge, unless prohibited by the applicable laws and regulations, the Pledgee is entitled to receive dividends distributed on the Equity Interest. Without the prior written consent of the Pledgee, the Pledgors shall not receive dividends distributed on the Equity Interest. Dividends received by the Pledgors on Equity Interest after the deduction of individual income tax paid by the Pledgors shall be, as required by the Pledgee, (1) deposited into an account designated and supervised by the Pledgee and used to secure the Contract Obligations and pay the Secured Indebtedness prior and in preference to making any other payment; or (2) to the extent not prohibited by the applicable PRC laws, unconditionally donated to the Pledgee or any other person designated by the Pledgee in the manner permitted by the PRC laws.
- 2.3 出质人同意，在质押期间，除非被质押人书面同意，出质人不得将质押标的再行质押或转让给第三人。除法律、法规及有权机关另有规定外，在质押期间，除非被质押人书面同意，出质人不得将质押标的再行质押或转让给第三人。除法律、法规及有权机关另有规定外，在质押期间，除非被质押人书面同意，出质人不得将质押标的再行质押或转让给第三人。
- The Pledgors may subscribe for a capital increase in Party C only with prior written consent of the Pledgee. Any additional equity interest obtained by the Pledgors as a result of the Pledgors' subscription of the increased registered capital of the Company shall also be deemed as Equity Interest, and the Parties shall enter into further equity pledge agreement for this purpose and complete registration of the pledge of such additional equity interest.
- 2.4 除法律、法规及有权机关另有规定外，在质押期间，除非被质押人书面同意，出质人不得将质押标的再行质押或转让给第三人。除法律、法规及有权机关另有规定外，在质押期间，除非被质押人书面同意，出质人不得将质押标的再行质押或转让给第三人。除法律、法规及有权机关另有规定外，在质押期间，除非被质押人书面同意，出质人不得将质押标的再行质押或转让给第三人。
- In the event that Party C is required by PRC law to be liquidated or dissolved, any interest distributed to the Pledgors upon Party C's dissolution or liquidation shall, upon the request of the Pledgee, be (1) deposited into an account designated and supervised by the Pledgee and used to secure the Contract Obligations and pay the Secured Indebtedness prior and in preference to make any other payment; or (2) to the extent not prohibited by PRC laws, unconditionally donated to the Pledgee or any other person designated by the Pledgee in the manner permitted by the applicable PRC laws.

### Term of the Pledge

The Pledge shall become effective on such date when the pledge of the Equity Interest contemplated herein is registered with the relevant administration for Market Regulation (the “AMR”). The Pledge shall remain effective until all Contract Obligations have been fully performed and all Secured Indebtedness has been fully paid. The Pledgors and Party C shall (1) register the Pledge in the shareholders’ register of Party C within three (3) business days following the execution of this Agreement, and (2) submit an application to the AMR for the registration of the Pledge of the Equity Interest contemplated herein within thirty (30) days following the execution of this Agreement. The parties covenant that for the purpose of registration of the Pledge, the parties hereto and all other shareholders of Party C shall submit to the AMR this Agreement or an equity interest pledge contract in the form required by the AMR at the location of Party C which shall truly reflect the information of the Pledge hereunder (the “AMR Pledge Contract”). For matters not specified in the AMR Pledge Contract, the Parties shall be bound by the provisions of this Agreement. The Pledgors and Party C shall submit all necessary documents and complete all necessary procedures, as required by the relevant PRC laws and regulations and the competent AMR, to ensure that the Pledge of the Equity Interest shall be registered with the AMR as soon as possible after submission for filing.

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4. 担保物

**Custody of Records for Equity Interest subject to the Pledge**

- 4.1 担保期间内(1)担保物  
During the Term of the Pledge set forth in this Agreement, the Pledgors shall deliver to the Pledgee's custody the capital contribution certificate for the Equity Interest and the shareholders' register containing the Pledge within one (1) week from the execution of this Agreement. The Pledgee shall have custody of such documents during the entire Term of the Pledge set forth in this Agreement.

5. 陈述与保证

**Representations and Warranties of the Pledgors and Party C**

担保期间内

As of the execution date of this Agreement, the Pledgors and Party C hereby jointly and severally represent and warrant to the Pledgee that:

- 5.1 担保物  
The Pledgors are the sole legal and beneficial owner of the Equity Interest. The Pledgee shall have the right to dispose of and transfer the Equity Interest in accordance with the provisions set forth in this Agreement.
- 5.2 担保物  
Each of the Pledgors and Party C has the power, capacity and authority to execute and deliver this Agreement, and to perform it/his obligations under this Agreement. This Agreement constitutes the Pledgors' and Party C's legal, valid and binding obligations and shall be enforceable against them in accordance with the provisions thereof.
- 5.3 担保物  
Except for the Pledge, the Pledgors have not placed any security interest or other encumbrance on the Equity Interest.
- 5.4 担保物  
The Pledgors and Party C have obtained any and all approvals and consents from the applicable government authorities and third parties (if required) for the execution, delivery and performance of this Agreement.

5.5 The execution, delivery and performance of this Agreement will not: (i) violate any relevant PRC laws; (ii) conflict with Party C's articles of association or other constitutional documents; (iii) result in any breach of or constitute any default under any contract or document to which it is a party or by which it is otherwise bound; (iv) result in any violation of any condition for the grant and/or maintenance of any permit or approval granted to any Party; or (v) cause any permit or approval granted to any Party to be suspended, cancelled or attached with additional conditions.

6. **Covenants of the Pledgors and Party C**

6.1 During the term of this Agreement, the Pledgors and Party C hereby jointly and severally covenant to the Pledgee:

- 6.1.1

The Pledgors shall not transfer the Equity Interest, place or permit the existence of any security interest or other encumbrance on the Equity Interest or any portion thereof, without the prior written consent of the Pledgee, except for the performance of the Transaction Documents; Party C shall not assent to or assist in the aforesaid behaviors;
- 6.1.2

The Pledgors and Party C shall comply with and carry out all requirements under applicable laws and regulations relating to pledge, and within five (5) days of receipt of any notice, order or recommendation issued or made by the competent authorities regarding the Pledge (if any), shall present the aforementioned notice, order or recommendation to the Pledgee, and shall comply with the aforementioned notice, order or recommendation or submit objections and representations with respect to the aforementioned matters upon the Pledgee's reasonable request or upon consent of the Pledgee;

- 6.1.3 各方应就任何可能影响质押权益的事件或通知，以及任何可能影响质押人义务的事件或通知，及时通知质权人。质权人有权根据本协议的约定，就上述事件或通知采取必要的法律行动。
- Each of the Pledgors and Party C shall promptly notify the Pledgee of any event or notice received by it that may have an impact on the Equity Interest (or any portion thereof,) as well as any event or notice received by it that may have an impact on any guarantees and obligations of the Pledgors under this Agreement or the performance of obligations of the Pledgors under this Agreement;
- 6.1.4 乙方应在本协议项下运营期限届满前3个月完成续期登记手续，以维持本协议的有效性。
- Party C shall complete the registration procedures for the extension of the operation term within three (3) months prior to the expiration of such term to maintain the validity of this Agreement.
- 6.2 各方同意，质权人在本协议项下享有的权利，不因任何法律程序而受到任何影响。
- The Pledgors agree that the rights acquired by the Pledgee in accordance with this Agreement with respect to the Pledge shall not be interrupted or harmed by the Pledgors or any, successors, heirs or representatives of the Pledgors or any other persons through any legal proceedings.
- 6.3 各方同意，为保护或完善本协议项下授予质权人的担保权益，并履行本合同义务和担保债务，各方承诺执行质权人要求的所有证书、协议、契据和/或契约。各方还承诺履行并促使其他对质押权益有利益的相关方履行质权人要求的所有行动，以便利质权人行使其权利和根据本协议授予的权威，并进入所有与质押权益所有权相关的文件，与质权人或其指定人（质权人的自然人/法人）。各方承诺在合理时间内向质权人提供所有通知、命令和决定，以履行质权人的要求。
- To protect or perfect the security interest granted by this Agreement for the Contract Obligations and Secured Indebtedness, the Pledgors hereby undertake to execute in good faith and to cause other parties who have an interest in the Pledge to execute all certificates, agreements, deeds and/or covenants required by the Pledgee. The Pledgors also undertake to perform and to cause other parties who have an interest in the Pledge to perform actions required by the Pledgee, to facilitate the exercise by the Pledgee of its rights and authority granted thereto by this Agreement, and to enter into all relevant documents regarding ownership of Equity Interest with the Pledgee or designee(s) of the Pledgee (natural persons/legal persons). The Pledgors undertakes to provide the Pledgee within a reasonable time with all notices, the orders and decisions regarding the Pledge that are required by the Pledgee.

6.4 The Pledgors hereby undertake to comply with and perform all guarantees, promises, agreements, representations and conditions under this Agreement. In the event of failure or partial performance of its guarantees, promises, agreements, representations and conditions, the Pledgors shall indemnify the Pledgee for all losses resulting therefrom.

7. **Event of Breach**

7.1 The following circumstances shall be deemed an Event of Default:

7.1.1 The Pledgors’ any breach to any obligations under the Transaction Documents and/or this Agreement.

7.1.2 Party C’s any breach to any obligations under the Transaction Documents and/or this Agreement.

7.2 Upon notice or discovery of the occurrence of any circumstances or events that may lead to the aforementioned circumstances described in Section 7.1, the Pledgors and Party C shall immediately notify the Pledgee in writing accordingly.

7.3 除非7.1条所述的违约事件/违约事件在违约事件发生后20天内得到成功解决，以使质押人满意，否则在违约事件发生后8天内，除非质押人向质押人和/或 方C发出通知，请求对违约事件进行确认，质押人可发出违约通知，要求立即行使质押权，以符合本协议第8条的规定。

8. 质押

Exercise of the Pledge

- 8.1 质押人应在行使质押权时向质押人发出书面违约通知。
- 8.2 根据7.3条和8.1条，质押人可在发出违约通知后的任何时间行使质押权，以符合第8.1条的规定。
- 8.3 根据8.1条，在质押人向质押人发出违约通知后，质押人可采取任何补救措施，包括但不限于在优先权范围内支付股权利益，以符合适用的PRC法律、交易文件和本协议，包括但不限于在优先权范围内支付股权利益，以符合适用的PRC法律、交易文件和本协议。质押人不得对其行使权利和权力造成的损失负责。
- 8.4 质押人从行使质押权中获得的收益应首先用于支付因处置股权利益而产生的税费和费用，并优先于任何其他付款。在支付上述金额后，剩余余额应返还给质押人或任何其他有权获得该余额的人，或存入质押人居住的当地公证处，所有费用均由质押人承担。在不违反适用的PRC法律的前提下，质押人应无条件地将上述收益捐赠给质押人或任何其他由质押人指定的人，以符合PRC法律。

- 8.5 The Pledgee may exercise any remedy measure available to it simultaneously or in any order. The Pledgee may exercise the priority right in compensation based on the monetary valuation that such Equity Interest is converted into or with the proceeds from the auction or sale of the Equity Interest under this Agreement, without being required to exercise any other remedy measure first.
- 8.6 The Pledgee is entitled to designate an attorney or other representatives to exercise the Pledge on its behalf, and the Pledgors or Party C shall not raise any objection to such exercise.
- 8.7 When the Pledgee disposes of the Pledge in accordance with this Agreement, the Pledgors and Party C shall provide the necessary assistance to enable the Pledgee to enforce the Pledge in accordance with this Agreement.

9. Breach of Agreement

- 9.1 If the Pledgors or Party C materially breach any provision under this Agreement, or fail to perform, perform incompletely or delay to perform any obligation under this Agreement, it shall constitute a breach under this Agreement on the part of the Pledgors or Party C (as the case may be). The Pledgee is entitled to require the Pledgors or Party C to rectify or take remedial measures. If within ten (10) days after the Pledgee delivers a written notice to the Pledgors or Party C and requires for rectification (or within any other reasonable period required by the Pledgee), the Pledgor or Party C (as the case may be) fails to rectify or take remedial measures, the Pledgee is entitled to, at its sole discretion, (1) terminate this Agreement and require the Pledgors or Party C (as the case may be) to compensate all the losses; or (2) require specific performance of the obligations of the Pledgors or Party C (as the case may be) under this Agreement and require the Pledgors or Party C (as the case may be) to compensate all the losses. This Section shall not prejudice any other rights of the Pledgee under this Agreement.
- 9.2 The Pledgors or Party C shall not have any right to terminate this Agreement unilaterally in any event unless otherwise required by the applicable laws.

10. 转让  
Assignment

- 10.1 未经被担保人的事先书面同意，出借人及/或甲方不得转让或委托其/他的权利和义务。本协议。  
Without the Pledgee's prior written consent, neither the Pledgors nor Party C shall assign or delegate its/his rights and obligations under this Agreement.
- 10.2 本协议应对出借人及其/她的继承人、继承人（包括继承股权利益）和允许的受让人，并且对出借人及其/她的继承人、继承人及允许的受让人有效。  
This Agreement shall be binding on the Pledgors and his/her successors, heirs (including who inherited the Equity Interest) and permitted assigns, and shall be valid with respect to the Pledgee and each of his/her successors, heirs and permitted assigns.
- 10.3 出借人可以在任何时候将其在本协议和交易文件下的所有权利和义务转让给其指定的任何个人或实体，在这种情况下，受让人将享有出借人根据本协议和交易文件所享有的权利和义务，就好像它是原始当事人一样。  
At any time, the Pledgee may assign any and all of its rights and obligations under the Transaction Documents and this Agreement to its designee(s), in which case the assignees shall have the rights and obligations of the Pledgee under the Transaction Documents and this Agreement, as if it were the original party to the Transaction Documents and this Agreement.
- 10.4 如果出借人发生变更，出借人及/或甲方应在出借人的请求下，执行新的质押协议，并将在本协议的相同条款和条件下，向新的质押人注册。  
In the event of change of the Pledgee due to assignment, the Pledgors and/or Party C shall, at the request of the Pledgee, execute a new pledge agreement with the new pledgee on the same terms and conditions as this Agreement, and register the same with the competent AMR.
- 10.5 出借人及/或甲方应严格遵守本协议和其他合同，并应履行本协议项下的义务，并应遵守本协议项下的任何行动/遗漏，不得影响本协议的有效性。出借人及/或甲方在本协议项下的任何权利，出借人及/或甲方不得行使，除非符合出借人的书面指示。  
The Pledgors and Party C shall strictly abide by the provisions of this Agreement and other contracts jointly or separately executed by the Parties hereto or any of them, including the Transaction Documents, perform the obligations hereunder and thereunder, and refrain from any action/omission that may affect the effectiveness and enforceability thereof. Any remaining rights of the Pledgors with respect to the Equity Interest pledged hereunder shall not be exercised by the Pledgors except in accordance with the written instructions of the Pledgee.

11. 终止  
Termination

- 11.1 当所有合同义务得到履行，且所有担保债务得到清偿时，出借人应在出借人及/或甲方的请求下，尽快协助出借人及/或甲方注销其在甲方股东名册中的质押，并向有管辖权的PRC地方AMR注册。  
Upon the fulfillment of all Contract Obligations and the full payment of all Secured Indebtedness by the Pledgors and Party C, the Pledgee shall release the Pledge under this Agreement upon the Pledgors' request as soon as reasonably practicable and shall assist the Pledgors in de-registering the Pledge from the shareholders' register of Party C and with the competent PRC local AMR.
- 11.2 本协议第9、13、14条及11.2条应继续有效。  
The provisions under Sections 9, 13, 14 and 11.2 herein of this Agreement shall survive the expiration or termination of this Agreement.

12. 费用和开支  
Handling Fees and Other Expenses

所有与本协议有关的费用，包括但不限于法律费用、制作费用、印花税和其他税费，应由甲方承担。  
All fees and out of pocket expenses relating to this Agreement, including but not limited to legal costs, costs of production, stamp tax and any other taxes and fees, shall be borne by Party C.

13. 保密  
Confidentiality

本协议的存在及其条款以及本协议项下任何口头或书面信息交换，均被视为保密信息。各方应维持该保密信息，并不得向任何第三方披露，除非该信息：(a) 是或将是公共领域的（其他通过接收方的非授权披露）；(b) 是根据适用法律、法规、任何证券交易所或法院或其他政府机构的要求而必须披露的；或(c) 是任何一方向其股东、董事、员工、法律顾问或财务顾问披露的，但此类股东、董事、员工、法律顾问或财务顾问应受本协议项下的保密义务约束。任何一方披露本协议项下的任何保密信息，该方应被视为违反本协议。  
The Parties acknowledge that the existence and the terms of this Agreement and any oral or written information exchanged between the Parties in connection with the preparation and performance this Agreement are regarded as confidential information. Each Party shall maintain the confidentiality of all such confidential information, and without obtaining the written consent of the other Party, it shall not disclose any relevant confidential information to any third parties, except for the information that: (a) is or will be in the public domain (other than through the receiving Party's unauthorized disclosure); (b) is under the obligation to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) is required to be disclosed by any Party to its shareholders, directors, employees, legal counsels or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, directors, employees, legal counsels or financial advisors shall be bound by the confidentiality obligations similar to those set forth in this Section. Disclosure of any confidential information by the shareholders, director, employees of or agencies engaged by any Party shall be deemed disclosure of such confidential information by such Party and such Party shall be held liable for breach of this Agreement.

14. Governing Law and Resolution of Disputes

- 14.1 The execution, effectiveness, interpretation, performance, amendment and termination of this Agreement and the resolution of disputes hereunder shall be governed by the laws of China.
- 14.2 In the event of any dispute with respect to the interpretation and performance of this Agreement, the Parties shall first resolve the dispute through friendly negotiations. In the event the Parties fail to reach an agreement on the dispute, either Party may submit the relevant dispute to the Shanghai International Arbitration Center for arbitration, in accordance with the arbitration rules of such arbitration commission effective at that time. The place of the hearing of the arbitration shall be Shanghai. The arbitration award shall be final and binding on both Parties.
- 14.3 Upon the occurrence of any disputes arising from the interpretation and performance of this Agreement or during the pending arbitration of any dispute, except for the matters under dispute, the Parties to this Agreement shall continue to exercise their respective rights under this Agreement and perform their respective obligations under this Agreement.

15. Notices

- 15.1 All notices and other communications required to be given pursuant to this Agreement or otherwise given in connection with this Agreement shall be delivered personally, or sent by registered mail, prepaid postage, a commercial courier service, facsimile transmission or email to the address of such Party set forth below. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:
- 15.1.1 Notices given by personal delivery shall be deemed effectively given on the date of receipt at the address set forth below, or the date on which such notices are placed at the address set forth below;
- 15.1.2 Notices given by courier service, registered mail or prepaid postage shall be deemed effectively given on the date of receipt, refusal or return for any reason at the address set forth below;
- 15.1.3 Notices given by facsimile transmission shall be deemed effectively given on the date of successful transmission to the Fax no. set forth below (as evidenced by an automatically generated confirmation of transmission). Notices given by email shall be deemed effectively given on the date of successful transmission, provided that the sending Party has received a system message indicating successful transmission or has not received a system message within 24 hours indicating failure of delivery or return of email.



15.2 通知地址

For the purpose of notices, the addresses of the Parties are as follows:

出借人: Skillful Craftsman Internet Technology (Wuxi) Limited  
 地址: Room 0405, Building 1, No. 311, Fuxin Road, Huishan Economic Development Zone, Wuxi  
 联系人: Liu Ping  
 电话: (+86) [ 0510-81805788]

出借人: Gao Xiaofeng, Hua Lugang  
 地址: Room 0403, Building 1, No. 311, Fuxin Road, Huishan Economic Development Zone, Wuxi  
 电话: (+86) [0510-81805788-816]

出借人: Wuxi Kingway Technology Limited  
 地址: Room 0403, Building 1, No. 311, Fuxin Road, Huishan Economic Development Zone, Wuxi  
 联系人: He Jie  
 电话: (+86) [0510-81805788-810]

15.3 通知地址变更

Any Party may at any time change its address for notices by a notice delivered to the other Parties in accordance with the terms of this Section.

16. 可分割性  
 Severability

在本合同项下的任何条款被裁定为无效、非法或不可执行的情况下，本合同其余条款的有效性、合法性或可执行性不应受到影响或损害。
 在本合同项下的任何条款被裁定为无效、非法或不可执行的情况下，本合同其余条款的有效性、合法性或可执行性不应受到影响或损害。
 In the event that one or several of the provisions of this Contract are held to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Contract shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.

17. 附件  
 Attachments

附件  
 The attachments set forth herein shall be an integral part of this Agreement.

18. 效力和修改  
Effectiveness and Amendments

- 18.1 本协议自各方签署之日起生效，直至合同义务得到完全履行且担保债务已完全清偿。  
This Agreement shall become effective upon execution by the Parties, until the Contract Obligations have been fully performed and the Secured Indebtedness have been fully paid.
- 18.2 任何对本协议的修改、变更和补充均须由各方以书面形式作出。任何修改、变更和补充协议均须由各方签署，并构成本协议不可分割的一部分，且具有与本协议同等的法律效力。  
Any amendment, change and supplement to this Agreement shall be made in writing by all of the Parties. Any amendment agreement and supplementary agreement duly executed by the Parties hereto with regard to this Agreement shall constitute an integral part of this Agreement, and shall have equal legal validity as this Agreement.

19. 语言  
Language and Counterparts

本协议以中文和英文各五份签署。出质人、质权人和当事人C各执一份，其余一份用于登记。如中英文版本发生冲突，以中文版本为准。  
This Agreement is written in Chinese and English in five copies. The Pledgors, the Pledgee and Party C shall hold one copy respectively and the other copy shall be used for registration. In case of any conflicts between the Chinese version and the English Version, the Chinese version shall prevail.

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各方已阅读并理解本协议的所有条款，并自愿签署本协议。  
 IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Equity Interest Pledge Agreement as of the date first above written.

签署人： 高晓峰 (seal)  
**Pledgee: Skillful Craftsman Internet Technology (Wuxi) Limited**

签署人： 高晓峰  
 By: /s/Gao Xiaofeng  
 姓名： 高晓峰  
 Name: Gao Xiaofeng  
 职位： 法定代表人  
 Title: Legal Representative

签署人： 高晓峰  
**Pledgor: Gao Xiaofeng**

签署人： 高晓峰  
 By: /s/Gao Xiaofeng

签署人： 高晓峰  
**Pledgor: Hua Lugang**

签署人： 高晓峰  
 By: /s/Hua Lugang

签署人： 高晓峰 (seal)  
**Party C: Wuxi Kingway Technology Limited**

签署人： 高晓峰  
 By: /s/Gao Xiaofeng  
 姓名： 高晓峰  
 Name: Gao Xiaofeng  
 职位： 法定代表人  
 Title: Legal Representative

附件

Attachments:

- 1. 股东名册  
Shareholders' Register of Party C
  - 2. 资本贡献证书  
The Capital Contribution Certificate for Party C
  - 3. 独家业务合作协议  
Exclusive Business Cooperation Agreement
  - 4. 独家采购权协议  
Exclusive Purchasing Right Agreement
  - 5. 授权协议 (高晓峰和花路刚)  
Authorization Agreement. (Gao Xiaofeng and Hua Lugang)
  - 6. 同意书 (高晓峰和花路刚)  
Letter of Consent (Gao Xiaofeng and Hua Lugang)
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授权书  
Authorization Agreement

2019年7月17日  
Date: July 17, 2019

本人高晓峰，身份证号320222197104203458，现持有“无锡”60 %的注册资本，特此不可撤销地授权“WFOE”行使以下权利并处理以下事项：

I, Gao Xiaofeng, a citizen of the [People's Republic of China ("China" or the "PRC")] whose Identification Card No. Is 320222197104203458, and a holder of 60 % of the registered capital of Wuxi Kingway Technology Limited ("Company") as of the date of this Power of Attorney, hereby irrevocably authorize and entrust Skillful Craftsman Internet Technology (Wuxi) Limited (the "WFOE") to exercise the following rights and handle the following matters on my behalf relating to all equity interests held by me now and in the future in Company("My Shareholding"), during the term of this Power of Attorney:

1. 代表WFOE行使以下权利并处理以下事项：2. 代表WFOE行使以下权利并处理以下事项：3. 代表WFOE行使以下权利并处理以下事项：4. 代表WFOE行使以下权利并处理以下事项：5. 代表WFOE行使以下权利并处理以下事项：6. 代表WFOE行使以下权利并处理以下事项：

The WFOE is hereby authorized, as my sole and exclusive agent and attorney, to act on behalf of myself with respect to all rights and matters concerning My Shareholding, including without limitation to: 1) convening and attending shareholders' meetings of Company; 2) exercising all of the shareholder's rights and shareholder's voting rights that I am entitled to under the laws of China and the articles of association of Company; 3) handling the sale, transfer, pledge or disposition of My Shareholding (in part or in whole), including without limitation executing all necessary equity transfer documents and other documents for disposal of My Shareholding and fulfilling all necessary procedures; 4) representing myself in executing any resolutions and minutes as a shareholder and a director of Company on my behalf; 5) nominating, electing, designating, appointing or removing on behalf of myself the legal representative, directors, supervisors, general managers, chief executive officer and other senior management members of Company; and 6) approving the amendments to the company's articles of association. Without written consent by WFOE, I have no right to increase, decrease, transfer, pledge, or by any other manner to dispose or change My Shareholding.

Without limiting the generality of the powers granted hereunder, the WFOE shall have the power and authority to, on behalf of myself, execute all and any supplementary agreements, ancillary documents, modifications, and/or amended and restated versions in relation to the Exclusive Option Agreement, Equity Interest Pledge Agreement, Exclusive Business Cooperation Agreement and Loan Agreement dated July 17, 2019, by and among WFOE, Company and/or myself, and any documents and agreements I shall sign as required in the aforesaid agreements (including without limitation the “Transfer Contract” for the transfer of the “Optioned Interests” as described under the Exclusive Option Agreement), and perform the obligations under the aforesaid documents and agreements.

WFOE WFOE

☐ This Power of Attorney takes effect as of the date hereof. During the period that I am a shareholder of , this Power of Attorney shall be irrevocable and continuously effective and valid from the date of execution of this Power of Attorney.

This Power of Attorney is written in Chinese and English. In case of any conflicts between the Chinese version and the English Version, the Chinese version shall prevail.

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IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Authorization Agreement as of the date first above

written.

By: /s/Gao Xiaofeng  
Name: Gao Xiaofeng

Accepted by:  
Skillful Craftsman Internet Technology (Wuxi) Limited  
By: /s/Gao Xiaofeng  
Name: Gao Xiaofeng  
Title: Legal Representative

Acknowledged by  
Wuxi Kingway Technology Limited  
By: /s/Gao Xiaofeng  
Name: Gao Xiaofeng  
Title: Legal Representative

授权书  
Authorization Agreement

2019年7月17日  
Date: July 17, 2019

本人，身份证号32040219721123081X，作为“公司”40%的注册资本持有人，特此不可撤销地授权并委托“WFOE”行使下列权利并处理下列事项：

I, Hua Lugang, a citizen of the [People's Republic of China ("China" or the "PRC")] whose Identification Card No. Is 32040219721123081X, and a holder of 40 % of the registered capital of Wuxi Kingway Technology Limited ("Company") as of the date of this Power of Attorney, hereby irrevocably authorize and entrust Skillful Craftsman Internet Technology (Wuxi) Limited (the "WFOE") to exercise the following rights and handle the following matters on my behalf relating to all equity interests held by me now and in the future in Company("My Shareholding"), during the term of this Power of Attorney:

1. 代表公司签署所有必要的文件，包括但不限于：1) 召集和出席公司股东会；2) 行使公司股东的所有权利和投票权；3) 处理公司的销售、转让、质押或处置（部分或全部），包括执行所有必要的股权转让文件和其他文件；4) 代表本人在执行任何决议和会议纪要时作为公司股东；5) 提名、选举、指定、任命或移除公司的法律代表、董事、监事、高级管理人员和其他高级管理人员；6) 批准公司的章程修正案。未经WFOE书面同意，本人无权增加、减少、转让、质押或以其他方式处置或变更我的股份。

The WFOE is hereby authorized, as my sole and exclusive agent and attorney, to act on behalf of myself with respect to all rights and matters concerning My Shareholding, including without limitation to: 1) convening and attending shareholders' meetings of Company; 2) exercising all of the shareholder's rights and shareholder's voting rights that I am entitled to under the laws of China and the articles of association of Company; 3) handling the sale, transfer, pledge or disposition of My Shareholding (in part or in whole), including without limitation executing all necessary equity transfer documents and other documents for disposal of My Shareholding and fulfilling all necessary procedures; 4) representing myself in executing any resolutions and minutes as a shareholder of Company on my behalf; 5) nominating, electing, designating, appointing or removing on behalf of myself the legal representative, directors, supervisors, general managers, chief executive officer and other senior management members of Company; and 6) approving the amendments to the company's articles of association. Without written consent by WFOE, I have no right to increase, decrease, transfer, pledge, or by any other manner to dispose or change My Shareholding.

Without limiting the generality of the powers granted hereunder, the WFOE shall have the power and authority to, on behalf of myself, execute all and any supplementary agreements, ancillary documents, modifications, and/or amended and restated versions in relation to the Exclusive Option Agreement, Equity Interest Pledge Agreement, Exclusive Business Cooperation Agreement and Loan Agreement dated July 17, 2019, by and among WFOE, Company and/or myself, and any documents and agreements I shall sign as required in the aforesaid agreements (including without limitation the “Transfer Contract” for the transfer of the “Optioned Interests” as described under the Exclusive Option Agreement), and perform the obligations under the aforesaid documents and agreements.

WFOE WFOE

All the actions associated with My Shareholding conducted by the WFOE shall be deemed as my own actions, and all the documents related to My Shareholding executed by the WFOE shall be deemed to be executed by me. I hereby acknowledge and ratify the actions taken by the WFOE and the documents executed by the WFOE in relation to My Shareholding.

I hereby agree that the WFOE has the right to re-authorize or assign one or multiple matters and its rights related to such matters under this Power of Attorney to any other person or entity at its own discretion and without obtaining my prior consent. If required by PRC laws, the WFOE shall designate a qualified PRC citizen to handle such matters and exercise such rights as set forth in this Power of Attorney.

During the term of this Power of Attorney, I hereby waive all the rights associated with My Shareholding, which have been authorized to the WFOE through this Power of Attorney, and shall not exercise such rights by myself.

This Power of Attorney is written in Chinese and English. In case of any conflicts between the Chinese version and the English Version, the Chinese version shall prevail.

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*The Remainder of this page is intentionally left blank*

IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Authorization Agreement as of the date first above

written.

By: /s/Hua Lugang  
Name: Hua Lugang

Accepted by  
Skillful Craftsman Internet Technology (Wuxi) Limited  
By: /s/Gao Xiaofeng  
Name: Gao Xiaofeng  
Title: Legal Representative

Acknowledged by  
Wuxi Kingway Technology Limited  
By: /s/Gao Xiaofeng  
Name: Gao Xiaofeng  
Title: Legal Representative



Letter of Consent

周小平 320222197211156925 高晓峰 320222197104203458 2019年7月17日  
“周小平”和“高晓峰”共同签署的“Letter of Consent”

I, Zhou Xiaoping (ID Number: 320222197211156925), is the lawful spouse of Gao Xiaofeng (ID Number: 320222197104203458). I hereby unconditionally and irrevocably agree that Gao Xiaofeng signed the following documents (hereinafter referred to as “**Transaction Documents**”) on July 17, 2019 and consent to dispose of the shares of Wuxi Kingway Technology Limited (“**Company**”) held by Gao Xiaofeng and registered under his name in accordance with the provisions of following documents:

- (1) 高晓峰签署的“WFOE”股权转让协议  
The Equity Pledge Agreement signed by **Skillful Craftsman Internet Technology (Wuxi) Limited** (hereinafter referred to as “**WFOE**”), Company and other shareholders of the Company;
- (2) WFOE签署的独家购买权协议  
The Exclusive Purchasing Right Agreement signed by WFOE, Company and other shareholders of Domestic Enterprise;
- (3) WFOE签署的授权协议  
The Authorization Agreement signed by WFOE and other shareholders of Company.

我确认我没有在公司的股权中拥有任何利益，并承诺不会对公司的股权提出任何主张。我进一步确认，交易文件的履行以及交易文件的进一步修改或终止，或交易文件的签署或其他文件来取代交易文件，由 GAO Xiaofeng 签署并不需要我的授权或同意。

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本人特此承诺并保证

I promise I will sign all necessary documents and take all necessary actions to ensure that the Transaction Documents (as amended from time to time) are properly performed.

本人特此承诺并保证，如果本人出于任何原因取得公司的任何股权利益，本人将受交易文件（不时修订）的约束，并遵守公司在交易文件（不时修订）下的义务。为此目的，一旦收到WFOE的要求，本人将签署一系列格式和内容与交易文件（不时修订）相同的书面文件。

I agree and promise that if I acquire any equity interests in the Company for any reason, I shall be bound by the Transaction Documents (as amended from time to time) and abide by the obligations of the shareholders of the Company under the Transaction Documents (as amended from time to time). For this purpose, once upon the requests of the WFOE, I shall sign a series of written documents with the same format and contents as the Transaction Documents (as amended from time to time).

/s/ Zhou Xiaoping

(Signature)

周小平

Name: Zhou Xiaoping

日期 2019年7月17日

Date July 17, 2019

Letter of Consent

本人 533525198702010682 32040219721123081X 2019 7 17

I, Shi Haiyin (ID Number: 533525198702010682), is the lawful spouse of Hua Lugang (ID Number: 32040219721123081X). I hereby unconditionally and irrevocably agree that Hua Lugang signed the following documents (hereinafter referred to as “**Transaction Documents**”) on July 17, 2019 and consent to dispose of the shares of Wuxi Kingway Technology Limited (“**Domestic Enterprise**”) held by Hua Lugang and registered under his name in accordance with the provisions of following documents:

- (1) 本人  
The Equity Pledge Agreement signed by **Skillful Craftsman Internet Technology (Wuxi) Limited** (hereinafter referred to as “**WFOE**”), Company and other shareholders of Company;
- (2) 本人  
The Exclusive Purchasing Right Agreement signed by WFOE, Company and other shareholders of Company;
- (3) 本人  
The Authorization Agreement signed by WFOE and other shareholders of Company.

本人  
I confirm that I do not have any interests in the equity of Company and promise not to make any claim on the equity of the Company. I further confirm that the performance of the Transaction Documents and further modification or termination of the Transaction Documents or the signature of other documents to replace the Transaction Documents by Hua Lugang does not require my authorization or consent.

本人特此承诺并保证

I promise I will sign all necessary documents and take all necessary actions to ensure that the Transaction Documents (as amended from time to time) are properly performed.

本人特此承诺并保证

I agree and promise that if I acquire any equity interests in the Company for any reason, I shall be bound by the Transaction Documents (as amended from time to time) and abide by the obligations of the shareholders of the Company under the Transaction Documents (as amended from time to time). For this purpose, once upon the requests of the WFOE, I shall sign a series of written documents with the same format and contents as the Transaction Documents (as amended from time to time).

/s/ Shi Haiyin

(Signature)

SHI HAIYIN

Name: Shi Haiyin

2019年7月17日

Date July 17, 2019

**Providing data cloud services for vocational education platforms**

Service Agreement with China Adult Education Association, dated December 12, 2014, by and between Wuxi Wangdao and China Adult Education Association.

Party A: China Adult Education Association

Party B: Wuxi kingway technology co., LTD

The central agricultural radio and television university is managed by the ministry of education, entrusted to China adult education association for implementation, and agreed to provide data cloud service for Nongguang University by Wuxi Kingway Technology Co., LTD, the bid-winner of the national rural digital learning solution.

Now Party A and Party B have reached the following cooperation on this matter

1. The purpose of cooperation between the two parties is to build a vocational education cloud service system covering the whole country, distributed at different levels and interconnected, so as to provide high-quality digital education resources and convenient and fast services for vocational educators and learners across the country.

2. Party B shall not charge for providing data cloud service to Nongguang University, but Nongguang University shall guide its students to become charged members of Party B; Party B should take into account the principle of public welfare and adopt a low fee standard for its fee-paying members; Party B shall protect the relevant intellectual property rights of courseware while safeguarding the advanced nature of courseware provided by Party B; Party B shall actively utilize new technologies such as cloud computing and big data to promote the opening and sharing of data and ensure the security and accuracy of data; Party B should organize and integrate existing information systems, enhance user experience, open system interfaces, and strengthen the interoperability and convergence of resource platforms and management platforms; Party B should build a resource service platform according to the national regulations and school needs, and eventually form a nationwide, multi-level distribution, interconnected digital education resources cloud service system to provide convenient and fast services for learners to enjoy high-quality digital education resources; Party B should strive to expand the coverage of high-quality educational resources by means of informationization, and gradually narrow the regional and urban-rural digital gap: to set up an Internet site covering three provincial-level agricultural and broadcasting schools in China (<http://w.gosline.cn/>), and to build an intelligent farmer cloud platform.

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3. Party B shall gradually complete the cloud service of data integration for higher vocational colleges and secondary vocational colleges within 5 years.

4. Party A shall play its role of supervision, guidance and coordination to provide convenient green channels for Party B.

5. In case of any dispute arising from the performance of this agreement, both parties shall settle the dispute through consultation in the principle of mutual understanding and mutual accommodation. If no settlement can be reached through consultation, either party may apply to the Beijing branch of China international economic and trade arbitration commission for arbitration

6. This agreement is made in duplicate, with each party keeping one copy. Both copies have the same legal effect.

Sign page

Party A: China Adult Education Association (seal)

/s/Chen Daming

Party B: Wuxi kingway technology co., LTD (seal)

/s/Hua Lugang

Place: Beijing, China

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## Overall cloud computing service agreement

Cooperation Agreement with China Adult Education Association, dated June 1, 2018, by and between Wuxi Wangdao and Higher Education Press Ltd.

Party A: Higher Education Press Ltd.

Add: 4 deshengmenwai street, Xicheng district, Beijing, China

Social Credit Code: 911100004000022169

Party B: Wuxi Kingway Technology Co., LTD

Add: No.311 Yanxin road, Huishan economic development zone, Wuxi

Social Credit Code: 913202140710031457

Party A and Party B, through negotiation, agree on the following terms and conditions for Party B to provide overall cloud computing services for Party A's elite courses ([www.jingpinke.com](http://www.jingpinke.com)) website, intelligent vocational education platform ([www.icve.com.cn/](http://www.icve.com.cn/)) and love courses ([www.icourses.cn](http://www.icourses.cn))

### 1. Common objectives

1.1 Using Party B's software and hardware technology to achieve data sharing and interconnection among colleges and universities, and to establish "excellent courses", "cloud platform of intelligent vocational education" and "love courses" to provide personalized services for teachers and students in Colleges and vocational colleges. Party A shall entrust Party B with the revision of the above website and related operation and maintenance work, and Party B shall provide the overall cloud computing services. By using the hierarchical storage function of "Energy Education Cloud" of Party B, Party A can provide the secondary development of tools and software for "Excellent Course", "Intelligent Vocational Education Cloud Platform" and "Love Course".

1.2 The scope of cloud computing services provided by Party B: cloud hosts, cloud storage, cloud applications, professional cloud education software. The application scope of the equipment includes but is not limited to: mail system, value-added service, member management, system integration, SQL database, VPN virtual private network, web application, electronic payment, website, web design, web service, background management, server.

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1.3 Service period: 50 years.

## **2. Service standard**

2.1 Provide standard IDC room environment for Party A.

2.2 Provide reliable and unobstructed network environment according to the object of this agreement.

2.3 Provide large-scale, high quality, safe and reliable professional server, space, network bandwidth and ASP, EC and other services.

2.4 Provide server cluster for Party A's website: it is the infrastructure for safe operation of various modes of e-commerce, and also a platform to support enterprises and their school alliances (their distributors, suppliers, customers, etc.) to implement value chain management.

## **3. Cost and payment**

3.1 Party B shall be responsible for the expenses of opening ports required for the establishment of industry-university-research alliance of vocational colleges, and Jimei university shall be responsible for the engineering design. Under the supervision of Party B, Jimei university shall be responsible for the construction, and other vocational colleges may be entrusted with the construction of some projects.

3.2 In order to encourage vocational colleges to upload learning resources, Party B sets up an incentive mechanism for resource integration fee. The amount of resource integration fee and payment method are decided by Party B in consultation with vocational colleges, and trusteeship payment is carried out by the competent industry departments in accordance with the law to ensure that the special funds are used exclusively after the receipt of funds by vocational colleges. The legal risks arising therefrom have nothing to do with Party A.

## **4. Rights and obligation**

4.1 Party B shall own the basic software technology used by Party B to build the platform, the framework platform software to realize the data port connection of various colleges and universities and the data sharing among colleges and universities. The instrumental software used by Party A for secondary development shall be owned by Party A.

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4.2 Each institution has the right of authorship of the learning resources provided by itself, and both parties shall respect the right of reputation of the learning resources.

## **5. Responsibility for breach of contract**

Unless otherwise agreed herein, if either party unilaterally terminates the agreement in advance before the expiration of the term hereof, the breaching party shall compensate the non-breaching party for relevant losses (loss of interest, loss of business reputation, loss of data or other losses).

## **6. Confidentiality**

Without the written permission of the other party, either party shall not provide or disclose to a third party the materials and information related to the business of the other party which are obtained from the execution and performance of this agreement, unless otherwise provided by law or otherwise agreed in this agreement.

## **7 Force majeure and disclaimer**

7.1 If because of the war, riots, terrorism, natural disasters, changes in state laws, regulations or rules, network security, network cannot be covered, power outages, communication lines by artificial damage, cause or Party A can't continue to perform the agreement between the parties, the affected party does not assume liability for breach of contract, but shall notify the other party in writing as soon as possible, and to extend the duration of the agreement through consultation. Upon elimination of the effect, the affected party shall promptly notify the other party, and this agreement shall continue to be executed.

7.2 If required by the government management department, Party B will suspend or terminate the provision of relevant services without any liability.

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## 8 Application of law and dispute resolution

8.1 This agreement shall be governed by the laws of the People's Republic of China.

8.2 All disputes arising out of or in connection with this agreement shall be settled through friendly negotiation between the parties. If both parties fail to settle the dispute through friendly negotiation, either party may bring a lawsuit to the competent people's court in the place where Party B is located.

## 9. Effectiveness of the agreement and other

9.1 This agreement shall come into force upon being signed and sealed by both parties and shall remain valid until both parties have fully performed all obligations hereunder and all payments and claims between them have been settled.

9.2 This agreement is made in duplicate, with each party holding one copy. Both copies have the same legal effect.

9.3 If this agreement is in conflict with national laws, regulations or departmental regulations, both parties shall modify this agreement appropriately in accordance with national laws, regulations or departmental regulations to ensure the continuation of cooperation between both parties.

9.4 If any provision of this agreement is determined at any time to be illegal, invalid or unenforceable, the validity and performance of other provisions of this agreement shall not be affected.

9.5 Without the written permission of the other party, one party shall not, in advertising or in public use or to imitate each other's business name, logo, design, service marks, model or abbreviations, symbols, code, any party shall not claim on the other side of the business name, logo, design, service marks, model or abbreviations, symbols, code ownership.

9.6 Nothing in this agreement shall be deemed or construed as a joint venture, partnership or agency relationship between the parties.

9.7 Each title of this agreement is for the purpose of reminder only, and the rights and obligations of the parties shall be determined in accordance with the provisions.

9.8 All notices given by Party A and Party B in connection with the performance of this agreement shall be made in writing or by fax or similar communication confirmed by both parties to the address set forth herein. Those sent by letter shall be sent by registered mail or express mail of good standing. In the case of fax or similar communication, the date of notification shall be the date of dispatch of the communication. In the case of registered mail or express mail, the date of notification shall be the date of Posting of the mail and shall be subject to the postmark.

Party A: Higher Education Press Ltd. (seal)

/s/Su Yuheng

Party B: Wuxi Kingway Technology Co., LTD (seal)

/s/Hua Lugang

Date: June 1, 2018

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**Promotion cooperation agreement**

Cooperation Agreement with China Adult Education Association, dated February 19, 2014, by and between Wuxi Wangdao and China Adult Education Association.

Party A: China Adult Education Association

Party B: Wuxi Kingway Technology Co., LTD

In view of the work goal of the coordinated development of academic education and non-academic education proposed in the National Medium- and Long-Term Education Reform and Development Plan (2010-2020), vocational education and general education communicate with each other, and pre-service education and post-secondary education are effectively linked. The participation rate in continuing education has increased substantially."; to promote the comprehensive improvement of comprehensive quality and professional ability of adult students; to promote the solution in "difficulty of students' promotion of quality education; the ability of students to adapt to society and employment and entrepreneurship is not strong; innovative, practical and compound talents Shortages and other problems".

Party A makes full use of information transmission means to promote digital learning in urban and rural communities, create an online learning environment for everyone to learn, learn from time to time, and learn everywhere. It establishes communication and collaboration mechanism and service platform for urban and rural communities, colleges and universities, providers of web services and web learning resources who develop network learning.

Party B has obtained the bidding of assistant learning websites of training institutions designated by Party A in implementing the project of national urban and rural community digital collaboration network nationwide.

Both Party A and Party B have reached a cooperation on the promotion of the project, as follows:

**Article 1 Cooperation content**

Party A makes full use of information transmission means to promote digital learning in urban and rural communities, create an online learning environment for everyone to learn, learn from time to time, and learn everywhere. It establishes communication and collaboration mechanism and service platform for urban and rural communities, colleges and universities, providers of web services and web learning resources who develop network learning. Party A makes use of its advantages to promote the operation of Party B's auxiliary learning website.

**Article 2 Duties of both parties****1. Party A's duties**

1.1 National Community Education Demonstration Zone and Experimental Zone, National Community Digital Learning Pioneer Zone and National Urban and Rural Community Digital Learning Experiment (Demonstration) Base and all levels and institutions for community education and lifelong learning online services can rely on Chinese adults The Education Association Network, the National Union of Urban and Rural Community Digital Learning and Collaboration Alliance, and the thousands of vocational colleges have exchange exhibitions. Use the "platform" to learn about administrative regulations and industry information, participate in a variety of related research, events, conferences and training, and collaborate online to discuss community education and lifelong learning projects. Realize online and real-time communication and communication between units, and jointly promote the networked and collaborative process of community education and lifelong education. Regions and organizations that do not have digital online learning conditions may designate a person to work as a liaison to network collaboration.

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1.2 Use the online platform to learn the government project and capital operation of research and digital learning related projects. Non-state-owned capital is welcome to participate in collaboration to promote the sustainable development of community digital learning projects in a diversified and market-oriented manner. Collaborative units become demand providers and demanders to communicate and collaborate with each other.

1.3 Co-construction and sharing of learning resources: Courseware resources with legitimate copyright will be shared free of charge or fee with other collaborating units through Party B platform in selected user areas; collaborating units can also supply online resources to complete customization, application and promotion of personalized learning methods and resources. Collaborative units shall jointly assume the obligation to safeguard intellectual property rights.

1.4 Help collaborative members to conduct project release and project promotion online in real time.

1.5 Talent Cultivation: The China Adult Education Association and the Education Management Information Center of the Ministry of Education provide people-oriented and personalized learning outcomes inquiry services for the learning outcomes (including academic qualifications, non-degree and practical ability) of community education or lifelong education network training learners.

## 2. Party B's duties

2.1 Party B will provide high-quality digital learning products and resources, design and develop online learning management model and promote advanced technology in accordance with the needs of community education, adult education and lifelong education. Both parties can contact purchase or negotiate business online, so that both supply and demand can expand business channels and expand cooperation areas with low cost and high efficiency.

2.2 Party B makes full use of information transmission means to promote digital learning in urban and rural communities, create an online learning environment for everyone to learn, learn from time to time, and learn everywhere. It establishes communication and collaboration mechanism and service platform for urban and rural communities, colleges and universities, providers of web services and web learning resources who develop network learning. It gradually realizes the virtuous circle of "learning - Practice - Entrepreneurship - success" of talent growth. It provides services for college students' career selection, entrepreneurship and the construction of grass-roots talents.

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2.3 Party B's IDC data center is used by the national community education demonstration area and experimental area, the national community digital learning Pioneer Area and the national urban and rural community digital learning experiment (demonstration) base, as well as all levels and all kinds of colleges and universities that provide online service for community education and lifelong learning, to form a digital learning community solution.

Article 3 Promotion expenses and payment

1. Party B will remit the promotion fee to Party A's account in the form of bank transfer:

Account Name: China Adult Education Association Training Center

Account number: 02002550914413424

Bank: Beijing Industrial and Commercial Bank College Road Branch

2. Payment method:

During the contract period, Party B shall pay 5% of its income to Party A as a promotion fee.

Article 4 Validity and Cancellation of the Contract

1. This Agreement shall become effective on the date of signature and seal by both parties and shall be valid for 5 years. After the expiration of the validity period, if the two parties have no objection, this agreement can be automatically extended, each time [5] years.

2. If either party fails to fulfill its obligation of cooperation during the period of cooperation, which constitutes a fundamental breach of contract, the other party has the right to terminate this agreement unilaterally at any time, and to investigate the legal liability of the breaching party. The breaching party shall bear the relevant losses caused by the breach of contract to both parties.

Article 5 Dispute Resolution

In the process of fulfilling this agreement, if there is a dispute, the two parties shall negotiate and resolve in accordance with the principle of mutual understanding and mutual accommodation. If the negotiation fails, either party may apply to the Beijing Branch of the China International Economic and Trade Arbitration Commission for arbitration.

Article 6 Others

1. This Agreement consists of five pages in two copies, each of which retains one copy and has the same legal effect.

2. Matters not covered in this Agreement, the parties agree to agree and sign a written supplemental agreement as an annex to this Agreement.

(There is no text below)

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[There is no text on this page, it is the signature page of «Promotion Cooperation Agreement»

Party A: China Adult Education Association (seal)

/s/Chen Daming

Party B: Wuxi Kingway Technology Co., LTD (seal)

/s/Hua Lugang

Date: February 19, 2014

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**Tripartite Promotion Cooperation Agreement**

Party A: China Adult Education Association

Party B: Higher Education Press Co., Ltd.

Party C: Wuxi Kingway Technology Co., LTD

In view of the "Promotion Cooperation Agreement" (February 2014) and "Supplementary Agreement for Promotion Cooperation" (November 2016) signed by China Adult Education Association and Wuxi Kingway Technology Co., LTD, and the "Overall Cloud Computing Service Agreement" (June 2018) signed by Higher Education Press Co., Ltd. and Wuxi Kingway Technology Co., LTD

The coordinated development of academic education and non-academic education proposed in the National Medium- and Long-Term Education Reform and Development Plan (2010-2020), vocational education and general education communicate with each other, and pre-service education and post-secondary education are effectively linked. The participation rate in continuing education has increased substantially." The work goal; to promote the comprehensive improvement of comprehensive quality and professional ability of adult students; to promote the solution in "difficulty of students' promotion of quality education; the ability of students to adapt to society and employment and entrepreneurship is not strong; innovative, practical and compound talents Shortages and other problems".

The cooperation between the three parties on the promotion of the project is as follows:

Article 1 Cooperation content

Party C makes full use of information transmission means to promote digital learning in urban and rural communities, create an online learning environment for everyone to learn, learn from time to time, and learn everywhere. It establishes communication and collaboration mechanism and service platform for urban and rural communities, colleges and universities, providers of web services and web learning resources who develop network learning. Party A and Party B make use of its advantages to promote the operation of Party B's auxiliary learning website.

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## Article 2 Cooperative duties

### 1. Party A's duties

1.1 National Community Education Demonstration Zone and Experimental Zone, National Community Digital Learning Pioneer Zone and National Urban and Rural Community Digital Learning Experiment (Demonstration) Base and all levels and institutions for community education and lifelong learning online services can rely on Chinese adults The Education Association Network, the National Union of Urban and Rural Community Digital Learning and Collaboration Alliance, and the thousands of vocational colleges have exchange exhibitions. Use the “platform” to learn about administrative regulations and industry information, participate in a variety of related research, events, conferences and training, and collaborate online to discuss community education and lifelong learning projects. Realize online and real-time communication and communication between units, and jointly promote the networked and collaborative process of community education and lifelong education. Regions and organizations that do not have digital online learning conditions may designate a person to work as a liaison to network collaboration.

1.2 Use the online platform to learn the government project and capital operation of research and digital learning related projects. Non-state-owned capital is welcome to participate in collaboration to promote the sustainable development of community digital learning projects in a diversified and market-oriented manner. Collaborative units become demand providers and demanders to communicate and collaborate with each other.

1.3 Co-construction and sharing of learning resources: Courseware resources with legitimate copyright will be shared free of charge or fee with other collaborating units through Party B platform in selected user areas; collaborating units can also supply online resources to complete customization, application and promotion of personalized learning methods and resources. Collaborative units shall jointly assume the obligation to safeguard intellectual property rights.

1.4 Help collaborative members to conduct project release and project promotion online in real time.

1.5 Talent Cultivation: The China Adult Education Association and the Education Management Information Center of the Ministry of Education provide people-oriented and personalized learning outcomes inquiry services for the learning outcomes (including academic qualifications, non-degree and practical ability) of community education or lifelong education network training learners.

### 2. Party B's duties

2.1 Party A shall be responsible for the revision of the website of “Quality Course”, “Smart Education Cloud Platform” and “Love Course” and related operations and maintenance, and Party C shall provide the overall cloud computing service. Party B can use the tiered storage function of Party C’s “Energy Education Cloud” to provide secondary development of tool software for the above websites.

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2.2 Co-construction and sharing of learning resources: Courseware resources with legitimate copyright will be shared free or at a fee with other collaborating units through Party C platform in selected user areas; collaborating units can also provide online resources to complete customization, application and promotion of personalized learning methods and resources. Collaborative units shall jointly assume the obligation to safeguard intellectual property rights.

2.3 Collaborative units become demand providers and demanders to communicate and collaborate with each other. Help collaborative members to conduct project launches and project promotions online in real time.

### 3. Party C's duties

3.1 Party C provides high-quality digital learning products and resources. It will design and develop online learning management models and promote advanced technologies for the needs of community education, adult education and lifelong education. The three parties can contact the procurement or negotiate business online, so that both the supply and demand sides can expand their business channels and expand the cooperation field with low cost and high efficiency.

3.2 Party C makes full use of information transmission means to promote digital learning in urban and rural communities, create an online learning environment for everyone to learn, learn from time to time, and learn everywhere. It establishes communication and collaboration mechanism and service platform for urban and rural communities, colleges and universities, providers of web services and web learning resources who develop network learning. It gradually realizes the virtuous circle of "learning - Practice - Entrepreneurship - success" of talent growth. It provides services for college students' career selection, entrepreneurship and the construction of grass-roots talents.

3.3 Party C's IDC data center is used by the national community education demonstration area and experimental area, the national community digital learning Pioneer Area and the national urban and rural community digital learning experiment (demonstration) base, as well as all levels and all kinds of colleges and universities that provide online service for community education and lifelong learning, to form a digital learning community solution.

### Article 3 Promotion expenses and payment

1. Party C will remit the promotion fee to Party A's account in the form of bank transfer:

Account Name: China Adult Education Association Training Center

Account number: 02002550914413424

Bank: Beijing Industrial and Commercial Bank College Road Branch

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## 2. Payment method:

During the contract period, Party C will use 4% of its income as the promotion fee.

## 3. Cost allocation:

Party C is only responsible for paying the promotion fee to Party A's account on time. The distribution of promotion fees between Party A and Party B shall be decided by both parties through consultation, and the distribution plan shall be notified to Party C in a timely manner. In the course of performance of the promotion fee allocation plan, if there is a dispute, Party A and Party B shall negotiate and handle it by themselves.

## Article 4 Validity and Cancellation of the Contract

1. This Agreement shall become effective on the date of signature and seal by both parties and shall be valid for 5 years. After the expiration of the validity period, if the two parties have no objection, this agreement can be automatically extended, each time [5] years.

2. If either party A, Party B or Party C fails to perform its cooperation obligations during the cooperation period, it constitutes a fundamental breach of contract. The other two parties have the right to terminate this agreement unilaterally at any time, and have the right to pursue the legal liability of the defaulting party. The breaching party shall bear the relevant losses caused by the breach of contract to third parties.

## Article 5 Dispute Resolution

In the process of fulfilling this agreement, if there is a dispute, the three parties shall negotiate and resolve in accordance with the principle of mutual understanding and mutual accommodation. If the negotiation fails, either party may apply to the Beijing Branch of the China International Economic and Trade Arbitration Commission for arbitration.

## Article 6 Others

1. This agreement consists of five pages, one copy, one for each of the three parties, with the same legal effect.

2. Matters not covered in this Agreement, the parties agree to agree and sign a written supplemental agreement as an annex to this Agreement.

(There is no text below)

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[This page is the signature page of the "Tripartite Promotion Cooperation Agreement", no text]

Party A: China Adult Education Association(seal)

/s/Chen Daming

Party B: Higher Education Press Co., Ltd. (seal)

/s/Su Yuheng

Party C: Wuxi Kingway Technology Co., LTD(seal)

/s/Hua Lugang

Date: June 6, 2018

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## Cooperation Agreement

Cooperation Agreement with Jimei University, dated January 7, 2014, by and between Wuxi Wangdao and Jimei University.

**Party A: Jimei University**

**Party B: Wuxi Kingway Technology Co., LTD**

**Given:**China's vocational education is currently in an era of development and improvement. Enterprises, industries, vocational and technical colleges, and training institutions rely on their own understanding of vocational education and training, and conduct self-determined training for trainees, employers, and even vocational and technical education. Both have caused varying degrees of confusion, and the market needs to have corresponding standards to regulate.

Party B will rely on Party A to develop a vocational skills courseware research and development project. The two parties will reach the following cooperation matters in this field:

### 1.Cooperative Contents

1.Technology Development: Party A organizes a team of doctors and masters in the disciplines of shipbuilding and marine engineering, transportation engineering, mechanical engineering and engineering to participate in the project development.

2.Scientific research projects: The research topics identified by the two parties include, but are not limited to, the development of vocational education textbooks for mechanical engineering, marine engineering, information and internet of things engineering, engineering disciplines; platform research and development of "vocational education Internet +"; research projects funded by Party B belong to Party B and apply for the results of the national, provincial and municipal projects.

3.Project application: Party A assists Party B in applying for research projects, project funding, and related awards at the national, provincial and municipal levels. The cost of the project to be applied for will be agreed upon by the two parties.

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4.Information exchange: From time to time, information and information exchange will be carried out. Party B will timely report the market information and related research and development topics to Party A. Party A will provide relevant information on domestic and international research and scientific and technological achievements to Party B in a timely manner.

5.Technical services: Party A uses the existing resources and the acquired qualifications to provide Party B with the operational services of related projects. Party A also provides technical services to relevant enterprises in the related areas of Party A based on the platform.

6.Personnel training: Party A provides Party B with relevant key positions for technical personnel training or academic training to improve training. Party A provides Party B with the conditions for the internship and research practice of vocational education personnel. The specific arrangements will be negotiated and determined by both parties.

## **2.The rights and obligations of both parties**

### **1.Party A's rights and obligations:**

(1) Responsible for the organization of the project personnel, labor and research and testing, etc.; do a good job in management.

(2) Responsible for the transformation of the project's technical achievements, according to the project or work proposed by Party B and agreed by both parties, responsible for timely dispatching personnel to organize implementation.

(3) Actively cooperate with Party B to jointly submit the project declaration work to the competent departments at the national, provincial, municipal and district levels, and strive for national and local project investment and preferential loans.

(4) Advise and promote the development direction of products to Party B, provide relevant information at home and abroad, and prioritize the transformation of relevant results to Party B.

(5) Participate in the distribution of income from the transformation of research and development results of national, provincial, municipal, and district projects; the specific proportion will be negotiated separately.

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(6) Conduct technical training for Party B employees in various forms and deliver professional and technical personnel to Party B (the specific method shall be negotiated separately by both parties).

(7) With the support of local science and technology management departments, a certain radiation capacity will be formed to serve the expansion of Party B's market.

2. Party B's rights and obligations:

(1) Assist in coordinating with Party A to do a good job in project R&D management. Provide funding for research and development projects to Party A: In 2014, Party A will provide Party B with no less than 50 multimedia video courseware at a price of 500,000 yuan (according to the actual delivery list).

AA: Jimei University

Bank account: Construction Bank Jimei Branch

Account opening account: 35101556001050002915

(2) Payment method: The actual amount will be paid according to the courseware list. 60% of the full amount of the courseware will be paid within 30 working days after the transfer of the courseware, and the final payment will be settled within one year.

(3) Responsible for raising special research funds and supporting Party A to complete the development research of designated scientific research projects every year.

(4) For the R&D projects funded by Party B, Party B has ownership, use rights and honor rights for research and development related achievements; and for other participating countries, provinces, municipalities and districts, Party B has the right to participate in the distribution of income after the transformation of the cooperation results, and the specific proportion is negotiated separately. ..

(5) Enjoy preferential access to scientific and technological achievements and information provided by Party A.

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### 3.Results sharing and others

(1) Both Party A and Party B clarify that the ownership of the courseware developed by the company is owned by Wuxi Kingway Technology Co., LTD

(2) Party A's research results should be given priority to Party B when it is transferred.

(3) The project's achievement awards and honors are shared by both parties. If there are special needs, the two sides will negotiate and decide.

(4) If one party transfers its shared technology, the other party may give priority to the transfer.

(5) If one of the parties to the cooperative development declares to waive its common patent application right, the other party may apply separately.

(6) If Party A does not agree to apply for a patent, the other party may not apply for a patent.

(7) The scientific and technological achievements completed by the two parties shall not be transferred to third parties separately unless otherwise agreed by the parties, except for the results of scientific research projects funded by Party B.

(8) Party A's personnel shall keep the technical and commercial secrets of both parties and the parties shall be responsible for the confidentiality.

### 4.Liability for breach of contract

1. Both parties should conscientiously implement the terms of the agreement. If there is a breach of contract, they should first settle the agreement through consultation. If they cannot solve the problem, they can apply for arbitration.

2. If the project is not completed or the quality of the product is caused by the technical reasons of Party A, Party A shall promptly resolve it. If it cannot be resolved, the corresponding fee shall be refunded.

3. Unless otherwise agreed by the parties, the alteration of the terms of the agreement without authorization is considered a breach of contract.

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## 5.Others

- 1.This Agreement shall become effective on the date of signature and seal by both parties.
- 2.This agreement is in duplicate and each party has a share of the same legal effect.
- 3.The unfinished matters will be negotiated separately by the parties.

☐No text below☐

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□This page has no text, is the signature page of the Cooperation Agreement.□

Party A: Jimei University (seal)    Party B: Wuxi Kingway Technology Co., LTD(seal)

/s/Li Ke \_\_\_\_\_ /s/Hua Lugang \_\_\_\_\_

Date: 2014YY 1 MM 17 DD

Place: Xiamen, China

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## EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (the “Agreement”), is entered into as of \_\_\_\_\_, 20\_\_\_\_ (the “Effective Date”), by and between Skillful Craftsman Education Technology Limited, a Cayman Islands exempted company (the “Company”) and \_\_\_\_\_, an individual (the “Executive”). Except with respect to the direct employment of the Executive by the Company, the term “Company” as used herein with respect to all obligations of the Executive hereunder shall be deemed to include the Company and all of its direct and indirect subsidiaries and variable interest entity (collectively, the “Group”).

### RECITALS

WHEREAS, the Company desires to employ the Executive as its \_\_\_\_\_ and to assure itself of the services of the Executive during the term of Employment (as defined below); and

WHEREAS, the Executive desires to be employed by the Company as its \_\_\_\_\_ during the term of Employment and upon the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the mutual promises set forth in this Agreement, the parties agree as follows:

#### 1. POSITION

The Executive hereby accepts the position of \_\_\_\_\_ of the Company and any other officer or employee positions with other Group members as may be approved by the Board (as defined below).

#### 2. TERM

Subject to the terms and conditions of this Agreement, the initial term of the Employment shall be one (1) year commencing on the Effective Date, unless terminated earlier pursuant to the terms of this Agreement. The Employment will be renewed automatically for additional one (1) year terms if neither the Company nor the Executive provides a notice of termination of the Employment to the other party within thirty (30) days prior to the expiration of the applicable term.

#### 3. DUTIES AND RESPONSIBILITIES

- (a) The Executive’s duties at the Company will include all the duties and responsibilities associated with a \_\_\_\_\_ of a U.S. listed public company with primary operations in the People’s Republic of China. As \_\_\_\_\_ of the Company, the Executive shall be primarily responsible for \_\_\_\_\_, as well as all tasks and responsibilities normally associated with the offices of \_\_\_\_\_ of an online education and technology service provider of similar size and nature to the Company. During the term of Employment, Executive shall report to and be responsible to the Company’s board of directors (including any designated audit or other committee thereof) (the “Board”). Executive shall also perform such other duties and responsibilities as may be determined by the Board, as long as such duties and responsibilities are consistent with those of the Company’s \_\_\_\_\_.
- (b) The Executive shall devote all of Executive’s working time, attention and skills to the performance of Executive’s duties to the Company and the Group and shall faithfully and diligently serve the Company and the Group in accordance with this Agreement, the memorandum and articles of association of the Company, as amended and restated from time to time, and the guidelines, policies and procedures of the Company approved from time to time by the Board.

- (c) The Executive shall use Executive's best efforts to perform Executive's duties hereunder. The Executive shall not, without the prior written consent of the Board, become an employee of any entity other than the Company and any member of the Group, and shall not be concerned or interested in any business or entity that engages in the same business in which the Company or any member of the Group engages (any such business or entity, a "Competitor"), provided that nothing in this clause shall preclude the Executive from holding less than one percent (1%) of the outstanding equity of any Competitor that is listed on any securities exchange or recognized securities market anywhere. The Executive shall notify the Company in writing of Executive's interest in such securities in a timely manner and with such details and particulars as the Company may reasonably require.
- (d) The Executive acknowledges the Executive's and the Company's public reporting obligations associated with the Executive's position of the Company under applicable securities laws, rules and regulations, and the Executive shall use the Executive's efforts to comply with all such reporting obligations that are Executive's personal responsibility; provided that the Company agrees to provide the Executive with assistance and support with respect to all such filings (including making such filings on the Executive's behalf).

#### **4. NO BREACH OF CONTRACT**

The Executive hereby represents to the Company that: (i) the execution and delivery of this Agreement by the Executive and the performance by the Executive of Executive's duties hereunder shall not constitute a breach of, or otherwise contravene, the terms of any other agreement or policy to which the Executive is a party or otherwise bound except for agreements entered into by and between the Executive and any member of the Group pursuant to applicable law, if any; (ii) that the Executive has no information (including, without limitation, confidential information and trade secrets) relating to any other person or entity which would prevent, or be violated by, the Executive from entering into this Agreement or carrying out Executive's duties hereunder; (iii) that the Executive is not bound by any confidentiality, trade secret or similar agreement (other than this) with any other person or entity except for other member(s) of the Group, as the case may be.

#### **5. LOCATION**

The Executive will be based primarily in Jiangsu Province, China. The Company reserves the right to transfer or second the Executive to any location in China or elsewhere in accordance with its operational requirements.

#### **6. COMPENSATION AND BENEFITS**

- (a) Base Salary. The Executive's initial pre-tax base salary shall be USD\$\_\_\_\_\_ per month, paid monthly in arrears in accordance with the Company's regular payroll practices, and such compensation is subject to annual review and adjustment by the Board in its sole discretion. The Executive shall also be entitled to receive salary, as and in the amount approved by the Board in advance, from any member of the Group.
- (b) Bonus. The Executive shall be eligible for cash bonuses as determined by the Board in its sole discretion.

- (c) Equity Incentives. To the extent the Company adopts and maintains an equity incentive plan, the Executive will be eligible to participate in such plan pursuant to the terms thereof as determined by the Board.
- (d) Benefits. The Executive is eligible for participation in any standard employee benefit plan of the Company that currently exists or may be adopted by the Company in the future, including, but not limited to, any retirement plan, life insurance plan, health insurance plan and travel/holiday plan, provided that such plans shall be subject to review and approval by the Board.
- (e) Expenses. The Executive shall be entitled to reimbursement by the Company for all reasonable ordinary and necessary travel and other expenses incurred by the Executive in the performance of Executive's duties under this Agreement; provided that he/she properly accounts for such expenses in accordance with the Company's policies and procedures.

## **7. TERMINATION OF THE AGREEMENT**

The Executive's employment may be terminated as provided for in this Section 7.

(a) By the Company.

(i) For Cause. The Company may terminate the Employment for cause, at any time, without notice or remuneration (unless notice or remuneration is specifically required by applicable law, in which case notice or remuneration will be provided in accordance with applicable law), if:

- (1) the Executive is convicted or pleads guilty to a felony or to an act of fraud, misappropriation or embezzlement;
- (2) the Executive has been grossly negligent or acted dishonestly to the detriment of the Company;
- (3) the Executive has engaged in actions amounting to willful misconduct or failed to perform Executive's duties hereunder and such failure continues after the Executive is afforded not less than fifteen (15) days to cure such failure;
- (4) the Executive's willful failure to comply with a lawful directive of the Board; or
- (5) the Executive violates Sections 8, 9 or 10 of this Agreement.

Upon termination for "cause", the Executive shall be entitled to the amount of base salary earned and not paid prior to termination. However, the Executive will not be entitled to receive payment of any severance benefits or other amounts by reason of the termination, and the Executive's right to all other benefits will terminate, except as required by any applicable law.

(ii) For Death and Disability. The Company may also terminate the Employment, at any time, without notice or remuneration (unless notice or remuneration is specifically required by applicable law, in which case notice or remuneration will be provided in accordance with applicable law), if:

- (1) the Executive has died, or

- (2) the Executive has a disability which shall mean a physical or mental impairment which, as reasonably determined by the Board, renders the Executive unable to perform the essential functions of Executive's employment with the Company, with or without reasonable accommodation, for more than 120 days in any 12-month period, unless a longer period is required by applicable law, in which case that longer period would apply.

Upon termination for death or disability, the Executive shall be entitled to the amount of base salary earned and not paid prior to termination. However, the Executive will not be entitled to receive payment of any severance benefits or other amounts by reason of the termination, and the Executive's right to all other benefits will terminate, except as required by any applicable law.

(iii) Without Cause. The Company may terminate the Employment without cause, at any time, upon thirty (30) days' prior written notice. Upon termination without cause, the Company shall provide the following severance payments and benefits to the Executive: a cash payment of one (1) month of the Executive's base salary as of the date of such termination for each year (which is any period longer than six months but no more than one year) and a cash payment of half month of the Executive's base salary as of the date of such termination for any period of employment no more than six months, provided that the total severance payments shall not exceed twelve months of the Executive's base salary.

Upon termination without cause, the Executive shall also be entitled to the amount of base salary earned and not paid prior to termination.

In order to be eligible for, and as a condition precedent for the payment of, the severance payments and benefits under this Section 7(a)(iii), the Executive must execute and deliver to the Company a general release of the Company and all members of the Group and their affiliates in a form annexed hereto as Exhibit A.

(iv) Change of Control Transaction. If the Company or its successor terminates the Employment upon a merger, consolidation, or transfer or sale of all or substantially all of the assets of the Company with or to any other individual(s) or entity (the "Change of Control Transaction"), the Executive shall be entitled to the following severance payments and benefits upon such termination: (1) a lump sum cash payment equal to three (3) months of the Executive's base salary at a rate equal to the greater of Executive's annual salary in effect immediately prior to the termination, or Executive's then current annual salary as of the date of such termination; (2) a lump sum cash payment equal to a pro-rated amount of Executive's target annual bonus for the year immediately preceding the termination; (3) payment of premiums for continued health benefits under the Company's health plans for three (3) months following the termination; and (4) immediate vesting of 100% of the then-unvested portion of any outstanding equity awards held by the Executive.

- (b) By the Executive. The Executive may terminate the Employment at any time with thirty (30) days' prior written notice to the Company without cause, if (1) there is a material reduction in the Executive's authority, duties and responsibilities unless such reduction was made with Executive's consent, or (2) there is a material reduction in the Executive's annual salary (the occurrences in (1) and (2) being referred to as "Good Reason"). Upon the Executive's termination of the Employment due to either of the above reasons, the Company shall provide compensation to the Executive equivalent to three (3) months of the Executive's base salary that he/she is entitled to immediately prior to such termination. In addition, the Executive may resign prior to the expiration of the Agreement if such resignation is approved by the Board or an alternative arrangement with respect to the Employment is agreed to by the Board.

In order to be eligible for, and as a condition precedent for the payment of, the severance payments and benefits under this Section 7(b), the Executive must execute and deliver to the Company a general release of the Company and all members of the Group and their affiliates in a form annexed hereto as Exhibit A.

- (c) Notice of Termination. Any termination of the Executive's employment under this Agreement shall be communicated by written notice of termination from the terminating party to the other party. The notice of termination shall indicate the specific provision(s) of this Agreement relied upon in effecting the termination.
- (d) Resignation of All Other Positions. Immediately upon the effective date of any termination of the Executive's Employment for any reason, the Executive shall resign in writing from membership on the Board, the board of directors of any Group member or any committee thereof and from any and all offices Executive holds at the Company or Group Member.
- (e) No Mitigation. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement, nor shall the amount of any payment hereunder be reduced by any compensation earned by the Executive as a result of employment by a subsequent employer.

## **8. CONFIDENTIALITY AND NONDISCLOSURE**

- (a) Confidentiality and Non-Disclosure. The Executive hereby agrees at all times during the term of the Employment and after its termination, to hold in the strictest confidence, and not to use, except for the benefit of the Company, or to disclose to any person, corporation or other entity without written consent of the Company, any Confidential Information. The Executive understands that "Confidential Information" means any proprietary or confidential information of the Company, its affiliates, or their respective clients, customers or partners, including, without limitation, technical data, trade secrets, research and development information, product plans, services, customer lists and customers, supplier lists and suppliers, software developments, inventions, processes, formulas, technology, designs, hardware configuration information, personnel information, marketing, finances, information about the suppliers, joint ventures, franchisees, distributors and other persons with whom the Company does business, information regarding the skills and compensation of other employees of the Company or other business information disclosed to the Executive by or obtained by the Executive from the Company, its affiliates, or their respective clients, customers or partners either directly or indirectly in writing, orally or otherwise, if specifically indicated to be confidential or reasonably expected to be confidential. Notwithstanding the foregoing, Confidential Information shall not include information that is generally available and known to the public through no fault of the Executive.
- (b) Company Property. The Executive understands that all documents (including computer records, facsimile and e-mail) and materials created, received or transmitted in connection with Executive's work or using the facilities of the Company are property of the Company and subject to inspection by the Company, at any time. Upon termination of the Executive's employment with the Company (or at any other time when requested by the Company), the Executive will promptly deliver to the Company all documents and materials of any nature pertaining to Executive's work with the Company and will provide written certification of Executive's compliance with this Agreement. Under no circumstances will the Executive have, following Executive's termination, in Executive's possession any property of the Company, or any documents or materials or copies thereof containing any Confidential Information.

- (c) Former Employer Information. The Executive agrees that he/she has not and will not, during the term of Executive's employment, (i) improperly use or disclose any proprietary information or trade secrets of any former employer or other person or entity with which the Executive has an agreement or duty to keep in confidence information acquired by Executive, if any, or (ii) bring into the premises of the Company any document or confidential or proprietary information belonging to such former employer, person or entity unless consented to in writing by such former employer, person or entity. The Executive will indemnify the Company and hold it harmless from and against all claims, liabilities, damages and expenses, including reasonable attorneys' fees and costs of suit, arising out of or in connection with any violation of the foregoing.
- (d) Third Party Information. The Executive recognizes that the Company may have received, and in the future may receive, from third parties their confidential or proprietary information subject to a duty on the Company's part to maintain the confidentiality of such information and to use it only for certain limited purposes. The Executive agrees that the Executive owes the Company and such third parties, during the Executive's employment by the Company and thereafter, a duty to hold all such confidential or proprietary information in the strictest confidence and not to disclose it to any person or firm and to use it in a manner consistent with, and for the limited purposes permitted by, the Company's agreement with such third party.

This Section 8 shall survive the termination of this Agreement for any reason. In the event the Executive breaches this Section 8, the Company shall have right to seek remedies permissible under applicable law.

## **9. CONFLICTING EMPLOYMENT**

The Executive hereby agrees that, during the term of Executive's employment with the Company, he/she will not engage in any other employment, occupation, consulting or other business activity related to the business in which the Company is now involved or becomes involved during the term of the Executive's employment, nor will the Executive engage in any other activities that conflict with Executive's obligations to the Company without the prior written consent of the Company.

## **10. NON-COMPETITION, NON-SOLICITATION AND NON-DISPARAGEMENT**

In consideration of the salary paid to the Executive by the Company, the Executive agrees that during the term of the Employment and for a period of twelve (12) months following the termination of the Employment for whatever reason:

- (a) The Executive will not approach clients, customers or contacts of the Company or the Group, users of the Company's or the Group's services, or other persons or entities introduced to the Executive in the Executive's capacity as a representative of the Company or the Group for the purposes of doing business with such persons or entities which will harm the business relationship between the Company or the Group and such persons and/or entities;
- (b) the Executive will not assume employment with or provide services as a director, consultant or otherwise for any Competitor, or engage, whether as principal, partner, licensor or otherwise, in any Competitor;

- (c) the Executive will not seek, directly or indirectly, by the offer of alternative employment or other inducement whatsoever, to solicit the services of any officer, director, or employee of or consultant to the Company or any member of the Group employed or engaged as at or after the date of such termination, or in the twelve (12) months preceding such termination; and
- (d) the Executive will not make public statements or communications that disparage the Company, any Group member, or any of their respective business, officers, directors or employees.

The provisions contained in Section 10 are considered reasonable by the Executive in order to protect the legitimate business interest of the Company and the Group. In the event that any such provisions should be found to be void under applicable laws but would be valid if some part thereof was deleted or the period or area of application reduced, such provisions shall apply with such modification as may be necessary to make them valid and effective.

This Section 10 shall survive the termination of this Agreement for any reason. In the event the Executive breaches this Section 10, the Executive acknowledges that there will be no adequate remedy at law, and the Company or the applicable member of the Group shall be entitled to injunctive relief and/or a decree for specific performance, and such other relief as may be proper (including monetary damages if appropriate). In any event, the Company or any applicable member of the Group shall have right to seek all remedies permissible under applicable law.

## **11. COOPERATION**

The parties agree that certain matters in which the Executive will be involved during the Executive's employment by the Company may necessitate the Executive's cooperation in the future. Accordingly, following the termination of Executive's employment for any reason, to the extent reasonably requested by the Company, the Executive shall cooperate with the Company in connection with matters arising out of the Executive's service to the Company; provided that, the Company shall make reasonable efforts to minimize disruption of the Executive's other activities. It is expressly agreed that non-compliance with a request for cooperation services by the Executive for good reason, including health condition or prior commitments, shall not constitute a breach or violation of this Agreement. The Company shall reimburse the Executive for reasonable expenses incurred in connection with such cooperation.

## **12. INDEMNIFICATION.**

The Company shall, to the maximum extent provided under applicable law, indemnify and hold the Executive harmless from and against any expenses, including reasonable attorneys' fees, judgments, fines, settlements and other legally permissible amounts ("Losses"), incurred in connection with any proceeding arising out of, or related to, Executive's performance of the Employment, other than any such Losses incurred as a result of the Executive's gross negligence or willful misconduct. The Company shall advance to the Executive any expenses, including reasonable attorneys' fees and costs of settlement, incurred in defending any such proceeding to the maximum extent permitted by applicable law. Such costs and expenses incurred by the Executive in defense of any such proceeding shall be paid by the Company in advance of the final disposition of such proceeding promptly upon receipt by the Company of (a) written request for payment; (b) appropriate documentation evidencing the incurrence, amount and nature of the costs and expenses for which payment is being sought; and (c) an undertaking adequate under applicable law made by the Executive or on Executive's behalf to repay the amounts so advanced if it shall ultimately be determined pursuant to any non-appealable judgment or settlement that the Executive is not entitled to be indemnified by the Company.

### **13. WITHHOLDING TAXES**

Notwithstanding anything else herein to the contrary, the Company may withhold (or cause there to be withheld, as the case may be) from any amounts otherwise due or payable under or pursuant to this Agreement such national, provincial, local or any other income, employment, or other taxes as may be required to be withheld pursuant to any applicable law or regulation.

### **14. WORK MADE FOR HIRE**

The Executive acknowledges that, by reason of being employed by the Company at the relevant times, to the extent permitted by law, all of the work product consisting of copyrightable subject matter ("Work Product") is "work made for hire" as defined in 17 U.S.C. § 101 and similar applicable intellectual property law of other jurisdictions in which the Group operates and such copyrights are therefore owned by the Company. To the extent that the foregoing does not apply, the Executive hereby irrevocably assigns to the Company, for no additional consideration, the Executive's entire right, title, and interest in and to all Work Product and intellectual property rights therein, including the right to sue, counterclaim, and recover for all past, present, and future infringement, misappropriation, or dilution thereof, and all rights corresponding thereto throughout the world. Nothing contained in this Agreement shall be construed to reduce or limit the Company's rights, title, or interest in any Work Product or intellectual property rights so as to be less in any respect than that the Company would have had in the absence of this Agreement.

### **15. ASSIGNMENT**

This Agreement is personal in its nature and neither of the parties hereto shall, without the consent of the other, assign or transfer this Agreement or any rights or obligations hereunder; provided, however, that (i) the Company may assign or transfer this Agreement or any rights or obligations hereunder to any member of the Group without such consent of the Executive, and (ii) in the event of a Change of Control Transaction, this Agreement shall, subject to the provisions hereof, be binding upon and inure to the benefit of such successor of the Company and such successor shall discharge and perform all the promises, covenants, duties, and obligations of the Company hereunder.

### **16. SEVERABILITY**

If any provision of this Agreement or the application thereof is held invalid, the invalidity shall not affect other provisions or applications of this Agreement which can be given effect without the invalid provisions or applications and to this end the provisions of this Agreement are declared to be severable.

### **17. ENTIRE AGREEMENT**

This Agreement constitutes the entire agreement and understanding between the Executive and the Company regarding the terms of the Employment and supersedes all prior or contemporaneous oral or written agreements concerning such subject matter. The Executive acknowledges that he/she has not entered into this Agreement in reliance upon any representation, warranty or undertaking which is not set forth in this Agreement. Any amendment to this Agreement must be in writing and signed by the Executive and the Company.

## **18. GOVERNING LAW; JURISDICTION**

This Agreement and all issues pertaining to the Employment or the termination of the Employment shall be governed and interpreted in accordance with the laws of the State of New York without regard to choice of law principles, except the arbitration provision which shall be governed by the Federal Arbitration Act. Executive agrees that if, for any reason, any provision hereof is unenforceable, the remainder of this Agreement will nonetheless remain binding and in effect. Any dispute regarding the Employment or this Agreement, other than any injunctive relief available under Section 10 hereof, which cannot be resolved by negotiations between the Executive and the Company shall be submitted to, and solely determined by, final and binding arbitration conducted by the International Chamber of Commerce in accordance with its arbitration rules applicable to employment disputes, and the parties agree to be bound by the final award of the arbitrator in any such proceeding. The arbitrator shall apply the laws of the State of New York with respect to the interpretation or enforcement of this Agreement, or to any claims involving the Employment or the termination of the Employment. All questions regarding whether or not a dispute is subject to arbitration will be resolved by the arbitrator. Arbitration shall be held in such place as the parties may mutually agree. Judgment upon the award by the arbitrator may be entered in any court having jurisdiction, including courts in the People's Republic of China. The arbitrator shall award costs and attorney fees to the prevailing party. As part of this Agreement, Executive agrees that Executive may not participate in a representative capacity or as a member of any class of claims pertaining to any claim against the Company. There is no right or authority for any claims subject to this Agreement to be arbitrated on a class or collective action basis or on any basis involving claims brought in a purported representative capacity on behalf of any other person or group of people similarly situated. Such claims are prohibited. Furthermore, claims brought by or against either the Company or the Executive may not be joined or consolidated in the arbitration with claims brought by or against any other person or entity unless otherwise agreed to in writing by all parties involved.

## **19. AMENDMENT**

This Agreement may not be amended, modified or changed (in whole or in part), except by a formal, definitive written agreement expressly referring to this Agreement, which agreement is executed by both of the parties hereto.

## **20. WAIVER**

Neither the failure nor any delay on the part of a party to exercise any right, remedy, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege preclude any other or further exercise of the same or of any right, remedy, power or privilege, nor shall any waiver of any right, remedy, power or privilege with respect to any occurrence be construed as a waiver of such right, remedy, power or privilege with respect to any other occurrence. No waiver shall be effective unless it is in writing and is signed by the party asserted to have granted such waiver.

## **21. NOTICES**

All notices, requests, demands and other communications required or permitted under this Agreement shall be in writing and shall be deemed to have been duly given and made if (i) delivered by hand, (ii) otherwise delivered against receipt therefor, (iii) sent by a recognized courier with next-day or second-day delivery, or (iv) by email, to the last known address of the other party, with communications to the Company being to the attention of the Board.

## **22. COUNTERPARTS**

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original as against any party whose signature appears thereon, and all of which together shall constitute one and the same instrument. This Agreement shall become binding when one or more counterparts hereof, individually or taken together, shall bear the signatures of all of the parties reflected hereon as the signatories.

Photographic or electronic copies of such signed counterparts may be used in lieu of the originals for any purpose, and signed counterparts may be delivered by electronic means.

### **23. NO INTERPRETATION AGAINST DRAFTER**

Each party recognizes that this Agreement is a legally binding contract and acknowledges that it, or he/she has had the opportunity to consult with legal counsel of choice. In any construction of the terms of this Agreement, the same shall not be construed against either party on the basis of that party being the drafter of such terms.

### **24. ACKNOWLEDGMENT OF FULL UNDERSTANDING**

THE EXECUTIVE ACKNOWLEDGES AND AGREES THAT HE/SHE HAS FULLY READ, UNDERSTANDS AND VOLUNTARILY ENTERS INTO THIS AGREEMENT. THE EXECUTIVE ACKNOWLEDGES AND AGREES THAT HE/SHE HAS HAD AN OPPORTUNITY TO ASK QUESTIONS AND CONSULT WITH AN ATTORNEY OF EXECUTIVE'S CHOICE BEFORE SIGNING THIS AGREEMENT.

*[Remainder of this page has been intentionally left blank.]*

IN WITNESS WHEREOF, this Agreement has been executed as of the date first written above.

**SKILLFUL CRAFTSMAN EDUCATION  
TECHNOLOGY LIMITED**

By: \_\_\_\_\_  
Name:  
Title:

**EXECUTIVE**

\_\_\_\_\_  
Name:

**EXHIBIT A**

**GENERAL RELEASE AND COVENANT NOT TO SUE**

**TO ALL WHOM THESE PRESENTS SHALL COME OR MAY CONCERN, KNOW THAT:**

\_\_\_\_\_ (“**Executive**”), on Executive’s own behalf and on behalf of Executive’s descendants, dependents, heirs, executors and administrators and permitted assigns, past and present, in consideration for the amounts payable and benefits to be provided to Executive under the employment agreement (the “**Agreement**”) made and entered into as of \_\_\_\_\_, 20\_\_ (the “**Effective Date**”), by and between Executive and Skillful Craftsman Education Technology Limited (the “**Company**”) (each individually, “**Party**,” collectively, the “**Parties**”), does hereby covenant not to sue or pursue any litigation or arbitration against, and waives, releases and discharges the Company, its parents, subsidiaries, affiliates, divisions, assigns, predecessors, insurers, successors, and the past and present employees, officers, directors, insurers, attorneys, representatives and agents thereof, both individually and in their business capacities, and their employee benefit plans and programs and their administrators and fiduciaries (collectively, the “**Releasees**”), from any and all claims, demands, rights, judgments, defenses, actions, charges or causes of action whatsoever, of any and every kind and description, whether known or unknown, accrued or not accrued, that Executive ever had, now has or shall or may have or assert as of the date of this General Release and Covenant Not to Sue against the Releasees relating to Executive’s employment with the Company or service as a member of the Board of Directors of the Company or the termination thereof or Executive’s service as an officer or member of the Board of Directors of any subsidiary or affiliate of the Company or the termination of such service; *provided, however*, that nothing herein shall release the Company from any of its obligations to Executive under the Employment Agreement or to pay the amounts and provide the benefits upon which this General Release and Covenant Not to Sue is conditioned, or any rights Executive may have to indemnification under any charter (or similar documents) of any member of the Releasees or any insurance coverage under any directors and officers insurance or similar policies, or any rights Executive may have as a member or holder of equity or other securities of the Company or its affiliates.

Executive further agrees that this General Release and Covenant Not to Sue may be pleaded by the Company as a full defense to any action, suit or other proceeding covered by the terms hereof that is or may be initiated, prosecuted or maintained by Executive or Executive’s heirs or assigns. Executive understands and confirms that Executive is executing this General Release and Covenant Not to Sue voluntarily and knowingly.

In furtherance of the agreements set forth above, Executive hereby expressly waives and relinquishes any and all rights under any applicable statute, doctrine or principle of law restricting the right of any person to release claims that such person does not know or suspect to exist at the time of executing a release, which claims, if known, may have materially affected such person’s decision to give such a release. In connection with such waiver and relinquishment, Executive acknowledges that Executive is aware that Executive may hereafter discover claims presently unknown or unsuspected, or facts in addition to or different from those that Executive now knows or believes to be true, with respect to the matters released herein. Nevertheless, it is the intention of Executive to fully, finally and forever release all such matters, and all claims relating thereto, that now exist, may exist or theretofore have existed, as specifically provided herein. The Parties hereto acknowledge and agree that this waiver shall be an essential and material term of the release contained above. Nothing in this paragraph is intended to expand the scope of the release as specified herein.

No provision of this General Release and Covenant Not to Sue should be read as preventing Executive from making a report to, filing a charge or complaint with, or participating in any investigation or proceeding conducted by, any governmental agency. While Executive may participate in such investigation or proceeding, Executive acknowledges and agrees that Executive waives Executive's right to recover monetary damages, of any kind, in such investigation or proceeding arising from, or in any way relating to, Executive's employment with, or separation from, the Company that may have arisen prior to Executive's signing of this General Release and Covenant Not to Sue. Executive acknowledges that this Release prohibits Executive from pursuing any claims against the Company seeking monetary relief for Executive and/or as a representative on behalf of others.

This General Release and Covenant Not to Sue shall be governed by and construed in accordance with the laws of the State of New York, applicable to agreements made and to be performed entirely within such State without regard to principles of conflicts of laws.

To the extent that Executive is forty (40) years of age or older, this paragraph shall apply. Executive acknowledges that Executive has been offered a period of time of at least twenty-one (21) days to consider whether to sign this General Release and Covenant Not to Sue, and the Company agrees that Executive may cancel or revoke this General Release and Covenant Not to Sue at any time during the seven (7) days following the date on which this General Release and Covenant Not to Sue has been signed by the Parties to this General Release and Covenant Not to Sue. In order to cancel or revoke this General Release and Covenant Not to Sue, Executive must deliver to the Company written notice stating that Executive is canceling or revoking this General Release and Covenant Not to Sue. If this General Release and Covenant Not to Sue is timely cancelled or revoked, none of the provisions of this General Release and Covenant Not to Sue shall be effective or enforceable and the Company shall not be obligated to make certain payments to Executive or to provide Executive with certain other benefits described in the Agreement, and all contracts and provisions modified, relinquished or rescinded hereunder shall be reinstated to the extent in effect immediately prior hereto.

Executive acknowledges and agrees that Executive has entered into this General Release and Covenant Not to Sue knowingly and willingly and has had ample opportunity to consider the terms and provisions of this General Release and Covenant Not to Sue. Executive is hereby advised to consult legal counsel prior to execute this General Release and Covenant Not to Sue.

**IN WITNESS WHEREOF**, the undersigned has caused this General Release and Covenant Not to Sue to be executed on this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**Executive**

\_\_\_\_\_  
Name:

Skillful Craftsman Education Technology Limited  
Floor 4, Building 1, No. 311, Yanxin Road  
Huishan District, Wuxi  
Jiangsu Province, PRC 214000

[Date]

[Name and Address]

Re: **Director Offer Letter**

Dear :

Skillful Craftsman Education Technology Limited, a Cayman Islands company (the “Company”) is pleased to offer you a position as a member of the Company’s Board of Directors (the “Board”). We are very impressed with your credentials, and we look forward to your future success in this role.

This letter shall constitute an agreement (“Agreement”) between you and the Company and contains all the terms and conditions relating to the services you are to provide.

1. **Term.** This Agreement shall have an initial term of one year, beginning on the effective date of the registration statement in connection with the IPO. Your term as director shall continue subject to the provisions in Section 7 below or until your successor is duly elected and qualified. The position shall be up for re-election each year at the Company’s annual general meeting and upon re-election, the terms and provisions of this Agreement shall remain in full force and effect.

2. **Services.** You shall render services as a member of the Board in accordance with high professional and ethical standards and in accordance with all applicable laws and rules and regulations pertaining to your performance hereunder. You shall be required to attend all meetings of the Board called from time to time either in-person or by telephone. Should you be elected to serve on a committee of the Board, you shall be required to attend such number of meetings of such committee as required by its members pursuant to the charter of such committee or as may be called from time to time. The services described in this Section 2 shall hereinafter be referred to as your “Duties.”

3. **Services for Others.** You shall be free to represent or perform services for other persons during the term of this Agreement. You agree, however, that you do not presently perform and do not intend to perform, during the term of this Agreement, similar Duties, consulting, or other services for companies whose businesses are or would be, in any way, competitive with the Company (except for companies previously disclosed by you to the Company in writing). Should you propose to perform similar duties, consulting, or other services for any such company, you agree to notify the Company in writing in advance (specifying the name of the organization for whom you propose to perform such services) and to provide information to the Company sufficient to allow it to determine if the performance of such services would conflict with areas of interest to the Company.

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4. **Compensation.**

4.1. **Cash.** Commencing on the Appointment Date, and upon each anniversary thereof that you remain a director, you shall receive cash compensation of USD 50,000.00 for each calendar year of service under this Agreement on a pro-rated basis. Notwithstanding the foregoing to the contrary, all fees are subject to approval and/or change as deemed appropriate by the Compensation Committee of the Board. You shall be reimbursed for reasonable expenses documented and incurred by you in connection with the performance of your Duties (including travel expenses for meetings you attend in-person).

4.2. **Service on Board Committee(s).** Should you be named to a committee of the Board, the Compensation Committee of the Board will determine any additional compensation, if any, for serving on such committee. However, the Company currently does not plan to provide any additional compensation to members of Committees of the Board other than the chairmen of such committees.

5. **No Assignment.** Because of the personal nature of the services to be rendered by you, this Agreement may not be assigned by you without the prior written consent of the Company.

6. **Confidential Information; Non-Disclosure.** In consideration of your access to the premises of the Company and/or you access to certain Confidential Information of the Company, in connection with your business relationship with the Company, you hereby represent and agree as follows:

6.1. **Definition.** For purposes of this Agreement, the term “Confidential Information” means:

a. Any information that the Company possesses that has been created, discovered, or developed by or for the Company, and that has or could have commercial value or utility in the business in which the Company is engaged; or

b. Any information that is related to the business of the Company and is generally not known by non-Company personnel.

c. By way of illustration, but not limitation, Confidential Information includes trade secrets and any information concerning products, processes, formulas, designs, inventions (whether or not patentable or registrable under copyright or similar laws, and whether or not reduced to practice), discoveries, concepts, ideas, improvements, techniques, methods, research, development and test results, specifications, data, know-how, software, formats, marketing plans, and analyses, business plans and analyses, strategies, forecasts, customer and supplier identities, characteristics, and agreements.

6.2. **Exclusions.** Notwithstanding the foregoing, the term Confidential Information shall not include:

a. Any information that becomes generally available to the public other than as a result of a breach of the confidentiality portions of this Agreement, or any other agreement requiring confidentiality between the Company and you;

b. Information received from a third party in rightful possession of such information who is not restricted from disclosing such information; and

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c. Information known by you prior to receipt of such information from the Company, which prior knowledge can be documented.

**6.3. Documents.** You agree that, without the express prior written consent of the Company, you will not remove from the Company's premises, any notes, formulas, programs, data, records, machines, or any other documents or items that in any manner contain or constitute Confidential Information, nor will you make reproductions or copies of same. In the event you receive any such documents or items by personal delivery from any duly designated or authorized personnel of the Company, you shall be deemed to have received the express written consent of the Company. In the event that you receive any such documents or items, other than through personal delivery as described in the preceding sentence, you agree to inform the Company promptly of your possession of such documents or items. You shall promptly return any such documents or items, along with any reproductions or copies to the Company upon the Company's demand, upon termination of this Agreement, or upon your termination or resignation, as provided in Section 7 herein.

**6.4. No Disclosure.** You agree that you will hold in trust and confidence all Confidential Information and will not disclose to others, directly or indirectly, any Confidential Information or anything relating to such information without the prior written consent of the Company, except as maybe necessary in the course of your business relationship with the Company. You further agree that you will not use any Confidential Information without the prior written consent of the Company, except as may be necessary in the course of your business relationship with the Company, and that the provisions of this Section 6.4 shall survive termination of this Agreement.

**7. Termination and Resignation.** Your membership on the Company's Board may be terminated for any or no reason or you may also terminate your membership on the Board for any or no reason except as provided in the Company's Memorandum and Articles of Association, as amended from time to time. Upon the effective date of the termination or resignation, your right to compensation hereunder will terminate subject to the Company's obligations to pay you any cash compensation (or equivalent value in ordinary shares of the Company), if application, that you have already earned and to reimburse you for approved expenses already incurred in connection with your performance of your Duties as of the effective date of such termination or resignation.

**8. Independent Contractor.** You understand, acknowledge and agree that your relationship with the Company is that of an independent contractor and nothing in this Agreement is intended to or should be construed to create a relationship other than that of independent contractor. Nothing in this Agreement shall be construed as a contract of employment/engagement between you and the Company or as a commitment on the part of the Company to retain you in any capacity, for any period of time or under any specific terms or conditions, or to continue your service to the Company beyond any period.

**9. Governing Law; Consent to Jurisdiction.** All questions with respect to the construction and/or enforcement of this Agreement, and the rights and obligations of the parties hereunder, shall be determined in accordance with the laws of New York, without giving effect to conflict of laws principles thereof. The parties hereby consent to the jurisdiction of the federal and state courts in the State of New York over matters arising out of or relating to this Agreement. The parties agree that in any such proceeding, each party shall waive, if applicable, inconvenience of forum and right to a jury.

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**10. Entire Agreement; Amendment; Waiver; Counterparts.** This Agreement expresses the entire understanding with respect to the subject matter hereof and supersedes and terminates any prior oral or written agreements with respect to the subject matter hereof. Any term of this Agreement may be amended and observance of any term of this Agreement may be waived only with the written consent of the parties hereto. Waiver of any term or condition of this Agreement by any party shall not be construed as a waiver of any subsequent breach or failure of the same term or condition or waiver of any other term or condition of this Agreement. The failure of any party at any time to require performance by any other party of any provision of this Agreement shall not affect the right of any such party to require future performance of such provision or any other provision of this Agreement. This Agreement may be executed in separate counterparts each of which will be an original and all of which taken together will constitute one and the same agreement, and may be executed using facsimiles of signatures, and a facsimile of a signature shall be deemed to be the same, and equally enforceable, as an original of such signature.

This Agreement has been executed and delivered by the undersigned and is made effective as of the date set first set forth above.

Sincerely,

Skillful Craftsman Education Technology Limited

By: \_\_\_\_\_

Name:

Title:

Agreed to and accepted:

\_\_\_\_\_  
[Director name]

\_\_\_\_\_

SUBSIDIARIES OF THE REGISTRANT

Subsidiary	Place of Incorporation
Easy Skills Technology Limited	Hong Kong
Skillful Craftsman Network Technology (Wuxi) Co., Limited	PRC
Wuxi Kingway Technology Co., Ltd.	PRC

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the inclusion in this Registration Statement of Skillful Craftsman Education Technology Limited on Form F-1 of our report dated July 30, 2019, with respect to our audit of consolidated financial statements of Skillful Craftsman Education Technology Limited and Subsidiaries as of March 31, 2018 and March 31, 2019 and for each of the two years in the period ended March 31, 2019. We also consent to the reference to our Firm under the heading "Experts" in the prospectus.

Very truly yours,

*BDO China Shu Lun Pan Certified Public Accountants LLP*

BDO China Shu Lun Pan Certified Public Accountants LLP

April 23, 2020

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**Consent to be Named as a Director Nominee**

In connection with the filing by Skillful Craftsman Education Technology Limited of the Registration Statement on Form F-1 with the Securities and Exchange Commission under the Securities Act of 1933, as amended (the “Securities Act”), I hereby consent, pursuant to Rule 438 of the Securities Act, to being named as a nominee to the board of directors of by Skillful Craftsman Education Technology Limited in the Registration Statement and any and all amendments and supplements thereto. I also consent to the filing of this consent as an exhibit to such Registration Statement and any amendments thereto.

Dated: April 23, 2020

/s/ Limin Huang

Limin Huang

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**Consent to be Named as a Director Nominee**

In connection with the filing by Skillful Craftsman Education Technology Limited of the Registration Statement on Form F-1 with the Securities and Exchange Commission under the Securities Act of 1933, as amended (the “Securities Act”), I hereby consent, pursuant to Rule 438 of the Securities Act, to being named as a nominee to the board of directors of by Skillful Craftsman Education Technology Limited in the Registration Statement and any and all amendments and supplements thereto. I also consent to the filing of this consent as an exhibit to such Registration Statement and any amendments thereto.

Dated: April 23, 2020

/s/ Huiqing Ye

Huiqing Ye

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**Consent to be Named as a Director Nominee**

In connection with the filing by Skillful Craftsman Education Technology Limited of the Registration Statement on Form F-1 with the Securities and Exchange Commission under the Securities Act of 1933, as amended (the “Securities Act”), I hereby consent, pursuant to Rule 438 of the Securities Act, to being named as a nominee to the board of directors of by Skillful Craftsman Education Technology Limited in the Registration Statement and any and all amendments and supplements thereto. I also consent to the filing of this consent as an exhibit to such Registration Statement and any amendments thereto.

Dated: April 23, 2020

/s/ David H. Sherman

David H. Sherman

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**Consent to be Named as a Director Nominee**

In connection with the filing by Skillful Craftsman Education Technology Limited of the Registration Statement on Form F-1 with the Securities and Exchange Commission under the Securities Act of 1933, as amended (the “Securities Act”), I hereby consent, pursuant to Rule 438 of the Securities Act, to being named as a nominee to the board of directors of by Skillful Craftsman Education Technology Limited in the Registration Statement and any and all amendments and supplements thereto. I also consent to the filing of this consent as an exhibit to such Registration Statement and any amendments thereto.

Dated: April 23, 2020

/s/ Teoh Chun Hiah

Teoh Chun Hiah

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