

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

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

**China Liberal Education Holdings Limited  
(Exact Name of Registrant as Specified in Its Charter)**

Cayman Islands  
(State or Other Jurisdiction of  
Incorporation or Organization)

8200  
(Primary Standard Industrial  
Classification Code Number)

N/A  
(I.R.S. Employer  
Identification Number)

**Jianxin Zhang, Chief Executive Officer  
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Huateng Century Park Headquarters,  
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**(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)**

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**Approximate date of commencement of proposed sale to the public:** As soon as practicable after the effective date hereof.

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.

**CALCULATION OF REGISTRATION FEE**

<b>Class of Securities to be Registered</b>	<b>Amount to be Registered</b>	<b>Proposed Maximum Offering Price per Share</b>	<b>Proposed Maximum Aggregate Offering Price</b>	<b>Amount of Registration Fee</b>
Ordinary Shares, par value \$1.00 per share <sup>(1)(2)</sup>	[●]	\$ [●]	[●]	\$ [●]
Underwriter Warrants <sup>(2)(3)</sup>	[●]	-	-	-
Ordinary Shares underlying Underwriter Warrants <sup>(3)</sup>	[●]	\$ [●]	[●]	\$ [●]
<b>Total</b>		<b>\$</b>		<b>\$</b>

- (1) The registration fee for securities is based on an estimate of the Proposed Maximum Aggregate Offering Price of the securities, assuming the sale of the maximum number of shares at the highest expected offering price, and such estimate is solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended (the “Securities Act”). There is no current market for the securities or price at which the shares are being offered. Estimated solely for the purpose of calculating the amount of the registration fee pursuant to Rule 457(a) under the Securities Act.
- (2) Pursuant to Rule 416 under the Securities Act, there is also being registered hereby such indeterminate number of additional Ordinary Shares of the Registrant as may be issued or issuable because of stock splits, stock dividends, stock distributions, and similar transactions.
- (3) We have agreed to issue to the Underwriter warrants to purchase the number of ordinary shares (the “Underwriter Warrants”) in the aggregate equal to seven percent (7%) of the shares sold at closing of the offering. The Underwriter Warrants will be exercisable at any time, and from time to time within five (5) years from the effective date of this registration statement, in whole or in part, but may not be transferred nor may the shares underlying the warrants be sold until 180 days from the effective date of the offering. The exercise price of the Underwriter Warrants is equal to the public offering price per share in the offering. The Underwriter Warrants are with a cashless provision and shall be non-callable and non-cancelable with immediate piggy-back registration rights.

**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 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. This preliminary prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

As confidentially submitted to the Securities and Exchange Commission on May 6, 2019

**SUBJECT TO COMPLETION,  
PRELIMINARY PROSPECTUS DATED MAY 6, 2019**

**China Liberal Education Holdings Limited**



**Minimum Offering: \$**

**Maximum Offering: \$**

This is an initial public offering of our ordinary shares. We are offering on a best efforts basis our ordinary shares, US\$1.00 par value per share (“Ordinary Shares”). Prior to this offering, there has been no public market for our Ordinary Shares. We expect the initial public offering price will be in the range of \$[●] to \$[●] per Ordinary Share. We have reserved the symbol “CLEU” for purposes of listing our Ordinary Shares on the Nasdaq Capital Market (“NASDAQ”) and plan to apply to list our Ordinary Shares on NASDAQ. There is no guarantee or assurance that our Ordinary Shares will be approved for listing on NASDAQ.

**Investing in our Ordinary Shares involves a high degree of risk, including the risk of losing your entire investment. See “Risk Factors” beginning on page 8 to read about factors you should consider before buying our Ordinary Shares.**

We are an “emerging growth company” as defined under the federal securities laws and will be subject to reduced public company reporting requirements. Please read the disclosures beginning on page 3 of this prospectus for more information.

	<b>Number of Ordinary Shares</b>	<b>Initial Public Offering Price</b>	<b>Underwriting Discounts and Commissions<sup>(1)</sup></b>	<b>Proceeds to Our Company Before Expenses<sup>(2)</sup></b>
<b>Minimum</b>		\$	\$	\$
<b>Maximum</b>		\$	\$	\$

(1) See “Underwriting” in this prospectus for more information regarding our arrangements with the Underwriter.

(2) The total estimated expenses related to this offering are set forth in the section entitled “Discounts, Commissions and Expenses.”

Boustead Securities, LLC (the “Underwriter”) is selling our Ordinary Shares in this offering on a best efforts basis. The Underwriter is not required to sell any specific number or dollar amount of Ordinary Shares but will use its best efforts to sell the Ordinary Shares offered. One of the conditions to our obligation to sell any securities through the Underwriter is that, upon the closing of the offering, the Ordinary Shares will qualify for listing on the Nasdaq Capital Market.

We do not intend to close this offering unless we sell at least the minimum number of Ordinary Share, at the price per Ordinary Share set forth above, to result in sufficient proceeds to list our Ordinary Shares on NASDAQ. This offering may terminate on the earlier of (i) any time after the minimum offering amount of our Ordinary Shares is raised, or (ii) [90] days from the effective date of this prospectus, or the expiration date. If we can successfully raise the minimum offering amount within the offering period, the proceeds from the offering will be released to us after deducting certain escrow fees. The proceeds from the sale of the Ordinary Shares in this offering will be payable to “China Liberal Education Holdings Limited, [●], as Escrow Agent” and will be deposited in a separate (limited to funds received on behalf of us) non-interest bearing trust bank account until the minimum offering amount is raised. If we do not raise the minimum offering amount of \$[●], we will not conduct a closing of this offering and will return to investors all amounts previously deposited by them in escrow, without interest or deduction.

**Neither the Securities and Exchange Commission nor any state securities commission nor any other regulatory body has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

You should not assume that the information contained in the registration statement to which this prospectus is a part is accurate as of any date other than the date hereof, regardless of the time of delivery of this prospectus or of any sale of the Ordinary Shares being registered in that registration statement of which this prospectus forms a part.

*No dealer, salesperson or any other person is authorized to give any information or make any representations in connection with this Offering other than those contained in this prospectus and, if given or made, the information or representations must not be relied upon as having been authorized by us. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any security other than the securities offered by this prospectus, or an offer to sell or a solicitation of an offer to buy any securities by anyone in any jurisdiction in which the offer or solicitation is not authorized or is unlawful.*



The date of this prospectus is May 6, 2019.

## About this Prospectus

This prospectus is part of a registration statement we filed with the SEC. We and the Underwriter have not authorized anyone to provide any information or to make any representations other than those contained in this prospectus or in any free writing prospectuses prepared by us or on our behalf or to which we have referred you. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This prospectus is an offer to sell only the shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. We are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted or where the person making the offer or sale is not qualified to do so or to any person to whom it is not permitted to make such offer or sale. The information contained in this prospectus is current only as of the date on the front cover of the prospectus. You should not assume that the information contained in this prospectus, any prospectus supplement or the documents incorporated by reference are accurate as of any date other than their respective dates, regardless of the time of delivery of this prospectus or of any sale of the Ordinary Shares. Our business, financial condition, results of operations and prospects may have changed since that date.

Unless otherwise indicated or the context requires otherwise, references in this prospectus to:

- “Affiliated Entities” are to our subsidiaries;
- “Boya Hong Kong” are to China Boya Education Group Co., Limited, a Hong Kong limited liability company;
- “China” or the “PRC” are to the People’s Republic of China, excluding Taiwan and the special administrative regions of Hong Kong and Macau for the purposes of this prospectus only;
- “China Liberal Beijing” are to China Liberal (Beijing) Education Technology Co., Ltd., a PRC limited liability company and our operating subsidiary;
- “China Liberal” are to China Liberal Education Holdings Limited, a Cayman Islands exempted company;
- “Company,” “we” and “us” are to one or more of China Liberal Education Holdings Limited, and its Affiliated Entities, as the case may be;
- “EAP” are to Australia English for Academic Purposes, which prepares international students for vocational or tertiary-level study in Australia and other contexts where English is the language of instruction, and it aims to develop student awareness, knowledge and skills in the use of English as the language of teaching and learning in a vocational and/or university environment;
- “FMP” are to Fuzhou Melbourne Polytechnic;
- “FUT” are to Fujian University of Technology;
- “FPEC” are to Fujian Preschool Education College;
- “IELTS” are to International English Language Testing System, an international standardized test of English language proficiency for non-native English language speakers, and accepted by most Australian, British, Canadian and New Zealand academic institutions;
- “IGEC” are to International General Education Courses, a Sino-foreign joint education program developed and introduced by the Chinese Service Center for Scholarly Exchange, a public organization under the Ministry of Education of the PRC, in order to improve the overall reform and internationalization of PRC’s higher education;
- “ISEC” are to International Scholarly Exchange Curriculum, a PRC government sponsored and highly profiled program affiliated with the China Scholarship Council directly under the Ministry of Education in the PRC;
- “NZTC” are to New Zealand Tertiary College;
- “shares,” “Shares,” or “Ordinary Shares” are to the Ordinary Shares of the Company, par value US\$1 per share;
- “Sino-foreign Jointly Managed Academic Programs” are to education programs offered by joint ventures of the PRC and foreign institutions;
- “TOEFL” are to Test of English as Foreign Language, an international standardized test of English language proficiency for non-native English language speakers, and commonly accepted by American academic institutions; and
- “Yi Xin BVI” are to Yi Xin International Investment Limited, a company incorporated in the British Virgin Islands.

Our business is conducted by China Liberal Beijing in the PRC, using Renminbi, or RMB, the currency of China. Our consolidated financial statements are presented in United States dollars. In this prospectus, we refer to assets, obligations, commitments and liabilities in our consolidated financial statements in United States dollars. These dollar references are based on the exchange rate of RMB to United States dollars, determined as of a specific date or for a specific period. Changes in the exchange rate will affect the amount of our obligations and the value of our assets in terms of United States dollars which may result in an increase or decrease in the amount of our obligations (expressed in dollars) and the value of our assets, including accounts receivable (expressed in dollars).

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## PROSPECTUS SUMMARY

*The following summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information and financial statements included elsewhere in this prospectus. In addition to this summary, we urge you to read the entire prospectus carefully, especially the risks of investing in our Ordinary Shares, discussed under “Risk Factors,” before deciding whether to buy our Ordinary Shares.*

*Unless otherwise indicated, all dollar amounts included herein are recorded in United States dollars.*

### **Our Business**

#### **Overview**

We are an exempted company incorporated in the Cayman Islands on February 25, 2019. Through our operating company, China Liberal (Beijing) Education Technology Co., Ltd., or China Liberal Beijing, incorporated in the PRC on August 10, 2011, we are an educational service provider operating under the “China Liberal” brand in the PRC. Our mission is to provide China’s students with the tools to excel in a global environment. We strive to meet the needs of the ever growing number of young talents in China.

We provide a wide variety of educational services and products intended to address the needs of our partnering schools and our students:

- Services provided under Sino-foreign jointly managed academic programs (“Sino-foreign Jointly Managed Academic Programs”);
- Overseas study consulting services (“Overseas Study Consulting Services”);
- Technological consulting services provided to targeted Chinese universities to improve their campus information and data management system and to optimize their teaching, operating and management environment, creating a “smart campus” (“Technological Consulting Services for Smart Campus Solutions”); and
- Tailored job readiness training to graduating students (“Integration of Enterprises and Vocational Education”), acting as the key bridge between our partner schools and employers. However, we did not start generating revenue from this line of business until January 2019.

We also develop and provide textbooks and other course materials to students enrolled under the Sino-foreign Jointly Managed Academic Programs to ensure the quality of students’ learning outcomes.

We started generating revenue in the year ended December 31, 2012 through our services provided under certain Sino-foreign Jointly Managed Academic Programs. We continued to maintain and expand this core business throughout the years, giving us revenues stream of \$2,821,602 and \$2,410,781 for the years ended December 31, 2017, and 2018, respectively. Additionally, since we started our Overseas Study Consulting Services in 2017, this line of business has been a source of growing revenue. We generated \$60,947 and \$547,521 in revenues from our Overseas Study Consulting Services for the years ended December 31, 2017 and 2018, respectively, representing a sharp increase from 2% to 11% of our total revenue of that respective year. We also started generating revenues from our Technological Consulting Services for Smart Campus Solutions business in 2017, with revenues of \$950,992 and \$1,820,974, representing 25% and 38% for the years ended December 31, 2017 and 2018, respectively. We did not generate any revenue from our Integration of Enterprises and Vocational Education business because this line of business was newly added in December 2018.

We started our operations in Beijing where our headquarters are located. We established our first branch in Fujian Province in 2011 and subsequently expanded to various locations in the PRC, covering the cities of Hangzhou, Fuzhou and Ji’nan on the east coast of China.

As of the date of this prospectus, there is no public trading market for our Ordinary Shares and there is no assurance that a trading market for our Ordinary Shares will ever develop.

**Competitive Strengths**

We believe that the following competitive strengths enhance our position in the PRC market:

- Innovative and visionary management team with a proven track record;
- Innovative, flexible and cost-effective smart campus solutions; and
- Strong and experienced sales team with a focus on art students.

**Business Strategy**

We intend to continue to generate revenue from our core businesses, while expanding to related territories maximizing our existing resources, as well as striving to meet the needs of our clients. We intend to diversify our income model in the coming years by growing our four lines of business simultaneously. We are dedicated to enabling our students to capture life-changing opportunities by delivering transformative education services and by working with our partners. Our goal is to become a nationally recognized education services company that offers modernized and internationalized higher education solutions to students, with a focus on academic areas of art and computer science. We intend to achieve our goal by pursuing the following strategies:

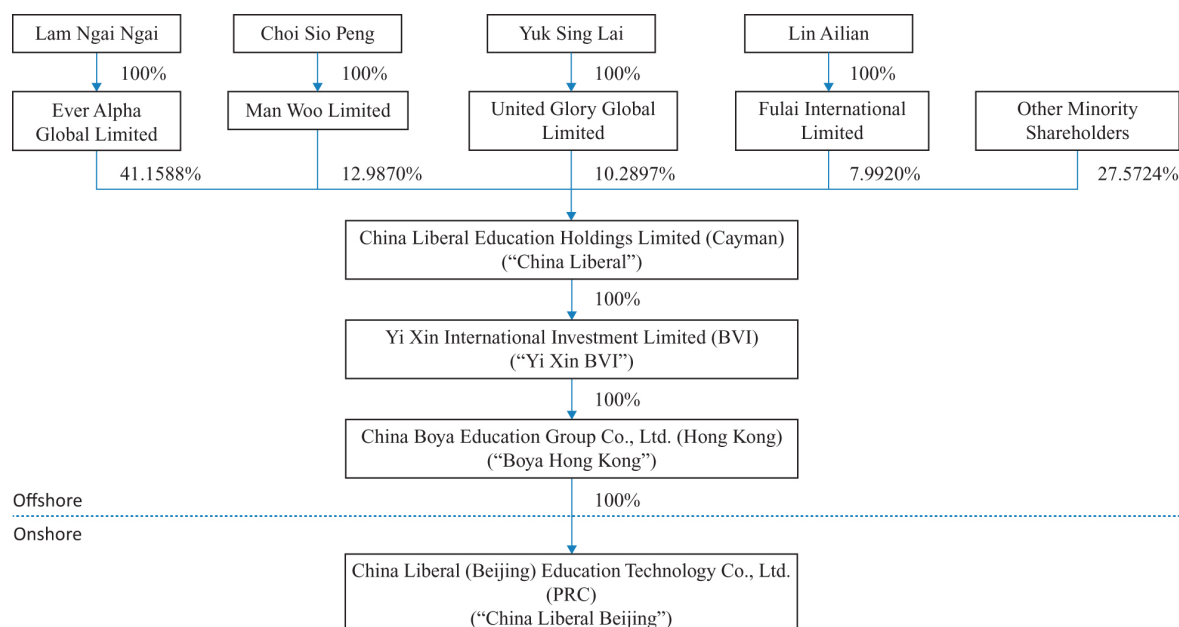
- Continue to invest in technology and leverage our intellectual property;
- Offer our smart campus solutions to a growing number of partnering schools;
- Expand our focus to include computer science major;
- Continue to invest in sales and marketing activities to recruit art students for our one-on-one consulting services;
- Expand classroom-based pre-session training services based on our current proven one-on-one consulting model; and
- Establish our own-branded schools.

**Our History and Corporate Structure**

China Liberal Education Holdings Limited, or China Liberal, was incorporated in the Cayman Islands on February 25, 2019. As of the date of this prospectus, our authorized share capital is \$50,000 divided into 50,000 ordinary shares. We directly hold 100% of the equity interests of Yi Xin International Investment Limited, a company incorporated in the British Virgin Islands (“Yi Xin BVI”), which in turn holds 100% of China Boya Education Group Co., Limited, a Hong Kong limited liability company (“Boya Hong Kong”). Boya Hong Kong originally holds 91.1772% equity interests of China Liberal Beijing, our PRC operating entity. On February 1, 2019, Boya Hong Kong entered into share transfer agreements with each of the non-controlling shareholders of China Liberal Beijing and completed the acquisition of the 8.8228% non-controlling interest in China Liberal Beijing. After these transactions, Boya Hong Kong owns 100% interest of China Liberal Beijing.

We commenced our operations in August 2011 through China Liberal Beijing.

Our corporate structure as of the date of this prospectus is as follows:



### **Corporate Information**

Our principal executive office is located at Huateng Century Park Headquarters, Building A, Level 2, Beijing, PRC, and our phone number is +86-10-6597-8118. We maintain a corporate website at <http://www.chinaliberal.com>. The information contained in, or accessible from, our website or any other website does not constitute a part of this prospectus.

### **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 of 2012, or the JOBS Act. An “emerging growth company” may take advantage of reduced reporting requirements that are otherwise generally applicable to public companies. In particular, as an emerging growth company, we:

- may 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, or MD&A;
- are not required to provide a detailed narrative disclosure discussing our compensation principles, objectives and elements and analyzing how those elements fit with our principles and objectives, which is commonly referred to as “compensation discussion and analysis”;
- are not required to obtain an attestation and report from our auditors on our management’s assessment of our internal control over financial reporting pursuant to the Sarbanes-Oxley Act of 2002;
- are not required to obtain a non-binding advisory vote from our shareholders on executive compensation or golden parachute arrangements (commonly referred to as the “say-on-pay,” “say-on frequency” and “say-on-golden-parachute” votes);
- are exempt from certain executive compensation disclosure provisions requiring a pay-for-performance graph and CEO pay ratio disclosure;
- are eligible to claim longer phase-in periods for the adoption of new or revised financial accounting standards under §107 of the JOBS Act; and
- will not be required to conduct an evaluation of our internal control over financial reporting until our second annual report on Form 20-F following the effectiveness of our initial public offering.

We intend to take advantage of all of these reduced reporting requirements and exemptions, including the longer phase-in periods for the adoption of new or revised financial accounting standards under §107 of the JOBS Act. Our election to use the phase-in periods may make it difficult to compare our financial statements to those of non-emerging growth companies and other emerging growth companies that have opted out of the phase-in periods under §107 of the JOBS Act.

Under the JOBS Act, we may take advantage of the above-described reduced reporting requirements and exemptions for up to five years after our initial sale of common equity pursuant to a registration statement declared effective under the Securities Act, or such earlier time that we no longer meet the definition of an emerging growth company. The JOBS Act provides that we would cease to be an “emerging growth company” if we have more than \$1.07 billion in annual revenues, have more than \$700 million in market value of our Ordinary Share held by non-affiliates, or issue more than \$1 billion in principal amount of non-convertible debt over a three-year period.



## THE OFFERING

Following is a brief summary of this Offering.

Ordinary Shares outstanding prior to the completion of this Offering	[●] ordinary shares
Ordinary Shares offered by us	[●] ordinary shares
Ordinary Shares Outstanding Immediately After the Offering	[●] ordinary shares
Price per Ordinary Shares	We currently estimate that the initial public offering price will be in the range of \$[●] to \$[●] per ordinary share.
Best Efforts	<p>The Underwriter is selling our Ordinary Shares on a “best efforts” basis. Accordingly, the Underwriter has no obligation or commitment to purchase any securities. The Underwriter is not required to sell any specific number of dollar amount of Ordinary Shares but will use its best efforts to sell the Ordinary Shares offered.</p> <p>We do not intend to close this offering unless we sell at least a minimum number of Ordinary Shares, at the price per Ordinary Share set forth on the cover page of this prospectus, to result in sufficient proceeds to list our Ordinary Shares on the Nasdaq Capital Market.</p>
Use of proceeds	We intend to use the proceeds from this offering for working capital and general corporate purposes, including investment in smart campus solutions, research and development, integration of enterprises and vocation education and establishment of big data calculation training school. To the extent that we are unable to raise the total offering amount in this Offering, we may not be able to achieve all of our business objectives in a timely manner. See “Use of Proceeds” for more information.
Proposed Nasdaq Symbol	“CLEU”
Transfer Agent	[●]
Risk Factors	An investment in the Ordinary Shares is subject to a number of risks. You should carefully consider the information set forth in the “Risk Factors” section below and the other sections of this Prospectus, in addition to the documents included in and/or incorporated by reference in the registration statement to which this Prospectus forms a part.
Duration of the Offering	The Ordinary Shares are being offered for a period of [90] days commencing on the date of this prospectus. If the minimum offering amount is not raised within [90] days from the date of this prospectus, all subscription funds from the escrow account will be returned to investors promptly without interest or deduction of fees. The offering may close or terminate, as the case may be, on the earlier of (i) any time after the minimum offering amount of our Ordinary Shares is raised, or (ii) [90] days from the date of this prospectus although we retain the right to terminate the offering prior to the expiration of the [90]-day period. If we raise the minimum offering amount within the offering period, the proceeds from the offering will be released to us.
Escrow Account	The gross proceeds from the sale of the Ordinary Shares in this offering will be deposited in a non-interest bearing escrow account maintained by the escrow agent, [●], at [●]. All wire transfers or all ACH authorization will be made directly to the escrow account. The funds will be held in escrow until the escrow bank, [●], has advised us and the escrow agent that it has received a minimum of \$[●], the minimum offering, in cleared funds. If we do not receive the minimum of \$[●] by [●], 2019, all funds will be returned to purchasers in this offering on the next business day after the termination of the offering, without charge, deduction or interest. Prior to [●], 2019, in no event will funds be returned to you unless the offering is terminated. You will only be entitled to receive a refund of your subscription price if we do not raise a minimum of \$[●] by [●], 2019. No interest will be paid either to us or to you. See “Underwriting—Escrow Agent and Deposit of Offering Proceeds.”

**SUMMARY FINANCIAL DATA**

The following table sets forth selected historical statements of operations for the years ended December 31, 2018 and 2017, and balance sheet data as of December 31, 2018 and 2017, which have been derived from our consolidated audited financial statements included elsewhere in this prospectus. Our historical results are not necessarily indicative of the results that may be expected in the future. You should read this data together with our consolidated financial statements and related notes appearing elsewhere in this prospectus as well as "Management's Discussion and Analysis of Financial Condition and Results of Operations," appearing elsewhere in the prospectus.

**Selected Statements of Operations Information:**

	For the years ended December 31,	
	2018	2017
<b>REVENUE, NET</b>	\$ 4,808,993	\$ 3,885,886
<b>COST OF REVENUE</b>	2,702,297	2,161,322
<b>GROSS PROFIT</b>	<b>2,106,696</b>	<b>1,724,564</b>
<b>OPERATING EXPENSES</b>		
Selling expenses	704,060	541,424
General and administrative expenses	579,500	408,762
Total operating expenses	1,283,560	950,186
<b>INCOME FROM OPERATIONS</b>	<b>823,136</b>	<b>774,378</b>
<b>OTHER INCOME</b>		
Interest income	88,926	70,743
Other income, net	180,191	187,794
Total other income, net	269,117	258,537
<b>INCOME BEFORE INCOME TAXES</b>	<b>1,092,253</b>	<b>1,032,915</b>
<b>INCOME TAX PROVISION</b>	167,813	158,109
<b>NET INCOME</b>	<b>924,440</b>	<b>874,806</b>
Less: net income attributable to non-controlling interest	81,779	5,800
<b>NET INCOME ATTRIBUTABLE TO THE COMPANY</b>	<b>\$ 842,661</b>	<b>\$ 869,006</b>

**Selected Balance Sheet Information:**

	<b>As of December 31,</b>	
	<b>2018</b>	<b>2017</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 2,077,166	\$ 7,970
Accounts receivable, net	833,174	632,724
Contract receivable, net	960,237	160,270
Advance to suppliers	19,885	1,529,865
Loan receivable	-	1,997,726
Due from a related party	72,700	-
Prepaid expenses and other current assets	286,052	169,864
<b>TOTAL CURRENT ASSETS</b>	<b>4,249,214</b>	<b>4,498,419</b>
Property and equipment, net	101,205	68,155
Contract receivable, net	1,617,186	684,780
<b>TOTAL NONCURRENT ASSETS</b>	<b>1,718,391</b>	<b>752,935</b>
<b>TOTAL ASSETS</b>	<b>\$ 5,967,605</b>	<b>\$ 5,251,354</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 121,558	\$ 171,976
Deferred revenue	149,560	104,181
Taxes payable	244,142	177,722
Due to related parties	22,591	14,956
Accrued expenses and other current liabilities	178,175	171,526
<b>TOTAL CURRENT LIABILITIES</b>	<b>716,026</b>	<b>640,361</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>SHAREHOLDERS' EQUITY</b>		
Ordinary shares, \$1.00 par value, 50,000 shares authorized; 1,000 shares issued and outstanding	1,000	1,000
Additional paid in capital	4,583,116	1,647,527
Statutory reserve	294,158	201,468
Retained earnings	88,967	2,274,585
Accumulated other comprehensive income (loss)	(234,237)	26,746
Total China Liberal's equity	4,733,004	4,151,326
Non-controlling interest	518,575	459,667
<b>Total shareholders' equity</b>	<b>5,251,579</b>	<b>4,610,993</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 5,967,605</b>	<b>\$ 5,251,354</b>

**CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This prospectus, including sections entitled “Prospectus Summary,” “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operation” and “Business,” contains forward-looking statements. Forward-looking statements include, but are not limited to, statements about:

- implementation of our business strategy;
- our anticipated capital requirements and future operating performance; and
- our use of the net proceeds from this Offering.

Any statements that relate to future events or conditions, including, without limitation, the statements included in this prospectus that are not historical facts, that relate to industry prospects and that concern our prospective results of operations or financial position, may be deemed to be forward-looking statements. Often, however, our uses of the words “believe,” “anticipate,” “plan,” “expect,” “intend” and similar expressions will identify forward-looking statements, but the absence of these words does not necessarily mean that a statement is not forward-looking. Although we believe that the expectations reflected in the forward-looking statements contained in this prospectus are reasonable, these statements represent our current expectations and are inherently uncertain. The factors discussed above under “Risk Factors,” among others, could cause actual results, levels of activity, performance or achievements to differ materially from those indicated by these forward-looking statements. Forward-looking statements represent our views as of the date of this prospectus. While we may elect to update these forward-looking statements in the future, we disclaim any obligation to do so, even if subsequent events cause our views to change. For all of these reasons, you should not unduly rely on any forward-looking statements.

## RISK FACTORS

*You should consider carefully all of the information in this prospectus, including the risks and uncertainties described below and our consolidated financial statements and related notes, before making an investment in our Ordinary Shares. Any of the following risks and uncertainties could have a material adverse effect on our business, financial condition, results of operations and prospects. The market price of our Ordinary Shares could decline significantly as a result of any of these risks and uncertainties, and you may lose all or part of your investment.*

### **Risks Related to Our Business**

***We partner with a limited number of Chinese host universities for certain Sino-foreign Jointly Managed Academic Programs and our revenues are concentrated from a limited number of major partners. If we are not able to continue to secure agreements with some or all of our existing partners, or secure new agreements with additional partners, our results of operations and financial condition may be materially and adversely affected.***

Our revenues generated under Sino-foreign Jointly Managed Academic Programs represented 72.6% and 50.11% of our net revenues for the years ended December 31, 2017 and 2018, respectively. Although we continue to introduce new projects and to diversify our core business, the Sino-foreign Jointly Managed Academic Programs we actively service still generated a majority of our net revenues. In addition, for 2017 and 2018, we generated a vast majority of our Sino-foreign Jointly Managed Academic Program revenues from our major partners, Fuzhou Melbourne Polytechnic, or FMP and Minjiang University. We expect that this line of business will continue to generate approximately one-third of our annual net revenue in the next three years. During the years ended December 31, 2017 and 2018, we operated five such programs with four universities. However, we have ceased or will cease to provide services in connection with two of the existing programs because we assessed that these two programs are not profitable. More specifically, we have ceased to offer our courses under the International Scholarly Exchange Curriculum program with Fujian University of Technology, or the FUT ISEC Program, after the then existing students graduated in July 2018. We will cease to offer our courses under the New Zealand Tertiary College Program with Fujian Preschool Education College, or the NZTC Program, after the existing students graduate in July 2019. Despite our long term working relationships with FMP and Minjiang University, one or more of these universities may decide to terminate their agreements with us and discontinue our cooperation for reasons such as expiration of Sino-foreign program permits, a change or expiration of programs, students' inability to achieve the targeted level of language proficiency, undersubscription of students due to a global economic down-turn or otherwise, or simply decline to renew the agreements upon their expiration. If any of these situations occur, we cannot assure you that we will be able to timely secure other cooperation agreements with other programs, if at all, and therefore, our results of operations and financial condition may be materially and adversely affected.

***We rely heavily on the continuous reputation of our partnering schools in order to attract and maintain a significant number of students enrolled in our courses offered in these schools.***

We partner with schools to provide courses within Sino-foreign Jointly Managed Academic Programs, including offering language courses and/or major specific courses to their students who intend to study abroad. These schools then pay us directly based on the headcount of the students enrolled in the Sino-foreign Jointly Managed Academic Programs. If these schools experience a decrease in the number of their enrolled students due to student or parent dissatisfaction, negative publicity, poor track records, or other disruption of their reputation out of our control, they may experience withdrawals of currently enrolled students and a decrease in the enrollment of perspective students, which could in turn materially and adversely affect our results of operations and financial condition.

***If one or more of the Sino-foreign Jointly Managed Academic Programs were to lose their Sino-foreign program permits, our results of operations and financial condition may suffer substantially.***

Universities or colleges who host Sino-foreign programs in the PRC are required to obtain and maintain Sino-foreign program permits from the appropriate education authorities at the PRC central government, provincial, municipal or local level, depending on the certifications required to offer these programs. We cannot assure you that the Sino-foreign Jointly Managed Academic Programs we service will maintain their permits in good standing within the permit periods, or that these permits will be renewed or extended after the permit periods. If one or more of the Sino-foreign Jointly Managed Academic Programs were to lose their Sino-foreign program permits and we are not able to timely secure new partnering programs, our results of operations and financial condition may suffer substantially.

***Our track record of successfully assisting students to obtain student visas to study abroad may fall and satisfaction with our consulting services may otherwise decline.***

The success of our business depends on our students' ability to obtain student visas for their overseas study. Although almost all of our students were granted student visas in the past, we cannot ensure that our students will be granted student visas and be accepted to overseas schools at rates we have experienced in the past, and parents and students may not be satisfied with our ability to help students gain admission to universities. Any such negative developments could result in a student's withdrawal or decrease in future enrollment, and therefore, our business, financial condition and results of operations may be materially and adversely affected.

***Changes to immigration policies in the countries our students plan to attend schools in may negatively affect our results of operations and financial condition.***

A significant portion of our business relies upon our students' confidence in, among other things, their ability to obtain student visas from the countries they intend to study in, including Italy and Germany. We cannot assure you that immigration policies of the popular destination countries among our students will remain the same or become friendlier to overseas students, and there is no assurance that our students will be granted visas to study in the countries of their choices. Any such negative developments could result in a student's withdrawal or decrease in future enrollment, and therefore, our business, financial condition and results of operations may be materially and adversely affected.

***If we fail to increase student enrollments, our net revenues may decline, and we may not be able to maintain growth.***

Our growing one-on-one consulting services offered to students (mostly art students) generate revenue from the tuition we collect from these students. It is critical for us to enroll prospective students in a cost-effective manner. Some of the factors, many of which are largely beyond our control, could prevent us from successfully increasing enrollments of new students in a cost-effective manner, or at all. These factors include, among other things, (i) reduced interest in the degrees, professions or schools which our services are targeting (art and computer science); (ii) improved quality and number of art schools in the PRC; (iii) the inability of students to pay tuition; (iv) increasing market competition, particularly price reductions by competitors that we are unable or unwilling to match; and (v) adverse changes in relevant government policies or general economic conditions. If one or more of these factors reduce market demand for our services, our student enrollments could be negatively affected or our costs associated with student acquisition and retention could increase, or both, any of which could materially affect our ability to grow our gross billings and net revenues. These developments could also harm our brand and reputation, which would negatively impact our ability to expand our business.

***If fewer Chinese students, particularly art students, choose to study abroad, demand for our international program may decline.***

One of the principal drivers of the growth of our business is the increasing number of Chinese students, particularly art students who choose to study abroad, reflecting the growing Chinese students demand for higher education in overseas countries. As such, any restrictive changes in immigration policy, terrorist attacks, geopolitical uncertainties and any international conflicts involving countries of popular demand could make it more difficult for Chinese students to obtain student visas to study overseas, or decrease the appeal of studying in such countries to Chinese students. Any significant changes in admission standards adopted by overseas educational institutions could also affect the demand for overseas education by Chinese students. Additionally, Chinese students may also become less attracted to studying abroad for other reasons, such as improving domestic educational or employment opportunities associated with increased economic development in China. These factors could cause declines in the demand for our international program, which may adversely affect our revenue and profitability.

***We cannot assure you that the new China Liberal-branded schools that we intend to open in Beijing and in Italy will be opened as scheduled, if at all.***

We intend to open our own branded schools in Beijing at our current headquarters as well as in Italy later in 2019. However, we cannot assure you that either or both schools can obtain permits or licenses, if required, can enroll the viable number of students to ensure profits, can hire qualified teachers to teach the courses, or for our Italian location, can successfully cooperate with our local partner. Failure to accomplish any one or more of these factors could substantially delay the schools' openings, if the schools can be opened at all, and our results of operations and financial prospects may suffer substantially.

***Our smart campus solutions may not be accepted by the intended users of our products, which could harm our future financial performance.***

There can be no assurance that our smart campus solutions systems will achieve wide acceptance by our intended users, including management, teachers, and students of our current and future partnering schools. The degree of acceptance for products and services based on our technology will also depend upon a number of factors, such as whether we are able to meet and exceed the expectation of our users in speed and safety, availability of various functions, user-friendliness and the ability to integrate different user platforms and data. Long-term subscription of our products and services will also depend, in part, on the capabilities and operating features of our products and technologies as compared to those of other available products and services. As a result, there can be no assurance that currently available solutions will be able to achieve revenue growth or profitability, which could harm our future financial performance.

***We depend upon the development of new solutions and enhancements to existing solutions for our current and future partnering schools. If we fail to predict and respond to emerging technological trends and clients' and intended users' changing needs, our operating results and market share may suffer.***

The market for our smart campus solutions is characterized by rapidly changing technology, evolving industry standards, new product introductions, and evolving methods of building and maintaining our products. Our operating results depend on our ability to develop and introduce innovative products and to maintain the integrated system we have implemented. The process of developing new technology, including Software as a Service, or SaaS model cloud computing technology, more programmable, flexible and virtual networks, and technology related to other market transitions- such as security, digital transformation and IoT and IoE (Internet of Everything), and cloud- is complex and uncertain, and if we fail to accurately predict clients' and intended end users' changing needs and emerging technological trends our business could be harmed.

We may need to commit significant resources, including monetary investments and developer personnel to developing new products before knowing for sure whether such investments will result in products the intended end users' will accept. Similarly, our business could be harmed if we fail to develop, or fail to develop in a timely fashion, offerings to address other evolving needs, or if the offerings addressing these other transitions that ultimately succeed are based on technology, or an approach to technology, different from ours. In addition, our business could be adversely affected in periods surrounding the launch of new products if customers delay their purchasing decisions to evaluate the new product offerings.

Furthermore, we may not execute successfully on our vision or strategy because of challenges with regard to product planning and timing, technical hurdles that we fail to overcome in a timely fashion, or a lack of necessary resources. This could result in competitors, some of which are technology giants in the PRC, providing those solutions before we do, which in turn, causes us loss of market share, revenue, and earnings.

***Historically, the gross margin from the smart campus solutions line of business was lower than our other lines of business, and we cannot assure you that such line of business will be profitable in the foreseeable future, if at all.***

Historically, the gross margin from the smart campus solutions line of business was lower than our other lines of business, with gross margin of 6.5% in 2017 and gross margin of 19.7% in 2018. This is due to the nature of the smart campus solutions business, that is, higher cost associated with the customization of software, higher hardware facilities and device costs, and higher investment into the research and development of the technology serving the smart campus solutions. We cannot assure you that the profit margin will become higher in the future. Therefore, there can be no assurance that we can generate income from the smart campus solutions line of business, or that any income that we achieve can be sustained.

***We provide our technology consulting services to a limited number of schools for their smart campus solutions, and if we are not able to continue to secure agreements with some or all of these schools, or secure new agreements with other schools, our results of operations and financial condition may be materially and adversely affected.***

Currently, we provide our technology consulting services to two universities for smart campus hardware and software build-out or servers upgrade. We also provide smart campus solutions equipment procurement and installment services to three other universities. However, one or more of these universities may decide to terminate their agreements with us for reasons such as dissatisfaction of our services, a change of programs or curriculum, hiring of in-house tech support personnel, or simply not to choose us as their service provider after a project is completely. If any of these situations occur, we cannot assure you that we will be able to timely secure other service agreements with other schools, if at all, and therefore, our results of operations and financial condition may be materially and adversely affected.

***Our reputation in the job readiness training market relies heavily upon the student-employees trained by us remaining in their respective positions and performing in a satisfactory manner, which is not within our control. If these student-employees are not able to stay in their respective positions for a reasonable amount of time or are consistently not able to meet the employers' criteria, our reputation in the job readiness training market may suffer.***

While our job readiness training services are highly tailored in order to train the student-employees to meet the specific requirements of our contracted employers, there may be situations not within our control which may lead to a student-employee's leaving his/her position before the end of required length of services. Such situations may include a student-employee's voluntary resignation without good reason or his/her violation of the employer's internal guidelines and rules. Although such situations are not within our control, our reputation may be damaged if similar situations occur repeatedly.

***We do not generate revenues under our job readiness training until a student is successfully placed and we will not be fully paid by the employer until such student-employee stay with the employer for a set period of time. If a student-employee fails to stay in his/her position for an agreed upon amount of time, our results of operations and financial condition may be materially and adversely affected.***

Our business model under the job readiness training line of business is such that we will not start generating revenues until a student is successfully placed and starts working for the target employer. Once these conditions have been met, the employer will start paying us monthly starting at the end of the first month of employment for the fixed period of time set forth in our agreement with the employer. However, if a student-employee leaves due to voluntary resignation without good reason or is asked to leave before the end of the applicable length of services, we will not be compensated for the remaining months that such student-employee is not providing services. Although we typically sign a separate agreement with a student before providing training services whereby the student is required to pay us for any of such remaining months, we cannot assure you that he/she will perform this obligation fully according to such agreement, in which case our results of operations and financial condition may be materially and adversely affected.

***We have grown steadily and expect to continue to invest in our growth for the foreseeable future. If we fail to manage this growth effectively, the success of our business model will be compromised.***

We have experienced steady growth in net revenues in recent years, primarily driven by the diversifying of our core business while leveraging our network of trusted schools. Our net revenues grew by 22.8% from RMB 21 million (\$3,163,302) in 2016 to RMB 26.26 million (\$3,885,886) in 2017 and further increased by 23.8% to RMB 31.82 million (\$4,808,993) in 2018.

Our growth may place a significant strain on our sales and marketing capacities, administrative and operating infrastructure, facilities and other resources. To maintain our growth, we need to continue to acquire more partnering Sino-foreign programs or institutes, enroll more students, increase our academic and administrative faculty, as well as further developing and strengthening our software and systems. We will also be required to refine our operational, financial and management controls and reporting systems and procedures. If we fail to efficiently manage this expansion of our business, our costs and expenses may increase more than anticipated and we may not successfully attract a sufficient number of students and qualified academic and administrative faculty in a cost-effective manner, respond to competitive challenges, or otherwise execute our business plans. In addition, we may, as part of carrying out our growth strategies, adopt new initiatives to offer additional course packages and educational content and to implement new pricing models and strategies. We cannot assure you that these initiatives may achieve the anticipated results. These proposed changes may not be well received by our existing and prospective students, in which case their experience with our education services may suffer, which could damage our reputation and business prospect.

Our ability to effectively implement our strategies and manage any significant growth of our business will depend on a number of factors, including our ability to: (i) effectively market our products and services to potential partners and students with sufficient growth potential; (ii) develop and improve educational content to appeal to existing and prospective partners and students; (iii) maintain and increase our student enrollments; (iv) effectively recruit, train and motivate a large number of new employees, including our faculty members, foreign teachers and sales and marketing personnel; (v) successfully implement enhancements and improvements to our software and systems; (vi) continue to improve our operational, financial and management controls and efficiencies; (vii) protect and further develop our intellectual property rights; and (viii) make sound business decisions in light of the scrutiny associated with operating as a public company. These activities require significant capital expenditures and investment of valuable management and financial resources, and our growth will continue to place significant demands on our management. There are no guarantees that we will be able to effectively manage any future growth in an efficient, cost-effective and timely manner, or at all. Our growth in a relatively short period of time is not necessarily indicative of results that we may achieve in the future. If we do not effectively manage the growth of our business and operations, our reputation, results of operations and overall business and prospects could be negatively impacted.

***If we are unable to conduct sales and marketing activities cost-effectively, our results of operations and financial condition may be materially and adversely affected.***

We rely heavily on our sales and marketing efforts to increase student enrollment. Our sales and marketing expenses consist primarily of employee salaries and student enrollment. We incurred approximately \$541,424 and \$704,060, respectively, in sales and marketing expenses in 2017 and 2018. We expect our sales and marketing expenses to continue to increase in the future as we further expand our operations.

Our sales and marketing activities may not be well received by the market and may not result in the levels of sales that we anticipate. We also may not be able to retain or recruit a sufficient number of experienced sales and marketing personnel, or to train newly hired sales and marketing personnel, which we believe is critical to implementing our sales and marketing strategies cost-effectively. Further, sales and marketing approaches and tools in China's private education market are evolving rapidly. This requires us to continually enhance our sales and marketing approaches and experiment with new methods to keep pace with industry developments and student preferences.



Failure to engage in sales and marketing activities in a cost-effective manner may reduce our market share, cause our revenues and gross billings to decline, negatively impact our profitability, and materially harm our business, financial condition and results of operation.

***Part of our core business is seasonal and we have increased risk from disruption during peak periods which makes our operating results difficult to predict.***

We derive a significant portion of our net revenues from our Sino-foreign Jointly Managed Academic Programs, which typically occur around the commencement of an academic year in October and November. In addition, we typically see a “rush” to subscribe to our one-on-one consulting services by art students in June to December due to the annual registration cycle of overseas art schools, and thus, our net revenues from this core business fluctuate substantially accordingly. In addition, payments from our technology consulting services provided under the smart campus solutions typically settle at the end of a calendar year. Any shortfalls or disruptions in our operations during these peak periods, therefore, will have a disproportionately large impact on our annual operating results and the potential future growth of our business.

As a result of this seasonality, which corresponds to the academic calendar, our revenues fluctuate significantly quarter to quarter depending upon the timing of where we are in our “rush” cycle and sequential quarter-over-quarter comparisons of our revenues and operating results are to some extent not likely to be meaningful. In addition, our operating results from these two core businesses for any given quarter cannot be used as an accurate indicator of our results for the year. In particular, we anticipate that our ability to accurately forecast financial results for future periods will be most limited at the time we present our third quarter financial results, which will generally occur after the “rush” to subscription to our one-on-one courses in the spring and precede the fall academic year.

We base our operating expense budgets on expected net revenue trends. Operating expenses, similar to revenues and cost of revenues, fluctuate significantly quarter to quarter due to the seasonality of our business and are generally higher during the first and second quarters as we incur marketing expense in connection with our peak periods before the registration deadlines for art schools overseas as well as at the beginning of each academic year in the PRC. As a result, sequential quarterly comparison of our financial results has not been meaningful. We expect our seasonality to shift as a result of our continuous diversifying of our business by offering and maintaining our smart campus solution. Further, a portion of our expenses, such as office space lease obligations and personnel costs, are largely fixed and are based on our expectations of our peak levels of operations. We also intend to start enrolling students and offering preparation services to more art students on a much larger scale by operating our own branded schools in the PRC and in Italy, from which we expect more revenues to offset potential shortfall during off-peak periods. Nonetheless, we expect to continue to incur significant marketing expenses during peak periods and to have fixed expenses for office space and personnel and as such, we may be unable to adjust spending quickly enough to offset any unexpected revenues shortfall. Accordingly, any shortfall in net revenues may cause significant variation in operating results in any quarter.

***We face regulatory risks and uncertainties surrounding PRC laws and regulations governing the education industry in general, including the amendments to the Implementation Rules for the Law for Promoting Private Education.***

Our provision of Overseas Study Consulting Services offered language and art training to students, as advised by Tian Yuan Law Firm, our PRC legal counsel, is not considered running a private school, because we are not currently engaging in education that would lead to the issuance of a diploma, pre-school education, study assistance to students enrolled to take examinations for specific courses in order to obtain college degrees without attending conventional classroom-based universities, other cultural education or training of professional skills, or vocational qualifications, and thus, we are not a private school. Therefore, we are not required to hold a private school permit required under the Law for Promoting Private Education (2018) and the Implementation Rules for the Law for Promoting Private Education (2004) (collectively, “Private Education Law”).

Our plan to open and operate a China Liberal school, i.e., a for-profit private school, will subject us to the Private Education Law. Nonetheless, as advised by Tian Yuan Law Firm, the current PRC laws and regulations, including the Private Education Law, remain unclear as to whether the requirement for a private school operating permit is applicable to us, because in practice, private schools providing language and art training are usually not required to hold this permit.

The issuance of the draft submitted for approval for the amendment to the Implementation Rules for the Law for Promoting Private Education (the “MOJ Draft Amendments”) will make it clear that our planned China Liberal school in the PRC will not require a permit or approval, because this school will be providing language and art training to students, which is exempted from a permit or approval, and only a regular business recording with authority is required.

Nevertheless, we cannot assure you that the MOJ Draft Amendments will be adopted into law in its entirety without any revisions. Therefore, we cannot assure you that we will not be required to obtain a private school operating permit in the future. If the PRC government requires us to obtain a private school operating permit, and if we fail to do so and still operate the school, we may be subject to monetary fines up to five times the illegitimate gains generated from the provision of training services without a proper license, other administrative sanctions, such as being ordered to stop conducting our educational activities, refund tuition payments to the students, or criminal liabilities, for our lack of a private school operating permit.

We may also be subject to regulatory requirements that are more stringent than the ones currently applicable to us, including those relating to sales and marketing, courses and educational content offerings, teachers’ qualification, as well as tuition fee rates and tuition refund policies, or laws and regulations that require us to obtain and maintain additional licenses and permits, and we may incur substantial expenses or alter or change our business to comply with these requirements.

***We face regulatory risks and uncertainties associated with our teachers’ lack of teaching qualifications.***

Pursuant to the Detailed Rules for the Implementation of Supervision and Administration of For-profit Private Schools issued by the Ministry of Education, the Ministry of Human Resources and Social Security and the then State Administration for Industry and Commerce (the “Detailed Rules”), teachers employed by a for-profit private school shall obtain teaching licenses or hold relevant professional skill qualifications. The Detailed Rules do not specifically provide whether “teachers”, “tutors”, or however they may be called in practice (collectively, “teachers”) of non-school tutoring institutions shall obtain teaching licenses or other relevant teaching qualifications. However, the Detailed Rules require that for-profit private tutoring institutions shall also be regulated by reference to the Detailed Rules. Further, PRC laws and regulations do not explicitly set forth what “relevant professional skill qualifications” other than teaching licenses the teachers in private schools or tutoring institutions shall obtain. In practice, there may be various interpretations and implementations by local education authorities as to whether and what qualifications are to be obtained by such teachers.

As advised by Tian Yuan Law Firm, our PRC counsel, we do not believe that we are subject to the regulations of for-profit private schools because we do not provide education for diploma, pre-school education, study assistance to students enrolled to take examinations for specific courses in order to obtain college degrees without attending conventional classroom-based universities, other cultural education or training of professional skills, or vocational qualifications. However, since we also deliver language and art training to prepare students for their studies abroad, we may be deemed a for-profit tutoring institution by local education authorities. In such case, we may be subject to the Detailed Rules, and thus, our teachers may be required to obtain relevant professional skill qualifications by local education authorities. Although we have been maintaining high standards to recruit skilled and qualified employees, we cannot assure you that the teachers responsible for the foregoing language and art training would obtain all relevant qualifications required by local education authorities from time to time.

As of the date of this prospectus, we have not received any notice of warning or been subject to any penalties or disciplinary action from government authorities due to the teachers’ lack of qualifications. In the event that our teachers are required by laws or local education authorities to obtain certain specific qualifications, we may not be able to ensure that our teachers do so timely, if at all. Therefore, we may be ordered to rectify such noncompliance or subject to penalties under the then-effective PRC laws and regulations, in which case our business may be disrupted, and our financial condition, reputation and prospects would be materially and adversely affected.

***Our failure to obtain and maintain approval and permit related to publishing and selling our textbooks could have a material adverse impact on our business, financial conditions and results of operations.***

Pursuant to PRC laws and regulations related to publication, the publication and sale of our textbooks require government approval and permit, even though we limit the use of our textbooks to students enrolled under some of our Sino-foreign Jointly Managed Academic Programs. We have not applied for such government approval or permit. Although we are a course provider printing and distributing our own teaching materials at a small scale without obtaining any permit for publication and distribution, and although as of the date of this prospectus, we have not been subject to any fines or other form of regulatory or administrative penalties or sanctions due to the lack of any the above-mentioned approvals or permits, we cannot guarantee that the government authorities will not impose any penalties or sanctions on us in the future for any noncompliance in the past, which may include fines, mandates to remedy any violations, confiscation of the gains derived from the services for which approval or permit is required, an order to cease to provide such services and/or criminal liabilities, in which case, we could be subject to operational disruption and our financial condition and results of operations could be adversely affected.

***We have a limited history of operating some of our business lines.***

We have been operating the Sino-foreign Jointly Managed Academic Programs since 2011. However, we have only been offering one-on-one consulting services and technological consulting services for smart campus solutions since 2017, and job readiness training since late 2018. Our limited history of operating part or all of our business may not serve as an adequate basis for evaluating our future prospects and operating results, including gross billings, net revenue, cash flows and profitability.

***We may not be able to continue to recruit, train and retain a sufficient number of qualified faculty members.***

Our faculty members are key to the quality of our educational services, as well as our brand and reputation. Our ability to continue to attract faculty members with the necessary experience and qualifications is a key driver in the success of our business. We seek to recruit qualified faculty members who are dedicated to teaching and are able to stay up-to-date with ever-changing teaching methods and approaches.

Additionally, given that our services are provided to students with goals to study abroad, we tend to hire teachers with strong education background and qualifications. The market for the recruitment of faculty members in the PRC is competitive. In order to attract and recruit talents, we must provide candidates with competitive compensation packages and offer attractive career development opportunities. Although we have not experienced major difficulties in recruiting or training qualified teachers in the past, we cannot guarantee that we will be able to continue to recruit, train and retain a sufficient number of qualified faculty members in the future as we continue to expand our business, which may have a material adverse effect on our business, financial condition and results of operations.

***Our failure to obtain and maintain permit related to human resources services could have a material adverse impact on our business, financial conditions and results of operations.***

Pursuant to the Interim Regulations on Human Resources Market, effective as of October 1, 2018, any for-profit human resources service provider shall obtain approval from the administrative department of human resources and social security to conduct human resources services. We recommend foreign teachers based on certain standards found in our agreements with partner universities or programs. We recommended three foreign teachers in 2016, three foreign teachers in 2017 and one foreign teacher in 2018, which may subject us to the qualification requirements of a human resources services provider. However, we have ceased to recommend new foreign teachers since 2019. Besides, as of the date of this prospectus, we have not been subject to any fines or other form of regulatory or administrative penalties or sanctions due to the lack of such approval or permit. Nevertheless, due to the broad provisions and discretionary implementation of the PRC laws, we cannot guarantee that the government authorities will not impose any penalties or sanctions on us in the future for any noncompliance in the past, which may include fines, mandates to remedy any violations, confiscation of the gains derived from the services for which approval or permit is required, and/or an order to cease to provide such services, in which case, we could be subject to operational disruption and our financial condition and results of operations could be adversely affected.

***Failure to adequately and promptly respond to changes in the exams our students must take or in the requirements our students must meet to pursue their desired degrees or schools could cause our education services to be less attractive to our students.***

There have been continuous changes in the curriculum requirements associated with, and the format of, the exams our existing and prospective students must take to pursue their desired degrees or schools, the manner in which the exams are administered, topics frequently tested in the exams, as well as the materials and documents students must submit for admission. These changes require us to continually update and enhance our course offerings, our educational and consultancy content and our teaching methods. Any inability to track and respond to these changes in a timely and cost-effective manner would make our education services less attractive to students, which may materially and adversely affect our reputation and ability to continue to attract students without a significant decrease in our tuition.

***Delays or failures in responding to issues raised by end users of our platforms could harm our operations.***

The performance and reliability of our platforms used by management, teachers and students is critical to our operations and reputation. We provide our campus management, teaching and/or learning platforms to our partnering schools and we rely on our end users to promptly give us feedback regarding their user experience as well as any issues in connection with such platforms. However, there may be delay in feedback from these end users, or delay or failure on our end to address such issues. These could damage our reputation, decrease end user satisfaction, negatively impact our current cooperating relationships, adversely impact our ability to attract new partners, and materially disrupt our operations. If any of these occur, our business operations, reputation and prospects could be harmed.

***Our business depends on the continued success of our brand “China Liberal,” and if we fail to maintain and enhance recognition of our brand, we may face difficulty enrolling new students, and our reputation and operating results may be harmed.***

We believe that market awareness of our brand “China Liberal” has contributed significantly to the success of our business. Maintaining and enhancing our brand are critical to our efforts to grow our business. Failure to maintain and enhance our brand recognition could have a material and adverse effect on our business, operating results and financial condition. We have devoted significant resources to our brand promotion efforts in recent years, but we cannot assure you that these efforts will be successful. If we are unable to further enhance our brand recognition, or if we incur excessive marketing and promotion expenses, or if our brand image is negatively impacted by any negative publicity, our business and results of operations may be materially and adversely affected.

***If we fail to effectively identify, pursue and consummate strategic alliances or acquisitions, our ability to grow and to achieve profitability could be impacted.***

We may from time to time engage in evaluations of, and discussions with, possible domestic and international acquisition or alliance candidates, including our business partner Linguaviva Educational Group in Italy. We may not be able to identify suitable strategic alliances or acquisition opportunities, complete such transactions on commercially favorable terms, or successfully integrate business operations, infrastructure and management philosophies of acquired businesses and companies. There may be particular complexities, regulatory or otherwise, associated with our expansion into new markets, and our strategies may not succeed beyond our current markets. If we are unable to effectively address these challenges, our ability to execute acquisitions as a component of our long-term strategy will be impaired, which could have an adverse effect on our growth.

***We face intense competition in our industry, which could divert student to our competitors, lead to pricing pressure and loss of market share, and significantly reduce our gross billings and net revenues.***

China’s education market targeting students going overseas is intensely competitive. We compete with other Chinese education service providers engaged in Sino-foreign Jointly Managed Academic Programs and overseas study consultancy, for student enrollments and acquisition, high-quality academic and administrative faculty, and sales and marketing personnel, among other things. Some of our current and future competitors may have substantially greater name recognition and financial and other resources than we do, which may enable them to compete more effectively for potential students and decrease our market share. We also expect to face competition as a result of new entrants particularly those who provide consultancy services targeting art students.

We may not be able to compete successfully against current or future competitors and may face competitive pressures that could adversely affect our business or results of operations. The increasingly competitive landscape may also result in longer and more complex sales cycles with a prospective student or a decrease in our market share, any of which could negatively affect our gross billings and net revenues and our ability to grow our business.

***If our security measures are breached or fail and result in unauthorized disclosure of data by our employees, we could lose existing partners, fail to attract new partners and be exposed to protracted and costly litigation.***

Maintaining software and system security is of critical importance to our partnering schools and our end users because the system stores and transmits proprietary and confidential information, including sensitive personally identifiable information that may be subject to stringent legal and regulatory obligations. As a technology driven smart campus solutions provider, we face continuous security threats to our system, including unauthorized activity and access by our employees, system viruses, worms, malicious code and organized cyberattacks, which could breach our security and disrupt our business. We take the proprietary and confidential information of our Company, our partners and our end users seriously. Each of our employees is required to sign and is abide by an employment agreement that contains standard confidentiality agreements. Our employees are also required to attend internal continuing training sessions. Additionally, our research and development personnel regularly monitor and maintain our software and system. We intend to, in the near future, establish a team of maintenance personnel to conduct real-time monitoring. These measures, however, may not be as effective as we anticipate. If our security measures are breached or fail as a result of third-party action, employee error, malfeasance or otherwise, we could be subject to liability or our business could be interrupted, potentially over an extended period of time. Any or all of these issues could harm our reputation, adversely affect our ability to maintain existing partners or attract prospective partners, or subject us to third-party lawsuits, regulatory fines or other action or liability. Further, any reputational damage resulting from breach of our security measures could create distrust of our company by prospective partners or investors. We may be required to expend significant additional resources to protect against the threat of these disruptions and security breaches or to alleviate problems caused by such disruptions or breaches.

***We rely heavily on Aliyun, a cloud-based server provider to provide server service to us. Any interruption to such service could significantly disrupt our operations.***

A vast majority of our data, codes and solutions is stored on the cloud-based service platform, Aliyun, we subscribe to. Although the use of such service is perceived to have lower risks than a conventional physical server, we may still face risks such as closure or discontinuity of services without adequate notice, financial difficulties (such as bankruptcy) faced by the server provider or their contractor(s), or any system vulnerability or security risk that are not timely fixed by Aliyun, which may have negative effects on our business, the nature and extent of which are difficult to predict.

***Privacy concerns could limit our ability to collect and leverage our user data and disclosure of user data could adversely impact our business and reputation.***

In the ordinary course of our business and in particular in connection with the technological consulting services provided under smart campus solutions, we collect and utilize data supplied by our users. We currently face certain legal obligations regarding the manner in which we treat such information. Increased regulation of data utilization practices, including self-regulation or findings under existing laws that limit our ability to collect, transfer, integrate and use data, could have an adverse effect on our business. Failure to comply with these obligations could subject us to liability, and to the extent that we need to alter our business model or practices to adapt to these obligations, we could incur additional expenses.

***Our success depends on the continuing efforts of our senior management team and other key employees.***

We depend on the continued contributions of our senior management and other key employees. The loss of the services of any of our senior management or other key employees could harm our business. Competition for qualified talents in the PRC is intense. If one or more of our senior management or other key employees are unable or unwilling to continue in their present positions, we may not be able to find replacements in a timely manner, or at all, and our business may be disrupted. Moreover, if any member of our senior management team or any of our other key personnel joins a competitor or forms or invests in a competing business, we may lose student enrollment, qualified teaching faculty members and other key sales and marketing personnel to our competitors. Our future success is also dependent on our ability to attract a significant number of qualified employees and retain existing key employees. If we are unable to do so, our business and growth may be materially and adversely affected. Our need to significantly increase the number of our qualified employees and retain key employees may cause us to materially increase compensation-related costs, including share-based compensation.

***We may from time to time be subject to infringement claims relating to intellectual properties of third parties.***

We cannot assure you that our course offerings, educational contents, textbooks, software and platforms do not or will not infringe upon copyrights or other intellectual property rights held by third parties. We may encounter disputes from time to time over rights and obligations concerning intellectual properties, and we may not prevail in those disputes.

We have adopted policies and procedures to prohibit our users, students and employees from infringing upon third-party copyright or intellectual property rights. However, we cannot ensure that they will not, against our policies, use third-party copyrighted materials or intellectual property without proper authorization. We may incur liability for unauthorized duplication or distribution of materials posted used in our classes or posted on our platforms. Any intellectual property infringement claim could result in costly litigation and divert our management attention and resources, which in turn could negatively affect our business, financial condition and prospect.

***If we fail to protect our intellectual property rights, our brand and business may suffer.***

We rely on a combination of copyright, trademark and trade secret laws and restrictions on disclosure to protect our intellectual property rights. Although we seek to obtain copyright or trademark protection for our intellectual property when applicable, it is possible that we may not be able to do so successfully or that the copyright or trademark we have obtained may not be sufficient to protect all of our intellectual property rights. In particular, we rely, to a significant extent, upon our educational content developed in-house, including textbooks and teaching materials, course syllabi and outlines, quiz banks, and teaching notes, to provide high-quality education services. Additionally, we have developed and will continue to develop and maintain our copyrighted software offered within our smart campus solution. Despite our efforts to protect our intellectual property rights, unauthorized parties may attempt to copy or duplicate our intellectual property or otherwise use our intellectual properties without obtaining our consent. For example, unauthorized third parties may use our “China Liberal” brand to operate similar businesses, or to make illegal copies of our textbooks and teacher materials for market resale. Monitoring unauthorized use of our intellectual property is difficult and costly, and we cannot be certain that the steps we have taken will effectively prevent misappropriation of our intellectual properties. If we are not successful in protecting our intellectual property rights, our business and results of operations may be adversely affected.

***Our end users may engage in intentional or negligent misconduct or other improper activities or misuse our software and systems, which could harm our brand and reputation.***

We are exposed to the risk of fraud or other misconduct committed by the end users of our software and systems. The PRC laws governing the fair use of these third-party materials are imprecise and adjudicated on a case-by-case basis, which makes it challenging for us to adopt and implement policies governing these practices. We could, as a result, incur liability to third parties for the unauthorized duplication, distribution or other use of these materials. Any such claims could subject us to costly litigation and impose a significant strain on our financial resources and attention of management personnel regardless of whether the claims have merit. Additionally, we may be required to alter or cease our uses of such materials, which may include changing or removing content from courses or altering the functionality of our platform, or to pay monetary damages. Fraud or other misconduct by our students, employees or third parties may also involve engaging in unauthorized misrepresentation to our potential students and misappropriating third-party intellectual property and other proprietary rights during marketing activities, misusing sensitive personal information of our students, and engaging in bribery or other unlawful payments, any of which could result in customer complaints, regulatory and legal liabilities, as well as serious harm to our brand and reputation.

***If we fail to implement and maintain an effective system of internal controls, we may be unable to accurately or timely report our results of operations or prevent fraud, and investor confidence and the market price of our Ordinary Shares may be materially and adversely affected.***

Prior to this offering, we were a private company with limited accounting personnel and other resources with which to address our internal controls and procedures. Our management has not completed an assessment of the effectiveness of our internal controls over financial reporting, and our independent registered public accounting firm has not conducted an audit of our internal control over financial reporting. In the course of auditing our consolidated financial statements as of December 31, 2018 and for the year ended December 31, 2018, we and our independent registered public accounting firm identified four material weaknesses in our internal control over financial reporting and other control deficiencies as of December 31, 2018. A “material weakness” is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company’s annual or interim financial statements will not be prevented or detected on a timely basis.

The material weaknesses identified relate to (i) a lack of accounting staff and resources with appropriate knowledge of generally accepted accounting principles in the United States (“U.S. GAAP”) and SEC reporting and compliance requirements; (ii) a lack of sufficient documented financial closing policies and procedures; (iii) a lack of independent directors and an audit committee; and (iv) a lack of an effective review process by the accounting manager.

Following the identification of the material weaknesses and control deficiencies, we plan to continue to take remedial measures including (i) hiring more qualified accounting personnel with relevant U.S. GAAP and SEC reporting experience and qualifications to strengthen the financial reporting function and to set up a financial and system control framework; (ii) implementing regular and continuous U.S. GAAP accounting and financial reporting training programs for our accounting and financial reporting personnel; (iii) setting up an internal audit function as well as engaging an external consulting firm to assist us with assessment of Sarbanes-Oxley compliance requirements and improvement of overall internal control; and (iv) appointing independent directors, establishing an audit committee, and strengthening corporate governance.

We have taken measures and plan to continue to take measures to remedy these material weaknesses. The implementation of these measures may not fully address the material weaknesses in our internal control over financial reporting, and we cannot conclude that they have been fully remedied. Our failure to correct these material weaknesses or our failure to discover and address any other material weaknesses could result in inaccuracies in our financial statements and could also impair our ability to comply with applicable financial reporting requirements and related regulatory filings on a timely basis. As a result, our business, financial condition, results of operations and prospects, as well as the trading price of our Ordinary Shares, may be materially and adversely affected. Moreover, ineffective internal control over financial reporting significantly hinders our ability to prevent fraud.

Upon the completion of this offering, we will become a public company in the United States subject to the Sarbanes-Oxley Act of 2002. Section 404 of the Sarbanes-Oxley Act of 2002, or Section 404, will require that we include a report from management on our internal control over financial reporting in our annual report on Form 20-F beginning with our annual report for the fiscal year ending December 31, 2019. In addition, once we cease to be an “emerging growth company” as such term is defined in the JOBS Act, our independent registered public accounting firm must attest to and report on the effectiveness of our internal control over financial reporting. Our management may conclude that our internal control over financial reporting is not effective. Moreover, even if our management concludes that our internal control over financial reporting is effective, our independent registered public accounting firm, after conducting its own independent testing, may issue a report that is qualified if it is not satisfied with our internal controls or the level at which our controls are documented, designed, operated or reviewed, or if it interprets the relevant requirements differently from us. In addition, after we become a public company, our reporting obligations may place a significant strain on our management, operational and financial resources and systems for the foreseeable future. We may be unable to timely complete our evaluation testing and any required remediation.

During the course of documenting and testing our internal control procedures, in order to satisfy the requirements of Section 404, we may identify weaknesses and deficiencies in our internal control over financial reporting. In addition, if we fail to maintain the adequacy of our internal control over financial reporting, as these standards are modified, supplemented or amended from time to time, we may not be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404. Generally speaking, if we fail to achieve and maintain an effective internal control environment, we could suffer material misstatements in our financial statements and fail to meet our reporting obligations, which would likely cause investors to lose confidence in our reported financial information. This could in turn limit our access to capital markets, harm our results of operations and lead to a decline in the trading price of our Ordinary Shares, if and when they trade. Additionally, ineffective internal control over financial reporting could expose us to increased risk of fraud or misuse of corporate assets and subject us to potential delisting from the stock exchange on which we list, regulatory investigations and civil or criminal sanctions.

***Failure to qualify for or obtain any preferential tax treatments that are available in China could adversely affect our results of operations and financial condition.***

The modified Enterprise Income Tax Law, effective on February 24, 2017, or the EIT Law, and its implementation rules generally impose a uniform income tax rate of 25% on all enterprises, but grant preferential treatment to “high and new technology enterprises strongly supported by the state,” or HNTEs, to enjoy a preferential enterprise tax rate of 15%. China Liberal Beijing is currently accredited as an HNTE. According to the relevant administrative measures, to qualify as an “HNTE,” China Liberal Beijing must meet certain financial and non-financial criteria and complete verification procedures with the administrative authorities. Continued qualification as an HNTE is subject to a three-year review by the relevant government authorities in China, and in practice certain local tax authorities also require annual evaluation of the qualification. In the event that China Liberal Beijing fails to obtain accreditation as HNTE or are not verified by the local tax authorities, it will be subject to the standard PRC enterprise income tax rate of 25%.

***We will incur increased costs as a result of being a public company, particularly after we cease to qualify as an “emerging growth company.”***

Upon completion of this offering, we will become a public company and expect to incur significant legal, accounting and other expenses that we did not incur as a private company. The Sarbanes-Oxley Act of 2002, as well as rules subsequently implemented by the SEC and the NASDAQ, impose various requirements on the corporate governance practices of public companies. As a company with less than US\$1.07 billion in revenues for our last fiscal year, we qualify as an “emerging growth company” pursuant to the JOBS Act. An emerging growth company may take advantage of specified reduced reporting and other requirements that are otherwise applicable generally to public companies. These provisions include exemption from the auditor attestation requirement under Section 404 of the Sarbanes-Oxley Act of 2002, or Section 404, in the assessment of the emerging growth company’s internal control over financial reporting. The JOBS Act also permits an emerging growth company to delay adopting new or revised accounting standards until such time as those standards apply to private companies.

After we are no longer an “emerging growth company,” we expect to incur significant expenses and devote substantial management effort toward ensuring compliance with the requirements of Section 404 and the other rules and regulations of the SEC. For example, as a result of becoming a public company, we will need to increase the number of independent directors and adopt policies regarding internal controls and disclosure controls and procedures. We also expect that operating as a public company will make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. In addition, we will incur additional costs associated with our public company reporting requirements. It may also be more difficult for us to find qualified persons to serve on our Board of Directors or as executive officers. We are currently evaluating and monitoring developments with respect to these rules and regulations, and we cannot predict or estimate with any degree of certainty the amount of additional costs we may incur or the timing of such costs.

***We may grant share incentives, which may result in increased share based compensation expenses.***

We believe the granting of share-based awards is of significant importance to our ability to attract and retain key personnel and employees, and we may grant share-based awards in the future. As a result, we may start to incur expenses associated with share-based compensation, which may have an adverse effect on our results of operations.

***Failure to make adequate contributions to various government-sponsored employee benefits plans as required by PRC regulations may subject us to penalties.***

Companies operating in China are required to participate in various government-sponsored employee benefit plans, including certain social insurance, housing funds and other welfare-oriented payment obligations, and contribute to the plans in amounts equal to specified percentages of salaries, including bonuses and allowances, of employees up to a maximum amount specified by the local government from time to time at locations where our employees are based. The requirements of employee benefit plans have not been implemented consistently by the local governments in China given the different levels of economic development in different regions. We did not pay, or were not able to make, certain social insurance or housing fund contributions for all of our employees and the amount we paid was lower than the requirements of relevant PRC regulations. Our failure in making contributions to social security and housing providence fund plans and in complying with applicable PRC labor-related laws may subject us to penalties and/or late payment fees, as the case maybe, in addition to the payment of outstanding contributions for these plans, e.g., the failure to contribute full payment to the social security funds and subsequent refusal to make up the payment within specified time limit may lead to fines amounting to one to three times the unpaid amount. If we are subject to late fees or fines in relation to the underpaid employee benefits, our financial condition and results of operations may be adversely affected. In addition, to the extent that we can make a reasonable estimate of the liability arising from our failure in making full contributions to various employee benefit plans, we record a related contingent liability. However, the amount of our estimates may be inaccurate, in which case our financial condition and cash flow may be adversely affected if we were to pay late fees or fines in relation to the underpaid employee benefits.

***Increases in labor costs in the PRC may adversely affect our business and results of operations.***

The currently effective PRC Labor Contract Law was first adopted on June 29, 2007 and later amended on December 28, 2012. The PRC Labor Contract Law has reinforced the protection of employees who, under the PRC Labor Contract Law, have the right, among others, to have written employment contracts, to enter into employment contracts with no fixed term under certain circumstances, to receive overtime wages and to terminate or alter terms in labor contracts. Furthermore, the PRC Labor Contract Law sets forth additional restrictions and increases the costs involved with dismissing employees. To the extent that we need to significantly reduce our workforce, the PRC Labor Contract Law could adversely affect our ability to do so in a timely and cost-effective manner, and our results of operations could be adversely affected. In addition, for employees whose employment contracts include noncompetition terms, the PRC Labor Contract Law requires us to pay monthly compensation after such employment is terminated, which will increase our operating expenses.



In addition, we are required by PRC laws and regulations to maintain social insurance registration and open housing fund accounts with the relevant governmental authorities and pay for various statutory employee benefits, including pensions, housing fund, 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 of the requisite statutory employee benefits, and those employers who fail to make adequate payments may be subject to late payment fees, fines and/or other penalties. If we fail to make adequate social insurance and housing fund contributions, we may be subject to fines and legal sanctions, and our business, financial condition and results of operations may be adversely affected. We expect that our labor costs, including wages and employee benefits, will continue to increase. Unless we are able to pass on these increased labor costs to our customers by increasing the prices of our products and services, our financial conditions and results of operations would be materially and adversely affected.

***We may not be able to renew leases or control rent increases at our existing locations at reasonable terms.***

We lease all real properties used by us, except our Hangzhou office, where we are allowed to use the office free of charge because of our cooperation relationship with China Academy of Art. We lease from Beijing Sino-U.S. Star International Film & Television Culture Media Co., Ltd. for our headquarters location, which is currently the location where we provide one-on-one consultancy services, as well as the location we intend to host our school in the near future.

The term of this lease is for four years, expiring May 31, 2022, and is renewable upon six months notice by the Company. However, there is no assurance that the lessor will agree to renew the lease at the level of rent or at a price that is acceptable to us. Similarly, leases for our Beijing Tongzhou District location and our Fuzhou location require us to re-negotiate in order to keep those leases, and the lease for our Ji'nan location does not set forth terms and provisions relating to renewal. Therefore, there is no assurance that the lessors of these locations will agree to sign new leases with us at the level of rent or at a price that is acceptable to us, if at all. There is also no assurance that China Academy of Art will continue to allow us to use their office free of charge. As a result, we may fail to reach agreements for rental prices or otherwise fail to continue to lease or use one or more of these properties. We may be forced to relocate the affected operations to a new location or pay substantially higher rent, which could involve substantial rent increases and material business interruptions.

In addition, we cannot assure you that the lessors or the owner of our offices have duly obtained the title certificates of the properties subject to our leases or otherwise have the right to lease the properties. If any of our leases or our rights to occupy and use were terminated as a result of challenges by third-parties or governmental authorities, we may be forced to relocate the affected operations and incur significant expenses. There is no assurance that we may find suitable replacement sites in a timely manner on terms acceptable to us.

As of the date of this prospectus, we are not aware of any actions, claims or investigations being contemplated by or pending before any governmental authorities with respect to our leased or occupied properties. We have not received any notice of claim from any third-party for our use of such leased or occupied properties. However, if any of these risks materializes, our business, financial condition and results of operations may be materially and adversely affected. See “Business—Facilities/Properties” for more information.

***Accidents or injuries may occur at our properties, which could affect our reputation and student retention and enrollment.***

We could be held liable for the accidents or injuries or other harm to students or other people at our locations, including those caused by or otherwise arising in connection with our facilities or employees. We could also face claims alleging that we were negligent, provided inadequate maintenance to our facilities or supervision to our employees and therefore should be held liable for accidents or injuries suffered by our students or other people at our schools. Our schools may be perceived to be unsafe, which may discourage prospective students from enrolling in our services. Although we maintain certain liability insurance, this insurance coverage may not be adequate to fully protect us from these kinds of claims. In addition, we may not be able to obtain liability insurance in the future at reasonable prices or at all. A liability claim against us or any of our employees could adversely affect our reputation and student enrollment and retention. Even if unsuccessful, such a claim could create unfavorable publicity, cause us to incur substantial expenses and divert the time and attention of our management.

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

Insurance companies in China currently do not offer as extensive an array of insurance products as insurance companies in more developed economies. Currently, we do not have any business liability or disruption 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. As a result, we do not have any liability, business interruption, litigation or property insurance coverage for our operations in China. 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 face risks related to natural disasters, extreme weather conditions, health epidemics and other catastrophic incidents, which could significantly disrupt our operations.***

In the past, China has experienced significant natural disasters, including earthquakes, extreme weather conditions, as well as health scares related to epidemics, and any similar event could materially impact our business in the future. If a disaster or other disruption were to occur in the future that affects the regions where we operate our business, our operations could be materially and adversely affected due to loss of personnel, damages to property and insufficient student enrollments. Even if we are not directly affected, such a disaster or disruption could affect the operations or financial condition of our ecosystem participants, which could harm our results of operations.

In addition, our business could be affected by public health epidemics. If any of our employees or if one or more of our students who receive our services in person (for example, those students enrolled in our one-on-one consulting services program) is suspected of having contracted a contagious disease, we may be required to apply quarantines or suspend our operations. Furthermore, any future outbreak may restrict economic activities in affected regions, resulting in reduced business volume, temporary closure of our offices or other disruptions of our business operations and adversely affect our results of operations.

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

***In the event we are presented with business combination opportunities, we may be unable to complete such transactions efficiently or on favorable terms due to complicated merger and acquisition regulations and certain other PRC regulations***

On August 8, 2006, six PRC regulatory authorities, including MOFCOM, the State Assets Supervision and Administration Commission, SAT, SAIC, CSRC and SAFE, jointly issued the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (the “M&A Rules”), which became effective on September 8, 2006 and was amended in June 2009. The M&A Rules, governing the approval process by which foreign investors merge with PRC business entities or acquire PRC assets and/or equity interests in PRC business entities, require the PRC parties to make a series of applications and supplemental applications to PRC government authorities, depending on the structure of the transaction. In some instances, the application process may require presentation of economic data concerning a transaction, including appraisal of the target business and evaluation of the acquirer, which are designed to allow the government to assess the transaction. Accordingly, due to the M&A Rules, our ability to engage in cross-border business combination transactions has become significantly more complicated, time-consuming and expensive, and we may not be able to negotiate a transaction that is acceptable to our shareholders or sufficiently protect their interests in such transaction.

The M&A Rules allow PRC government agencies to assess the economic terms of a business combination transaction. Parties to a business combination transaction may have to submit to MOFCOM and other relevant government agencies an appraisal report, an evaluation report and the acquisition agreement, all of which form part of the application for approval, depending on the structure of the transaction. The M&A Rules also prohibit a transaction at an acquisition price obviously lower than the appraised value of the PRC business or assets in order to prevent disguised transfer of capital from China to foreign countries, and in certain structures, among others, in the structures where foreign investors merge with Chinese enterprises and establish foreign-invested enterprises, require that considerations must be paid within defined periods, generally not in excess of a year after the business license of the foreign-invested enterprise has been issued. In addition, the M&A Rules also limit our ability to negotiate various terms of the acquisition, including aspects of the initial consideration, contingent consideration, holdback provisions, indemnification provisions and provisions relating to the assumption and allocation of assets and liabilities. Transaction structures involving trusts, nominees and similar entities are prohibited. Moreover, the Anti-Monopoly Law of the People’s Republic of China, effective as of August 1, 2008, and relevant implementation rules require that the MOC be notified in advance of any of concentrations of undertaking if certain turnover thresholds are triggered. Besides, Notice of the General Office of the State Council on the Establishment of the Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, issued on February 3, 2011 and became effective on March 3, 2011 establishes a security review system for merger and acquisition of domestic companies by foreign investors. These security review rules 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 MOC, and the rules prohibit any activities attempting to bypass a security review, including by structuring the transaction through a proxy or contractual control arrangement. Therefore, such regulation may impede our ability to negotiate and complete a business combination transaction on legal and/or financial terms that satisfy our investors and protect our shareholders’ economic interests.

***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. Our corporate affairs are governed by our memorandum and articles of association, the Companies Law (2018 Revision) of the Cayman Islands and the common law of the Cayman Islands. The rights of shareholders to take action against our directors, actions by our 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 have 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 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 lists of shareholders of these companies. Our directors have discretion under our articles of association that will become effective immediately prior to completion of this offering 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.

As a result of all of the above, our 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 Securities to be Registered.”

***You may be unable to present proposals before annual general meetings or extraordinary general meetings not called by shareholders.***

Cayman Islands law provides shareholders with only limited rights to convene a general meeting, and does not provide shareholders with any right to put any proposal before a general meeting. However, these rights may be provided in a company’s articles of association. Our articles of association allow our shareholders holding shares representing in aggregate not less than one third of our voting share capital in issue, to convene a general meeting of our shareholders, in which case our directors are obliged to call such meeting. Advance notice of at least ten clear days is required for the convening of our general meetings. A quorum required for a meeting of shareholders consists of at least one shareholder present or by proxy, representing not less than one-third in nominal value of the total issued voting shares in the Company.

***Recently introduced economic substance legislation of the Cayman Islands may impact the Company or its operations***

The Cayman Islands, together with several other non-European Union jurisdictions, have recently introduced legislation aimed at addressing concerns raised by the Council of the European Union as to offshore structures engaged in certain activities which attract profits without real economic activity. Effective January 1, 2019, the International Tax Co-operation (Economic Substance) Law, 2018 (the “Substance Law”) and issued Regulations and Guidance Notes came into force in the Cayman Islands introducing certain economic substance requirements for “relevant entities” which are engaged in certain “relevant activities,” which in the case of exempted companies incorporated before January 1, 2019, will apply in respect of fiscal years commencing July 1, 2019, onwards. A “relevant entity” includes an exempted company incorporated in the Cayman Islands; however, it does not include an entity that is tax resident outside the Cayman Islands. Accordingly, for so long as the Company is a tax resident outside the Cayman Islands, it is not required to satisfy the economic substance test. Although it is presently anticipated that the Substance Law will have little material impact on the Company or its operations, as the legislation is new and remains subject to further clarification and interpretation it is not currently possible to ascertain the precise impact of these legislative changes on the Company.

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

We are a Cayman Islands company and substantially all of our assets are located outside of the United States. Substantially all of our current operations are conducted in the PRC. In addition, most 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 the PRC 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 the PRC, see “Enforceability of Civil Liabilities.”

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

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

Substantially all of our assets and operations are located in the PRC. Accordingly, our business, financial condition, results of operations and prospects may be influenced to a significant degree by political, economic and social conditions in the PRC generally. The Chinese economy differs from the economies of most developed countries in many respects, including the level of government involvement, development, growth rate, control of foreign exchange and allocation of resources. Although the Chinese government has implemented measures 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, a substantial portion of productive assets in the PRC is still owned by the government. In addition, the Chinese government continues to play a significant role in regulating industry development by imposing industrial policies. The Chinese government also exercises significant control over the PRC's economic growth through allocating resources, controlling payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies.

While the Chinese economy has experienced significant growth over past decades, growth has been uneven, both geographically and among various sectors of the economy. Any adverse changes in economic conditions in the PRC, in the policies of the Chinese government or in the laws and regulations in the PRC could have a material adverse effect on the overall economic growth of the PRC. Such developments could adversely affect our business and operating results, lead to a reduction in demand for our services and adversely affect our competitive position. The Chinese government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures may benefit the overall Chinese economy, but may have a negative effect on us. For example, our financial condition and results of operations may be adversely affected by government control over capital investments or changes in tax regulations. In addition, in the past the Chinese government has implemented certain measures, including interest rate adjustment, to control the pace of economic growth. These measures may cause decreased economic activity in the PRC, which may adversely affect our business and operating results.

### ***Uncertainties with respect to the PRC legal system could adversely affect us.***

The PRC legal system is a civil law system based on written statutes. Unlike the common law system, prior court decisions under the civil law system may be cited for reference but have limited precedential value.

In 1979, the PRC government began to promulgate a comprehensive system of laws and regulations governing economic matters generally. The overall effect of legislation over the past three decades has significantly enhanced the protections afforded to various forms of foreign investments in the PRC. However, the PRC has not developed a fully integrated legal system, and recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in the PRC. In particular, the interpretation and enforcement of these laws and regulations involve uncertainties. Since PRC administrative and court authorities have significant discretion in interpreting and implementing statutory provisions and contractual terms, it may be difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we enjoy. These uncertainties may affect our judgment on the relevance of legal requirements and our ability to enforce our contractual rights or tort claims. In addition, these regulatory uncertainties may be exploited through unmerited or frivolous legal actions or threats in attempts to extract payments or benefits from us.

Furthermore, the PRC legal system is based in part on government policies and internal rules, some of which are not published on a timely basis or at all and may have a retroactive effect. As a result, we may not be aware of our violation of any of these policies and rules until sometime after the violation. In addition, any administrative and court proceedings in the PRC may be protracted, resulting in substantial costs and diversion of resources and management attention.

### ***You may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing actions in China against us or our management named in the prospectus based on foreign laws.***

We conduct substantially all of our operations in China, and substantially all of our assets are located in China. In addition, our CEO, Mr. Jianxin Zhang and our CFO, Mr. Wenhui Zhuang reside within China for a significant portion of the time and are PRC nationals. As a result, it may be difficult for our shareholders to effect service of process upon us or those persons inside the PRC. In addition, the PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the Cayman Islands and many other countries and regions. Therefore, recognition and enforcement in the PRC of judgments of a court in any of these non-PRC jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or impossible.

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

We rely principally on dividends and other distributions on equity from our PRC subsidiaries for our cash requirements, including for services of any debt we may incur.

Our PRC subsidiary's ability to distribute dividends is based upon its distributable earnings. Current PRC regulations permit our PRC subsidiaries to pay dividends to its respective shareholders 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 its after-tax profits each year, if any, to fund a statutory reserve until such reserve reaches 50% of its registered capital. Each of our PRC subsidiaries as a Foreign Invested Enterprise, or FIE, is also required to further set aside a portion of its after-tax profits to fund the employee welfare fund, although the amount to be set aside, if any, is determined at its discretion. These reserves are not distributable as cash dividends. If our PRC operating subsidiary incur 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. Any limitation on the ability of our PRC subsidiaries to distribute dividends or other payments to their respective shareholders could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our businesses, pay dividends or otherwise fund and conduct our business.

In addition, the Enterprise Income Tax 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.

***The custodians or authorized users of our controlling non-tangible assets, including chops and seals, may fail to fulfill their responsibilities, or misappropriate or misuse these assets.***

Under the PRC law, legal documents for corporate transactions, including agreements and contracts 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 relevant PRC industry and commerce authorities.

In order to secure the use of our chops and seals, we have established internal control procedures and rules for using these chops and seals. In any event that the chops and seals are intended to be used, the responsible personnel will submit the application through our office automation system and the application will be verified and approved by authorized employees in accordance with our internal control procedures and rules. In addition, in order to maintain the physical security of our chops, we generally have them stored in secured locations accessible only to authorized employees. Although we monitor such authorized employees, the procedures may not be sufficient to prevent all instances of abuse or negligence. There is a risk that our employees could abuse their authority, for example, by entering into a contract not approved by us or seeking to gain control of our PRC operating subsidiary. If any employee obtains, misuses or misappropriates our chops and seals or other controlling non-tangible assets for whatever reason, we could experience disruption to our normal business operations. We may have to take significant corporate or legal actions, which could involve significant time and resources to resolve and divert management from our operations.

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

Any funds we transfer to our PRC subsidiary, either as a shareholder loan or as an increase in registered capital, are subject to approval by or registration with relevant governmental authorities in China. According to the relevant PRC regulations on foreign-invested enterprises, or FIEs, in China, capital contributions to our PRC subsidiaries are subject to the approval of or filing with the Ministry of Commerce, or MOFCOM or its local branches and registration with a local bank authorized by the State Administration of Foreign Exchange, or SAFE. In addition, (i) any foreign loan procured by our PRC subsidiaries is required to be registered with SAFE or its local branches and (ii) our PRC subsidiaries may not procure loans which exceed the difference between its total investment amount and registered capital. For more information on restrictions and limitations on the amount of loans, please see "Regulations—Regulations on loans to and direct investment in the PRC entities by offshore holding companies". Any medium or long-term loan to be provided by us to our PRC operating entity, i.e., China Liberal Beijing, must be registered with the NDRC and the SAFE or its local branches. We may not be able to complete such registrations on a timely basis, with respect to future capital contributions or foreign loans by us to our PRC subsidiary. If we fail to complete such registrations, our ability to use the proceeds of this offering and to capitalize our PRC operations may be negatively affected, which could adversely affect our liquidity and our ability to fund and expand our business.

On March 30, 2015, the SAFE promulgated the Circular on Reforming the Management Approach Regarding the Foreign Exchange Capital Settlement of Foreign-Invested Enterprises, or SAFE Circular 19, which took effect as of June 1, 2015. SAFE Circular 19 launched a nationwide reform of the administration of the settlement of the foreign exchange capitals of FIEs and allows FIEs to settle their foreign exchange capital at their discretion, but continues to prohibit FIEs from using the Renminbi fund converted from their foreign exchange capital for expenditure beyond their business scopes, providing entrusted loans or repaying loans between nonfinancial enterprises. The SAFE issued the Circular on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts, or SAFE Circular 16, effective in June 2016. Pursuant to SAFE Circular 16, enterprises registered in China may also convert their foreign debts from foreign currency to Renminbi on a self-discretionary basis. SAFE Circular 16 provides an integrated standard for conversion of foreign exchange under capital account items (including but not limited to foreign currency capital and foreign debts) on a self-discretionary basis which applies to all enterprises registered in China. SAFE Circular 16 reiterates the principle that Renminbi converted from foreign currency-denominated capital of a company may not be directly or indirectly used for purposes beyond its business scope or prohibited by PRC laws or regulations, while such converted Renminbi shall not be provided as loans to its non-affiliated entities. As this circular is relatively new, there remains uncertainty as to its interpretation and application and any other future foreign exchange related rules. Violations of these Circulars could result in severe monetary or other penalties. SAFE Circular 19 and SAFE Circular 16 may significantly limit our ability to use Renminbi converted from the net proceeds of this offering to fund our PRC operating subsidiary, to invest in or acquire any other PRC companies through our PRC subsidiary, which may adversely affect our business, financial condition and results of operations.

***Fluctuations in exchange rates could have a material and adverse effect on our results of operations and the value of your investment.***

The value of the Renminbi against the U.S. dollar and other currencies is affected by, among other things, changes in China's political and economic conditions and China's foreign exchange policies. The conversion of Renminbi into foreign currencies, including U.S. dollars, has been based on exchange rates set by the People's Bank of China. On July 21, 2005, the PRC government changed its decade-old policy of pegging the value of the Renminbi solely to the U.S. dollar, and the Renminbi appreciated more than 20% against the U.S. dollar over the following three years. Between July 2008 and June 2010, however, this appreciation halted and the Renminbi was traded within a narrow range against the U.S. dollar. Between July 2010 and November 2015, the Renminbi fluctuated against the U.S. dollar, at times significantly and unpredictably. On November 30, 2015, the Executive Board of IMF completed the regular five-year review of the basket of currencies that make up the Special Drawing Right, or the SDR, and decided that effective October 1, 2016, Renminbi is determined to be a freely usable currency and will be included in the SDR basket as a fifth currency, along with the U.S. dollar, the Euro, the Japanese yen and the British pound. In the fourth quarter of 2016, the Renminbi depreciated significantly in the backdrop of a surging U.S. dollar and persistent capital outflows from China. This depreciation halted in 2017, and the RMB appreciated approximately 7% against the U.S. dollar during this one-year period. Since February 2018, the RMB has depreciated significantly, over 8% against the U.S. dollar. With the development of the foreign exchange market and progress towards interest rate liberalization and Renminbi internationalization, the PRC government may announce further changes to the exchange rate system in the future, and we cannot assure you that the Renminbi will not appreciate or depreciate significantly in value against the U.S. dollar in the future. It is difficult to predict how market forces, PRC or U.S. government policies may impact the exchange rate between the Renminbi and the U.S. dollar in the future.

Significant revaluation of the Renminbi may have a material and adverse effect on your investment. For example, to the extent that we need to convert U.S. dollars we receive from this offering into Renminbi for our operations, appreciation of the Renminbi against the U.S. dollar would have an adverse effect on the Renminbi amount we would receive from the conversion. Conversely, if we decide to convert our Renminbi into U.S. dollars for the purpose of making payments for dividends on our ordinary shares or for other business purposes, appreciation of the U.S. dollar against the Renminbi would have a negative effect on the U.S. dollar amount available to us. The net proceeds from this offering will be denominated in U.S. dollars. Fluctuations in exchange rates, primarily those involving the U.S. dollar, may affect the relative purchasing power of these proceeds. In addition, appreciation or depreciation in the value of the Renminbi relative to the U.S. dollar would affect our financial results reported in U.S. dollar terms without giving effect to any underlying change in our business or results of operations. Fluctuations in the exchange rate will also affect the relative value of earnings from and the value of any U.S. dollar-denominated investments we make in the future.

Very limited hedging options are available in China to reduce our exposure to exchange rate fluctuations. To date, we have not entered into any hedging transactions in an effort to reduce our exposure to foreign currency exchange risk. While we may decide to enter into hedging transactions in the future, the availability and effectiveness of these hedges may be limited and we may not be able to adequately hedge our exposure, if at all. In addition, our currency exchange losses may be magnified by PRC exchange control regulations that restrict our ability to convert Renminbi into foreign currencies. As a result, fluctuations in exchange rates may have a material adverse effect on your investment.

***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, 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 only applies 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 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 will be subject to PRC enterprise income on our worldwide income at the rate of 25%. Furthermore, we be required to withhold a 10% withholding tax from dividends we pay to our shareholders that are non-resident enterprises. In addition, non-resident enterprise shareholders may be subject to PRC tax on gains realized on the sale or other disposition of 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 or 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 the ordinary shares.

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

Under the PRC EIT Law and its implementation rules, the profits of a foreign invested enterprise generated through operations, which are distributed to its immediate holding company outside the PRC, will be subject to a withholding tax rate of 10%. Pursuant to a special arrangement between Hong Kong and the PRC, this rate may be reduced to 5% if a Hong Kong resident enterprise owns more than 25% of the equity interest in the PRC company. Our PRC subsidiary is wholly-owned by our Hong Kong subsidiary. Moreover, 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 tax payer needs to satisfy certain conditions to enjoy the benefits under a tax treaty. The beneficial owner of the relevant dividends and 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, the State Administration of Taxation promulgated the Notice on How to Understand and Recognize the “Beneficial Owner” in Tax Treaties on October 27, 2009, which limits the “beneficial owner” to individuals, projects or other organizations normally engaged in substantive operations, and sets forth certain detailed factors in determining the “beneficial owner” status. In current practice, a Hong Kong enterprise must obtain a tax resident certificate from the relevant Hong Kong tax authority to apply for the 5% lower PRC withholding tax rate. As the Hong Kong tax authority will issue such a tax resident certificate on a case-by-case basis, we cannot assure you that we will be able to obtain the tax resident certificate from the relevant Hong Kong tax authority. As of the date of this prospectus, we have not commenced the application process for a Hong Kong tax resident certificate from the relevant Hong Kong tax authority, and there is no assurance that we will be granted such a Hong Kong tax resident certificate.

Even after we obtain the Hong Kong tax resident certificate, we are required by applicable tax laws and regulations to file the required forms and materials with the relevant PRC tax authorities to prove that we can enjoy 5% lower PRC withholding tax rate. Boya Hong Kong intends to obtain the required materials and file with the relevant tax authorities when it plans to declare and pay dividends, but there is no assurance that the PRC tax authorities will approve the 5% withholding tax rate on dividends received from Boya Hong Kong.

***We face uncertainty with respect to indirect transfers of equity interests in PRC resident enterprise by its non-PRC holding companies.***

On February 3, 2015, the SAT issued the Public Notice Regarding Certain Corporate Income Tax Matters on Indirect Transfer of Properties by Non-Tax Resident Enterprises, or SAT Bulletin 7. SAT Bulletin 7 extends its tax jurisdiction to transactions involving the transfer of taxable assets through offshore transfer of a foreign intermediate holding company. In addition, SAT Bulletin 7 has introduced safe harbors for internal group restructurings and the purchase and sale of equity through a public securities market. SAT Bulletin 7 also brings challenges to both foreign transferor and transferee (or other person who is obligated to pay for the transfer) of taxable assets.

On October 17, 2017, the SAT issued the Announcement of the State Administration of Taxation on Issues Concerning the Withholding of Non-resident Enterprise Income Tax at Source, or SAT Bulletin 37, which came into effect on December 1, 2017. The SAT Bulletin 37 further clarifies the practice and procedure of the withholding of non-resident enterprise income tax.

Where a non-resident enterprise transfers taxable assets indirectly by disposing of the equity interests of an overseas holding company, which is an Indirect Transfer, the non-resident enterprise as either transferor or transferee, or the PRC entity that directly owns the taxable assets, may report such Indirect Transfer to the relevant tax authority. Using a “substance over form” principle, the PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding or deferring PRC tax. As a result, gains derived from such Indirect Transfer may be subject to PRC enterprise income tax, and the transferee or other person who is obligated to pay for the transfer is obligated to withhold the applicable taxes, currently at a rate of 10% for the transfer of equity interests in a PRC resident enterprise. Both the transferor and the transferee may be subject to penalties under PRC tax laws if the transferee fails to withhold the taxes and the transferor fails to pay the taxes.

We face uncertainties as to the reporting and other implications of certain past and future transactions where PRC taxable assets are involved, such as offshore restructuring, sale of the shares in our offshore subsidiaries and investments. Our company may be subject to filing obligations or taxed if our company is a transferor in such transactions, and may be subject to withholding obligations if our company is a transferee in such transactions, under SAT Bulletin 7 and/or SAT Bulletin 37. For transfer of shares in our company by investors who are non-PRC resident enterprises, our PRC subsidiaries may be requested to assist in the filing under SAT Bulletin 7 and/or SAT Bulletin 37. As a result, we may be required to expend valuable resources to comply with SAT Bulletin 7 and/or SAT Bulletin 37 or to request the relevant transferors from whom we purchase taxable assets to comply with these circulars, or to establish that our company should not be taxed under these circulars, which may have a material adverse effect on our financial condition and results of operations.

***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.***

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 our website 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.

### **Risks Related to this Offering and the Trading Market**

***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 Capital Market. 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 will be determined by us and the Underwriter 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 holding of our Ordinary Shares.

***The trading price of our Ordinary Shares is likely to be volatile, which could result in substantial losses to investors.***

The trading price of our Ordinary Shares is likely to be volatile and could fluctuate widely due to factors beyond our control. This may happen because of broad market and industry factors, including 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. 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 and our industry, including the following:

- variations in our revenues, earnings and cash flows;
- announcements of new investments, acquisitions, strategic partnerships or joint ventures by us or our competitors;
- announcements of new offerings, solutions and expansions by us or our competitors;
- changes in financial estimates by securities analysts;
- detrimental adverse publicity about us, our services or our industry;
- announcements of new regulations, rules or policies relevant for our business;
- additions or departures of key personnel;
- release of lockup 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 to be 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.

***The initial public offering price for our Ordinary Shares may not be indicative of prices that will prevail in the trading market and such market prices may be volatile.***

The initial public offering price for our Ordinary Shares will be determined by negotiations between us and the underwriter, and does not bear any relationship to our earnings, book value or any other indicia of value. We cannot assure you that the market price of our Ordinary Shares will not decline significantly below the initial public offering price. The financial markets in the United States and other countries have experienced significant price and volume fluctuations in the last few years. Volatility in the price of our Ordinary Shares may be caused by factors outside of our control and may be unrelated or disproportionate to changes in our results of operations.

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

If you purchase our Ordinary Shares in this offering, you will pay more for your Ordinary Shares than the amount paid by our existing shareholders for their ordinary shares per share. As a result, you will experience immediate and substantial dilution of approximately \$[●] per Ordinary Share, representing the difference between the assumed initial public offering price of \$[●] per share, the midpoint of the estimated range of the initial public offering price, and our net tangible book value per share as of December 31, 2018, after giving effect to the net proceeds to us from this offering. 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.

***If securities or industry analysts do not publish research or reports about our business, or if they adversely change their recommendations regarding the Ordinary Shares, the market price for the 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 industry or securities analysts decide to cover us and in the future 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 under the Securities Act and the applicable lockup agreements. There will be [●] ordinary shares outstanding immediately after this offering. In connection with this offering, we, our directors, executive officers and existing shareholders have agreed, subject to certain exceptions, not to sell any Ordinary Shares for 180 days after the date of this prospectus without the prior written consent of the representatives of the Underwriter. 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.

***Techniques employed by short sellers may drive down the market price of our Ordinary Shares.***

Short selling is the practice of selling securities that the seller does not own but rather has borrowed from a third party with the intention of buying identical securities back at a later date to return to the lender. The short seller hopes to profit from a decline in the value of the securities between the sale of the borrowed securities and the purchase of the replacement shares, as the short seller expects to pay less in that purchase than it received in the sale. As it is in the short seller's interest for the price of the security to decline, many short sellers publish, or arrange for the publication of, negative opinions regarding the relevant issuer and its business prospects in order to create negative market momentum and generate profits for themselves after selling a security short. These short attacks have, in the past, led to selling of shares in the market.

Public companies that have substantially all of their operations in the PRC have been the subject of short selling. Much of the scrutiny and negative publicity has centered on allegations of a lack of effective internal control over financial reporting resulting in financial and accounting irregularities and mistakes, inadequate corporate governance policies or a lack of adherence thereto and, in many cases, allegations of fraud. As a result, many of these companies are now conducting internal and external investigations into the allegations and, in the interim, are subject to shareholder lawsuits and/or SEC enforcement actions.

It is not clear what effect such negative publicity could have on us. If we were to become the subject of any unfavorable allegations, whether such allegations are proven to be true or untrue, we could have to expend a significant amount of resources to investigate such allegations and/or defend ourselves. While we would strongly defend against any such short seller attacks, we may be constrained in the manner in which we can proceed against the relevant short seller by principles of freedom of speech, applicable law or issues of commercial confidentiality. Such a situation could be costly and time-consuming, and could distract our management from growing our business. Even if such allegations are ultimately proven to be groundless, allegations against us could severely impact our business operations, and any investment in our Ordinary Shares could be greatly reduced or even rendered worthless.

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

We currently intend to retain most, if not 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, subject to certain requirements of Cayman Islands law. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our directors. Under Cayman Islands law, a Cayman Islands company may pay a dividend out of either profit or share premium account, provided that in no circumstances may a dividend be paid if this would result in the company being unable to pay its debts as they fall due in the ordinary course of business. 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 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 in our Ordinary Shares.

***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 of the Sarbanes-Oxley Act of 2002 for so long as we remain an emerging growth company. As a result, if we elect not to comply with such auditor attestation requirements, our investors may not have access to certain information they may deem important.

***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 U.S. domestic public companies.***

Because we qualify as a foreign private issuer under 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 with the SEC of quarterly reports on Form 10-Q or current reports on Form 8-K;
- 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 nonpublic 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 as press releases, distributed pursuant to the rules and regulations of NASDAQ. 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 that would be made available to you were you investing in a U.S. domestic issuer.

***Because we are a foreign private issuer and are exempt from certain Nasdaq corporate governance standards applicable to U.S. issuers, you will have less protection than you would have if we were a domestic issuer.***

Nasdaq Listing Rules require listed companies to have, among other things, a majority of its board members be independent. As a foreign private issuer, however, we are permitted to, and we may, follow home country practice in lieu of the above requirements, or we may choose to comply with the Nasdaq requirement within one year of listing. The corporate governance practice in our home country, the Cayman Islands, does not require a majority of our board to consist of independent directors. Since a majority of our board of directors will not consist of independent directors, fewer board members will be exercising independent judgment and the level of board oversight on the management of our company may decrease as a result. In addition, the Nasdaq listing rules also require U.S. domestic issuers to have a compensation committee, a nominating/corporate governance committee composed entirely of independent directors, and an audit committee with a minimum of three members. We, as a foreign private issuer, are not subject to these requirements. The Nasdaq listing rules may require shareholder approval for certain corporate matters, such as requiring that shareholders be given the opportunity to vote on all equity compensation plans and material revisions to those plans, certain ordinary share issuances. We intend to comply with the requirements of Nasdaq Listing Rules in determining whether shareholder approval is required on such matters and to appoint a nominating and corporate governance committee. However, we may consider following home country practice in lieu of the requirements under Nasdaq listing rules with respect to certain corporate governance standards which may afford less protection to investors.

***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 produce passive income or which are held for the production of passive income is at least 50%.

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.

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 2018 taxable year or for any subsequent year, more than 50% of our assets may be assets which produce passive income, in which case we would be deemed a PFIC, which could have adverse US federal income tax consequences for US taxpayers who are shareholders. We will make this determination following the end of any particular tax year.

## ENFORCEABILITY OF CIVIL LIABILITIES

We are incorporated under the laws of the Cayman Islands as an exempted company with limited liability. We are incorporated under the laws of the Cayman Islands because of certain benefits associated with being a Cayman Islands corporation, such as political and economic stability, an effective judicial system, a favorable tax system, the absence of foreign exchange control or currency restrictions and the availability of professional and support services. However, the Cayman Islands has a less developed body of securities laws as compared to the United States and provides significantly less protection for investors than the United States.

Substantially all of our assets are located in the PRC. In addition, a majority of our directors and officers are nationals or residents of the PRC and all or a substantial portion of their assets are located outside the United States. As a result, it may be difficult for investors to effect service of process within the United States upon us or 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 Hunter Taubman Fischer & Li LLC as our agent to receive service of process with respect to any action brought against us in the United States District Court for the Southern District of New York under the federal securities laws of the United States or of any state in the United States or any action brought against us in the Supreme Court of the State of New York in the County of New York under the securities laws of the State of New York.

Campbells, our counsel to the laws of Cayman Islands, and Tian Yuan Law Firm, our counsel to PRC law, have advised us that there is uncertainty as to whether the courts of the Cayman Islands or the PRC would (i) 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 (ii) entertain original actions brought in the Cayman Islands or the PRC against us or our directors or officers predicated upon the securities laws of the United States or any state in the United States.

Campbells has further advised us that the United States and the Cayman Islands do not have a treaty providing for reciprocal recognition and enforcement of judgments of courts of the United States in civil and commercial matters and that a final judgment for the payment of money rendered by any general or state court in the United States based on civil liability, whether or not predicated solely upon the U.S. federal securities laws, may not be recognized and enforceable in the Cayman Islands on the grounds that such provisions are penal in nature. Although there is no statutory enforcement in the Cayman Islands of judgments obtained in the United States, courts of the Cayman Islands will recognize and enforce a foreign judgment of a court of competent jurisdiction if such judgment is final, for a liquidated sum, provided it is not in respect of taxes or a fine or penalty, is not inconsistent with a Cayman Islands' judgment in respect of the same matters, and was not obtained in a manner which is contrary to the public policy of the Cayman Islands. In addition, a Cayman Islands court may stay proceedings if concurrent proceedings are being brought elsewhere.

Tian Yuan Law Firm has further advised us 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 where the judgment is made or on reciprocity between jurisdictions. Tian Yuan Law Firm has advised us further that there are no treaties between China and the United States for the mutual recognition and enforcement of court judgments, thus making the recognition and enforcement of a U.S. court judgment in China difficult.

**USE OF PROCEEDS**

We will receive up to \$ [ ] in proceeds from the sale of Ordinary Shares offered by us pursuant to this prospectus.

We estimate that we will receive net proceeds from this offering, after deducting the estimated underwriting discounts and commissions and the estimated offering expenses payable by us and based upon an assumed initial public offering price of US\$[●] per Ordinary Share, of approximately \$ [ ] if we sell the minimum number of Ordinary Shares and approximately \$ [ ] if we sell the maximum number of Ordinary Shares.

	Use of net proceeds				
	[ ] shares Minimum offering amount	[ ] shares 25% of maximum offering amount	[ ] shares 50% of maximum offering amount	[ ] shares 75% of maximum offering amount	[ ] shares Maximum offering amount
Cash Flow for Smart Campus Solutions	US\$	US\$	US\$	US\$	US\$
Research and Development	US\$	US\$	US\$	US\$	US\$
Integration of Enterprises and Vocational Education	US\$	US\$	US\$	US\$	US\$
Establishment of Big Data Calculation Training School, As Support to Integration of Enterprises and Vocational Education	US\$	US\$	US\$	US\$	US\$

There is no assurance that we will be able to raise any funds from this Offering as we are conducting this Offering on a “best-efforts” basis.

The foregoing 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 significant 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. To the extent that the net proceeds we receive from this Offering are not immediately used for the above purposes, we intend to invest our net proceeds in short-term, interest-bearing bank deposits or debt instruments.

As an offshore holding company, we are permitted under PRC laws and regulations to provide funding to our PRC subsidiary through loans or capital contributions, subject to applicable regulatory approvals. We currently cannot make loans or capital contributions to our PRC subsidiary without first obtaining regulatory approvals, and if we decide to use the proceeds from this offering within the PRC, we cannot assure you that we will be able to obtain these regulatory approvals on a timely basis, if at all. See “Risk Factors—Risks Related to Doing Business in China—PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental control of currency conversion may delay us from using the proceeds of this offering to make loans or additional capital contributions to our PRC subsidiary, which could materially and adversely affect our liquidity and our ability to fund and expand our business.”

**DETERMINATION OF OFFERING PRICE**

The offering price of the shares has been determined arbitrarily by us and the Underwriter. The price does not bear any relationship to our assets, book value, earnings, or other established criteria for valuing a privately held company. In determining the number of shares to be offered and the offering price, we took into consideration our cash on hand and the amount of money we would need to implement our business plan, as well as the most recent selling price of shares of our Ordinary Shares in private placements, if any. Accordingly, the offering price should not be considered an indication of the actual value of the securities.

## DIVIDEND POLICY

We intend to keep any future earnings to finance the expansion of our business, and we do not anticipate that any cash dividends will be paid in the foreseeable future.

Under Cayman Islands law, a Cayman Islands company may pay a dividend on its shares out of either profit or share premium amount, provided that in no circumstances may a dividend be paid if this would result in the company being unable to pay its debts due in the ordinary course of business.

If we determine to pay dividends on any of our Ordinary Shares in the future, as a holding company, we will be dependent on receipt of funds from our BVI subsidiary, Yi Xin International Investment Limited.

Current PRC regulations permit our PRC subsidiary to pay dividends to Boya Hong Kong from the revenues from the operations of our PRC operating entity, China Liberal Beijing, if any, determined in accordance with Chinese accounting standards and regulations. In addition, China Liberal Beijing is required to set aside at least 10% of its after-tax profits each year, if any, to fund a statutory reserve until such reserve reaches 50% of its registered capital. China Liberal Beijing is also required to further set aside a portion of its after-tax profits to fund the employee welfare fund, although the amount to be set aside, if any, is determined at the discretion of its board of directors. Although the statutory reserves can be used, among other ways, to increase the registered capital and eliminate future losses in excess of retained earnings of the respective companies, the reserve funds are not distributable as cash dividends except in the event of liquidation.

The PRC government also imposes controls on the conversion of RMB into foreign currencies and the remittance of currencies out of the PRC. Therefore, we may experience difficulties in completing the administrative procedures necessary to obtain and remit foreign currency for the payment of dividends from our profits, if any. Furthermore, if our subsidiaries and affiliates in the PRC incur debt on their own in the future, the instruments governing the debt may restrict their ability to pay dividends or make other payments. If we or our subsidiaries are unable to receive all of the revenues from the operations of our PRC operating entity, China Liberal Beijing, we may be unable to pay dividends on our Ordinary Shares.

Cash dividends, if any, on our Ordinary Shares will be paid in U.S. dollars. Boya Hong Kong may be considered a non-resident enterprise for tax purposes, so that any dividends China Liberal Beijing pays to Boya Hong Kong may be regarded as China-sourced income and as a result may be subject to PRC withholding tax at a rate of up to 10%. See *“Taxation—People’s Republic of China Enterprise Taxation.”*

In order for us to pay dividends to our shareholders, we will rely on payments made from China Liberal Beijing to Boya Hong Kong. Certain payments from China Liberal Beijing to Boya Hong Kong are subject to PRC taxes, including business taxes and VAT. In addition, if China Liberal Beijing or its subsidiaries or branches incur debt on their own behalves in the future, the instruments governing the debt may restrict its ability to pay dividends or make other distributions to us.

Pursuant to the Arrangement between Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Tax Evasion on Income, or the Double Tax Avoidance Arrangement, the 10% withholding tax rate may be lowered to 5% if a Hong Kong resident enterprise owns no less than 25% of a PRC project. However, the 5% withholding tax rate does not automatically apply and certain requirements must be satisfied, including without limitation that (a) the Hong Kong project must be the beneficial owner of the relevant dividends; and (b) the Hong Kong project must directly hold no less than 25% share ownership in the PRC project during the 12 consecutive months preceding its receipt of the dividends. In current practice, a Hong Kong project must obtain a tax resident certificate from the Hong Kong tax authority to apply for the 5% lower PRC withholding tax rate. As the Hong Kong tax authority will issue such a tax resident certificate on a case-by-case basis, we cannot assure you that we will be able to obtain the tax resident certificate from the relevant Hong Kong tax authority and enjoy the preferential withholding tax rate of 5% under the Double Taxation Arrangement with respect to dividends to be paid by China Liberal Beijing to its immediate holding company, Boya Hong Kong. As of the date of this prospectus, we have not applied for the tax resident certificate from the relevant Hong Kong tax authority. Boya Hong Kong intends to apply for the tax resident certificate when China Liberal Beijing plans to declare and pay dividends to Boya Hong Kong. See *“Risk Factors—There are significant uncertainties under the EIT Law relating to the withholding tax liabilities of our PRC subsidiary, and dividends payable by our PRC subsidiary to our offshore subsidiaries may not qualify to enjoy certain treaty benefits.”*



**CAPITALIZATION**

The following table sets forth our capitalization as of December 31, 2018:

- on an actual basis;
- on an as adjusted basis to reflect the issuance and sale of the Ordinary Shares by us in this Offering if the total offering amount is sold at the initial public offering price of \$[●] per Ordinary Share, after deducting the estimated commissions to the Underwriter and the estimated offering expenses payable by us.

You should read this capitalization table in conjunction with “Use of Proceeds,” “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.

	<b>December 31, 2018</b>	
	<b>As adjusted</b>	<b>As adjusted</b>
	<b>(Minimum offering amount)</b>	<b>(Maximum offering amount)</b>
<b>Actual</b>		
<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
<b>Equity</b>		
Share capital US\$1.00 par value, 50,000 Ordinary Shares authorized, Ordinary Shares issued and outstanding; Ordinary Shares issued and outstanding, as adjusted to reflect the minimum offering, and Ordinary Shares issued and outstanding, as adjusted to reflect the maximum offering		
Additional paid-in capital(1)		
Statutory reserve		
Retained earnings		
Accumulated other comprehensive income		
Total equity		
<b>Total capitalization</b>		

(1) Pro forma additional paid in capital reflects the net proceeds we expect to receive, after deducting underwriting fee, underwriter expense allowance and other expenses. We expect to receive net proceeds of (a) approximately US\$ if minimum offering is raised (US\$ offering, less underwriting fee of US\$ and offering expenses of approximately US\$ ) or (b) approximately US\$ if maximum offering is raised (US\$ offering, less underwriting fee of US\$ and offering expenses of approximately US\$ ).

A US\$1.00 increase (decrease) in the assumed initial public offering price of US\$[●] per Ordinary Share would increase (decrease) each of additional paid-in capital, total shareholders’ equity and total capitalization by US\$[●] million, assuming the number of Ordinary Shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated expenses payable by us.

## DILUTION

If you invest in our Ordinary Shares, your interest will be diluted for each Ordinary Share you purchase to the extent of the difference between the initial public offering price per Ordinary Share and our net tangible book value per Ordinary Share after the Offering. Dilution results from the fact that the initial public offering price per Ordinary Share is substantially in excess of the net tangible book value per Ordinary Share attributable to the existing shareholders for our presently outstanding Ordinary Shares.

### Dilution to New Investors if Minimum Offering Amount is Sold

Our net tangible book value as of December 31, 2018 was approximately \$[●], or \$[●] per Ordinary Share. 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 the as adjusted net tangible book value per Ordinary Share from the initial public offering price per Ordinary Share and after deducting the estimated commissions to the Underwriter and offering expenses payable by us.

Without taking into account any other changes in net tangible book value after December 31, 2018, other than to give effect to our sale of Ordinary Shares offered in the Offering based on the initial public offering price of \$[●] per Ordinary Share after deduction of the estimated commissions to the Underwriter and offering expenses payable by us, our as adjusted net tangible book value as of December 31, 2018 would have been \$[●], or \$[●] per outstanding Ordinary Share. This represents an immediate increase in net tangible book value of \$[●] per Ordinary Share to the existing shareholders, and an immediate dilution in net tangible book value of \$[●] per Ordinary Share to investors purchasing Ordinary Shares in this Offering. The as adjusted information discussed above is illustrative only.

### Dilution to New Investors if Maximum Offering Amount is Sold

Our net tangible book value as of December 31, 2018 was approximately \$[●], or \$[●] per Ordinary Share. 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 the as adjusted net tangible book value per Ordinary Share from the initial public offering price per Ordinary Share and after deducting the estimated commissions to the Underwriter and offering expenses payable by us.

Without taking into account any other changes in net tangible book value after December 31, 2018, other than to give effect to our sale of Ordinary Shares offered in the Offering based on the initial public offering price of \$[●] per Ordinary Share after deduction of the estimated commissions to the Underwriter and offering expenses payable by us, our as adjusted net tangible book value as of December 31, 2018 would have been \$[●], or \$[●] per outstanding Ordinary Share. This represents an immediate increase in net tangible book value of \$[●] per Ordinary Share to the existing shareholders, and an immediate dilution in net tangible book value of \$[●] per Ordinary Share to investors purchasing Ordinary Shares in this Offering. The as adjusted information discussed above is illustrative only.

The following table illustrates such dilution:

	<u>Minimum</u>	<u>Maximum</u>
Initial public offering price per Ordinary Share	US\$	US\$
Net tangible book value per Ordinary Share as of December 31, 2018	US\$	US\$
As adjusted net tangible book value per Ordinary Share attributable to payments by new investors	US\$	US\$
Increase in net tangible book value per Ordinary Share to the existing shareholders	US\$	US\$
Amount of dilution in net tangible book value per Ordinary Share to new investors in the offering	US\$	US\$

The following tables summarize, on an as adjusted basis as of December 31, 2018, the differences between existing shareholders and the new investors with respect to the alternative minimum and maximum offering assumptions, such number of Ordinary Shares purchased from us, the total consideration paid and the average price per Ordinary Share before deducting the estimated commissions to the Underwriter and offering expenses payable by us.

	<u>Ordinary Shares purchased</u>		<u>Total consideration</u>		<u>Average price per ordinary share</u>
	<u>Number</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	
<b>MINIMUM OFFERING</b>			(US\$)		
Existing shareholders					
New investors					
Total					
<b>MAXIMUM OFFERING</b>			(US\$)		
Existing shareholders					
New investors					
Total					

The as adjusted information as discussed above is illustrative only.

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our financial statements and the related notes included elsewhere in this prospectus. This discussion contains forward-looking statements reflecting our current expectations that involve risks and uncertainties. See "Disclosure Regarding Forward-Looking Statements" for a discussion of the uncertainties, risks, and assumptions associated with these statements. Actual results and the timing of events could differ materially from those discussed in our forward-looking statements as a result of many factors, including those set forth under "Risk Factors" and elsewhere in this prospectus.

### Overview

We are an educational service provider operating under the "China Liberal" brand in the People's Republic of China (the "PRC").

We offer a wide range of educational services and programs to our customers, consisting primarily of Sino-foreign jointly managed and delivered academic programs ("Sino-foreign Jointly Managed Academic Programs"), overseas study consulting services ("Overseas Study Consulting Services"), technological consulting services provided for targeted Chinese universities to improve their campus information and data management system and to optimize their teaching, operating and management environment, under the concept of "creating a smart campus" ("Technological Consulting Services for Smart Campus Solutions"). We also develop and provide textbooks and other course materials to students enrolled under the Sino-foreign Jointly Managed Academic Programs to ensure the quality of students' learning outcomes. Since December 2018, we started to provide job readiness training services acting as the key bridge between our partner schools and employers, and to provide tailored job readiness training to graduating students ("Integration of Enterprises and Vocational Education"). We did not start generating revenue from this line of business until January 2019.

Our revenues increased by \$923,107, or 23.8%, from \$3,885,886 for the fiscal year ended December 31, 2017, to \$4,808,993 for the fiscal year ended December 31, 2018. Revenues from our services provided for joint education programs accounted for 50.1% and 72.6% of our total revenues for the fiscal years ended December 31, 2018 and 2017, respectively, revenues from our study abroad consulting services accounted for 11.4% and 1.6% of our total revenues for the fiscal years ended December 31, 2018 and 2017, respectively, while revenue from providing technological consulting services accounted for 37.9% and 24.5% of our total revenue for the years ended December 31, 2018 and 2017, respectively. Revenue from sales of textbooks and course materials accounted for 0.6% and 1.3% of our total revenue for the years ended December 31, 2018 and 2017, respectively.

The following table illustrates the amount and percentage of our revenue derived from our different services provided:

	<b>For the years ended December 31,</b>			
	<b>2018</b>		<b>2017</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Revenue from joint education programs	\$ 2,410,781	50.1%	\$ 2,821,602	72.6%
Revenue from textbook and course material sales	29,717	0.6%	52,345	1.3%
Revenue from study abroad consulting services	547,521	11.4%	60,947	1.6%
Revenue from smart campus technological consulting services	1,820,974	37.9%	950,992	24.5%
<b>Total revenue</b>	<b>\$ 4,808,993</b>	<b>100.0%</b>	<b>\$ 3,885,886</b>	<b>100.0%</b>

### Key Factors that Affect Our Results of Operations

We believe the following key factors may affect our financial condition and results of operations:

#### ***Demand for International Education from Chinese Students***

Education services are an investment for the future. We are optimistic that the Chinese economy's steady growth will likely drive incomes and consumption levels for Chinese citizens, who will have more capital for their children's educations. We believe that tuition fees are impacted less by volatility in the overall economy as people in China generally cut back on other spending before they reduce spending on their children's education.

We have benefited from Chinese students' increasing demand for international education. Such demand is primarily driven by an increasing number of Chinese students seeking quality educations and who aspire to study abroad, which is in turn driven by factors such as: (i) an increasing number of affluent families in China, (ii) the rising recognition of the quality of higher education overseas, (iii) the emphasis placed by Chinese parents on the importance of enrollment in globally-recognized universities to improve their children's career prospects, and (iv) other economic and political factors. Any material change to these factors will significantly affect our operation results.

### ***Number of Student Enrollments***

Our revenues primarily consist of tuition and fees from students enrolled in the Sino-foreign jointly managed education programs in which we are engaged to provide coordination, teaching and supporting services, as well as our consulting service fees charged to students contemplating studying abroad. The number of student enrollments is largely driven by the demand for the educational services and programs offered by us, the amount of fees we charge, the effectiveness of our marketing and brand promotion efforts, our ability to maintain the consistency and quality of our teaching, as well as our ability to respond to competitive pressures. The level of students enrolled in our Sino-foreign Jointly Managed Academic Programs, and the number of students who come to us for study abroad consulting services directly affects our revenue and profitability.

### ***Our Tuition and Service Fees Charged***

Our results of operations are directly affected by the level of the tuition and service fees we charge to our students. Under our cooperation with Chinese host universities/colleges for Sino-foreign Jointly Managed Education Programs, the Chinese host universities/colleges determine the amount of tuitions and fees charged to enrolled students, ranging from RMB 15,000 (USD 2,268) per student per school year to RMB 28,000 (USD 4,233) per student per school year, depending on the applicable education programs. The total fees we receive from tuition collected by these universities and colleges varies based on the terms of our contracts with the Chinese host universities we partner with, and are based on our services rendered and can range from RMB 2,250 (USD 340) to RMB 11,200 (USD 1,693) per student per school year. We determine overseas study consulting service fees based on services provided to each individual student to satisfy his or her needs. Under the smart campus solutions, our fees are based on the scope of services specified in our agreements with the Chinese universities we service. Any change in our service fees would have a material impact on our revenue and profitability.

### ***Our Ability to Control Costs and Expenses and Improve Our Operating Efficiency***

Staffing costs and administrative expenses have a direct impact on our profitability. The size of our staff, particularly our foreign faculty teachers appointed to selected Chinese host universities/colleges, generally increases as the student base expands, while other expenses, particularly those relating to administrative functions, are relatively fixed. Our ability to drive the productivity of our staff and enhance our operating efficiency affects our profitability. If we fail to implement initiatives to control costs and improve our operating efficiency over time, our profitability will be negatively impacted.

***If we are unable to compete successfully, our financial condition and results of operations may be harmed.***

The education sector in China is rapidly evolving, highly fragmented and competitive, and we expect competition in this sector to persist and intensify. We face competition in each service segment we offer. Significant competition could reduce our operating margins and profitability and result in a loss of market share. Some of our existing and potential competitors may have competitive advantages, such as significantly greater brand recognition, financial, marketing, or other resources and may be able to mimic and adopt our business model. Significant competition could lead to lower prices and decreased revenues, gross margins and profits, any of which could have a material and adverse effect on our results of operations.

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

The rapid growth of the Chinese economy has slowed down since 2012 and this slowdown may continue in the future. There is considerable uncertainty over trade conflicts between the United States and China and the long-term effects of the expansionary monetary and fiscal policies adopted by the central banks and financial authorities of some of the world's leading economies, including the United States and China. The withdrawal of these expansionary monetary and fiscal policies could lead to a contraction. There continue to be concerns over unrest and terrorist threats in the Middle East, Europe, and Africa, which have resulted in volatility in oil and other markets. There are also concerns about the relationships between China and other Asian countries, which may result in or intensify potential conflicts in relation to territorial disputes. The eruption of armed conflict could adversely affect global or Chinese discretionary spending, either of which could have a material and adverse effect on our business, results of operation in financial condition. Economic conditions in China are sensitive to global economic conditions, as well as changes in domestic economic and political policies and the expected or perceived overall economic growth rate in China. Any severe or prolonged slowdown in the global or Chinese economy would likely materially and adversely affect our business, results of operations and financial condition. In addition, continued turbulence in the international markets may adversely affect our ability to access capital markets to meet liquidity needs.

## Results of Operations

The following table summarizes the results of our operations during the fiscal years ended December 31, 2018 and 2017, respectively, and provides information regarding the dollar and percentage increase or (decrease) during such years.

	For the Years Ended December 31,					
	2018		2017		Amount Increase (Decrease)	Percentage Increase (Decrease)
	Amount	As % of Sales	Amount	As % of Sales		
Revenue	\$ 4,808,993	100.0%	\$ 3,885,886	100.0%	\$ 923,107	23.8%
Cost of revenue	2,702,297	56.2%	2,161,322	55.6%	540,975	25.0%
Gross profit	2,106,696	43.8%	1,724,564	44.4%	382,132	22.2%
Operating expenses						
Selling expenses	704,060	14.6%	541,424	13.9%	162,636	30.0%
General and administrative expenses	579,500	12.1%	408,762	10.5%	170,738	41.8%
Total operating expenses	1,283,560	26.7%	950,186	24.5%	333,374	35.1%
Income from operations	823,136	17.1%	774,378	19.9%	48,758	6.3%
Other income (expenses)						
Interest income	88,926	1.8%	70,743	1.8%	18,183	25.7%
Other income	180,191	3.7%	187,794	4.8%	(7,603)	(4.0)%
Total other income, net	269,117	5.6%	258,537	6.7%	10,580	4.1%
Income before income taxes	1,092,253	22.7%	1,032,915	26.6%	59,338	5.7%
Provision for income taxes	167,813	3.5%	158,109	4.1%	9,704	6.1%
Net income	\$ 924,440	19.2%	\$ 874,806	22.5%	\$ 49,634	5.7%
Less: net income attributable to non-controlling interest	81,779	1.7%	5,800	0.1%	75,979	1310.0%
Net income attributable to the Company	\$ 842,661	17.5%	\$ 869,006	22.4%	\$ (26,345)	(3.0)%

**Revenues.** Revenues increased by \$923,107, or 23.8%, to \$4,808,993 in 2018 from \$3,885,886 in 2017. The increase in our revenue was due to more consulting services have been rendered in 2018 as compared to 2017.

Our revenue by service type is as follows:

	For the years ended December 31,					
	2018		2017		Changes	
	Amount	%	Amount	%	Amount	%
Revenue from joint education programs	\$ 2,410,781	50.1%	\$ 2,821,602	72.6%	\$ (410,821)	-14.6%
Revenue from textbook and course material sales	29,717	0.6%	52,345	1.3%	(22,628)	-43.2%
Revenue from overseas study consulting services	547,521	11.4%	60,947	1.6%	486,574	798.4%
Revenue from technological consulting services for smart campus solutions	1,820,974	37.9%	950,992	24.5%	869,982	91.5%
Total	\$ 4,808,993	100.0%	\$ 3,885,886	100.0%	\$ 923,107	23.8%

### Revenue from Sino-foreign Jointly Managed Academic Programs

Our revenue from Sino-foreign Jointly Managed Academic Programs primarily consists of our cooperation with the following Chinese universities:

(i) Fuzhou Melbourne Polytechnic (FMP)

FMP is currently hosting the Australia English for Academic Purposes Program, or the FMP EAP Program. Before FMP rebranded in January 2017, FMP's former entity operating under the name IEN College of Minjiang University also hosted the International General Education Courses, or IGEC program.

(ii) Strait College of Minjiang University (Strait College)

Strait College is currently hosting the Fujian-Taiwan Universities Joint Talent Training Program. Since January 2017, Strait College has also been hosting the IGEC program after it took over this program from the then IEN College of Minjiang University.

(iii) Fujian University of Technology (FUT)

FUT hosted the Fujian University of Technology International Scholarly Exchange Curriculum Program, or FUT ISEC Program. However, as discussed below, we made a decision to cease recruitment and enrollment activity, and the program was discontinued after the then last class of students graduated in July 2018.

(iv) Fujian Preschool Education College

Fujian Preschool Education College is currently hosting the New Zealand Tertiary College, or NZTC Program. However, as discussed below, we made a decision to cease recruitment and enrollment activity, and the program will be discontinued after the last class of students graduate in July 2019.

	For the years ended December 31,					
	2018		2017		Changes	
	Amount	%	Amount	%	Amount	%
Fuzhou Melbourne Polytechnic	\$ 465,081	19.3%	\$ 1,455,013	51.6%	\$ (989,932)	-68.0%
Strait College of Minjiang University	1,744,233	72.4%	943,447	33.4%	800,786	84.9%
Fujian University of Technology	70,799	2.9%	210,686	7.5%	(139,887)	-66.4%
Fujian Preschool Education College	130,668	5.4%	212,456	7.5%	(81,788)	-38.5%
<b>Total</b>	<b>\$ 2,410,781</b>	<b>100.0%</b>	<b>\$ 2,821,602</b>	<b>100.0%</b>	<b>\$ (410,821)</b>	<b>-14.6%</b>

**Number of students under joint education programs**

Fuzhou Melbourne Polytechnic	551	1,307	(756)	-57.9%
Strait College of Minjiang University	1,676	1,220	456	37.3%
Fujian University of Technology	51	154	(103)	-67.1%
Fujian Preschool Education College	112	196	(84)	-42.9%
<b>Total number of students</b>	<b>2,390</b>	<b>2,877</b>	<b>(487)</b>	<b>-17.0%</b>

**Average tuition fee the Company received per student**

Fuzhou Melbourne Polytechnic	\$ 844	\$ 1,113	\$ (269)	-24.2%
Strait College of Minjiang University	\$ 1,041	\$ 773	\$ 268	34.6%
Fujian University of Technology	\$ 1,397	\$ 1,368	\$ 29	2.1%
Fujian Preschool Education College	\$ 1,170	\$ 1,086	\$ 84	7.8%

Our revenues from Sino-foreign Jointly Managed Academic Programs decreased by \$410,821 or 14.6% from \$2,821,602 in fiscal year 2017 to \$2,410,781 in fiscal year 2018. This decrease can be primarily attributed to a decrease in the number of students by 488 or 17.0%, from 2,877 students in fiscal year 2017 to 2,389 students in fiscal year 2018, and affected by the changes in average tuition fees we collected from Chinese host universities/colleges. The following factors impact the revenue we generate from services provided for joint education programs for the years ended December 31, 2018 and 2017:

(1) In 2018, China's Ministry of Education approved the termination of certain Sino-foreign cooperative education programs as a move to improve quality, tighten regulatory control, and promote reforms in educational systems and mechanisms. These changes were made because problems had appeared in certain other institutions and projects that were previously approved, such as insufficient utilization of high quality educational resources, low instructional quality, weak specialized capabilities in academic departments, lack of content-based development mechanisms, low student satisfaction and poor attractiveness of programs, making it difficult for those affected academic administrations to continue. In light of this, Fujian Province, the province where all of the Sino-foreign Jointly Managed Academic Programs we service locates, set a minimum score for English (as a subject) for those students who are applying for any four-year Sino-foreign joint programs that offer undergraduate degrees. As a result of these new regulatory controls and policy adjustments, overall student recruiting and enrollment under our Sino-foreign joint education programs was negatively impacted, because some potential candidates could not meet the minimum score for English. For example, student enrollments under our joint education programs with Strait College of Minjiang University only increased by 456 students from 2017 to 2018, such increase was resulted from the transfer of the 756 students under the IGEC programs originally enrolled with IEN College and not from new enrolled students. Without taking into account this IGEC program transfer from FMP to Strait College of Minjiang University, the total number of students enrolled with Strait College of Minjiang University would have actually decreased by 300 students from 2017 to 2018.

(2) FMP was formerly known as IEN College of Minjiang University, and our IGEC program (the “Strait IGEC Program”) was previously hosted by IEN College of Minjiang University from September 2013 to July 2017. In January 2017, IEN College of Minjiang University was approved by the provincial government of Fujian and became the first Sino-foreign joint institution with independent legal status in Fujian Province and accordingly changed its name to FMP. As a result of this rebranding, FMP stopped hosting the IGEC program beginning September 2017 and the program was taken over by Strait College of Minjiang University going forward. This led to a decrease in the total number of students enrolled with FMP, from 1,307 students in fiscal year 2017 to 551 students in fiscal year 2018 because students originally enrolled under the IGEC programs have been transferred to Strait College of Minjiang University. Starting September 2017, FMP only continued to provide the FMP EAP Program.

(3) The reason our revenue generated from the Sino-foreign Jointly Managed Academic Program with FMP decreased by \$989,932 or 68.0% from \$1,455,013 in fiscal year 2017 to \$465,081 in fiscal year 2018 can be attributed to two factors: (i) in connection with the transfer of IGEC program from FMP to Strait College of Minjiang University, the total number of enrolled students with FMP decreased by 756, or 57.2%; and (ii) we receive a lower percentage of tuition fees from the FMP EPA Program than from the IGEC program. Under the FMP EPA Program, our services and responsibility only cover the first two-year EAP trainings, but under the Strait IGEC Program, we are responsible for promoting the program, recruiting students, staffing foreign language teachers, and ensuring students are connected with appropriate foreign universities in North America or Europe. Under the FMP EAP Program, the average tuition that FMP charges enrolled students is RMB 18,000 (USD 2,721) per student per school year, of which we are entitled to receive RMB 9,000 (USD 1,360) per student per school year for their freshman years and RMB 3,000 (USD 453) per student per school year for their sophomore years. On the other hand, under the Strait IGEC Program, the average tuition fee that Strait College charges enrolled students is RMB 28,000 per student per school year, of which we receive RMB 9,800 (USD 1,481) per student per school year for the first two years, and then RMB 11,200 (USD 1,693) per student per school year for the remaining two years. Therefore, the tuition fee from Strait IGEC Program is higher than the tuition fee we receive from the FMP EAP Program. As a result of the transfer of the IGEC program from FMP to Strait College, our tuition revenue from FMP decreased by \$989,932 or 68.0% because the average tuition fee decreased from \$1,113 per student in fiscal year 2017 to \$844 per student in fiscal year 2018. On the other hand, our tuition revenue from Strait College increased by \$800,786 or 84.9% because the average tuition fee increased from \$773 per student in fiscal year 2017 to \$1,041 per student in fiscal year 2018.

(4) Our joint programs with Fujian University of Technology (FUT) and Fujian Preschool Education College (FPEC) were originally designed to improve students’ English language skills. However, due to the overall low language proficiency backgrounds of the students enrolled, we noted that most students could not adapt to the high standards of an English teaching environment. Therefore, the Sino-foreign Jointly Managed Academic Programs with these two institutions became increasingly less attractive. As a result, we decided to stop recruiting and enrolling new students into the FUT ISEC Program after the Class of July 2018 graduated. We also decided to suspend recruiting for the NZTC Program after current students graduate in July 2019. As a result of such business decision, the number of students enrolled in FUT decreased by 67.1% from 154 students in fiscal year 2017 to 51 students in fiscal year 2018, and the number of students enrolled in FPEC decreased by 42.9% from 196 students in fiscal year 2017 to 112 students in fiscal year 2018. The average tuition fee we collected from Sino-foreign Jointly Managed Academic Programs was adjusted. As a result, average tuition fee collected from FUT and FPEC slightly increased by 2.1% and 7.8% in fiscal year 2018 as compared to fiscal year 2017, respectively. Consequently, the decrease in tuition revenue from both FUT and FPEC resulted from decrease in number of enrolled students and was offset by the increase in average tuition fee.

***Revenue from textbooks and course material sales***

In order to ensure the quality of the course content delivered to students and to meet international standards, we have developed and edited more than 16 English textbooks and course materials with an emphasis on language training, and distributed these materials to students enrolled under our Sino-foreign joint education programs. Revenue from sales of textbooks and course materials decreased by \$22,628 or 43.2% from \$52,345 in fiscal year 2017 to \$29,717 in fiscal year 2018. The decrease in textbook and course material sales was primarily attributable to the total number of students enrolled under the joint education programs which decreased from 2,877 students in fiscal year 2017 to 2,389 students in fiscal year 2018. As discussed above, we stopped recruiting and enrolling new students into the FUT ISEC Program with FUT after the then existing students graduated in July 2018. We also suspended recruiting for the NZTC Program with FPEC after current students graduate in July 2019. As a result of such business decision, the number of students enrolled with FUT decreased by 67.1% from 154 students in fiscal year 2017 to 51 students in fiscal year 2018, and the number of students enrolled with FPEC decreased by 42.9% from 196 students in fiscal year 2017 to 112 students in fiscal year 2018. As a result of this business decision, for the academic school year starting from September 2018, there were no additional new students recruited into the joint education programs with these two academic institutions. Accordingly, we reduced the textbooks and course material sales in 2018. The total number of textbooks and course materials sold decreased by 11.4% from 3,591 in fiscal year 2017 to 3,183 in fiscal year 2018. In addition, for our Sino-foreign Jointly Managed Academic Programs with FMP, in 2018, FMP made some teaching course content and curriculum settings adjustment, which led to FMP purchase textbooks and course materials from other vendors in order to match the new curriculum settings. As a result, our textbook sales to FMP reduced accordingly.

*Revenue from overseas study consulting services*

	For the years ended December 31,			
	2018	2017	Changes	
			Amount	%
Revenue from overseas study consulting services	\$ 547,521	\$ 60,947	\$ 486,574	798.4%
Number of students for study abroad consulting service	49	7	42	600.0%
Average consulting service fee per student	\$ 11,174	\$ 8,707	\$ 2,467	28.3%

Our Overseas Study Consulting Services target those students who wish to study in foreign countries to enrich their learning experiences, expand their horizons, and gain exposure to a broader array of employment opportunities. We provide customized consulting services to students on an individual basis. Fees we charge students to provide overseas study consulting services range from RMB 50,000 (\$7,558) per person to RMB 80,000 (\$12,093) per person. We typically charge higher consulting service fees to students planning to pursue art majors in foreign countries than we do for students pursuing general majors such as business, technology and other majors, because art programs typically require demonstration of a student's specialty in art, which is usually reflected in an art portfolio that the student submits along with other application materials. We have to assign qualified teachers to provide more detailed and customized tutoring to these students pursuing art majors and accordingly we charge them higher consulting service fee.

Revenue from providing study abroad consulting services increased by \$486,574 or 798.4%, from \$60,947 in fiscal year 2017 to \$547,521 in fiscal year 2018. The increase was due to an increased number of students who came to us for study abroad consulting services, from 7 students in fiscal year 2017 to 49 students in fiscal year 2018. In addition, we served more students pursuing art major in fiscal year 2018 than in fiscal year 2017. As a result, our average service fee increased by 28.3% from \$8,707 per student in fiscal year 2017 to \$11,174 per student in fiscal year 2018.

*Revenue from technological consulting services for smart campus projects*

	For the years ended December 31,			
	2018	2017	Changes	
	Amount	Amount	Amount	%
Fuzhou Melbourne Polytechnic	\$ 1,670,450	700,592	\$ 969,858	138.4%
Strait College of Minjiang University	-	215,642	(215,642)	-100.0%
Fujian High School and others	-	34,758	(34,758)	-100.0%
Capital normal university	84,574	-	84,574	100.0%
Beijing University of Chinese Medicine	38,365	-	38,365	100.0%
University of International Business and Economics and others	27,585	-	27,585	100.0%
Total	\$ 1,820,974	\$ 950,992	\$ 869,982	91.5%



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Revenue from providing smart campus related technological consulting service increased by \$869,982 or 91.5% from \$950,992 in fiscal year 2017 to \$1,820,974 in fiscal year 2018, primarily due to increased revenues recognized from the smart campus project with Fuzhou Melbourne Polytechnic. In 2017, we entered into a contract with FMP to provide a total solution for its smart campus project, which includes a big data center, digital classrooms, and an experience-based simulation teaching center for its business school. These facilities will be linked and bundled with the campus data management application system software to create a smart campus for FMP. In addition to the installation of hardware and software to allow the smart campus system to meet its expected operational conditions, we are also responsible for maintenance and providing continuing technological support during the period of 2019 to 2021. The total contract price under the FMP “smart campus” project is RMB 16.68 million (approximately \$2.4 million) for completion of the software and hardware installation. Post-installation maintenance and continuing technical support fees amount to RMB 5.05 million (approximately \$0.73 million). Based on the contract payment terms, after completion of the required smart campus project, FMP is obligated to make three installment payments of RMB 5.56 million (approximately \$808,593) each in 2019, 2020 and 2021, respectively. Among the RMB 5.05 million maintenance and support fee, RMB 1.04 million (USD \$151,644) contract receivable for maintenance and technical support services rendered in 2018 has been received in January 2019. The remaining RMB 4.01 million (approximately \$0.58 million) post-contract maintenance and technical support fee will be paid in three equal installments in 2019 to 2021 when services are rendered. We recognized revenue of \$700,592 from the technology services we provided to FMP for its smart campus project in 2017. Services we provided included setting up the required hardware device and facilities such as digital portal, electronic blackboards, smartboards, projectors, LED display panels, high definition classroom audio and sound system, as well as data management software that could be linked together to bring the contracted digital classroom project to completion, which passed the inspection and was accepted by FMP. Therefore, our smart campus solutions revenue in 2017 was primarily generated from completion of the above-described digital classroom project for FMP. In 2018, we recognized more revenue from our FMP smart campus project. We upgraded the experiment centers for FMP’s business school and completed the big data center project through bundling of data management software with hardware facilities and device. We also bundled the data management software. These services were completed, passed inspection and were accepted by FMP. FMP put these facilities into use by November 2018. As a result, we recognized \$1,670,450 revenue in 2018 from FMP smart campus projects.

In addition to the smart campus project with FMP, we were also involved with a campus server rooms upgrade project for Strait College of Minjiang University in 2017, and generated revenue of \$215,642. We also provided smart campus solution consulting services to Capital Normal University, Beijing University of Chinese Medicine and University of International Business and Economics in 2018 and generated revenue of \$84,574, \$38,365 and \$27,585, respectively. The increase in our exposure and cooperation with more academic institutions on smart campus-related projects also helped us increase our revenue in 2018 as compared to 2017.

### Cost of Revenues

	For the years ended December 31,			
	2018	2017	Changes	%
Teacher salary, welfare benefit and insurance	\$ 877,292	\$ 801,909	\$ 75,383	9.4%
Textbook and course materials	19,490	46,532	(27,042)	-58.1%
Travel, meals and entertainment expense relating to teaching activities	34,040	38,633	(4,593)	-11.9%
Apartment rent expense for teachers	145,225	109,106	36,119	33.1%
Hardware and software application costs for “smart campus” projects	1,249,445	774,347	475,098	61.4%
Professional fees for course design, teacher training	331,222	340,626	(9,404)	-2.8%
Business tax	31,776	29,063	2,713	9.3%
Others	13,807	21,106	(7,299)	-34.6%
<b>Total cost of revenue</b>	<b>\$ 2,702,297</b>	<b>\$ 2,161,322</b>	<b>\$ 540,975</b>	<b>25.0%</b>

Our cost of revenues consists of salary, welfare and insurance costs for our faculty, rent expense for foreign faculty, textbook and course materials costs, travel, meals and entertainment expenses associated with teaching activities, consulting fees paid to third-parties for course design and teacher training, hardware parts and components purchase costs as well as labor costs incurred to undertake the software application customization for the smart campus projects, and business taxes. Our overall cost of revenue increased by \$540,975 or 25.0% from \$2,161,322 in fiscal year 2017 to \$2,702,297 in fiscal year 2018, primarily due to increased hardware and software costs associated with the smart campus projects of \$475,098, increased rent expense of \$36,119 because we leased larger office space in 2018 in order to meet our expanded business operation, and increased salary, welfare and insurance costs for teachers and faculty by \$75,382 because we hired more qualified teachers to provide one-on-one tutoring to the students for our overseas studying consulting services. Our cost of revenue accounted for 56.2% and 55.6% of our total revenue for the years ended December 31, 2018 and 2017, respectively.

Our cost of revenue by business segment is as follows:

	For the years ended December 31,			
	2018	2017	Changes	%
Cost associated with Sino-foreign Jointly Managed Academic Programs	\$ 1,155,854	\$ 1,175,646	\$ (19,792)	-1.7%
Cost associated with Overseas Study Consulting Services	64,321	49,765	14,556	29.2%
Cost associated with Technological Consulting Services for Smart Campus related	1,462,435	889,379	573,056	64.4%
Cost associated with textbooks and course materials sales	19,687	46,532	(26,845)	-57.7%
<b>Total cost of revenue</b>	<b>\$ 2,702,297</b>	<b>\$ 2,161,322</b>	<b>\$ 540,975</b>	<b>25.0%</b>

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Cost of revenues associated with Sino-foreign Jointly Managed Academic Programs decreased by \$19,792 or 1.7% from \$1,175,646 in fiscal year 2017 to \$1,155,854 in fiscal year 2018, primarily due to decreased costs associated with faculty involvement as the total number of students enrolled under the Sino-foreign joint education programs decreased from 2,877 students in fiscal year 2017 to 2,389 students in fiscal year 2018.

Cost of revenues associated with Overseas Studying Consulting Services increased by \$14,556 or 29.2%, from \$49,765 in fiscal year 2017 to \$64,321 in fiscal year 2018. We launched the study abroad consulting services in April 2017 and only provided consulting services to 7 students in fiscal year 2017, as compared to 49 students served in 2018. As a result, we incurred higher costs in fiscal year 2018 as we placed greater emphasis on student coaching efforts to help prepare students for school selection, school applications, language training, and visa applications.

Cost of revenues associated with Technological Consulting Services for Smart Campus Solutions increased by \$573,056 or 64.4%, from \$889,379 in fiscal year 2017 to \$1,462,435 in fiscal year 2018. This increase was in line with the increased revenue we recognized in 2018. In 2017, we entered into a contract with FMP to help FMP implement a comprehensive solution for its smart campus project, which includes a big data center, digital classrooms, and an experience-based simulation teaching center for its business school. We completed part of the hardware facility installation in 2017 and completed all of the remaining hardware and software projects by November 2018, all of which have passed inspection and were accepted by FMP. As a result, more hardware components purchase costs and installation related labor costs have been allocated in 2018 as compared to 2017. In addition to the FMP smart campus projects, in 2018, we also provided smart campus solution consulting services to Capital Normal University, Beijing University of Chinese Medicine and University of International Business and Economics. The increase in our revenues corresponds to the increased cost of revenues associated with these smart campus projects in 2018 as compared to fiscal year 2017.

Cost of revenue associated with textbook and course material sales decreased by \$26,845 or 57.7% from \$46,532 in fiscal year 2017 to \$19,687 in fiscal year 2018. The decrease was in line with a decrease in number of textbooks and course materials delivered, which resulted from a decrease in the number of students enrolled under the Sino-foreign jointly managed and delivered academic programs.

**Gross profit**

	For the years ended December 31,					
	2018		2017		Changes	
	Amount	%	Amount	%	Amount	%
Gross profit from joint education programs	\$ 1,254,927	52.1%	\$ 1,645,956	58.3%	\$ (391,029)	-6.2%
Gross profit from textbook and course material sales	10,030	33.8%	5,813	11.1%	4,217	22.7%
Gross profit from study abroad consulting services	483,200	88.3%	11,182	18.3%	472,018	70.0%
Gross profit from smart campus technological consulting services	358,539	19.7%	61,613	6.5%	296,926	13.2%
<b>Total</b>	<b>\$ 2,106,696</b>	<b>43.8%</b>	<b>\$ 1,724,564</b>	<b>44.4%</b>	<b>\$ 382,132</b>	<b>-0.6%</b>

Our overall gross profit increased by \$382,132 or 22.2% from \$1,724,564 in fiscal year 2017 to \$2,106,696 in fiscal year 2018, while gross profit margin decreased by 0.6% from 44.4% in fiscal year 2017 to 43.8% in fiscal year 2018.

Our gross profit associated with Sino-foreign Jointly Managed Academic Programs decreased by \$391,029, from \$1,645,956 in fiscal year 2017 to \$1,254,927 in fiscal year 2018, because tuition we received under the joint education programs decreased by \$410,821 when the total number of students enrolled under these programs decreased by 488 from 2,877 students in 2017 to 2,389 students in 2018. Although this decrease in the number of students led to a decreased associated cost of revenue by \$19,792 when we reduced the faculty involvement, we still carried higher overhead costs, such as rent expense, teaching and supporting related costs in order to keep the joint education programs running, irrespective of how many students were left within each joint education program. Our gross margin associated with such joint education programs also decreased by 6.2% from 58.3% in fiscal year 2017 to 52.1% in fiscal year 2018.

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Our gross profit associated with sales of textbook and course material increased by \$4,218, from \$5,813 in fiscal year 2017 to \$10,030 in fiscal year 2018, because the cost of revenues associated with our textbook sales was \$46,532 in 2017, as compared to \$19,687 in 2018. The higher costs of revenue of \$26,845 in 2017 can be attributed to higher textbook printing costs in 2017 than in 2018. As a result, gross profit associated with the textbook sales in 2017 was lower than that of 2018.

Our gross profit associated with Overseas Study Consulting Services increased by \$472,018, from \$11,182 in fiscal year 2017 to \$483,200 in fiscal year 2018, due to increased recognized revenue of \$486,574 when the number of students subscribed to our study abroad consulting services increased from seven students in 2017 to 49 students in 2018. Gross profit margin in this segment increased by 70.0% from 18.3% in fiscal year 2017 to 88.3% in fiscal year 2018 because we assisted more students pursuing art majors, for whom we charged higher service fees than we normally charge to students pursuing other majors with international academic institutions.

Our gross profit associated with Technological Consulting Services for Smart Campus Solutions increased by \$296,926, from \$61,613 in fiscal year 2017 to \$358,539 in fiscal year 2018. The smart campus projects normally leverage hardware such as sensors, internet of things devices such as digital portals, electronic blackboards, smartboards, projectors, LED display panels, high definition classroom audio and sound systems and other lab-based equipment, together with data management applications, to create total solutions for targeted Chinese universities. In order to complete each individual project, we need to purchase parts and hardware components from outside vendors, to be used in conjunction with our data management software or other solutions. Our profit margin is affected by the fluctuation of the purchase price of the applicable hardware, purchase channels, and the price we paid to laborers in the installation process. Additionally, our engagement under each contract may include different tasks and jobs, some of them only require limited hardware purchase and put more focus on the software side, while others may require more hardware components to be included. Normally, software components have higher margin than hardware components. All of these factors impact our gross margin for each reporting period. Our gross margin in fiscal year 2018 was higher than in fiscal year 2017, because the 2017 smart campus projects with FMP primarily related to 40 digital classrooms, which required more hardware components (such as digital portal, electronic blackboards, smartboards, projectors, LED display panels, high definition classroom audio and sound system) purchase. In addition, the 2017 smart campus project with Strait College of Minjiang University primarily related to server rooms upgrade, which also required more hardware components purchased from external third-party suppliers. As more purchased hardware components instead of software components were used in these smart campus projects, our gross margin in 2017 was only 6.5%. In 2018, our smart campus project with FMP primarily consisted of upgrades of experiment centers for the business school and completion of the big data center through bundling of data management software with hardware facilities and device. Additionally, we gradually reduced hardware components for FMP and focused more on FMP's software and application, as well as maintenance and technical support. In addition, our other smart campus projects, i.e., projects with Capital Normal University, Beijing University of Chinese Medicine and University of International Business and Economics were all focused on higher-margin campus data management system upgrades, and as a result, our gross profit margin in 2018 from smart campus projects reached 19.7%.

### **Operating expenses**

The following table sets forth the breakdown of our operating expenses for the fiscal years ended December 31, 2018 and 2017

	For the years ended December 31,				Change	
	2018	%	2017	%	Amount	%
Selling expenses	\$ 704,060	54.9%	\$ 541,424	57.0%	\$ 162,636	30.0%
General and administrative expenses	579,500	45.1%	408,762	43.0%	170,738	41.8%
Total operating expenses	\$ 1,283,560	100.0%	\$ 950,186	100.0%	\$ 333,374	35.1%

### **Selling expenses**

Our selling expenses primarily include expenses incurred for various sales activities, advertisings, payroll expense paid to our sales and marketing personnel as well as shipping and delivery expenses. Selling expenses increased by \$162,636 or 30.0% from \$541,424 in 2017 to \$704,060 in 2018. This increase in selling expenses can be attributed primarily due to an increase in our brand advertising expenses by \$19,469, an increase in salary and employee welfare benefit expenses by \$117,907 resulting from our hiring of additional sales and marketing personnel to promote our business, an increase of entertainment expenses associated with sales activities by \$16,657, and an increase of business travel and transportation expenses by \$22,781 for marketing and promotion activities. As a percentage of revenues, our selling expenses accounted for 14.6% and 13.9% of our total revenue for the years ended December 31, 2018 and 2017, respectively. The increase in selling expenses is consistent with the increase of revenues. We expect that our overall sales and marketing expenses, including but not limited to, advertising expenses, brand promotion expenses and salaries, will continue to increase in the foreseeable future if our business further grows.

### **General and Administrative Expenses**

Our general and administrative expenses primarily consist of employee salaries, welfare and insurance expenses, depreciation and professional service expenses. General and administrative expenses increased by \$170,738 or 41.8% from \$408,762 in 2017 to \$579,500 in 2018, primarily due to an increase in salaries, welfare expenses and insurance expenses by \$74,926, when we hired more administrative employees and expanded our management team to meet the business growth demand, an increase of professional consulting fees by \$82,473 and increased property management fees by \$10,124. As a percentage of revenues, general and administrative expenses were 12.1% and 10.5% of our revenue in 2018 and 2017, respectively. We expect our general and administrative expenses, including, but not limited to, salaries and business consulting expenses, to continue to increase in the foreseeable future, as our business further grows. We expect our professional fees for legal, audit, and advisory services to increase as we become a public company upon the completion of this offering.

### **Interest Income**

Our interest income increased by \$18,183 or 25.7%, from \$70,743 in 2017 to \$88,926 in 2018. On March 17, 2017, we advanced a \$1,997,726 (RMB 13 million) interest bearing short-term loan to a third party Jinjiang Hengfeng Trading Co., Ltd. (“Hengfeng”) as working capital, with interest rate of 4.8% per annum and a maturity date of September 19, 2017. Immediately before the maturity date, on September 5, 2017, the Company and Hengfeng signed a supplemental agreement to extend the maturity date to December 19, 2018 with adjusted interest rate of 5% per annum. The loan was guaranteed by a third party Fujian Rongde Cotton Spinning Co., Ltd. As a result of the interest rate adjustment in 2018, we reported higher interest income on the third-party loan in 2018 as compared to 2017.

### **Other Income**

Our other income primarily includes government subsidies in the form of immediate refund of the levied VAT tax back to us, as an incentive to encourage education service provider like us to expand the business. Total government subsidy amounted to \$177,160 and \$158,625 for the years ended December 31, 2018 and 2017, respectively. In addition, we used cash to buy bank financial product and generated short-term investment income of \$3,500 and \$29,747 for the years ended December 31, 2018 and 2017. As a result, total other income was \$180,191 in 2018 and \$187,794 in 2017.

### **Provision for Income Taxes**

Our provision for income taxes was \$167,813 in 2018, an increase of \$9,704 from \$158,109 in 2017 due to our increased taxable income. The principal business of our subsidiary, China Liberal Beijing, is performed in the PRC, and is therefore subject to PRC income tax, which is computed according to the relevant laws and regulations in the PRC. As a High and New Technology Enterprises (“HNTEs”), China Liberal Beijing is entitled to a reduced income tax rate of 15% instead of 25%, beginning December 2016, which is valid for three years. Accordingly, our income taxes provision for fiscal 2018 and 2017 were reported at a reduced rate of 15% as a result of China Liberal Beijing being approved as a HNTE. The impact of the tax holidays noted above decreased foreign taxes by \$105,864 and \$100,549 for the years ended December 31, 2018 and 2017, respectively. The benefit of the tax holidays on net income per share (basic and diluted) was \$105.9 and \$100.5 for the years ended December 31, 2018 and 2017, respectively.

### **Net Income**

As a result of the foregoing, we reported a net income of \$924,440 for the fiscal year ended December 31, 2018, representing a \$49,634 increase from a net income of \$874,806 for the fiscal year ended December 31, 2017.

### **Net income attributable to non-controlling interest**

Non-controlling interests represent five minority shareholders’ 8.8228% ownership interest in our major operating subsidiary China Liberal Beijing. In December 2017, five minority shareholders contributed an aggregate of RMB 2,952,206 (approximately \$453,669) cash into China Liberal Beijing, for an aggregate of 8.8228% ownership interest. Net income attributable to non-controlling interest increased by \$75,979 for fiscal year 2018 as compared to fiscal year 2017, because five individual minority shareholders completed the cash injection and registration in December 2017 and only a small portion of our fiscal year 2017 net income was allocated to non-controlling shareholders in 2017. However, we allocated more net income to non-controlling shareholders in fiscal year 2018 because these minority shareholders still held the ownership interest in China Liberal Beijing as of December 31, 2018.

### **Net income attributable to the Company**

As a result of the above, net income attributable to the Company decreased by \$26,345, or 3.0%, from \$869,006 in fiscal year 2017 to \$842,661 in fiscal year 2018.

## **B. Liquidity and Capital Resources**

To date, we have financed our operations primarily through cash flow from operations and working capital loans from our major shareholders, when necessary. We plan to support our future operations primarily from cash generated from our operations and cash on hand.

As of December 31, 2018, we had \$2,077,166 in cash on hand as compared to \$7,970 as of December 31, 2017. We also had \$833,174 in accounts receivable for consulting services rendered, including \$346,332 in accounts receivable from overseas study consulting services, \$486,842 in tuition receivable from Sino-foreign jointly managed academic programs.

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	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Accounts receivable- overseas study consulting services	\$ 346,332	\$ -
Accounts receivable- Sino-foreign jointly managed education programs	486,842	632,724
Less: allowance for doubtful accounts	-	-
Accounts receivable, net	<u>\$ 833,174</u>	<u>\$ 632,724</u>

Most of our accounts receivable as of December 31, 2018 and 2017 were aged less than 3 months. Between January and March 2019, we have fully collected the December 31, 2018 accounts receivable balances of \$486,842 associated with Sino-foreign Jointly Managed Education Programs and \$346,332 associated with our overseas study consulting services.

As of December 31, 2018, we also had outstanding contract receivable of \$2,577,423 derived from providing smart campus technological consulting services to FMP:

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Contract receivable- “Smart Campus” related technological consulting services	\$ 2,425,779	\$ 845,050
Contract receivable- “Smart campus” project maintenance and technical support fee	151,644	-
Less: allowance for doubtful accounts	-	-
Total contract receivable, net	2,577,423	845,050
Less: current portion of contract receivable	960,237	160,270
Contract receivable, non-current	<u>\$ 1,617,186</u>	<u>\$ 684,780</u>

For contract receivable associated with smart campus technological consulting services, our contract with FMP for providing smart campus solution related technological consulting services has the following payment schedule:

<b>Payment term</b>	<b>RMB</b>	<b>USD</b>
2019	5,561,180	\$ 808,593
2020	5,561,180	808,593
2021	5,561,180	808,593
Total	<u>16,683,540</u>	<u>\$ 2,425,779</u>

Based on the above schedule, as of December 31, 2018, \$808,593 contract receivable aged above 1 year was scheduled to be settled by FMP within 2019. Subsequently in April 2019, FMP made a payment of RMB 2 million (USD \$290,799) to us as part of the 2019 payment and we expect to collect the remaining \$517,794 from FMP by October 2019.

We believe the contract receivable related to smart campus projects are fully collectible based on the payment terms and based on our continuing cooperation with our partner Chinese universities. The collection of our accounts and contract receivable will make cash available use in our operation as working capital, if necessary.

As of December 31, 2018, we also had deferred revenue of \$149,560 derived from customer deposits for consulting services. Such amounts will be recognized as revenue as our consulting services are rendered.

As of December 31, 2018, we had positive working capital of \$3,533,188. Our working capital requirements are influenced by the level of our operations, the numerical volume and dollar value of our sales contracts, the progress of execution on our customer contracts, and the timing of accounts receivable collections.

We believe that our current cash and cash flows provided by operating activities, loans from our principal shareholders, and the estimated net proceeds from this offering will be sufficient to meet our working capital needs in the next 12 months from the date the audited financial statements were issued. If we experience an adverse operating environment or incur unanticipated capital expenditure requirements, or if we decide to accelerate our growth, then additional financing may be required. We cannot guarantee, however, that additional financing, if required, would be available at all or on favorable terms. Such financing may include the use of additional debt or the sale of additional equity securities. Any financing which involves the sale of equity securities or instruments that are convertible into equity securities could result in immediate and possibly significant dilution to our existing shareholders.

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In the coming years, we will be looking to other sources, such as raising additional capital by issuing shares of stock, to meet our cash needs. While facing uncertainties in regards to the size and timing of capital raises, we are confident that we can continue to meet operational needs solely by utilizing cash flows generated from our operating activities and shareholder working capital funding, as necessary.

The following table sets forth summary of our cash flows for the periods indicated:

	For the Years Ended	
	December 31,	
	2018	2017
Net cash provided by (used in) operating activities	\$ 261,816	\$ (3,715,193)
Net cash provided by investing activities	1,881,329	2,833,955
Net cash provided by financing activities	8,094	455,249
Effect of exchange rate change on cash	(82,043)	(4,738)
Net increase (decrease) in cash	2,069,196	(430,727)
Cash, beginning of year	7,970	438,697
Cash, end of year	<u>\$ 2,077,166</u>	<u>\$ 7,970</u>

### **Operating Activities**

Net cash provided by operating activities was approximately \$261,816 in 2018, primarily consisted of the following:

- Net income of \$924,440 for the year;
- An increase in accounts receivable of \$243,769 because we provided increased overseas study consulting services to students and we had portion of tuition receivable from Sino-foreign jointly managed education programs not collected back as of the balance sheet date. We fully collected our December 31, 2018 outstanding accounts receivable during the period of January to March 2019.
- An increase in contract receivable of \$1,848,073 because we provided technological consulting services to FMP for “smart campus” solutions, these amounts represent services rendered, billed but not received as of the balance sheet date. Based on our contract payment term with FMP, these outstanding contract receivable will be paid in three installment payment during 2019 to 2021. Subsequently in January 2019, we received \$151,644 smart campus project maintenance support fee from FMP for our maintenance support services rendered in 2018. In addition, As of December 31, 2018, \$808,593 contract receivable aged above 1 year was scheduled to be settled by FMP within 2019. Subsequently in April 2019, FMP made a payment of RMB 2 million (USD \$290,799) to us as part of the 2019 payment and we expect to collect the remaining \$517,794 from FMP by October 2019.
- A decrease in advance to suppliers by \$1,484,014 because in 2017 we made advance payments to suppliers for purchase of materials and equipment to be used in the smart campus projects and we received the purchase in 2018;
- An increase of prepaid expenses and other current assets by \$130,282 due to increased temporary cash advance to sales and marketing employees to expand our business, these amount were not reimbursed as of the balance sheet date and will be reimbursed in subsequent accounting period; and increased interest receivable on third party loan receivable when the interest rate was adjusted from original 4.8% per annum in 2017 to 5% per annum in 2018; and
- An increase in taxes payable by \$78,988 due to increased taxable income for 2018.

Net cash used in operating activities was approximately \$3,715,193 in 2017, primarily consisted of:

- Net income of \$874,806 for the year; offset by
- An increase in accounts receivable of \$552,457 because we had portion of tuition receivable from Sino-foreign jointly managed education programs not collected back as of the balance sheet date. We fully collected our December 31, 2017 outstanding accounts receivable during the period of January to February 2018.
- An increase in contract receivable of \$813,737 because we started to provide technological consulting services to FMP for “smart campus” solutions in 2017, these amounts represent services rendered, billed but not received as of the balance sheet date. We completed the digital classroom projects for FMP in 2017 and accordingly recognized revenue when such services were completed, passed inspection and were accepted by FMP.
- An increase in advance to suppliers by \$1,471,166 because we made advance payments to suppliers for purchase of materials and equipment to be used in the smart campus projects;
- A decrease in deferred revenue by \$1,847,265 when previously received tuition payments from the Sino-foreign jointly managed academic programs have been recognized as revenue when revenue recognition criteria have been met.

### **Investing Activities**

Net cash provided by investing activities amounted to \$1,881,329 for the year ended December 31, 2018, primarily consist of:

- Purchase of property and equipment of \$83,515 and
- A collection of third-party loan receivables by \$1,964,844. On March 17, 2017, we advanced an interest-bearing short-term loan in the amount of \$1,964,844 (RMB 13 million) to an unrelated third party, Jinjiang Hengfeng Trading Co., Ltd. (“Hengfeng”), as working capital, bearing an interest rate of 4.8% per annum with a maturity date of September 19, 2017. Immediate before the maturity date, on September 5, 2017, the Company and Hengfeng signed a supplemental agreement to extend the maturity date to December 19, 2018 with an adjusted interest rate of 5% per annum. The loan was guaranteed by another non-related third party Fujian Rongde Cotton Spinning Co., Ltd.

Net cash provided by investing activities amounted to \$2,833,955 for the year ended December 31, 2017, primarily consisting of:

- Purchase of property and equipment of \$9,353;
- An increase in loan receivable by \$1,923,703 because, on March 17, 2017, we advanced an RMB 13 million interest bearing short-term loan to a non-related third party, Jinjiang Hengfeng Trading Co., Ltd. (“Hengfeng”), as working capital, bearing interest rate of 4.8% per annum with maturity date on September 19, 2017.
- At the same time, we collected back a short-term interest bearing loan of \$443,931 (RMB 3 million) that we advanced to another non-related third-party individual in 2016 at interest rate of 4.35% per annum.
- In addition, in late 2016, we planned to expand our business into the kindergarten education sector and made an investment deposit of RMB 11.2 million with third-party Haixi Baby Early Childhood Education Center (“Haixi”) in an attempt to acquire Haixi after the due diligence is completed. The intended acquisition was terminated in early 2017 and the investment deposit of RMB 11.2 million (USD \$1,659,491) was refunded back to us in 2017;
- Furthermore, in 2016, we used cash of RMB18 million (equivalent to \$2,663,589) to purchase a wealth management product from China Bank of Communication for 180 days in order to earn interest income at 4.8% interest rate per annum. This short-term investment was collected back upon maturity in 2017.

### **Financing Activities**

Net cash provided by financing activities amounted to \$8,094 for the year ended December 31, 2018 and primarily consist of borrowings from related parties as working capital. Such borrowing are non-interest bearing and due on demand.

Net cash provided by financing activities amounted to \$455,249 for the year ended December 31, 2017, primarily consisting \$453,669 capital contribution by five minority shareholders. In 2017, five individual shareholders contributed an aggregate of RMB2.95 million (approximately \$453,669) into our main operating subsidiary China Liberal Beijing for an 8.8228% ownership interest and such amount was used to increase the paid-in capital of China Liberal Beijing. In addition, we also borrowed \$1,580 from related parties as working capital.

### **Contractual obligations**

Our main operating subsidiary China Liberal Beijing leases office spaces for its headquarter office and local branches under non-cancelable operating lease agreements with various expiration dates between 2019 and 2022. Rent expense for the years ended December 31, 2018 and 2017 was \$271,585 and \$229,525, respectively.

As of December 31, 2018, our obligation under the operating leases for minimum rentals is as follows:

#### **For the Twelve Months Ended December 31,**

2019	\$ 305,808
2020	282,364
2021	277,078
2022	110,466
	<u>\$ 975,716</u>

## **Trend Information**

Other than as disclosed elsewhere in this registration statement, we are not aware of any trends, uncertainties, demands, commitments, or events that are reasonably likely to have a material effect on our net revenues, income from continuing operations, profitability, liquidity or capital resources, or that would cause reported financial information not necessarily to be indicative of future operating results or financial condition.

## **Off-Balance Sheet Arrangements**

We do not have any off-balance sheet arrangements as of December 31, 2018.

## **Inflation**

Inflation does not materially affect our business or the results of our operations.

## **Seasonality**

Seasonality affects our business or the results of our operations to some extent. We have experienced, and expect to continue to experience, seasonal fluctuations in our operations, primarily due to seasonal changes in student enrollments. Historically, our one-on-one consulting services tend to have the largest student enrollments in our third and fourth fiscal quarters, which run from July 1 to December 31 of each year, primarily because many students enroll in our courses to prepare for admissions and assessment tests in subsequent school terms, and the Sino-foreign joint programs typically make payments to us for our language training courses in October or November based on their student enrollments in the fall.

## **Critical Accounting Policies and Estimates**

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements. These financial statements are prepared in accordance with U.S. GAAP, which requires us to make estimates and assumptions that affect the reported amounts of our assets and liabilities and revenues and expenses, to disclose contingent assets and liabilities on the date of the consolidated financial statements, and to disclose the reported amounts of revenues and expenses incurred during the financial reporting period. The most significant estimates and assumptions include the valuation of accounts receivable, advances to suppliers, useful lives of property and equipment, the recoverability of long-lived assets, provision necessary for contingent liabilities, and revenue recognition. We continue to evaluate these estimates and assumptions that we believe to be reasonable under the circumstances. We rely on these evaluations as the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Since the use of estimates is an integral component of the financial reporting process, actual results could differ from those estimates. Some of our accounting policies require higher degrees of judgment than others in their application. We believe critical accounting policies as disclosed in this prospectus reflect the more significant judgments and estimates used in preparation of our consolidated financial statements.

The following critical accounting policies rely upon assumptions and estimates and were used in the preparation of our consolidated financial statements:

### ***Uses 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, advances to suppliers, useful lives of property and equipment, the recoverability of long-lived assets, provision necessary for contingent liabilities and revenue recognition. Actual results could differ from those estimates.



### ***Accounts and contract receivable, net***

Accounts and contract receivable are recognized and carried at original invoiced amount less an estimated allowance for uncollectible accounts.

The Company determines the adequacy of reserves for doubtful accounts based on individual account analysis and historical collection trend. The Company establishes a provision for doubtful receivables when there is objective evidence that the Company may not be able to collect amounts due. The allowance is based on management's best estimate of specific losses on individual exposures, as well as a provision on historical trends of collections. Actual amounts received may differ from management's estimate of credit worthiness and the economic environment. Delinquent account balances are written-off against the allowance for doubtful accounts after management has determined that the likelihood of collection is not probable. As of December 31, 2018 and 2017, there was no allowance recorded as the Company considers all of the accounts receivable fully collectible.

Our contract receivable represents balance derived from technological consulting services for "smart campus" solutions provided to Chinese university Fuzhou Melbourne Polytechnic ("FMP"), when the projects under the contract have been completed and accepted by FMP, but the balance has not been past due based on the contracted payment schedule. We offer longer credit terms to FMP for the purpose of maintaining long-term relationship. In addition to the "smart campus" solutions related services provided to FMP, we also have Sino-foreign jointly managed education service programs with FMP since 2011. We had not incurred any bad debts with FMP in the past, and accordingly considers the contract receivable fully collectible. Thus, there was no allowance recorded on such outstanding contract receivable for the years ended December 31, 2018 and 2017.

### ***Revenue recognition***

The Company's revenue is recognized when persuasive evidence that an arrangement exists, delivery of services or products has occurred, the selling price is fixed or determinable and the collection is reasonably assured. Revenue is reported net of all value added taxes ("VAT").

The primary sources of the Company's revenue are as follows:

#### ***Sino-foreign jointly managed academic programs***

We recommend and coordinate the forging of partnerships between reputable accredited international universities/colleges and Chinese host universities/colleges to establish international education programs at diploma or undergraduate degree levels. Chinese host universities/colleges then utilize their existing administration ability, campus classrooms and facilities to recruit Chinese students into such programs. We also select and recommend for recruitment qualified foreign faculty to teach major-specific courses at selected Chinese host universities/colleges and bears all faculty related costs. We provide continuing support to foreign faculty, develop and deliver major course content and materials to ensure the teaching quality meeting international standards, and help optimize students' learning outcomes and help prepare them for overseas educations and assist in obtaining course credit conversion in the event that any student decides to pursue further study overseas. We actively support and interact with enrolled students throughout their programs to ensure successful program completion. As a result of performing the above mentioned services, we are entitled to receive 30% to 50% of such student tuitions, which are first collected by the Chinese host universities/colleges from enrolled students at the beginning of each academic school year, and then remitted to us.

The portion of tuition fees we receive are initially recorded as deferred revenue and recognized ratably over the applicable academic year as our teaching, management and supporting services are incurred over the whole academic school year.

#### ***Sales of textbooks and course materials***

In order to ensure the quality of the course content to meet international standards, we have developed and edited more than 16 English textbooks and course materials with emphasis on language training, and sells these textbooks and course materials to students enrolled under the Sino-foreign jointly managed education programs.

Revenue from sales of textbooks and related course materials is recognized upon delivery of textbooks and course materials, which is when the risks and titles are transferred.

#### ***Overseas study consulting service***

Our overseas study consulting services target those students who wish to study in foreign countries to enrich their learning experiences, expand their horizons, and gain exposure to a broader array employment possibilities. Our overseas study consulting services are typically performed one a one-on-one basis lasting between four to six months. We provide school and university information to help students to make informed decisions about which institution and major to choose, help them prepare for the school application and admission, provides study plans, language training and test preparation courses to help students to improve their foreign language abilities and help them achieve higher scores in international admission and assessment tests. We also help students with their visa applications and paperwork, and offer overseas extended services such as finding accommodation and travel assistance. In connection with these services, we collect an up-front fee based on the scope of consulting services requested by the student. 90% of the consulting fee is non-refundable and is recognized ratably as revenue over the service period, while 10% of the consulting fee is refundable and is deferred and recognized as revenue when students are successfully admitted by foreign institution and student visas are granted.

*Technological consulting services for smart campus solutions*

Under the concept of “creating smart campuses”, our technological consulting services utilize the advanced information technology such as cloud computing, mobile internet, artificial intelligence and big data analytics to provide total solutions to targeted Chinese universities/colleges in order to integrate and improve their teaching, research, student data management, storage and processing, and campus life services, and to optimize their teaching and operating environment and improve operational efficiency. Our “smart campus” related technological consulting service contracts are primarily on a fixed-price basis. These contracts typically require us to perform services including project planning, project solutions and design, data management application development and customization, installation of hardware equipment and components for digital classrooms and academic experiment centers or labs, integration of the hardware and software application, and post-contract continuous maintenance support, based on the specific needs from each customer. Upon delivery of the services, project completion inspection and customer acceptance are generally required. In the same contract, it may also include provision that require us to provide post-contract maintenance support for a period ranging from several months to three years after customized “smart campus” solutions and services are delivered.

We evaluate “smart campus” solution service contracts and determine whether these contracts contain multiple deliverable arrangements. An arrangement is separated, if (1) the delivered element(s) has (have) value to the customer on a stand-alone basis, (2) there is reliable evidence of the fair value of the undelivered element (s) and (3) if the arrangement includes a general right of return relative to the delivered element(s), delivery or performance of the undelivered element (s) is (are) considered probable and substantially in the control of us. If all three criteria are fulfilled, appropriate revenue recognition convention is then applied to each separate unit of accounting. If the three criteria are not met, revenue is deferred until such criteria are met or until the period in which the last undelivered element is delivered. We determine “smart campus” solution and application development service, installations of hardware and software components, and post-contract continuous maintenance support, as separated deliverables in same fixed-fee contract, because our promise to transfer each of these services is separately identifiable from other promises in the contract. We allocate contract revenue to the identified separate units based on their relative fair value.

Reliable fair values are sales prices for the component when it is regularly sold on a stand-alone basis, third-party prices for similar components or, under certain circumstances, cost plus, an adequate business specific profit margin related to the relevant element. The amount allocable to the delivered elements is limited to the amount that is not contingent upon delivery of additional elements or meeting other specified performance conditions. Revenue allocated to technological consulting services for “smart campus” solution is recognized upon completion of each unit of service. In instances where substantive completion inspection and customer acceptance provisions are specified in contracts, revenues are deferred until all inspection and acceptance criteria have been met.

***Income Tax***

We account for current income taxes in accordance with the laws of the relevant tax authorities. Deferred income taxes are recognized when temporary differences exist between the tax bases of assets and liabilities and their reported amounts in the consolidated financial statements. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period including the enactment date. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

An uncertain tax position is recognized as a benefit only if it is “more likely than not” that the tax position would be sustained in a tax examination. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the “more likely than not” test, no tax benefit is recorded. Penalties and interest incurred related to underpayment of income tax are classified as income tax expense in the period incurred. No significant penalties or interest relating to income taxes have been incurred during the years ended December 31, 2018 and 2017. All of the tax returns of the Company remain subject to examination by the tax authorities for three years from the date of filing.

### **Recently Issued Accounting Pronouncements**

In May 2014, the Financial Accounting Standard Board (the “FASB”) issued ASU No. 2014-09, “Revenue from Contracts with Customers (Topic 606)” (“ASU 2014-09”). ASU 2014-09 requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. ASU 2014-09 will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either the retrospective or cumulative effect transition method. The guidance also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts. In August 2015, the FASB issued ASU No. 2015-14, “Deferral of the Effective Date” (“ASU 2015-14”), which defers the effective date for ASU 2014-09 by one year. For public entities, the guidance in ASU 2014-09 will be effective for annual reporting periods beginning after December 15, 2017 (including interim reporting periods within those periods). In March 2016, the FASB issued ASU No. 2016-08, “Principal versus Agent Considerations (Reporting Revenue versus Net)” (“ASU 2016-08”), which clarifies the implementation guidance on principal versus agent considerations in the new revenue recognition standard.

As an “emerging growth company,” or EGC, the Company has elected to take advantage of the extended transition period provided in the Securities Act Section 7(a)(2)(B) for complying with new or revised accounting standards applicable to private companies. The amendments in this ASU are effective for annual reporting periods beginning after December 15, 2018, including interim periods within annual reporting period beginning after December 15, 2019.

We adopted ASC 606 on January 1, 2019, using the modified retrospective method. We have completed the assessment of the impact of this new guidance by reviewing our existing customer contracts and current accounting policies and practices to identify differences that might result from applying the new requirements, including the evaluation of its performance obligations, transaction price, customer payments, transfer of control and principal versus agent considerations. Based on the assessment, we concluded that there was no change to the timing and pattern of revenue recognition for our current revenue streams in scope of Topic 606. The adoption of Topic 606 did not result in a cumulative catch-up adjustment to our opening balance sheets of retained earnings at the effective date and therefore there were no material changes to our consolidated financial statements. Our future financial statements will include additional disclosures as required by Topic 606.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which requires lessees to recognize a right-of-use asset and lease liability on the balance sheet for all leases, including operating leases, with a term in excess of 12 months. The guidance also expands the quantitative and qualitative disclosure requirements. The guidance will be effective in fiscal year 2020, with early adoption permitted, and must be applied using a modified retrospective approach. In July 2018, the FASB issued updates to the lease standard making transition requirements less burdensome. The update provides an option to apply the transition provisions of the new standard at its adoption date instead of at the earliest comparative period presented in the company’s financial statements. The new guidance requires the lessee to record operating leases on the balance sheet with a right-of-use asset and corresponding liability for future payment obligations. FASB further issued ASU 2018-11 “Target Improvement” and ASU 2018-20 “Narrow-scope Improvements for Lessors.” As an emerging growth company, we will adopt this guidance effective January 1, 2020. We do not expect the cumulative effect resulting from the adoption of this guidance will have a material impact on our consolidated financial statements.

In February 2018, the FASB has issued Accounting Standards Update (ASU) No. 2018-02, “Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income.” The ASU amends ASC 220, *Income Statement — Reporting Comprehensive Income*, to “allow a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the Tax Cuts and Jobs Act.” In addition, under the ASU, an entity will be required to provide certain disclosures regarding stranded tax effects. The ASU is effective for all entities for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. We do not believe this guidance will have a material impact on our consolidated financial statements.

In March 2018, the FASB issued ASU 2018-05 — Income Taxes (Topic 740): Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 118 (“ASU 2018-05”), which amends the FASB Accounting Standards Codification and XBRL Taxonomy based on the Tax Cuts and Jobs Act (the “Act”) that was signed into law on December 22, 2017, and Staff Accounting Bulletin No. 118 (“SAB 118”) that was released by the Securities and Exchange Commission. The Act changes numerous provisions that impact U.S. corporate tax rates, business-related exclusions, and deductions and credits and may additionally have international tax consequences for many companies that operate internationally. We do not expect this guidance will have a material impact on our consolidated financial statements.

In August 2018, the FASB Accounting Standards Board issued ASU No. 2018-13, “Fair Value Measurement (Topic 820): Disclosure Framework Changes to the Disclosure Requirements for Fair Value Measurement” (“ASU 2018-13”). ASU 2018-13 modifies the disclosure requirements on fair value measurements. ASU 2018-13 is effective for public entities for fiscal years beginning after December 15, 2019, with early adoption permitted for any removed or modified disclosures. The removed and modified disclosures will be adopted on a retrospective basis and the new disclosures will be adopted on a prospective basis. We do not expect this guidance will have a material impact on our consolidated financial statements.

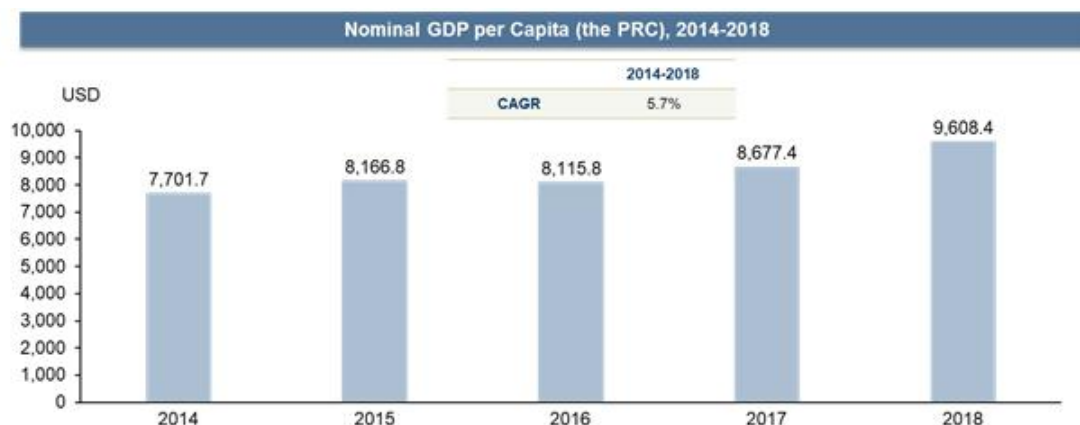
## INDUSTRY

All the information and data presented in this section have been derived from Frost & Sullivan (Beijing) Inc., Shanghai Branch Co. (“Frost & Sullivan”)’s industry report dated April 2019 entitled “The PRC Sino-Foreign Joint Programs, Study Aboard Consulting and Training Services, Smart Campus Solutions and School-Enterprise Cooperation Services Industry Independent Market Research” (the “Frost & Sullivan Report”), unless otherwise noted. Frost & Sullivan has advised us that the statistical and graphical information contained herein is drawn from its database and other sources. The following discussion projections for future growth, which may not occur at the rates that are projected or at all.

### OVERVIEW OF THE MACROECONOMIC ENVIRONMENT IN THE PRC

#### Nominal GDP per Capital

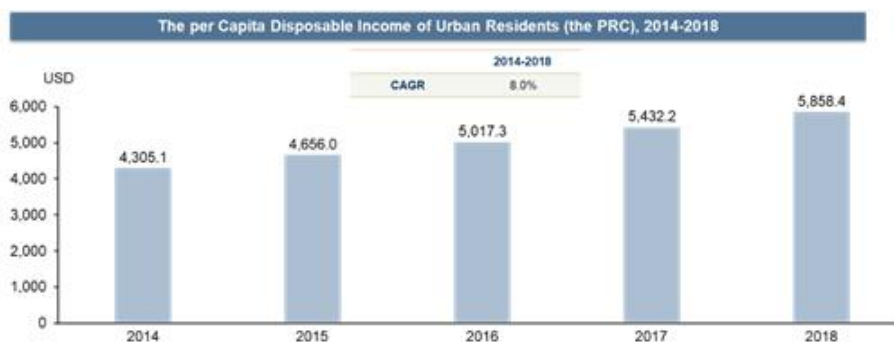
According to the International Monetary Fund, from 2014 to 2018, nominal GDP per capita in the PRC rose from USD7,701.7 in 2014 to USD9,608.4 in 2018, representing a CAGR of approximately 5.7%. The growth in nominal GDP per capita has largely stimulated the development of the overseas education market in the PRC from 2014 to 2018.



Source: International Monetary Fund, Frost & Sullivan Report

#### Per Capita Disposable Income of Urban Residents in the PRC

According to the National Bureau of Statistic of the PRC, the per capita disposable income of urban residents in the PRC increased from USD 4,305.1 in 2014 to US\$5,858.4 in 2018, representing a CAGR of 8%. In line with the trend of nominal GDP, the disposable income of urban residents in the PRC increased from 2013-2018, as there was a rise in overall household spending capabilities due the blooming economy.

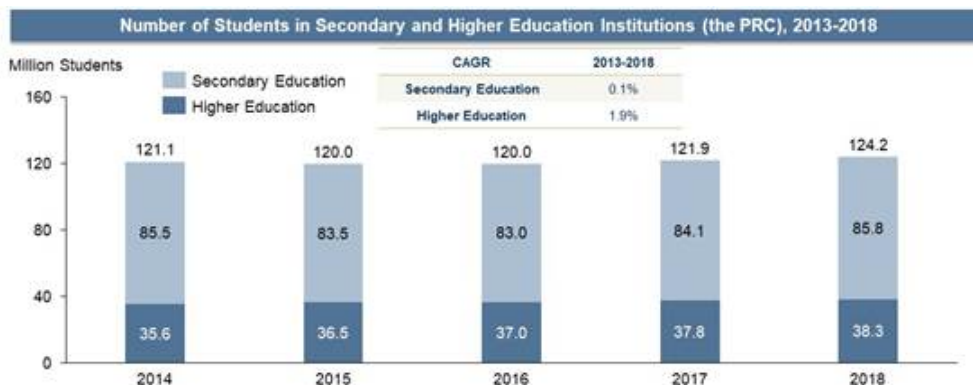


Source: National Bureau of Statistic of China

Note: The GDP per capita is converted to USD at RMB/USD of 6.7

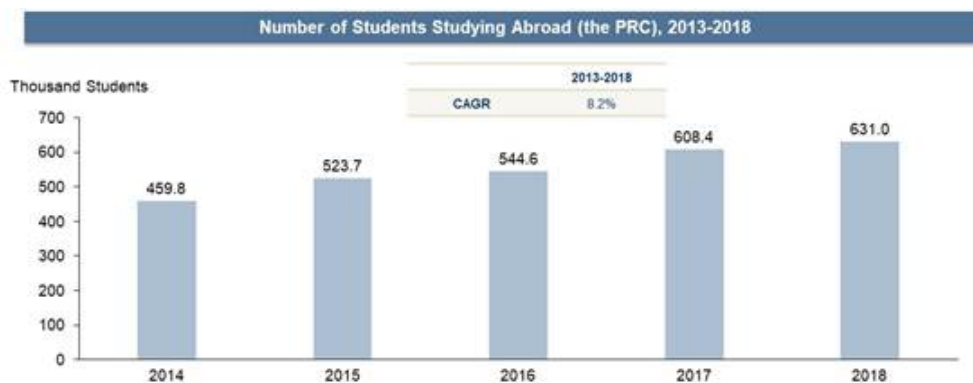
### Number of Students in Secondary and Higher Education Institutions

According to the Ministry of Education of the PRC, the total number of students in secondary education institutions was relatively stable at a CAGR of approximately 0.1%, from 85.5 million students in 2014 to 85.8 million students in 2018. Benefiting from the rapid growth of the PRC economy and the increasing demand for higher education, the total number of students in higher education institutions increased from 35.6 million students in 2014 to 38.3 million students in 2018, representing a CAGR of approximately 1.9% during the period.



Source: Ministry of Education of the PRC, Frost & Sullivan Report

### Number of PRC Students Studying Abroad

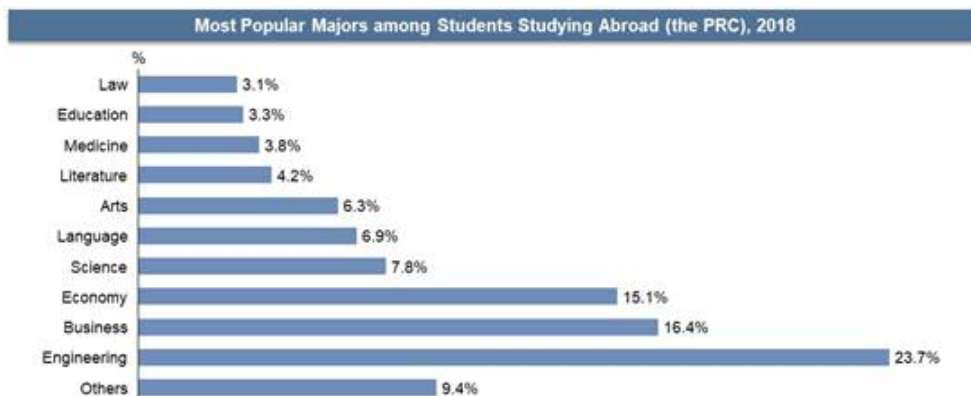


Source: National Bureau of Statistics of the PRC, Frost & Sullivan Report

The growing economy has contributed to the emergence of middle-class families in the PRC and their increasing desire to send their children abroad for higher education and international experiences. According to the National Bureau of Statistics of China, from 2014 to 2018, the total number of students from the PRC studying abroad rose from 459.8 thousand to 631.0 thousand, at a CAGR of approximately 8.2% during the period.

**Majors among PRC Students Studying Abroad**

With the process of globalization, the rapid growth of the global economy and stable development of the labor market, business, economy and engineering have remained top areas of study for PRC students. According to the Frost & Sullivan Report, in 2018, engineering, business and economics programs were the most popular courses of study for PRC students studying abroad, accounting for 23.7%, 16.4% and 15.1% of the entire overseas Chinese students respectively. At the same time, 7.8%, 6.9%, and 6.3% of Chinese students studying abroad chose science, language, arts as their majors in 2018.



Source: Frost & Sullivan Report

**OVERVIEW OF THE SINO-FOREIGN JOINTLY MANAGED ACADEMIC PROGRAMS MARKET**

**Introduction**

Sino-foreign jointly managed academic programs refer to education programs offered by joint ventures of the PRC and foreign institutions. There is a large number of Sino-foreign programs in the PRC across all levels of education, primarily in undergraduate and postgraduate education, as well as diploma and non-degree higher education, and a small amount of senior secondary education programs. The Sino-foreign joint educational institutions in China usually provide various kinds of programs, including languages, and liberal arts, business. There are mainly three modes of Sino-foreign jointly managed academic programs in higher education:

Model of Sino-foreign jointly managed academic programs	Description
3+1 model	Students are required to spend their first three years of study in Sino-foreign jointly managed academic programs in the PRC, including language courses and major-related courses. After they finish the 3-year study period in the PRC and pass the English qualification test, students can be admitted to the foreign educational institution in the origin country that cooperated with the program.
2+2 model	Similar to 3+1 model, students in 2+2 models need to spend their first two years of study in a Sino-foreign jointly managed academic program in the PRC. After the 2-year study period, students who pass the language qualifications test can be admitted to the foreign educational institutions and continue their final 2-year study.
4+0 model	Unlike 3+1 and 2+2 models, students in 4+0 model have to finish their study within the PRC and will not study in the foreign schools. However, their syllabi and teaching materials are provided by foreign educational institutions.
Others model (2+1/2.5+1+1)	Like the 2+1 model, students have their two years in the PRC and one year in origin country; Students in 2.5+1+1 model have to complete their first two and a half years of language and major-related coursework within the PRC. After the 2.5-year study period, qualified students can be admitted to the foreign institution and study in the origin country of the foreign institution. Students completing their 1-year studies in the foreign country can receive bachelor's degrees from the foreign institution and they can choose to continue their study for 1 more year to obtain a master's degree in the foreign institution.

Generally, except in the 4+0 model, students can receive both diplomas from the Chinese universities/colleges and foreign institutions when they complete their studies. The institution in the PRC issues a graduation certificate and a degree certificate while the foreign institution issues a certificate to student.

Some Sino-foreign jointly managed academic programs cooperate with language training course providers to provide language training to students, such as English for academic purpose (EAP) programs to prepare students for IELTS or TOEFL. Other than English, the language training courses providers can provide other language courses to the schools, such as German, Italian and Japanese courses.

### Market Size of Sino-foreign Jointly Managed Academic Programs in the PRC

The stable growth of the PRC's economy has driven the rise of incomes and helped to improve the education level of its people. People have higher requirements for educational credentials and are more willing to invest in high-quality education for the next generation. Therefore, Sino-foreign jointly managed programs are getting more popular in the PRC and have seen stable growth since 2014. According to the Frost & Sullivan Report, the revenue of Sino-foreign jointly managed academic programs in the PRC increased from USD2.0 billion in 2014 to USD2.7 billion in 2018, representing a CAGR of 7.7%. Along with this increasing demand for high-quality education in the PRC market, the market for Sino-foreign jointly managed academic programs is expected to be USD3.9 billion in 2023, at a CAGR of 7.5% from 2019 to 2023.



Source: Frost & Sullivan Report

Note: The Market Size is converted to USD at RMB/USD of 6.7

### Market Drivers and Trends

**Demand for High-Quality Education** - The educational institutions in the PRC have a problems with ensuring qualify, which is mainly attributable to urban and rural differences, as well as PRC government education policies. The schools in first tier cities, such as Beijing, Shanghai, Guangzhou and Shenzhen, usually have government support with more education funding and are able to provide higher quality education, such as higher quality teachers and teaching materials, than the schools in second and third tiers cities. For examples, higher education institutions designated in Project 985, Project 211, and Plan 111 that were announced by the PRC government have received more resources and support from the government. As household incomes are increasing in the PRC, PRC families are willing to pay more for better education for future generations, because they believe education can increase their children's chances in a competitive society and help them build a better future. Sino-foreign joint programs are unlike normal domestic educational institutions in the PRC as they can provide teaching materials and study syllabi similar to those of foreign schools and are able to provide high level languages education in languages such as English, Italian, and Japanese. Students can experience high-quality foreign education in the PRC.

**Rapid Economic Development and Competitive Environment in the PRC**- As the national economy in the PRC has witnessed rapid development, the competition between people is getting more intense. To increase personal competitiveness in the PRC, PRC students have to achieve higher educational levels and acquire qualified academic credentials. Sino-foreign joint programs provide high-quality programs with syllabi and teaching materials from foreign educational institutions which allow local students to receive foreign education within the PRC. Moreover, educational credentials are becoming more important in the job market, as employers highly value candidates with good academic levels and certifications from prestigious PRC and foreign universities. Therefore, Sino-foreign jointly managed academic programs have become more popular under this competitive environment as they are able to provide better educational services and have more opportunities for students to study abroad or pursue exchange programs.

*Diversified Disciplines and Majors* - Sino-foreign jointly managed academic programs provide a broader selection of disciplines and majors for students compared to domestic universities in the PRC. Students attending such programs are able to receive higher quality educational services and increase their competitiveness in the PRC education market. Domestic universities in the PRC may not have the resources to provide some of the majors or are unable to reach the same quality as foreign universities, such as physiotherapy, marine engineering, heritage preservation, etc. Therefore, more domestic educational institutions in China tend to cooperate with foreign educational institutions to provide various disciplines and majors to fulfill the needs of different students. Moreover, Sino-foreign jointly managed academic programs usually provide languages training to students, especially IELTS (International English Language Testing System) and TOELF (Test of English as Foreign Language) training. Other than English, some of the programs also provide language training depending on the origin country of foreign cooperators, such as Italian, Spanish, French, and Japanese.

### Regulations for Sino foreign Jointly Managed Academic Program

The State Council has launched *the Regulations of the PRC on Sino-foreign Cooperative Education* since 1 March, 2003, which was later amended and became effective on 18 July, 2013. The Ministry of Education enforced the *Implementing Measures for the Regulation of the PRC on Sino-foreign Cooperative Education* in 2004. These laws aim to regulate the establishment and operation of educational establishments in the PRC by joint venture of foreign educational institutions and local Chinese educational institutions which primarily seek to enroll Chinese students. The Sino-foreign joint ventures that apply to run Sino-foreign jointly managed academic programs are required to follow these regulations and ensure the quality of education they provide. For example, these regulations require the foreign teachers and administrators employed by the Sino-foreign joint institutions to possess a bachelor’s degree or above, have related occupational certificates, and have at least two years of work experience in education and teaching. Additionally, Sino-foreign joint ventures are not allowed to conduct compulsory education or education of certain fields, such as military, police and political education. Moreover, all Sino-foreign joint educational institutions need to be approved by the relevant government authorities and obtain Sino-foreign cooperative education licenses.

### Overview of Competitive Landscape of Sino-foreign Jointly Managed Academic Programs in the PRC

According to Ministry of Education of the PRC, as of June 2018, there were over 2,300 Sino-foreign joint institutions or programs in the PRC, of which nearly 1,100 of Sino-foreign joint institutions or programs were undergraduate level or above. The Sino-foreign Joint institutions and programs are distributed throughout the PRC geographically, expect certain remote areas, such as Tibet and Ningxia. The majority of Sino-foreign jointly managed academic programs are located in well-developed areas, especially in the coastal areas, first-tier cities and second-tier cities, such as Beijing, Shanghai, Jiangsu, Shandong, Zhejiang, and Guangdong, because these areas have better economic environments and higher incomes, as well as higher populations that have larger demand for Sino-foreign jointly managed academic programs.

## OVERVIEW OF STUDY ABROAD CONSULTING AND TRAINING SERVICES MARKET

### Definition





The PRC study abroad consulting and training services industry consists of any related study service products aimed at assisting PRC students who intend to study abroad. Study abroad consulting and training services intuitions are approved by an educational service organization cooperating with overseas higher education institutions, academic programs and other academic institutions, or to operate independently, to conduct study abroad consulting and training service to assist PRC students to study abroad. Such institutions consist of professional study abroad consulting institutions, comprehensive study service consulting agency service sector, online study consulting platforms and academic institutions.

PRC study abroad consulting and training service institutions provide study planning programs for PRC students who intend to study abroad. They prepare tailored study plans, assist students in preparing materials for application processes, prepare applicants for interviews with overseas institutions and schools, and provide consulting services for communications. These study plaining programs aim to help the PRC students have better understanding toward study life in foreign countries and provide assistances during the study abroad application process.

### Market Size

According to the Frost & Sullivan Report, the continuing increase in disposable income per household provides income flexibility for parents to invest in higher quality education programs for their children. These households are primarily in tier 1 to 3 cities but lower tier cities are also experiencing a steady growth in their incomes as well. This growth in disposable income and wealth among cities will have a positive effect on expanding the number of students studying abroad and may increase the demand for overseas study abroad consulting services. The market size by revenue of the study abroad consulting and training services in the PRC increased from USD1.9 billion in 2013 to USD3.8 billion in 2018 and is expected to reach USD7.3 billion by 2023, at a CAGR of 13.5% from 2019.

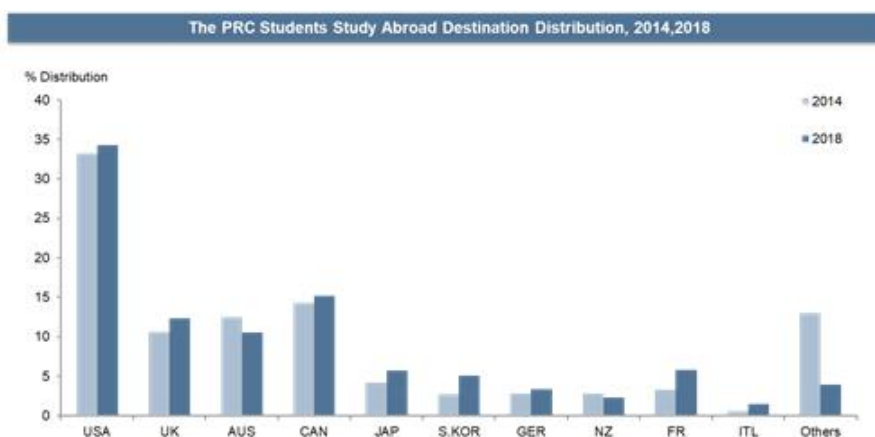


Source: Frost & Sullivan Report

Note: The Market Size is converted to USD at RMB/USD of 6.7

## Market Drivers and Trends

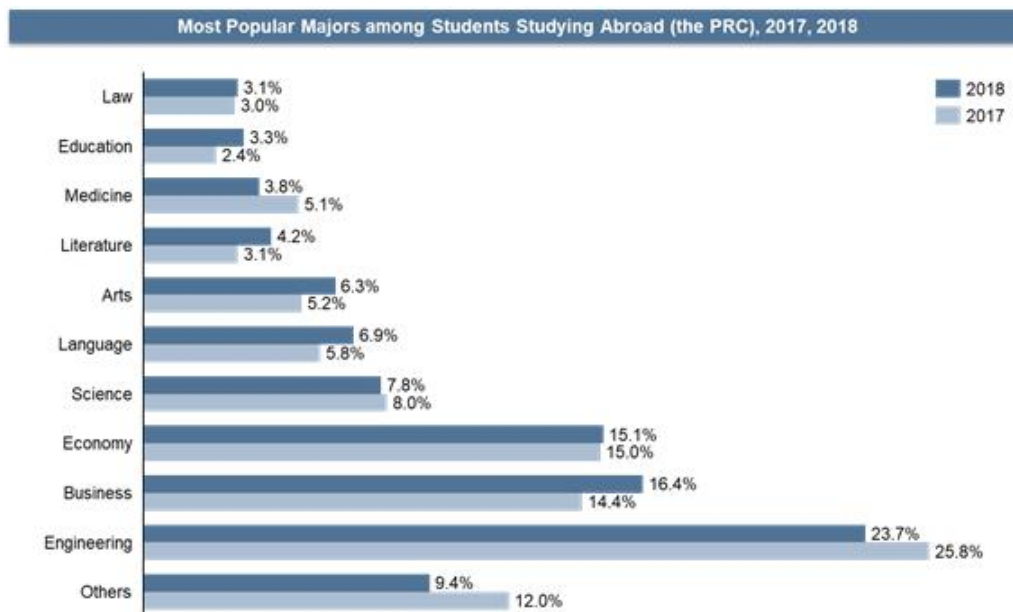
*Economic development leads to more destination choices-* The cost of studying abroad has become increasingly more affordable as the booming economy has allowed more parents and students to meet the high costs associated with overseas study, giving more Chinese students the opportunity to study abroad. These households were mostly found in tier 1 to 3 cities but lower tier cities were found to be steadily increasing their income. English-speaking countries, like the United States, United Kingdoms, Australia and Canada remain the top destinations to study abroad. Although the majority of students still choose these countries, the number of students who choose to study in non-English speaking countries has increased in recent years, especially to countries such as France, Germany, Italy, Japan and South Korea. This is primarily due to the rise in lower-tier cities and the overall affordability of non-English speaking countries, where the cost of tuition, educational programs, and living expenses are much lower than English speaking countries. In addition, instead of traditional English-speaking countries, emerging study abroad educational markets, such as Spain and Italy, have become increasingly attractive for students to study abroad in. At the same time, specific advantages of non-English regions, such as the industrial advantages of Germany and Japan, and Italy's luxury goods and art industry, have become key considerations for attracting Chinese students to study abroad. According to the Frost & Sullivan Report, there were more students from the PRC studying in France, Italy, the South Korea, Japan and Germany in 2018 than in 2014.



Source: Frost & Sullivan Report

*China's Belt and Road Initiative-* The Belt and Road Initiative is viewed as “the 21st-century Silk Road” connecting countries in Asia, Africa and Europe such as Malaysia, South Korea, Russia, etc. with the hopes of promoting the development of Asian, African and European countries along the route, regardless of economic, trade, politics, culture and so on. This has created broader horizons for students to experience and study in. Through studying in countries along the Belt and Road, students can accumulate valuable cultural knowledge, as well as experience the culture and political business environments of these countries, which is conducive to students’ future career development. With the Belt and Road countries becoming new growth points, according to the Ministry of Education of the PRC, in 2017, the number of students studying in the countries along the “Belt and Road” was 66,100, an increase of 15.7% over the previous year. The Belt and Road Initiative brings more choices to Chinese students and indirectly promotes the demand for study abroad consulting and training services market.

*Change in student preferences-* According to the Frost and Sullivan Report, there are also trends evident in the change of degree preferences by Chinese students. Engineering, business and economics have been the most popular degrees pursued by PRC students. However, more recently there is a rising trend in students choosing to follow their own academic preferences over parental preferences and what is traditionally expected of them. According to the Frost & Sullivan Report, the percentage of students from the PRC majoring in art, literature, languages and education have increased in 2018.



Source: Frost & Sullivan Report

## OVERVIEW OF THE SMART CAMPUS SOLUTIONS MARKET

### Introduction and Definition

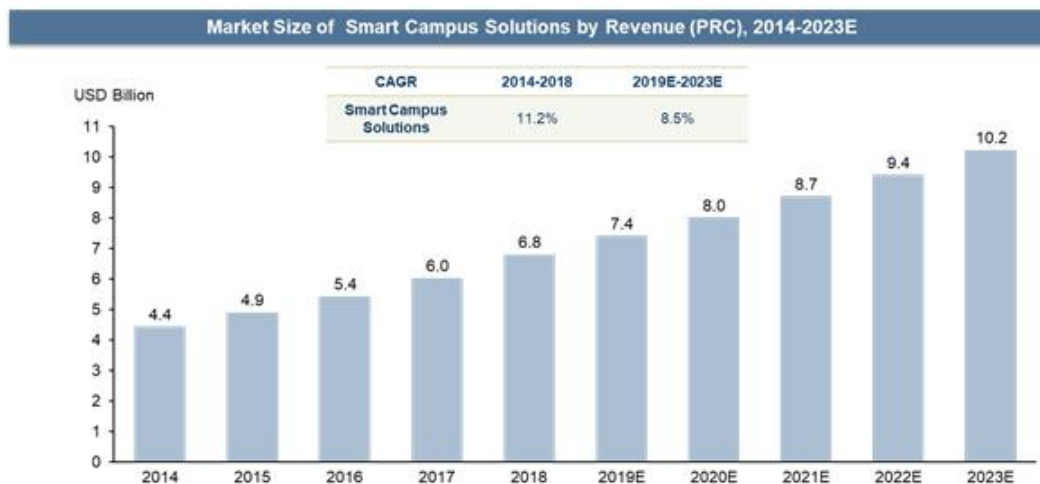
A smart campus is a school campus that uses innovated technologies, information and communications technology (ICT) tools, Internet of Things (IoT) and digitalized equipment to increase the efficiency and productivity of schools.

The building of a smart campus consists of setting up both software and hardware. The service provider supplies customizable software as a service (SaaS) according to the school's requirements, such as online e-learning systems, registrar administration systems, office automation systems, teaching resources systems, and human resources. The users of these systems include students, teachers and school management teams. The big data collected from the smart campus systems can provide analytics for schools to improve the efficiency.

Other than software, hardware is also a crucial part of a smart campus. The providers need to ensure the campus will have enough wireless access points (AP) and full Internet coverage to allow teachers and students access to the Internet at any time. Moreover, the building of smart classrooms is a key point of smart campus. Smart classrooms in smart campuses should have a multimedia system consisting of essential multi-media devices, such as computers and projectors. Additionally, recording systems, IoT systems, classroom cloud desktop and wireless network coverage are essential for a smart classroom. Other than classrooms, smart campus solutions can also be use in car parks, dormitories, canteens and different parts of a campus as the providers can provide different services according to the locations and users.

## Market Size of Smart Campus Solutions in the PRC

According to the Frost & Sullivan Report, the rapid technology development combined with support from the government, such as the *Ten Years Development Plan of Education Informatization (2011-2020)* and the *Main Working Points of Education Informatization* in 2016, the smart campus solutions market has seen growth from 2014 to 2018. The market of smart campus solutions increased from USD4.4 billion to USD6.8 billion in 2018, representing a CAGR of 11.2%. With continued development and upgrade of the education industry in the PRC, more schools are expected to use smart campus solutions. According to the Frost and Sullivan Report, the smart campus solutions coverage in the PRC has increased from approximately 34% in 2016 to approximately 50% in 2018. Demand is expected to boost the market for smart campus solutions and will reach USD10.2 billion by 2023, at a CAGR of 8.5% from 2019 to 2023.



Source: Frost & Sullivan Report

Note: The Market Size is converted to USD at RMB/USD of 6.7.

## Market Drivers and Trends

**Supports from the PRC government-** The PRC government has implemented policies to support the development of the education industry in the PRC, including the promotion of smart campus and education informatization. For example, the *Ten Years Development Plan of Education Informatization (2011-2020)* (2011-2020) released in 2012 by the Ministry of Education aimed to build up green, safe and civilized smart campuses by increasing internet coverage on campuses, safety information platforms, set up and usage of smart classrooms, and data management centers for teaching and research. The Ministry of Education announced *The Main Working Points of Education Informatization* in 2016 targeted to achieve 95% internet coverage for primary school and middle schools in the country. With this support from the government and rapid technology development, the market of smart campus solutions is expected to have strong growth.

**Increasing internet coverage and technology development-** Under the stable growing trend of national economy and technology development in the PRC, the Internet coverage has been increased and more people can now have access to the Internet. According to the National Bureau of Statistics of China, there were about 772 million people with access to the Internet in the PRC in 2017. The Internet has rapidly become a part of people’s daily lives. According to the Frost & Sullivan Report, there will be over 1 billion people with access to the internet in the PRC by 2023. As a result, demand for smart campuses is expected to increase in the future.

## Key Success Factors for Smart Campus Solutions

**Ability to provide one-stop smart campus solutions-** Smart campus is becoming popular in different level of schools and more schools are willing to invest in smart campus solutions. The ability to provide one-stop smart campus solutions is an important point when clients are choosing their providers. As most of the clients may not have comprehensive and professional knowledge about the software and hardware in smart campuses, the services providers with the ability to provide one-stop solutions, such as the set-up of smart classrooms, designing mobile apps and online platforms and set up of internet access points tend to have more competitive advantages. Moreover, due to the maturation of technology and expansion of the market, more companies are expected to participate in the smart campus solutions market. In order to compete with other participants, the ability to provide one-stop smart campus solutions and pricing strategy are critical to increasing competitiveness in the market.

**Research and development of smart campus systems-** The building of a smart campus requires various systems, such as different managing systems, human resources systems, multi-media systems, recording systems in smart classrooms and others online platforms for students and teachers. The development of these systems requires professional talents and investment in research and development. Smart campus solutions providers need to keep up with technology trends and develop suitable software for their systems. Moreover, the providers need to update the systems on a regular base to satisfy the need from customers and provide excellent user experiences.

## OVERVIEW OF JOB READINESS TRAINING MARKET IN THE PRC

### Introduction

School-enterprise cooperation is a popular theme among educational institutions including vocational schools and universities who are designing curriculum and courses for students based on the demand of enterprises, which is expected to boost the development of vocational education and university education and help enterprises to find competent employees. Enterprises are encouraged to participate in the operation and curriculum design of vocational schools and universities in the form of sole proprietorships or joint ventures, and grant more internship and/or full-time vacancies to students from these schools.

Major modes of school-enterprise cooperation in the PRC consist of education reform on classroom content and curriculum, teacher training, construction of practice facilities, job readiness training, innovation and entrepreneurship fund, and education reform on innovation and entrepreneurship.

Major Modes of School-Enterprise Cooperation	
Education Reform on Teaching Contents and Curriculum	• Enterprises will support various aspects such as funding, faculty, technology and etc., and introduce the latest developments and trends of the industry and requirements of talent recruitment into the teaching activities.
Teacher Training	• Enterprises will organize technical trainings, workshops, seminars, research projects for the faculty of vocational schools and universities to enhance their practice and teaching ability.
Construction of Practice Facilities	• Enterprises will provide software and/or hardware equipment and/or facilities to build laboratories and practice bases together with educational institutions, in order to improve the level of teaching.
Job Readiness Training	• Based on the requirements and conditions of the enterprises, internship programs will be provided to students. Enterprises and educational institutions will design the program together to ensure the effectiveness and quality of the internship programs.
Innovation and Entrepreneurship Fund	• Enterprises will provide financial support and research scope, and arrange tutors for students who are willing to participate in the innovation and entrepreneurship programs.
Education Reform on Innovation and Entrepreneurship	• Enterprises will provide investment funds, teachers and facilities to support the development of innovative curriculum, practical training system, project incubation platforms and etc.

Source: Frost & Sullivan Report

Job readiness training is one of the modes of School-enterprise cooperation, which refers to programs which prepare students for a specific job. Benefiting from the rapid development and supportive policies of school-enterprise cooperation, market participants in the PRC are offering job readiness training under the framework of school-enterprise cooperation. Different from traditional job readiness training, these training programs under school-enterprise cooperation are designed based on specific requirements and conditions of the enterprises and will help students to be better equipped to serve the enterprises at their respective job positions.

## Market Size of Job Readiness Training Market

Major participants in the job readiness training market in the PRC include educational institutions, consulting service providers and enterprises. According to the Frost & Sullivan Report, from 2014 to 2018, total market size for job readiness training in the PRC rose from \$5.5 billion in 2014 to \$8.6 billion in 2018, representing a CAGR of approximately 11.5%. Stimulated by the issuance of Several Opinions of the General Office of the State Council of the PRC on Deepening Integration of Industries into Education (《关于深化产教融合的若干意见》) and continuous support from Ministry of Education and National Development and Reform Commission of the PRC, overall market size of job readiness training is expected to grow at a CAGR of approximately 12.6% from \$9.7 billion in 2019 to \$15.5 billion by the end of 2023.



Note: Market size is converted into RMB at RMB/USD of 6.7.

Source: Frost & Sullivan Report

## Market Drivers and Trends

**Stimulus government policies** – The development of school-enterprise cooperation and job readiness training in the PRC is largely driven by government policies and regulations. For example, in 2014 and 2015, the State Council of the PRC stated that vocational schools and universities should enhance their integration with enterprises in order to train qualified workers and improve the education system. Further, in 2017, the announcement of Several Opinions of the General Office of the State Council on Deepening Integration of Industries into Education (《关于深化产教融合的若干意见》) has set the strategic development plan to encourage the cooperation between vocational schools and universities, and enterprises, with the aim to match higher education with the real demands of enterprises.

**Rising demand for practical talent** – Supported by the restructuring of various industries and the booming labor market in the PRC, the demand for technical and practical talents has been continuously increasing over the past five years. In order to satisfy higher requirements on talents, the development and implementation practical programs and job readiness trainings are needed to better cultivate practical talent, which is expected to boost the growth of job readiness training market in the PRC.

**Fierce competition in job market** – As the number of graduates rises, graduates in the PRC face slowing employment demand and fierce competition. Enterprises are looking for more experienced and practical talent who are better equipped to work at specific positions. Further, enhancing employability of their graduates being one of their major missions, it is crucial for educational institutions to cooperate with enterprises to attract funding, improve educational resources, enhance faculty development, and design better curriculum for students. This will contribute to the expansion of school-enterprise cooperation and job readiness training market.

## Key Success Factors of Job Readiness Training Market

**Stable cooperation with enterprises** – The establishment and maintenance of long-term business relationships with enterprises is essential for market participants to ensure the continuous and stable operation of the programs.

**Availability of qualified faculty** – It is crucial for market participants to recruit and organize a team of qualified teaching staff, as qualified teachers are considered as the most important educational resource and will have a direct effect on the quality of the programs.

**Sufficient student enrollment** – Vocational schools and universities are the major sources of students enrolled in school-enterprise initiatives and job readiness training programs. It is important for market participants to maintain a stable relationship with educational institutions and have enough students to participate in their programs.

## BUSINESS

### Overview

We are an exempted company incorporated in the Cayman Islands on February 25, 2019. Through our operating company China Liberal Beijing, incorporated in the PRC on August 10, 2011, we are an educational service provider operating under the “China Liberal” brand in the PRC. Our mission is to provide China’s students with the tools to excel in a global environment. We strive to meet the needs of the ever growing number of young talents in China.

We provide a wide variety of educational services and products intended to address the needs of our partnering schools and our students:

- Services provided under Sino-foreign jointly managed academic programs (“Sino-foreign Jointly Managed Academic Programs”);
- Overseas study consulting services (“Overseas Study Consulting Services”);
- Technological consulting services provided to targeted Chinese universities to improve campus information and data management systems and optimize teaching, operating and management environment, creating a “smart campus” (“Technological Consulting Services for Smart Campus Solutions”); and
- Tailored job readiness training to graduating students (“Integration of Enterprises and Vocational Education”), acting as the key bridge between our partner schools and employers, but we did not start generating revenue from this line of business until January 2019.

We also develop and provide textbooks and other course materials to students enrolled under the Sino-foreign Jointly Managed Academic Programs to ensure the quality of students’ learning outcomes.

We started generating revenue in the year ended December 31, 2012 through our services provided under certain Sino-foreign Jointly Managed Academic Programs. We continued to maintain and expand this core business throughout the years, giving us revenues of \$2,821,602 and \$2,410,781 for the years ended December 31, 2017, and 2018, respectively. Additionally, since starting our Overseas Study Consulting Services in 2017, this line of business has been a source of growing revenue. We generated \$60,947 and \$547,521 in revenues from our Overseas Study Consulting Services for the years ended December 31, 2017 and 2018, respectively, representing a sharp increase from 2% to 11% of our total revenue of that respective year. We also started generating revenues from our Technological Consulting Services for Smart Campus Solutions business in 2017, with revenues of \$950,992 and \$1,820,974, representing 25% and 38% for the years ended December 31, 2017 and 2018, respectively. We did not generate any revenue from our Integration of Enterprises and Vocational Education business because this line of business was newly added in December 2018.

We started our operations in Beijing where our headquarters are located. We established our first branch in Fujian Province in 2011 and subsequently expanded to various locations in the PRC, covering the cities of Hangzhou, Fuzhou and Ji’nan on the east coast of China.

### Our Services and Products

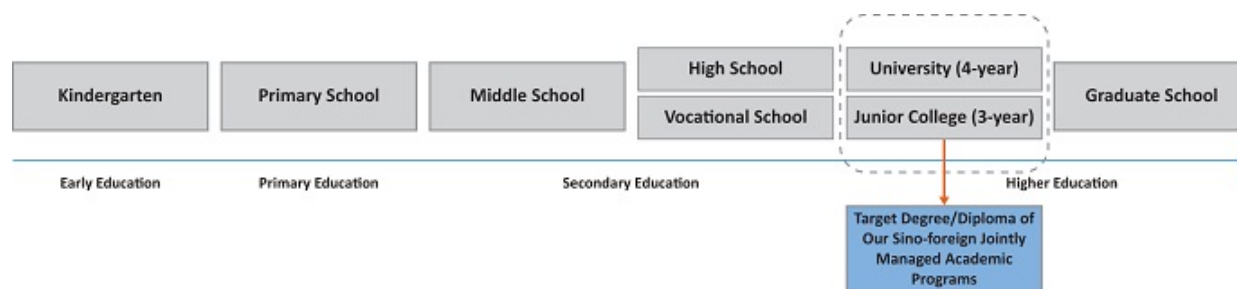
We currently primarily generate revenue from providing the following services or products:

#### *Our Services Provided under Sino-foreign Jointly Managed Academic Programs*

##### *Background*

Formal education in China is typically comprised of kindergarten, primary school, middle school, high school and some combination of vocational school, university, junior college, and graduate school. There are several key differences between studying at universities and junior colleges. These differences include: (i) universities grant bachelor’s degrees to students graduating after 4 years of study, while junior colleges grant diplomas to students graduating after 3 years of study; and (ii) students enrolled in junior colleges typically obtain lower scores on the National College Entrance Examination open to most students graduating high school, and hence, are not able to meet the score threshold of a university. Nevertheless, students enrolled in junior colleges may have opportunities to transfer to a degree-based university or program, depending on the school they enroll in.

The below chart illustrates the main segments of China’s education system:



Sino-foreign Jointly Managed Academic Programs refer to education programs offered by joint ventures of the PRC and foreign institutions. There are a large number of Sino-foreign programs in the PRC across all levels of education, primarily focused on undergraduate and postgraduate education, as well as diploma and non-degree higher education, and a small amount of senior secondary education programs. The Sino-foreign joint educational institutions in China usually provide various kinds of programs, including languages, liberal arts and business.

Typically, the Sino-foreign Jointly Managed Academic Programs offer degree programs to their students in the form of “2+1”, “2+2”, “3+1” or “2.5+1+1”, which enable enrolled students to study at the Chinese host universities/colleges for the first two to three years (as applicable), and finish their remaining one or two years of academic studies at the overseas partner universities.

The Sino-foreign Jointly Managed Academic Programs are unique in that the first two or three years’ studies at Chinese host universities/colleges help students to increase their exposure to foreign textbooks and curriculums, improve their foreign language skills, and experience cross-cultural international education without leaving the country. It is proven to be attractive to Chinese students, because they can enjoy the opportunity to study abroad within the Sino-foreign Jointly Managed Academic Programs without undergoing another lengthy admission process from a foreign university. Moreover, for students continuing their studies in a foreign country, they can benefit from their early exposure to the internationally recognized curriculum and learning environment.

Additionally, Sino-foreign Jointly Managed Academic Programs are designed to be sufficiently flexible to meet the needs of students in different majors and with different personal goals. Students may choose to finish their remaining one or two years of academic studies at the overseas partner universities, or continue their studies with the same Chinese host universities/colleges until graduation. Students enrolled in the programs can earn academic credits from both the Chinese host universities and the overseas partner universities, and can receive both Chinese and foreign diplomas/certificates when they complete their studies.

Further, this arrangement affords lower costs to students as compared with conventional full length studies for associate or undergraduate degrees overseas because the tuitions and living expenses are generally lower in China.

#### *Our Services Provided under the Sino-foreign Jointly Managed Academic Programs*

Under the Sino-foreign Jointly Managed Academic Programs, the Chinese host universities/colleges can utilize their existing administration ability, campus classrooms and facilities to recruit Chinese students into such programs, while leveraging the recognized name and reputation of the international partner universities.

These Sino-foreign Jointly Managed Academic Programs are required to obtain Sino-foreign cooperation education permits from the appropriate level of education authorities of the PRC, depending on the level of degrees. Applications for these permits are submitted by the programs under their own names, and we as service provider are not required to obtain permits separately.

Under the Sino-foreign Jointly Managed Academic Programs, we are responsible for one or more of the followings, depending on the terms of the agreements we have in connection with a specific program:

- (1) recommending and coordinating with accredited international universities to forge partnership with Chinese host universities/colleges to establish international education programs that offer degrees to graduating students;
- (2) developing, drafting, delivering and teaching language course content and teaching materials to improve students’ language skills to meet admission and academic standards overseas;
- (3) electing, recommending and assisting in recruiting qualified foreign faculty to teach major-specific courses or language courses at selected Chinese host universities and provide continuing support to such foreign faculty;
- (4) developing, drafting, delivering and teaching major-specific course content and teaching materials tailored towards the program course curriculum to ensure that the teaching quality and the entire program quality meet international standards, to optimize students’ learning outcome and to prepare them for further education overseas; and
- (5) providing course credit conversion services, offering students consistency and transparency in evaluating their academic achievement, and ensuring the academic credits these students earned at Chinese host universities can be recognized internationally.

Typically, students pay to the Sino-foreign Joint Managed Academic Programs tuition fees ranging from RMB15,000 (approximately US\$2,268) to RMB28,000 (approximately US\$4,233) per student per academic school year. As a result of performing the above-mentioned services, we are entitled to receive approximately 30% to 50% of such student tuitions. The Chinese host universities/colleges collect tuition paid by enrolled students at the beginning of each academic school year in September, and our portion is usually remitted to us by the host universities/colleagues in November of the same year.



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From our inception in 2011 to December 31, 2018, we have coordinated and actively engaged in providing services under several Sino-foreign Jointly Managed Academic Programs. The following is a list of the programs we engaged in for the fiscal years ended December 31, 2018 and 2017. As of the date of this prospectus, we have ceased recruitment of students to the FUT ISEC Program and NZTC Program for the reasons discussed below.

<u>Program Name</u>	<u>Chinese host university/college</u>	<u>Launch time</u>
(i) FMP Australia English for Academic Purposes Program (“FMP EAP Program”)	Fuzhou Melbourne Polytechnic (“FMP”) (formerly IEN College of Minjiang University, and changed its name to FMP after rebranding in January 2017)	September 2011
(ii) Fujian-Taiwan Universities English for Academic Purposes Program (“Fu-Tai EAP Program”)	Strait College of Minjiang University	September 2011
(iii) Strait College International General Education Courses Program (“Strait IGEC Program”)	Initially hosted by IEN College of Minjiang University in September 2013, then transferred to Strait College of Minjiang University after IEN College of Minjiang University rebranded to FMP in January 2017	September 2013
(iv) Fujian University of Technology International Scholarly Exchange Curriculum Program (“FUT ISEC Program”)	Fujian University of Technology	September 2013
(v) Sino-New Zealand NZTC Program (“NZTC Program”)	Fujian Preschool Education College	September 2013

### *(i) FMP EAP Program*

We started providing our EAP language training services to FMP since September 2011 (the “FMP EAP Program”). FMP offers various Sino-foreign Jointly Managed Academic Programs (the “FMP-MP Joint Programs”) as a Sino-foreign joint education institute established between Chinese host FMP and Melbourne Polytechnic of Australia (“MP”) in Australia. FMP was formerly known as IEN College of Minjiang University, which later rebranded to Fuzhou Melbourne Polytechnic, or FMP, and became a standalone legal entity.

Students enrolled in the FMP-MP Joint Programs typically follow the “2.5+1+1” model, studying two years in FMP in the PRC, half a year language training in Australia language training school, one undergraduate year in MP to receive a bachelor’s degree and one more postgraduate year in MP to receive a master’s degree. Students who successfully follow this model will earn their diplomas from both FMP and MP upon graduation. For those students who choose not to further pursue the overseas education, they will stay with FMP for additional one year to complete the general courses education to satisfy a three-year junior college education requirement in order to obtain a diploma from FMP.

Students taking our language courses under the FMP EAP Program are typically those who have lower English proficiency and who would have difficulty in being admitted to a university overseas. However, these students benefit from the intensive English curriculum, receiving two years of Australia English for Academic Purposes, or EAP training from our teachers, with 756 class hours for their freshman year and 252 class hours for their sophomore year. Each class typically accommodates 25 to 29 students. Upon completion of two-year EAP courses, students are targeted to meet level of proficiency of 5.5 (between modest user and competent user level) on a nine-band scale in IELTS, an international standardized test of English language proficiency for non-native English language speakers, and accepted by most Australian, British, Canadian and New Zealand academic institutions, and students are expected to be ready to attend classes in MP in their major or area of focus.

Pursuant to our currently effective EAP Agreement with FMP, which covers students in graduating classes from 2019 to 2023, we are responsible for designing curriculum meeting EAP English standards, recommending and managing EAP faculty, providing a mobile learning platform to students, providing a course preparation platform to teachers, and execution and performance of the curriculum we develop. Our educational services and responsibility only cover the first two year of EAP training. Afterwards, we are not responsible for providing additional services to students, no matter whether they choose to continue to stay with FMP for one additional year for a diploma, or choose to pursue the overseas study in Australia for higher education.

Our EAP faculty under the FMP EAP Program consists of English teachers we recommend to FMP for recruitment from overseas and in the PRC. These teachers split their teaching responsibilities depending on the requirements and nature of a specific course. For example, a spoken English course is typically staffed with native English speakers, while a reading comprehension course is typically staffed with English teachers who speak Mandarin Chinese.

The average tuition fee that FMP charges to enrolled students is RMB18,000 (USD 2,721) per student per school year. Since our services only cover the first two-year EAP courses training, we receive RMB9,000 (approximately \$1,360) per student per school year for the first year and RMB3,000 (approximately \$453) per student per school for the second year.

As of December 31, 2018, there were 551 students enrolled in the FMP EAP Program. Since 2014, we have served a total of 1,988 students (including those enrolled in IEN College of Minjiang University before the institute's rebranding).

*(ii) Fu-Tai EAP Program*

We provide Fu-Tai EAP Program in connection with the Fujian-Taiwan Universities Joint Talent Training Program (the "Joint Talent Program"), established in September 2011 between Chinese host Strait College of Minjiang University and Taiwan Chinese Culture University.

The Joint Talent Program follows the "3+1" dual campuses model. Students spend the first two years and the last year of their university studies at Strait College and their third year at Taiwan Chinese Culture University. At graduation, students receive a bachelor's degree from Minjiang University and certificate of completion or academic credit certificate from Taiwan Chinese Culture University.

Students enrolled in the Joint Talent Program receive two years of EAP training from our teachers (even if they spend three years at Strait College). These students include those who major in business and art. Students in business majors receive 360 class hours of EAP training during their first two years, and art students receive 300 class hours. Each class typically accommodates 25 to 29 students. Upon completion, the targeted level of English proficiency for average students is CET4, i.e., PRC's College English Test Band 4, the level required to be met upon graduating a four-year university; for some students, their targeted level of proficiency can be CET6 (the level required to be met upon graduating a master's program) or 5.5 to 6.0 (from between modest user and competent user to competent user level) in IELTS.

Pursuant to our current EAP Agreement with Strait College, which covers students graduating from 2020 to 2024, we are responsible for designing the curriculum meeting EAP English standard, recommending and managing EAP faculty, providing a mobile learning platform to students, providing a course preparation platform to teachers, and execution and performance of the curriculum we develop.

Similar to our FMP EAP Program, our EAP faculty under the Fu-Tai EAP Program consists of English teachers we recommend to Strait College for recruitment from overseas and in the PRC. These teachers split their teaching responsibilities depending on the requirements and nature of a specific course.

As of December 31, 2018, there had been 783 students enrolled in the Joint Talent Program. Since 2014, we have assisted 4,291 students.

*(iii) Strait IGEC Program*

The International General Education Courses ("IGEC") program is a Sino-foreign joint education program developed and introduced by the Chinese Service Center for Scholarly Exchange ("CSCSE"), a public organization under the MOE of the PRC, in order to improve the overall reform and internationalization of PRC's higher education. As a nationwide program, it is designed to encourage the exchange of teachers and students and the recognition of academic credits and degrees between Chinese and foreign universities. Currently there are four universities that are qualified to offer IGEC programs and we work with one of them. These participating universities have to undergo the review and approval of experts designated by CSCSE every year.

The Strait IGEC Program was launched in July 2013. Students enrolled in this program typically follow the "2+2" model which requires them to study at Chinese host Strait College for at least the first two years. Following the initial two year term, students may choose to finish their remaining two years' academic study overseas. Students in the "2+2" model under the Strait IGEC Program can transfer their academic credits to a partner school overseas, and upon graduation, will receive bachelor's degrees from both Strait College of Minjiang University and the foreign university. Other students may choose the "4+0" model and spend the entire four years studying at Strait College, upon which they would receive an undergraduate degree from the Chinese host Strait College of Minjiang University. For those students who choose the "4+0" model, our educational services and responsibility cover the whole four-year period.

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We are responsible for offering 14 courses, including six English courses, four general knowledge courses and four major-related courses. All of these courses are provided by us and taught in English by the faculty we recommend to the program.

For the six English courses, we are responsible for designing the English intensive courses, providing the entire curriculum and teaching materials (including those for IELTS), and assisting in organizing and training the English teaching faculty, consisting of English teachers recruited from overseas and in the PRC. These six English courses are provided to students during their freshman and sophomore years, and include College Academic English Writing 1 (the general education course as required by an IGEC program), English Phonetics, Spoken English 1, Spoken English 2, Spoken English 3 and Spoken English 4. These English courses are based on English for General Purposes or everyday English, with focuses and directed by EAP, under the framework of English for Specific Purposes (a student's major).

Students under the Strait IGEC Program are also required to complete four general knowledge courses provided by us. Depending on a student's major, these courses can fall into categories including academic language and thinking, science, art and human science, and social studies.

The major-related courses we offer under the Strait IGEC Program are developed by adopting the major-specific curriculum systems offered at universities in the U.S. and are taught with English textbooks used by U.S. universities, with goals of strengthening academic foundations but focusing on application of knowledge. Currently, the involved majors include Economics and Accounting.

Under the Strait IGEC Program, we are responsible for promotion of the program, recruitment of students, staffing and management of foreign language teachers, and ensuring students to be connected with appropriate foreign universities in North America or Europe for the second half of their four-year studies for the "2+2" students.

The Strait IGEC Program is governed by an agreement originally signed between the Company and IEN College of Minjiang University in July 2013. After its rebranding efforts in 2017, IEN College began its operations under the name of Fuzhou Melbourne Polytechnic, or FMP and ceased to host the IGEC program, and Strait College of Minjiang University took over this agreement without modifications by an amendment to host our Strait IGEC Program. This agreement between the Company and Strait College is effective for ten years from July 8, 2013, and will be automatically renewed for another ten years if at the time of expiration Strait College is still cooperating with CSCSE to host the IGEC program going forward.

The average tuition fee that the Strait College charges to enrolled students is RMB28,000 (approximately \$4,233) per school year, and we receive 35%/40% of the tuition fee. The portion of tuition fees we receive from Strait College is RMB 9,800 (\$1,481) per student per school year for enrolled students for the first two years, and RMB 11,200 (\$1,693) per student per school year for enrolled students for the remaining two years.

As of December 31, 2018, there had been 893 students enrolled in the Strait IGEC Program. Over the years, we have assisted the aggregate of 4,507 students.

### *(iv) ISEC Program*

The International Scholarly Exchange Curriculum ("ISEC") program is a PRC government sponsored and highly profiled program affiliated with the China Scholarship Council ("CSC") directly under the MOE in the PRC.

The FUT ISEC Program is governed by an agreement signed between the Company and FUT in December 2012. The program officially started providing courses to students in September 2013. By adopting and utilizing English textbooks used by U.S. universities, and by implementing interactive bilingual lectures, the FUT ISEC Program focuses on integrating domestic and international curriculum systems and teaching concepts to ensure students' exposure to international learning environment and instill in them strong English communication skills, a global vision, and team-work spirit, making them attractive to domestic and international employers, no matter which model students choose to follow.

Students enrolled in this program typically follow the "2+2" model which requires them to study at Chinese host FUT for the first two years, and finish their remaining two years' academic study overseas. Other students may choose the "4+0" model and spend the entire four years studying at Strait College. Students in the "2+2" model under the FUT ISEC Program can transfer their academic credits to a partner school overseas, and upon graduation, will receive bachelor's degrees from both FUT and the foreign university.

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Under the FUT ISEC Program, we are responsible for promoting the program, recruiting students, staffing and managing foreign language teachers, and ensuring students are connected with the appropriate foreign universities in North America or Europe for the second half of their four-year studies. Students enrolled in the FUT ISEC Program can transfer their academic credits to a partner school overseas, and upon graduation, will receive bachelor's degrees from both FUT and the foreign university.

We are responsible for offering 16 courses (18 for architecture majors), including six English courses, four general knowledge courses and six major-related courses (eight for architecture majors).

For the six English courses, we are responsible for providing the entire curriculum and teaching materials (for IELTS) and assisting in organizing and training the English teaching faculty to ensure the quality of English teaching. These six English courses are provided to students during their freshman and sophomore years, and include College Academic English Writing 1 (the general education course as required by an ISEC program), English Phonetics, Spoken English 1, Spoken English 2, Spoken English 3 and Spoken English 4.

Under the FUT ISEC Program, we offer major-specific courses in architecture, civil engineering and software engineering. Architecture-related courses include: Building Mechanics, Construction Materials, History of Foreign Architecture, Building Equipment, Principles of Urban Planning, Residential District Planning and Design, Landscape Design Principles, and Urban Design. Civil engineering courses include: Elements of Building Construction, Introductory Environmental Engineering, Water Resources, Safety Production Technology and Management, Water and Wastewater Transport System, and Foundation Engineering. Our software engineering-related courses include: Computer Organization, Database Management Systems, Operation Systems, Software Engineering, Computer Network Systems, and Information Security.

### *(v) NZTC Program*

The NZTC Program was launched in September 2013 based on an exclusive agreement between the Chinese host Fujian Preschool Education College ("FPEC") and New Zealand Tertiary College ("NZTC"). The NZTC Program provides Chinese students with the opportunity to study courses delivered by NZTC. In completing this program, students receive a Ministry of Education, or MOE Diploma in Early Childhood Education in the PRC and a certificate in Early Childhood Teaching issued by NZTC. The NZTC Program provides insightful knowledge to Chinese students as they are exposed to international perspectives and approaches in early childhood education. The NZTC Program also places great emphasis on English language skills, which are of growing importance in China for teachers and educators of young children.

Under the NZTC Program, we are responsible for designing English teaching plans and providing the entire curriculum and teaching materials (including IELTS). We provide five English courses under the NZTC Program, which are General English (Spoken English 1), General English (Spoken English 2), Academic English (Spoken English 1), Academic English (Spoken English 2), Academic English (Written English 2), and are responsible for selecting, recommending for recruitment and managing foreign faculty.

We also provide 10 major-related courses under the NZTC Program, including Introduction to Learning Online, Early Childhood Writing and Research 1 and 2, Play as a Framework for Learning, Planning and Learning, positive Child Guidance, Early Childhood Curriculum 1 and 2, Lifespan Studies 2, and Infants and toddlers.

The NZTC Program is governed by an agreement between the Company and FPEC. The term of the agreement is from September 2016 to July 2019, and without a renewal, the contract term expire in July 2019 when the enrolled students graduate from FPEC.

### *Discontinuation of ISEC Program and NZTC Program*

Our programs provided under the ISEC Program and NZTC program were originally focused on improving students' English language skills. However, due to the overall low English proficiency of the students enrolled, we noted that most students could not adapt to the high standards of an English teaching environment. As a result, we ceased to recruit and enroll new students into the FUT ISEC Program with Fujian University of Technology after the then existing students graduated in July 2018. We also made a decision to suspend our continuous recruiting efforts for the NZTC Program with Fujian Preschool Education College after current students graduate in July 2019.

### ***Sales of Textbooks and Course Materials***

In connection with our educational services provided to students enrolled under the Sino-foreign Jointly Managed Academic Programs, we are responsible for recommending foreign faculty to teach in Chinese host universities/colleges, and are responsible for development and delivery of major course content and teaching materials to ensure that the teaching quality meets international standards. As of December 31, 2018, we have developed and edited more than 16 English textbooks and course materials with emphasis on language training (including reading, writing, speaking and listening skills) and have distributed those to the Chinese host universities to be used in the joint education programs. We own the copyright to our textbooks.

### ***Overseas Study Consulting Services***

#### ***One-on-one Private Tutoring Model***

We started offering Overseas Study Consulting Services in 2017. Our Overseas Study Consulting Services cater to students who wish to study overseas to enrich their life learning experiences and to expand their horizons and employment options. Our Overseas Study Consulting Services are typically provided under a one-on-one private tutoring model with a duration of four to six months. Most of the students who accept our services are interested in pursuing art major in foreign academic institutions. We have established and maintained a working relationship with nearly 100 foreign academic institutions globally.

We provide school and university information to our students to help them make informed decisions on the institutions to submit application to and majors to pursue. We seek to recommend the appropriate schools to our students based on their individual needs and situations.

In addition, we help our students prepare their school application packages and advise on their entire admission process. We provide services to students with respect to study plans, language training and test preparation courses to assist them in improving their foreign language skills and help them achieve higher scores in international admission and assessment tests.

Moreover, we also help students on their visa applications and related paperwork, and offer optional overseas services, such as finding accommodation and travel assistance.

For our Overseas Study Consulting Services, we charge students a one-time up-front fee based on the scope of consulting services requested by the students and recognize revenue over the service period. 90% of the service fee collected is non-refundable and is recognized ratably as revenue over the service period; while the remaining 10% of the service fee is refundable and is deferred and recognized as revenue when a student is successfully admitted by a foreign institution and a student visa is granted. For the years ended December 31, 2018 and 2017, we refunded approximately \$8,300 of our services fees due to one student either not being admitted or not obtaining the required visa. Our average fee charged to students under the one-on-one private tutoring model ranges from RMB 50,000 (approximately \$7,353) to RMB 80,000 (approximately \$11,765) per student. Additionally, for our students who intend to study in Italy, after arrival, they are still required to attend language schools for at least six months (up to 12 months, depending on the type of visa they hold) in Italy. Presently, we cooperate with Bridge School S.R.L., a language school and overseas service provider in Milan, to better serve these students. In return, we receive an additional \$2,600 to \$3,115 per student from the local partner after the student pays such local partner's language and art related course tuition in full.

A physical location is not always needed under this one-one-one model, and when a physical location is required, services are offered at our headquarters location in Beijing.

#### ***On-campus Overseas Study Consulting Services***

We have recently entered into cooperation agreements with the School of Continuing Education of Beijing Foreign Studies University for a German language program, and with China Academy of Art for an Italian language program, in order to provide our Overseas Study Consulting Services utilizing these partnering schools' facilities and other hardware. Our services will be similar to those we provide under our one-on-one model, including language training, art portfolio enhancement, school application review, and visa application and interview preparation.

We have not yet generated any revenue under those agreements since we are currently in the process of enrolling students for the academic year of fall of 2019 to 2020. With the well-recognized brand names of these schools and our marketing expertise, we expect to generate substantial revenues from the on-campus consulting services to be provided in the academic year of fall of 2019 to 2020. We believe we are strategically positioned to be fully enrolled, that is, for Beijing Foreign Studies University, 25 students, and for China Academy of Art, 20 students. The service fees we expect to receive is approximated \$2,580 per student per school year for Beijing Foreign Studies University and approximately \$8,284 per student per school year for China Academy of Art.

### ***Technological Consulting Services for Smart Campus Solutions***

We started to provide smart campus related technological consulting services to targeted Chinese universities since 2017. Our Technological Consulting Services for Smart Campus Solutions utilize advanced information technology such as cloud computing, mobile internet, artificial intelligence and big data analytics to provide overall solutions to Chinese universities in order to improve their teaching, research, student data management, storage and processing, and campus life services, and to optimize their teaching and operating environment and improve operational efficiency. By leveraging hardware such as sensors, digital portals, electronic blackboards, smartboards, projectors, LED display panels, high definition classroom audio and sound system and other lab-based equipment, together with data management applications, our solutions are built on both software and hardware to deliver capabilities for real-time and predictive analytics, increased collaboration and performance management. Our Technological Consulting Services for Smart Campus Solutions agreements are primarily on a fixed-price basis. Typically, we are required to perform services including project planning, project solution and design, data management application development and customization, installations of hardware equipment and components for digital classrooms and academic experiment centers or labs, integration of hardware and software application, and post-contract continuous maintenance support, based on the specific needs from each customer. Upon delivery of services, project completion inspection and customer acceptance are generally required. We may also be required to provide post-completion maintenance support for a period ranging from several months to three years after customized smart campus solutions and services are delivered. Since 2017, we have successfully provided such technological consulting services to several Chinese universities, including but not limited to, Fuzhou Melbourne Polytechnic, Strait College of Minjiang University, Capital Normal University, Beijing University of Chinese Medicine and University of International Business and Economics. In addition, teachers and students involved in the Sino-foreign Jointly Managed Academic Programs can access our teaching and learning platforms to enhance their respective teaching and learning experience.

#### ***Case Study: Smart Campus Solutions for FMP***

Pursuant to our 2017 Smart Campus Project Agreement with FMP (the “FMP Smart Campus Agreement”), we were commissioned to design and develop a comprehensive software and hardware solution (including the SaaS-based platform we develop) to FMP to address traditional campus challenges it faced, such as low management efficiency, poor service experience, severe energy waste, weak comprehensive security, and high operational costs. Under this agreement, we retain the copyrights of the 20 software we developed for this project.

**Big Data Center.** Our big data center is a business systems cluster based on SaaS, or software as a service, a software licensing and delivery model in which the licensing is on a subscription basis and is centrally hosted. We developed and maintain all of the business systems, which include mobile online learning system, registrar administration system, office automation system, teaching resources database system, and human resources system. These systems are used by students, management and teachers of FMP, as the case may be. We were required to complete the development of this big data center by December 20, 2018 and will provide continuous maintenance and upgrade services until the end of 2021. As of the date of this prospectus, we have already completed and delivered such big data center.

**Smart Classroom.** We will set up the multimedia system, recording system, internet of things system, classroom cloud desktop, wireless network coverage, speech laboratory, trapezoid classrooms, and premises distribution system for FMP.

**Business Experimental Center.** We will also build out the business experimental center for FMP by providing internal design installment, hardware device and teaching resources software.

Pursuant to the FMP Smart Campus Agreement, we also act as a general contractor to procure software and hardware required by the overall smart campus solution. We have entered into several procurement agreements with software providers such as e-commerce virtual simulation systems, cloud teaching systems, simulated trading analysis system, digital sandbox software, virtual business society environment comprehensive practice teaching platform.

We are paid in installments from 2019 to 2021 under the FMP Smart Campus Agreement. As of the date of this prospectus, we have received the full payment from FMP for the amount due.

#### ***Integration of Enterprises and Vocational Education***

In order to further diversify our business and to utilize our resources and network, we rolled out a new line of business, i.e., Integration of Enterprises and Vocational Education in late 2018. Currently, we contract with employers to provide job readiness training to graduating students from the appropriate partner schools so that such students would be better equipped to serve the employer at their respective job positions. Our training programs typically last for one month and are tailored to meet the specific requirements of the contracting employer as well as the positions to be filled.

Pursuant to an agreement we entered with Beijing Quanqing Xiangqian Technology Co., Ltd. (“Quanqing”) effective from January 1 to December 31, 2019 (the “Recruitment and Training Agreement”), we are engaged to train and help recruit 200 technical support engineers for Quanqing in 2019. Pursuant to the Recruitment and Training Agreement, Quanqing is required to furnish to us details of positions to be filled, and based on such descriptions, we will identify and cooperate with six universities/colleges to offer training courses to students with certain qualifications. Each student enrolled will go through a one-month training process with us, covering professionalism (such as occupational mentality, communications skills, interview skills and service capacities), technical fundamentals (such as operations system, internet fundamentals and office IT applications) and professional techniques (such as trouble-shooting, repairing tools and methods for assembling and disassembling of equipment). A class typically has 20 to 30 students. After such training, students are tested on their professionalism, technical knowledge and technical skills by Quanqing. If a student passes in all three aspects, he/she will be hired by Quanqing, and Quanqing will pay us approximately \$75 per month starting at the end of the first month of employment for a period of eight months, i.e., the fixed period of time set forth in the Recruitment and Training Agreement. These payments from Quanqing are the only compensation we receive for providing the services under the Recruitment and Training Agreement. If a student-employee leaves Quanqing without good reason or violates certain rules before the end of the eighth month of his/her employment, we will only be paid by Quanqing for those months that such student-employees are employed. We typically sign a separate agreement with a student-employee before providing training services, pursuant to which the student-employee pays us approximately \$149 per month for the remaining months that the such student is not working for Quanqing. Nevertheless, we cannot assure you that such student-employee will pay us according to the agreement. See *“Risk Factors – Risks Related to Our Business – We do not generate revenues under our job readiness training until a student is successfully placed and we will not be fully paid by the employer until such student-employee stay with the employer for a set period of time. If a student-employee fail to stay in his/her position for a reasonable amount of time, our results of operations and financial condition may be materially and adversely affected.”*

### **Our Recruitment Partners**

We have built a network of art studios operated by entities or individuals in cities throughout China as well as overseas, including Italy, Germany, Russia and Malaysia in order to reach more potential students for our services. We have not signed any agreements with these partners, but we evaluate our cooperative relationships with them annually. Typically, these partners are allowed to charge markups to students they recruit for us, and any markups to our standard tuitions are paid to these partners as commission. Additionally, we may reward these partners with 5%-10% of our standard tuitions as additional commissions, if they recruit more than five students within one year.

### **Our Teachers**

We maintain a database of more than 6,000 teachers across academic areas including Philosophy, Economics, Law, Education, Literature, History, Science, Engineering, Medicine, Management, Art and language. Based on the specific needs and requirements of each school or educational institution, we are able to contact teachers listed in our database in the relevant field of education so as to recommend them to a teaching position at one of our clients. For example, pursuant to agreements related to the Sino-foreign Jointly Managed Academic Programs, we are required to staff the courses we provide to those institutions with foreign teachers that meet standards such as bachelor’s degree or higher, two or more years of experience of teaching overseas, and a TESOL (or teachers of English to speakers of other languages) certificate.

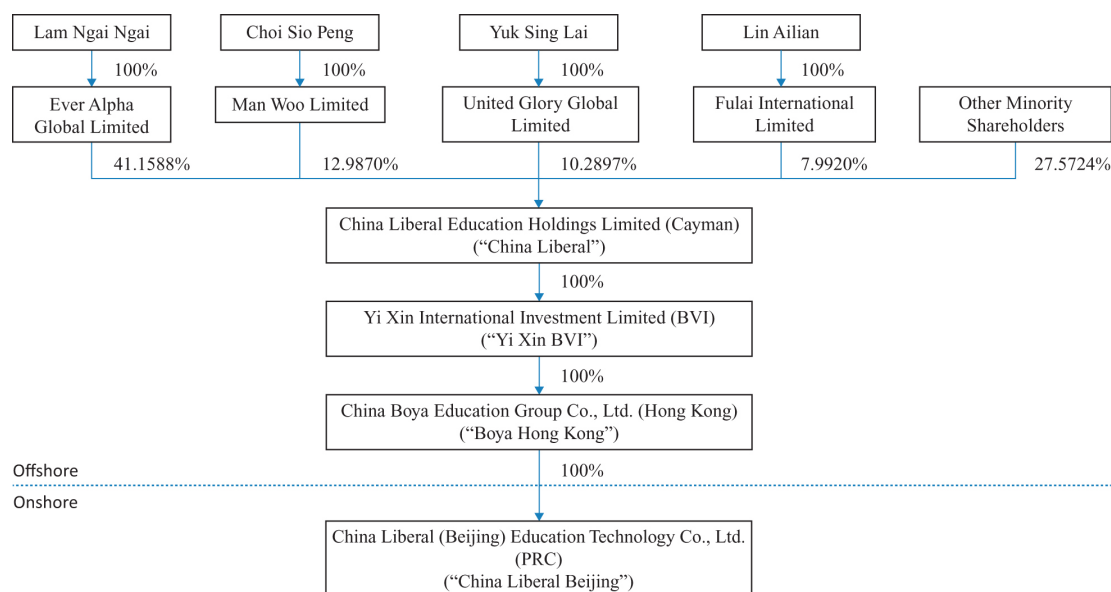
Currently, there are thirteen foreign language teachers recommend by us teaching at FMP and Strait College (including the Fu-Tai EAP Program and the Strait IGEC program).

### **Our History and Corporate Structure**

China Liberal Education Holdings Limited, or China Liberal, was incorporated in the Cayman Islands on February 25, 2019. As of the date of this prospectus, our authorized share capital is \$50,000 divided into 50,000 ordinary shares. We directly hold 100% of the equity interests of Yi Xin International Investment Limited, a company incorporated in the British Virgin Islands, which in turn holds 100% of China Boya Education Group Co., Limited, a Hong Kong limited liability company (“Boya Hong Kong”). Boya Hong Kong originally holds 91.1772% equity interests of China Liberal Beijing, our PRC operating entity. On February 1, 2019, Boya Hong Kong entered into share transfer agreements with each of the non-controlling shareholders of China Liberal Beijing and completed the acquisition of the 8.8228% non-controlling interest in China Liberal Beijing. After this transaction, Boya Hong Kong owns 100% interest of China Liberal Beijing.

We commenced our operations in August 2011 through China Liberal Beijing.

Our corporate structure as of the date of this prospectus is as follows:



**Our Competitive Strengths**

We believe our success is primarily attributable to the following strengths:

***Innovative, flexible and cost-effective smart campus solutions***

The SaaS platform developed by our Company offers comprehensive smart campus solutions, including teaching, student affairs, human resources, office and financial management. This platform is flexible and programmable to meet the needs of different campuses with fast and low-cost programming. Additionally, our big data module is programmable based on our client’s needs, which enables us to provide campuses with cost-effective big data products.

***Innovative and visionary management team with proven track record***

We have an innovative and visionary management team with a unique combination of experience in the education and technology sectors. We have a stable, long-serving management team with prior experience working with market leading educational consulting and software companies.

Our management team has deep industry insights, clear strategies, and strong execution capabilities. We started as an educational provider under our Sino-foreign Jointly Managed Academic Programs, but rapidly expanded our services to fill the market gaps with the goal of forming a closed loop education related service provider and problem solver. For example, our pre-session on campus training services stemmed from our one-on-one consulting services and is a more scalable model. We developed the smart campus solutions for one of our long-time partners, and are now able to offer such solutions to more campuses.

***We have built a strong sales team with a focus on art students***

We have built a specialized art and creativity talent online-community operations team with more than 100,000 followers over several social media platforms, including Zhihu, Weibo and WeChat. These followers fall into various interest categories, such as comics, art portfolio studies, clothing design and overseas studies for art students. Overall, we have invested more than \$500,000 each year in 2017 and 2018 in marketing and promotion.

**Our Business Strategy**

We continue to generate revenue from our core businesses, while expanding to related business segments in our effort to maximize our existing resources, as well as striving to meet the needs of our clients. In the coming years, we plan to diversify our income model by growing our four business sections simultaneously. We are dedicated to enabling our students to capture life-changing opportunities by delivering transformative education services and by working with our partners. Our goal is to provide China’s students with the tools to excel in a global environment. We intend to achieve our goal by pursuing the following strategies:



***Continue to invest in technology and leverage our exceptional strength in our intellectual property***

We intend to continually invest in technology in order to further develop our smart campus solution. We plan to invest \$179,447 and staff 11 R&D personnel in optimizing and upgrading the SaaS platform owned and developed by us for FMP, and to provide demo solutions to Strait Institute by April 2019. By May 2019, we plan to invest \$112,155 and staff seven R&D personnel to develop a no-touch attendance tracking system. By September 2019, we plan to invest \$239,263 and staff 14 R&D personnel to develop a big data training platform based on the existing teaching platform. By September 2019, we plan to invest \$119,632 and staff seven R&D personnel to complete the big data laboratory integration solution. By December 2019, we plan to invest \$97,201 and staff six R&D personnel to complete implementation of our SaaS platform to one or two more campus(es).

***Offer our smart campus solutions to other partnering schools***

Our smart campus solutions provide an integrated ecosystem for management, teachers and students of a school, allowing highly efficient coordination of data and information. These solutions, including the SaaS platform developed by us can be duplicated and applied to other campuses. Currently, we are negotiating with seven other schools to provide similar solutions to them. We intend to continue these conversations and enter into formal agreements with these schools.

***Expand our focuses to include computer science students***

We intend to expand and diversify our focuses to include computer science major. We have already reached a mutual understanding with a vocational college to set up a “Big Data and Applicable Technology” major on its campus, where we will provide education to students with strong focuses on their job readiness and practical training.

***Continue to invest in sales and marketing activities to recruit art students for our one-on-one consulting services***

We will continue to boost our sales and marketing efforts to recruit art students in two ways: (1) ground promotion, i.e., to target local schools and art studios to promote our services in the cities or provinces of Hangzhou, Shandong, Guangzhou, Beijing, Hebei, Fuzhou and Chongqing; and (2) online promotion. We expect to recruit a majority of our art students from ground promotion, and plan to spend approximately \$45,000 in Hangzhou and \$30,000 in Shandong alone. We currently plan to spend approximately \$22,000 in online promotion.

***Expand classroom-based pre-session training services based on our current proven one-on-one consulting model***

Based on our successful one-on-one consulting services model, we have sought to cooperate with schools with established brand names in foreign language studies in order to provide on-campus pre-session training (or training before students going overseas) utilizing the PRC partnering schools’ facilities and other hardware. We intend to continue to seek potential partners to scale this model.

***Establish our own-branded schools***

In 2019, we intend to further diversify our services by introducing two schools with our own “China Liberal” brand, located in Beijing and Italy, respectively. These schools will provide preparatory courses similar to those offered under the on-campus pre-session programs, but at our own campuses and under our own brand name.

For the China Liberal school located in Beijing, we plan to use our current headquarters as classrooms, which are lecture-ready. We plan to offer an area of 3,000 square feet, six classrooms with the capacity of hosting 100 students. We plan to staff 10 teachers and invest operational capital. We expect to enroll 80 students in 2019 at this location. We are actively communicating with the local education commission regarding our plan and timeline. The local education commission is the authority to issue to us the necessary private school permit. See “Risk Factors – Risks Related to Our Business – ‘We cannot assure you that the new China Liberal-branded schools that we intend to open in Beijing and in Italy will be opened as scheduled, if at all.’”.

As for our school in Italy, we are currently in discussions with Linguaviva Educational Group to establish a school in Milan. We expect to start providing services in November 2019 with 60 to 70 students enrolled at this location. Under our proposed agreement, Linguaviva will be responsible for the Italian language courses (EUR5,500 per student for 1,000 course hours), while we will be responsible for art courses (EUR3,300 EUR for less than 200 course hours). We will both recruit students for this school and for each student one entity brings in, the other will pay a certain percentage of commission based on such student’s tuition fee. See “Risk Factors – Risks Related to Our Business – We cannot assure you that the new China Liberal-branded schools that we intend to open in Beijing and in Italy will be opened as scheduled, if at all.”

## Employees

We had 76 full-time employees as of March 31, 2019. Most of our full-time employees have signed employment agreements for three years. The Company and its employees may elect to re-negotiate and renew the employment agreements before expiration. We also hired 13 part-time financial, education or sales and marketing consultants as of March 31, 2019. The following table sets forth the number of our full-time employees, categorized by function as of March 31, 2019.

As of March 31, 2019

Management	3
Sales staff	25
Technical support staff	16
Operations staff	17
Administrative staff	15
Total	76

As required by PRC laws and regulations, we participate in various employee social security plans for our employees that are administered by local governments, including housing, pension, medical insurance and unemployment insurance. We compensate our employees with basic salaries as well as performance-based bonuses. None of our employees are represented by any collective bargaining arrangements, and we consider our relations with our employees to be good.

## Competition

The education sector and overseas studies consulting sector in the PRC are rapidly evolving, highly fragmented and competitive. We expect competition in these sectors to persist and intensify. We face competition in each line of business, each major program we offer and each geographic market in which we operate.

<u>Line of Business</u>	<u>Competitors</u>
Services Provided under Sino-foreign Jointly Managed Academic Programs	<ul style="list-style-type: none"><li>• China Maple Leaf Educational Systems Limited</li><li>• Beida Jade Bird Group</li><li>• Huali University Group Limited</li></ul>
Overseas Study Consulting Services	<ul style="list-style-type: none"><li>• Dadi Education Holdings Limited</li><li>• China Media Group</li><li>• Beijing Lanxum Technology Holdings Limited</li></ul>
Technological Consulting Services Provided for Smart Campus Solutions	<ul style="list-style-type: none"><li>• Wasu Media Holding Co., Ltd.</li><li>• Newcapec Electronics Co., Ltd.</li><li>• Zhejiang Zhengyuan Zhihui Technology Holdings Limited</li></ul>
Integration of Enterprises and Vocational Education	<ul style="list-style-type: none"><li>• Shiji Dingli Holdings Limited</li><li>• Shanghai Xin Nanyang Angli Education Technology Holdings Limited</li><li>• Changsha Kaiyuan Instrument Co., Ltd.</li></ul>

We believe that the principal competitive factors in our markets include brand recognition, student performance track records, overall student experience, parent satisfaction, quality of teachers, ability to effectively market programs, services and products to a broad base of prospective students, effectively identifying and successfully cooperating with prominent schools, diversity of programs and products offered, and tuition fees.

We believe that our primary competitive advantages are our strong sales team, our innovative and cost-effective smart campus solutions, and experienced and visionary management team with a proven track record. However, some of our existing and potential competitors may have more resources than we do. These competitors may be able to devote greater resources than we can to the development, promotion and sale of their programs, services and products and respond more quickly than we can to changes in student demands, testing materials, admissions standards, market needs or new technologies. In addition, we face competition from many different smaller sized organizations that focus on some of our targeted markets, which may be able to respond more promptly to changes in student preferences in these markets.

## Legal Proceedings

We are not currently a party to any litigation the outcome of which, if determined adversely to us, would individually or in the aggregate be reasonably expected to have a material adverse effect on our business, operating results, cash flows or financial condition.

## Intellectual Property

Our trademarks, copyrights, domain names, trade secrets and other intellectual property rights distinguish our products and services from those of our competitors and enhance our ability to compete in our target markets. Our principal intellectual property assets consist of copyrights in our software and our textbooks. Ownership of such copyrights secures the exclusive right to publish or use the work in the PRC.

In addition, our intellectual property rights also include seven trademark registrations in the PRC and six domain names registrations. We do not own any patents. See “*Regulations-Regulations on Intellectual Property Rights.*”

We believe we have taken, and take in the ordinary course of business, all appropriate available legal steps to reasonably protect our intellectual property in all material jurisdictions. To protect our brand and other intellectual property, we rely on a combination of trademark, copyright, domain names, know-how and trade secret laws as well as confidentiality agreements with our employees, contractors and others. We cannot be certain that our efforts to protect our intellectual property rights will be adequate or that third parties will not infringe or misappropriate these rights. See “*Risk Factors-If we fail to protect our intellectual property rights, our brand and business may suffer.*”

### Copyrights

As of the date of this prospectus, we have registered 16 copyrights in our textbooks in the PRC, details of which are set out below:

<b>No.</b>	<b>Name of Publication</b>	<b>Copyright Owner</b>	<b>Date of Completion(1)</b>
1	EGP Listening 1	China Liberal Beijing	September 2015
2	EGP Listening 2	China Liberal Beijing	September 2015
3	EGP Speaking 1	China Liberal Beijing	September 2015
4	EGP Speaking 2	China Liberal Beijing	September 2015
5	EGP Reading 1	China Liberal Beijing	September 2015
6	EGP Reading 2	China Liberal Beijing	September 2015
7	EGP Writing 1	China Liberal Beijing	September 2015
8	EGP Writing 2	China Liberal Beijing	September 2015
9	EAP Listening 1	China Liberal Beijing	January 2016
10	EAP Listening 2	China Liberal Beijing	January 2016
11	EAP Speaking 1	China Liberal Beijing	January 2016
12	EAP Speaking 2	China Liberal Beijing	January 2016
13	EAP Reading 1	China Liberal Beijing	January 2016
14	EAP Reading 2	China Liberal Beijing	January 2016
15	EAP Writing 1	China Liberal Beijing	January 2016
16	EAP Writing 2	China Liberal Beijing	January 2016

(1) According to the PRC’s intellectual property laws, we obtain the copyrights to our textbooks upon completion.

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As of the date of this prospectus, we have registered 20 software copyright registration in the PRC, details of which are set out below:

No.	Software Name	Registration No.	Date of Development	Date of First Publication
1	China Liberal Cloud Classroom Management System 1.0	2016SR040754	September 30, 2015	October 1, 2015
2	China Liberal Cloud Classroom Teacher Software 1.0	2016SR046771	September 30, 2015	October 1, 2015
3	China Liberal Cloud Classroom Student Software 1.0	2016SR044977	September 30, 2015	October 1, 2015
4	China Liberal Cloud Classroom Lesson Planning System 1.0	2016SR123004	September 30, 2015	October 1, 2015
5	China Liberal Cloud Classroom Learning Statistical Data System 1.0	2016SR122336	September 30, 2015	October 1, 2015
6	China Liberal Cloud Classroom Recommendation System 1.0	2016SR130198	September 30, 2015	October 1, 2015
7	China Liberal Cloud Classroom Practice Questions System 1.0	2016SR123966	September 30, 2015	October 1, 2015
8	Pocket Classroom (Android) Software 1.0	2017SR036399	September 1, 2016	Not published
9	Pocket Classroom (IOS) Software 1.0	2017SR037051	September 1, 2016	Not published
10	Pocket Classroom (Android) Software 1.0	2017SR040835	September 1, 2016	Not published
11	Pocket Classroom (IOS) Software 1.0	2017SR040674	September 1, 2016	Not published
12	Pocket Classroom Date Management System 1.0	2017SR036411	September 1, 2016	Not published
13	China Liberal Smart Campus Registrar System (For Teacher)	2017SR712252	September 1, 2017	Not published
14	China Liberal Smart Campus Registrar System (For Student)	2017SR714193	September 1, 2017	Not published
15	My Lessons (Android) Software	2017SR710050	September 1, 2017	Not published
16	My Lessons (IOS) Software	2017SR707597	September 1, 2017	Not published
17	My Textbook (Android) Software	2017SR712427	September 1, 2017	Not published
18	My Textbook (IOS) Software	2017SR709724	September 1, 2017	Not published
19	China Liberal Smart Campus Office Automation Management System	2019SR0023351	September 1, 2018	Not published
20	China Liberal Smart Campus Human Resources Management System	2019SR0021945	November 2, 2018	Not published

The right to publish and to monetary gains related to copyrights and software copyrights lasts for 50 years in the PRC, which will expire on December 31 of the 50<sup>th</sup> year after the date of publication. Such protection will not be extended if the textbook or software is not published within 50 years after the date of its completion or development.

### Trademarks

As of the date of this prospectus, we have seven registered trademarks in the PRC, details of which are set out below:

No.	Trademark	Class	Registration No.	Registration Date	Expiry Date
1		41	12291328	August 28, 2014	August 27, 2024
2		42	12291054	August 28, 2014	August 27, 2024
3	华夏博雅	9	17328159	September 7, 2016	September 6, 2026
4	华夏博雅	42	17328158	September 7, 2016	September 6, 2026
5	阿托皮亚	41	21854350	December 28, 2017	December 27, 2027
6	阿托皮亚	42	21854351	December 28, 2017	December 27, 2027
7		41	21869652	December 28, 2017	December 27, 2027

**Domain Names**

As of the date of this prospectus, we have registered the following domain names in the PRC, details of which are set out below:

No.	Holder	Domain name	Registration Date	Expiry Date
1.	China Liberal Beijing	chinaliberal.com	July 30, 2013	July 30, 2022
2	China Liberal Beijing	artopia-zone.com	August 8, 2016	August 8, 2019
3	China Liberal Beijing	aeacip.com	January 10, 2019	January 10, 2020
4	China Liberal Beijing	aeacip.cn	January 10, 2019	January 10, 2020
5	China Liberal Beijing	arttopia.cn	August 5, 2016	August 5, 2019

**Facilities/Properties**

Our current principal executive office is located on the second floor of Building No. 1, Huateng Century Park Headquarters, Chaoyang District, Beijing, PRC. We lease nine rooms with an aggregate of approximately 9,800 square feet at this location for office and language training purposes. Our lease will end on May 31, 2022.

We also lease two other offices in Beijing, one in Hangzhou City, Zhejiang Province, one in Fuzhou City, Fujian Province, and one in Ji'nan City, Shandong Province to support part of our sales and marketing activities.

The below table shows details of our current leases:

No.	Location	Use	Area (sq. ft.)	Rent	Expiration	Renewal Terms
1	(Headquarters) Beijing Chaoyang District Huateng Century Park Headquarters Bldg. No. 1, 2 <sup>nd</sup> Fl.	Office/ Training	9,784.4	\$18,400 per month	May 31, 2022	The Company shall send written notice to the landlord six months before expiration of its intention to renew the lease.
2	Beijing Tongzhou District	Art Studio	1,399.3	\$11,951 per year	April 30, 2021	The Company shall send written notice to the landlord three months before expiration of its intention to continue to lease the property; a new lease shall be signed if the landlord agrees.
3	China Academy of Art (Hangzhou)	Office	Unknown	Not applicable	November 9, 2021	We have a cooperation relationship with China Academy of Art and they allow us to use this office without charge
4	Fuzhou City Taijiang District	Office	756.2	\$997 first year; \$1,067 second year; \$1,141 third year	July 26, 2021	The Company shall send written notice to the landlord two months before expiration of its intention to continue to lease the property; a new lease shall be signed if the landlord agrees.
5	Shandong Ji'nan Lixia District	Office	1,150.1	\$1,643 per month	July 31, 2019	No renewal terms.
6	Beijing Chaoyang District	Office	co- working space	\$1,813 per month	December 31, 2019	Automatic renewal; the lease becomes a month-to-month lease.

Except our Hangzhou office where we are allowed to use the office free of charge due to our cooperation relationship with China Academy of Art, we lease all of the facilities that we currently occupy from independent third parties. We believe that the facilities that we currently lease are adequate to meet our needs for the foreseeable future.

**Seasonality**

We have experienced, and expect to continue to experience, seasonal fluctuations in our operations, primarily due to seasonal changes in student enrollments. Historically, our one-on-one consulting services tend to have the largest student enrollments in our third and fourth fiscal quarters, which runs from July 1 to December 31 of each year, primarily because many students enroll in our courses to prepare for admissions and assessment exams in subsequent school terms, and our language training courses offered at Sino-foreign joint programs typically make payments to us in October or November based on their student enrollments in the fall.

## REGULATIONS

We operate our business in the PRC under a legal regime consisting of the State Council, which is the highest authority of the executive branch of the PRC central government, and several ministries and agencies under its authority, including the State Administration of Foreign Exchange, or SAFE, the Ministry of Commerce, or MOFCOM, the National Development and Reform Commission, or NDRC, the Ministry of Education, or MOE, the General Administration of Press and Publication, or GAPP, the State Administration for Industry and Commerce, or SAIC, the Ministry of Civil Affairs, or MCA, the Ministry of Culture, or MOC, and their respective authorized local counterparts.

### ***Regulations on Education***

The principal regulations governing private education in China consist of the Education Law of the PRC, The Law for Promoting Private Education (2018) and The Implementation Rules for the Law for Promoting Private Education (2004), and the Regulations on Chinese-Foreign Cooperation in Operating Schools. Below is a summary of relevant provisions of these regulations.

#### *Education Law of the PRC*

On March 18, 1995, the National People's Congress enacted the Education Law of the PRC, which was later amended on June 1, 2016. The Education Law sets forth provisions relating to the fundamental education systems of the PRC, including a school system of pre-school education, primary education, secondary education and higher education, a system of nine-year compulsory education, a system of vocational education and a system of continuing education. The Education Law stipulates that the government formulates plans for the development of education and establishes and operates schools and other institutions of education and in principle, enterprises, social organizations and individuals are encouraged to operate schools and other types of educational organizations in accordance with PRC laws and regulations. Meanwhile, schools and other educational institutions established or run with fiscal expenses or donated assets shall not operate for profit-making purposes.

#### *Regulations on Sino-foreign Cooperation in Operating Schools*

Sino-foreign cooperation in operating schools or training programs is specifically governed by the Regulations on Operating Sino-foreign Schools, promulgated by the State Council in 2003 and amended in 2013 in accordance with the Education Law, the Occupational Education Law and the Law for Promoting Private Education, and the Implementing Rules for the Regulations on Operating Sino-foreign Schools, or the Implementing Rules, which were issued by the MOE in 2004.

The Regulations on Operating Sino-foreign Schools and its Implementing Rules encourage substantive cooperation between overseas educational organizations with the requisite qualifications and experience in providing high-quality education and Chinese educational organizations to jointly operate schools in the PRC, with such cooperation in the areas of higher education and occupational education being encouraged. Sino-foreign cooperative schools are not permitted, however, to engage in compulsory education and military, police, political and other kinds of education that are deemed to be of a sensitive in the PRC.

Permits for Sino-foreign Cooperation in Operating Schools shall be obtained from the relevant education authorities or the authorities that regulate labor and social welfare in the PRC.

China Liberal Beijing is not required to obtain such permits. Rather, the Chinese host universities/colleges are responsible for obtaining and maintaining currently valid permits.

### ***Regulations on Private Schools***

#### *The Law for Promoting Private Education (2018) and The Implementation Rules for the Law for Promoting Private Education (2004)*

The Decision of the Standing Committee of the National People's Congress on Amending the Law for Promoting Private Education of the PRC, has been promulgated by Order No. 55 of the President of the PRC on November 7, 2016, became effective on September 1, 2017, and later further amended on December 29, 2018 (the "2018 Private Education Law").

The Implementation Rules for the Law for Promoting Private Education (2004) became effective on April 1, 2004 (the "2004 Implementation Rules"). Under these regulations, "private schools" are defined as schools established by social organizations or individuals using non-government funds.

In addition, private schools providing certifications, pre-school education, education for self-study aid and other academic education are subject to approval by the education authorities at or above the county level, while private schools engaging in occupational qualification training and occupational skill training are subject to approvals from the authorities in charge of labor and social welfare at or above the county level. A duly approved private school will be granted a Permit for operating a Private School, and shall be registered with the MCA or its local counterparts as a privately run non-enterprise institution.

On August 10, 2018, the Ministry of Justice, or MOJ published the draft submitted for approval for the amendment to the Implementation Rules for the Law for Promoting Private Education (the “MOJ Draft Amendments”), for public comments. The MOJ Draft Amendments stipulate that the establishment of private training and educational organizations enrolling students of kindergarten, primary school, middle and high school age and implementing activities relating to cultural and educational courses at school, or examination-related and further education-related tutoring and other cultural and educational activities, would be subject to the review and approval by education authorities at or above the county level in accordance with the Article 12 of the 2018 Private Education Law. The establishment of private training and educational organizations that implement activities aiming at essential-qualities-oriented improvement and personality development in the areas of linguistic competence, arts, physical activities, technology, and activities targeting at cultural education for adults and non-degree continuing education can apply to register as a legal person directly, i.e., there is no need to apply for approval. However, such private training and/or educational organization must not carry out the cultural and educational activities mentioned above, which requires the review and approval of the applicable education authorities.

Under the above regulations, private schools have the same status as public schools, though private schools are prohibited from providing military, police, political and other kinds of education of a sensitive nature. However, the operation of a private school is highly regulated.

The sponsors of privately-run schools may establish non-profit or for-profit privately-run schools at their own discretion. However, they are prohibited from establishing for-profit privately-run schools providing compulsory education. The sponsor of a for-profit privately-run school may gain proceeds from school running, and the cash surplus of the school shall be disposed of in accordance with the Company Law and other relevant laws and administrative regulations. Private schools are divided into two categories: non-profit privately-run school and for-profit privately-run schools.

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

Under the currently effective 2018 Private Education Law and the 2004 Implementation Rules, there is no explicit provisions that China Liberal Beijing is required to obtain any permit or approval for providing art or language related training courses, including a future China Liberal-branded school. If the MOJ Draft Amendments to the Implementation Rules are passed and adopted without further amendments, it will be explicitly confirmed under these regulations that China Liberal Beijing is not required to obtain any permit or approval for the services it provides, or will provide under the China Liberal-branded school. See “*Risk Factors – Risks Related to Our Business - We face regulatory risks and uncertainties surrounding PRC laws and regulations governing the education industry in general, including the amendments to the Implementation Rules for the Law for Promoting Private Education*”.

### ***Regulations on Publishing and Distribution of Publications***

In December 2001, the PRC State Council promulgated the Administrative Regulations on Publications, which became effective on February 1, 2002 and were later amended several times in 2011, 2013, 2014 and February 6, 2016 (the “Publication Regulation”). The Publication Regulations apply to publication activities, i.e., the publishing, printing, copying, importation or distribution of publications, including books, newspapers, periodicals, audio and video products and electronic publications, each of which requires approval from the relevant publication administrative authorities.

On April 13, 2005, the State Council announced a policy on private investments in China that relate to cultural matters, which affects private investments in businesses that involve publishing. The policy authorizes MOC and several other central government authorities to adopt detailed rules to implement the policy. In July 2005, MOC, together with other central government authorities, issued a regulation that prohibits private and foreign investors from engaging in the publishing business.

Subsequent to the implementation of the Publication Regulations, the GAPP issued the Administrative Regulations on Publications Market which became effective on September 1, 2003 and which were amended on June 16, 2004 and June 1, 2016. According to the Administrative Regulations on Publications Market, any organization or individual engaged in general distribution, wholesale or retail of publications shall obtain a Permit for Operating Publications. Distribution of publications in the PRC is regulated on different administrative levels. An entity engaged in general distribution of publications shall obtain such permit from the GAPP and may conduct general distribution of the publications in the PRC; an entity engaged in wholesaling of publications shall obtain such permit from the provincial counterpart of GAPP and may not engage in general distribution in the PRC; and an entity engaged in retail distribution of publications shall obtain such permit from the local counterpart of GAPP at the county level and may not conduct general distribution or wholesaling of publications in the PRC.

We are subject to these regulations on publishing and distribution of publications even though we limit the use of our textbooks to a small number of students (rather than selling to the general public). Currently, we have not applied for such approval and permit. See *“Risk Factors – Risks Related to our Business - Our failure to obtain and maintain approval and permit related to publishing and selling our textbooks could have a material adverse impact on our business, financial conditions and results of operations.”*

#### ***Regulations on Protection of the Right of Dissemination through Information Networks***

On May 18, 2006, the State Council promulgated the Regulations on Protection of the Right of Dissemination through Information Networks, which became effective on July 1, 2006 and were later amended on January 30, 2013. The new regulations require that every organization or individual who disseminates a third party’s work, performance, audio or visual recording products to the public through information networks shall obtain permission from, and pay compensation to, the legitimate copyright owner of such products, unless otherwise provided under relevant laws and regulations. The legitimate copyright owner may take technical measures to protect his or her right of dissemination through information networks and any organization or individual shall not intentionally avoid, destroy or otherwise assist others in avoiding such protective measures unless permissible under law. The new regulations also provide that permission from and compensation for the copyright owner are not required in the event of limited dissemination to teaching or research staff for the purpose of school teaching or scientific research only.

#### ***Provisions on Foreign Investment***

All limited liability companies and joint stock limited companies incorporated and operating in the PRC are governed by the *Company Law of the People’s Republic of China*, or the Company Law, which was amended and promulgated by the Standing Committee of the National People’s Congress on October 26, 2018. In the latest amendment, paid-in capital registration, minimum requirements of registered capital and timing requirements of capital contributions were abolished. Foreign invested projects must also comply with the Company Law, with exceptions as specified in foreign investment laws.

With respect to the establishment and operation of wholly foreign-owned projects, or WFOE, the MOFCOM and NDRC, promulgated the Special Management Measures for the Market Entry of Foreign Investment (Negative List) (2018 Version) (the “Negative List”) on June 28, 2018 and replaced the Special Management Measures for the Market Entry of Foreign Investment of the Catalogue for the Guidance of Foreign Investment Industries (amended in 2017) (the “Catalogue”). The Catalogue and the Negative List serve as the main basis for management and guidance for the MOFCOM to manage and supervise foreign investments. Those industries not set out in the Negative List shall be classified as industries permitted for foreign investment. According to the Negative List, education consulting services is not prohibited.

On September 3, 2016, the Standing Committee of the National People’s Congress promulgated the Decision of the Standing Committee of the National People’s Congress on Amending Four Laws Including the Law of the People’s Republic of China on Wholly Foreign-owned Enterprises (the “Decision”), which provides record-filing in lieu of administrative approval for the establishments and alterations of foreign invested enterprises (the “FIEs”) not subject to special administrative measures. On October 8, 2016, the MOFCOM issued the Interim Measures for Record-filing for the Establishment and Alteration of Foreign-invested Enterprises (the “Interim Measure”), and the MOFCOM and the NDRC jointly issued a statement (the “Joint Statement”), clarifying that the special administrative measures in this case are implemented by referencing the Catalogue. Specifically, the special administrative measures to be implemented are the restricted and prohibited industry categories as well as encouraged industry categories having shareholding and executive management requirements prescribed in the Catalogue. Since then, FIE establishments and alterations that are not subject to special administrative measures have been changed from a pre-approval system to a more standardized and convenient filing process. On June 30, 2018, the MOFCOM further revised the “Interim Measures”. The modification includes among others that where the conversion of a non-foreign investment enterprise into a foreign investment enterprise due to merger and acquisition or merger by absorption falls under the filing scope stipulated in these Measures, the establishment filing information for foreign investment enterprise shall be submitted together online at the time when the enterprise completes change registration formalities with the administration for industry and commerce and the market supervision administrative authorities and upon obtaining the filing information forwarded by the administration for industry and commerce and the market supervision administrative authorities, the filing authorities shall start to process the filing and notify the investor(s) simultaneously.



China Liberal Beijing completed its registration as a whole foreign owned enterprise on February 1, 2019 and the Administrative Bureau for Industry and Commerce of the City of Beijing issued China Liberal Beijing the relevant business license on the same date.

### ***PRC Regulation of Wholly Foreign-owned Enterprises***

The abovementioned Company Law of the People's Republic of China provides that companies established in the PRC may take the form of company of limited liability or company limited by shares. Each company has the status of a legal person and owns its assets itself. Assets of a company may be used in full for the company's liability. The Company Law applies to foreign-invested companies unless relevant laws provide otherwise.

Under the Wholly Foreign-Owned Enterprise Law of the PRC promulgated in 1986 and last amended in 2016 and the Detailed Implementing Rules for the Wholly Foreign-Owned Enterprise Law of the PRC which was promulgated in 1990 and was last amended on February 19, 2014, an application for establishing a wholly foreign-owned enterprise shall be subject to examination and approval by the MOFTEC, currently known as the MOFCOM, before the approval certificate is issued. Within 90 days of the date of receipt of an application, the examination and approval authority shall decide whether or not to grant the approval. After application for the establishment of a wholly foreign-owned enterprise is approved by the Examination and Approval Authority, the foreign investors shall, within 30 days of the date of receipt of the approval certificate, submit registration to, and collect the business license from the administrative authority for industry and commerce.

On September 3, 2016, the Decision of the Standing Committee of the National People's Congress on Revising Four Laws including the Law of the People's Republic of China on Wholly Foreign-owned Enterprises (the "Decision on Revision of Four Laws") was promulgated and became effective on October 1, 2016. The Interim Measures for the Administration of Establishment and Change Filings of Foreign-invested Enterprises (the "Filings Measures") was last amended on June 30, 2018. The Decision on Revision of Four Laws and the Filings Measures revised relevant administrative approval provisions of the Law of the People's Republic of China on Wholly Foreign-owned Enterprises, the Law of the People's Republic of China on Sino-foreign Equity Joint Ventures, the Law of the People's Republic of China on Sino-foreign Cooperative Joint Ventures and the Law of the People's Republic of China on the Protection of the Investments of Taiwan Compatriots and relevant formality regime for the incorporation and change of foreign-invested enterprises, whereby if the incorporation or change of foreign-invested enterprises and enterprises funded by Taiwan compatriots does not involve special access administrative measures prescribed by the PRC government, the examination and approval process is now being replaced by the recording-filing administration process.

The 2019 Law of Foreign Investment was adopted by the second meeting of the 13th National People's Congress on March 15, 2019, which will be effective on January 1, 2020. It will replace the trio of existing laws regulating foreign investment in China, including, among others, the abovementioned Law of the People's Republic of China on Wholly Foreign-owned Enterprises. The 2019 Law of Foreign Investment stipulates that the PRC implements a system of pre-establishment national treatment plus negative list for the administration of foreign investment. Foreign investors are not allowed to invest in fields or sectors prohibited in the market access negative list for foreign investment. Foreign investors that intend to invest in the fields subject to access restrictions stipulated in market access negative list for foreign investment shall satisfy the conditions stipulated in such negative list. The PRC policies supporting enterprise development are equally applicable to foreign-invested enterprises. The PRC does not impose expropriation on foreign investment. Under special circumstances, if it requires imposing expropriation on foreign investment due to the need of public interest, expropriation shall be imposed according to legal procedures, and the foreign-invested enterprises concerned shall receive fair and reasonable compensation. Foreign-invested enterprises can raise funds through public issuance of stocks, corporate bonds and other securities in accordance with the law.

### ***PRC Regulation of Intellectual Property Rights***

The State Council and the NCAC have promulgated various rules and regulations and rules relating to protection of software in China. Under these rules and regulations, software owners, licensees and transferees may register their rights in software with Copy Protection Center of China or its local branches and obtain software copyright registration certificates. Although such registration is not mandatory under PRC law, software owners, licensees and transferees are encouraged to go through the registration process and registered software rights may be entitled to better protections.

The PRC Trademark Law, adopted in 1982 and revised in 2001 and 2013, respectively, with its implementation rules adopted in 2002 and revised in 2014, protects registered trademarks. The Trademark Office of the SAIC handles trademark registrations and grants a protection term of ten years to registered trademarks.

### ***Regulations on Foreign Exchange***

#### ***Regulations on Loans to and Direct Investment in the PRC Entities by Offshore Holding Companies***

According to the Implementation Rules for the Provisional Regulations on Statistics and Supervision of Foreign Debt promulgated by SAFE on September 24, 1997 and the Interim Provisions on the Management of Foreign Debts promulgated by SAFE, the NDRC and the MOF that became effective from March 1, 2003, loans by foreign companies to their subsidiaries in China, which accordingly are foreign-invested enterprises, are considered foreign debts. Pursuant to the Measures for the Administration of Foreign Debt Registration issued by SAFE on April 28, 2013 and the Notice on Matters concerning the Macro-Prudential Administration of Full-Covered Cross-Border Financing issued by the People's Bank of China on January 11, 2017, the total amount of accumulated foreign debt borrowed by a foreign-invested enterprise is subject to a upper limit calculated based on a statutory formula, and the foreign-invested enterprise is required to file with SAFE after entering into relevant foreign debt contract and within at least three business days before drawing any money from the foreign debts.

According to applicable PRC regulations on foreign-invested enterprises, if a foreign holding company makes capital contributions to its PRC subsidiaries, which are considered foreign-invested enterprises, the PRC subsidiaries must file with the MOFCOM or its local counterpart in connection with the increase of its registered capital.

Currently, China Liberal Beijing does not owe any outstanding debts to any of its offshore parent companies. For any capital contributions contributed to China Liberal Beijing by its offshore parent companies, China Liberal Beijing has obtained appropriate approval or filed with the appropriate authorities, as the case may be.

### ***Regulations Relating to Employment and Social Insurance***

Pursuant to the PRC Labor Law effective as of January 1, 1995 (as amended on December 29, 2018), and the PRC Labor Contract Law effective as of January 1, 2008 (as amended on December 28, 2012), a written labor contract shall be executed by employer and an employee when the employment relationship is established, and an employer is under an obligation to sign an unlimited-term labor contract with any employee who has worked for the employer for ten consecutive years. Further, if an employee requests or agrees to renew a fixed-term labor contract that has already been entered into twice consecutively, the resulting contract must have an unlimited term, with certain exceptions. All employers are required to establish a system for labor safety and sanitation, strictly abide by state rules and standards and provide employees with appropriate workplace safety training. Moreover, all PRC enterprises are generally required to implement a standard working time system of eight hours a day and forty hours a week, and if the implementation of such standard working time system is not appropriate due to the nature of the job or the characteristics of business operation, the enterprise may implement a flexible working time system or comprehensive working time system after obtaining approvals from the relevant authorities.

Pursuant to the Social Insurance Law of China effective from December 29, 2018, and the Housing Fund Regulation, which was amended and became effective on March 24, 2002, employers in China shall pay contributions to the social insurance plan and the housing fund plan for their employees, and such contribution amount payable shall be calculated based on the employee actual salary in accordance with the relevant regulations.

As of December 31, 2018, China Liberal Beijing has complied with all these regulations.

## MANAGEMENT

Set forth below is information as of the date of this prospectus concerning our directors, executive officers and other key employees.

<b>Name</b>	<b>Age</b>	<b>Position(s)</b>
Jianxin Zhang	49	Chairman of the Board and Chief Executive Officer
Wenhui Zhuang	33	Chief Financial Officer
Nan Hu*	38	Director Nominee
Ngo Yin Tsang*	45	Independent Director Nominee
Xinyu Deng*	38	Independent Director Nominee
Wandong Chen*	43	Independent Director Nominee

\* This individual has indicated his consent to occupy such position upon closing of this offering.

The following is a brief biography of each of our executive officers and directors:

Mr. Jianxin Zhang has been our Company's Chief Executive Officer and the Chairman of the Board since April 2019 and a director and the standing deputy general manager of China Liberal Beijing since January 2015. From January 2013 to December 2014, Mr. Zhang served as a partner and attorney at Beijing H&J Law Firm. From February 2000 to December 2012, Mr. Zhang served as a partner at Beijing Mingtai Law Firm. From September 1995 to January 2000, Mr. Zhang served as the director of the Research and Development Department of China Ocean Human Resources Co., Ltd. Mr. Zhang has over 20 years of management and operations experience of various industries. Mr. Zhang holds a master's degree in Civil and Commercial Law from Renmin University of China.

Mr. Wenhui Zhuang has been our Company's Chief Financial Officer since April 2019 and the Chief Finance Officer of China Liberal Beijing since March 2019. From December 2017 to February 2017, Mr. Zhuang served as a partner of Yingzhi (Xiamen) Management and Consulting Co., Ltd. From August 2016 to November 2017, Mr. Zhuang served as a project manager of Dingsheng (Xiamen) Investment Co., Ltd. From September 2010 to July 2016, Mr. Zhuang served as a project manager of Bangmeng Huijun Management Consulting (Xiamen) Co., Ltd. Mr. Zhuang holds a bachelor's degree in Accounting from Jimei University.

Mr. Nan Hu is a director nominee of our Company. Mr. Hu has been the Chief Technology Officer of China Liberal Beijing since January 2016. From July 2014 to December 2015, Mr. Hu served as the Chief Product Officer of Beijing Mishi Technology Co., Ltd., a commercial social media platform based on mobile device business cards. From May 2011 to June 2014, Mr. Hu was the co-founder and served as the Chief Technology Officer of Zhimo Network Technology (Beijing) Co., Ltd., an iPhone/Android system platform applications development company, providing mobile internet product solutions to leading advertisement and marketing company hdtMEDIA and Weiwang Tonglian Co., Ltd. From April 2008 to October 2010, Mr. Hu served as a research and development engineer and project manager of SA Penbase in France, a company that first developed mobile application platform online, providing mobile terminal data management products. Mr. Hu holds a bachelor's degree and a master's degree in Computer Science from Université Montpellier II.

Ms. Ngo Yin Tsang is an independent director nominee of the Company. Since April 2014, Ms. Tsang has been the executive director of Good Talent Limited, a Hong Kong-based staffing and recruiting company. Since December 2016, Ms. Tsang has been the independent non-executive director of LKS Holding Group Limited, a public company listed on the Hong Kong Stock Exchange engaging in interior renovation for residential, industrial and commercial properties in Hong Kong. Since June 2017, Ms. Tsang has been the company secretary with Zhuoxin International Holdings Limited, a public company listed on the Hong Kong Stock Exchange engaging in the trading of electronic hardware components as well as property development and investment. Ms. Tsang has over 18 years' experience in auditing, accounting, corporate governance monitoring and financial management. Ms. Tsang holds a bachelor's degree in Business Administration from Simon Fraser University, a bachelor's degree in Law from Tsinghua University, and a master's degree in Law from the University of Wolverhampton. She is a member of the American Institute of Certified Public Accountants.

Ms. Xinyu Deng is an independent director nominee of the Company. Since June 2011, Ms. Deng has been the Chief Legal Officer of Baomihua Group, whose subsidiary Baomihua.com is a social media online community with videos, photos, blogs, movies and games. Previously, Ms. Deng has served as an attorney at various law firms. Ms. Deng holds a bachelor's degree in Law from Peking University.

Mr. Wandong Chen is an independent director nominee of the Company. Since December 2016, Mr. Chen has been serving as a partner of Da Hua Certified Public Accountants. From September 2010 to November 2016, Mr. Chen served as a partner of Beijing Dehe Certified Public Accountants. Mr. Chen holds a bachelor's degree in Accounting from Heilongjiang University of Commerce. He has been practicing as a certified accountant in China for 15 years.

#### **Family Relationships**

There are no family relationships among the directors and executive officers of the Company.

#### **Involvement in Certain Legal Proceedings**

To the best of our knowledge, none of our directors or executive officers has, during the past ten years, been involved in any legal proceedings described in subparagraph (f) of Item 401 of Regulation S-K.

#### **Board of Directors**

Our board of directors will consist of five directors upon the closing of this offering.

#### **Duties of Directors**

Under Cayman Islands law, all of our Directors owe fiduciary duties to the Company, including a duty of loyalty, a duty to act honestly and a duty to act in what they consider in good faith to be in our best interests. Our Directors must also exercise their powers only for a proper purpose. Our Directors also have a duty to exercise the skill they actually possess and such care and diligence that a reasonably prudent person would exercise in comparable circumstances. In fulfilling their duty of care to us, our Directors must ensure compliance with our memorandum and articles of association, as amended from time to time. The Company has the right to seek damages if a duty owed by any of our directors is breached. In limited exceptional circumstances, a shareholder may have the right to seek damages in our name if a duty owed by our directors is breached.

#### **Terms of Directors and Executive Officers**

Each of our directors holds office until a successor has been duly elected and qualified unless the director was appointed by the board of directors, in which case such director holds office until the next following annual meeting of shareholders at which time such director is eligible for reelection. All of our executive officers are appointed by and serve at the discretion of our board of directors.

#### **Qualification**

There is currently no shareholding qualification for directors.

#### **Insider Participation Concerning Executive Compensation**

The Board of Directors of the Registrant, which comprises Jianxin Zhang, the Chairman of the Board and Nan Hu, a Director, was making all determinations regarding executive officer compensation from the inception of the Company up until the time when the three independent directors were installed.

#### **Committees of the Board of Directors**

We have established three committees under the board of directors: an audit committee, a compensation committee and a nominating and corporate governance committee. We have adopted a charter for each of the three committees. Each committee's members and functions are described below.

*Audit Committee.* Our audit committee consists of Ngo Yin Tsang, Xinyu Deng and Wandong Chen. Ngo Yin Tsang is the chairman of our audit committee. We have determined that Ngo Yin Tsang, Xinyu Deng and Wandong Chen satisfy the "independence" requirements of Section 5605(a)(2) of the Nasdaq Listing Rules and Rule 10A-3 under the Securities Exchange Act. Our board also has determined that Ngo Yin Tsang qualifies as an audit committee financial expert within the meaning of the SEC rules or possesses financial sophistication within the meaning of the Nasdaq Listing Rules. The audit committee oversees our accounting and financial reporting processes and the audits of the financial statements of our company. The audit committee is responsible for, among other things:

- appointing the independent auditors and pre-approving all auditing and non-auditing services permitted to be performed by the independent auditors;

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- reviewing any audit problems or difficulties and management’s response with the independent auditors;
- discussing the annual audited financial statements with management and the independent auditors;
- reviewing the adequacy and effectiveness of our accounting and internal control policies and procedures and any steps taken to monitor and control major financial risk exposures;
- reviewing and approving all proposed related party transactions;
- meeting separately and periodically with management and the independent auditors; and
- monitoring compliance with our code of business conduct and ethics, including reviewing the adequacy and effectiveness of our procedures to ensure proper compliance.

*Compensation Committee.* Our compensation committee consists of Ngo Yin Tsang, Xinyu Deng and Wandong Chen. Wandong Chen is the chairman of our compensation committee. We have determined that Ngo Yin Tsang, Xinyu Deng and Wandong Chen satisfy the “independence” requirements of Section 5605(a)(2) of the NASDAQ Listing Rules and Rule 10A-3 under the Securities Exchange Act. The compensation committee assists the board in reviewing and approving the compensation structure, including all forms of compensation, relating to our directors and executive officers. Our chief executive officer may not be present at any committee meeting during which his compensation is deliberated. The compensation committee is responsible for, among other things:

- reviewing and recommending compensation packages for our most senior executive officers to the board;
- approving and overseeing compensation packages for our executives other than the most senior executive officers;
- reviewing and recommending to the board with respect to the compensation of our directors;
- reviewing periodically and approving any long-term incentive compensation or equity plans;
- selecting compensation consultants, legal counsel or other advisors after taking into consideration all factors relevant to that person’s independence from management; and
- programs or similar arrangements, annual bonuses, employee pension and welfare benefit plans.

*Nominating and Corporate Governance Committee.* Our nominating and corporate governance committee currently consists of Ngo Yin Tsang, Xinyu Deng and Wandong Chen. Xinyu Deng is the chairperson of our nominating and corporate governance committee. Ngo Yin Tsang, Xinyu Deng and Wandong Chen satisfy the “independence” requirements of Section 5605(a)(2) of the NASDAQ Listing Rules and Rule 10A-3 under the Securities Exchange Act. The nominating and corporate governance committee assists the board of directors in selecting individuals qualified to become our directors and in determining the composition of the board and its committees. The nominating and corporate governance committee is responsible for, among other things:

- identifying and recommending nominees for election or re-election to our board of directors or for appointment to fill any vacancy;
- reviewing annually with our board of directors its current composition in light of the characteristics of independence, age, skills, experience and availability of service to us;
- identifying and recommending to our board the directors to serve as members of committees;
- advising the board periodically with respect to significant developments in the law and practice of corporate governance as well as our compliance with applicable laws and regulations, and making recommendations to our board of directors on all matters of corporate governance and on any corrective action to be taken; and
- monitoring compliance with our code of business conduct and ethics, including reviewing the adequacy and effectiveness of our procedures to ensure proper compliance.

### **Corporate Governance**

Our board of directors has adopted a code of business conduct and ethics, which is applicable to all of our directors, officers and employees. We will make our code of business conduct and ethics publicly available on our website prior to the initial closing of this offering.

**EXECUTIVE COMPENSATION****Summary Compensation Table**

The following table sets forth certain information with respect to compensation for the years ended December 31, 2018 and 2017, earned by or paid to our chief executive officer and principal executive officer, our principal financial officer, and our other most highly compensated executive officers whose total compensation exceeded US\$100,000 (the “named executive officers”).

<b>Name and Principal Position</b>	<b>Year</b>	<b>Salary (\$)</b>	<b>Bonus (\$)</b>	<b>Stock Awards (\$)</b>	<b>Option Awards (\$)</b>	<b>Non-Equity Incentive Plan Compensation</b>	<b>Deferred Compensation Earnings</b>	<b>Other</b>	<b>Total (\$)</b>
Jianxin Zhang, CEO and Chairman of the Company and director and standing deputy general manager of China Liberal Beijing	2018	22,269	0	0	0	0	0	0	22,269
	2017	22,106	0	0	0	0	0	0	22,106
Wenhui Zhuang, CFO of the Company and China Liberal Beijing	2018	0	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0	0

**Agreements with Named Executive Officers**

Each of our executive officers is employed for a specified time period, which will be renewed upon both parties’ agreement thirty days before the end of the current employment term. We may terminate the employment for cause, at any time, without notice or remuneration, for certain acts of the executive officer, including but not limited to the commitments of any serious or persistent breach or non-observance of the terms and conditions of their employment, conviction of a criminal offense, willful disobedience of a lawful and reasonable order, fraud or dishonesty, receiving bribes, or severe neglect of his or her duties. An executive officer may terminate his or her employment at any time with a one-month prior written notice. Each executive officer has agreed to hold, both during and after the employment agreement expires, in strict confidence and not to use or disclose to any person, corporation or other entity without written consent, any confidential information.

As of the date of this prospectus, our CEO and CFO have not entered into any written employment agreements with us.

**Compensation of Directors**

For the fiscal years ended December 31, 2018 and 2017, we did not make any compensation payments to our directors.

## PRINCIPAL SHAREHOLDERS

The following table sets forth information with respect to the beneficial ownership, within the meaning of Rule 13d-3 under the Exchange Act, of our Ordinary Shares as of the date of this prospectus, and as adjusted to reflect the sale of the Ordinary Shares offered in this offering for

- each of our directors and executive officers who beneficially own our Ordinary Shares; and
- each person known to us to own beneficially more than 5.0% of our Ordinary Shares.

Beneficial ownership includes voting or investment power with respect to the securities. Except as indicated below, and subject to applicable community property laws, the persons named in the table have sole voting and investment power with respect to all Ordinary Shares shown as beneficially owned by them. Percentage of beneficial ownership of each listed person prior to this offering is based on [●] Ordinary Shares outstanding as of the date of this prospectus.

The number and percentage of Ordinary Shares beneficially owned after the offering are based on [●] Ordinary Shares outstanding following the sale of [●] Ordinary Shares if the total offering amount is raised. Information with respect to beneficial ownership has been furnished by each director, officer or beneficial owner of 5% or more of our Ordinary Shares. Beneficial ownership is determined in accordance with the rules of the SEC and generally requires that such person have voting or investment power with respect to securities. In computing the number of Ordinary Shares beneficially owned by a person listed below and the percentage ownership of such person, Ordinary Shares underlying options, warrants or convertible securities held by each such person that are exercisable or convertible within 60 days of the date of this prospectus are deemed outstanding, but are not deemed outstanding for computing the percentage ownership of any other person. Except as otherwise indicated in the footnotes to this table, or as required by applicable community property laws, all persons listed have sole voting and investment power for all Ordinary Shares shown as beneficially owned by them. As of the date of the prospectus, we have 4 shareholders of record holding beneficial ownership of 5% or more, none of which are located in the United States.

	Ordinary Shares Beneficially Owned Prior to this Offering		Ordinary Shares Beneficially Owned After this Offering		Percentage of Votes Held After this Offering
	Number	Percent	Number	Percent	Percent
<b>Directors and Executive Officers:</b>					
Jianxin Zhang	0	0%	0	0%	0%
Wenhui Zhuang	0	0%	0	0%	0%
Nan Hu	0	0%	0	0%	0%
Ngo Yin Tsang	0	0%	0	0%	0%
Xinyu Deng	0	0%	0	0%	0%
Wandong Chen	0	0%	0	0%	0%
<b>5% Shareholders:</b>					
Ever Alpha Global Limited	411	14.1588%	[●]	[●]%	[●]%
Man Woo Limited	130	12.9870%	[●]	[●]%	[●]%
United Glory Global Limited	103	10.2897%	[●]	[●]%	[●]%
Fulai International Limited	80	7.9920%	[●]	[●]%	[●]%

### History of Share Capital

We were incorporated in the Cayman Islands as an exempted company with limited liability on February 25, 2019. On the date of our incorporation and on an actual basis without effecting the Reorganization, we issued 1,000 Ordinary Shares to certain founders.

In March 2019, China Liberal, Yi Xin BVI and Yi Xin BVI's sole shareholder (the "Yi Xin BVI Shareholder") entered into a Sale and Purchase Agreement, whereby the Yi Xin BVI Shareholder sold 100% of the equity interests of Yi Xin BVI to China Liberal in consideration of one Ordinary Share of China Liberal being issued to Ever Alpha Global Limited, a BVI company wholly owned by the Yi Xin BVI Shareholder. After this transaction, China Liberal became the wholly-owned parent of Yi Xin BVI.

As of the date of this prospectus, our authorized share capital consists of \$50,000 divided into 50,000 Ordinary Shares, par value \$1.00 per share. As of the date of this prospectus, 1,000 shares were issued and outstanding. Holders of Ordinary Shares are entitled to one vote per share. We will authorize and issue Ordinary Shares in this offering.

As of the date of this prospectus, none of our outstanding Ordinary Shares are held by record holders in the United States. We are not aware of any arrangement that may, at a subsequent date, result in a change of control of our company.

## RELATED PARTY TRANSACTIONS

Upon completion of this offering, the ten BVI founding entities (the “Beneficial Owners”) will hold [●]% of the combined total of our outstanding Ordinary Shares following the sale of the minimum offering amount, or [●]% of the combined total of our outstanding Ordinary Shares following the sale of the maximum offering amount. Following the completion of this offering, the Beneficial Owners will continue to have the power to act as a group in approving any action requiring a vote of the majority of our Ordinary Shares and to elect all of our directors.

### Material Transactions with Related Parties

#### *Share Purchase*

Jianxin Zhang has been a director and the standing deputy general manager of China Liberal Beijing since January 2015. Boya Hong Kong has been China Liberal Beijing’s sole shareholder since China Liberal Beijing’s inception, its majority shareholder since January 2018, and its sole shareholder since February 2019. Each of Jianxin Zhang and Boya Hong Kong is a related party of China Liberal Beijing, the Company’s indirect operating subsidiary in the PRC.

In January 2018, five individual shareholders, including Jianxin Zhang invested in China Liberal Beijing for an 8.8228% equity interest in China Liberal Beijing, and Boya Hong Kong’s sole ownership of China Liberal Beijing was diluted to 91.1772%. On February 1, 2019, Boya Hong Kong entered into share transfer agreements with each of these five individuals and completed the acquisition of their 8.82% ownership in China Liberal Beijing, for a total price of RMB 2.95 million (approximately \$453,669). After this transaction, China Liberal Beijing became a 100% controlled subsidiary of Boya Hong Kong.

#### *Reorganization*

In March 2019, China Liberal, Yi Xin BVI and Yi Xin BVI’s sole shareholder (the “Yi Xin BVI Shareholder”) entered into a Sale and Purchase Agreement, whereby the Yi Xin BVI Shareholder sold 100% of the equity interests of Yi Xin BVI to China Liberal in consideration of one Ordinary Share of China Liberal being issued to Ever Alpha Global Limited, a BVI company wholly owned by the Yi Xin BVI Shareholder. After this transaction, China Liberal became the wholly-owned parent of Yi Xin BVI.

#### *Amount due from a related party*

On May 22, 2018, Xiamen Xinbaiyi Investment Group (“Xinbaiyi”), an entity related to the Company’s Board member and shareholder, Mr. Ruenjie Lin, entered into a loan agreement with the Company to borrow RMB2.5 million (approximately \$363,000) as working capital for 10 months (from June 5, 2018 to February 28, 2019). The loan is non-interest bearing. Xinbaiyi repaid RMB2 million within 2018. The remaining balance of \$72,700 as of December 31, 2018 has been fully collected as of February 2019.

#### *Amount due to related parties*

As of December 31, 2018, the balance due to related parties totaled \$22,591. They comprise advances from the Company’s principal shareholders and used for working capital during the Company’s normal course of business. These advances are non-interest bearing and due on demand.

In the fiscal year of 2017, five individual shareholders contributed an aggregate of RMB2.95 million (approximately \$453,669) into China Liberal Beijing for an 8.8228% ownership interest and such amount was used to increase the paid-in capital of China Liberal Beijing. In addition, we also borrowed \$14,956 from Ngai Ngai Lam, 100% owner of the current largest shareholder of China Liberal, as working capital.

### Employment Agreements

See “Management — Employment Agreements”.



## DESCRIPTION OF SHARE CAPITAL

The following description of our share capital and provisions of our memorandum and articles of association are summaries and do not purport to be complete. Reference is made to our amended memorandum and articles of association, which will become effective upon completion of this offering, a copy of which is filed as an exhibit to the registration statement of which this prospectus is a part (and which is referred to in this section as, respectively, the “memorandum” and the “articles”).

We were incorporated as an exempted company with limited liability under the Companies Law (2018 Revision) of the Cayman Islands, or the Cayman Companies Law, on February 25, 2019. A Cayman Islands exempted company:

- is a company that conducts its business mainly outside the Cayman Islands;
- is prohibited from trading in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the exempted company carried on outside the Cayman Islands (and for this purpose can effect and conclude contracts in the Cayman Islands and exercise in the Cayman Islands all of its powers necessary for the carrying on of its business outside the Cayman Islands);
- does not have to hold an annual general meeting;
- does not have to make its register of members open to inspection by shareholders of that company;
- may obtain an undertaking against the imposition of any future taxation;
- 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.

### Ordinary Shares

All of our issued and outstanding Ordinary Shares are fully paid and non-assessable. Our Ordinary Shares are issued in registered form, and are issued when registered in our register of members. Each holder of our Ordinary Shares will be entitled to receive a certificate in respect of such Ordinary Shares. Our shareholders who are non-residents of the Cayman Islands may freely hold and vote their Ordinary Shares. We may not issue shares or warrants to bearer.

At the time of the Company’s incorporation on February 25, 2019, the Company had an authorized share capital of \$50,000, divided into 50,000 ordinary shares par value \$1.00 per share.

In March 2019, China Liberal, Yi Xin BVI and Yi Xin BVI’s sole shareholder (the “Yi Xin BVI Shareholder”) entered into a Sale and Purchase Agreement, whereby the Yi Xin BVI Shareholder sold 100% of the equity interests of Yi Xin BVI to China Liberal in consideration of one Ordinary Share of China Liberal being issued to Ever Alpha Global Limited, a BVI company wholly owned by the Yi Xin BVI Shareholder. After this transaction, China Liberal became the sole shareholder of Yi Xin BVI.

Subject to the provisions of the Cayman Companies Law and our articles regarding redemption and purchase of the shares, the directors have general and unconditional authority to allot (with or without confirming rights of renunciation), grant options over or otherwise deal with any unissued shares to such persons, at such times and on such terms and conditions as they may decide. Such authority could be exercised by the directors to allot shares which carry rights and privileges that are preferential to the rights attaching to Ordinary Shares. No share may be issued at a discount except in accordance with the provisions of the Cayman Companies Law. The directors may refuse to accept any application for shares, and may accept any application in whole or in part, for any reason or for no reason.

At the completion of this offering, there will be [●] Ordinary Shares issued and outstanding if the total offering amount is raised. The offering shall terminate on the earlier of:

- 1) any time after the minimum offering amount of our Ordinary Shares is raised; or
- 2) [90] days from the date of this prospectus although we retain the right to terminate the offering prior to the expiration of the [90]-day period.

## **Transfer Agent and Registrar**

The transfer agent and registrar for the Ordinary Shares is [●].

## **Dividends**

Subject to the provisions of the Cayman Companies Law and any rights attaching to any class or classes of shares, the directors may declare dividends or distributions out of our funds which are lawfully available for that purpose.

Subject to the provisions of the Cayman Companies Law and any rights attaching to any class or classes of shares, our shareholders may, by ordinary resolution, declare dividends but no such dividend shall exceed the amount recommended by the directors.

Subject to the requirements of the Cayman Companies Law regarding the application of a company's share premium account and with the sanction of an ordinary resolution, dividends may also be declared and paid out of any share premium account. The directors when paying dividends to shareholders may make such payment either in cash or in specie.

Unless provided by the rights attached to a share, no dividend shall bear interest against us.

## **Voting Rights**

Subject to any rights or restrictions as to voting attached to any shares, unless any share carries special voting rights, on a show of hands every shareholder who is present in person and every person representing a shareholder by proxy shall have one vote. On a poll, every shareholder who is present in person and every person representing a shareholder by proxy shall have one vote for each share of which he or the person represented by proxy is the holder. In addition, all shareholders holding shares of a particular class are entitled to vote at a meeting of the holders of that class of shares. Votes may be given either personally or by proxy.

## **Variation of Rights of Shares**

Whenever our capital is divided into different classes of shares, the rights attaching to any class of share (unless otherwise provided by the terms of issue of the shares of that class) may be varied either with the consent in writing of the holders of not less than two-thirds of the issued shares of that class, or with the sanction of a resolution passed by a majority of not less than two-thirds of the holders of shares of the class present in person or by proxy at a separate general meeting of the holders of shares of that class.

Unless the terms on which a class of shares was issued state otherwise, the rights conferred on the shareholder holding shares of any class shall not be deemed to be varied by the creation or issue of further shares ranking *pari passu* with the existing shares of that class.

## **Alteration of share capital**

Subject to the Cayman Companies Law, our shareholders may, by ordinary resolution:

- (a) increase our share capital by new shares of the amount fixed by that ordinary resolution and with the attached rights, priorities and privileges set out in that ordinary resolution;
- (b) consolidate and divide all or any of our share capital into shares of larger amount than our existing shares;
- (c) convert all or any of our paid up shares into stock, and reconvert that stock into paid up shares of any denomination;
- (d) sub-divide our shares or any of them into shares of an amount smaller than that fixed, so, however, that in the sub-division, 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; and
- (e) cancel shares which, at the date of the passing of that ordinary resolution, have not been taken or agreed to be taken by any person and diminish the amount of our share capital by the amount of the shares so cancelled or, in the case of shares without nominal par value, diminish the number of shares into which our capital is divided.

Subject to the Cayman Companies Law and to any rights for the time being conferred on the shareholders holding a particular class of shares, our shareholders may, by special resolution, reduce its share capital in any way.

### **Calls on shares and forfeiture**

Subject to the terms of allotment, the directors may make calls on the shareholders in respect of any monies unpaid on their shares including any premium and each shareholder shall (subject to receiving at least fourteen clear days' notice specifying when and where payment is to be made), pay to us the amount called on his shares. Shareholders registered as the joint holders of a share shall be jointly and severally liable to pay all calls in respect of the share. If a call remains unpaid after it has become due and payable the person from whom it is due and payable shall pay interest on the amount unpaid from the day it became due and payable until it is paid at the rate fixed by the terms of allotment of the share or in the notice of the call or if no rate is fixed, at the rate of ten per cent per annum. The directors may, at their discretion, waive payment of the interest wholly or in part.

We have a first and paramount lien on all shares (whether fully paid up or not) registered in the name of a shareholder (whether solely or jointly with others). The lien is for all monies payable to us by the shareholder or the shareholder's estate:

- (a) either alone or jointly with any other person, whether or not that other person is a shareholder; and
- (b) whether or not those monies are presently payable.

At any time the directors may declare any share to be wholly or partly exempt from the calls and forfeiture provisions of the articles.

We may sell, in such manner as the directors may determine, any share on which the sum in respect of which the lien exists is presently payable, if due notice that such sum is payable has been given (as prescribed by the articles) and, within fourteen days of the date on which the notice is deemed to be given under the articles, such notice has not been complied with.

### **Untraceable Shareholder**

Subject to the Cayman Companies Law, we may sell, subject to certain conditions, any share of a shareholder who cannot be traced if, during a period of twelve years, at least three cash dividends in respect of the share have become payable and no such dividend during that period has been claimed.

### **Forfeiture or surrender of shares**

If a shareholder fails to pay any call the directors may give to such shareholder not less than fourteen clear days' notice requiring payment and specifying the amount unpaid including any interest which may have accrued, any expenses which have been incurred by us due to that person's default and the place where payment is to be made. The notice shall also contain a warning that if the notice is not complied with, the shares in respect of which the call is made will be liable to be forfeited.

If such notice is not complied with, the directors may, before the payment required by the notice has been received, resolve that any share the subject of that notice be forfeited (which forfeiture shall include all dividends or other monies payable in respect of the forfeited share and not paid before such forfeiture).

A forfeited share may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the directors determine and at any time before a sale, re-allotment or disposition the forfeiture may be cancelled on such terms as the directors think fit.

A person whose shares have been forfeited shall cease to be a shareholder in respect of the forfeited shares, but shall, notwithstanding such forfeit, remain liable to pay to us all monies which at the date of forfeiture were payable by him to us in respect of the shares, together with all expenses and interest from the date of forfeiture or surrender until payment, but his liability shall cease if and when we receive payment in full of the unpaid amount.

A declaration, whether statutory or under oath, made by a director or the secretary shall be conclusive evidence that the person making the declaration is a director or secretary of us and that the particular shares have been forfeited or surrendered on a particular date.

Subject to the execution of an instrument of transfer, if necessary, the declaration shall constitute good title to the shares.

### **Share premium account**

The directors shall establish a share premium account and shall carry the credit of such account from time to time to a sum equal to the amount or value of the premium paid on the issue of any share or capital contributed or such other amounts required by the Cayman Companies Law.

### **Redemption and purchase of own shares**

Subject to the Cayman Companies Law and any rights for the time being conferred on the shareholders holding a particular class of shares, we may by our directors:

- (a) issue shares that are to be redeemed or liable to be redeemed, at our option or the shareholder holding those redeemable shares, on the terms and in the manner its directors determine before the issue of those shares;
- (b) with the consent by special resolution of the shareholders holding shares of a particular class, vary the rights attaching to that class of shares so as to provide that those shares are to be redeemed or are liable to be redeemed at our option on the terms and in the manner which the directors determine at the time of such variation; and
- (c) purchase all or any of our own shares of any class including any redeemable shares on the terms and in the manner which the directors determine at the time of such purchase.

We may make a payment in respect of the redemption or purchase of its own shares in any manner authorized by the Cayman Companies Law, including out of any combination of capital, our profits and the proceeds of a fresh issue of shares.

When making a payment in respect of the redemption or purchase of shares, the directors may make the payment in cash or in specie (or partly in one and partly in the other) if so authorized by the terms of the allotment of those shares or by the terms applying to those shares, or otherwise by agreement with the shareholder holding those shares.

### **Transfer of Shares**

Subject to the restrictions contained in our articles, any of our shareholders may transfer all or any of his or her Ordinary Shares by an instrument of transfer in any usual or common form or any other form approved by our board of directors, executed by or on behalf of the transferor (and, if in respect of a nil or partly paid up share, or if so required by our directors, by or on behalf of the transferee).

Our board of directors may, in its absolute discretion, decline to register any transfer of any Ordinary Share that has not been fully paid up or is subject to a company lien. Our board of directors may also decline to register any transfer of any Ordinary Share unless:

- (a) the instrument of transfer is lodged with us, accompanied by the certificate for the Ordinary Shares to which it relates and such other evidence as our board of directors may reasonably require to show the right of the transferor to make the transfer;
- (b) the instrument of transfer is in respect of only one class of Ordinary Shares;
- (c) the instrument of transfer is properly stamped, if required;
- (d) the Ordinary Share transferred is fully paid and free of any lien in favor of us;
- (e) any fee related to the transfer has been paid to us; and
- (f) the transfer is not to more than four joint holders.

If our directors refuse to register a transfer, they are required, within two months after the date on which the instrument of transfer was lodged, to send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, on 14 calendar days' notice being given by advertisement in such one or more newspapers or by electronic means, be suspended and our register of members closed at such times and for such periods as our board of directors may from time to time determine. However, the registration of transfers may not be suspended, and the register may not be closed, for more than 30 calendar days in any year.

### **Inspection of Books and Records**

Holders of our Ordinary Shares will have no general right under the Cayman Companies Law to inspect or obtain copies of our register of members or our corporate records.

### **General Meetings**

As a Cayman Islands exempted company, we are not obligated by the Cayman Companies Law to call shareholders' annual general meetings; accordingly, we may, but shall not be obliged to, in each year hold a general meeting as an annual general meeting. Any annual general meeting held shall be held at such time and place as may be determined by our board of directors. All general meetings other than annual general meetings shall be called extraordinary general meetings.

The directors may convene general meetings whenever they think fit. General meetings shall also be convened on the written requisition of one or more of the shareholders entitled to attend and vote at our general meetings who (together) hold not less than ten percent of our paid up voting share capital deposited in accordance with the notice provisions in the articles, specifying the purpose of the meeting and signed by each of the shareholders making the requisition. If the directors do not convene such meeting for a date not later than twenty-one clear days' after the date of receipt of the written requisition, those shareholders who requested the meeting may convene the general meeting themselves within three months after the end of such period of twenty-one clear days in which case reasonable expenses incurred by them as a result of the directors failing to convene a meeting shall be reimbursed by us.

At least fourteen days' notice of an extraordinary general meeting and twenty-one days' notice of an annual general meeting shall be given to shareholders entitled to attend and vote at such meeting. The notice shall specify the place, the day and the hour of the meeting and the general nature of that business. In addition, if a resolution is proposed as a special resolution, the text of that resolution shall be given to all shareholders. Notice of every general meeting shall also be given to the directors and our auditors.

Subject to the Cayman Companies Law and with the consent of the shareholders who, individually or collectively, hold at least ninety percent of the voting rights of all those who have a right to vote at a general meeting, a general meeting may be convened on shorter notice.

The presence of one third of the shareholders, whether in person or represented by proxy, shall constitute a quorum at a general meeting.

If, within fifteen minutes from the time appointed for the general meeting, or at any time during the meeting, a quorum is not present, the meeting, if convened upon the requisition of shareholders, shall be cancelled. In any other case it shall stand adjourned to the same time and place seven days or to such other time or place as is determined by the directors.

The chairman may, with the consent of a meeting at which a quorum is present, adjourn the meeting. When a meeting is adjourned for seven days or more, notice of the adjourned meeting shall be given in accordance with the articles.

At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is (before the declaration of the result of the show of hands) demanded by the chairman of the meeting or by at least two shareholders having the right to vote on the resolutions or one or more shareholders present who together hold not less than ten per cent of the voting rights of all those who are entitled to vote on the resolution. Unless a poll is so demanded, a declaration by the chairman as to the result of a resolution and an entry to that effect in the minutes of the meeting, shall be conclusive evidence of the outcome of a show of hands, without proof of the number or proportion of the votes recorded in favor of, or against, that resolution.

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.

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 not be entitled to a second or casting vote.

## **Directors**

We may by ordinary resolution, from time to time, fix the maximum and minimum number of directors to be appointed. Under the articles, we are required to have a minimum of one director.

A director may be appointed by ordinary resolution or by the directors. Any appointment may be to fill a vacancy or as an additional director.

The remuneration of the directors shall be determined by the shareholders by ordinary resolution, except that the directors shall be entitled to such remuneration as the directors may determine.

The shareholding qualification for directors may be fixed by our shareholders by ordinary resolution and unless and until so fixed no share qualification shall be required.

Unless removed or re-appointed, each director shall be appointed for a term expiring at the next-following annual general meeting, if one is held. At any annual general meeting held, our directors will be elected by an ordinary resolution of our shareholders. At each annual general meeting, each director so elected shall hold office for a one-year term and until the election of their respective successors in office or removed.

A director may be removed by ordinary resolution.

A director may at any time resign or retire from office by giving us notice in writing. Unless the notice specifies a different date, the director shall be deemed to have resigned on the date that the notice is delivered to us.

Subject to the provisions of the articles, the office of a director may be terminated forthwith if:

- (a) he is prohibited by the law of the Cayman Islands from acting as a director;
- (b) he is made bankrupt or makes an arrangement or composition with his creditors generally;
- (c) he resigns his office by notice to us;
- (d) he only held office as a director for a fixed term and such term expires;
- (e) in the opinion of a registered medical practitioner by whom he is being treated he becomes physically or mentally incapable of acting as a director;
- (f) he is given notice by the majority of the other directors (not being less than two in number) to vacate office (without prejudice to any claim for damages for breach of any agreement relating to the provision of the services of such director);
- (g) he is made subject to any law relating to mental health or incompetence, whether by court order or otherwise; or
- (h) without the consent of the other directors, he is absent from meetings of directors for continuous period of six months.

#### **Powers and duties of directors**

Subject to the provisions of the Cayman Companies Law, our memorandum and articles, our business shall be managed by the directors, who may exercise all our powers. No prior act of the directors shall be invalidated by any subsequent alteration of our memorandum or articles. However, to the extent allowed by the Cayman Companies Law, shareholders may by special resolution validate any prior or future act of the directors which would otherwise be in breach of their duties.

The directors may delegate any of their powers to any committee consisting of one or more persons who need not be shareholders and may include non-directors so long as the majority of those persons are directors; 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. Upon the initial closing of this offering, our board of directors will have established an audit committee, compensation committee, and nomination and corporate governance committee.

The board of directors may establish any local or divisional board of directors or agency and delegate to it its powers and authorities (with power to sub-delegate) for managing any of our affairs whether in the Cayman Islands or elsewhere and may appoint any persons to be members of a local or divisional board of directors, or to be managers or agents, and may fix their remuneration.

The directors may from time to time and at any time by power of attorney or in any other manner they determine appoint any person, either generally or in respect of any specific matter, to be our agent with or without authority for that person to delegate all or any of that person's powers.

The directors may from time to time and at any time by power of attorney or in any other manner they determine appoint any person, whether nominated directly or indirectly by the directors, to be our attorney or our authorized signatory and for such period and subject to such conditions as they may think fit. The powers, authorities and discretions, however, must not exceed those vested in, or exercisable, by the directors under the articles.

The board of directors may remove any person so appointed and may revoke or vary the delegation.

The directors may exercise all of our powers to borrow money and to mortgage or charge its undertaking, property and assets both present and future and uncalled capital or any part thereof, to issue debentures and other securities whether outright or as collateral security for any debt, liability or obligation of ours or our parent undertaking (if any) or any subsidiary undertaking of us or of any third party.

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A director shall not, as a director, vote in respect of any contract, transaction, arrangement or proposal in which he has an interest which (together with any interest of any person connected with him) is a material interest (otherwise than by virtue of his interests, direct or indirect, in shares or debentures or other securities of, or otherwise in or through, us) and if he shall do so his vote shall not be counted, nor in relation thereto shall he be counted in the quorum present at the meeting, but (in the absence of some other material interest than is mentioned below) none of these prohibitions shall apply to:

(a) the giving of any security, guarantee or indemnity in respect of:

(i) money lent or obligations incurred by him or by any other person for our benefit or any of our subsidiaries; or

(ii) a debt or obligation of ours or any of our subsidiaries for which the director himself has assumed responsibility in whole or in part and whether alone or jointly with others under a guarantee or indemnity or by the giving of security;

(b) where we or any of our subsidiaries is offering securities in which offer the director is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which the director is to or may participate;

(c) any contract, transaction, arrangement or proposal affecting any other body corporate in which he is interested, directly or indirectly and whether as an officer, shareholder, creditor or otherwise howsoever, provided that he (together with persons connected with him) does not to his knowledge hold an interest representing one per cent or more of any class of the equity share capital of such body corporate (or of any third body corporate through which his interest is derived) or of the voting rights available to shareholders of the relevant body corporate;

(d) any act or thing done or to be done in respect of any arrangement for the benefit of the employees of us or any of our subsidiaries under which he is not accorded as a director any privilege or advantage not generally accorded to the employees to whom such arrangement relates; or

(e) any matter connected with the purchase or maintenance for any director of insurance against any liability or (to the extent permitted by the Cayman Companies Law) indemnities in favor of directors, the funding of expenditure by one or more directors in defending proceedings against him or them or the doing of anything to enable such director or directors to avoid incurring such expenditure.

A director may, as a director, vote (and be counted in the quorum) in respect of any contract, transaction, arrangement or proposal in which he has an interest which is not a material interest or as described above.

### **Capitalization of profits**

The directors may resolve to capitalize:

(a) any part of our profits not required for paying any preferential dividend (whether or not those profits are available for distribution); or

(b) any sum standing to the credit of our share premium account or capital redemption reserve, if any.

The amount resolved to be capitalized must be appropriated to the shareholders who would have been entitled to it had it been distributed by way of dividend and in the same proportions.

### **Liquidation Rights**

If we are wound up, the shareholders may, subject to the articles and any other sanction required by the Cayman Companies Law, pass a special resolution allowing the liquidator to do either or both of the following:

(a) to divide in specie among the shareholders the whole or any part of our assets and, for that purpose, to value any assets and to determine how the division shall be carried out as between the shareholders or different classes of shareholders; and

(b) to vest the whole or any part of the assets in trustees for the benefit of shareholders and those liable to contribute to the winding up.

The directors have the authority to present a petition for our winding up to the Grand Court of the Cayman Islands on our behalf without the sanction of a resolution passed at a general meeting.

## **Register of Members**

Under the Cayman Companies Law, we must keep a register of members and there should be entered therein:

- the names and addresses of our shareholders, a statement of the shares held by each shareholder, and of the amount paid or agreed to be considered as paid, on the shares of each shareholder;
- the date on which the name of any person was entered on the register as a shareholder; and
- the date on which any person ceased to be a shareholder.

Under Cayman Companies Law, the register of members of our company is prima facie evidence of the matters set out therein and a shareholder registered in the register of members is deemed as a matter of the Cayman Companies Law to have legal title to the shares as set against its name in the register of members. Upon the completion of this offering, the register of members will be immediately updated to record and give effect to the issuance of Ordinary Shares by the Company to the custodian or its nominee. Once our register of members has been updated, the shareholders recorded in the register of members will be deemed to have legal title to the shares set against their name.

If the name of any person is incorrectly entered in or omitted from our register of members, or if there is any default or unnecessary delay in entering on the register the fact of any person having ceased to be a shareholder of our company, the person or shareholder aggrieved (or any shareholder of our company or our company itself) may apply to the Grand Court of the Cayman Islands for an order that the register be rectified, and the Court may either refuse such application or it may, if satisfied of the justice of the case, make an order for the rectification of the register.

## **Differences in Corporate Law**

The Cayman Companies Law is derived, to a large extent, from the older Companies Acts of England and Wales but does not follow recent United Kingdom statutory enactments, and accordingly there are significant differences between the Cayman Companies Law and the current Companies Act of England. In addition, the Cayman Companies Law differs from laws applicable to United States corporations and their shareholders. Set forth below is a summary of certain significant differences between the provisions of the Cayman Companies Law applicable to us and the comparable laws applicable to companies incorporated in the State of Delaware in the United States.

### *Mergers and Similar Arrangements*

#### **Position in Cayman Islands**

The Cayman Companies Law provides for the mergers or consolidation of two or more companies in a single entity. The legislation makes a distinction between a “consolidation” and a “merger”. In a consolidation, a new entity is formed from the combination of each participating company, and the separate consolidating parties, as a consequence, cease to exist and are each stricken by the Registrar of Companies. In a merger, one company remains as the surviving party, having in effect absorbed the other merging parties that are then stricken and cease to exist.

Two or more Cayman-registered companies may merge or consolidate. Cayman-registered companies may also merge or consolidate with foreign companies provided that the laws of the foreign jurisdiction permit such merger or consolidation.

Under the new rules, a plan of merger or consolidation shall be authorized by each constituent company by way of (i) a special resolution of the members of each such constituent company; and (ii) such other authorization, if any, as may be specified in such constituent company’s memorandum and articles of association.

A merger between a Cayman parent company and its Cayman subsidiary or subsidiaries does not require authorization by a resolution of shareholders of that Cayman subsidiary if a copy of the plan of merger is given to every member of that Cayman subsidiary to be merged unless that member agrees otherwise. For this purpose a subsidiary is a company of which at least 90% of the issued shares entitled to vote are owned by the parent company.

The consent of each holder of a fixed or floating security interest over a constituent company is required unless this requirement is waived by a court in the Cayman Islands.

Save in certain circumstances, a dissentient shareholder of a Cayman Islands constituent company is entitled to payment of the fair value of his or her shares upon dissenting to a merger or consolidation. The exercise of appraisal rights will preclude the exercise of any other save for the right to seek relief on the grounds that the merger or consolidation is void or unlawful.



In addition, there are statutory provisions that facilitate the reconstruction and amalgamation of companies, provided that the arrangement is 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 meetings, convened for that purpose. The convening of the meetings and subsequently the arrangement must be sanctioned by the Grand Court of the Cayman Islands. While a dissenting shareholder has the right to express to the court the view that the transaction ought not to be approved, the court can be expected to approve the arrangement if it determines that:

- (a) the statutory provisions as to the required majority vote have been met;
- (b) the shareholders have been fairly represented at the meeting in question and the statutory majority are acting bona fide without coercion of the minority to promote interests adverse to those of the class;
- (c) the arrangement is such that may be reasonably approved by an intelligent and honest man of that class acting in respect of his interest; and
- (d) the arrangement is not one that would more properly be sanctioned under some other provision of the Cayman Companies Law.

When a takeover offer is made and accepted by holders of 90% of the shares affected within four months the offeror may, within a two-month period commencing on the expiration of such four 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 in the case of an offer which has been so approved unless there is evidence of fraud, bad faith or collusion.

### **Position in Delaware**

If an arrangement and reconstruction is thus approved, or if a takeover offer is made and accepted, a dissenting shareholder would have no rights comparable to appraisal rights, which would otherwise ordinarily be available to dissenting shareholders of Delaware corporations, providing rights to receive payment in cash for the judicially determined value of the shares.

### *Shareholders' Suits*

### **Position in Cayman Islands**

In principle, we will normally be the proper plaintiff and as a general rule, a derivative action may not be brought by a minority shareholder. However, based on English law authorities, which would in all likelihood be of persuasive authority in the Cayman Islands, there are exceptions to the foregoing principle, including when:

- (a) a company acts or proposes to act illegally or ultra vires;
- (b) the act complained of, although not ultra vires, could only be effected duly if authorized by more than a simple majority vote that has not been obtained; and
- (c) those who control the company are perpetrating a "fraud on the minority".

### **Position in Delaware**

Class actions and derivative actions generally are available to shareholders under Delaware law for, among other things, breach of fiduciary duty, corporate waste and actions not taken in accordance with applicable law. In such actions, the court generally has discretion to permit the winning party to recover attorneys' fees incurred in connection with such action.

### *Indemnification of Directors and Executive Officers and Limitation of Liability*

### **Position in Cayman Islands**

The 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 the consequences of committing a crime or against the indemnified person's own fraud or dishonesty. Our articles provide to the extent permitted by law, we shall indemnify each existing or former secretary, director (including alternate director), and any of our other officers (including an investment adviser or an administrator or liquidator) and their personal representatives against:

- (a) all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by the existing or former secretary or officer in or about the conduct of our business or affairs or in the execution or discharge of the existing or former secretary's or officer's duties, powers, authorities or discretions; and
- (b) without limitation to paragraph (a) above, all costs, expenses, losses or liabilities incurred by the existing or former secretary or officer in defending (whether successfully or otherwise) any civil, criminal, administrative or investigative proceedings (whether threatened, pending or completed) concerning us or our affairs in any court or tribunal, whether in the Cayman Islands or elsewhere.

No such existing or former secretary or officer, however, shall be indemnified in respect of any matter arising out of his own dishonesty.

To the extent permitted by law, we may make a payment, or agree to make a payment, whether by way of advance, loan or otherwise, for any legal costs incurred by an existing or former secretary or any of our officers in respect of any matter identified in above on condition that the secretary or officer must repay the amount paid by us to the extent that it is ultimately found not liable to indemnify the secretary or that officer for those legal costs.

### **Position in Delaware**

This standard of conduct is generally the same as permitted under the Delaware General Corporation Law for a Delaware corporation. In addition, we intend to enter into indemnification agreements with our directors and executive officers that will provide such persons with additional indemnification beyond that provided in our articles.

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.

### *Anti-Takeover Provisions in Our Articles*

Some provisions of our articles may discourage, delay or prevent a change in control of our company or management that shareholders may consider favorable, including provisions that authorize our board of directors to issue shares at such times and on such terms and conditions as the board of directors may decide without any further vote or action by our shareholders.

### *Directors' Fiduciary Duties*

Under Delaware corporate 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 act in a manner he or she reasonably believes to be in the best interests of the corporation. He or she must not use his or her corporate position for personal gain or advantage. This duty prohibits self-dealing by a director and mandates that the best interests 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, a 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, directors of Cayman Islands companies owe fiduciary duties to their respective companies to, amongst other things, act in good faith in their dealings with or on behalf of the company and exercise their powers and fulfill the duties of their office honestly. Core duties are:

- a duty to act in good faith in what the directors bona fide consider to be the best interest of the company (and in this regard, it should be noted that the duty is owed to the company and not to associate companies, subsidiaries or holding companies);
- a duty not to personally profit from opportunities that arise from the office of director;
- a duty of trusteeship of the company's assets;
- a duty not to put himself in a position where the structures of a company conflict of his or her personal interest on his or her duty to a third party to avoid conflicts of interest; and

a duty to exercise powers for the purpose for which such powers were conferred.

### *Shareholder Proposals*

Under the Delaware General Corporation Law, a shareholder has the right to put any proposal before the annual meeting of shareholders, provided it complies with the notice provisions in the governing documents. The Delaware General Corporation Law does not provide shareholders an express right to put any proposal before the annual meeting of shareholders, but in keeping with common law, Delaware corporations generally afford shareholders an opportunity to make proposals and nominations provided that they comply with the notice provisions in the certificate of incorporation or bylaws. A special 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.

The Cayman Companies Law does not provide shareholders any rights to bring business before a meeting or requisition a general meeting. However, these rights may be provided in the company's memorandum and articles of association.

#### *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. As permitted under the Cayman Companies Law, our articles do not provide for cumulative voting. As a result, our shareholders are not afforded any less protections or rights on this issue than shareholders of a Delaware corporation.

Under the Cayman Companies law, there is no cumulative voting for the election of directors unless so provided in the memorandum and articles of association.

#### *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. Subject to the provisions of our articles, the office of a director may be terminated forthwith if (a) he is prohibited by the law of the Cayman Islands from acting as a director, (b) he is made bankrupt or makes an arrangement or composition with his creditors generally, (c) he resigns his office by notice to us, (d) he only held office as a director for a fixed term and such term expires, (e) in the opinion of a registered medical practitioner by whom he is being treated he becomes physically or mentally incapable of acting as a director, (f) he is given notice by the majority of the other directors (not being less than two in number) to vacate office (without prejudice to any claim for damages for breach of any agreement relating to the provision of the services of such director), (g) he is made subject to any law relating to mental health or incompetence, whether by court order or otherwise, or (h) without the consent of the other directors, he is absent from meetings of directors for continuous period of six months.

Under the Cayman Companies law, removal of directors is governed by the terms of the memorandum and articles of association.

#### *Transactions with Interested Shareholders*

The Delaware General Corporation Law contains a business combination statute applicable to Delaware public corporations whereby, unless the corporation has specifically elected not to be governed by such statute by amendment to its certificate of incorporation or bylaws that is approved by its shareholders, 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 stock or who or which is an affiliate or associate of the corporation and owned 15% or more of the corporation's outstanding voting stock 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.

The Cayman Companies 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 the Cayman Companies Law does not regulate transactions between a company and its significant shareholders, under Cayman Islands law such transactions must be entered into bona fide in the best interests of the company and for a proper corporate purpose 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 of directors.

Under the Cayman Companies Law and our articles, our company may be wound up by a special resolution of our shareholders, or if the winding up is initiated by our board of directors, by either a special resolution of our members or, if our company is unable to pay its debts as they fall due, by an ordinary resolution of our members. In addition, a company may be wound up by an order of the courts of the Cayman Islands. 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.

*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 the Cayman Companies Law and our articles, if our share capital is divided into more than one class of shares, the rights attaching to any class of share (unless otherwise provided by the terms of issue of the shares of that class) may be varied either with the consent in writing of the holders of not less than two-thirds of the issued shares of that class, or with the sanction of a resolution passed by a majority of not less than two-thirds of the holders of shares of the class present in person or by proxy at a separate general meeting of the holders of shares of that class.

*Amendment of Governing Documents*

Under the Delaware General Corporation Law, a corporation's certificate of incorporation may be amended only if adopted and declared advisable by the board of directors and approved by a majority of the outstanding shares entitled to vote, and the bylaws may be amended with the approval of a majority of the outstanding shares entitled to vote and may, if so provided in the certificate of incorporation, also be amended by the board of directors. Under the Cayman Companies Law, our articles may only be amended by special resolution of our shareholders.

## SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has not been a public market for our Ordinary Shares. We are in the process of applying to list our Ordinary Shares on the Nasdaq Capital Market under the symbol CLEU. Future sales of substantial amounts of shares of our Ordinary Shares in the public market after our initial public offering, or the possibility of these sales occurring, could cause the prevailing market price for our Ordinary Shares to fall or impair our ability to raise equity capital in the future. Upon completion of this offering, we will have outstanding Ordinary Shares representing approximately [●]% of our Ordinary Shares in issue if the Ordinary Shares are offered and sold at the minimum offering amount, and approximately [●]% of our Ordinary Shares in issue if the Ordinary Shares are offered and sold at the maximum offering amount. This number excludes any issuance of aggregate of additional Ordinary Shares that could occur in connection with the conversion or exercise of our outstanding convertible promissory notes, options and warrants.

All of the Ordinary Shares sold in this offering will be freely transferable by persons other than our affiliates without restriction or further registration under the Securities Act.

### Rule 144

All of our Ordinary Shares outstanding prior to 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, under Rule 144 as currently in effect, beginning 90 days after the date of this prospectus, a person who is not deemed to have been our affiliate at any time during the three months preceding a sale and who has beneficially owned restricted securities within the meaning of Rule 144 for more than six months would be entitled to sell an unlimited number of those shares, subject only to the availability of current public information about us. A non-affiliate who has beneficially owned restricted securities for at least one year from the later of the date these shares were acquired from us or from our affiliate would be entitled to freely sell those shares.

A person who is deemed to be an affiliate of ours and who has beneficially owned “restricted securities” for at least six months would be entitled to sell, within any three-month period, a number of shares that is not more than the greater of:

- 1% of the number of Ordinary Shares then outstanding, in the form of Ordinary Shares or otherwise, which will equal approximately shares immediately after this offering; or
- the average weekly trading volume of the Ordinary Shares on the OTC during the four calendar weeks preceding the filing of a notice on Form 144 with respect to such sale.

Sales under Rule 144 by our affiliates or persons selling shares on behalf of our affiliates are also subject to certain manner of sale provisions and notice requirements and to the availability of current public information about us. In addition, in each case, these shares would remain subject to lock-up arrangements and would only become eligible for sale when the lock-up period expires.

## TAXATION

### **People's Republic of China Enterprise Taxation**

Unless otherwise noted in the following discussion, this section is the opinion of Tian Yuan Law Firm, our PRC counsel, insofar as it relates to legal conclusions with respect to matters of People's Republic of China Enterprise Taxation below.

The following brief description of Chinese enterprise laws is designed to highlight the enterprise-level taxation on our earnings, which will affect the amount of dividends, if any, we are ultimately able to pay to our shareholders. See "*Dividend Policy*."

#### *Enterprise Income Tax*

According to the *Enterprise Income Tax Law of the People's Republic of China*, or the EIT Law, which was promulgated by the Standing Committee of the National People's Congress on March 16, 2007, and became effective on January 1, 2008, and then amended on February 24, 2017, and the *Implementation Rules of the EIT Law*, or the Implementation Rules, which were promulgated by the State Council on December 6, 2007, and became effective on January 1, 2008, enterprises are divided into resident enterprises and non-resident enterprises. Resident enterprises pay enterprise income tax on their incomes obtained in and outside the PRC at the rate of 25%. Non-resident enterprises setting up institutions in the PRC pay enterprise income tax on the incomes obtained by such institutions in and outside the PRC at the rate of 25%. Non-resident enterprises with no institutions in the PRC, and non-resident enterprises with income having no substantial connection with their institutions in the PRC, pay enterprise income tax on their income obtained in the PRC at a reduced rate of 10%.

We are a holding company incorporated in the Cayman Islands and we gain substantial income by way of dividends paid to us from our PRC subsidiary. The EIT Law and its implementation rules provide that China-sourced income of foreign enterprises, such as dividends paid by a PRC subsidiary to its equity holders that are non-resident enterprises, will normally be subject to PRC withholding tax at a rate of 10%, unless any such foreign investor's jurisdiction of incorporation has a tax treaty with China that provides for a preferential tax rate or a tax exemption.

Under the EIT Law, an enterprise established outside of China with a "de facto management body" within China is considered a "resident enterprise," which means that it is treated in a manner similar to a Chinese enterprise for enterprise income tax purposes. Although the implementation rules of the EIT Law define "de facto management body" as a managing body that actually, comprehensively manage and control the production and operation, staff, accounting, property and other aspects of an enterprise, the only official guidance for this definition currently available is set forth in SAT Notice 82, which provides guidance on the determination of the tax residence status of a Chinese-controlled offshore incorporated enterprise, defined as an enterprise that is incorporated under the laws of a foreign country or territory and that has a PRC enterprise or enterprise group as its primary controlling shareholder. Although China Liberal does not have a PRC enterprise or enterprise group as our primary controlling shareholder and is therefore not a Chinese-controlled offshore incorporated enterprise within the meaning of SAT Notice 82, in the absence of guidance specifically applicable to us, we have applied the guidance set forth in SAT Notice 82 to evaluate the tax residence status of China Liberal and its subsidiaries organized outside the PRC.

According to SAT Notice 82, a Chinese-controlled offshore incorporated enterprise will be regarded as a PRC tax resident by virtue of having a "de facto management body" in China and will be subject to PRC enterprise income tax on its worldwide income only if all of the following criteria are met: (i) the places where senior management and senior management departments that are responsible for daily production, operation and management of the enterprise perform their duties are mainly located within the territory of China; (ii) financial decisions (such as money borrowing, lending, financing and financial risk management) and personnel decisions (such as appointment, dismissal and salary and wages) are decided or need to be decided by organizations or persons located within the territory of China; (iii) main property, accounting books, corporate seal, the board of directors and files of the minutes of shareholders' meetings of the enterprise are located or preserved within the territory of China; and (iv) one half (or more) of the directors or senior management staff having the right to vote habitually reside within the territory of China.

We believe that we do not meet some of the conditions outlined in the immediately preceding paragraph. For example, as a holding company, the key assets and records of China Liberal Education Holdings Limited, including the resolutions and meeting minutes of our board of directors and the resolutions and meeting minutes of our shareholders, are located and maintained outside the PRC. In addition, we are not aware of any offshore holding companies with a corporate structure similar to ours that has been deemed a PRC "resident enterprise" by the PRC tax authorities. Accordingly, we believe that China Liberal and its offshore subsidiaries should not be treated as a "resident enterprise" for PRC tax purposes if the criteria for "de facto management body" as set forth in SAT Notice 82 were deemed applicable to us. However, as the tax residency 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" as applicable to our offshore entities, we will continue to monitor our tax status.

The implementation rules of the EIT Law provide that, (i) if the enterprise that distributes dividends is domiciled in the PRC or (ii) if gains are realized from transferring equity interests of enterprises domiciled in the PRC, then such dividends or gains are treated as China-sourced income. It is not clear how “domicile” may be interpreted under the EIT Law, and it may be interpreted as the jurisdiction where the enterprise is a tax resident. Therefore, if we are considered as a PRC tax resident enterprise for PRC tax purposes, any dividends we pay to our overseas shareholders which are non-resident enterprises as well as gains realized by such shareholders from the transfer of our shares may be regarded as China-sourced income and as a result become subject to PRC withholding tax at a rate of up to 10%. We are unable to provide a “will” opinion because Tian Yuan Law Firm, our PRC counsel, believes that it is more likely than not that the Company and its offshore subsidiaries would be treated as a non-resident enterprise for PRC tax purposes because they do not meet some of the conditions out lined in SAT Notice. In addition, we are not aware of any offshore holding companies with a corporate structure similar to ours that has been deemed a PRC “resident enterprise” by the PRC tax authorities as of the date of the prospectus. Therefore we believe that it is possible but highly unlikely that the income received by our overseas shareholders will be regarded as China-sourced income. See “*Risk Factors—Risks Related to Doing Business in the PRC— 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.*”

Generally, resident enterprises in the PRC are subject to the enterprise income tax at the rate of 25%. Our company is granted preferential treatment to “high and new technology enterprises strongly supported by the state,” or HNTEs, to enjoy a preferential enterprise tax rate of 15%. Therefore, China Liberal Beijing pays an EIT approximately US\$167,813 and US\$158,109 in the years ended December 31, 2018 and 2017. The EIT is calculated based on the entity’s global income as determined under PRC tax laws and accounting standards. If the PRC tax authorities determine that China Liberal Beijing is a PRC resident enterprise for enterprise income tax purposes, we may be required to withhold a 10% withholding tax from dividends we pay to our shareholders that are non-resident enterprises. In addition, non-resident enterprise shareholders may be subject to a 10% PRC withholding tax on gains realized on the sale or other disposition of our Ordinary Shares, if such income is treated as sourced from within the PRC. It is unclear whether our non-PRC individual shareholders would be subject to any PRC tax on dividends or gains obtained by such non-PRC individual shareholders in the event we are determined to be a PRC resident enterprise. If any PRC tax were to apply to dividends or gains realized by non-PRC individuals, it would generally apply at a rate of 20% unless a reduced rate is available under an applicable tax treaty. However, it is also unclear whether non-PRC shareholders of the 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 the Company is treated as a PRC resident enterprise. There is no guidance from the PRC government to indicate whether or not any tax treaties between the PRC and other countries would apply in circumstances where a non-PRC company was deemed to be a PRC tax resident, and thus there is no basis for expecting how tax treaty between the PRC and other countries may impact non-resident enterprises.

#### *Value-added Tax*

Pursuant to the *Provisional Regulations on Value-Added Tax of the PRC*, or the VAT Regulations, which were promulgated by the State Council on December 13, 1993, and took effect on January 1, 1994, and were amended on November 10, 2008, February 6, 2016, and November 19, 2017, respectively, and the *Rules for the Implementation of the Provisional Regulations on Value Added Tax of the PRC*, which were promulgated by the MOF, on December 25, 1993, and were amended on December 15, 2008, and October 28, 2011, respectively, entities and individuals that sell goods or labor services of processing, repair or replacement, sell services, intangible assets, or immovables, or import goods within the territory of the People’s Republic of China are taxpayers of value-added tax. The VAT rate is 17% for taxpayers selling goods, labor services, or tangible movable property leasing services or importing goods, except otherwise specified; 11% for taxpayers selling goods, labor services, or tangible movable property leasing services or importing goods, except otherwise specified; 6% for taxpayers selling services or intangible assets.

According to *Provisions in the Notice on Adjusting the Value added Tax Rates* (Cai Shui [2018] No. 32), or the Notice, issued by the SAT and the MOF, where taxpayers make VAT taxable sales or import goods, the applicable tax rates shall be adjusted from 17% to 16% and from 11% to 10%, respectively. The Notice took effect on May 1, 2018, and the adjusted VAT rates took effect at the same time.

The *Notice of the Ministry of Finance and the State Administration of Taxation on Implementing the Pilot Program of Replacing Business Tax with Value-Added Tax in an All-round Manner* on March 23, 2016, which took effect on May 1, 2016. Pursuant to such circular, the Value Added Tax Pilot Program has been applicable nationwide since May 1, 2016.

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According to the VAT Regulations and the related rules, as of the date of this prospectus, as taxpayers selling services, China Liberal Beijing is generally subject to 6% VAT rate.

### *Dividend Withholding Tax*

The Enterprise Income Tax 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 which do not have an establishment or place of business in the PRC, or which 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 took effect on April 1, 2018, when determining the applicant’s status of the “beneficial owner” regarding tax treatments 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 12 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*.

As of the date of this prospectus, when considered as a non-PRC resident investor, which is much more likely to happen than not, Boya Hong Kong shall be subject to the dividend withholding tax at the rate of 10%. (See “*Risk Factors*” and “*Taxation*.”) Upon identified as the Hong Kong resident enterprise stipulated by the Double Tax Avoidance Arrangement and other applicable laws, the withholding tax may be reduced to 5%.

### **Hong Kong Taxation**

Entities incorporated in Hong Kong are subject to profits tax in Hong Kong at the rate of 16.5% for each of the years ended June 30, 2018 and 2017.

### **British Virgin Islands Taxation**

The British Virgin Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty. No stamp duty is payable in the British Virgin Islands on the issue of shares by, or any transfers of shares of, British Virgin Islands companies (except those which hold interests in land in the British Virgin Islands). The British Virgin Islands is not party to any double tax treaties that are applicable to any payments made to or by the Company.

Payments of dividends and capital in respect of our Ordinary Shares will not be subject to taxation in the British Virgin Islands and no withholding will be required on the payment of a dividend or capital to any holder of our Ordinary Shares, as the case may be, nor will gains derived from the disposal of our Ordinary Shares be subject to British Virgin Islands income or corporation tax.

### **Cayman Islands Taxation**

The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands except for stamp duties which may be applicable on instruments executed in, or, after execution, brought within the jurisdiction of the Cayman Islands. The Cayman Islands is not party to any double tax treaties that are applicable to any payments made to or by the Company. There are no exchange control regulations or currency restrictions in the Cayman Islands.



**United States Federal Income Taxation**

**WE URGE POTENTIAL PURCHASERS OF OUR ORDINARY SHARES TO CONSULT THEIR OWN TAX ADVISORS CONCERNING THE U.S. FEDERAL, STATE, LOCAL AND NON-U.S. TAX CONSEQUENCES OF PURCHASING, OWNING AND DISPOSING OF OUR ORDINARY SHARES.**

The following does not address the tax consequences to any particular investor or to persons in special tax situations such as:

- banks;
- financial institutions;
- insurance companies;
- regulated investment companies;
- advertising investment trusts;
- broker-dealers;
- persons that elect to mark their securities to market;
- U.S. expatriates or former long-term residents of the U.S.;
- governments or agencies or instrumentalities thereof;
- tax-exempt entities;
- persons liable for alternative minimum tax;
- persons holding our Ordinary Shares as part of a straddle, hedging, conversion or integrated transaction;
- persons that actually or constructively own 10% or more of our voting power or value (including by reason of owning our Ordinary Shares);
- persons who acquired our Ordinary Shares pursuant to the exercise of any employee share option or otherwise as compensation;
- persons holding our Ordinary Shares through partnerships or other pass-through entities;
- beneficiaries of a Trust holding our Ordinary Shares; or
- persons holding our Ordinary Shares through a Trust.

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 the U.S. federal income tax rules 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.

***Material Tax Consequences Applicable to U.S. Holders of Our Ordinary Shares***

The following sets forth the material U.S. federal income tax consequences related to the ownership and disposition of our Ordinary Shares. It is directed to U.S. Holders (as defined below) of our Ordinary Shares and 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 description does not deal with all possible tax consequences relating to ownership and disposition of our Ordinary Shares or U.S. tax laws, other than the U.S. federal income tax laws, such as the tax consequences under non-U.S. tax laws, state, local and other tax laws.

The following brief description applies only to U.S. Holders (defined below) that hold Ordinary Shares as capital assets and that have the U.S. dollar as their functional currency. This brief description is based on the federal income tax laws of the United States in effect as of the date of this prospectus and on U.S. Treasury regulations in effect or, in some cases, proposed, as of the date of this prospectus, as well as judicial and administrative interpretations thereof available on or before such date. All of the foregoing authorities are subject to change, which change could apply retroactively and could affect the tax consequences described below.

The brief description below of the U.S. federal income tax consequences to “U.S. Holders” will apply to you if you are a beneficial owner of Ordinary Share and you are, for U.S. federal income tax purposes,

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) organized under the laws of the United States, any state thereof or the District of Columbia;
- an estate whose income is subject to U.S. federal income taxation regardless of its source; or
- a trust that (1) is subject to the primary supervision of a court within the United States and the control of one or more U.S. persons for all substantial decisions or (2) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

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

Subject to the PFIC (defined below) rules discussed below, the gross amount of distributions 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 PFIC (defined 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. Because there is no income tax treaty between the United States and the Cayman Islands, clause (1) above can be satisfied only if the Ordinary Shares are readily tradable on an established securities market in the United States. Under U.S. Internal Revenue Service authority, Ordinary Shares are considered for purpose of clause (1) above to be readily tradable on an established securities market in the United States if they are listed on the Nasdaq Capital Market. 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.

Dividends will constitute foreign source income for foreign tax credit limitation purposes. If the dividends are taxed as qualified dividend income (as discussed above), the amount of the dividend taken into account for purposes of calculating the foreign tax credit limitation will be limited to the gross amount of the dividend, multiplied by the reduced rate divided by the highest rate of tax normally applicable to dividends. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, dividends distributed by us with respect to our Ordinary Shares will constitute “passive category income” but could, in the case of certain U.S. Holders, constitute “general category income.”

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 will generally be eligible for reduced tax rates. The deductibility of capital losses is subject to limitations. Any such gain or loss that you recognize will generally be treated as United States source income or loss for foreign tax credit limitation purposes which will generally limit the availability of foreign tax credits.

### ***Passive Foreign Investment Company (“PFIC”)***

A non-U.S. corporation is considered a PFIC, as defined in Section 1297(a) of the US Internal Revenue Code, 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 stock. 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.

Based on our operations and the composition of our assets we do not expect to be treated as a PFIC under the current PFIC rules. However, we must make a separate determination each year as to whether we are a PFIC, and there can be no assurance with respect to our status as a PFIC for our current taxable year or any future taxable year. 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 addition, 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 under Section 1296 of the US Internal Revenue Code for such stock to elect out of the tax treatment discussed above. If you make a mark-to-market election for first taxable year 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 market (as defined in applicable U.S. Treasury regulations), including the Nasdaq Capital Market. If the Ordinary Shares are regularly traded on the Nasdaq Capital Market 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 under Section 1295(b) of the US Internal Revenue Code 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 U.S. Internal Revenue Service 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 U.S. Internal Revenue Service and possible U.S. backup withholding under Section 3406 of the US Internal Revenue Code with at a current flat rate of 24%. 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 U.S. Internal Revenue Service 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 U.S. Internal Revenue Service 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 U.S. Internal Revenue Service 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 Internal Revenue Service Form 8938, Statement of Specified Foreign Financial Assets, with their tax return for each year in which they hold Ordinary Shares.

## UNDERWRITING

We expect to enter into an underwriting agreement with Boustead Securities, LLC (the “Underwriter”), as the Underwriter named therein, with respect to the Ordinary Shares in this offering. Under the terms and subject to the conditions contained in the underwriting agreement, we have agreed to issue and sell a minimum offering amount of Ordinary Shares and a maximum offering amount of Ordinary Shares on a best efforts basis. The offering is being made without a firm commitment by the Underwriter, which has no obligation or commitment to purchase any securities. The Underwriter is not required to sell any specific number of dollar amount of Ordinary Shares but will use its best efforts to sell the Ordinary Shares offered.

We do not intend to close this offering unless we sell at least a minimum number of Ordinary Shares, at the price per Ordinary Share set forth on the cover page of this prospectus, to result in sufficient proceeds to list our Ordinary Shares on the Nasdaq Capital Market. We plan to apply to list our Ordinary Shares on the Nasdaq Capital Market under the symbol “CLEU”. Because this is a best efforts offering, the Underwriter does not have an obligation to purchase any securities, and, as a result, we may not be able to sell the minimum number of Ordinary Shares. The offering may close or terminate, as the case may be, on the earlier of (i) any time after the minimum offering amount of our Ordinary Shares is raised, or (ii) 90 days from the date of this prospectus, or the expiration date. If we can successfully raise the minimum offering amount within the offering period, the proceeds from the offering will be released to us.

The underwriting agreement provides that the obligation of the Underwriter to sell the Ordinary Shares, on a best efforts basis, is subject to certain conditions precedent, including but not limited to (1) obtaining listing approval on the Nasdaq Capital Market, (2) delivery of legal opinions and (3) delivery of auditor comfort letters. The Underwriter is under no obligation to purchase any Ordinary Shares for its own account. To list on the Nasdaq Capital Market, we are required to satisfy the financial and liquidity requirements of Nasdaq Capital Market under the Nasdaq Listing Rules. To qualify for listing, we intend to choose to meet the “net income” standard, one of the three listing standards under the Nasdaq Capital Market, i.e., pre-tax income standard requirements of having net income of \$750,000 in the latest fiscal year or in two of the last three fiscal years, total shareholders’ equity of at least \$4 million in the most recent fiscal year, having at least 300 round lot holders, a minimum bid or closing price of \$4 per Ordinary Share, a minimum of 1 million publicly-held shares, the market value of publicly held Ordinary Shares of at least \$5 million, in addition to meeting the board independence requirement. We plan to apply to list our Ordinary Shares on the Nasdaq Capital Market. Trading in the Ordinary Shares will commence within five days after the date of the initial issuance of Ordinary Shares pursuant to this prospectus. As an offering on a best efforts basis, there can be no assurance that the offering contemplated hereby will ultimately be consummated. The Underwriter may, but is not obligated to, retain other selected dealers that are qualified to offer and sell the shares and that are members of the Financial Industry Regulatory Authority, Inc.

### Discounts, Commissions and Expenses

We have agreed to pay the Underwriter a fee (or cash commission) equal to 7% of the gross proceeds of the offering from investors to be disbursed to the Company from the offering.

We have agreed to pay the Underwriter’s reasonable out-of-pocket expenses (including fees and expenses of the Underwriter’s counsel not exceeding \$100,000 in the aggregate) incurred by the Underwriter in connection with this offering up to \$300,000. We have agreed to pay in cash any unreimbursed expenses that have accrued as of the date of earlier termination of the agreement with the Underwriter. We have also agreed to grant to the Underwriter a warrant covering a number of Ordinary Shares equal to 7% of the aggregate number of the Ordinary Shares sold in the offering. The Underwriter warrants will be exercisable, in whole or in part, during a period commencing on the issuance date and will expire five years from the effective date of the offering. The Underwriter warrants will be exercisable at a price equal to the offering price and shall not be redeemable. We will register the shares underlying the Underwriter warrants and will file all necessary undertakings in connection therewith. The Underwriter warrants may not be sold, transferred, assigned, pledged or hypothecated for a period beginning from SEC’s declaration of effectiveness of our registration statement on Form F-1, of which this prospectus forms a part (in accordance with FINRA Rule 5110), until 180 days after the effective date of the offering, except that they may be assigned, in whole or in part, to any successor, officer, manager, member, or partner of the Underwriter, and to members of the syndicate or selling group and their respective officers, managers, members or partners. The Underwriter warrants may be exercised as to all or a lesser number of shares, will provide for cashless exercise and will contain provisions for one demand registration of the sale of underlying shares at our expense, an additional demand registration at the Underwriter warrants’ holders’ expenses, and unlimited “piggyback” registration rights at our expense for a period of [●] years after the closing of the offering. The piggyback registration right provided will not be greater than seven (7) years from the effective date of the offering in compliance with FINRA Rule 5110(f)(2)(G)(v). The demand for registration may be made at any time [●] year after the closing of the offering but no later than [●] years after the closing of the offering.

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We have agreed to pay our expenses related to the offering. We estimate that our total expenses related to this offering, excluding the estimated commissions to the Underwriter and payment of the Underwriter's expenses referred to above, will be approximately \$[●].

Except as disclosed in this prospectus, the Underwriter has not received and will not receive from us any other item of compensation or expense in connection with this offering considered by FINRA to be underwriting compensation under FINRA Rule 5110.

The table below shows the per Ordinary Share and total commissions that we will pay to the Underwriter.

	<b>Minimum offering amount</b>		<b>Maximum offering amount</b>	
	<b>Per Ordinary Share</b>	<b>Total</b>	<b>Per Ordinary Share</b>	<b>Total</b>
Commissions to the Underwriter ([●]%) for sales to investors introduced by the Underwriter	US\$	US\$	US\$	US\$

Prior to this offering, there has been no public market for the Ordinary Shares. The initial public offering price will be determined by negotiations between us and the Underwriter. In determining the initial public offering price, we and the Underwriter expects to consider a number of factors, including:

- the information set forth in this prospectus and otherwise available to the representatives;
- our prospects and the history and prospects for the industry in which we compete;
- an assessment of our management;
- our prospects for future earnings;
- the general condition of the securities markets at the time of this offering;
- the recent market prices of, and demand for, publicly traded securities of generally comparable companies; and
- other factors deemed relevant by the Underwriter and us.

The estimated initial public offering price range set forth on the cover page of this preliminary prospectus is subject to change as a result of market conditions and other factors. Neither we nor the Underwriter can assure investors that an active trading market will develop for our Ordinary Shares, or that the shares will trade in the public market at or above the initial public offering price.

We have agreed to indemnify the Underwriter against certain liabilities, including liabilities under the Securities Act. If we are unable to provide this indemnification, we will contribute to payments that the Underwriter may be required to make for these liabilities.

### **Terms of the Offering**

We are offering, on a best efforts basis, a minimum of \$[●] and a maximum of \$[●]. The offering is being made without a firm commitment by the Underwriter, which has no obligation or commitment to purchase any securities. The Underwriter is not required to sell any specific number of dollar amount of the Ordinary Shares but will use its best efforts to sell of the Ordinary Shares offered. The Ordinary Shares are being offered for a period not to exceed 90 days. If the minimum offering amount is not raised prior to [●], all subscription funds from the escrow account will be returned to investors promptly without interest (since the funds are being held in a non-interest bearing account) or deduction of fees. The offering may terminate on the earlier of (i) any time after the minimum offering amount of our Ordinary Shares is raised, or (ii) 90 days from the date of this prospectus. If we can successfully raise the minimum offering amount within the offering period, the proceeds from the offering will be released to us.

### **Price Stabilization**

The Underwriter will be required to comply with the Securities Act and the Exchange Act, including without limitation, Rule 10b-5 and Regulation M under the Exchange Act. These rules and regulations may limit the timing of purchases and sales of shares of capital stock by the Underwriter acting as principal. Under these rules and regulations, the Underwriter:

- may not engage in any stabilization activity in connection with our securities; and
- may not bid for or purchase any of our securities or attempt to induce any person to purchase any of our securities, other than as permitted under the Exchange Act, until it has completed its participation in the distribution.

### **Escrow Agent and Deposit of Offering Proceeds**

The Underwriter and the Company have agreed in accordance with the provisions of SEC Rule 15c2-4 to cause all funds received by the Underwriter for the sale of the ordinary shares to be promptly deposited in a non-interest bearing escrow account (“Escrow Account”) maintained by Sutter Securities Clearing, f/k/a FinTech Clearing, an affiliate of the Underwriter (the “Escrow Agent”) as escrow agent for the investors in the offering. The purpose of the Escrow Account is for (i) the deposit of all subscription monies (wire transfers or ACH authorization) which are received by the Underwriter from prospective purchasers of our offered Ordinary Shares and are delivered by the Underwriter to the Escrow Agent, (ii) the holding of amounts of subscription monies which are collected through the banking system, and (iii) the disbursement of collected funds. The Escrow Agent will exercise signature control on the escrow account and will act based on joint instructions from our Company and the Underwriter. On the closing date for the offering, and presuming that all conditions to closing have been attained (i.e. Nasdaq approval and other conditions described herein) proceeds in the escrow account maintained by the Escrow Agent will be delivered to our company. We will not be able to use such proceeds in China, however, until we complete certain remittance procedures in China, which may take as long as six months in the ordinary course.

Simultaneously with each deposit to the Escrow Account, the Underwriter shall inform the Escrow Agent about the subscription information for each prospective purchaser. Upon the Escrow Agent’s receipt of such monies, they shall be credited to the Escrow Account. The Escrow Agent shall not be required to accept for credit to the Escrow Account or for deposit into the Escrow Account ACH authorization which are not accompanied by the appropriate subscription information. Wire transfers or ACH authorizations representing payments by prospective purchasers shall not be deemed deposited in the Escrow Account until the Escrow Agent has received in writing the subscription information required with respect to such payments.

No interest will be available for payment to either us or the investors (since the funds are being held in a non-interest bearing account). All subscription funds will be held in trust pending the raising of the minimum offering amount and no funds will be released to us until the completion of the offering. Release of the funds to us is based upon the Escrow Agent reviewing the records of the depository institution holding the escrow to verify that the funds received have cleared the banking system prior to releasing the funds to us. All subscription information and subscription funds through wire transfers should be delivered to the Escrow Agent. Failure to do so will result in subscription funds being returned to the investor. In event that the offering is terminated, all subscription funds from the escrow account will be returned to investors.

If we do not terminate this offering before the offering is terminated, all amounts will be promptly returned to the investors as described below. In the event of any dispute between us and the Underwriter, including whether and how funds are to be reimbursed, the Escrow Agent is entitled to petition a court of competent jurisdiction to resolve any such dispute.

Investors must pay in full for Ordinary Shares at the time of investment. Payment for the shares may be made by wire made payable to “[●], as Escrow Agent for China Liberal Education Holdings Limited” The bank drafts and money orders will be forwarded/returned by the Underwriter and their dealers to the Escrow Agent by noon of the following business day. The Underwriter will inform prospective purchasers of the anticipated date of closing.

Proceeds deposited in escrow with the Escrow Agent may not be withdrawn by investors prior to the earlier of the closing of the offering or the date the offering is terminated. If the offering is withdrawn or canceled or terminated and proceeds therefrom are not received by us on or prior to the date the offering is terminated, all proceeds will be promptly returned by the Escrow Agent without interest or deduction to the persons from which they are received (within one business day) in accordance with applicable securities laws. All such proceeds will be placed in a non-interest bearing account pending such time.

### **Lock-Up Agreements**

We and each of our officers, directors, and all existing shareholders agree not to offer, issue, sell, contract to sell, encumber, grant any option for the sale of or otherwise dispose of any shares of our Ordinary Shares or other securities convertible into or exercisable or exchangeable for ordinary shares for a period of twelve (12) months after the effective date of the registration statement of which this prospectus is a part without the prior written consent of the Underwriter.

The Underwriter may in its sole discretion and at any time without notice release some or all of the shares subject to lock-up agreements prior to the expiration of the lock-up period. When determining whether or not to release shares from the lock-up agreements, the Underwriter will consider, among other factors, the security holder's reasons for requesting the release, the number of shares for which the release is being requested and market conditions at the time.

### **Electronic Offer, Sale and Distribution of Ordinary Shares**

A prospectus in electronic format may be made available on the websites maintained by the Underwriter. In addition, Ordinary Shares may be sold by the Underwriter to securities dealers who resell Ordinary Shares to online brokerage account holders. Other than the prospectus in electronic format, the information on the Underwriter's website and any information contained in any other website maintained by the Underwriter is not part of the 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.

### **Selling Restrictions**

No action has been taken in any jurisdiction (except in the United States) that would permit a public offering of the Ordinary Shares, or the possession, circulation or distribution of this prospectus or any other material relating to us or the Ordinary Shares, where action for that purpose is required. Accordingly, the Ordinary Shares may not be offered or sold, directly or indirectly, and neither this prospectus nor any other offering material or advertisements in connection with the Ordinary Shares may be distributed or published, in or from any country or jurisdiction except in compliance with any applicable rules and regulations of any such country or jurisdiction.



**EXPENSES RELATING TO THIS OFFERING**

Set forth below is an itemization of the total expenses, excluding placement discounts and commissions, that we expect to incur in connection with this offering. With the exception of the SEC registration fee, the FINRA filing fee, and the Nasdaq listing fee, all amounts are estimates.

Securities and Exchange Commission Registration Fee	\$
Nasdaq Capital Market Listing Fee	\$
FINRA	\$
Legal Fees and Expenses	\$
Accounting Fees and Expenses	\$
Printing and Engraving Expenses	\$
Miscellaneous Expenses	\$
<b>Total Expenses</b>	<b>\$</b>

These expenses will be borne by us. Underwriting discounts and commissions will be borne by us in proportion to the numbers of Ordinary Shares sold in the offering.

## **LEGAL MATTERS**

The validity of the Ordinary Shares offered in this offering and certain other legal matters as to Cayman Islands law will be passed upon for us by Campbells. Legal matters as to PRC law will be passed upon for us by Tian Yuan Law Firm. Pryor Cashman LLP is acting as counsel to the Underwriter.

## **CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

None.

## **EXPERTS**

The financial statements as of December 31, 2018 and 2017, and for the years ended December 31, 2018 and 2017, included in this registration statement have been so included in reliance on the report of Friedman LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

## **INTERESTS OF NAMED EXPERTS AND COUNSEL**

No expert or counsel named in this prospectus as having prepared or certified any part of this prospectus or having given an opinion upon the validity of the securities being registered or upon other legal matters in connection with the registration or offering of the Ordinary Shares was employed on a contingency basis, or had, or is to receive, in connection with the offering, a substantial interest, direct or indirect, in the registrant. Nor was any such person connected with the registrant as a promoter, managing or principal Underwriter, voting trustee, director, officer, or employee.

## **DISCLOSURE OF COMMISSION POSITION ON INDEMNIFICATION**

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

## **WHERE YOU CAN FIND MORE INFORMATION**

We have filed with the SEC a registration statement on Form F-1, including relevant exhibits and schedules under the Securities Act, covering the Ordinary Shares offered by this prospectus. You should refer to our registration statements and their exhibits and schedules if you would like to find out more about us and about the Ordinary Shares. This prospectus summarizes material provisions of contracts and other documents that we refer you to. Since the prospectus may not contain all the information that you may find important, you should review the full text of these documents.

Immediately upon the completion of this offering, we will be 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. As a foreign private issuer, we are exempt from the rules of the Exchange Act prescribing the furnishing and content of proxy statements to shareholders under the federal proxy rules contained in Sections 14(a), (b) and (c) of the Exchange Act, and our executive officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act.

The registration statements, reports and other information so filed can be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. You can request copies of these documents upon payment of a duplicating fee, by writing to the SEC. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference rooms. The SEC also maintains a website that contains reports, proxy statements and other information about issuers, such as us, who file electronically with the SEC. The address of that website is <http://www.sec.gov>. The information on that website is not a part of this prospectus.

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CHINA LIBERAL EDUCATION HOLDINGS LIMITED AND SUBSIDIARIES

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Shareholders and the Board of Directors of  
China Liberal Education Holdings Limited and Subsidiaries

**Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheets of China Liberal Education Holdings Limited and its subsidiaries (collectively, the “Company”) as of December 31, 2018 and 2017, and the related consolidated statements of income and comprehensive income, shareholders’ equity, and cash flows for each of the years in the two-year period ended December 31, 2018, 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 as of December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2018, 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 audits 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 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/ Friedman LLP*

We have served as the Company’s auditor since 2018.

New York, New York

May 6, 2019

**CHINA LIBERAL EDUCATION HOLDINGS LIMITED**  
**CONSOLIDATED BALANCE SHEETS**

	<b>As of December 31,</b>	
	<b>2018</b>	<b>2017</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 2,077,166	\$ 7,970
Accounts receivable, net	833,174	632,724
Contract receivable, net	960,237	160,270
Advance to suppliers	19,885	1,529,865
Loan receivable	-	1,997,726
Due from a related party	72,700	-
Prepaid expenses and other current assets	286,052	169,864
<b>TOTAL CURRENT ASSETS</b>	<b>4,249,214</b>	<b>4,498,419</b>
Property and equipment, net	101,205	68,155
Contract receivable, net	1,617,186	684,780
<b>TOTAL NONCURRENT ASSETS</b>	<b>1,718,391</b>	<b>752,935</b>
<b>TOTAL ASSETS</b>	<b>\$ 5,967,605</b>	<b>\$ 5,251,354</b>
<b>LIABILITIES AND EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 121,558	\$ 171,976
Deferred revenue	149,560	104,181
Taxes payable	244,142	177,722
Due to related parties	22,591	14,956
Accrued expenses and other current liabilities	178,175	171,526
<b>TOTAL CURRENT LIABILITIES</b>	<b>716,026</b>	<b>640,361</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>EQUITY</b>		
Ordinary shares, \$1.00 par value, 50,000 shares authorized; 1,000 shares issued and outstanding	1,000	1,000
Additional paid in capital	4,583,116	1,647,527
Statutory reserve	294,158	201,468
Retained earnings	88,967	2,274,585
Accumulated other comprehensive income (loss)	(234,237)	26,746
Total shareholders' equity	4,733,004	4,151,326
Non-controlling interest	518,575	459,667
<b>Total equity</b>	<b>5,251,579</b>	<b>4,610,993</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 5,967,605</b>	<b>\$ 5,251,354</b>

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

**CHINA LIBERAL EDUCATION HOLDINGS LIMITED**  
**CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME**

	For the years ended	
	December 31,	
	2018	2017
<b>REVENUE, NET</b>	\$ 4,808,993	\$ 3,885,886
<b>COST OF REVENUE</b>	2,702,297	2,161,322
<b>GROSS PROFIT</b>	<u>2,106,696</u>	<u>1,724,564</u>
<b>OPERATING EXPENSES</b>		
Selling expenses	704,060	541,424
General and administrative expenses	579,500	408,762
Total operating expenses	<u>1,283,560</u>	<u>950,186</u>
<b>INCOME FROM OPERATIONS</b>	<u>823,136</u>	<u>774,378</u>
<b>OTHER INCOME</b>		
Interest income	88,926	70,743
Other income, net	180,191	187,794
Total other income, net	<u>269,117</u>	<u>258,537</u>
<b>INCOME BEFORE INCOME TAXES</b>	<u>1,092,253</u>	<u>1,032,915</u>
<b>INCOME TAX PROVISION</b>	<u>167,813</u>	<u>158,109</u>
<b>NET INCOME</b>	<u>924,440</u>	<u>874,806</u>
Less: net income attributable to non-controlling interest	81,779	5,800
<b>NET INCOME ATTRIBUTABLE TO THE COMPANY</b>	<u>\$ 842,661</u>	<u>\$ 869,006</u>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>		
Total foreign current translation adjustment	(260,983)	238,632
<b>TOTAL COMPREHENSIVE INCOME</b>	663,457	1,113,438
Less: comprehensive income (loss) attributable to non-controlling interest	(22,871)	198
<b>COMPREHENSIVE INCOME ATTRIBUTABLE TO THE COMPANY</b>	<u>\$ 686,328</u>	<u>\$ 1,113,240</u>
<b>EARNINGS PER SHARE</b>		
Basic and diluted	<u>\$ 842.7</u>	<u>\$ 869.0</u>
<b>WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING</b>		
Basic and diluted	<u>1,000</u>	<u>1,000</u>

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

**CHINA LIBERAL EDUCATION HOLDINGS LIMITED**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	Common shares		Additional paid-in capital	Statutory reserve	Retained earnings	Accumulated other comprehensive income (loss)	Total shareholders' equity	Non- controlling interest	Total equity
	Shares	Amount							
<b>Balance at</b>									
<b>December 31, 2016</b>	<b>1,000</b>	<b>\$ 1,000</b>	<b>\$ 1,647,527</b>	<b>\$ 113,816</b>	<b>\$ 1,493,231</b>	<b>\$ (211,886)</b>	<b>\$ 3,043,688</b>	<b>\$ -</b>	<b>\$ 3,043,688</b>
Acquisition of minority interest in China Boya			-	-	-	-	-	453,669	453,669
Appropriation to statutory reserve			-	87,652	(87,652)	-	-	-	-
Net income	-	-	-	-	869,006	-	869,006	5,800	874,806
Foreign currency translation adjustment	-	-	-	-	-	238,632	238,632	198	238,830
<b>Balance at</b>									
<b>December 31, 2017</b>	<b>1,000</b>	<b>\$ 1,000</b>	<b>\$ 1,647,527</b>	<b>\$ 201,468</b>	<b>\$ 2,274,585</b>	<b>\$ 26,746</b>	<b>\$ 4,151,326</b>	<b>\$ 459,667</b>	<b>\$ 4,610,993</b>
Capital restructuring (Note 11)			2,935,589		(2,935,589)	-	-	-	-
Appropriation to statutory reserve	-	-	-	92,690	(92,690)	-	-	-	-
Net income	-	-	-	-	842,661	-	842,661	81,779	924,440
Foreign currency translation adjustment	-	-	-	-	-	(260,983)	(260,983)	(22,871)	(283,854)
<b>Balance at</b>									
<b>December 31, 2018</b>	<b>1,000</b>	<b>\$ 1,000</b>	<b>\$ 4,583,116</b>	<b>\$ 294,158</b>	<b>\$ 88,967</b>	<b>\$ (234,237)</b>	<b>\$ 4,733,004</b>	<b>\$ 518,575</b>	<b>\$ 5,251,579</b>

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

**CHINA LIBERAL EDUCATION HOLDINGS LIMITED**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	For the years ended	
	December 31,	
	<u>2018</u>	<u>2017</u>
<b>Cash flows from operating activities</b>		
Net income	\$ 924,440	\$ 874,806
Adjusted to reconcile net income to cash provided by (used in) operating activities		
Depreciation and amortization	45,347	46,649
Loss from disposal of fixed assets	-	22,223
Changes in operating assets and liabilities:		
Accounts receivable, net	(243,769)	(552,457)
Contract receivable, net	(1,848,073)	(813,737)
Advance to suppliers	1,484,014	(1,471,166)
Due from a related party	(75,571)	-
Prepaid expenses and other current assets	(130,282)	(20,178)
Accounts payable	(42,786)	121,143
Deferred revenue	53,000	(1,847,265)
Taxes payable	78,988	(48,262)
Accrued expenses and other current liabilities	16,507	(26,949)
Net cash provided by (used in) operating activities	<u>261,816</u>	<u>(3,715,193)</u>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(83,515)	(9,353)
Repayment of loan receivable	1,964,844	443,931
Loan to a third party	-	(1,923,703)
Collection of an investment deposit	-	1,659,491
Collection of a short-term investment	-	2,663,589
Net cash provided by investing activities	<u>1,881,329</u>	<u>2,833,955</u>
<b>Cash flows from financing activities</b>		
Purchase of non-controlling interest	-	453,669
Proceeds from related party loans	8,094	1,580
Net cash provided by financing activities	<u>8,094</u>	<u>455,249</u>
<b>Effect of changes of foreign exchange rates on cash</b>	(82,043)	(4,738)
<b>Net increase (decrease) in cash</b>	2,069,196	(430,727)
<b>Cash, beginning of year</b>	7,970	438,697
<b>Cash, end of year</b>	<u>\$ 2,077,166</u>	<u>\$ 7,970</u>
<b>Supplemental disclosure of cash flow information</b>		
Cash paid for interest expense	\$ -	\$ -
Cash paid for income tax	<u>\$ 79,830</u>	<u>\$ 208,936</u>
<b>Supplemental disclosure of non-cash investing and financing activities</b>		
Capital restructuring	<u>\$ 2,935,589</u>	<u>\$ -</u>

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



**CHINA LIBERAL EDUCATION HOLDINGS LIMITED AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 1 — ORGANIZATION AND BUSINESS DESCRIPTION**

China Liberal Education Holdings Limited (“China Liberal” or the “Company”) was established under the laws of the Cayman Islands on February 25, 2019 as a holding company.

China Liberal owns 100% equity interest of Yi Xin BVI International Investment Limited (“Yi Xin BVI”), a business company established under the laws of the British Virgin Islands (“BVI”) on October 19, 2010

China Liberal Beijing Education Group Co., Limited (“Boya Hong Kong”), formerly known as Haier International Investment Holding Limited, was incorporated in accordance with the laws and regulations of Hong Kong on May 11, 2011, and changed to its current name on July 19, 2016. Yi Xin BVI owns 100% equity interest in Boya Hong Kong.

China Liberal, Yi Xin BVI and Boya Hong Kong are currently not engaging in any active business operations and merely acting as holding companies.

Huaxia Boya (Beijing) Education Technology Co., Ltd. (“China Liberal Beijing”) was formed on August 8, 2011, as a Wholly Foreign-Owned Enterprise (“WFOE”) in the People’s Republic of China (“PRC”), with the registered capital of RMB 33.46 million (approximately \$5.1 million). Through December 31, 2018, Boya Hong Kong owned 91.1772% ownership interest in China Liberal Beijing, with the remaining 8.8228% ownership interest owned by five individual shareholders (see Note 15).

The Company, through its wholly-owned subsidiaries, is primarily engaged in providing educational services in the People’s Republic of China (the “PRC”) under the “China Liberal” brand. The Company offers a wide range of educational services and programs to customers, consisting primarily of Sino-foreign jointly-managed academic programs, sales of textbooks and course material sales, overseas study consulting services and technological consulting services provided for targeted Chinese universities/colleges to help them improve their data management system and to optimize their teaching and operating environment.

**Reorganization**

A reorganization of the legal structure of the Company (“Reorganization”) was completed on March 25, 2019. The reorganization involved the incorporation of China Liberal, and the transfer of the 100% equity interest of Yi Xin BVI to China Liberal. Consequently, China Liberal became the ultimate holding company of all other entities mentioned above.

The Reorganization has been accounted for as a recapitalization among entities under common control since the same controlling shareholders controlled all these entities before and after the Reorganization. The consolidation of the Company and its subsidiaries has been accounted for at historical cost and prepared on the basis as if the aforementioned transactions had become effective as of the beginning of the first period presented in the accompanying consolidated financial statements. Results of operations for the periods presented comprise those of the previously separate entities combined from the beginning of the period to the end of the period, eliminating the effects of intra-entity transactions.

Upon the completion of the Reorganization, the Company has subsidiaries in countries and jurisdictions in the PRC, Hong Kong and BVI. Details of the subsidiaries of the Company as of December 31, 2018 were set out below:

<b>Name of Entity</b>	<b>Date of Incorporation</b>	<b>Place of Incorporation</b>	<b>% of Ownership</b>	<b>Principal Activities</b>
China Liberal	February 25, 2019	Cayman Island	Parent, 100%	Investment holding
Yi Xin BVI	October 19, 2010	BVI	100%	Investment holding
Boya Hong Kong	May 11, 2011	Hong Kong	100%	Investment holding
China Liberal Beijing	August 8, 2011	Beijing, PRC	91.18%	Education service provider

**CHINA LIBERAL EDUCATION HOLDINGS LIMITED AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of consolidation***

The accompanying consolidated financial statements include the financial statements of China Liberal, Yi Xin BVI, Boya Hong Kong and China Liberal Beijing. All inter-company balances and transactions are eliminated upon consolidation.

***Non-controlling interest***

Non-controlling interests represent five minority shareholders' aggregate 8.8228% ownership interest in China Liberal Beijing as of December 31, 2018 and 2017. The non-controlling interests are presented in the consolidated balance sheets, separately from equity attributable to the shareholders of the Company. Non-controlling interests in the results of the Company are presented on the face of the consolidated statements of income and comprehensive income as an allocation of the total income for the year between non-controlling interest holders and the shareholders of the Company.

***Uses of estimates***

In preparing the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("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, advances to suppliers, useful lives of property and equipment, the recoverability of long-lived assets, provision necessary for contingent liabilities and revenue recognition. Actual results could differ from those estimates.

***Risks and Uncertainties***

The main operations of the Company are located in the PRC. Accordingly, the Company'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 Company's results may be adversely affected by changes in the political, regulatory and social conditions in the PRC. Although the Company 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, such experience may not be indicative of future results.

**CHINA LIBERAL EDUCATION HOLDINGS LIMITED AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Cash***

Cash includes currency on hand and deposits held by banks that can be added or withdrawn without limitation. The Company maintains most of its bank accounts in the PRC. Cash balances in bank accounts in PRC are not insured by the Federal Deposit Insurance Corporation or other programs.

***Accounts and contract receivable, net***

Accounts and contract receivable are recognized and carried at original invoiced amount less an estimated allowance for uncollectible accounts.

The Company determines the adequacy of reserves for doubtful accounts based on individual account analysis and historical collection trend. The Company establishes a provision for doubtful receivables when there is objective evidence that the Company may not be able to collect amounts due. The allowance is based on management's best estimate of specific losses on individual exposures, as well as a provision on historical trends of collections. Actual amounts received may differ from management's estimate of credit worthiness and the economic environment. Delinquent account balances are written-off against the allowance for doubtful accounts after management has determined that the likelihood of collection is not probable. As of December 31, 2018 and 2017, there was no allowance recorded as the Company considers all of the accounts receivable fully collectible.

The Company's contract receivable represents balance derived from the technological consulting services for "smart campus" solutions provided to a Chinese university, Fuzhou Melbourne Polytechnic ("FMP"), when the projects under the contract have been completed and accepted by FMP, but the balance has not been past due based on the contracted payment schedule. The Company offers longer credit terms to FMP for the purpose of maintaining long-term relationship. In addition to the "smart campus" solutions related services provided to FMP, the Company also has Sino-foreign jointly managed education service programs with FMP since 2011. The Company had not incurred any bad debts with FMP in the past, and accordingly considers the contract receivable fully collectible. Thus, there was no allowance recorded on such outstanding contract receivable for the years ended December 31, 2018 and 2017 (See Note 3).

***Advances to suppliers***

Advance to suppliers consists of balances paid to suppliers that have not been provided or received. The Company makes advance payment to suppliers for purchase of equipment and devices in order to undertake the "smart campus" consulting projects for customers. Advance to suppliers are short-term in nature and are reviewed periodically to determine whether their carrying value has become impaired. The Company considers the assets to be impaired if the realizability of the advance becomes doubtful. As of December 31, 2018 and 2017, there was no allowance recorded as the Company considers all of the advances fully realizable.

***Loans receivable***

Loans receivable represent cash advance mainly used for short-term funding to unrelated third parties. The loans are due on demand with an interest rate ranged from 4.8% to 5% per annum. Loans receivable are reviewed periodically as to whether their carrying values remain realizable.

**CHINA LIBERAL EDUCATION HOLDINGS LIMITED AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Impairment of long-lived Assets***

Long-lived assets with finite lives, primarily property and equipment, are reviewed 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 below are 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 December 31, 2018 and 2017.

***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 — inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 — inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, quoted market prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable and inputs derived from or corroborated by observable market data.
- Level 3 — inputs to the valuation methodology are unobservable.

Unless otherwise disclosed, the fair value of the Company's financial instruments, including cash, accounts receivable, advances to suppliers, due from a related party, loans receivable, prepaid expenses and other current assets, accounts payable, deferred revenue, accrued expenses and other current liabilities, taxes payable and due to related parties, approximate the fair value of the respective assets and liabilities as of December 31, 2018 and 2017 based upon the short-term nature of the assets and liabilities. The fair value of the contract receivable also approximate its carrying amount because the receivable was derived from a fixed-price contract and will be settled by cash.

***Property and equipment***

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation and amortization of property and equipment is provided using the straight-line method over their expected useful lives, as follows:

	<b>Useful life</b>
Office equipment and furniture	5 years
Electronic equipment	5 years
Transportation vehicles	5-10 years
Leasehold improvement	Shorter of the lease term or estimated useful life

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 betterments 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.

**CHINA LIBERAL EDUCATION HOLDINGS LIMITED AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Revenue recognition***

The Company's revenue is recognized when persuasive evidence that an arrangement exists, delivery of services or products has occurred, the selling price is fixed or determinable and the collection is reasonably assured. Revenue is reported net of all value added taxes ("VAT").

The primary sources of the Company's revenue are as follows:

- *Sino-foreign Jointly-Managed Academic Programs*

The Company recommends and coordinates accredited international universities/colleges to forge partnerships with Chinese host universities/colleges to establish international education programs at degree level. Chinese host universities/colleges then utilize their existing administrative ability, campus classrooms and facilities to recruit Chinese students into such programs. The Company also selects, recruits and appoints qualified foreign faculty to teach major courses at selected Chinese host universities/colleges and bears all faculty related costs, provides continuing support to foreign faculty, develops and delivers major course content and materials to ensure teaching quality meeting international standards, and to optimize students' learning outcome and to prepare them for further education overseas and help them with course credit conversion in the event that any student decides to pursue further study overseas. The Company actively supports and interacts with enrolled students throughout their programs to ensure successful program completion. As a result of performing the above mentioned services, the Company is entitled to receive 30% to 50% of such student tuitions, which are collected first by Chinese host universities/colleges from enrolled students at the beginning of each academic school year, and then remitted to the Company.

The tuition fees received by the Company are initially recorded as deferred revenue and recognized ratably over applicable academic year as the Company's teaching, management and other supporting services are carried out over the whole academic year.

- *Sales of textbooks and course materials*

In order to ensure the quality of the course content to meet international standards, the Company have developed and edited more than 16 English textbooks and course materials with emphasis on language training, and sells these textbooks and course materials to students enrolled under the Sino-foreign joint education programs.

Revenue from sales of textbooks and related course materials is recognized upon delivery of textbooks and course materials, which is when the risks and titles are transferred.

- *Overseas Study Consulting Service*

The Company's Overseas Study Consulting Services target those students who wish to study in foreign countries to enrich their learning experiences and to expand their horizon and employment possibilities. The Company's overseas study consulting services are typically performed under one-on-one private tutoring model with duration of four to six months. The Company provides school information to help students make informed decisions about which institution and major to choose from, help them prepare for school application and admission; provides study plans, language training and test preparation courses to help students improve their foreign language ability and help them achieve higher scores in international admission and assessment tests. The Company also helps students on visa application and paperwork, and offers overseas extended services such as finding accommodation and travel assistance. In connection with these services, the Company collects an up-front fee based on the scope of consulting services requested by students. 90% of the consulting service fee collected is non-refundable, and is recognized ratably as revenue over the service period, while 10% of the consulting fee is refundable and is deferred and recognized as revenue when students are successfully admitted by foreign institution and student visas are granted.

CHINA LIBERAL EDUCATION HOLDINGS LIMITED AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**Note 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Revenue recognition (Continued)***

- *Technological Consulting Services for Smart Campus Solutions*

Under the concept of “creating smart campus”, the Company’s technological consulting services utilize the advanced information technology such as cloud computing, mobile internet and big data analytics to provide total solutions to targeted Chinese universities/colleges in order to integrate and improve their teaching, research, student data management, storage and processing, and campus life services, and to optimize their teaching and operating environment and improve operational efficiency. The Company’s “smart campus” related technological consulting service contracts are primarily on a fixed-price basis, which require the Company to perform services including project planning, project solution and design, data management application development and customization, installations of hardware equipment and components for digital classrooms and academic experiment centers or labs, integration of hardware and software application, and post-contract continuous maintenance support, based on the specific needs from each customer. Upon delivery of services, project completion inspection and customer acceptance are generally required. In the same contract, it may also include provisions that require the Company to provide post-contract maintenance support for a period ranging from several months to three years after customized “smart campus” solutions and services are delivered.

The Company evaluates “smart campus” solution service contracts and determines whether these contracts contain multiple deliverable arrangements. An arrangement is separated, if (1) the delivered element(s) has (have) value to the customer on a stand-alone basis, (2) there is reliable evidence of the fair value of the undelivered element (s) and (3) if the arrangement includes a general right of return relative to the delivered element(s), delivery or performance of the undelivered element (s) is (are) considered probable and substantially in the control of the Company. If all three criteria are fulfilled, appropriate revenue recognition convention is then applied to each separate unit of accounting. If the three criteria are not met, revenue is deferred until such criteria are met or until the period in which the last undelivered element is delivered.

The Company determines “smart campus” solution and application development service, installations of hardware and software components, and post-contract continuous maintenance support, as separated deliverables in same fixed-fee contract, because the Company’s promise to transfer each of these services is separately identifiable from other promises in the contract. The Company allocates contract revenue to the identified separate units based on their relative fair value.

Reliable fair values are sales prices for the component when it is regularly sold on a stand-alone basis, third-party prices for similar components or, under certain circumstances, cost plus, an adequate business specific profit margin related to the relevant element. The amount allocable to the delivered elements is limited to the amount that is not contingent upon delivery of additional elements or meeting other specified performance conditions. Revenue allocated to technological consulting services for “smart campus” solution is recognized upon completion of each unit of service. In instances where substantive completion inspection and customer acceptance provisions are specified in contracts, revenues are deferred until all inspection and acceptance criteria have been met.

***Advertising expense***

Advertising expenses primarily relate to advertisement of the Company’s brand name and services through outdoor billboards and social media such as Weibo and WeChat. Advertising expenses are included in selling expenses in the consolidated statements of income and comprehensive income. Advertising expenses amounted to \$47,353 and \$27,884 for the years ended December 31, 2018 and 2017, respectively.

**CHINA LIBERAL EDUCATION HOLDINGS LIMITED AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Government subsidies***

Government subsidies primarily relate to value added tax refund on qualified teaching data management software developed by the Company and used in the Company's technological consulting services for smart campus solution projects, with the subsidy amount approved by local tax authority. The Company recognizes government subsidies as other operating income when they are received because they are not subject to any past or future conditions, there are no performance conditions or conditions of use, and they are not subject to future refunds. Government subsidies received and recognized as other operating income totaled \$169,789 and \$158,625 for the years ended December 31, 2018 and 2017, respectively.

***Income taxes***

The Company accounts for current income taxes in accordance with the laws of the relevant tax authorities. Deferred income taxes are recognized when temporary differences exist between the tax bases of assets and liabilities and their reported amounts in the consolidated financial statements. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period including the enactment date. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

An uncertain tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. Penalties and interest incurred related to underpayment of income tax are classified as income tax expense in the period incurred. No significant penalties or interest relating to income taxes have been incurred during the years ended December 31, 2018 and 2017. The Company does not believe there was any uncertain tax provision at December 31, 2018 and 2017.

The Company's operating subsidiary in China is subject to the income tax laws of the PRC. No significant income was generated outside the PRC for the fiscal years ended December 31, 2018 and 2017. As of December 31, 2018, the tax years ended December 31, 2014 through December 31, 2018 for the Company's PRC subsidiary remain open for statutory examination by PRC tax authorities.

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

The PRC government implemented a value-added tax reform pilot program, which replaced the business tax with VAT on selected sectors including but not limited to education in Beijing effective September 1, 2012. In August 2013, the pilot program was expanded nationwide in certain industries. Since May 2016, the change from business tax to VAT are expanded to all other service sectors which used to be subject to business tax. The VAT rates applicable to the subsidiaries and consolidated variable interest entities of the Group ranged from 3% to 6% as compared to the 3%~5% business tax rate which was applicable prior to the reform.

**CHINA LIBERAL EDUCATION HOLDINGS LIMITED AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Earnings per Share***

The Company computes earnings per share (“EPS”) in accordance with ASC 260, “Earnings per Share” (“ASC 260”). ASC 260 requires companies with complex capital structures to present basic and diluted EPS. Basic EPS is measured as net income divided by the weighted average common shares outstanding for the period. Diluted 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. As of December 31, 2018 and 2017, there were no dilutive shares.

***Foreign currency translation***

Since the Company operates primarily in the PRC, the Company’s functional currency is the Chinese Yuan (“RMB”). The Company’s consolidated financial statements have been translated into the reporting currency U.S. Dollars (“US\$”). Assets and liabilities of the Company are translated at the exchange rate at each reporting period end date. Equity is translated at historical rates. Income and expense accounts are translated at the average rate of exchange during the reporting period. The resulting translation adjustments are reported under other comprehensive income (loss). Gains and losses resulting from the translations of foreign currency transactions and balances are reflected in the results of operations.

The RMB is not freely convertible into foreign currency and all foreign exchange transactions must take place through authorized institutions. No representation is made that the RMB amounts could have been, or could be, converted into US\$ at the rates used in translation.

The following table outlines the currency exchange rates that were used in creating the consolidated financial statements in this report:

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Year-end spot rate	US\$1=RMB 6.8776	US\$1=RMB 6.5074
Average rate	US\$1=RMB 6.6163	US\$1=RMB 6.7578

***Comprehensive income***

Comprehensive income consists of two components, net income and other comprehensive income (loss). The foreign currency translation gain or loss resulting from translation of the financial statements expressed in RMB to US\$ is reported in other comprehensive income (loss) in the consolidated statements of income and comprehensive income.



**CHINA LIBERAL EDUCATION HOLDINGS LIMITED AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Statement of Cash Flows***

In accordance with ASC 230, “Statement of Cash Flows”, cash flows from the Company’s operations are formulated based upon the local currencies. As a result, amounts related to assets and liabilities reported on the statements of cash flows will not necessarily agree with changes in the corresponding balances on the balance sheets.

***Recent Accounting Pronouncements***

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

In May 2014, the Financial Accounting Standard Board (the “FASB”) issued ASU No. 2014-09, “Revenue from Contracts with Customers (Topic 606)” (“ASU 2014-09”). ASU 2014-09 requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. ASU 2014-09 will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either the retrospective or cumulative effect transition method. The guidance also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts. In August 2015, the FASB issued ASU No. 2015-14, “Deferral of the Effective Date” (“ASU 2015-14”), which defers the effective date for ASU 2014-09 by one year. For public entities, the guidance in ASU 2014-09 will be effective for annual reporting periods beginning after December 15, 2017 (including interim reporting periods within those periods). In March 2016, the FASB issued ASU No. 2016-08, “Principal versus Agent Considerations (Reporting Revenue versus Net)” (“ASU 2016-08”), which clarifies the implementation guidance on principal versus agent considerations in the new revenue recognition standard. As an “emerging growth company,” or EGC, the Company has elected to take advantage of the extended transition period provided in the Securities Act Section 7(a)(2)(B) for complying with new or revised accounting standards applicable to private companies. The amendments in this ASU are effective for annual reporting periods beginning after December 15, 2018, including interim periods within annual reporting period beginning after December 15, 2019.

The Company adopted ASC 606 on January 1, 2019, using the modified retrospective method. The Company has completed the assessment of the impact of this new guidance by reviewing its existing customer contracts and current accounting policies and practices to identify differences that might result from applying the new requirements, including the evaluation of its performance obligations, transaction price, customer payments, transfer of control and principal versus agent considerations. Based on the assessment, the Company concluded that there was no change to the timing and pattern of revenue recognition for its current revenue streams in scope of Topic 606. The adoption of Topic 606 did not result in a cumulative catch-up adjustment to the Company’s opening balance sheets of retained earnings at the effective date and therefore there were no material changes to the Company’s consolidated financial statements. The Company’s future financial statements will include additional disclosures as required by Topic 606.

**CHINA LIBERAL EDUCATION HOLDINGS LIMITED AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Recent Accounting Pronouncements (Continued)**

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which requires lessees to recognize a right-of-use asset and lease liability on the balance sheet for all leases, including operating leases, with a term in excess of 12 months. The guidance also expands the quantitative and qualitative disclosure requirements. The guidance will be effective in fiscal year 2020, with early adoption permitted, and must be applied using a modified retrospective approach. In July 2018, the FASB issued updates to the lease standard making transition requirements less burdensome. The update provides an option to apply the transition provisions of the new standard at its adoption date instead of at the earliest comparative period presented in the company's financial statements. The new guidance requires the lessee to record operating leases on the balance sheet with a right-of-use asset and corresponding liability for future payment obligations. FASB further issued ASU 2018-11 "Target Improvement" and ASU 2018-20 "Narrow-scope Improvements for Lessors." As an emerging growth company, we will adopt this guidance effective January 1, 2020. We do not expect the cumulative effect resulting from the adoption of this guidance will have a material impact on our consolidated financial statements.

In February 2018, the FASB has issued Accounting Standards Update (ASU) No. 2018-02, "Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income." The ASU amends ASC 220, *Income Statement — Reporting Comprehensive Income*, to "allow a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the Tax Cuts and Jobs Act." In addition, under the ASU, an entity will be required to provide certain disclosures regarding stranded tax effects. The ASU is effective for all entities for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. This guidance did not have a material impact on its consolidated financial statements.

In March 2018, the FASB issued ASU 2018-05 — Income Taxes (Topic 740): Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 118 ("ASU 2018-05"), which amends the FASB Accounting Standards Codification and XBRL Taxonomy based on the Tax Cuts and Jobs Act (the "Act") that was signed into law on December 22, 2017, and Staff Accounting Bulletin No. 118 ("SAB 118") that was released by the Securities and Exchange Commission. The Act changes numerous provisions that impact U.S. corporate tax rates, business-related exclusions, and deductions and credits and may additionally have international tax consequences for many companies that operate internationally. The Company does not believe this guidance will have a material impact on its consolidated financial statements.

In August 2018, the FASB Accounting Standards Board issued ASU No. 2018-13, "Fair Value Measurement (Topic 820): Disclosure Framework Changes to the Disclosure Requirements for Fair Value Measurement" ("ASU 2018-13"). ASU 2018-13 modifies the disclosure requirements on fair value measurements. ASU 2018-13 is effective for public entities for fiscal years beginning after December 15, 2019, with early adoption permitted for any removed or modified disclosures. The removed and modified disclosures will be adopted on a retrospective basis and the new disclosures will be adopted on a prospective basis. The Company does not expect this guidance will have a material impact on its consolidated financial statements.

**NOTE 3 — ACCOUNTS RECEIVABLE, NET**

Accounts receivable consist of the following:

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Accounts receivable- overseas study consulting services	\$ 346,332	\$ -
Accounts receivable- Sino-foreign jointly managed education programs	486,842	632,724
Less: allowance for doubtful accounts	-	-
Accounts receivable, net	<u>\$ 833,174</u>	<u>\$ 632,724</u>

Under the Sino-foreign jointly-managed and academic programs, student tuition fees are collected by the Chinese host universities/colleges at the beginning of each academic school year and then remit the agreed portion to the Company within one to four months. The \$486,842 tuition receivable under joint-managed academic programs as of December 31, 2018 has been fully collected in January and March 2019.

The Company's overseas study consulting services normally require students to make upfront payment upon signing of contract. Occasionally, some students may wish to make installment payments. The \$346,332 balance as of December 31, 2018 represents those billed but not yet collected installment payments, which have been fully collected in January 2019.

**CHINA LIBERAL EDUCATION HOLDINGS LIMITED AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 4 — CONTRACT RECEIVABLE, NET**

Contract receivable consists of the following:

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Contract receivable- “Smart Campus” related technological consulting services	\$ 2,425,779	\$ 845,050
Contract receivable- “Smart campus” project maintenance and technical support fee	151,644	-
Less: allowance for doubtful accounts	-	-
Total contract receivable, net	2,577,423	845,050
Less: current portion of contract receivable	960,237	160,270
Contract receivable, non-current	<u>\$ 1,617,186</u>	<u>\$ 684,780</u>

In 2017, the Company entered into a contract with Fuzhou Melbourne Polytechnic (“FMP”) to help FMP with its smart campus project, which include creating a big data center, digital classrooms, and an experiment-based simulation teaching center for its business school.

The projects under FMP contract requires the leveraging hardware facilities such as sensors, internet of things, digital portal, electronic blackboards, smartboards, projectors, LED display panels, high definition classroom audio and sound system and other lab-based equipment, together with data management applications, to create a total smart campus solution for FMP. In addition to the installation of hardware and data management application to make the smart campus system meet the expected operational conditions, the Company is also responsible for the post-contract maintenance and continuous technical support during the period of 2019 to 2021. Total contract price under the FMP “smart campus” project is RMB 16.68 million (approximately \$2.4 million) for completion of the software and hardware installation, plus additional RMB 5.05 million (approximately \$0.73 million) post-contract maintenance and technical support fee. Among the RMB 5.05 million maintenance and support fee, RMB 1.04 million (USD \$151,644) contract receivable for maintenance and technical support services rendered in 2018 has been received in January 2019. The remaining RMB 4.01 million (approximately \$0.58 million) post-contract maintenance and technical support fee will be paid in three equal installments in 2019 to 2021 when services are rendered.

The contracted projects for the big data center, digital classrooms, an experiment-based simulation teaching center and a lab-based experiment center have been fully completed in November 2018 with satisfactory inspection and acceptance by FMP in December 2018. Based on the contract payment schedule, RMB 16.68 million earned project fee shall be paid in three installments as follows:

<b>Payment schedule</b>	<b>RMB</b>	<b>USD</b>
2019	5,561,180	\$ 808,593
2020	5,561,180	808,593
2021	5,561,180	808,593
Total	<u>16,683,540</u>	<u>\$ 2,425,779</u>

As of December 31, 2018 and 2017, no allowance for doubtful accounts was recorded as the Company considers all of the contract receivable on “smart campus” project from FMP fully collectible because in addition to the “smart campus” project, the Company has Sino-foreign jointly managed academic programs with FMP since 2011 and there was no payment default based on past experience with FMP. Accordingly, management believes that cash collection from FMP is reasonably assured. As of December 31, 2018, \$808,593 contract receivable aged above 1 year was scheduled to be settled by FMP within 2019. Subsequently in April 2019, FMP made a payment of RMB 2 million (USD \$290,799) to the Company as part of the 2019 payment and the Company expects to collect the remaining \$517,794 from FMP by October 2019.

**CHINA LIBERAL EDUCATION HOLDINGS LIMITED AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 5 — ADVANCE TO SUPPLIERS, NET**

In connection with the technological consulting services provided to FMP for the ‘smart campus’ project as disclosed in Note 4, the Company made advance payment of \$1,529,865 to suppliers in 2017 for purchase of electronic sensors, smartboards, projectors, LED display panels, high definition classroom audio and sound system and other lab-based equipment. Most of the purchased equipment and electronic components have been received and used on the projects in 2018. The balance of advance to suppliers was \$19,885 as of December 31, 2018.

**NOTE 6 — LOAN RECEIVABLE**

On March 19, 2017, the Company advanced a short-term loan in the amount of \$1,997,726 (RMB 13 million) to a non-related third party, Jinjiang Hengfeng Trading Co., Ltd. (“Hengfeng”), as working capital, bearing interest rate of 4.8% per annum with maturity date of September 19, 2017. Immediate before the loan maturity, on September 5, 2017, the Company and Hengfeng signed a supplemental agreement to extend the loan maturity to December 19, 2018 with adjusted interest rate of 5% per annum. The loan was guaranteed by another non-related third party, Fujian Rongde Cotton Spinning Co., Ltd. This loan was repaid in full in December 2018 as scheduled. The Company recorded an interest income of \$88,926 and \$70,743 for the years ended December 31, 2018 and 2017, respectively.

**NOTE 7 — PREPAID EXPENSES AND OTHER CURRENT ASSETS, NET**

Prepaid expenses and other current assets consisted of the following:

	<b>December 31,</b> <b>2018</b>	<b>December 31,</b> <b>2017</b>
Other receivable (1)	\$ 94,106	\$ 62,329
Interest receivable (2)	163,502	77,589
Others prepaid expenses (3)	28,444	29,946
Subtotal	286,052	169,864
Allowance for doubtful accounts	-	-
Prepaid expenses and other current assets, net	<u>\$ 286,052</u>	<u>\$ 169,864</u>

- (1) Other receivable primarily include advances to employees for business development and rental security deposit for the Company’s headquarter office in Beijing.
- (2) In connection with the loan receivable as disclosed in Note 5, the Company accrued interest receivable of \$163,502 and \$77,589 as of December 31, 2018 and 2017. The interest receivable has been fully collected in February 2019.
- (3) Other prepaid expenses include prepaid advertising expense and prepaid utility expense, which are amortized over the service periods.

**CHINA LIBERAL EDUCATION HOLDINGS LIMITED AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 8 — PROPERTY AND EQUIPMENT, NET**

Property and equipment, net, consist of the following:

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Office equipment and furniture	\$ 27,848	\$ 21,311
Electronic equipment	70,964	37,654
Transportation vehicles	221,014	233,588
Leasehold improvement	78,127	43,126
Subtotal	<u>397,953</u>	<u>335,679</u>
Less: accumulated depreciation	<u>(296,748)</u>	<u>(267,524)</u>
Property and equipment, net	<u>\$ 101,205</u>	<u>\$ 68,155</u>

Depreciation expense was \$45,347 and \$46,649 for the years ended December 31, 2018 and 2017, respectively.

**NOTE 9 — RELATED PARTY TRANSACTIONS*****a. Due from a related party***

On May 22, 2018, Xiamen Xinbaiyi Investment Group (“Xinbaiyi”), an entity related to the Company’s Board member and shareholder Mr. Ruenjie Lin, entered into a loan agreement with the Company to borrow RMB2.5 million (approximately \$363,499) as working capital for 10 months (from June 5, 2018 to February 28, 2019). The loan is non-interest bearing. Xinbaiyi repaid RMB2 million within 2018. The remaining balance of \$72,700 as of December 31, 2018 was received in February 2019.

***b. Due to related parties***

As of December 31, 2018 and 2017, the balance due to related parties are comprised of advances from the Company’s principal shareholders and used for working capital during the Company’s normal course of business. These advances are non-interest bearing and due on demand.

**CHINA LIBERAL EDUCATION HOLDINGS LIMITED AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 10 — TAXES**

**(a) Corporate Income Taxes (“CIT”)**

Cayman Island

Under the current tax laws of the Cayman Islands, the Company is not subject to tax on its income or capital gains. In addition, no Cayman Islands withholding tax will be imposed upon the payment of dividends by the Company to its shareholders.

BVI

Yi Xin BVI is incorporated in the BVI as an offshore holding company and is not subject to tax on income or capital gain under the laws of BVI.

Hong Kong

Boya Hong Kong is incorporated in Hong Kong and is subject to profit taxes in Hong Kong at a rate of 16.5%. However, Boya Hong Kong did not generate any assessable profits arising in or derived from Hong Kong for the fiscal years ended December 31, 2018 and 2017, and accordingly no provision for Hong Kong profits tax has been made in these periods.

PRC

Under the Enterprise Income Tax (“EIT”) Law of PRC, domestic enterprises and Foreign Investment Enterprises (the “FIE”) are usually subject to a unified 25% enterprise income tax rate while preferential tax rates, tax holidays and even tax exemption may be granted on case-by-case basis. EIT grants preferential tax treatment to High and New Technology Enterprises (“HNTEs”). Under this preferential tax treatment, HNTEs are entitled to an income tax rate of 15%, subject to a requirement that they re-apply for HNTE status every three years. China Liberal Beijing, the Company’s main operating subsidiary in PRC, was approved as a HNTE and is entitled to a reduced income tax rate of 15% beginning December 2016, which is valid for three years. EIT is typically governed by the local tax authority in PRC. Each local tax authority at times may grant tax holidays to local enterprises as a way to encourage entrepreneurship and stimulate local economy. The corporate income taxes for fiscal 2018 and 2017 were reported at a reduced rate of 15% as a result of China Liberal Beijing being approved as a HNTE. The impact of the tax holidays noted above decreased foreign taxes by \$105,864 and \$100,549 for the years ended December 31, 2018 and 2017, respectively. The benefit of the tax holidays on net income per share (basic and diluted) \$105.9 and \$100.5 for the years ended December 31, 2018 and 2017, respectively.

The components of the income tax provision are as follows:

	<b>For the year ended December 31, 2018</b>	<b>For the year ended December 31, 2017</b>
Current tax provision		
Cayman	\$ -	\$ -
BVI	-	-
Hong Kong	-	-
PRC	167,813	158,109
	<u>\$ 167,813</u>	<u>\$ 158,109</u>
Deferred tax provision		
Cayman	\$ -	\$ -
BVI	-	-
Hong Kong	-	-
PRC	-	-
	<u>-</u>	<u>-</u>
Income tax provision	<u>\$ 167,813</u>	<u>\$ 158,109</u>

**CHINA LIBERAL EDUCATION HOLDINGS LIMITED AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 10 — TAXES (continued)**

**(a) Corporate Income Taxes (“CIT”) (Continued)**

The following table reconciles the China statutory rates to the Company's effective tax rate for the years ended December 31, 2018 and 2017:

	<b>For the year ended December 31, 2018</b>	<b>For the year ended December 31, 2017</b>
China Income tax statutory rate	25.0%	25.0%
Permanent difference	0.4%	0.3%
Effect of PRC preferential tax rate	(10.0)%	(10.0)%
Effective tax rate	<u>15.4%</u>	<u>15.3%</u>

The Company continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings. As of December 31, 2018, the tax years ended December 31, 2014 through December 31, 2018 for the Company's PRC subsidiaries remain open for statutory examination by PRC tax authorities.

**(b) Taxes payable**

Taxes payable consist of the following:

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Income tax payable	\$ 14,744	\$ 21,371
Value added tax payable	225,966	149,365
Other taxes payable	3,432	6,986
Total taxes payable	<u>\$ 244,142</u>	<u>\$ 177,722</u>

**NOTE 11 — CONCENTRATIONS**

A majority of the Company's revenue and expense transactions are denominated in RMB and a significant portion of the Company and its subsidiaries' assets and liabilities are denominated in RMB. RMB is not freely convertible into foreign currencies. In the PRC, certain foreign exchange transactions are required by law to be transacted only by authorized financial institutions at exchange rates set by the People's Bank of China (“PBOC”). Remittances in currencies other than RMB by the Company in China must be processed through the PBOC or other China foreign exchange regulatory bodies which require certain supporting documentation in order to affect the remittance.

As of December 31, 2018 and 2017, \$2,077,146 and \$7,839 of the Company's cash was on deposit at financial institutions in the PRC where there currently is no rule or regulation requiring such financial institutions to maintain insurance to cover bank deposits in the event of bank failure. For the years ended December 31, 2018 and 2017, the Company's substantial assets were located in the PRC and the Company's substantial revenues were derived from its subsidiaries located in the PRC.

For the year ended December 31, 2018, two customers accounted for approximately 44.2% and 37.1% of the Company's total revenue, respectively. For the year ended December 31, 2017, two customers accounted for approximately 55.2% and 31.3% of the Company's total revenue, respectively.

As of December 31, 2018, one customer accounted for 81.0% of the total accounts receivable balance. As of December 31, 2017, two customers accounted for 59.4% and 33.6% of the total outstanding accounts receivable balance, respectively.

For the year ended December 31, 2018, two suppliers accounted for approximately 21.2% and 12.2% of the total purchases, respectively. For the year ended December 31, 2017, four suppliers accounted for approximately 38.1%, 16.1%, 11.9% and 11.2% of the total purchases, respectively.

**CHINA LIBERAL EDUCATION HOLDINGS LIMITED AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 12 — SHAREHOLDERS' EQUITY**

***Common stock***

China Liberal is an excepted company established under the laws of the Cayman Island on February 25, 2019. The authorized number of ordinary shares was 50,000 shares with par value of US\$1.00 per share and 1,000 shares were issued. The issuance of these 1,000 shares is considered as a part of the Reorganization of the Company, which was retroactively applied as if the transaction occurred at the beginning of the period presented (see Note 1).

***Recapitalization***

In 2018, in order to expand business scopes, which requires a significant increase in paid-in capital in accordance with Chinese rules and regulations, the Company's major operating entity, China Liberal Beijing, converted its accumulated retained earnings of \$2,935,589 as of December 31, 2018 into additional paid-in capital. China Liberal Beijing completed the compliance filing in December 2018 to reflect this recapitalization.

***Non-controlling interest***

Non-controlling interests represent five minority shareholders' 8.8228% ownership interests in the Company's subsidiary China Liberal Beijing.

The following table reconciles the non-controlling interest as of December 31, 2018 and 2017:

	<b>Total</b>
<b>As of December 31, 2016</b>	<b>\$ -</b>
Capital contribution by non-controlling shareholders	453,669
Net income attributable to non-controlling interest	5,800
Foreign currency translation gain	198
<b>As of December 31, 2017</b>	<b>\$ 459,667</b>
Net income attributable to non-controlling interest	81,779
Foreign currency translation loss	(22,871)
<b>As of December 31, 2018</b>	<b>\$ 518,575</b>

***Statutory reserve***

The Company is required to make appropriations to certain reserve funds, comprising the statutory surplus reserve and the discretionary surplus reserve, based on after-tax net income determined in accordance with generally accepted accounting principles of the PRC ("PRC GAAP"). Appropriations to the statutory surplus reserve are required to be at least 10% of the after-tax net income determined in accordance with PRC GAAP until the reserve is equal to 50% of the entity's registered capital. Appropriations to the discretionary surplus reserve are made at the discretion of the Board of Directors. The restricted amounts as determined pursuant to PRC statutory laws totaled \$294,158 and \$201,468 as of December 31, 2018 and 2017, respectively.

**NOTE 13 — COMMITMENTS**

The Company's main operating subsidiary, China Liberal Beijing, leases office spaces for its headquarter office and local branches under non-cancelable operating lease agreements with various expiration dates between 2019 and 2022. Rent expense for the years ended December 31, 2018 and 2017 was \$271,585 and \$229,525, respectively.

As of December 31, 2018, the Company was obligated under operating leases for minimum rentals as follows:

<b>For the Twelve Months Ended December 31,</b>		
2019	\$	305,808
2020		282,364
2021		277,078
2022		110,466
	\$	975,716



**CHINA LIBERAL EDUCATION HOLDINGS LIMITED AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 14 — SEGMENT REPORTING**

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, and is identified on the basis of the internal financial reports that are provided to and regularly reviewed by the Company's chief operating decision maker in order to allocate resources and assess performance of the segment.

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 Company uses the "management approach" in determining reportable operating segments. The management approach considers the internal organization and reporting used by the Company's chief operating decision maker for making operating decisions and assessing performance as the source for determining the Company's reportable segments. Management, including the chief operating decision maker, reviews operation results by the revenue of different services. Based on management's assessment, the Company has determined that it has four operating segments as defined by ASC 280, including Sino-foreign jointly managed academic programs, textbooks and course material sales, overseas study consulting services and technological consulting services for "smart campus" solutions.

Substantially all of the Company's revenues for the years ended December 31, 2018 and 2017 were generated from the PRC. As of December 31, 2018 and 2017, a majority of the long-lived assets of the Company are located in the PRC, and therefore, no geographical segments are presented.

The following table presents summary information by segment for the years ended December 31, 2018 and 2017, respectively:

	<b>For the year ended December 31, 2018</b>				
	<b>Joint education programs</b>	<b>Textbook sales</b>	<b>Overseas study consulting</b>	<b>Technological consulting for "smart campus" solutions</b>	<b>Total</b>
Revenue	\$ 2,410,781	\$ 29,717	\$ 547,521	\$ 1,820,974	\$ 4,808,993
Cost of revenue	1,155,854	19,687	64,321	1,462,435	2,702,297
Gross profit	<u>1,254,927</u>	<u>10,030</u>	<u>483,200</u>	<u>358,539</u>	<u>2,106,696</u>
Operating expenses	661,642	2,765	383,688	235,465	1,283,560
Income from operation	<u>593,285</u>	<u>7,265</u>	<u>99,512</u>	<u>123,074</u>	<u>823,136</u>
Depreciation and amortization	22,733	-	5,443	17,171	45,347
Capital expenditure	<u>41,867</u>	<u>-</u>	<u>10,024</u>	<u>31,624</u>	<u>83,515</u>
Total assets	2,991,601	-	716,310	2,259,694	5,967,605
Total liabilities	<u>\$ 358,949</u>	<u>\$ -</u>	<u>\$ 85,947</u>	<u>\$ 271,130</u>	<u>\$ 716,026</u>
	<b>For the year ended December 31, 2017</b>				
	<b>Joint education programs</b>	<b>Textbook sales</b>	<b>Study abroad consulting</b>	<b>Technological consulting for smart campus project</b>	<b>Total</b>
Revenue	\$ 2,821,602	\$ 52,345	\$ 60,947	\$ 950,992	\$ 3,885,886
Cost of revenue	1,175,646	46,532	49,765	889,379	2,161,322
Gross profit	<u>1,645,956</u>	<u>5,813</u>	<u>11,182</u>	<u>61,613</u>	<u>1,724,564</u>
Operating expenses	883,156	1,055	10,049	55,926	950,186
Income from operation	<u>762,800</u>	<u>4,758</u>	<u>1,133</u>	<u>5,687</u>	<u>774,378</u>
Depreciation and amortization	33,873	-	1,360	11,416	46,649
Capital expenditure	<u>8,047</u>	<u>-</u>	<u>1,306</u>	<u>-</u>	<u>9,353</u>
Total assets	3,740,479	-	150,186	1,260,689	5,151,354
Total liabilities	<u>\$ 464,976</u>	<u>\$ -</u>	<u>\$ 18,670</u>	<u>\$ 156,715</u>	<u>\$ 640,361</u>

**NOTE 15 — SUBSEQUENT EVENTS**

On February 1, 2019, Boya Hong Kong entered into share transfer agreements with each of the non-controlling shareholders of China Liberal Beijing and completed the acquisition of the 8.8228% non-controlling interest in China Liberal Beijing, for a total price of RMB 2.95 million (approximately \$453,669). After this transaction, China Liberal Beijing became a 100% owned subsidiary of Boya Hong Kong. In accordance with ASC 810 "Consolidation," changes in a parent's ownership while the parent retains its controlling financial interest in its subsidiary should be accounted for as an equity transaction. Therefore, no gain or loss is expected to be recognized from this transaction.

*[●] Ordinary Shares  
(minimum offering amount)*

*[●] Ordinary Shares  
(maximum offering amount)*



**China Liberal Education Holdings Limited**

**Prospectus dated May 6, 2019**

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**PART II**

**INFORMATION NOT REQUIRED IN PROSPECTUS**

**ITEM 6. INDEMNIFICATION OF DIRECTORS AND OFFICERS.**

To the extent permitted by law, we may make a payment, or agree to make a payment, whether by way of advance, loan or otherwise, for any legal costs incurred by an existing or former secretary or any of our officers in respect of any matter identified in above on condition that the secretary or officer must repay the amount paid by us to the extent that it is ultimately found not liable to indemnify the secretary or that officer for those legal costs.

Pursuant to indemnification agreements, the form of which will be filed as Exhibit 10.01 to this Registration Statement, we will agree to indemnify our directors and officers against certain liabilities and expenses incurred by such persons in connection with claims made by reason of their being such a director or officer.

Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended may be permitted to directors, officers or persons controlling us pursuant to 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.**

Unless otherwise indicated, all share amounts and per share amounts in this prospectus have been presented on an actual basis to reflect the reorganization of the outstanding shares of our ordinary shares effected on March 25, 2019. For detailed description, see “Principal Shareholders –History of Share Capital.”

In March 2019, China Liberal, Yi Xin BVI and Yi Xin BVI’s sole shareholder (the “Yi Xin BVI Shareholder”) entered into a Sale and Purchase Agreement, whereby the Yi Xin BVI Shareholder sold 100% of the equity interests of Yi Xin BVI to China Liberal in consideration of one Ordinary Share of China Liberal being issued to Ever Alpha Global Limited, a BVI company wholly owned by the Yi Xin BVI Shareholder. After this transaction, China Liberal became the wholly-owned parent of Yi Xin BVI.

We believe that each of the above issuances was exempt from registration under the Securities Act in reliance on Regulation S under the Securities Act regarding sales by an issuer in offshore transactions, or pursuant to Section 4(a)(2) of the Securities Act regarding transactions not involving a public offering.

**ITEM 8. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.**

**(a) Exhibits**

See Exhibit Index attached to this registration statement, which is incorporated by reference herein.

**(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.**

The undersigned registrant hereby undertakes to provide to the Underwriter at the closing specified in the underwriting agreement, certificates in such denominations and registered in such names as required by the Underwriter to permit prompt delivery to each purchaser.

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 provisions described in Item 6, 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 Securities 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 Securities Act and will be governed by the final adjudication of such issue.

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The undersigned registrant hereby undertakes that:

(1) 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 under 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.

(2) 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.

(3) For the purpose of determining liability under the Securities Act to any purchaser, each prospectus filed 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.

(4) For the purpose of determining any liability of the registrant under the Securities Act to any purchaser in the initial distribution 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, 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 the City of Beijing, People's Republic of China, May 6, 2019.

China Liberal Education Holdings Limited

By: /s/ Jianxin Zhang  
Jianxin Zhang  
Chief Executive Officer,  
Chairman of the Board of Directors  
(Principal Executive Officer)

/s/ Wenhui Zhuang  
Wenhui Zhuang  
Chief Financial Officer  
Principal Accounting and Financial Officer

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.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Jianxin Zhang</u> Name: Jianxin Zhang	Chief Executive Officer, Chairman of the Board and Director (Principal Executive Officer)	May 6, 2019

**SIGNATURE OF AUTHORIZED REPRESENTATIVE IN THE UNITED STATES**

Pursuant to the Securities Act of 1933 as amended, the undersigned, the duly authorized representative in the United States of America, has signed this registration statement thereto in New York, NY on May 6, 2019.

Hunter Taubman Fischer & Li LLC

By: /s/ Ying Li

Name: Ying Li

Title: Partner and Member

## EXHIBIT INDEX

Exhibit No.	Description
1.1	Form of Underwriting Agreement**
3.1	<a href="#">Articles of Association dated February 25, 2019*</a>
3.2	<a href="#">Memorandum of Association dated February 25, 2019*</a>
4.1	<a href="#">Specimen Certificate for Ordinary Shares *</a>
5.1	Opinion of Campbells regarding the validity of the Ordinary Shares being registered**
8.1	Opinion of Tian Yuan Law Firm regarding certain PRC tax matters (included in Exhibit 99.2)
10.1	<a href="#">Form of Employment Agreement between the Registrant and the executive officers of the Registrant*</a>
10.2	Form of Indemnification Agreement with the Registrant's directors and officers**
10.3	<a href="#">Sale and Purchase Agreement among China Liberal, Yi Xin BVI and Ngai Ngai Lam dated March 2019*</a>
10.4	<a href="#">Unofficial English Translation of Lease Agreement with Beijing Sino-U.S. Star International Film &amp; Television Culture Media Co., Ltd. dated May 20, 2018*</a>
10.5	<a href="#">Unofficial English Translation of Lease Agreement with Beijing Shangbao Art Development Co., Ltd. dated April 19, 2018*</a>
10.6	<a href="#">Unofficial English Translation of Lease Agreement with Zhuoguan Chen, dated July 20, 2018*</a>
10.7	<a href="#">Unofficial English Translation of Lease Agreement with Shandong Jinwufuri Culture Media Co., Ltd. for Commencement of the Lease on August 1, 2018*</a>
10.8	<a href="#">Unofficial English Translation of Lease Agreement with Beijing Zhumengcheng Information Technology Co., Ltd., dated November 26, 2018*</a>
10.9	<a href="#">Unofficial English Translation of the FMP EAP Program Agreement with Fuzhou Melbourne Polytechnic, dated June 15, 2016, with One Amendment dated December 15, 2017*</a>
10.10	<a href="#">Unofficial English Translation of the Fu-Tai EAP Program Agreement with Strait College, dated June 15, 2016*</a>
10.11	<a href="#">Unofficial English Translation of the IGEC Program Agreement with Strait College, dated July 8, 2013, with Two Amendments dated May 21, 2015 and November 16, 2017, respectively*</a>
10.12	<a href="#">Unofficial English Translation of the ISEC Agreement with Fujian University of Technology, dated December 2012, with One Amendment dated May 15, 2014*</a>
10.13	<a href="#">Unofficial English Translation of the NZTC Program Agreement with Fujian Preschool Education College, dated August 1, 2016*</a>
10.14	<a href="#">Unofficial English Translation of the Smart Campus Agreement with Fuzhou Melbourne Polytechnic, dated August 29, 2017, with One Amendment dated December 18, 2018*</a>
10.15	<a href="#">Form of One-on-One Consultancy Agreement*</a>
10.16	<a href="#">Unofficial English Translation of the Cooperation Agreement on German Language Program with the School of Continuing Education of Beijing Foreign Studies University dated January 22, 2019*</a>
10.17	<a href="#">Unofficial English Translation of the Cooperation Agreement with China Academy of Art dated November 9, 2018*</a>
10.18	<a href="#">Unofficial English Translation of the Recruitment and Training Agreement with Beijing Quanzheng Xiangqian Technology Co., Ltd. effective as of January 1, 2019*</a>
10.19	<a href="#">Unofficial English Translation of the Project Cooperation Agreement with Bridge School S.R.I. dated November 28, 2017*</a>
23.1	Consent of Friedman LLP**
23.2	Consent of Campbells (included in Exhibit 5.1)
23.3	Consent of Tian Yuan Law Firm (included in Exhibit 99.2)
99.1	Code of Business Conduct and Ethics of the Registrant**
99.2	Opinion of Tian Yuan Law Firm, People's Republic of China counsel to the Registrant, regarding certain PRC law matters**
99.3	<a href="#">Consent of Ngo Yin Tsang*</a>
99.4	<a href="#">Consent of Xinyu Deng*</a>
99.5	<a href="#">Consent of Wandong Chen*</a>
99.6	<a href="#">Consent of Nan Hu*</a>

\* Filed herewith.

\*\* To be filed by amendment.



*EXEMPTED* Company Registered and  
filed as No. 348422 On 25-Feb-2019

A handwritten signature in black ink, appearing to be "J. [unclear]".

Assistant Registrar

**THE CAYMAN ISLANDS**

**THE COMPANIES LAW  
(AS AMENDED)**

**Articles of Association**

**of**

**CHINA LIBERAL EDUCATION  
HOLDINGS LIMITED**

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**THE CAYMAN ISLANDS**  
**THE COMPANIES LAW (AS AMENDED)**  
**ARTICLES OF ASSOCIATION**  
**OF**  
**CHINA LIBERAL EDUCATION HOLDINGS 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;



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“**Seal**” means the Common Seal of the Company (if any) including any facsimile thereof;

“**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.
- 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.





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## **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 favour 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 authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised. 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.
- 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.



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## 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 authorise 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 equalising 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 authorised 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 authorised 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 capitalised 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 authorise 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 capitalisation, 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 capitalised, 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
- (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.



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### 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 recognised 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) recognised 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 authorised 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 authorised from time to time by the Directors or of a committee of the Directors authorised by the Directors on that behalf. The Directors may provide for a facsimile of the Seal and approve the signature of any Director or authorised 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.



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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.



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Assistant Registrar

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**NAME AND ADDRESS OF SUBSCRIBER**

---

**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/ Susan Thompson

---

Susan Thompson  
Authorised Signatory

**DATED this 25th day of February, 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

CAY-E1-15

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Auth Code: E96134930007  
[www.verify.gov.ky](http://www.verify.gov.ky)



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**THE CAYMAN ISLANDS**

**THE COMPANIES LAW  
(AS AMENDED)**

**Memorandum of Association**

**of**

**CHINA LIBERAL EDUCATION  
HOLDINGS LIMITED**

□□□□□□□□□□

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**THE CAYMAN ISLANDS**  
**THE COMPANIES LAW (AS AMENDED)**  
**MEMORANDUM OF ASSOCIATION**  
**OF**  
**CHINA LIBERAL EDUCATION HOLDINGS LIMITED**  
□□□□□□□□□□  
(the “Company”)

**1. Name**

The name of the Company is CHINA LIBERAL EDUCATION HOLDINGS 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.



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**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.

**6. Authorised Shares**

The capital of the Company is USD50,000.00 divided into 50,000 shares of a nominal or par value of USD1.00 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**  
Sertus Chambers, Governors Square,  
Suite # 5-204, 23 Lime Tree Bay Avenue,  
P.O. Box 2547, Grand Cayman, KY1-1104,  
Cayman Islands

One (1) Ordinary Share

/s/ Susan Thompson

Susan Thompson  
Authorised Signatory

**DATED this 25th day of February, 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

Share Certificate

Number of certificate

Number of shares

**CHINA LIBERAL EDUCATION HOLDINGS LIMITED**

**COMPANY NUMBER [NUMBER]**

This is to certify that [Name] of [Address] is the registered holder of [Number] [Share Class] shares of [Value] each being [partly paid to the extent of [amount in words][amount in numerals] per share]/[fully paid][and numbered [number]] in the above-named company, subject to the memorandum and articles of association of the company.

[Transfer date]

---

Director

---

Director/ Secretary





**CHINA LIBERAL EDUCATION HOLDINGS LIMITED**  
**China Liberal Education Holdings Limited**  
**Huateng Century Park Headquarters,**  
**Building A, Level 2**  
**Beijing, PRC**  
**+86-10-6597-8118**

### EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (the “**Agreement**”), is entered into as of [ ], 2019 (the “**Effective Date**”), by and between CHINA LIBERAL EDUCATION HOLDINGS LIMITED, a company incorporated and existing under the laws of the Cayman Islands (the “**Company**”), and [ ], an individual (the “**Executive**”). 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 or indirect parent companies, subsidiaries, affiliates, or subsidiaries or affiliates of its parent companies (collectively, the “**Group**”).

### RECITALS

The Company desires to employ the Executive as its [INSERT TITLE] and to assure itself of the services of the Executive during the term of Employment (as defined below).

The Executive desires to be employed by the Company as its [INSERT TITLE] during the term of Employment and upon the terms and conditions of this Agreement.

### AGREEMENT

The parties hereto agree as follows:

#### 1. POSITION

The Executive hereby accepts a position of [INSERT TITLE] of the Company (the “**Employment**”).

#### 2. TERM

Subject to the terms and conditions of this Agreement, the initial term of the Employment shall be [ ] months, commencing on the Effective Date, unless terminated earlier pursuant to the terms of this Agreement. The Employment will be renewed automatically for additional [ ]-year terms if neither the Company nor the Executive provides a [ ]-month prior written notice of termination of the Employment to the other party, or otherwise proposes to re-negotiate the terms of the Employment with the other party within three months prior to the expiration of the applicable term, or unless the Employment is terminated earlier pursuant to the terms of this Agreement.

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### 3. PROBATION

No probationary period.

### 4. DUTIES AND RESPONSIBILITIES

The Executive's duties at the Company will include all jobs assigned by the Company's Board of Directors (the "**Board**") and/or the [ ] of the Company ("**Duties**").

The Executive shall devote all of his/her working time, attention and skills to the performance of his/her Duties at the Company and shall faithfully and diligently serve the Company in accordance with this Agreement, Certificate of Incorporation and the Memorandum and Articles of Association of the Company (the "**Articles of Association**"), as amended and restated from time to time (collectively, the "**Charter Documents**"), and the guidelines, policies and procedures of the Company approved from time to time by the Board.

The Executive shall use his / her best efforts to perform his / her 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 subsidiary or affiliate of the Company, and shall not be concerned or interested in any business or entity that engages in the same business in which the Company engages (any such business or entity, a "**Competitor**"), provided that nothing in this clause shall preclude the Executive from holding any shares or other securities of any Competitor that is listed on any securities exchange or recognized securities market anywhere if such shares or securities represent [less than 5%] of the competitors outstanding shares and securities. The Executive shall notify the Company in writing of his / her interest in such shares or securities in a timely manner and with such details and particulars as the Company may reasonably require.

### 5. 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 the 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 that are required to be entered into by and between the Executive and any member of the Group pursuant to applicable law of the jurisdiction where the Executive is based, if any; (ii) that the Executive has no information (including, without limitation, any Confidential Information) relating to any other person or entity which would prevent, or be violated by, the Executive entering into this Agreement or carrying out his/her Duties hereunder; and (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.

## 6. LOCATION

The Executive will be based in [ ], the People's Republic of China, until both parties hereto agree to change otherwise. The Executive acknowledges that he/she may be required to travel from time to time in the course of performing his/her Duties for the Company.

## 7. COMPENSATION AND BENEFITS

- (a) Compensation. The Executive's cash compensation (inclusive of the statutory welfare reserves that the Company is required to set aside for the Executive under applicable law) shall be provided by the Company in a separate schedule attached herein **Schedule A** or as specified in a separate agreement between the executive and the company's designated subsidiary or affiliated entity, subject to annual review and adjustment by the Company or the compensation committee of the Board. Compensation in cash may be paid by the Company, a subsidiary or affiliated entity or a combination thereof, as designated by the Company from time to time.
- (c) Equity Incentives. To the extent the Company adopts and maintains a share incentive plan, the Executive will be eligible to participate in such plan pursuant to the terms thereof.
- (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.

## 8. TERMINATION OF THE AGREEMENT

- (a) By the Company. The Company may terminate the Employment for cause, at any time, without notice or remuneration, if the Executive (1) commits any serious or persistent breach or non-observance of the terms and conditions of his or her employment; (2) is convicted of a criminal offence other than one which in the opinion of the Board does not affect the executive's position as an employee of the Company, bearing in mind the nature of his or her Duties and the capacity in which the executive is employed; (3) willfully disobeys a lawful and reasonable order; (4) misconducts himself/herself and such conduct being inconsistent with the due and faithful discharge of the Executive's Duties; (5) is guilty of fraud or dishonesty; or (6) is habitually neglectful in his/her Duties. The Company may terminate the Employment without cause at any time with a [ ]-month prior written notice to the Executive or by payment of [ ] months' salary in lieu of notice.

- (b) By the Executive. The Executive may terminate the Employment at any time with a [ ]-month prior written notice to the Company or by payment of [ ] months' salary in lieu of notice. In addition, the Executive may resign prior to the expiration of the Agreement if such resignation or an alternative arrangement with respect to the Employment is approved by the Board.
- (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.

## 9. CONFIDENTIALITY AND NONDISCLOSURE

- (a) Confidentiality and Non-disclosure. The Executive hereby agrees at all times during the term of his/her employment and after termination, to hold in the strictest confidence, and not to use, except for the benefit of the Group, or to disclose to any person, corporation or other entity without written consent of the Company, any Confidential Information, which by definition includes any proprietary or confidential information of the Group, its affiliates, their clients, customers or partners, and the Group's licensors, including, without limitation, technical data, trade secrets, research and development information, product plans, services, customer lists and customers (including, but not limited to, customers of the Group on whom the Executive called or with whom the Executive became acquainted during the term of his/her employment), supplier lists and suppliers, software, developments, inventions, processes, formulas, technology, designs, drawings, engineering, hardware configuration information, personnel information, marketing, finances, information about the suppliers, joint ventures, licensors, licensees, distributors and other persons with whom the Group does business, information regarding the skills and compensation of other employees of the Group or other business information disclosed to the Executive by or obtained by the Executive from the Group, its affiliates, or their clients, customers or partners either directly or indirectly in writing, orally or by drawings or observation of parts or equipment, if specifically indicated to be confidential or reasonably expected to be confidential ("**Confidential Information**"). 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 his/her work or using the facilities of the Group are property of the Group and subject to inspection by the Group, at any time. Upon the 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 his/her work with the Company and will provide written certification of his compliance with this Agreement. Under no circumstances will the Executive have, following his/her termination, in his/her possession any property of the Group, or any documents or materials or copies thereof containing any Confidential Information.
- (c) Former Employer Information. The Executive agrees that he has not and will not, during the term of his/her 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 Group 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 Group 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 Group may have received, and in the future may receive, from third parties their confidential or proprietary information subject to a duty on the Group'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 Group 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 Group's agreement with such third party.

This Section 9 shall survive the termination of this Agreement for any reason. In the event the Executive breaches this Section 9, the Company shall have right to seek remedies permissible under applicable law.

#### **10. CONFLICTING EMPLOYMENT**

The Executive hereby agrees that, during the term of his/her employment with the Company, he or 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 his/her obligations to the Company without the prior written consent of the Company.

## **11. NON-COMPETITION AND NON-SOLICITATION**

In consideration of the compensation and benefits granted to the Executive by the Company and subject to applicable law, the Executive agrees that during the term of the Employment and for a period of [two (2) years] following the termination of the Employment for whatever reason:

- (a) The Executive will not approach clients, customers or contacts of the Company or other persons or entities introduced to the Executive in the Executive's capacity as a representative of the Company for the purposes of doing business with such persons or entities which will harm the business relationship between the Company and such persons and/or entities;
- (b) The Executive will not assume employment with or provide services as a director or otherwise for any Competitor, or engage, whether as principal, partner, licensor or otherwise, in any Competitor; and
- (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 employee of the Company employed as at or after the date of such termination, or in the year preceding such termination.

The provisions contained in this Section 11 are considered reasonable by the Executive and the Company. 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 11 shall survive the termination of this Agreement for any reason. In the event the Executive breaches this Section 11, the Executive acknowledges that there will be no adequate remedy at law, and the Company 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 shall have right to seek all remedies permissible under applicable law.

## **12. 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.

## **13. NOTIFICATION OF NEW EMPLOYER**

In the event that the Executive leaves the employ of the Company, the Executive hereby grants consent to notification by the Company to his/her new employer about his/her rights and obligations under this Agreement.

**14. 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, and (ii) in the event of 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, this Agreement shall, subject to the provisions hereof, be binding upon and inure to the benefit of such successor and such successor shall discharge and perform all the promises, covenants, Duties, and obligations of the Company hereunder.

**15. 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.

**16. 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, other than any such agreement under any employment agreement entered into with a subsidiary of the Company at the request of the Company to the extent such agreement does not conflict with any of the provisions herein. 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.

**17. REPRESENTATIONS**

The Executive hereby agrees to execute any proper oath or verify any proper document required to carry out the terms of this Agreement. The Executive hereby represents that the Executive's performance of all the terms of this Agreement will not breach any agreement to keep in confidence proprietary information acquired by the Executive in confidence or in trust prior to his/her employment by the Company. The Executive has not entered into, and hereby agrees that he/she will not enter into, any oral or written agreement in conflict with this Section 19. The Executive represents that the Executive will consult his/her own consultants for tax advice and is not relying on the Company for any tax advice with respect to this Agreement or any provisions hereunder.

**18. GOVERNING LAW**

This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

**19. ARBITRATION**

All disputes arising under this Agreement shall be governed by and interpreted in accordance with the laws of New York, without regard to principles of conflict of laws. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration, conducted before a panel of three arbitrators in New York, New York, in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitrator's award in any court having jurisdiction. No party to this agreement will challenge the jurisdiction or venue provisions as provided in this section.

**20. WAIVER OF JURY TRIAL**

EACH OF THE PARTIES HERETO HEREBY VOLUNTARILY AND IRREVOCABLY WAIVES TRIAL BY JURY IN ANY ACTION OR OTHER PROCEEDING BROUGHT IN CONNECTION WITH THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY. NO PARTY HAS AGREED WITH OR REPRESENTED TO ANY OTHER PARTY THAT THE PROVISIONS OF THIS SECTION WILL NOT BE FULLY ENFORCED IN ALL INSTANCES.

**21. 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.

**22. 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.

**23. 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, or (iii) sent by a recognized courier with next-day or second-day delivery to the last known address of the other party.



**24. 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 copies of such signed counterparts may be used in lieu of the originals for any purpose.

**25. NO INTERPRETATION AGAINST DRAFTER**

Each party recognizes that this Agreement is a legally binding contract and acknowledges that such party 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. The Executive agrees and acknowledges that he/she has read and understands this Agreement, is entering into it freely and voluntarily, and has been advised to seek counsel prior to entering into this Agreement and has ample opportunity to do so.

*[Remainder of this page has been intentionally left blank.]*

IN WITNESS WHEREOF, this Agreement has been executed as of the date first written above.

**CHINA LIBERAL EDUCATION HOLDINGS LIMITED**

By: \_\_\_\_\_

Name:

Title:

**Executive**

Signature: \_\_\_\_\_

Name:

*[Signature Page to Employment Agreement]*

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**Schedule A**

Annual compensation is \$[ ].



**SALE AND PURCHASE AGREEMENT**

This **SALE AND PURCHASE AGREEMENT**, dated as of Mar. 25, 2019 (the “**Agreement**”), is made by and among CHINA LIBERAL EDUCATION HOLDINGS LIMITED, a company duly incorporated under the laws of Cayman Islands with Company no. SI-348422 (the “**Cayman Co.**”), the individual listed on the signature page (the “**Shareholder**”) who owns 100% of the issued shares of YI XIN INTERNATIONAL INVESTMENT LIMITED, a company duly incorporated under the laws of British Virgin Islands with company no.1610485 (the “**BVI Co.**”) (individually a “**Party**” or collectively “**Parties**”).

**RECITALS**

**WHEREAS**, the Shareholder as listed on Schedule A hereinafter is the equity shareholder of BVI Co.;

**WHEREAS**, the Shareholder desires to sell all the issued shares of the BVI Co. and her equity interest in BVI Co. to Cayman Co., and in consideration thereof, Cayman Co. has agreed to issue its ordinary shares in connection with such sale, upon the terms and conditions set forth in this Agreement;

**WHEREAS**, following the Sale and Purchase (as defined below), BVI Co. will become a wholly-owned subsidiary of Cayman Co.

**NOW, THEREFORE**, for and in consideration of the foregoing premises, the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

**SECTION I  
SALE AND PURCHASE OF SHARES**

1.1 On the terms and subject to the conditions set forth in this Agreement, at the Closing, the Shareholder will sell, convey, transfer and assign to Cayman Co., free and clear of all liens, pledges, encumbrances, changes, restrictions or known claims of any kind, nature or description, and Cayman Co. will purchase and accept from the Shareholder, 100 shares of and in the BVI Co. which is equivalent to 100% of the equity interest and all the issued shares of BVI Co. (the “**BVI Shares**”), as set forth on Schedule A, and in consideration thereof, the Cayman Co. will issue one ordinary share of par value of USD1 in the Cayman Co. (the “**Cayman Shares**”) to Ever Alpha Global Limited, a BVI company 100% owned by the Shareholder (“**Ever Alpha**”), as requested and designated by the Shareholder, the said sale and purchase is refereed to herein as “Sale and Purchase”. Upon completion of the Sale and Purchase, all the issued 100 ordinary shares of BVI Co. shall be held directly by Cayman Co. and the issue of the Cayman Shares to Ever Alpha will discharge and release all the obligations owing by the Cayman Co. to the Shareholder under this Agreement.

1.2 (1) The closing of the Sale and Purchase shall occur on Mar. \_\_\_\_\_, 2019 (the “**Closing**”). The Closing will take place at 10:00 a.m at the offices of Kernel Business Services Limited, Unit 1102, 11/F, 29 Austin Road, Tsim Sha Tsui, Kowloon, HongKong, or at such other date, time and place or manner as may be agreed upon by the parties.

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(2) At the Closing, upon the terms and subject to the conditions of this Agreement:

- (i) BVI Co. shall deliver or cause to be delivered:
  - (a) To Cayman Co., a board resolution approving BVI Co.'s entry into this Agreement and the sale of the BVI Shares to Cayman Co.;
- (ii) The Shareholder shall:
  - (a) Deliver or cause to be delivered to Cayman Co., an instrument of transfer of the BVI Shares to Cayman Co. (the "**BVI IOT**"), duly executed by the Shareholder (as transferor) as of the date of Closing;
  - (b) Deliver or cause to be delivered to Cayman Co., an instrument of transfer of the Cayman Shares to Ever Alpha (the "**Cayman IOT**"), duly executed by Ever Alpha (as transferee) as of the date of Closing;
  - (c) Deliver or cause to be delivered to Cayman Co., a board resolution of Ever Alpha approving the Ever Alpha's execution of the Cayman IOT;
  - (d) Surrender her share certificate(s) representing the BVI Shares;
- (iii) Cayman Co. shall deliver or cause to be delivered:
  - (a) To BVI Co. and the Shareholder, the BVI IOT, duly executed by Cayman Co. (as transferee) as of the date of Closing;
  - (b) To Ever Alpha, the Cayman IOT, duly executed by Cayman Co. (as transferor) as of the date of Closing; and
  - (c) To BVI Co. and the Shareholder, A board resolution of Cayman Co. approving Cayman Co.'s entry into this Agreement and its execution of the Cayman IOT and the BVI IOT.

(3) Within 14 business days after Closing:

- (i) BVI Co shall deliver or cause to be delivered to the Cayman Co. (a) the updated register of member of the BVI Co. to reflect that the Cayman Co. is the registered shareholder of the BVI Shares and (b) the share certificate representing the BVI Shares registered in the name of the Cayman Co..
- (ii) Cayman Co. shall deliver or cause to be delivered to Ever Alpha, (a) the updated register of members of the Cayman Co. to reflect that Ever Alpha is the registered shareholder of the Cayman Shares and (b) the share certificate(s) representing the Cayman Shares registered in the name of Ever Alpha.

1.3 The Cayman Shares issuable upon exchange and the BVI Shares to be exchanged pursuant to Section 1.1 shall be appropriately adjusted to take into account any other stock split, stock dividend, reverse stock split, recapitalization, or similar change in ordinary shares of Cayman Co. or ordinary shares of BVI Co., as the case may be, which may occur between the date of execution of this Agreement and the Closing, as to the Cayman Shares or BVI Shares, as the case may be.

**SECTION II**  
**SHAREHOLDER AND EVER ALPHA REPRESENTATIONS AND**  
**WARRANTIES.**

Each of the Shareholder and Ever Alpha hereby represents and warrants to Cayman Co., all of which representations and warranties are true, complete, and correct in all respects as of the date hereof and will be as of the Closing, as follows:

2.1 Each of the Shareholder and Ever Alpha has the right, power, legal capacity and authority to enter into and perform their respective obligations under this Agreement; and no approvals or consents are necessary in connection with it. All of the shares of ordinary shares of BVI Co. owned by the Shareholder are owned free and clear of all liens, pledges, encumbrances, charges, restrictions or known claims of any kind, nature or description.

2.2 The equity interest and all the shares of the BVI Co. owned by such Shareholder will, at the Closing, be validly transferred to Cayman Co. free and clear of any encumbrances and from all taxes, liens and charges with respect to the transfer thereof and such shares of BVI Co. shall be fully paid and non-assessable with the holder being entitled to all rights accorded to a holder of such shares of BVI Co..

**SECTION III**  
**BVI CO. REPRESENTATIONS AND**  
**WARRANTIES.**

BVI Co. hereby represents and warrants to Cayman Co., all of which representations and warranties are true, complete, and correct in all respects as of the date hereof and will be as of the Closing, as follows:

3.1 BVI Co. is a company duly incorporated pursuant to the laws of British Virgin Islands, and duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation.

3.2 BVI Co. has full power and authority to enter into and perform its obligations under this Agreement. This Agreement has been duly executed by BVI Co. and constitutes the legal, valid, binding and enforceable obligation of BVI Co., enforceable against BVI Co. in accordance with its terms.

3.3 The execution and delivery by BVI Co. of, and the performance by BVI Co. of its obligations hereunder in accordance with its terms will not contravene any provision of the memorandum and articles of association of BVI Co..

3.4 The BVI Shares constitute all of the equity interests of BVI Co.. No securities of BVI Co. are entitled to pre-emptive or similar rights, and no person has any right of first refusal, pre-emptive right, right of participation, or any similar right to participate in the transactions contemplated by this Agreement. There are no outstanding options, warrants, rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities, rights or obligations convertible into or exchangeable for, or giving any person any right to subscribe for or acquire, equity interests of BVI Co.. The transfer of BVI Shares contemplated by this Agreement will not, immediately or with the passage of time; (A) obligate BVI Co. to issue equity interests of BVI Co. or other securities to any person, or (B) result in a right of any holder of BVI Co. securities to adjust the exercise, conversion, exchange or reset price of such securities.

3.5 The BVI Co. undertakes not to issue or allot any further shares or any kind of securities of the BVI Co. to any party after signing this Agreement.

#### **SECTION IV CAYMAN CO. REPRESENTATIONS AND WARRANTIES.**

Cayman Co. hereby acknowledges, represents and warrants to, and agrees with the Shareholder and BVI Co. (which representations and warranties will be true and correct as of the date of the Closing as if they were made on the date of Closing) as follows:

4.1 Cayman Co. has been duly incorporated, is validly existing and is in good standing under the laws of Cayman Islands. Cayman Co. has full corporate power and authority to enter into this Agreement and this Agreement, has been duly and validly authorized, executed and delivered by Cayman Co. and are valid and binding obligations of Cayman Co., enforceable against Cayman Co. in accordance with their terms.

4.2 The execution and delivery by Cayman Co. of, and the performance by Cayman Co. of its obligations hereunder in accordance with its terms will not contravene any provision of the memorandum and articles of association of Cayman Co..

4.3 The Cayman Shares have been duly authorized and, when issued and delivered as provided by this Agreement, will be validly issued and fully paid and non-assessable, and the Cayman Shares are not subject to any preemptive or similar rights.

4.4 Cayman Co. is not in violation of its memorandum of association or articles of association and is not in material default in the performance of any bond, debenture, note or any other evidence of indebtedness or any indenture, mortgage, deed of trust, license, contract, lease or other instrument to which Cayman Co. is a party or by which it is bound, or to which any of the property or assets of Cayman Co. is subject, except such as has been waived or which would not, singly or in the aggregate, prevent Cayman Co. from discharging its obligations under this Agreement.

**SECTION V**  
**GENERAL PROVISIONS**

5.1 **Releases and Waivers of the Shareholder.** The Shareholder on his own behalf hereby acknowledges and agrees that the BVI Shares set forth on Schedule A represents the entire BVI Shares issued by the BVI Co. and held by such Shareholder as of the date of this Agreement and as of the Closing. The Shareholder hereby releases Cayman Co. from all obligations, liabilities and causes of action arising before, on or after the date of this Agreement, out of or in relation to any entitlement which such Shareholder may have with respect to any BVI Shares in excess of the number of BVI Shares set forth on Schedule A. The Shareholder hereby generally, irrevocably, unconditionally and completely waives any and all rights to receive any anti-dilution protection to which such Shareholder may be entitled under the memorandum of association or articles of association or other organizational documents of BVI Co. or under any other agreement or instrument in connection with the Sale and Purchase. Except for the Cayman Shares to be issued to Ever Alpha in connection with the Sale and Purchase, the Shareholder hereby generally, irrevocably, unconditionally and completely waives any and all rights existing as of the date hereof to receive options, depository receipts, warrants, stock appreciation or similar rights to acquire or receive securities in BVI Co., or Cayman Co..

5.2 **Survival.** All representations, warranties, covenants, and obligations in this Agreement shall survive until the expiration of the applicable statute of limitation with respect to the underlying claim to which such representation, warranty, covenant, or obligation relates.

5.3 **Written Changes.** Neither this Agreement nor any provision hereof may be changed, waived, discharged or terminated orally, except by a statement in writing signed by the Party against which enforcement of the change, waiver, discharge or termination is sought.

5.4 **Entire Agreement.** This Agreement constitutes the entire understanding and agreement of the Parties with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements or understandings, inducements or conditions, express or implied, written or oral, between the Parties with respect hereto. The express terms hereof control and supersede any course of performance or usage of the trade inconsistent with any of the terms hereof.

5.5 **Severability.** Should any one or more of the provisions of this Agreement or of any agreement entered into pursuant to this Agreement be determined to be illegal or unenforceable, all other provisions of this Agreement and of each other agreement entered into pursuant to this Agreement, shall be given effect separately from the provision or provisions determined to be illegal or unenforceable and shall not be affected thereby. The Parties further agree to replace such void or unenforceable provision of this Agreement with a valid and enforceable provision which will achieve, to the extent possible, the economic, business and other purposes of the void or unenforceable provision.

5.6 **Successors and Assigns.** The terms and conditions of this Agreement shall inure to the benefit of and be binding upon and be enforceable by the successors and assigns of the Parties.



5.7 **Governing Law.** The validity, terms, performance and enforcement of this Agreement shall be governed and construed by the provisions hereof and in accordance with the laws of the State of New York applicable to agreements that are negotiated, executed, delivered and performed in the State of New York.

5.8 **Counterparts.** This Agreement may be executed concurrently in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument and shall become effective when counterparts have been signed by each Party and delivered to the other Party.

5.9 **Further Assurances.** Each party shall do and perform, or cause to be done and performed, all such further acts and things, and shall execute and deliver all such other agreements, certificates, instruments and documents, as the other party may reasonably request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby.

5.10 **Third Party Beneficiaries.** Nothing expressed or implied in this Agreement is intended, or shall be construed, to confer upon or give any person other than the Parties any rights or remedies under or by reason of this Agreement.

5.11 **Headings.** The headings of this Agreement are for convenience of reference and shall not form part of, or affect the interpretation of, this Agreement.

**[SIGNATURE PAGES TO FOLLOW]**

IN WITNESS WHEREOF, the Parties have executed and delivered this Sale and Purchase Agreement as of the date first written above.

**YI XIN INTERNATIONAL INVESTMENT LIMITED**

By: /s/ Lam Ngai Ngai  
Name: LAM NGAI NGAI  
Title: Director

**CHINA LIBERAL EDUCATION HOLDINGS LIMITED**

By: /s/ Lam Ngai Ngai  
Name: LAM NGAI NGAI  
Title: Director

**LAM NGAI NGAI**

Signature /s/ Lam Ngai Ngai

**EVER ALPHA GLOBAL LIMITED**

By: /s/ Lam Ngai Ngai  
Name: LAM NGAI NGAI  
Title: Director

**SCHEDULE A**

<b>Name of Shareholder</b>	<b>All the issued shares of BVI Co. Owned as of the Date of this Agreement</b>	<b>Shares of Cayman Co. to be Acquired By Ever Alpha Pursuant to the Sale and Purchase</b>
LAM NGAI NGAI	100 ordinary shares	one ordinary share



**Huateng Century HQ Park  
Property Lease Contract**

Lessor: Beijing Zhongmei Star International Film & TV Cultural Media Co., Ltd.

Lessee: China Liberal (Beijing) Education Technology Co., Ltd.

Date of Signing: May 29, 2018

## Property Lease Contract

**Lessor: Beijing Zhongmei Star International Film & TV Cultural Media Co., Ltd.**

**Address: 9# Courtyard, Chenjialin, Balizhuang Village, Gaobeidian Town, Chaoyang District, Beijing Municipality**

**Lessee: China Liberal (Beijing) Education Technology Co., Ltd.**

**Address: Room A-1301, Floor 2, Building 3, 30# Courtyard, Shixing Street, Shijingshan District, Beijing Municipality**

According to the relevant national laws and regulations, and based on the principles of voluntariness, equality and mutual benefits, the Lessor and the Lessee have entered into this Contract through negotiation.

### Chapter I: Leased Unit and Purpose

1. The Lessor agrees to lease the property as described in Schedule II hereto (hereinafter referred to as "Leased Unit") to the Lessee, which is located at [Huateng Century HQ Park] namely [Chaoyang District Balizhuang Cultural Creative Industrial Park], 9# Courtyard, Chenjialin, Balizhuang Village, Gaobeidian Town, Chaoyang District, Beijing Municipality (hereinafter referred to as "Park").
2. The Lessee shall rent the Leased Unit only for the purpose of office and training.
3. The Lessee shall rent and use the Leased Unit according to *Customer Service Manual of Huateng Century HQ Park* (hereinafter referred to as "Customer Manual") and *Decoration Manual of Huateng Century HQ Park* (hereinafter referred to as "Decoration Manual") as established by the property management company appointed by the Lessor, namely Beijing Tonghexinda Assets Management Co., Ltd. (hereinafter referred to as "Property Company").
4. In order to reasonably use the Leased Unit, the Lessee has the right to jointly use the public area and facilities of the Park with other users of the Park according to the provisions of *Customer Manual*.

Chapter II: Lease Term, Rent-free Period, Delivery and Renewal

1. See Schedule III hereto for the lease term and the starting date and ending date thereof.
2. See Schedule III hereto for the rent-free period and the starting date and ending date thereof. Within the rent-free period, the Lessee shall not pay rental; however, the Lessee shall pay the property management service fee, electricity charges, water charges, communication charges, gas charges (if any) arising from the use of the Leased Unit by the Lessee, as well as all other expenses that shall be assumed by user as specified in *Customer Manual*.
3. The Lessee shall fully pay the deposit to the Lessor as scheduled and prepay the rental of the three months after the rent-free period, and shall prepay the property management service fee of 55 days within the rent-free period and that of three months after the rent-free period to the property management company; in such case, the Lessor shall deliver the Leased Unit to the Lessee according to the delivery standards as described in Schedule II as from the starting date of the lease term; otherwise the Lessor shall deliver the Leased Unit as soon as the Lessee has fully paid up the aforesaid amounts.
4. The Parties agree that the renewal upon the expiration of the lease term shall subject to the provisions of Schedule VI hereto.

### Chapter III: Rental, Property Management Service Fee, other Expenses and Payment Method

1. The Lessee shall, within 3 working days as from the date of signing of this Contract, prepay the rental of the three months after the rent-free period, and shall prepay the property management service fee of 55 days within the rent-free period and that of three months after the rent-free period to the property management company.
2. The Lessee shall, from the 20<sup>th</sup> to 25<sup>th</sup> day of each month of the lease term, prepay the rental, property management service fee and parking fee of next month to the Lessor and the property management company according to the standards as described in Schedule IV hereto.
3. The Lessee shall, according to *Customer Manual* of the Park and relevant public service supply rules, timely and directly pay the electricity charges, water charges, communication costs, gas charges (if any), etc as incurred by the Lessee in the Leased Unit to the Lessor or the property management company of the Park in full.
4. All taxes (if any) relating to this Contract shall be respectively assumed and paid by the Lessor or the Lessee according to Chinese laws.

### Chapter IV: Deposit

1. The Lessee shall, within 3 working days as from the date of signing of this Contract, pay the rental deposit as specified in Schedule V hereto and the property management service fee deposit as described in Schedule V to the Lessor. Rental deposit and property management service fee deposit are collectively referred to as deposit, so as to guarantee that the Lessee will fully comply with all provisions of this Contract.

2. If the lease term hereunder expires or if the Contract is early terminated or dissolved, after the Lessee has returned the Leased Unit in conformity with the provisions hereof to the Lessor or the property management company, the Lessor shall decide to refund the deposit according to the following circumstances after having deducted the rental, property management service fee, other expenses, penalty, compensation , etc that shall be assumed by the Lessee:
  - 2.1 If the Lessee's registered address is not in the Park, the Lessor shall refund the deposit to the Lessee without interest within 15 days after the Lessee has paid up all expenses and moved out of the Park as scheduled.
  - 2.2 If the registered address of the Lessee and/or other subsidiary or branch of the Lessee's group, other representative office or affiliated enterprise (affiliated enterprises include controlling enterprise, shareholding enterprise, the enterprise with the same shareholder or legal person) is in the Park, the Lessee shall settle up all expenses and move out of the Park and shall complete the change of registered address within 15 working days. The Lessor shall refund the deposit to the Lessee without interest within 15 days after the Lessee has provided the copy of document of registered address change. If the Lessee and/or other subsidiary or branch of the Lessee's group, other representative office or affiliated enterprise (affiliated enterprises include controlling enterprise, shareholding enterprise, the enterprise with the same shareholder or legal person) fail to handle the procedures of change of enterprise registered address within 2 months after having moved out of the Park, the Lessor has the right not to refund the deposit to the Lessee, and the Lessee shall assume all consequences arising therefrom.
3. At any time of the lease term, the deposit shall equal to the sum of 3 months' house rental and property management service fee. If the deposit is insufficient, the Lessee shall make up the insufficiency within 3 working days after the receipt of the written notice from the Lessor and (or) property management company.



4. The Lessor and the property management company shall issue a receipt within 3 working days after having actually received the deposit as fully paid by the Lessee, and shall issue the invoice in conformity with the national regulations after having actually received the rental and property management service fee, etc as fully paid by the Lessee.

#### Chapter V: The Lessee's Responsibilities

Except as specified by other provisions of this Contract, the Lessee shall assume the following responsibilities:

1. The Lessee represents and warrants that it has obtained all necessary authority and approval to sign this Contract and rent the Leased Unit according to the provisions of this Contract.
2. The Lessee shall fully comply with and perform the *Customer Manual* of the Park and relevant public service supply rules. The Lessee shall neither noise or odd smell in the Park or the Leased Unit to impact other users, nor harass other users, nor damage, contaminate, misuse or block the public place or facilities of the Park, nor use the Leased Unit for any purpose other than the lease purpose hereunder, nor conduct gambling, immoral, illegal or improper activities by the use of the Leased Unit.
3. The Lessee shall, according to the provisions of this Contract, timely and directly pay the property management service fee, governmental taxes, electricity charges, water charges, communication costs, gas charges (if any), etc to the Lessor or the property management company of the Park in full.
4. Without the prior written consent of the Lessor, the Lessee may not sublet or sublease the Leased Unit in any form. [However, the Lessee may lend the Leased Unit to other subsidiary or branch of the Lessee's group, other representative office or affiliated enterprise (affiliated enterprises include controlling enterprise, shareholding enterprise, the enterprise with the same shareholder or legal person), provided that the Lessee shall produce corresponding certificate to the Lessor.]

5. The Lessee shall properly use and maintain the facilities in the Leased Unit (including all roofs, walls, platform, electric light, door, window, equipment, fixing device, pipes, etc (if any, same as below) (except reasonable wear and tear and the damage attributable to any defect of such facilities), and shall keep them in good and tidy state. The Lessee shall assume relevant repair costs in respect of the damage arising from the improper use of the Lessee.
6. By a prior written notice to the Lessee, the Lessor, the property management company or their agent shall have the right to enter and examine the use and repair circumstances of the Leased Unit at reasonable time, provided that the daily operation of the Lessee shall not be prejudiced. The Lessee shall actively cooperate with the Lessor or the property management company in examining and repairing the Leased Unit. The Lessee shall compensate for the personal injury or property damage as suffered by the Lessor or a third party due to the delay of the Lessee in repairing the Leased Unit.
7. Within six months prior to the completion of performance of this Contract, by a two working days' prior written notice to the Lessee, the Lessor or its agent shall have the right to check the Leased Unit with new lessee at reasonable time. However, the Lessor shall reduce the impact upon the normal work of the Lessee in the Leased Unit as much as possible while entering, examining or checking the Leased Unit.
8. The Lessee must fully comply with and perform the provisions of *Customer Manual* and *Decoration Manual* of the Park. Without the prior written consent of the Lessor and the property management company, the Lessee may not make any change to the internal or external structure and/or equipment and facilities of the Leased Unit (including but not limited to ornament, decoration, or demolishing or changing pipes or electric circuit, etc, same as below).

9. The Lessee shall have the right to equally use the public area and facilities of the Park with other persons. Meanwhile, the Lessee shall keep the public area clean and keep the equipment and facilities in good condition. The Lessee shall assume the repair costs if it causes any damage to any equipment and facilities of the public area (excluding natural wear and force majeure).
10. The Lessee may not make any decoration or rebuilding works, unless its decoration and rebuilding scheme have been agreed by the Lessor in writing. If the Lessee needs to obtain the prior approval from the governmental department, the Lessee shall also handle corresponding examination and approval procedures. The Lessee may not change the main structure and/or load bearing of the Leased Unit.
11. Without the written consent of the Lessor and the property management company, the Lessor may not occupy or rebuild any area other than the Leased Unit.
12. The Lessee may not place weapons, ammunition, illegal things, flammables or any such things that exceed the load of the floor in the Leased Unit.
13. The Lessee shall be liable for any casualty or losses as suffered by the Lessee, licensor or visitor in the Leased Unit for any reason whatsoever.
14. If the lease term hereunder expires or the Contract is early terminated as specified herein, the Lessee shall, according to the provisions of *Customer Manual*, handle move-out procedures with the property management company and shall restore the Leased Unit to the available state according to the requirements of the property management company.
15. The Lessee may not hang its sign board on the façade of the Leased Unit; if necessary, the Lessee must obtain the written consent from the Lessor.

## Chapter VI: The Lessor's Responsibilities

Except as specified by other provisions of this Contract, the Lessor shall assume the following responsibilities:

1. The Lessor represents and warrants that it owns the lease right and income right of the Leased Unit and has the power to sign this Contract and lease the Leased Unit to the Lessee according to the provisions of this Contract.
2. The Lessor shall actively handle the relevant examination and approval procedures (such as fire fighting acceptance, completion acceptance, etc) of the Leased Unit and obtain relevant certificates.
3. At the time of delivering the Leased Unit to the Lessee, the Lessor shall provide the list of all fixing devices and equipment of the Leased Unit. The Lessee shall timely check and sign such list as proof. (Besides, the Lessor will not assume the cleaning and any other services of the Leased Unit, but the property management company may provide compensated services.)
4. Provided that the Lessee fully complies with all provisions of this Contract, the Lessor shall guarantee that the Lessee will use the Leased Unit without obstruction, and that the Lessee will not be disturbed by the Lessor and/or its mortgagee or lawful principal.
5. The Lessor shall contact with the property management company of the Park, cause the property management company to provide management services, maintain and repair the roofs, main walls, elevators, public parts and facilities of the Park, and shall pay the non-recurring repair costs other than management expenses.
6. If, within the lease term, the Lessor transfer the Leased Unit or the "Park" where the Leased Unit is located to any third party in whole or in part, the Lessor undertakes that such third party will continue performing all rights and obligations of the Lessor hereunder in replace of the Lessor.
7. If the Lessor takes back the Leased Unit due to force majeure or the default of the Lessee, the Lessor shall refund double the deposit to the Lessee, and shall pay a penalty to the Lessee according to the rental corresponding to the rent-free period.

## Chapter VII: Termination

1. In case of any of the following events, the Lessor may unilaterally terminate this Contract, and 1) the deposit as paid by the Lessee according to this Contract shall be taken as penalty and will not be refunded; 2) the Lessee shall make up the rental corresponding to the rent-free period as penalty; 3) the Lessee shall compensate for all economic losses as suffered by the Lessor:
  - 1.1 The Lessee fails to pay any rental, property management service fee, deposit or other expenses for more than 30 days of delay.
  - 1.2 The Lessee announces bankrupt, or is applied for bankruptcy by the creditor, or becomes insolvent;
  - 1.3 The Lessee conducts illegal operation;
  - 1.4 The Lessee changes the main structure of the Leased Unit without permission;
  - 1.5 The Lessee sublets, subleases or otherwise actually sublets or subleases the Leased Unit without the Lessor's written consent;
  - 1.6 The Lessee damages the equipment or facilities of the Leased Unit or the Park without the Lessor's permission, and fails to repair them within the reasonable time as notified by the Lessor in writing.

In case of any of the aforesaid events, the Lessor has the right to immediately terminate this Contract by a notice. The Lessee must immediately move out of the Leased Unit; otherwise, in addition to penalty and liability for compensation as specified in the foregoing, the Lessee shall pay a penalty to the Lessor according to double the monthly rental per day of delay, from the date when the Lessee shall move out but fails to move out of the Leased Unit to the date when the Lessee actually moves out of the Leased Unit.

2. If the Lessee cannot or feels difficult to use the Leased Unit due to force majeure, the Parties shall properly reduce or suspend the payment of rental through negotiation according to the reality. If the aforesaid event lasts for more than three months, either party may immediately terminate this Contract by a written notice to the other party.
3. The Lessor and the Lessee agree that if the Contract is early terminated according to the provisions as agreed by the Parties, such termination shall be legally binding upon the Parties.

#### Chapter VIII: Liabilities for Breach

1. If the Lessee fails to fully pay the rental, property management fee and/or other use fee of the Leased Unit that are payable as scheduled herein (whether urged by the Lessor), the Lessee shall pay late fee to the Lessor at the rate of 0.2% per day of delay, from the date when the arrears becomes due and payable to the date when the Lessee has actually paid them.
2. If the Lessee throws the lease and move out of the Leased Unit without permission, the deposit paid by the Lessee to the Lessor will not be refunded, the Lessee must make up the rental corresponding to the rent-free period as penalty, and the Lessor reserves the right of recovery against the Lessee.
3. If the Lessee causes any loss or damage to the Leased Unit and its fixing devices and/or equipment (except reasonable wear and tear and the damage attributable to any defect of such facilities), the Lessee must make compensation to the Lessor.

4. The Lessor shall not be liable for any losses arising from the failure or suspension of the elevator, public lighting, air conditioning, electric light, water supply of the Park attributable to the cause of a third party (excluding the third party as invited, entrusted or appointed by the Lessor), except that the Lessor has fault. The Lessor shall not be liable for any losses as suffered by the Lessee due to the name change of the Park.
5. In no event shall the Lessor be liable for any losses as suffered by the Lessee due to the act, negligence or fault of any other user of the Park, except that the Lessor has fault.
6. If any person investigates against the Lessor for responsibilities due to the fault of the Lessee, which brings any losses due to the Lessor, the Lessee must make corresponding compensation to the Lessor, including all expenditures, attorney's fee, litigation costs, etc as paid by the Lessor.
7. The Lessor receiving rental of the Lessee shall not mean that the Lessor waive the right to investigates against the Lessee for the liability for non-performance.
8. The Lessee shall ensure that its users, employees, licensees or visitors who use the Leased Unit shall comply with all provisions of this Contract; any breach of this Contract by any such person shall be deemed as the breach of the Lessee.
9. If the Lessor delays in delivering the Leased Unit due to the Lessor's cause, the rent-free period of the Lessee shall be increased by one day per day of delay, and so on, and the starting date of the lease term hereunder shall be postponed. If the Lessor delays in delivering the Leased Unit for more than three natural days, the Lessee has the right to choose to unilaterally dissolve this Contract at any time, and the Lessor and the property management company shall fully refund the deposit as paid by the Lessee (without interest) within 10 days after the dissolution of this Contract, and the Lessor shall additionally pay the penalty equal to three months' (after the rent-free period) rental to the Lessee; however, the Lessor shall not assume any other liability for compensation to the Lessee.

Chapter IX: Miscellaneous

1. The interpretation, performance and dispute resolution of this Contract shall be governed by Chinese laws and the relevant regulations of Beijing Municipality.
2. Any dispute relating to this Contract or the performance hereof shall be settled by the Parties through friendly negotiation. In case negotiation fails, either party hereto has the right to lodge a suit to the competent people's court of the place where the Park is located.
3. For the purpose of this Contract, "Leased Unit" shall include any part of the Leased Unit.
4. The schedules hereto shall form a part of this Contract.
5. This Contract constitutes an entire agreement between the Parties in respect of the Leased Unit, and supersedes all previous discussion, representations and agreements of the Parties.
6. This Contract may not be modified unless the Parties sign a written document.
7. This Contract is written in Chinese. The English translation (if any) of this Contract is only for reference and has no force.
8. This Contract shall become effective as soon as this Contract has been signed by the legal representatives or authorized representatives of the Parties and stamped with official seals (or special contract seals) and the Lessee has fully paid the deposit, initial rental and property management service fee to the Lessor and (or) the property management company within 3 working days after the signing of this Contract. This Contract is made in four originals of the same legal force, two for each party hereto.



(No Text Below)

Execution Page

Lessor: Beijing Zhongmei Star International Film & TV Cultural Media Co., Ltd.

Seal:

Authorized Representative: (Signature)

Tel: 01085781050

Special Contract Seal of Beijing Zhongmei Star International Film & TV Cultural Media Co., Ltd. (Seal)



Lessee:

Seal:

Authorized Representative: (Signature)

Tel:

Date of Signing: May 29, 2018

Special Contract Seal of China Liberal (Beijing) Education Technology Co., Ltd. (Seal)



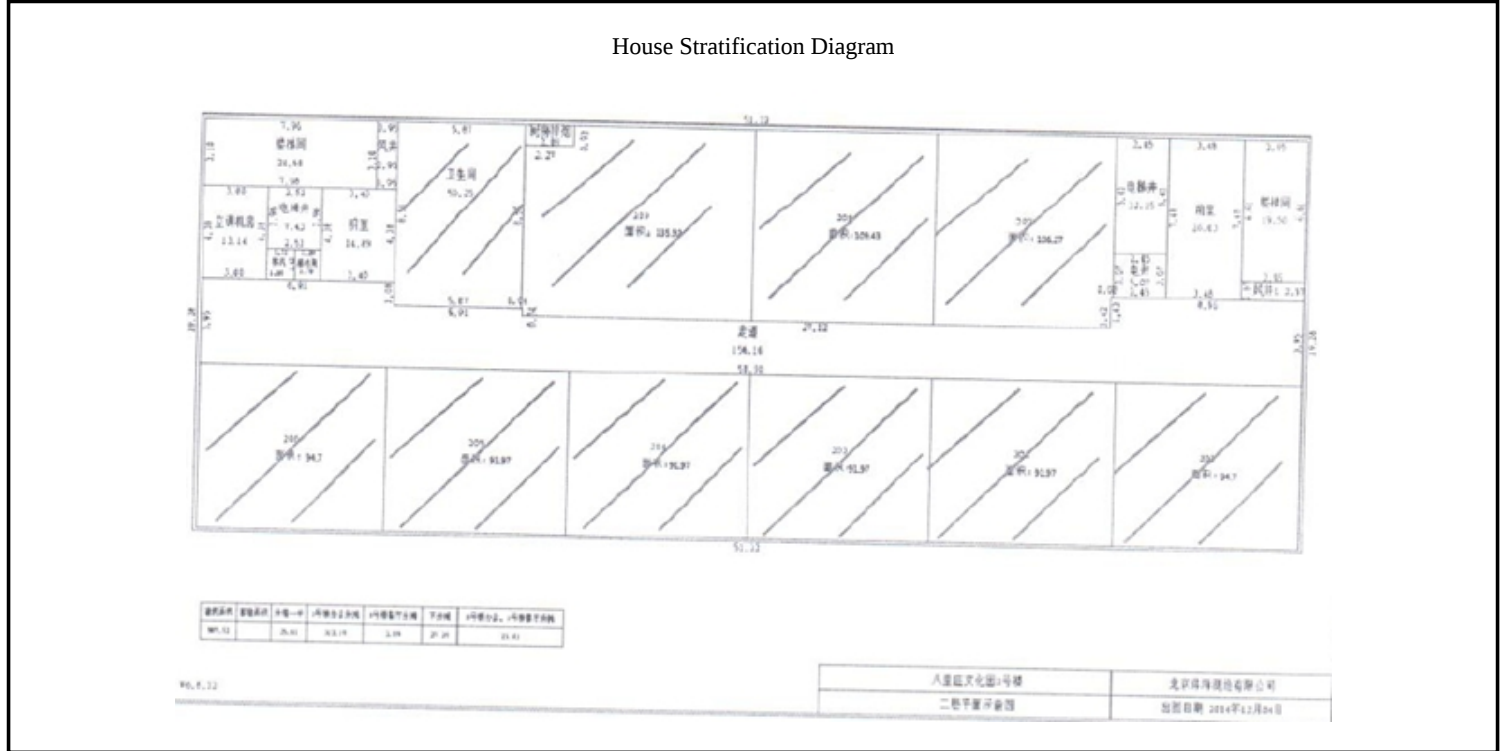
Schedule I (Copy of Business License of the Lessee)

**Schedule II (Leased Unit and Location, Plan and Delivery Standards)**

Room 201, 202, 203, 204, 205, 207, 208, 209, Floor 2, Building 1, [Huateng Century HQ Park] namely [Chaoyang District Balizhuang Cultural Creative Industrial Park], 9# Courtyard, Chenjialin, Balizhuang Village, Gaobeidian Town, Chaoyang District, Beijing Municipality

Lease area of the Leased Unit (namely building area) is 909 m<sup>2</sup> (subject to being finally measured). Delivery standards: rough (without door and suspended ceiling; cement mortar surface; waterproof puffy).

See Diagram of the Leased Unit (Shaded Area)



**Schedule III (Lease Term)**

Lease Term: the lease term of the Leased Unit is 48 months in total from June 1, 2018 to May 31, 2022 (including the starting date and ending date).

Rent-free Period: the rent-free period of the Leased Unit shall be 55 days from June 1 to July 25, 2018 (including the starting date and ending date).

**Schedule IV (Rental, Property Management Service Fee, Parking Fee)**

**Part 1 – Rental (paid by the Lessee to the Lessor)**

Rental: **Part 1 – rental (paid by the Lessee to the Lessor)**

From June 1, 2018 to May 31, 2020, the rental shall be RMB 5.14/day per square meters of building area, monthly rental shall be (RMB 142,114.58), (calculation formula: lease area [909] m<sup>2</sup> \* RMB [5.14] /day per square meters of building area \* 365 days/12 months = [RMB 142,114.58]/month)

From June 1, 2020 to May 31, 2022, the rental shall be increased by 8%, namely RMB 5.55/day per square meters of building area, monthly rental shall be (RMB 153,483.74), (calculation formula: lease area [909] m<sup>2</sup> \* RMB [5.55] /day per square meters of building area \* 365 days/12 months = [RMB 153,483.74]/month)

The rental of the three months after the rent-free period is RMB 426,343.74 in total, which shall be paid by the Lessee to the Lessor within 3 working days after the date of signing of this Contract. Except the initial rental as paid above, the Lessee shall, from the 20<sup>th</sup> to 25<sup>th</sup> day of each month of the lease term, prepay the rental of next month to the Lessor according to the aforesaid standards.

Bank account for receiving rental:

Payee: Beijing Zhongmei Star International Film & TV Cultural Media Co., Ltd.

Opening Bank: Industrial and Commercial Bank of China Co., Ltd. Beijing Shilipu Sub-branch

Account No.: 0200212409000065097

**Part 2 – Property Management Service Fee (paid by the Lessee to the property management company)**

Property management service fee shall be RMB 0.86/day per square meters of building area, monthly property management service fee shall be (RMB 23,777.93), (calculation formula: lease area [909] m<sup>2</sup> \* RMB [0.86] /day per square meters of building area \* 365 days/12 months = [RMB 23,777.93]/month)

If the property management service fee will be adjusted after the third year, the adjustment range shall be based on the property management operating costs of the property management company as appointed by the Lessor, namely Beijing Tonghexinda Assets Management Co., Ltd.

The property management service fee of 55 days in the rent-free period shall be RMB 42,995.7 in total, which shall be prepaid by the Lessee to Beijing Zhongmei Star International Film & TV Cultural Media Co., Ltd. within 3 working days after the date of signing of this Contract.

The property management service fee of the three months after the rent-free period is RMB 71,333.79 in total, which shall be paid by the Lessee to the property management company within 3 working days after the date of signing of this Contract. Except the initial property management service fee as paid above, the Lessee shall, from the 20th to 25th day of each period of the lease term, prepay the property management fee of next month to the property management company according to the aforesaid standards.

Bank account for receiving property management fee:

Payee: Beijing Zhongmei Star International Film & TV Cultural Media Co., Ltd.

Opening Bank: Industrial and Commercial Bank of China Co., Ltd. Beijing Shilipu Sub-branch

Account No.: 0200212409000065097

Within the lease term, the payment cycle of the property management service fee: the Lessee shall pay property management fee to Beijing Zhongmei Star International Film & TV Cultural Media Co., Ltd. once every three months.

### **Part 3 – Parking Fee**

Parking Fee Within the lease term, the Lessor provides 0 parking lot to the Lessee free of charge.

Parking lot rental: RMB /month/vehicle (paid by the Lessee to the Lessor)

Parking lot management fee: RMB /month/vehicle (paid by the Lessee to the Lessor)

Within the lease term, the Lessor provides / aboveground parking lot to the Lessee.

Parking lot rental: RMB /month/vehicle (paid by the Lessee to the Lessor)

Parking lot management fee: RMB /month/vehicle (paid by the Lessee to the Lessor)

The Lessee shall actively handle parking lot procedures with the property management company at the time of delivery.

**Schedule V (Deposit)**

Unless otherwise stated by this Contract, the deposit shall be equal to the sum of the following amounts:

1. Rental deposit (paid by the Lessee to the Lessor):

From June 1, 2018 to May 31, 2022, the deposit shall be three months' rental, namely RMB 426,343.74. The rental deposit RMB    as previously paid by the Lessee shall be automatically transferred to a part of rental deposit, and the Lessee shall make up the insufficiency.

2. Property management service fee deposit (paid by the Lessee to the Lessor):

From June 1, 2018 to May 31, 2022, the deposit shall be three months' property management fee, namely RMB 71,333.79. The property management fee deposit RMB    as previously paid by the Lessee shall be automatically transferred to a part of property management fee deposit, and the Lessee shall make up the insufficiency.

Bank account for receiving deposit:

Payee: Beijing Zhongmei Star International Film & TV Cultural Media Co., Ltd.

Opening Bank: Industrial and Commercial Bank of China Co., Ltd. Beijing Shilipu Sub-branch

Account No.: 0200212409000065097



**Schedule VI (Renewal)**

If the Lessee desires to continue renting the Leased Unit after the expiration of this Contract, the Lessee shall notify the Lessor in writing six months prior to the expiration of the lease term.

[The following part is deliberately blank]

**House Lease Contract**

Lessor (hereinafter referred to as Party A): Beijing Shangbao Art Development LLC

Lessee (hereinafter referred to as Party B): China Liberal (Beijing) Education Technology Co., Ltd.

According to *Contract Law of the People's Republic of China* and relevant laws and regulations, and based on the principles of equality and voluntariness, and in order to specify the rights and obligations of the Parties, Party A and Party B have entered into this Contract through negotiation in respect of Party B renting the house of Party A.

**Article I Basic Conditions of House**

1. The house leased by Party A to Party B hereunder is located at Room 108, Block A, Shangbao Art Park, Xiaobao Village, Songzhuang Town, Tongzhou District, Beijing Municipality.

2. The building area of the leased house is nearly 130 m<sup>2</sup>.

3. (1) The house has met the living conditions; water, heating, electricity and toilet have all been completed; open kitchen does not meet the condition of open fire, and the lessee may be only permitted to use electromagnetic oven. The lessee shall prepare kitchen equipment itself. (This provision is only applicable to studio).

(2) The house is rough, with available water, heating and electricity. Secondary decoration shall be implemented according to the decoration scheme as reported by Party B to Party A.

**Article II Lease Term and Purpose**

1. The lease term of the house shall be three years from May 1, 2018 to April 30, 2021.

2. Party B undertakes to Party A that it shall rent the house only for the purpose of studio.

3. Upon the expiration of the lease term, Party A has the right to take back the house, and Party B shall return the house as scheduled.

If Party B needs to renew the lease, it shall send a 3 months' prior written notice to Party A prior to the expiration of the lease term; with Party A's consent, the Parties shall sign a new lease contract.

**Article III Rental and Payment Method**

1. Rental standard: RMB 80,000/year.

2. Payment method:

(1) A lump-sum payment. Party B shall on the date of signing of this Contract, pay the rental of whole year to Party A in a lump sum, namely RMB 80,000.00.

(2) Afterwards the rental of each year shall be paid in a lump sum in April.

(3) The annual rental shall be increased by no more than 20% of that of last year as from the 2<sup>nd</sup> year.

**Article IV House Lease Deposit**

1. Party B shall on the date of signing of this Contract, pay RMB 10,000 to Party A as house lease deposit.

2. Upon the expiration of the lease term, Party A shall refund house lease deposit to Party B after having deducted the expenses and rental that shall be paid by Party B as well as the liability for compensation that shall be assumed by Party B.

## **Article V Relevant Expenses and Taxes in Lease Term**

1. Party A shall assume the following expenses:

Within the lease term, Party A shall pay the property taxes of the house and land according to law. If relevant governmental department levies any fee that is not specified in this Contract but relates to the house, the Parties shall decide through negotiation.

2. Party B shall assume the following expenses:

Water charges, electricity charges, heating charges and property hygiene costs. Party B shall pay the aforesaid expenses that shall be assumed by it as scheduled. Party A may not increase any expenses that are not specified herein on Party B without permission.

## **Article VI Repair and Use of the House**

1. Within the lease term, Party A shall guarantee the use safety of the leased house. The duty of repair of the house and ancillary facilities shall be assumed by Party A, except as specified in this Contract and the supplementary clauses (except due to any improper use of Party B).

Party A shall not assume the duty of repair in respect of the decoration and ornament of Party B.

2. Party B shall reasonably use the house as rented by it and ancillary facilities. In respect of any damage of the house and/or ancillary facilities due to improper use of Party B, Party B shall immediately repair such damage or make economic compensation.

If Party B changes the internal structure of the house, or repairs or sets up any equipment that impact the structure of the house, it shall obtain the prior written consent from Party A in respect of the design scale, scope, workmanship, materials, etc. If the lease term expires or Party B throws the lease due to its own cause, the decorations attached to the house shall be owned by Party A, expect as otherwise agreed by the Parties.

3. Party A shall make water, electricity and heating available to the leased house. Party A shall be liable for the use safety of the water, electricity and heating facilities outside the leased house, and Party B shall be liable for the use safety of the water, electricity and heating facilities in the leased house (including decorated and increased parts).

4. If the leased house and/or ancillary facilities are damaged due to the flood or fire attributable to the improper use of water and/or electricity facilities by Party B, Party B shall restore the house to its original state; if the surrounding house is damaged therefore, Party B shall assume the liabilities of repair and compensation. Besides, Party A reserves the right to claim against Party B.

5. Party B shall strengthen the management on its personnel and do fire fighting, antitheft and personal safety work well; in case of any problem, Party B shall assume the responsibilities arising therefrom and shall compensate for the losses as suffered by Party A therefore.

## **Article VII Transfer and Sublease of the House**

1. Within the lease term, Party A has the right to transfer the leased house according to the legal proceedings. After such transfer, this Contract shall be legally binding upon the new owner of the house and Party B.

2. Without Party A's consent, Party B may not sublease or lend the house.

## **Article VIII Alteration, Dissolution and Termination of the Contract**

1. In case of any of the following events of Party A, Party B has the right to unilaterally dissolve this Contract:

(1) Party A fails to deliver the house as scheduled herein, or the house delivered by Party A does not meet the specified conditions, which seriously impacts the use of Party B;

(2) Party B cannot normally use the house due to the failure of Party A to perform the duty of repair to the house;

(3) The house delivered by Party A endangers the safety or health of Party B.

2. In case of any of the following events of Party B, Party A has the right to unilaterally dissolve this Contract and take back the house:

(1) Party B subleases or lends the house without Party A's prior written consent;

(2) Party B demolishes changes or damages the main structure of the house without permission;

- (3) Party B changes the lease purpose as specified herein without Party A's written consent;
- (4) Party B stores any dangerous things or conducts any illegal activities by the use of the leased house;
- (5) Party B delays in paying rental and the expenses that shall be paid by Party B as agreed herein.

3. If Party B intends to continue renting the house, it shall send a 3 months' prior written notice to Party A prior to the expiration of the lease term. If Party A still externally leases the house after the expiration of the lease term, Party B shall have the priority under equal conditions.

4. Upon the expiration of the lease term, this Contract shall be naturally terminated and Party B shall restore the house to its original state. If Party B throws the lease midway, it shall be deemed as the default of Party B, and Party A will not refund the rental and deposit that have been paid by Party B.

5. In case of any of the following events, this Contract shall be terminated and neither party shall assume the liability for breach to the other party:

(1) The house is included in the list of removal due to urban construction; (Party A is obligated to demand reasonable operating and decoration compensation from the removal unit for Party B)

(2) Any damage or loss of the house or other losses attributable to force majeure, such as earthquake, war, etc.

#### **Article IX Delivery and Take-back Acceptance of the House**

1. Party A shall guarantee that the leased house and ancillary facilities and equipments are in available state.

2. The Parties shall jointly participate in inspecting and accepting the house according to the provisions of Schedule I. If either party has any objection in respect of the decoration, device, facilities or equipment, it shall put forward the objection on site; if it is difficult to detect and judge on site, it shall put forward the objection to the other party within 7 days.

3. Upon the expiration of the lease term, Party B shall return the leased house and ancillary facilities and equipment to Party A in original state.

4. At the time of return, Party B shall keep the house and facilities and equipment in good state. In case of any damage, Party B shall make compensation. Party B may not leave any things in the house or otherwise impact the normal use of the house. Party A has the right to dispose of the things that are left without consent.

5. Party B shall restore the house to its original state at the time of throwing the lease.

#### **Article X Liabilities for Breach of Party A**

1. If this Contract is dissolved due to the failure of Party A to provide the house as specified herein, it shall pay 1 month's rental to Party B as penalty.

2. If Party A fails to perform the duty of repair as specified herein, it shall assume the liability for breach to Party B and compensate for the losses as suffered by Party B according to the provisions of this Contract. If Party B repairs the house for Party A, Party A shall reimburse the repair costs as paid by Party B therefore.

3. If Party A early takes back the house in violation of the provisions of this Contract, it shall pay a penalty to Party B at the rate of 25% of the annual rental as specified herein.

4. In case of any of the following events of Party A, Party B has the right to unilaterally dissolve this Contract and require Party A to pay 1 month's rental as penalty:

(1) Party A delays in delivering the house for 30 or more days of delay;

(2) The house delivered by Party A fails to meet the provisions of this Contract or impacts the safety or health of Party B;

(3) Party B cannot normally use the house due to the failure of Party A to perform the duty of repair as specified herein;

(4) Within the lease term, Party A enters the place of Party B without prior notice and impacts the normal work or living of Party B.

## **Article XI Liabilities for Breach of Party B**

1. Within the lease term, in case of any of the following events of Party B, Party A has the right to terminate this Contract and take back the house, and Party B shall pay a penalty to Party A at the rate of 25% of the annual rental as specified herein.

- (1) Party B subleases or lends the house to other person without Party A's written consent;
- (2) Party B demolishes or changes the house structure or otherwise damages the house structure without Party A's written consent;
- (3) Party B changes the lease purpose as specified herein, or conducts illegal activities by the use of the house;
- (4) Party B fails to pay any rental for more than 7 days of delay.

2. If, within the lease term, Party B delays in paying the expenses that shall be assumed by Party B hereunder, Party B shall pay a penalty to Party A at the rate of 1% of the aforesaid amount per day of delay.

3. If, within the lease term, Party B throws the lease midway without Party A's written consent, Party B shall pay the penalty that is equal to the amount of the deposit to Party A, and Party A will not refund the rental that has been paid by Party B.

4. If Party B delays in paying any rental, Party B shall pay late fee that is equal to 2 times the daily rental to Party A per day of delay.

5. Upon the expiration of the lease term, Party B shall return the house as scheduled; otherwise Party B shall pay the penalty that is equal to 2 times the daily rental to Party A per day of delay.

6. If Party B fails to pay any rental for more than 30 days of delay, Party A will take back the house and stop supplying water, electricity and heating. The things as left by Party B in the house will be deemed as being given up by Party B; Party A may dispose of such things in its sole discretion, and Party B has no objection.

## **Article XII Disclaimer**

1. The performance of this Contract cannot be continued or losses are caused due to force majeure, neither party hereto shall be held responsible.

2. Party A declares that the house hereunder is built and operated according to the relevant policies of local villagers' committee and is the corporate behavior. Party A and Party B conclude this Contract on the precondition that the Parties undertake to comply with the relevant policies and regulations of local government. Within the lease term, if the performance of this Contract cannot be continued due to the compulsory removal of the house by local government, neither party hereto shall be held responsible.

3. If this Contract is terminated due to the aforesaid cause, the rental shall be calculated according to the number of days of actual use, and Party A shall refund the remaining of rental to Party B. Party A shall not assume the losses of decorations and additions of Party B.

4. The suitability and safety of the house and ancillary facilities and equipment as provided by Party A to Party B have been confirmed by the Parties. Party A shall not be liable for any personal injury and/or property loss attributable to any improper use of Party B.

Article XIII For any matter not covered herein, the Parties may sign supplementary clauses through negotiation. Supplementary clauses and appendixes hereto shall form a part of this Contract and bear the same legal force as this Contract.

## **Article XIV Dispute Resolution**

Any dispute arising from this Contract shall be settled by the Parties through negotiation or submitted for mediation; if negotiation or mediation fails, either party may lodge a suit to the competent people's court according to law.

**Article XV Miscellaneous and Special Declaration:**

No pets are allowed in the Park. This Park does not suit for kids. If Party B needs to install external unit of air-conditioner, it must obtain the consent of Party A, and Party A shall specify the installation place according to the house structure; otherwise Party B shall compensate for the losses arising therefrom. Party B may not install any advertisement signboard without Party A's written consent; Party B shall submit the construction scheme to Party A for filing (Party A only cooperates with Party B. If the administration for industry and commerce disallows, it shall have nothing to do with Party A.) Party B may not construct secondary decoration without Party A's written consent, and shall submit the construction scheme to Party A for filing. Within 7 days after having settling in the Park, the personnel whose household register is not in this city shall handle temporary residence permit with the local police station. The operating activities, personnel daily management, fire fighting, antitheft, personal safety, etc of Party B shall be elaborate and considerable, subject to various uncertain factors. Party A requires Party B to give top priority to the overall situation in respect of all works. Party B shall be fully jointly and severally liable for any accident, event or adverse impact arising from the improper management of Party B. Party B may not impact other lessee in daily work. Party B shall have no objection to this respect.

Article XVI This Contract shall become effective upon being signed (sealed) by the Parties. This Contract and Appendix hereto are made in two originals of the same legal force, one for each party hereto.

Party A (Signature and Seal): Beijing Shangbao Art Development LLC  
Authorized Representative (Signature): (Signature)

章): 北京尚堡艺术发展有限  
(签字): 陈新  
: 2018.4.17



Date of Signing: April 19, 2018  
Special Contract Seal of Beijing Shangbao Art Development LLC (Seal)

Party B (Signature and Seal):  
Authorized Representative (Signature): (Signature)

(签字): 李川  
2018.4.17



Date of Signing: April 17, 2018  
Special Contract Seal of China Liberal (Beijing) Education Technology Co., Ltd.

Appendix I: Charging standards of water, electricity, heating and cleaning costs

- Water charges: 6.40 Yuan/ton (floating according to the changes of local prices)
- Electricity charges: 1.25 Yuan/kW·h (floating according to the changes of local prices)
- Heating charges: 45 Yuan/m<sup>2</sup>/heating season (temporary)
- Property management fee: 2400 Yuan/year (temporary)

# House Lease Contract

Lessor: Chen Zhuoguan

Lessee: China Liberal (Beijing) Education Technology Co., Ltd.

## House Lease Contract

Party A (Lessor): Chen Zhuoguan

ID Card No.: 350126196807064117

Party B (Lessee): China Liberal (Beijing) Education Technology Co., Ltd.

Uniform Social Credit Code: 91110107575151539T

### Article I Basic Conditions of House

1. Party A leases the house located at 02# Business Office, Floor 24, Tower A, Fuli Center, No. 26 (Original South Side of Shangpu Road), Xiangban Street, Ninghua Sub-district, Taijiang District, Fuzhou, Fujian Province (hereinafter referred to as Leased Property) to Party B for the purpose of office. The building area of the Leased Property is 70.25 m<sup>2</sup>. Party B has fully understood the detailed location, building area, purpose, etc of the Leased Property and agrees to rent the Leased Property.

2. The Leased Property is used for the purpose of office. Within the lease term, Party B may not change the purpose of the Leased Property without the prior written consent of Party A.

### Article II Lease Term

1. The lease term of the Leased Property shall be 36 months from July 27, 2018 to July 26, 2021.

### Article III Performance Bond

1. At the time of signing this Contract, Party B shall pay the performance bond RMB thirteen thousand three hundred and forty seven (¥13,347) to Party A as the performance bond the house lease. Upon the expiration or termination of the Contract, Party A shall refund the performance bond to Party B without interest, provided that the house is in good condition through Party A's acceptance and all expenses have been settled up.

2. Party B shall move its industrial and commercial registered address out of the place where the Leased Property is located one month prior to the expiration of this Contract. Party A shall refund the performance bond without interest as soon as it has confirmed that Party B has moved out.



#### **Article IV Rental, Payment Method and Expenses**

1. Within the 12 months from July 27, 2018 to July 26, 2019, Party A shall charge the monthly rental RMB six thousand six hundred and seventy three (¥6,673) from Party B (the rental shall not include tax).

2. Within the 12 months from July 27, 2019 to July 26, 2020, Party A shall charge the monthly rental RMB seven thousand one hundred and forty (¥7,140) from Party B (the rental shall not include tax).

3. Within the 12 months from July 27, 2020 to July 26, 2021, Party A shall charge the monthly rental RMB seven thousand six hundred and forty (¥7,640) from Party B (the rental shall not include tax).

4. Party B has understood the property management fee as well as the water, electricity, communication charges and taxes as incurred by the Leased Property. During the lease term, Party B shall assume the property management fee according to the regulations of the property management department of the building, and pay corresponding water and electricity charges according to the shared area. Party B shall pay the aforesaid expenses to the property management department of the building or relevant department according to the charging standards of water company, power bureau, electricity management bureau, telecommunication company, etc.

5. Payment method of rental: Party B shall adopt the method of monthly payment in the principle of “use after payment”. Party B shall prior to the 27<sup>th</sup> day of each month, pay the rental of such month to Party A. Party B shall deposit the rental in the account as appointed by Party A: Opening Bank: China Construction Bank Fuzhou Exhibition City Sub-branch

Account Name: Chen Xuezhen

Account No.: 6229 6618 2366 7770

#### **Article V Use, Decoration and Repair of Leased Property, Rights and Obligations**

1. Within the lease term, Party B shall handle the examination and approval documents as necessary for operation. If Party B is ordered to close down by relevant governmental department or cannot conduct operation due the failure of Party B to handle the examination and approval documents as necessary for operation due to Party B's cause, Party B shall assume the responsibilities arising therefrom. Party A shall provide the relevant materials that are required by Party B to handle business license (such as completion acceptance license, fire fighting license, presale registration certificate, and other materials that Party A and the property management department can provide), as well as the hardware agreement about Party A's fixing devices, such as air-conditioner installation and repair.

2. If Party B transfers, sublets or subleases the Leased Property to other person, it shall obtain the written consent from Party A.

3. Within the lease term, Party B shall enjoy the use right of the Leased Property and ancillary facilities, and shall maintain and repair the special facilities in the Leased Property. Within the lease term, Party A or its authorized property management company shall have the right to examine and supervise the use of the Leased Property by Party B, and Party B shall give assistance.

4. Party B shall properly use and maintain the Leased Property and ancillary facilities, and shall timely eliminate any possible obstacles and dangers, so as to avoid all possible hidden dangers. In case of any damage or loss of the Leased Property and/or its ancillary facilities due to the improper use of Party B, Party B shall make repair or compensation. In case of any damage of the house due to the quality problem of the house or the fault of Party A, Party A shall repair such damage, and shall compensate for the losses as suffered by Party B therefore.

5. Party B shall strictly comply with *Safety Production Law*, *Fight Fighting Law* and other laws and regulations, and shall earnestly perform enterprise safety subject responsibilities. In case of any accident, Party B shall report the relevant governmental department according to the regulations and shall report to Party A, and shall assume the legal and economic compensation responsibilities.

6. Any decoration or renovation made by Party B to the Leased Property shall conform to the provisions of relevant laws and regulations. Party B may not make any illegal change to the subject, load bearing structure, pipeline, etc of the Leased Property. If Party A suffers any economic losses or is punished by the administrative department due to the illegal decoration or renovation of the Leased Property by Party B, Party B shall report the relevant governmental department according to the regulations and shall report to Party A, and shall assume the legal and economic compensation responsibilities.

7. Party B shall effectively communicate with Party A in advance in respect of any decoration or renovation of the Leased Property, and may commence the construction after the decoration or renovation feasibility has been confirmed. Party A permits Party B to make decoration or renovation to the Leased Property, and give support subject to the provisions of the relevant laws and regulations.

8. Within the lease term, any use, decoration or repair of the Leased Property by Party B may not impact the normal working of other users. If Party B's such acts bring losses to any other user, Party B shall assume the liability for compensation to such other user.

9. When Party A intends to sell the Leased Property and ancillary facilities and equipment, it shall notify Party B in advance. Under the equal conditions, Party B shall enjoy the right of preemption. If Party B fails to give a written reply within fifteen days after the receipt of the notice from Party A, Party B will be deemed to waive the right of preemption. Within the lease term, if Party A needs to sell, mortgage or donate the Leased Property and its ancillary equipment and facilities to other person for a special cause, it needs not to obtain the consent from Party B. At the request of Party A, Party B shall actively cooperate with Party A in handling the procedures of sales, mortgage, donation, etc of the Leased Property. However, Party A shall guarantee that the transferee of the Leased Property shall continue performing this Contract, and that such sales, mortgage or donation of Party A will not prejudice the operation of Party B; otherwise Party A shall assume the liability for breach as specified in this Contract.

#### **Article VI Take-back and Acceptance of Leased Property**

1. Upon the expiration of the lease term, Party A has the right to take back the Leased Property in whole and Party B shall return it as scheduled. If Party B desires to renew the lease, it shall inform Party A in writing of its intention within two months prior to the expiration of the lease term, and the Parties shall sign a new lease contract. If Party A and Party B fail to reach a renewal agreement, this Contract shall be automatically terminated as from the expiry date of the lease term. At the time of return, the Leased Property and its facilities and equipment shall be kept in good and tidy state, and shall be inspected and accepted by Party A. If Party B fails to clean up garbage at the time of return, Party B shall assume the expenses as incurred by Party A for the purpose of cleaning up such garbage and other relevant expenses.

2. If this Contract is terminated for other cause (including the default of Party A or Party B, etc), Party B shall return the Leased Property as specified in the foregoing paragraph on the date of termination of the Leased Property.

3. If Party B fails to move its things out of the Leased Property within three days after the termination of this Contract, Party B will be deemed to waive the ownership of such things, and Party A has the right to dispose of such things, and the consequences arising therefrom shall be assumed by Party B.

4. Upon the expiration of the lease term, Party B shall enjoy the priority of renewal under the equal conditions.

#### **Article VII Dissolution and Termination of the Contract**

1. Within the lease term, in case of any of the following events of Party A, Party B has the right to unilaterally dissolve this Contract without the liability for breach:

- (1) Party A fails to deliver the Leased Property for 10 or more days of delay due to Party B's cause or force majeure;
- (2) Party A fails to perform the duties as specified herein.

2. Within the lease term, in case of any of the following events of Party B, Party A has the right to unilaterally dissolve this Contract without the liability for breach:

- (1) Party B damages the Leased Property, and fails to repair it within the reasonable period as required by Party A;
- (2) Party B changes the purpose of the leased property as specified herein without Party A's written consent;
- (3) Party B stores dangerous articles or conducts illegal activities by the use of the Leased Property;
- (4) Party B fails to pay rental for more than 7 days of delay;
- (5) Party B fails to perform the duties as specified herein.

**Article VIII Liabilities for Breach**

1. In case of any of the events as described in Clause 1, 2 of Article VIII hereof, the non-breaching party has the right to dissolve this Contract, and the breaching party shall pay 2 months' rental to the non-breaching party as penalty.

2. Within the lease term, if either party early dissolves this Contract through no breach of the other party, the dissolving party shall pay 2 months' rental the non-breaching party as penalty (such penalty may not be deducted with deposit).

3. If Party B fails to pay any rental as scheduled, it shall pay a penalty to Party A at the rate of 0.1% of the rental that is late per day of delay and corresponding house rental.

4. If Party B delays in paying the property management fee and/or water and/or electricity charges, it shall be implemented according to the management regulations of the property management company of the building.

**Article IX Disclaimer**

1. If the performance of this Contract cannot be continued due to the removal or renovation of the Leased Property as required by the government, this Contract shall be early termination, and neither party shall be held responsible for any losses as suffered by the other party therefore.

2. If this Contract is early terminated for the cause as described in Clause 1 of this article, the rental shall be calculated according to the actual time of lease; the period of less than one month is calculated by the number of days, balance being refunded to either party as the case may be.

**Article X Miscellaneous**

1. For any matter not covered herein, the Parties shall jointly sign supplementary clauses through negotiation; supplementary clauses, appendixes and this Contract shall bear the same legal force.

2. Any dispute arising from the performance of this Contract shall be settled by the Parties through negotiation; in case negotiation fails, the Parties unanimously agree that either party hereto may lodge a suit to the people's court of the place where the Leased Property is located.

3. This Contract shall become effective upon being signed and sealed by the Parties. This Contract is made in two originals, one for each party hereto.

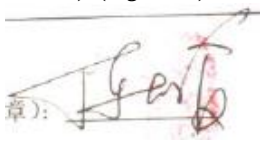
Supplementary Agreement:

Appendix

1. Party A has paid the property management fee of the Leased Property (10 Yuan/m<sup>2</sup>/month) to June 30, 2019; through negotiation, Party B shall pay the property management fee of such period and the rental of the Leased Property to the bank account number as specified herein by month.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Party A (Signature and Seal): (Signature)



Party B (Signature and Seal):



(Agent): \_\_\_\_\_  
Tel: 15880052820

(Agent): \_\_\_\_\_  
Tel: \_\_\_\_\_

Time of Signing: July 20, 2018

Special Contract Seal of China Liberal (Beijing) Education Technology Co., Ltd. (Seal)

**House Lease Contract**

**Lessor: Shandong Jinwu Furi Cultural Media Co., Ltd.** (Hereinafter referred to as Party A)

**Lessee: China Liberal (Beijing) Education Technology Co., Ltd.** (Hereinafter referred to as Party B)

Party A and Party B have entered into the following agreement in respect of house lease:

1. Party A leases the house located at Room 1008, Block A, World Trade International Plaza, Lixia District, Jinan, Shandong to Party B for the purpose of office. House area: 106.85 m<sup>2</sup>; lease term shall be from August 1, 2018 to January 31, 2019. If, prior to December 31, 2018, Party B needs to renew the lease by a notice to Party A, Party A agrees that the period of validity of this Contract should be extended for 6 months (to July 31, 2019) provided that other provisions hereof shall be unchanged.

2. The monthly rental of the house shall be tax-inclusive price RMB 11,000 (in words: RMB eleven thousand). The house rental shall be RMB 66,000 in total (in words: RMB sixty six thousand). The deposit shall be one month's rental, namely RMB 11,000 (in words: RMB eleven thousand). The sum of the aforesaid two items shall be RMB 77,000 (in words: RMB seventy seven thousand). Party B shall, within 3 working days after the signing of this Contract, pay the house rental and deposit to Party A, namely RMB 77,000 (in words: RMB seventy seven thousand). If Party B needs to renew the lease, the rental of renewal period shall be paid prior to January 31, 2019. The deposit shall be refunded to Party B on the date when Party B returns the house to Party A.

3. Within the lease term, Party B shall pay the water charges, electricity charges, phone bills, property management fee and other expenses arising from the lease. Party B shall settle up any arrears at the end of the lease term. Party B shall directly pay the property management fee to the property management company. Party A shall cooperate with Party B in obtaining property management fee invoice from the property management company. If Party B cannot obtain the property management fee invoice due to Party A's cause, the property management fee shall be paid by Party A.

4. Except that the expenses as specified in the foregoing Article 2 and 3 shall be assumed by Party B, all other expenses shall be paid by Party A, including but not limited to land use fee, overhaul costs, etc of the house.

5. If, within the lease term, Party B needs to dissolve Shandong Branch due to operation cause, Party B may dissolve this Contract by a one month's prior notice to Party A; in addition, Party B shall pay one month's rental to Party A as penalty, and the remaining of the house rental shall be refunded to Party B on the date when Party B returns the house. If Party A requires terminating this Contract, it shall notify Party B one month in advance, and pay one month's rental to Party B as penalty and shall refund the remaining rental and deposit.

6. Within the lease term, without Party A's consent, Party B may not sublease or lend the house, nor change the structure or purpose of the house. Party B shall compensate for the damage of the house and/or its ancillary facilities due to the artificial cause of Party B.

7. Party A guarantees that the house shall have no dispute of title and that Party A has the right to lease the house to Party B. If necessary for operation, Party B may require Party A to provide the house ownership certificate or other relevant certificate, and Party A shall give assistance.

8. Any dispute arising from this Contract shall be settled by the Parties through negotiation. In case negotiation fails, either party hereto has the right to lodge a suit to the competent people's court of the place where the plaintiff is located for judicial resolution.

9. Party B may not conduct any illegal activities in the house, and shall attaché much importance to the safety of the house and Party B's own property and personnel; otherwise Party B shall assume the responsibilities arising therefrom. Party A will not assume any legal or civil responsibilities.

10. Party A shall, within 10 days after the receipt of the payment from Party B, issue VAT invoice to Party B with the item house rental.

11. This Contract is made in two originals of the same legal force, one for each party hereto. This Contract shall become effective upon being signed and sealed by the Parties.

**Party A: Shandong Jinwu Furi Cultural Media Co., Ltd.**

Representative:

Date:

Special Contract Seal of Shandong Jinwu Furi Cultural Media Co., Ltd. (Seal)

山东金舞扶日文化传媒有限公司



**Party B: China Liberal (Beijing) Education Technology Co., Ltd.**

Representative:

Date:

Special Contract Seal of China Liberal (Beijing) Education Technology Co., Ltd. (Seal)

华夏博雅(北京)



Appendix:

Party A's account information:

Account Name: Shandong Jinwu Furi Cultural Media Co., Ltd.

Opening Bank: Ping An Bank Jinan Jingshi Road Sub-branch

Account No.: 15000088987955

Party B's billing information:

Name: China Liberal (Beijing) Education Technology Co., Ltd.

Taxpayer ID: 91110107575151539T

Address and Tel: Room A-1301, Floor 2, Building 3, 30# Courtyard, Shixing Street, Shijingshan District, Beijing Municipality 010-65978118

Opening Bank and Account No.: Bank of Communications Beijing Haidian Sub-branch 110060576018150110518

**Part I Membership Details****Information of Subject**

## Information of Member

Member Company/Your Party (Legal Registered Name)	China Liberal (Beijing) Education Technology Co., Ltd.
Manager's Name	Hu Jinhang
Tel and Email	18518796190 109449891@qq.com
Postal Address	
Bill Contact	
Tel and Email	
Postal Address	
Date of Signing	November 26, 2018

Special Contract Seal of Huaxia Boya (Beijing) Education Technology Co., Ltd. (Seal)



## Information of KrSpace Service Subject

Company Name	Beijing Zhumengcheng Information Technology Co., Ltd.
Community Name	Guomao Daduhui Community
Account Name	Beijing Zhumengcheng Information Technology Co., Ltd.
Account No.	1109254332108020150911767
Opening Bank	China Merchants Bank Co., Ltd. Beijing Jianguomen Sub-branch
Community Manager	
Email	
Postal Address	Floor 5, No. A10, East 3 <sup>rd</sup> Ring Middle Road, Chaoyang District, Beijing Municipality

Special Contract Seal of Beijing Zhumengcheng Information Technology Co., Ltd. (Seal)





## Service Information

### Information of Service Fee

Service Period	From January 1 to December 31, 2019
Service Bond	¥24,276.00 RMB twenty four thousand two hundred and seventy six exactly
Total Service Fee (including tax)	¥145,656.00 RMB one hundred and forty five thousand six hundred and fifty six exactly

### Payment Information

Payment Cycle (excluding initial payment)	Monthly Payment
Amount of Initial Payment	¥36,414.00 RMB thirty six thousand four hundred and fourteen exactly
Date of Initial Payment	December 15, 2018

### Supplementary Information

Broker's Full Name

### Monthly Service Fee

Office space	Standard Monthly Fee	Discount	Signatory Monthly Fee
508	14,280.00 Yuan/month/room	15% off	12,138.00 Yuan/month/room

### Details of Total Service Fee

Independent Office 508 Total: ¥145,656.00

Service Period	Service Fee	Unit Price	Quantity	Subtotal
From January 1 to December 31, 2019	Whole month, calculating by month	12,138.00 Yuan/month/room	12 months * 1 room	¥145,656.00

- Daily unit price = signatory monthly fee/number of days of calendar month (round up to 2 decimal places).
- Service fee of office space = daily unit price \* number of days (number of days of calendar month) +signatory monthly fee \*number of months (number of whole months).
- Total service fee = sum of service fees of all office spaces.
- For the purpose of this Agreement, "day" refers to calendar day; "month" refers to calendar month.

### Payment Information

Installment	Fee	Duration of Fee	Payment Due Date	Amount
Initial Installment	Bond	From January 1 to December 31, 2019	December 15, 2018	¥24,276.00
	Service Fee	From January 1 to 31, 2019	December 15, 2018	¥12,138.00
2 <sup>nd</sup> Installment	Service Fee	From February 1 to 28, 2019	January 15, 2019	¥12,138.00
3 <sup>rd</sup> Installment	Service Fee	From March 1 to 31, 2019	February 15, 2019	¥12,138.00
4 <sup>th</sup> Installment	Service Fee	From April 1 to 30, 2019	March 15, 2019	¥12,138.00
5 <sup>th</sup> Installment	Service Fee	From May 1 to 31, 2019	April 15, 2019	¥12,138.00
6 <sup>th</sup> Installment	Service Fee	From June 1 to 30, 2019	May 15, 2019	¥12,138.00
7 <sup>th</sup> Installment	Service Fee	From July 1 to 31, 2019	June 15, 2019	¥12,138.00
8 <sup>th</sup> Installment	Service Fee	From August 1 to 31, 2019	July 15, 2019	¥12,138.00
9 <sup>th</sup> Installment	Service Fee	From September 1 to 30, 2019	August 15, 2019	¥12,138.00
10 <sup>th</sup> Installment	Service Fee	From October 1 to 31, 2019	September 15, 2019	¥12,138.00
11 <sup>th</sup> Installment	Service Fee	From November 1 to 30, 2019	October 15, 2019	¥12,138.00
12 <sup>th</sup> Installment	Service Fee	From December 1 to 31, 2019	November 15, 2019	¥12,138.00

- Initial installment of service fee of membership refers to:
  - If the starting day of service period is the first day of a calendar month, initial installment of service fee of membership = signatory monthly fee/ \* number of months (as determined according to payment cycle)
  - If the starting day of service period is any day other than the first day of a calendar month, initial installment of service fee of membership =number of days from the starting date of initial service to the ending date of current calendar month \* daily unit price + signatory monthly fee\* number of months (as determined according to payment cycle).



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## Part II Terms and Conditions

### 1. Definitions

- 1.1 “Authorized Representative” refers to the individual who has obtained the relevant authority from Your Party and whose acts are legally binding upon Your Party.
- 1.2 “Site Capacity” refers to the value as specified in “Site Capacity” of Membership Details.
- 1.3 “Member Company”, “Member” or “Your Party” refers to the company, entity or individual specified in Membership Details who signs a membership agreement with KrSpace.
- 1.4 “Office Space” refers to the office room and/work area as specified in Membership Details.
- 1.5 “Office Building” refers to the whole building or a part thereof where KrSpace provides or intends to provide office, workstation, other work area and/or other services to members.
- 1.6 “Manager” refers to the principal who communicates and contacts with KrSpace on behalf of the Member.
- 1.7 “KrSpace Member Network” refers to KrSpace member exclusive online community which can be visited through internet or KrSpace mobile APP.
- 1.8 Registered Address Bond: if Your Party uses registered address with the written consent of KrSpace, Your Party shall pay registered address bond.

### 2. Member’s Rights and Obligations

- 2.1 Service. Provided that the Member complies with and performs the terms and conditions of this Agreement (including any appendix, hereinafter collectively referred to as “Agreement”) and any other management regulations as established and amended by KrSpace, KrSpace shall provide the following services (hereinafter collectively referred to as “Service”) to the Member within the Period (defined as below).
- 2.1.1 The right of access to the Office Space.
- 2.1.2 Regular maintenance service of Office Space.
- 2.1.3 Furniture in Office Space.
- 2.1.4 The right to visit and use KrSpace member network site according to the latest service terms of KrSpace official website.
- 2.1.5 The right to visit and use shared internet according to the relevant latest rules of KrSpace official website.
- 2.1.6 The right to use the printer, copier and/or scanning machine as provided by the Office Building to members.
- 2.1.7 The right to use conference room. Such use is subject to advance reservation and availability.
- 2.1.8 The right to use the heating and air-conditioning of Office Space.
- 2.1.9 The right to use electricity for the purpose of reasonable and acceptable administrative office. If Your Party uses the electricity for the purpose of non-administrative office with the consent of KrSpace, KrSpace will charge additional expenses from Your Party.
- 2.1.10 The right to use the water bar in the space and the drinks as provided in the water bar.
- 2.1.11 The right to participate in or enjoy the activity, treatment and sales promotion that are exclusive for members.
- 2.2 Specific Service. The conference room of any KrSpace place other than Your Party’s Office Space and the heating and air-conditioning of the Office Space may be only available during the normal business time (defined as below) of normal working days. “Normal Business Time” refers to 09:00 am to 18:00 pm of normal working days. “Normal Working Day” refers to Monday to Friday, except national holidays.

2.3 KrSpace reserves the following rights.

2.3.1 For the purpose of providing the Service, repairing and maintaining or treating safety or urgent affairs, etc, KrSpace has the right to enter the Office Space of Your Party with or without prior notice.

KrSpace will notify Your Party orally, through website announcement or by Email in advance as soon as possible, and shall take reasonable security measures to keep the materials of Your Party confidential as much as possible. KrSpace may temporarily move the furniture of Your Party in the Office Space.

KrSpace reserves the right to change the Office Space of Your Party, provided that KrSpace shall provide a new office space with the area and conditions that are similar to those of the Office Space.

KrSpace may also reasonably change or adjust the items of Service or furniture as provided to the Office Space of Your Party at any time. The Service hereunder may be provided by KrSpace, affiliate or third party.

2.3.2 Your Party has been informed that the Office Space as specified herein is in progress. The number/name of office space as specified in Membership Details of Part I of this Agreement are only for reference, and may not be taken as the basis of final entry/delivery. KrSpace has the right to unilaterally or adjust the number/name of the Office Space, and notify Your Party after such adjustment. At the time of actual delivery, the number/name as notified by KrSpace by mail/written letter shall prevail; however, KrSpace shall undertake that the adjustment of the number/name of the Office Space shall not impact the number of workplaces or other conditions of the Office Space as originally agreed.

2.4 Dissolution by the Member. If KrSpace fails to deliver the Office Space or the Office Space delivered by KrSpace cannot meet the normal office purpose and still fails to provide the office space in conformity with the normal office purpose within 20 working days after the receipt of the written notice from Your Party (including providing the office space of similar conditions in the same community, or KrSpace's affiliated company providing the office space of similar conditions, etc), Your Party has the right to unilaterally dissolve this Agreement, and KrSpace shall refund the service deposit and the member service fee that has been paid but not happened to Your Party.

### **3. Your Party's Members**

3.1 Updating list of members. Only the personnel included in the list of members are deemed as "members" and have the right to enjoy the treatments as described in this Agreement. Your Party's members may use, visit and/or enjoy the Service as from the following date whichever is the later: (i) starting date, or (ii) the date when KrSpace adds relevant personnel to the list of members. Your Party shall be responsible for the accuracy of the list of members. Your Party's Manager may update the list of members of Your Party through "Member Management" tool of KrSpace member network. If Your Party needs to add new members that exceed the number of members as specified in Membership Details to the list of members of Your Party, Your Party's Manager shall use the manager email as registered to KrSpace to send an email to the email address as specified at the bottom of the Membership Details. The change request email shall set forth the name and email of replaced old members and those of new members as well as the effective date of change. If the number of the members or other personnel who often use the Office Space of Your Party exceeds the Site Capacity, Your Party shall pay the additional expenses that are prevailing at that time, see the rules of KrSpace official website for details. After having added any personnel to the list of members, KrSpace will create a file for such member in KrSpace member database; such file shall only set forth the name, telephone number and member company of such member; other information (including photo) may be added by Your Party or such member of its own accord only. KrSpace, KrSpace staff and agent and other members may inquire such file.

3.2 Member manager. The Manager is the Member's appointed contact. Any commitment or act made by the member manager shall be deemed as those of relevant member, including altering or terminating this Agreement. Member Company may cancel any act as made by the Manager, provided that KrSpace receives the written notice (which shall be stamped with company seal and signed by legal representative) from the company within 24 hours after the Manager has made such act. The Member needs to provide certificate of legal representative and other reasonable information according to the requirements of KrSpace. The Member may change its Manager by a written notice (which shall be stamped with company seal and signed by legal representative) to us at any time. If the person who is appointed as the Manager does not serve the Member Company or use the Office Space any longer, the Member shall notify KrSpace to appoint a new manager prior to the occurrence of the aforesaid event.

3.3 Authorized signatory. At the signing stage of this Agreement, Your Party must issue a letter of authorization to the person who signs this Agreement, and the acts of such person shall be legally binding upon Your Party.

#### **4. Membership Service Fee; Payment**

4.1 Payment. At the time of delivering this Agreement that has been signed and sealed, Your Party shall pay the amounts as specified in Membership Details to KrSpace: service bond and initial service fee.

4.2 Membership service fee. The service fee as specified in Membership Details only includes the service fee of the number of members of Your Party as specified in Membership Details. If Your Party adds members, additional expenses shall be paid, see KrSpace official website for details (kr-space.cn).

4.3 Invoice and financial information. After the receipt of the payment from Your Party, KrSpace shall provide invoice and other account related documents, information and notice to the Manager, unless Membership Details specify other person as bill contact. If Your Party needs to change bill contact, the Member shall issue a notice as specified in this Agreement.

4.4 Excessive Expenses. Your Party will obtain a certain quota of right to use the conference room, copier and printer every month, which is detailed at kr-space.cn. Such right shall used in current month, and may not be deferred to next month. If Your Party overuses such right, Your Party shall pay excessive expenses. See kr-space.cn for current excessive rates. KrSpace may increase each excessive rate from time to time.

4.5 Late fee. If Your Party fails to pay member service fee or any expenses that have occurred but not paid yet prior to the payment due date, Your Party shall pay late fee at the rate of 0.3% of the amount that is late per day of delay.

4.6 Payment method. KrSpace only accepts the payment method that is notified to Your Party from time to time during the signing of this Agreement or within this service period. In case of any change of the payment information of Your Party, KrSpace shall be timely notified. Within any fixed time, Your Party shall only use one method to pay the amounts hereunder.

4.7 Unpaid amount. Any overdue expenses will be collected according to actual arrears. After the receipt of the payment from Your Party, KrSpace will use such payment to firstly discharge the arrears and then discharge current expenses. After all arrears have been discharged, the balance will be used to pay current expenses. If Your Party still fails to pay arrears within the time limit as specified by KrSpace after the receipt of the reminder notice from KrSpace, KrSpace may suspend service or terminate this Agreement according to the provisions of Article 5.5 hereof in its sole discretion.

#### **5. Period and Termination**

##### **5.1 Period**

5.1.1 Service period. This Agreement shall become effective upon being signed and sealed by the Parties ("Effective Date"), provided that KrSpace has no obligation to provide the Service to Your Party prior to the following date whichever is the later: (i) the date when KrSpace has received the service bond and initial member service fee from Your Party, or (ii) starting date.

5.1.2 Entry period. Your Party has the right to move into the Office Space within the fixed time as from the starting date of the service period (generally from 9:00 am to 18:00 pm from Monday to Friday, except the leave in lieu on statutory holidays); if the property management company of the place where the Office Space has special provisions, such provisions shall prevail. If Your Party has special demand, Your Party shall negotiate with the property management company in advance.

5.2 Your Party may cancel this Agreement prior to the starting date of the service period (excluding the starting date). Your Party may cancel this Agreement prior to the starting date by a notice to KrSpace; however, the service bond that has collected by KrSpace will not be refunded. If KrSpace has received member service fee from Your Party, KrSpace shall refund such member service fee within ten working days after the receipt of the notice of cancellation from Your Party.

5.3 Within the service period of this Agreement, Your Party may not early terminate this Agreement; otherwise KrSpace will not refund the expenses that have been paid by Your Party, and will reserve the right to fully recover member service fee in respect of the remaining service period.

5.4 Renewal.

5.4.1 If Your Party confirms that Your Party will not renew this Agreement upon the expiration of the service period, Your Party shall send a 60 days' prior written notice to KrSpace prior to the expiration of the service period, stating that Your Party will move out upon the expiration of the service period. If Your Party fails to early notify KrSpace in writing as specified in foregoing sentence, this Agreement will be automatically renewed by month upon the expiration of the service period hereunder. Within the subsequent renewal period, the free service period, discount and preferential policies enjoyed within the period of validity of the original agreement shall not be effective any more; in addition, the Parties shall continue performing the relevant provisions of this Agreement.

5.4.2 If Your Party confirms that Your Party will not renew this Agreement any more, KrSpace will, within 60 days prior to the expiration of the service period, visit the Office Space with potential intentional customer within the reasonable time by a prior notice to Your Party.

5.5 KrSpace terminates or suspends the performance of this Agreement.

5.5.1 In case of any of the following events, KrSpace may suspend the Service or immediately terminate this Agreement by a notice to Your Party according to the provisions of Article 9.8 of this Agreement: (i) Your Party breach this Agreement (the act of any member of Your Party will be deemed as that of Your Party); (ii) the rights of KrSpace in respect of the space are terminated or expire, or material loss happens to the house; (iii) Your Party still fails to pay any amount that has become due and payable within the fixed time after the receipt of the reminder notice from KrSpace; (iv) Your Party (the act of any member of Your Party will be deemed as that of Your Party) fails to comply with the terms and conditions of this Agreement, KrSpace member network service terms, KrSpace wireless network service terms, or any other policies or instructions as provided by our company or applicable to Your Party. Even this Agreement is terminated or expires, Your Party shall assume the amount that is overdue and payable, and KrSpace may still exercise the right to collect such amount.

In case of any of the following events, whichever is the earlier: (x) this Agreement is terminated or expires; (y) Your Party remove such member from the list of members, or (z) KrSpace notifies Your Party that such member materially or repeatedly breaches this Agreement, such member will not be permitted to visit the Service nor authorized to enter the Office Space any longer.

5.5.2 KrSpace has the right to early terminate this Agreement and take back the Office Space. If KrSpace early takes back the Office Space or early terminates this Agreement, it shall send at least thirty (30) days' notice to Your Party. Your Party shall move out according to the time as notified; KrSpace shall refund the service bond and the service fee that has been paid but not occurred.

5.6 Service bond

5.6.1 Service bond is used to guarantee that Your Party will perform all obligations under this Agreement, but is not used as provision to offset any payables. If Your Party fail to pay other expenses to our party as scheduled, Your Party may not deduct such expenses from the service bond, but shall otherwise pay such expenses.

5.6.2 Within thirty (30) days as from (i) the expiry date or normal termination date of this Agreement, and (ii) the date when Your Party provides account information to our party, whichever is the later, our party will refund the balance of the service bond to Your Party, provided that the following conditions are all satisfied: a. Your Party has cleaned up your own things and returned the Office Space; b. Your Party has settled up all amounts payable; c. Your Party has moved out or cancelled (if any) registered address; d. there is no pending dispute or controversy. If the bond is insufficient to offset the unsettled expenses or compensate for the actual losses of KrSpace, KrSpace has the right to recover the insufficiency from Your Party.

5.7 Removal of properties. Your Party shall, prior to the termination or expiration of this Agreement, remove the properties of Your Party, Your Party's members, Your Party's visitors or the visitors of Your Party's members from the Office Space and place. KrSpace has the right to dispose of any properties that are left in the Office Space or place after the termination or expiration of this Agreement by a notice to Your Party, and has no obligation to store such properties. Your Party shall waive the right to raise any claim or demand in respect of such properties or the disposal of such properties by KrSpace. Your Party shall pay any expenses as reasonably incurred by KrSpace for the purpose of removing and disposing of the aforesaid properties. After the termination or expiration of this Agreement, KrSpace will not pass on or keep any letter or package to or for Your Party.

#### 5.8 Cancellation of registered address

5.8.1 Without the prior written consent of KrSpace, Your Party may not take the address provided by KrSpace as the registered address of Your Party.

5.8.2 If Your Party takes the address provided by KrSpace as the registered address of Your Party with the written consent of KrSpace, Your Party shall, within 30 days prior to the termination or expiration of this Agreement, handle the procedures of cancellation before the local competent authority (including local administration for industry and commerce), and shall provide the original business license after such change to KrSpace for examination and verification.

5.8.3 If Your Party fails to provide the changed business license after as the evidence of change/cancellation of registered address within 30 days prior to the termination or expiration of this Agreement, (1) KrSpace will not refund the bond (including service bond and registration bond) that has been paid by Your Party; and (2) Your Party agree to pay the penalty at the following percentage of member service fee per calendar month of delay (the period of less than one calendar month will be calculated as one calendar month): 50% in the first whole calendar month (the period of less than one calendar month will be calculated as one calendar month); 100% in the second calendar month; 150% in the third calendar month and afterwards; and KrSpace has the right to deduct from the service bond as having been paid by Your Party or otherwise collect from Your Party. If the measures as described in foregoing (1) and (2) are insufficient to make up the losses as suffered by KrSpace therefore, KrSpace has the right to further recover the insufficiency from Your Party. In addition, KrSpace has the right to report to the administrative authority of the registered address.

5.8.4 Your Party shall conduct operating activities and pay taxes according to the laws and regulations; otherwise KrSpace has the right to early dissolve this Agreement and take back the Office Space; the bond that has been paid by Your Party (including service bond and registration bond) will not be refunded. If the bond (including service bond and registration bond) is insufficient to make up the actual losses as suffered by KrSpace, KrSpace has the right to further recover the insufficiency from Your Party.

## 6. Room Use Rules

6.1 In addition to the rules, policies and/or procedures applicable to the Office Space used by Your Party, Your Party acknowledge and agrees that:

6.1.1 The key and access card, etc that are used to actually visit the place or Office Space shall always be the properties of KrSpace. Your Party shall cause the members of Your Party to take good care of the properties of KrSpace. The replacements costs arising from the loss, theft or damage of such properties shall be assumed by Your Party;

6.1.2 In case of any change of the contact method or payment information of Your Party, KrSpace shall be immediately notified;

6.1.3 In case of any change of the Service or fee of KrSpace or any update of other information, KrSpace will send email to the email address as provided by Your Party or notify Your Party in writing. Your Party shall check such email/letter and ensure that Your Party's members will be informed of relevant change;

6.1.4 The cart, wagon and other handling tools provided to Your Party may not be used in passenger elevator, unless being approved by KrSpace in its sole discretion;

6.1.5 Any and all members of Your Party shall be 18 or more years old;

6.1.6 Your Party shall fully ensure that in the Office Space and office building: a. member or visitor who has not reached the legal age for drinking may not drink wine; b. any and all members and visitors of Your Party may not smoke.

6.1.7 Except as otherwise instructed by KrSpace, public space shall be jointly enjoyed by all member companies, members and visitors of KrSpace, and may be used for temporary office purpose only, and may not be used for consecutive daily work purpose;

6.1.8 Before Your Party hold any activity in the place, Your Party shall send a reasonable notice to KrSpace and handle all necessary procedures;

6.1.9 Your Party shall be liable for any damage of the Office Space of Your Party other than normal wear;

6.1.10 Without the prior written approval of KrSpace, Your Party may neither make any structural or non-structural reform to the Office Space, nor install any wall attachment, furniture or antenna in the Office Space. If Your Party breaches this provision, Your Party shall restore to the original state within the time limit as notified by our party in writing; otherwise KrSpace has the right to terminate this Agreement, take back the bond and further recover the losses as suffered by our party therefore.

6.1.11 The computer, tablet computer, mobile devices and other electronic equipment of Your Party and your members shall: (i) be updated to the newest version; and (ii) may not contain any malicious software, virus, spy software, worm, Trojan or any program aiming to implement any malicious, hostile and/or intrusion operation. KrSpace has the right to remove any equipment that threaten KrSpace network or users from KrSpace network , until such threat has been eliminated;

6.1.12 Your Party agree that KrSpace exclusively and irrevocably use the name and/or logo of Your Party: a. in the “Member” display column, video and other promotional materials of KrSpace official website to the social public; b. in the information as disclosed according to the requirements of the office building owner or property management company, so as indicate Your Party as the member of KrSpace. Your Party guarantees that your logo may not infringe any third party right and Your Party has full obligation to provide such consent (if necessary).

6.1.13 Your Party shall ensure that all of your members will comply with all room use rules.

6.2 Any member may not:

6.2.1 Conduct or permit to conduct any activity that is reasonably expected to cause any destructive or dangerous effect upon KrSpace, any other member company, any employee, visitor or properties (including but not limited to the Office Space) of KrSpace or any other member company;

6.2.2 Conduct or carry out any illegal or offensive activity by the use of the service, place or Office Space or in the community;

6.2.3 Provide any false identity information;

6.2.4 Extract, reproduce or use any information or intellectual property right of other member company or other member or visitor, including but not limited to any confidential or proprietary information, name, portrait, voice, commercial name, trademark, service mark, logo, trade dress, other marks, other intellectual property right or its modification or change version. This provision shall survive any termination of this Agreement;

6.2.5 Without the prior consent of KrSpace, extract, reproduce or use “KrSpace” or any other commercial name, trademark, service mark, logo, trade dress, other marks, other intellectual property right of KrSpace or its modification or change version for any purpose, or photograph, reproduce or use any photo or picture of any part of the place for any purpose. This provision shall survive any termination of this Agreement;

6.2.6 Use the Office Space for the purpose of “retail”, “medical”, “education”, “training” or other frequent visiting by the public;

6.2.7 Reproduce any key, access card or other entrance equipment of the Office Space or place, or lend, share or transfer any key or access card to or with any third party, unless being previously authorized by KrSpace;

6.2.8 Install any lock in any area of the Office Space or place, unless being previously authorized by KrSpace;

6.2.9 Permit any visitor to enter the building, provided that such visitor has been registered and completed any other procedures as required by KrSpace policies;

6.2.10 Take any weapons or any other aggressive, dangerous, flammable or explosive materials to the Office Space.

## 7. Miscellaneous

7.1 Information technology. KrSpace does not make any representation or warranty in respect of the security of KrSpace network. When Your Party uses KrSpace network, KrSpace cannot guarantee the specific available degree. At the time of using printer, Your Party shall install appropriate printer device driver on the computer of Your Party. In addition, Your Party may require KrSpace to resolve the problems about print, internet access or otherwise. When KrSpace provides such service, it will not be liable for any damage of the equipment of Your Party, provided that KrSpace has no negligence. KrSpace provide shared network to members through cable or wireless network access. If any member desires to install private cable network, with the approval of KrSpace IT, KrSpace permits Your Party to install firewall device for exclusive visit and use, and Your Party shall be liable to remove such installation. Prior to any such installation or removal, Your Party shall cooperate with KrSpace IT team, and discuss the actual setup, appropriate time, way and method of such installation or removal as well as the additional expenses that may arise therefrom. If KrSpace incurs relevant expenses due to such installation or removal and Your Party does not otherwise pay them, KrSpace shall deduct such expenses from the service prepayment. Your Party shall also assume the relevant monthly expenses arising from the cable network as privately installed by Your Party.

7.2 Limitation of Liability. Your Party shall fully treat and resolve any property dispute, personal damage, work-related accident, etc as suffered by Your Party or other party in KrSpace through no fault of KrSpace, and KrSpace shall not assume any liabilities arising therefrom. Your Party shall keep all your properties in KrSpace, and shall assume all liabilities arising from the theft or loss, etc of any things. KrSpace may cooperate with investigation, such as providing video monitoring.

7.3 Indemnification. Your Party shall indemnify KrSpace in respect of any and all claims (including third party claim), liability and expenses (including reasonable attorney's fee) arising from the breach of this Agreement due to Your Party or your members, any visitor or invitee of Your Party or your member, or the act or omission of Your Party or aforesaid person. Your Party shall be liable for any act of inviting any person to the place by Your Party or your members, any visitor or invitee of Your Party or your member, as well as any damage arising therefrom. Without the written consent of KrSpace, Your Party may not make any compromise or permission that requires KrSpace to make any material adverse act, nor make any reimbursement or compromise that imposes any obligation upon KrSpace. KrSpace shall not be liable for any reimbursement or compromise as made without the prior written consent of KrSpace.

7.4 Insurance.

7.4.1 KrSpace reminds Your Party that Your Party shall purchase and maintain property insurance (basic insurance, comprehensive insurance and all risks are optional), employer liability insurance and public liability insurance for Your Party and your members in the form and amount as appropriate for your business, at your expense within the membership period. The insurance coverage must cover any property loss, damage or injury that may be suffered by any member of Your Party or his/her visitor due to the failure or refuse to use or enter all or a part of space of the place.

7.4.2 KrSpace does not compulsorily require Your Party to purchase insurance. However, if Your Party purchase insurance: (i) Your Party shall ensure that all such insurance policies take the KrSpace space used by Your Party as insurance subject matter; (ii) Your Party shall ensure that property insurance and public liability insurance policies take KrSpace as the joint beneficiary. Your Party shall waive the right of subrogation that Your Party may enjoy against KrSpace and space owners; (iii) if Your Party purchase employer liability insurance, Your Party shall exempt all tort liabilities arising from the fault of KrSpace.

7.5 Other member. KrSpace has no right to control the act of other member company, member or any other third party, and shall not be liable for any of their act. In case of any dispute between member company, member or invitee or visitor, KrSpace shall not be liable or obligated to get involved in or mediate such dispute or make any compensation to any party.

7.6 Privacy. According to the privacy policies on krspace.cn and all applicable data protection laws, KrSpace collects, treats, transmits and protects the personal data of Your Party and your members. Please note that unless otherwise stated in this Agreement, Your Party has no obligation to provide personal information to KrSpace, and that any information collected by KrSpace is provided by Your Party voluntarily and is expressly authorized by Your Party through signing this Agreement. Your Party hereby undertake (i) to inform any new or prevailing members of the provisions of this provision and privacy policies; (ii) if necessary, to obtain the consent of such member to collect, treat, transmit and protect data according to the provisions of this Agreement; and (iii) to actually collect and treat the personal date of such member according to the applicable laws.



## 7.7 Force majeure.

7.7.1 Force majeure refers to the objective circumstance that is unforeseeable, unavoidable and insuperable, including but not limited to change of national policy, war, earthquake, typhoon, flood, fire, terrorism, other social abnormal event (such as strike, riot), etc.

7.7.2 The impacted party shall notify the other party of the force majeure within 3 working days after the occurrence of such event, and provide the effective evidence in respect of the occurrence of such event within 14 working days after the occurrence thereof. If the performance of this Agreement cannot be continued or it is meaningless to perform this Agreement due to force majeure, either party hereto may dissolve this Agreement without any liability for breach.

## 8. Action and Abandoning Representative Action

8.1 Governing Law. This Agreement and the transaction as contemplated hereunder shall be governed by and construed according to the laws of the People's Republic of China (for the purpose of this Agreement, excluding Taiwan, Hong Kong and Macau), without giving effect to any conflict of laws principles nor *United Nations Convention on Contracts for the International Sale of Goods*.

8.2 Venue. Except that either party hereto seeks for temporary, preservation or similar remedy from any competent court, any dispute, controversy or claim arising from or in connection with this Agreement or the breach, termination or invalidity hereof, or as raised according to common law shall be settled by the Parties through friendly negotiation; in case negotiation fails, such dispute, controversy or claim shall be finally submitted to the People's Court of Chaoyang District, Beijing Municipality (also referred to as "Chaoyang Court") for trial.

## 9. Supplementary Provisions

9.1 Nature of this Agreement; mutual relationship. The Office Space shall be the properties of KrSpace and owned and controlled by KrSpace in whole. KrSpace grants Your Party the right to jointly use the Office Space with KrSpace, so that KrSpace provides the Service to Your Party. Notwithstanding any provision to the contrary in this Agreement, the Parties agree that the relationship between the Parties is not the owner-tenant or lessor-lessee relationship in conventional meaning. This Agreement may not be construed as granting any title, easement, lien, right of possession or other relevant right to Your Party or any member in respect of KrSpace business, place, office space or any things in or on the place or office space. This Agreement shall not create leasehold interest, interest in leased real estate right or interest in other real estate. The Parties shall perform their respective obligations hereunder as independent contractor. This Agreement shall not be deemed to create any trust, agency, partnership or joint venture relationship for any purpose. Either party hereto may not make any untrue representation in any form in respect of mutual relationship.

9.2 Modification of this Agreement. The modification of member service fee and excessive expenses shall be applicable to the provisions of Article 4.2 and Article 4.4. KrSpace will amend other provisions of this Agreement from time to time, and will notify Your Party by the way including but not limited to written form, APP push, email address as specified herein. After KrSpace has notified such amendment for 7 calendar days, Your Party will be deemed to accept the new provisions of this Agreement. If Your Party continues using the Office Space or the Service after the aforesaid period, Your Party will be deemed to accept such new provisions.

9.3 Waiver. Any act or omission of either party hereto may not be deemed as the waiver of the right or remedy of such party hereunder, except that the waiving party signs and confirms the waiver in writing.

9.4 Subordination. This Agreement is subordinate and subject to the lease agreement as signed by KrSpace and owner in respect of the space, any supplementary document, and any other agreement that is binding on such lease agreement. However, the foregoing provision shall not imply any sublease or other similar relationship of interest in real estate.

9.5 Special event. If KrSpace delays or fails to perform this Agreement due to any event or circumstance beyond the reasonable control of KrSpace, including but not limited to: (i) any delay or change of the construction of place, or the ability of KrSpace to obtain any space of the place is impacted; and (ii) any delay or non-performance results from the circumstance within the control of the owner of relevant place of KrSpace, KrSpace shall not assume any liability, and may not be deemed as non-performing or breaching this Agreement.

9.6 Severability. All management conventions of KrSpace official website (krspace.cn) and members shall form an integral part of this Agreement, and the Parties must comply with them. KrSpace reserves the right to modify the management conventions if necessary. If any provision of this Agreement is held invalid or unenforceable by the competent court, only such provision shall be deemed invalid or unenforceable within such jurisdiction, and the remaining provisions of this Agreement shall remain in full force and effect.

9.7 Survival. Article 1, Article 2.3, Article 4 (if there is any amount unpaid), Article 5.3, Article 5.6, Article 5.7, Article 5.8, Article 6.2, Article 7.1 to 7.3, Article 8, Article 9 of this Agreement and all other provisions that are reasonably expected to remain in force after the termination or expiration of this Agreement shall survive any termination or expiration of this Agreement and remain in force.

9.8 Notice. Any notice hereunder shall be delivered by written letter, email address as specified herein, APP push, etc. If sent in written form, the notice will be deemed as served 48 hours after sending; if transmitted by email, APP push, etc, the notice will be deemed as served upon being sent. KrSpace may decide to take any way to send notice to the Manager in its sole discretion. Any notice relating to this Agreement shall be delivered by the Manager. If the contents of the notices sent by several managers of Your Party are contradictory, the contents of the notice as finally received by KrSpace shall prevail.

9.9 Headings; interpretation. The headings of this Agreement are inserted only for convenience, and may not interpret or explain any provision of this Agreement. "Including", "for example", "such as", etc as used in this Agreement shall be construed as being followed with "but not limited to". Any time of a day as mentioned herein refers to the time of the time zone where the Office Space is located.

9.10 No assignment. Unless Your Party or the parent company of Your Party makes consolidation by merger or new establishment, reorganization or sells all or materially all equity or assets, without the prior written consent of KrSpace, Your Party may not (including according to the legal requirements) transfer or otherwise assign any of your rights or obligations under this Agreement. KrSpace may transfer this Agreement without the consent of Your Party.

9.11 Anti-money laundering. Your Party hereby represent and warrant that Your Party and your members will always ethically conduct activities according to all laws, including but not limited to the laws against commercial bribery and money laundering ("Anti-money Laundering Law"); according to the provisions of Anti-money Laundering Law, any and all funds as paid by Your Party for the purpose of performing the duty of payment hereunder shall be lawful income. Your Party shall provide all information and documents as required by KrSpace from time to time in respect of compliance with Anti-money Laundering Law.

9.12 Anti-corruption law. Your Party, any member of Your Party, any director, officer, employee, agent, subcontractor, representative of Your Party, or any personnel acting on the behalf of Your Party, may not (i) directly or indirectly provide, pay, give, promise or grant any money, gift or any valuable things to : (A) any governmental officer or any business owner, (B) any person who knows or has reason to know that all or a part of such money, gift or valuable things will be directly or indirectly provided, paid or given to any governmental officer or any business owner, or (C) any employee or representative of KrSpace, for the purpose of: (1) impacting the act or decision of such governmental officer or business owner within their scope of power, (2) seducing such governmental officer or business owner to make any act violating the duties; (3) obtaining improper interest, or (4) ensuring the signing of this Agreement, (ii) directly or indirectly authorize or pay, donate, present or promise such payment or gift in respect of this Agreement, the Service or the Office Space. For the purpose of this article, "governmental officer" refers to any officer or employee of any governmental department or body or any person with official functions, including state-owned enterprise, state-controlled enterprise, public international organization, political party or political officer or candidate.

9.13 Broker. Your Party undertakes and warrants that if no broker is specified in this Agreement, Your Party will be deemed as not using (real estate) broker during the membership transaction hereunder. In case of any claim arising from such undertaking and warranty under this article, Your Party shall indemnify and hold KrSpace harmless from any losses.

9.14 Entire agreement. This Agreement (including Part I Membership Details, Part II Terms and Conditions and Part III Special Terms and Conditions) constitutes an entire agreement between the Parties in respect of the subject matter hereof. Unless the Parties sign a written document or otherwise permit, this Agreement may not be altered by any way. All previous agreements and understanding of the Parties in respect of the matters as set forth herein have been included in this Agreement.

9.15 Counterparts. This Agreement (including Part I Membership Details, Part II Terms and Conditions and Part III Special Terms and Conditions) are made in two originals of the same legal force, one for each party hereto.

9.16 Effectiveness.

9.16.1 This Agreement (including Part I Membership Details, Part II Terms and Conditions and Part III Special Terms and Conditions) shall become effective upon being signed and sealed by the Parties.

9.16.2 The Member or member company acknowledges or agrees that it shall provide the following certification materials to KrSpace within 5 working days after the signing of this Agreement: (1) member company shall provide two (2) copies of business license stamped with company seal; (2) individual shall provide two (2) copies of valid identity card or passport; besides, if such individual is the employee of the company or only works or serves the company, the copies of identity card/passport shall be stamped with company seal, whether such individual has formal labor relationship with the company or not.

9.16.3 Through signing this Agreement, Your Company state to KrSpace that the signatory/company signing this Agreement has proper authority to sign this Agreement and cause the obligations hereunder on behalf of the company as described in the foregoing.

### **Party III Special Terms and Conditions**

#### **1. Documents forming this Agreement and effectiveness**

1.1 This Agreement consists of:

- (1) Part I Membership Details;
- (2) Part II Terms and Conditions;
- (3) Part III Special Terms and Conditions;

1.2 In case of any discrepancy between Part III Special Terms and Conditions and Part III Terms and Conditions, the former shall prevail.

#### **2. The contents of Special Terms and Conditions are as follows:**

2.1 Other provisions: N/A.  
(No text below)



(No Text below)

Member's Signature:

Company Name:

Stamp (Special Contract Seal or Official Seal): Special Contract Seal of China Liberal (Beijing) Education Technology Co., Ltd. (Seal)

Legal Representative or Authorized Representative (Signature):



KrSpace's Signature:

KrSpace's Entity Name:

Stamp (Special Contract Seal or Official Seal): Special Contract Seal of Beijing Zhumengcheng Information Technology Co., Ltd. (Seal)

Legal Representative or Authorized Representative (Signature):



**IEN Institute of Minjiang University**

**China Liberal (Beijing) Education Technology Co., Ltd.**

**Australian EAP English Course Teaching Service**

**Contract**

China Liberal (Beijing) Education Technology Co., Ltd. (Paging Seal)

## Australian EAP English Course Teaching Service Contract

**Service Provider:** China Liberal (Beijing) Education Technology Co., Ltd. (hereinafter referred to as Party A)

**Service Receiver:** IEN Institute of Minjiang University (hereinafter referred to as Party B)

Whereas Party A provides Australian EAP English course teaching design, teacher dispatch, mobile teaching and learning platform, PC lesson preparation platform and course implementation to the students of Grade 2016-2020 of Party B,

Now therefore, in the principles of equality and voluntariness, the Parties have entered into this Contract and shall jointly comply with this Contract.

**Article I** The teaching service as specified in this Contract refers to Party A providing Australian EAP English course to the students of Grade 2016-2020 of Sino-Australia College International Education Program of IEN Institute of Party B.

**Article II** Party A guarantees that it enjoys the lawful intellectual property right of Australian EAP English course teaching scheme as provided by it. In case of any third party dispute about the intellectual property right of this course teaching design, all liabilities arising therefrom shall be assumed by Party A.

**Article III** The Parties agree that the course hereunder should fully adopt Australian EAP English syllabus, and choose the teaching materials, matching mobile teaching and learning platform and PC lesson preparation platform that are suitable to the students of IEN Institute, and that the English course should be implemented according to the standard of 25-29 students each class and by the way of combining foreign and Chinese teachers.

**Article IV** Teaching Objective

According to the admission level of students and the number of English periods as provided, students can smoothly enter into the learning of special programs of Melbourne Polytechnic and strive to reach the level of IELTS 5.5 after the completion of such course hereunder.

**Article V** Party A's Main Duties

5.1 Party A shall choose teaching materials according to the English level of students and provide teaching syllabus to Party B.

5.2 Party A shall dispatch high quality English teachers to Party B as scheduled every year. The teachers as dispatched by Party A shall meet all of the following conditions:

5.2.1 Party A shall dispatch the foreign English teachers that meet the teaching requirements of Australian EAP English course for the students of Grade 2016-2020 of IEN Institute; teaching periods and class scale shall be specified as follows:

5.2.1.1 Providing about 756 periods of teaching to the students of each class of Grade 2016-2020 of IEN Institute in the first academic year.

- Foreign teachers shall assume about 432 periods/student/class
- Chinese teachers shall assume about 324 periods/student/class

Providing about 252 periods of teaching to the students of Grade 2016-2020 in the second academic year.

- Foreign teachers shall assume about 144 periods/student/class
- Chinese teachers shall assume about 108 periods/student/class

#### 5.2.1.2 Number and scale of class

The Parties agree to allocate the number of classes and number of teachers subject to the standard of 25-29 students/class according to the reality.

#### 5.2.2 Foreign teachers shall meet all of the following conditions:

- 5.2.2.1 Each teacher shall have the citizenship of English-speaking country;
- 5.2.2.2 Each teacher shall have undergraduate qualification at least;
- 5.2.2.3 Each teacher shall have more than two years' overseas English teaching experience;
- 5.2.2.4 Each teacher shall have TESOL English certificate.

#### 5.2.3 Chinese teachers shall meet all of the following conditions:

- 5.2.3.1 Each teacher shall have the master's degree in English at least;
- 5.2.3.2 Each teacher shall have more than two years' English teaching experience.

5.3 In addition to necessary wages as provided to dispatched teachers and employees according to the laws and regulations of China, Party A shall provide necessary labor protection, injury and medical health insurance, living and lodging allowance, travelling costs, etc, and assume all employment risks of dispatched teachers and working personnel.

5.4 Party A shall appoint special personnel to coordinate the English teaching arrangement of each year with Party B.

5.5 Party A shall collect feedback from students in respect of the dispatched teachers and the teaching implementation quality of Australia EAP English course, and conduct appraisal and quality control to entrusted teaching quality, so as to ensure the quality of English teaching.

5.6 Party A shall provide necessary occupational development training to dispatched teachers.

5.7 Party A shall appoint special personnel to regularly communicate with Party B, assist in handling the visa, lodging arrangement, arrival reception, etc of foreign teachers.

5.8 Party A shall assume all expenses arising from the performance of this Contract by dispatched teachers and working personnel.

5.9 Party A shall be liable for the teaching management of all teachers.

5.10 Party A shall assist Melbourne Polytechnic in training teachers.

5.11 Party A shall provide mobile teaching and learning platform and PC lesson preparation platform according to the circumstances of Party B.

5.12 Party A shall regularly make on-the-spot investigation to the teachers and students of Party B, understand their actual demand and adjust the teaching and learning platform and PC lesson.

5.13 Party A shall provide the cloud space and server in conformity with teaching requirements, so as to ensure the smoothness of teaching platform.

5.14 Party A shall train teachers about how to use the teaching and learning platform and PC lesson preparation platform.

#### Article VI Party B's Main Duties

6.1 Party B shall provide necessary classroom, teaching equipment and teacher office conditions for English course teaching, including but not limited to:

- 6.1.1 The classroom with good lighting conditions and multimedia equipment that can play CD and DVD;
- 6.1.2 The teaching equipment and WIFI equipment that can meet the use of mobile teaching and learning platform;
- 6.1.3 Office special for teachers and relevant communication equipment.
- 6.1.4 The computer and printer for teachers;
- 6.1.5 The copier for teachers to copy materials.

6.2 Party B shall appoint special administrative personnel to assist Party A in providing the following services to dispatched teachers:

6.2.1 Work visa application of foreign teachers, but it does not change the labor relationship between foreign teachers and Party A;

6.2.2 Assisting Party A in arranging lodging for dispatched teachers;

6.2.3 Reception of the teachers dispatched by Party A upon arrival;

6.2.4 Party B shall provide relevant assistance to the teachers dispatched by Party A according to the implementation requirements of the course.

6.3 Party B shall provide necessary reception and assistance to Party A's teaching management personnel who go to IEN Institute for the purpose of coordinating the course and supervising teaching quality.

6.4 Party B shall assist Party A in regularly investigating students' opinions in respect of teaching contents, teaching effects and teachers' teaching circumstances, and timely make feedback to Party A.

6.5 Party B shall timely order and purchase the English teaching materials and documents as recommended by Party A.

6.6 Party B shall assist Party A in creating good English learning atmosphere and environment for the purpose of improving English teaching quality.

6.7 Party B shall assist in protecting the intellectual property rights as used by Party A at Party B's teaching place.

6.8 Party B shall dispatch the Chinese teachers in conformity with Party A's requirements.

6.9 Party B shall arrange teachers to uniformly use mobile teaching platform and PC lesson preparation platform.

#### Article VII Standards of Service Fee and Payment Method

In consideration of Australian EAP English course service as provided hereunder, including the specific intellectual property rights of such course, Party B shall pay the costs and expenses arising from the teaching of Party A.

Within the cooperation period, Party B is responsible to collect tuition from students. Party B shall collect the following expenses in the form of annual tuition payment within 2 weeks after the beginning of each academic year: the students of Grade 2016-2020 shall pay tuition to the bank account as appointed by Party A according to RMB 9000.00 (RMB nine thousand exactly) every student in the first academic year and RMB 3000.00 (RMB three thousand exactly) every student in the second academic year, so as to cover the teaching costs of Party A.



In respect of the professional title appraisal, social insurance, personnel archives management, etc of Chinese teachers, the personnel archives of Chinese teachers engaged by Party A shall be uniformly managed by Party B, and their wages and welfares shall be uniformly released by Party B. Party B will collect expenses from Party A according to RMB 65,000.00 (RMB sixty five thousand exactly) every Chinese teacher every year. The aforesaid expenses will be directly deducted when the Parties handle tuition settlement.

Article VIII Party A accepts the consideration as specified in Article VII hereof, and shall strictly perform the teaching obligations according to the course workload of each grade.

#### Article IX Miscellaneous

9.1 The period of validity of this Contract shall be eight years. If the Parties need to renew this Contract, they shall discuss the renewal half a year in advance, so that the Parties may make preparation early.

9.2 If, during the performance of this Contract, Party B's students or education administrative authority has major objection to the design, teaching quality and teachers' quality of Australian EAP English course as assumed by Party A, Party A shall adjust the course design or dispatched teachers in the principle of guaranteeing education and teaching. If Party A delays in taking remedial measures, Party B has the right to terminate this Contract.

9.3 For any matter not covered herein, the Parties shall other sign a supplementary agreement through negotiation. Such supplementary agreement and this Contract shall be equally authentic.

9.4 Any dispute arising from the performance of this Contract shall be settled by the Parties through negotiation in the principle of equal and practicability; in case negotiation fails, such dispute shall be submitted to the people's court of the place of performance of this Contract for trial.

9.5 This Contract is made in four originals, two for each party hereto. This Contract shall become effective upon being signed and sealed by the Parties.

The Parties hereto:

IEN Institute of Minjiang University

Authorized Representative's Signature and Seal:



June 15, 2016

IEN Institute of Minjiang University (Seal)

China Liberal (Beijing) Education Technology Co., Ltd.

Authorized Representative's Signature and Seal: (Signature)



June 15, 2016

China Liberal (Beijing) Education Technology Co., Ltd. (Seal)

**Supplementary Agreement to Australian EAP English Course Teaching Service Contract**

**Party A: Fuzhou Melbourne Polytechnic**

**Party B: China Liberal (Beijing) Education Technology Co., Ltd.**

Whereas:

(1) China Liberal (Beijing) Education Technology Co., Ltd. (Party B) and IEN Institute of Minjiang University have signed *Australian EAP English Course Teaching Service Contract* on June 15, 2016 (hereinafter referred to as "Original Contract");

(2) IEN Institute of Minjiang University has been renamed as Fuzhou Melbourne Polytechnic in 2017.

Now therefore, Party A and Party B have entered into the following agreement through negotiation in respect of Australian EAP English course teaching service, and shall jointly comply with this Agreement.

I. The renaming of IEN Institute of Minjiang University as Fuzhou Melbourne Polytechnic shall not impact the Original Contract, and Party A shall continue performing all contents of the Original Contract.

II. Party B shall continue performing all contents of the Original Contract to Party A according to the provisions of the Original Contract.

III. This Agreement is the supplementary agreement to the Original Contract and bears the same legal force as the Original Contract.

IV. This Agreement is made in four originals of the same legal force, two for each party hereto.

V. This Agreement shall become effective upon being sealed by the Parties. For any matter not covered herein, the Parties may sign a supplementary agreement; such supplementary agreement shall bear the same legal force.

**Party A: Fuzhou Melbourne Polytechnic**

(Seal)

Authorized Representative: Zhuo Meiyong (Signature)

Date: December 15, 2017

Fuzhou Melbourne Polytechnic (Seal)

福州墨尔本理工职业学院  
(盖章)  
代表: 卓梅英  
2017年12月15日

**Party B: China Liberal (Beijing) Education Technology Co., Ltd.**

(Seal)

Authorized Representative: (Signature)

Date: December 15, 2017

Special Contract Seal of China Liberal (Beijing) Education Technology Co., Ltd. (Seal)

华夏博雅(北京)教育科  
(盖章)  
代表: 张  
2017年12月15日

**Straits Institute of Minjiang University**

**China Liberal (Beijing) Education Technology Co., Ltd.**

**Australian EAP English Course Teaching Service**

**Contract**

China Liberal (Beijing) Education Technology Co., Ltd. (Paging Seal)

## Australian EAP English Course Teaching Service Contract

Party A: China Liberal (Beijing) Education Technology Co., Ltd.

Party B: Straits Institute of Minjiang University

Whereas Party A provides Australian EAP English course teaching design, teacher dispatch, mobile teaching and learning platform, PC lesson preparation platform and course implementation to the students of Grade 2016-2020 of Party B,

Now therefore, in the principles of equality and voluntariness, the Parties have entered into this Contract and shall jointly comply with this Contract.

**Article I** The teaching service as specified in this Contract refers to Party A providing Australian EAP English course to the students of Grade 2016-2020 of Sino-Australia College International Education Program of Straits Institute of Party B.

**Article II** Party A guarantees that it enjoys the lawful intellectual property right of Australian EAP English course teaching scheme as provided by it. In case of any third party dispute about the intellectual property right of this course teaching design, all liabilities arising therefrom shall be assumed by Party A.

**Article III** The Parties agree that the course hereunder should fully adopt Australian EAP English syllabus, and choose the teaching materials, matching mobile teaching and learning platform and PC lesson preparation platform that are suitable to the students of Straits Institute, and that the English course should be implemented according to the standard of 25-29 students each class and by the way of combining foreign and Chinese teachers.

**Article IV Teaching Objective**  
According to the admission level of students and the number of English periods as provided, general students can reach the level of CET-4, partial students can reach the level of CET-6 or equivalent IELTS 5.5-6.0.

**Article V Party A's Main Duties**

5.1 Party A shall choose teaching materials according to the English level of students and provide teaching syllabus to Party B.

5.2 Party A shall dispatch high quality English teachers to Party B as scheduled every year. The teachers as dispatched by Party A shall meet all of the following conditions:

5.2.1 Party A shall dispatch the foreign English teachers that meet the teaching requirements of Australian EAP English course for the students of Grade 2016-2020 of Straits Institute; teaching periods and class scale shall be specified as follows:

5.2.1.1 Providing about 360 periods of teaching to the students of business studies of each class of Grade 2016-2020 of Straits Institute in the first academic year.

- Foreign teachers shall assume about 120 periods/student/class, 60 periods in the first and second academic years respectively;
- Chinese teachers shall assume about 240 periods/student/class, 120 periods in the first and second academic years respectively;

5.2.1.2 Providing about 300 periods of teaching to the students of arts of each class of Grade 2016-2020 of Straits Institute in the first academic year.

- Foreign teachers shall assume about 60 periods/student/class, 60 periods in the first academic year;
- Chinese teachers shall assume about 240 periods/student/class, 120 periods in the first and second academic years respectively;

5.2.1.3 Number and scale of class

The Parties agree to allocate the number of classes and number of teachers subject to the standard of 25-29 students/class according to the reality.

5.2.2 Foreign teachers shall meet all of the following conditions:

5.2.2.1 Each teacher shall have the citizenship of English-speaking country;

5.2.2.2 Each teacher shall have undergraduate qualification at least;

5.2.2.3 Each teacher shall have more than two years' overseas English teaching experience;

5.2.2.4 Each teacher shall have TESOL English certificate.

5.2.3 Chinese teachers shall meet all of the following conditions:

5.2.3.1 Each teacher shall have the master's degree in English at least or have the professional title of lecturer;

5.2.3.2 Each teacher shall have more than two years' English teaching experience.

5.3 In addition to necessary wages as provided to dispatched teachers and employees according to the laws and regulations of China, Party A shall provide necessary labor protection, injury and medical health insurance, living and lodging allowance, travelling costs, etc, and assume all employment risks of dispatched teachers and working personnel.

5.4 Party A shall appoint special personnel to coordinate the English teaching arrangement of each year with Party B.

5.5 Party A shall collect feedback from students in respect of the dispatched teachers and the teaching implementation quality of Australia EAP English course, and conduct appraisal and quality control to entrusted teaching quality, so as to ensure the quality of English teaching.

5.6 Party A shall provide necessary occupational development training to dispatched teachers.

5.7 Party A shall appoint special personnel to regularly communicate with Party B, assist in handling the visa, lodging arrangement, arrival reception, etc of foreign teachers.

5.8 Party A shall assume all expenses arising from the performance of this Contract by dispatched teachers and working personnel.

5.9 Party A shall be liable for the teaching management of all teachers.

5.10 Party A shall provide mobile teaching and learning platform and PC lesson preparation platform according to the circumstances of Party B.

5.11 Party A shall regularly make on-the-spot investigation to the teachers and students of Party B, understand their actual demand and adjust the teaching and learning platform and PC lesson.

5.12 Party A shall provide the cloud space and server in conformity with teaching requirements, so as to ensure the smoothness of teaching platform.

5.13 Party A shall train teachers about how to use the teaching and learning platform and PC lesson preparation platform.

#### Article VI Party B's Main Duties

6.1 Party B shall provide necessary classroom, teaching equipment and teacher office conditions for English course teaching, including but not limited to:

6.1.1 The classroom with good lighting conditions and multimedia equipment that can play CD and DVD;

6.1.2 The teaching equipment and WIFI equipment that can meet the use of mobile teaching and learning platform;

6.1.3 Office special for teachers and relevant communication equipment.

6.1.4 The computer and printer for teachers;

6.1.5 The copier for teachers to copy materials.

6.2 Party B shall appoint special administrative personnel to assist Party A in providing the following services to dispatched teachers:

6.2.1 Work visa application of foreign teachers, but it does not change the labor relationship between foreign teachers and Party A;

6.2.2 Assisting Party A in arranging lodging for dispatched teachers;

6.2.3 Reception of the teachers dispatched by Party A upon arrival;

6.2.4 Party B shall provide relevant assistance to the teachers dispatched by Party A according to the implementation requirements of the course.

6.3 Party B shall provide necessary reception and assistance to Party A's teaching management personnel who go to Straits Institute for the purpose of coordinating the course and supervising teaching quality.

6.4 Party B shall assist Party A in regularly investigating students' opinions in respect of teaching contents, teaching effects and teachers' teaching circumstances, and timely make feedback to Party A.

6.5 Party B shall timely order and purchase the English teaching materials and documents as recommended by Party A.

6.6 Party B shall assist Party A in creating good English learning atmosphere and environment for the purpose of improving English teaching quality.

6.7 Party B shall assist in protecting the intellectual property rights as used by Party A at Party B's teaching place.

6.8 Party B shall arrange teachers to uniformly use mobile teaching platform and PC lesson preparation platform.

#### Article VII Standards of Service Fee and Payment Method

In consideration of Australian EAP English course service as provided hereunder, including the specific intellectual property rights of such course, Party B shall pay the costs and expenses arising from the teaching of Party A.

Within the cooperation period, Party B is responsible to collect tuition from students. Party B shall collect the following expenses in the form of annual tuition payment within 2 weeks after the beginning of each academic year: the students of business studies shall pay tuition to the bank account as appointed by Party A according to RMB 4500.00 (RMB four thousand and five hundred exactly) every student each year; and the students of arts shall pay tuition to the bank account as appointed by Party A according to RMB 2250.00 (RMB two thousand two hundred and fifty exactly) every student each year, so as to cover the teaching costs of Party A.

In respect of the professional title appraisal, social insurance, personnel archives management, etc of Chinese teachers, the personnel archives of Chinese teachers engaged by Party A shall be uniformly managed by Party B, and their wages and welfares shall be uniformly released by Party B. Party B will collect expenses from Party A according to RMB 80,000.00 (RMB eighty thousand exactly) every Chinese teacher every year. The aforesaid expenses will be directly deducted when the Parties handle tuition settlement.

Article VIII Party A accepts the consideration as specified in Article VII hereof, and shall strictly perform the teaching obligations according to the course workload of each grade.

#### Article IX Miscellaneous

9.1 The period of validity of this Contract shall be eight years. If the Parties need to renew this Contract, they shall discuss the renewal half a year in advance, so that the Parties may make preparation early.

9.2 If, during the performance of this Contract, Party B's students or education administrative authority has major objection to the design, teaching quality and teachers' quality of Australian EAP English course as assumed by Party A, Party A shall adjust the course design or dispatched teachers in the principle of guaranteeing education and teaching. If Party A delays in taking remedial measures, Party B has the right to terminate this Contract.

9.3 For any matter not covered herein, the Parties shall other sign a supplementary agreement through negotiation. Such supplementary agreement and this Contract shall be equally authentic.

9.4 Any dispute arising from the performance of this Contract shall be settled by the Parties through negotiation in the principle of equal and practicability; in case negotiation fails, such dispute shall be submitted to the people's court of the place of performance of this Contract for trial.

9.5 This Contract is made in four originals, two for each party hereto. This Contract shall become effective upon being signed and sealed by the Parties.

The Parties hereto:

Straits Institute of Minjiang University

China Liberal (Beijing) Education Technology Co., Ltd.

Authorized Representative's Signature and Seal:

Authorized Representative's Signature and Seal:



June 15, 2016

June 15, 2016

Straits Institute of Minjiang University (Seal)

China Liberal (Beijing) Education Technology Co., Ltd. (Seal)



**Undergraduate International General Education Courses of Chinese  
Service Center for Scholarly Exchange of the Ministry of Education  
Cooperation Agreement**

This Agreement is signed by the following two parties in Fuzhou in July 2013:

Party A: IEN Institute of Minjiang University  
Address: No. 1, Wenxian Road, College Town, Fuzhou, Fujian Province

Party B: China Liberal (Beijing) Education Technology Co., Ltd.  
Address: Room 1206, Business Building, Jinguang Center, Hujialou, Chaoyang District, Beijing Municipality

In order to give full play to the schooling advantages of the Parties, effectively integrating social resources and actively promoting the internationally advanced teaching mode and experience, Party A and Party B have entered into the following agreement through friendly negotiation in respect of jointly undertaking Undergraduate International General Education Courses of Chinese Service Center for Scholarly Exchange of the Ministry of Education (International General Education Courses, hereinafter referred to as "IGEC"):

### **I. Contents of Project**

IGEC Project adopts innovative talent cultivation mode and targets the students of domestic colleges and universities who are included in the undergraduate recruitment plan of regular institutes of higher education. IGEC Project adopts not only domestic normal four-year length of schooling but also the mode of two learning stages at home and abroad. Thereinto, domestic stage shall be no less than two years. At the domestic stage, students intensify English and learn IGEC courses. The students who meet conditions will go to study in the credit exchange colleges and universities in North America, Europe, etc through credit transfer in the third or fourth year, and may be awarded the bachelor's degree of foreign colleges and universities as accredited by the Ministry of Education of China and the undergraduate diploma and bachelor's degree of domestic colleges and universities after graduation. The students who do not study abroad will continue learning international courses in domestic colleges and universities, and will be awarded the undergraduate diploma and bachelor's degree of domestic colleges and universities after graduation.

Party B shall introduce IGEC Project for Party A, and Party A is the organizer of IGEC Project. Party B shall assume a part of schooling liabilities and duties according to the needs of Party A, such as assisting in declaration, organizing team, promotion and recruitment, education teaching organization, providing foreign teachers for a part of courses, arranging students to dock with foreign colleges and universities, ensuring that the schooling task of the Project will be completed with high quality, etc.

## **II. Scope of Cooperation**

1. Party A shall be the schooling subject of IGEC Project. Party B shall coordinate with Chinese Service Center for Scholarly Exchange and introduce (International General Education Courses for Party A.
2. Party A and Party B shall jointly set up project management body in the place where Party A is located (Sino-America Project Center of IEN Institute of Minjiang University) and establish management framework, so as to conduct macro management and control to IGEC Project. Party A shall act as project director, and Party B shall appoint a person to act as deputy director. Party B shall pay the wages and welfares, etc of such deputy director. Party A shall provide corresponding schooling and office places and equipment for the management personnel and foreign teachers as dispatched by Party B.
3. Party A shall provide corresponding help to the project personnel and foreign teachers as dispatched by Party B, such as picking up at the airport, providing necessary office supplies, handing expert certificate, temporary residence permit and residence permit, assisting foreign teachers in receiving physical examination, renting house and handling insurances, etc.
4. Party B shall assist Party A in project declaration, project recruitment and project management, provide the foreign teachers of 14 courses of ISEC Project, and assist in arranging students to dock with foreign colleges and universities, etc.
5. Party B shall assist Party A in conducting international education exchange and cooperation by the use of its resources and advantages, so as to improve the influence of schooling.
6. Party A and Party B agree that each major of the Project shall recruit no less than 100 students. The Parties shall ensure the quality of schooling. Without mutual consent, neither party may unilaterally modify schooling scheme.

## **III. Party A's Liabilities and Rights**

1. Party A shall apply to Chinese Service Center for Scholarly Exchange of the Ministry of Education for opening IGEC Project as required, and cooperate with the comprehensive appraisal of Chinese Service Center for Scholarly Exchange of the Ministry of Education. Upon the approval of Chinese Service Center for Scholarly Exchange of the Ministry of Education, Party A shall sign cooperation agreement with Chinese Service Center for Scholarly Exchange of the Ministry of Education and Party B, and obtain the examination and approval letter of Chinese Service Center for Scholarly Exchange of the Ministry of Education agreeing that Party A should open IGEC Project.
2. After Party A has obtained the examination and approval letter from Chinese Service Center for Scholarly Exchange of the Ministry of Education, the Parties shall jointly establish schooling scheme, apply to local education department for opening IGEC Project and obtain the approval from local education department. The recruitment time, majors and plans shall be determined by the Parties through negotiation according to the reality; afterwards, the Parties may properly increase or decrease majors and plans according to the circumstances of schooling each year.
3. After having obtained approval from local education department, Party A shall submit the tuition charging application of IGEC Project to local pricing department for approval.

4. At the time of offering the Project, Party A shall set the schooling place at Party A's HQ. The college shall ensure that the student of the Project will study at HQ and enjoy the same treatment as other students not under the Project.
5. Party A shall assume the teaching and management work of the students of the Project in the first two years (or three years) of undergraduate stage and the students who will not study abroad in the final two years (or one year) of undergraduate stage and relevant costs (however, the dispatch and management of foreign teachers and relevant expenses shall be implemented according to the provisions of "Clause 3 of IV. Party B's Liabilities and Rights" of this Agreement). Party A shall provide qualified bilingual teachers to the Project. In principle, Party A may choose from the teachers of the college or local place, and report to Chinese Service Center for Scholarly Exchange of the Ministry of Education for filing, and shall participate in corresponding training and assume corresponding travelling and accommodation costs according to the requirements of Chinese Service Center for Scholarly Exchange of the Ministry of Education. Party A shall handle Chinese work visa for the foreign teachers as dispatched by Party B for the Project under the assistance of Party B.
6. Party A is mainly responsible for the recruitment work of the Project, release the recruitment brochure and information of the Project on the college's website, participate in recruitment consultative conference, release recruitment advertisement, etc, and assume the costs of recruitment publicity.
7. Party A shall implement the management and daily teaching of the students of the Project. Party A shall teach courses according to the requirements of International General Education Courses syllabus as provided by Chinese Service Center for Scholarly Exchange of the Ministry of Education, set up internal review system in respect of teaching quality, and shall according to the relevant requirements, regularly accept the on-the-spot teaching quality examination and review as made by the review team appointed by Academic Board of IGEC Project. Review costs shall be assumed by Party A, mainly including travelling costs, accommodation, review costs, etc (however, travelling costs, accommodation, review costs, etc shall be used in the principle of saving).
8. Party A shall ensure that the students of the Project timely complete electronic registration in Chinese Service Center for Scholarly Exchange of the Ministry of Education after admission, and shall actively cooperate with Chinese Service Center for Scholarly Exchange of the Ministry of Education in collecting and managing the academic records of students.

#### **IV. Party B's Liabilities and Rights**

1. Party B shall assist the communication between Party A and Chinese Service Center for Scholarly Exchange of the Ministry of Education, and sort out and coordinate the relations between the parties. Party B shall assist Party A in obtaining the formal reply from Chinese Service Center for Scholarly Exchange of the Ministry of Education in respect of the Project hereunder, and cause Chinese Service Center for Scholarly Exchange of the Ministry of Education to sign cooperation agreement with Party A in respect of jointly opening IGEC Project. Party B shall guarantee the validity and feasibility of IGEC Project as instructed to Party A. At the request of Party A, Party B shall assist Party A in obtaining the approval or permit of local education department and pricing department about IGEC Project by the use of its resources and advantages.

2. Party B shall communicate with American colleges and universities about introducing courses from American colleges and universities and pay introduction costs to American party. Party B shall provide all application materials for the examination and approval of American party and relevant work. Party A shall provide necessary assistance. Party B shall coordinate the teaching quality review (external review) of American party once a term, and Party A shall actively organize external review.
3. Party B shall appoint special personnel to act as the deputy director of the Project and jointly management IGEC Project with Party A, and shall assume the relevant expenses of such personnel.
4. Party B shall dispatch the foreign teachers who are competent for the courses of the Project to teach 4 general education courses and 4 specialized courses to the students of IGEC Project in Party A. The teaching qualification of foreign teachers shall conform to the teachers' requirements of the education department and Oriental International. Party B shall manage the foreign teachers as dispatched for the Project, and shall assume corresponding wage, allowance, class remuneration, travelling subsidy, lodging costs, physical examination costs, visa costs and insurance premium.
5. According to the requirements of IGEC Project, and in order to ensure that students have the ability to learn IGEC courses, Party B shall design English intensive courses for the students of the Project according to the needs of the Project, provide full set of syllabus and teaching materials of English (including IELTS) teaching to Party A, and assist in organizing and training English teacher team. Such English intensive courses will be jointly taught by Chinese and foreign teachers in the form of small class teaching. Thereinto, Party B shall provide the foreign teachers of 6 English courses in the first two years, including *College Academic English Writing 1* (general education course as required by IGEC Project), *English Phonetics*, *Spoken English 1*, *Spoken English 2*, *Spoken English 3*, *Spoken English 4*. Party B shall pay the relevant expenses of foreign teachers (including wage, allowance, class remuneration, travelling subsidy, lodging costs, physical examination costs, visa costs and insurance premium).
6. Party B shall provide training and consulting support to the Project in terms of project promotion, recruitment publicity, etc.
7. Party B shall assist Party A in guaranteeing the stability of teaching team. Either party hereto may advise adjusting the members of teaching team, provided that the normal teaching of the Project may not be impacted. The Parties shall regularly supervise the work of project teachers and management personnel, and may adjust unqualified teachers or working personnel according to assessment results; however, the Parties must fully recognize that the adjustment of teaching team may cause adverse impact.
8. Party B shall develop the overseas cooperation college resources and project, and introduce and provide other high quality educational resources or project to Party A, actively arrange Party A to reach closer cooperation relationship with the colleges and universities of America and Britain, such as friendship university, and facilitate the further exchange and cooperation of two parties in the fields of credit transfer, teaching and scientific research.
9. With the permission of Chinese Service Center for Scholarly Exchange, Party B shall actively assist Chinese Service Center for Scholarly Exchange in providing, or directly provide, overseas study services to the students of IGEC Project of Party A, such as overseas study consulting, promotion planning, foreign college admission application, filling guidance, visa coaching, summer camp, etc.
10. In order to facilitate international and school-school educational exchange, Party B shall invite 2 to 3 personnel of the Project to participate in exchange or short-term training in foreign cooperation colleges and universities each year, and Party B shall assume the transportation costs, accommodation costs and insurance premium.

11. Party B shall jointly research and develop the specialized courses of the Project with American cooperation colleges and universities and domestic well-known universities, and Party B shall assume the expenses arising therefrom.
12. Party B shall be liable for the transfer of the students of the Project who get more than 60 scores in domestic courses and 60 credits as specified by the admission requirements of American colleges and universities in terms language results (namely the credit transfer of 2 years' courses of American colleges and universities, and guarantee that at least 5 American colleges and universities (equivalent to the level of the American colleges and universities as provided by Chinese Service Center for Scholarly Exchange) can transfer 2 years' credits of bachelor's degree programs, and handle the procedures of studying in America for the students with good economic conditions. If any student cannot reach the admission requirements of American colleges and universities in terms of language results, Party B shall assist such student in learning language courses.
13. Party B shall ensure that the students of the Project can receive the pre-admission notice from American colleges and universities while learning the Project.
14. The overseas study procedures of the students of the Project shall be handled according to the relevant regulations of China and America about overseas study. Party B shall be the exclusive partner providing agency services to the students of the Project who will study in America. Party B or its subordinate company shall have *Qualification Certificate of Intermediary Institution of Self-funded Overseas Study* as issued by the Ministry of Education of China. Party A may not develop similar overseas study intermediary business with any intermediary institution other than Party B without permission; otherwise Party A shall assume the liabilities for breach and compensate for all economic losses as suffered by Party B therefore.
15. Party B shall apply to Chinese Service Center for Scholarly Exchange for handling certification for the students of the Project who have obtained the certificate of bachelor's degree from American colleges and universities. The certification of degrees of American colleges and universities shall conform to the relevant requirements of foreign qualification and degree certification of the Ministry of Education.

## V. Expenses

- 1 The domestic length of schooling of the students of the Project is four years, and the tuition is determined by the Parties through negotiation (it is suggested that the standard should be no less than 20,000 Yuan/person/year) and is reported to the pricing department for examination and approval. Within the period of validity of this Agreement as from the year of recruitment, the Parties shall negotiate whether to adjust the tuition standards and determine the range of adjustment according to the reality every year. Party A will collect tuition from students.
- 2 Party A shall pay project service and management fee to Party B by academic year. The fee shall be paid prior to November 30 each year. In the first two years of undergraduate stage (freshman and sophomore), the charging standard shall be 35% of the tuition of the Project, calculation method: number of all registered students of current year (subject to being calculated on November 15 of current year) \* tuition standard of the Project \* 35%; in the final two years of undergraduate stage (junior and senior), the charging standard shall be 40% of the tuition of the Project, calculation method: number of all registered students of current year (subject to being calculated on November 15 of current year) \* tuition standard of the Project \* 40%, namely the project service and management fee payable to Party B. Party B shall issue corresponding lawful invoice to Party A.

- 3 The personnel and wage relations of all teachers and management personnel as dispatched by Party B shall be filed in Party B. Party A shall provide necessary work assistance. If Party B assists the teacher as recommended by Party A, the employment relationship of such teacher shall be filed in Party A, and Party A shall pay the wage to such teacher.
- 4 The Project shall uniformly use the Chinese and English teaching materials and ancillary materials as appointed by Chinese Service Center for Scholarly Exchange. The costs of teaching materials shall be paid by students according to the actual quantity of use.

#### **VI. Confidentiality**

The Parties undertake to keep all confidential materials and information under the cooperation project confidential. Neither party hereto may use the confidential materials and/or information of this Project for any purpose unrelated to the Project. As from the effective date of this Agreement, this duty of confidentiality shall remain in force for one year after the termination of this Agreement.

#### **VII. Liabilities for Breach**

1. If either party or the Parties fail to perform or do not fully perform the obligations hereunder, it shall constitute a default. In case of any breach, the breaching party shall, according to the relevant laws and regulations and the provisions of this Agreement, assume the liabilities for breach and compensate for the actual losses and other losses as suffered by the other party.
2. If the performance of this Agreement cannot be continued due to force majeure, the Parties may be exempted from liabilities in whole or in part according to the impact of the force majeure. If either party cannot perform this Agreement due to force majeure, it shall immediately notify the other party, and try its best to minimize the possible losses as sustained by the other party, and shall timely provide a proof to the other party.
3. The force majeure mentioned in this article refers to the objective circumstance that is unforeseeable, avoidable and insuperable.
4. Party A undertakes that Party B is the exclusive partner of the Project; otherwise Party A shall assume the liabilities for breach and all economic losses as suffered by Party B therefore.

#### **VIII. Dispute Resolution, Alteration and Dissolution of the Agreement**

1. Any dispute arising from the performance of this Agreement shall be settled by the Parties through friendly negotiation. In case negotiation fails, either party has the right to lodge a suit. The Agreement shall be governed by the competent people's court of the place where the plaintiff is located.
2. If Party A fails to pay the profit sharing of the Project to Party B as scheduled and still fails to do so after the receipt of the written notice from Party B, Party B has the right to terminate this Agreement. In such case, Party A shall assume the liabilities for breach, and assume all bad consequences and economic losses arising therefrom.

3. Prior to the graduation of the students as recruited by Party A for the Project, neither party may stop cooperation without good cause (any breach of either party shall be lawfully implemented according to the foregoing paragraph).
4. If either party or both parties require early terminating this Agreement midway with good cause and basis, the Parties shall resolve through friendly negotiation and sign a termination agreement.

**IX. Effectiveness of this Agreement**

1. This Agreement shall become effective upon being signed and sealed by the representatives of the Parties. The period of validity of this Agreement is ten years. This Agreement is made in four originals of the same legal force, two for each party hereto. Neither party hereto may unilaterally modify the provisions of this Agreement. Any matter not covered herein may be otherwise supplemented.
2. If Party A and Chinese Service Center for Scholarly Exchange continue the cooperation of the Project after the expiration of this Agreement, this Agreement will be naturally renewed.

Party A: IEN Institute of Minjiang University

Party B: China Liberal (Beijing) Education Technology Co., Ltd.

闽江学院爱恩国际:  
人签章: 

博雅(北京)教育科技发展  
章: 

Representative's Signature and Seal: (Signature)

Representative's Signature and Seal: (Signature)

July 8, 2013

July 8, 2013

IEN Institute of Minjiang University (Seal)

China Liberal (Beijing) Education Technology Co., Ltd. (Seal)

**Supplementary Agreement to Cooperation Agreement of  
Undergraduate International General Education Courses of Chinese  
Service Center for Scholarly Exchange of the Ministry of Education**

**Party A: IEN Institute of Minjiang University**

Address: No. 1, Wenxian Road, College Town, Fuzhou, Fujian Province

**Party B: China Liberal (Beijing) Education Technology Co., Ltd.**

Address: Room 1206, Business Building, Jingguang Center, Hujialou, Chaoyang District, Beijing Municipality

Party A and Party B have signed *Cooperation Agreement of Undergraduate International General Education Courses of Chinese Service Center for Scholarly Exchange of the Ministry of Education* on July 8, 2013. According to *Contract Law of the People's Republic of China* and other relevant laws and administrative regulations, and based on the principles of voluntariness, equality, good faith and mutual benefits, Party A and Party B have entered into the following supplementary agreement through friendly negotiation:

I. Party B shall deliver the mobile teaching and learning platform and PC lesson preparation platform as independently researched and developed by Party B and the ancillary teaching contents as completed according to the on-the-spot investigation and actual demand statistics about teachers and students to Party A on October 1, 2015.

II. Party A shall provide the teaching equipment and WIFI equipment that meet the use of mobile teaching and learning platform.

III. This Agreement is the supplementary agreement to the original contract and bears the same legal force as the original contract.

IV. This Agreement is made in two originals of the same legal force, one for each party hereto.

V. This Agreement shall become effective upon being sealed by the Parties.

**Party A: IEN Institute of Minjiang University**

Date of Signing: May 21, 2015

IEN Institute of Minjiang University (Seal)



**Party B: China Liberal (Beijing) Education Technology Co., Ltd.**

Date of Signing: May 21, 2015

China Liberal (Beijing) Education Technology Co., Ltd. (Seal)





**Agreement**

**Party A: Straits Institute of Minjiang University**

**Party B: China Liberal (Beijing) Education Technology Co., Ltd.**

Whereas:

(1) Party B: China Liberal (Beijing) Education Technology Co., Ltd. (Party B) and IEN Institute of Minjiang University have signed *Cooperation Agreement of Undergraduate International General Education Courses of Chinese Service Center for Scholarly Exchange of the Ministry of Education* on July 8, 2013 and *Supplementary Agreement* to such cooperation agreement on May 21, 2015; such two agreements are collectively referred to as "Original Agreements";

(2) IEN Institute of Minjiang University will not continue undertaking Undergraduate International General Education Courses of Chinese Service Center for Scholarly Exchange of the Ministry of Education (hereinafter referred to as "IGEC") after having been renamed as Fuzhou Melbourne Polytechnic;

(3) With the consent of Minjiang University, IGEC Project will be continued by Straits Institute of Minjiang University (Party A);

Now therefore, Party A and Party B have entered into the following agreement through negotiation in respect of the cooperation of IGEC Project for joint compliance.

I. After Party A has undertaken IGEC Project, all rights and obligations of the Original Agreement shall remain unchanged, and Party A shall continue performing all contents of the Original Agreements in replace of IEN Institute of Minjiang University.

II. Party B shall continue performing all contents of the Original Agreements to Party A according to the provisions of the Original Agreements.

III. This Agreement is the supplementary agreement to the Original Agreements, and bears the same legal force as the Original Agreements.

IV. This Agreement is made in four originals of the same legal force, two for each party hereto.

V. This Agreement shall become effective upon being sealed by the Parties. For any matter not covered herein, the Parties may sign a supplementary agreement, and such supplementary agreement shall bear the same legal force.

**Party A: Straits Institute of Minjiang University**

(Seal)

Authorized Representative: \_\_\_\_\_

Date: November 16, 2017

Straits Institute of Minjiang University (Seal)

: 闽江学院海峡学院

( 盖章 )

代表: \_\_\_\_\_

: 2017年11月16日

**Party B: China Liberal (Beijing) Education Technology Co., Ltd.**

(Seal)



Authorized Representative: \_\_\_\_\_

Date: November 16, 2017

Special Contract Seal of China Liberal (Beijing) Education Technology Co., Ltd. (Seal)

夏博雅(北京)教育科技

( 盖章 )

代表: \_\_\_\_\_

: 2017年11月16日

**International Scholarly Exchange Curriculum(Undergraduate) Project of China Scholarship Council**  
**Cooperation Agreement**

This agreement was signed in \_\_\_\_\_ by the following parties in December 2012.

Party A: Fujian University of Technology

Address: College Town of Fuzhou City, Fujian Province

Party B: China Liberal (Beijing) Education and Technology Development Co., Ltd.

Address: Room 1206, Business Building, Jingguang Center, Hujialou, Chaoyang District, Beijing

In order to give full play to the advantages of both sides, effectively integrate various social resources and actively promote international advanced teaching modes and experience, Party A and Party B, through friendly consultation, reached an agreement on co-sponsoring International Scholarly Exchange Curriculum (Undergraduate) (ISEC for short) project of China Scholarship Council (CSC) Oriental International Educational Exchange Center (hereinafter referred to as Oriental International):

### **I. Project content**

The ISEC project adopts an innovative talent training mode and is open to students enrolled in undergraduate enrollment plan of domestic institutions of higher education. The normal domestic four-year schooling system can be adopted, and the domestic and foreign two-stage learning mode can also be adopted, among which the domestic learning period should not be less than two years. In the domestic stage, students can learn through the English enhancement and ISEC courses. Eligible students can transfer to the Exchange schools in North America and Europe through credit transfer in the third or fourth year. Graduates may receive bachelor's degree from foreign universities and undergraduate diploma and bachelor's degree from domestic universities, which are approved by the Ministry of Education of China.

Party B is responsible for introducing ISEC projects for Party A. Party A is the main body of ISEC projects. Party B undertakes part of school responsibilities and obligations according to Party A's requirements, such as assisting in application, building teams, promoting enrollment, organizing teaching, providing foreign teachers for some courses, and arranging students to dock with foreign universities, to complete the school-running tasks of the project with high quality.

### **II. Cooperation scope**

1. Party A is the main body of ISEC project, and Party B is responsible for coordinating with Oriental International and introducing ISEC project for Party A.
2. Party A and Party B jointly set up a project management organization in the place where Party A is located in order to conduct macro-management and control of ISEC projects. The project director shall be held by Party A and the deputy director shall be appointed by Party B. Party B shall be responsible for the salary and welfare of the deputy director. Party A shall provide school and public places and equipment.

3. Party B shall assist Party A in project application, project enrollment and management, provide foreign teachers for more than 12 courses of each major (not less than one third of credits of English, general education and professional courses), and arrange students to dock with foreign institutions.
4. Party B makes use of its own resource superiority to assist Party A to carry out international educational exchanges and cooperation and enhance school influence.

### **III. Rights and Obligations of Party A**

1. Party A applies to Oriental International for ISEC project as required, cooperates with Oriental International for comprehensive evaluation, signs cooperation agreement with Oriental International and Party B at the time of Oriental International approval, and obtains the approval letter from Oriental International to conduct ISEC project.
2. After Party A obtained the Oriental International Approval Letter, Party A and Party B jointly formulate the school-running plan, apply to the local education authorities to start the ISEC project, and obtain the approval of the local education authorities. The time, major and plan for enrollment shall be agreed upon by both parties according to the circumstances. In the future, enrollment major and plan may be increased or deleted appropriately according to the situation of school every year.
3. After obtaining the approval of the local education authority, Party A shall submit an application for fees of ISEC cooperative projects to the local price department and obtain the approval of the local price department.
4. When starting the cooperative project, the specific school location of Party A shall be set in the main campus of Party A, and the school shall ensure that the students of the project are treated equally with other non-project students in the main campus.
5. Party A shall pay the teaching and management costs and related costs of the first two years (or three years) undergraduate course for students in the project and the latter two years (or three years) of the undergraduate course for students who do not go abroad (provided that the selection, management and related expenses of foreign teachers shall be borne in accordance with the provisions of "Four Rights and Obligations of Party B3" regulations. Party A shall equip the project with qualified bilingual teachers, who can, in principle, be employed in the school or among local teachers, and report to Orient international for the record. Party A shall, as required by Orient international, participate in the corresponding training and bear the corresponding travel and accommodation expenses. With the assistance of Party B, Party A shall be responsible for the formalities such as working visa for foreign teachers appointed by Party B for this project, and provide accommodation for foreign teachers on campus (the accommodation regulations for foreign teachers are decided by Party A).
6. Party A shall be mainly responsible for the enrollment work of the project, and shall publish the enrollment guide information of the project on the college website, attend the enrollment consultation, advertise enrolment, etc., and bear the publicity expenses.

7. Party A shall be responsible for the management and daily teaching of the students of the project. Party A shall follow the syllabus requirements of ISEC provided by Oriental International in teaching process, establish an internal audit system for teaching quality, and accept on-site teaching quality inspection and assessment conducted regularly by the evaluation team, which is appointed by the ISEC Project Academic Committee. Party A shall bear the assessment fees, which mainly include travel, accommodation, assessment fees, etc. (However, travel, accommodation and assessment fees shall be used in line with the principle of cost savings).
8. Party A shall be responsible for timely electronic registration of project students in Oriental International, and actively cooperates with Oriental International in the collection and management of students' academic results.

#### **IV. Party B's responsibilities and rights**

1. Party B is responsible for the communication between Party A and Oriental International, rationalizing and coordinating the relationship between the parties. Party B shall assist Party A in obtaining the formal letter of reply from Oriental International and promote the signing of Cooperation Agreement between Oriental International and Party A in organizing the ISEC project. Party B guarantees the legitimacy and feasibility of the ISEC project introduced to Party A. At the request of Party A, Party B shall make use of its own resource advantages to assist Party A in obtaining the approval of the ISEC project by the local education department and department in charge of price.
2. Party B shall appoint a special person as the deputy director of the project to assist Party A in the management of the ISEC project and shall be responsible for the expenses associated with the personnel appointed.
3. Party B shall be responsible for appointing foreign teachers who are competent for this course to teach more than 5 core curriculums and 5 professional courses in each major. The teaching qualifications of foreign teachers should meet the teaching requirements of education authorities and Oriental International. Party B is responsible for the management of the foreign teachers selected for this project, and the corresponding salary allowance, remuneration, transportation expenses such as round trip tickets, insurance premiums and other expenses that may arise.
4. In view of the importance of English teaching to this project, Party B provides Party A with a full set of syllabus and teaching materials for English (IELTS) teaching and helps to set up and train a team of English teachers to ensure the quality of English teaching. Party B provides foreign teachers of the English courses (Listening and Spoken English) for the first two years, and Party B shall be responsible for the related expenses (including work allowance, remuneration, transportation expenses such as round trip tickets, insurance premiums and other expenses that may arise).
5. Party B is responsible for providing training and consultation support for project promotion, enrollment promotion and so on.

6. Party B helps Party A to ensure the stability of the teaching team. Both parties may propose to adjust the members of the teaching team, but shall not affect the normal teaching of the project; Both parties should regularly supervise the work of the project teachers and administrators, and adjust the unqualified teachers or staff according to the results of the assessment, but both parties should be fully aware of the possible adverse effects caused by the adjustment of the teaching team.
7. Party B is responsible for exploring the resources and projects of overseas cooperative universities, introducing and providing other high-quality educational resources or projects for Party A, and actively arranging for a closer cooperative relationship between Party A and one or more American and British universities, such as forming friendly universities, promoting further exchanges and cooperation between the two sides in the fields of credit mutual recognition, teaching and scientific research.
8. Under the permission of Oriental International, Party B shall actively assist Oriental International or directly provide various overseas study services for students of Party A's ISEC program, such as: overseas study consulting services, study planning, foreign university admission application, guidance, visa guidance, summer camp, etc.
9. In order to promote international and inter-school educational exchanges, Party B invites 2-3 relevant personnel from Party A to visit, exchange or short-term training in foreign cooperative colleges and universities every year, the costs of transportation, accommodation and insurance shall be borne by Party B.

#### **V. Cost clause**

1. The project is four-year domestic schooling system. The tuition shall be determined through consultation between the two parties (the proposed standard shall not be less than 20,000 yuan/person/year), and shall be submitted to the price department for examination and approval, from the year of enrollment to the validity of the contract. The annual tuition fee standard and the extent of adjustment shall be agreed upon by both parties according to the specific circumstances. The tuition fees shall be collected from the students by Party A.
2. Party A shall pay the service and management fee of the project to Party B according to the school year. Payment time is before Nov. 30 per school year. The charge rate is 30% of the student tuition fees for the program, and the calculation is as follows: the number of students enrolled in the program in the current year (based on the statistics of the Nov. 30 of that year) X tuition fee standard of the program X35%. That is to say, the project service fee and management fee that Party B should charge. Party B issues corresponding legal bills to Party A. Party B shall advance the project service fee and management fee to the Oriental International Education Exchange Center on behalf of Party A for RMB three hundred thousand (RMB 300000). This amount shall be transferred to the designated account of Party A within the time limit specified by the Oriental International Education Exchange Center of the State Fund Management Council, which shall be handed over by Party A to the Oriental International Education Exchange Center of the State Fund Management Council. After the project is approved by the local education department, Party A refunds RMB three hundred thousand (RMB 300000) to Party B.
3. All teachers and administrators sent by Party B shall have their personnel and salary relations in Party B and Party A shall provide the necessary work assistance.  
  
Assistant: If the teacher is recommended by Party A with the assistance of Party B, the teacher shall be appointed and the salary shall be paid by Party A.
4. The teaching materials of the project course are uniformly used in both Chinese and English edition and auxiliary materials designated by Oriental International. The teaching material costs are paid by students according to the amount of actual use.

#### **VI. Confidentiality Obligations**

Both parties undertake to keep confidential to all confidential date and information under this cooperation project, and the parties shall not use the confidential date and information of this cooperation project for purposes unrelated to this cooperation project. The term of this confidentiality obligation shall be from the effective date of this contract to one year after the termination of this contract.

#### **VII. Liabilities for Breach of Contract**

1. The failure of one or both of the parties to this Agreement to perform or fully perform their obligations under this Agreement constitutes a breach of contract. In the event of breach of contract, the defaulting party shall, in accordance with the relevant laws, regulations and the provisions of this Agreement, bear liability for breach of contract and indemnify for actual and other losses suffered by the other party.
2. If force majeure causes this Agreement to be unenforceable, the parties to the agreement may, in accordance with the influence of force majeure, be exempted from liability in part or in full. If the Party is unable to perform this Agreement due to force majeure, it shall notify the other party in a timely manner, and shall do its utmost to mitigate the losses that may be caused to the other party and provide proof to the other party in a timely manner.
3. Force majeure under this clause is an objective situation that is unpredictable, unavoidable and insurmountable.
4. Party A promises Party B to be the sole partner of this project, otherwise Party A shall be liable for breach of contract and indemnify Party B for all economic losses resulting therefrom.

**VIII. Settlement of disputes, alteration and dissolution of Agreement**

1. Any dispute arising in the implementation of this Agreement shall be settled through friendly consultation between the two parties. Without negotiation, either party has the right to bring a lawsuit. The competent court of this agreement shall be the people's court having jurisdiction in the seat of the plaintiff.
2. Party B shall have the right to terminate the contract if Party A fails to pay the share of the project benefits to Party B on schedule and Party B notifies Party A in writing that the payment shall be made within the time limit but Party A still fails to pay. Party A shall be liable for breach of contract, and all adverse consequences and economic losses arising therefrom shall be borne by Party A.
3. Both parties shall not suspend their cooperation without any reason until the project students who have been admitted by Party A have graduated. (in the event of breach of contract by one party, it may be dealt with in accordance with the above-mentioned provisions.)
4. If one of the parties or both parties puts forward justifiable reasons and requests to terminate this agreement in advance, the two parties shall settle the agreement through friendly negotiation and sign the termination agreement before termination.

**IX. Entry into force of the agreement**

1. The agreement shall enter into force on the date of signature by the representatives of both parties and shall be valid for ten years. This Agreement shall be in quadruplicate. Each party shall preserve two copies respectively with equal legal force. Neither party may unilaterally modify the terms of the agreement. Uncovered matters are added separately.
2. When the term of the contract expires, if Party A and Oriental International continue to cooperate on this project, the contract shall be renewed naturally and shall be valid for the same period.

Party A: Fujian University of Technology

Party B: China Liberal (Beijing) Education and Technology Development Co., Ltd.

Fujian University of Technology (sealed)

China Liberal (Beijing) Education and Technology Development Co., Ltd. (sealed)



Signature and seal of representatives:

Signature and seal of representatives:

佳(北京)教育科技发展有限公司

MM/DD/YY

MM/DD/YY

## International Scholarly Exchange Curriculum (ISEC) Program

### Supplementary Agreement

Contract No.:

This Agreement was signed in Fuzhou by the following parties in March 2014

Party A: Fujian University of Technology International College

Address: No. 89, Ruanjian Avenue, Fuzhou City, Fujian Province

Party B: China Liberal (Beijing) Education and Technology Development Co., Ltd.

Address: Room 1206, Business Building, Jingguang Center, Hujialou, Chaoyang District, Beijing

Unless otherwise stated, all the definitions of terms in this Agreement are equal to the definitions of International Scholarly Exchange Curriculum Program Cooperation Agreement (hereinafter referred to as "Original Agreement") signed by both parties in December 2012.

Whereas:

In order to clear the duties and obligations of the cooperation parties, give a better play to the school-running advantages of both parties and ensure the normal operation of the International Scholarly Exchange Curriculum (ISEC) Program. Both parties based on the principles of mutual benefit and reciprocity, the Supplementary Agreement about the relevant uncovered matters including visa and accommodation of foreign teachers of the Original Agreement has achieved after the friendly negotiation of party A and Party B, detailed as follows:

#### **I. Responsibilities and expenses paid by Party A**

1. Party A is responsible for filling the application form (the foreign teachers' information involved in the form is provided by Party B) of work-in-China license needed before the foreign teachers enter the country, application report, contract in both English and Chinese and invitation letter, and send the relevant materials to Party B. The above materials should be mailed to the foreign teachers by Party B but the expenses should be borne by Party A. The transportation fees and mailing fees occurred in submitting materials to provincial education department and provincial foreign affairs office are paid by Party A; The provincial foreign affairs office returns the visa materials of the foreign teachers of this program to Party A after they are handled. The expenses occurred in processing material copies and photo prints provided by the foreign teachers involved during handling the visa materials shall be borne by the foreign teachers themselves.

2. Party A is responsible for taking the foreign teachers to have a physical examination, apply for expert certificate, temporary residence permit and residence permit after the foreign teachers of this program enter the country. Party A should dispatch cars to take the foreign teachers to have a physical examination and bring them back, apply for temporary residence permit and residence permit, and expert certificate; If not, the transportation fees and delivery fees occurred in the process shall be borne by Party A. The expenses involved in copying and photo printing shall be borne by the foreign teachers themselves.
3. New hired foreign teachers in this program need to replace their visa in Hong Kong, Party A shall assist the teachers to order the air and bus tickets and guide the teachers to ride them.
4. Party A can dispatch a car to pick up the foreign teachers at the airport refer to their flight information, if cannot, the transportation fees occurred shall be borne by the teachers themselves. If the flight delayed, the late meal fees borne by the airport pickup staff themselves.
5. Party A is responsible for providing the campus dormitory for the foreign teachers in this program. If the foreign teachers insisted to live outside the campus, then count from the month when the foreign teachers renting the apartment, the first foreign teacher who need to live outside the campus can have the accommodation subsidy of RMB 1800 (pre-tax) paid by Party A, the accommodation subsidy of RMB 1800 (pre-tax) of the second teacher should paid by Party B. If there is only one foreign teacher who insisted to live outside the campus, then Party A and Party B shall take their turns to pay the accommodation subsidy of RMB 1800 (pre-tax) according to semester. When the foreign teachers and Party B provide the formal rental invoice to Party A, Party A shall pay the accommodation subsidy.
6. Party A is responsible for sending someone assists the foreign teachers in this program to find an appropriate apartment to move in, the transportation fees occurred by it should be paid by Party A. After the foreign teacher renting the apartment, Party A shall dispatch a car to send the baggage of the teacher to the apartment, if cannot, the relevant transportation fees shall be paid by Party A.
7. Party A is responsible for handling the problems confronted in the teaching and daily life of the foreign teacher (such as: take them to hospital and open account in bank), Party A shall pay the transportation fees occurred in the first time of go to hospital and open account or dispatch cars, if Party A cannot dispatch the car, the transportation fees shall be solved by the foreign teachers themselves.

## **II. Responsibilities and expenses paid by Party B**

1. Party B shall appoint a special person as the deputy director of the program to participate in Party A and conduct co-management of the ISEC program with Party A and shall be responsible for the expenses associated with the personnel appointed.



2. According to the *International Scholarly Exchange Curriculum Program Cooperation Agreement* signed by both parties in December 2012, Party B shall provide international faculty in above 12 courses each major (not less than one third of the credits of English, general knowledge and major courses). According to the training plan of each major in Fujian University of Technology, the certain No. of courses and credits be borne by Party B is calculated by the number of courses and the total credits deduct the ideological and political course, sports course, professional development course and graduation practice design. In consideration of there are more class hours in English major, and teach in small classes, Party B has invested more educational resources to it than the ordinary classes. It has determined by both parties after the friendly consultation, Party B should appoint the foreign teachers who is qualified with the courses in this program to Party A to teach 4 general knowledge courses and 6 major courses (architecture major set up 8 major courses) to the students under the program of ISEC, and is responsible for providing foreign teaching teachers of 6 English majors in 2 years, including the *University Academic English Writing* (requested by the ISEC program), *English Phonetics*, *Oral English 1*, *Oral English 2*, *Oral English 3* and *Oral English 4*.

Both parties agree: If the English courses' number borne by Party B decreased due to the adjustment of Party B's training plan, the decreased number shall increase into the corresponding general knowledge courses, i.e. when there is a decrease in English course, there is an increase in general knowledge courses additional accordingly.

After the agreement of both parties, Party B can adjust the borne course's name, but the borne number shall not be decreased. The total number of courses shall be ensured to maintain in 16 courses (18 courses in architecture major).

3. The conditions of the foreign teaching teachers in 16 courses (18 courses in architecture major) provided by Party B are as follows:
  - (1). Set up in total 6 English courses of freshman year and sophomore year:
    - Set up *Oral English 1*, *English Phonetics* in the first semester of freshman year;
    - Set up the *University Academic English Writing* (general knowledge courses requested by the ISEC program), *Oral English 2*;
    - Set up *Oral English 3* in the first semester of sophomore year;
    - Set up *Oral English 4* in the first semester of sophomore year;
  - (2). Set up in total 4 general courses in both freshman year and sophomore year (specific course's name refer to the appendix);
  - (3). Set up in total 6 general courses in both junior year and senior year (set up 8 major courses, specific course's name refer to the appendix).
4. Party B shall determine the teaching teachers 2 months before the classes begin and submit it to Party A to handle the relevant procedures.
5. Party B is responsible for paying the according salary allowance, reward of each class and travel expenses' subsidy.

6. Party B is responsible for paying the medical insurance in China, insurance expenses are transferred by Party B to Party A, Party A transfer it to insurance company.
7. Party B is responsible for paying the physical examination fees, visa fees (foreign, Hong Kong and Fuzhou) of the foreign teachers in this program, the foreign teachers should provide the corresponding invoices.
8. The mailing fees occurred in mailing to the foreign teacher and Party B shall be borne by Party A.
9. Party A is responsible for providing the campus dormitory for the foreign teachers in this program. If the foreign teachers insisted to live outside the campus, then count from the month when the foreign teachers renting the apartment, the first foreign teacher who need to live outside the campus can have the accommodation subsidy of RMB 1800 (pre-tax) paid by Party A, the accommodation subsidy of RMB 1800 (pre-tax) of the second teacher should paid by Party B. If there is only one foreign teacher who insisted to live outside the campus, then Party A and Party B shall take their turns to pay the accommodation subsidy of RMB 1800 (pre-tax) according to semester. When the foreign teachers and Party B provide the formal rental invoice to Party A, Party A shall pay the accommodation subsidy.
10. Party B is responsible for providing the copies and photos of visa, Chinese and English resume, educational certificate and the relevant qualification certificate to the foreign teachers for handling all the certificates. The number of copies and photos shall provide to Party A according to the requirements of certificate handling.
11. Party B is responsible to inform Party A the flight information of the foreign teachers in this program coming to China.
12. In the process of handling visa for the foreign teachers, if the foreign teachers fail to in their position to perform this Agreement, the expenses occurred in this process borne by Party B.

### **III. Confidentiality obligation**

Both parties undertake to keep confidential to all confidential date and information under this cooperation program, and the parties shall not use the confidential date and information of this cooperation program for purposes unrelated to this cooperation program. The term of this confidentiality obligation shall be from the effective date of this contract to one year after the termination of this contract.

### **IV. Responsibility of default**

1. The failure of one or both of the parties to this Agreement to perform or fully perform their obligations under this Agreement constitutes a breach of contract. In the event of breach of contract, the defaulting party shall, in accordance with the relevant laws, regulations and the provisions of this Agreement, bear liability for breach of contract and indemnify for actual and other losses suffered by the other party.
2. If force majeure causes this Agreement to be unenforced, the parties to the agreement may, in accordance with the influence of force majeure, be exempted from liability in part or in full. If the Party is unable to perform this Agreement due to force majeure, it shall notify the other party in a timely manner, and shall do its utmost to mitigate the losses that may be caused to the other party and provide proof to the other party in a timely manner.

3. Force majeure under this clause is an objective situation that is unpredictable, unavoidable and insurmountable.
4. Party A promises Party B to be the sole partner of this program, otherwise Party A shall be liable for breach of contract and indemnify Party B for all economic losses resulting therefrom.

**V. Settlement of disputes, alteration and dissolution of Agreement**

1. Any dispute arising in the implementation of this Agreement shall be settled through friendly consultation between the two parties. Without negotiation, either party has the right to bring a lawsuit. The competent court of this agreement shall be the people's court having jurisdiction in the seat of the plaintiff.
2. Party B shall have the right to terminate the contract if Party A fails to pay the share of the program benefits to Party B on schedule and Party B notifies Party A in writing that the payment shall be made within the time limit but Party A still fails to pay. Party A shall be liable for breach of contract, and all adverse consequences and economic losses arising therefrom shall be borne by Party A.
3. Both parties shall not terminate their cooperation without any reason until the program students who have been admitted by Party A have graduated. (in the event of breach of contract by one party, it may be dealt with in accordance with the above-mentioned provisions.)
4. If one of the parties or both parties puts forward justifiable reasons and requests to terminate this agreement in advance, the two parties shall settle the agreement through friendly negotiation and sign the termination agreement before termination.

**VI. Effectiveness of the protocol**

1. The agreement will take effect since the date of signature and sign by the representatives of both parties, valid period is in accordance with the Original Agreement. This Agreement shall be in quadruplicate. Each party shall preserve two copies respectively with equal legal force. Neither party may unilaterally modify the terms of the agreement. Uncovered matters are added separately.
2. When the term of the contract expires, if Party A and Oriental International continue to cooperate on this program, the contract shall be renewed naturally and shall be valid for the same period.
3. The content and items of the original agreement unmodified still in accordance with the Original Agreement.

Appendix: The Undertaken Teaching Course Catalogue under Fujian University of Technology ISEC Program

Party A: Fujian University of Technology International College

Party B: China Liberal (Beijing) Education and Technology Development Co., Ltd.

Fujian University of Technology International College (sealed)

China Liberal (Beijing) Education and Technology Development Co., Ltd. (sealed)

福建工程学院 ISEC 项目承担:

福建工程学院国际学院  


签章:

17日 14日

Signature and seal of representatives:

May 15, 2014

專雅(北京)教育科技发  


Signature and seal of representatives:

May 15, 2014

**Agreement on the International Education Resources Services for the  
Sino-New Zealand Cooperation Program of preschool education  
major in Fujian Preschool Education College**

Date of signature of this Agreement: Aug. 2016

Both parties of signature of this Agreement:

Party A: Fujian Preschool Education College

Address: No. 89, Chang'an Road Cangshan District, Fuzhou City, Fujian Province

Legal representative: Zheng Jiancheng

ID card No.:

Party B: China Liberal (Beijing) Education Technology Development Co., Ltd.

Address: Room 1206, Business Building, Jingguang Center, Chaoyang district, Beijing

Legal representative: Lin Yiyi

ID card No.:

**Whereas:**

Fujian Preschool Education College approves and reviews the startup of a Sino-New Zealand Cooperation Program (hereafter referred to as Sino-New Zealand Program) in preschool education of Provincial Education Department, China Liberal (Beijing) Education Technology Development Co., Ltd. with high-quality international education resources and high-tech education software resources. It can provide international resources and high-tech education software for new projects of Party A (Sino-New Zealand Program), introducing the professional international cooperative education project resources to Party A in light of the major of Educational, Artistic, Foreign Language, etc. Assisting Party A to carry out academic exchange activities such as Teachers' Training, Overseas Study Tour and Summer Camps.

After amicable negotiation between the two parties, we are now providing international course teachers for Party A's new programs by Party B in accordance with the needs of party A's "Sino- New Zealand Program", introducing high-tech education software, assisting Teachers' Training, offering study abroad services, etc. (other cooperation matters will be discussed separately), and based on the cooperative school agreement between Party A and the New Zealand Tertiary College ("NZTC"), we have reached the following agreements:

**I. Service Content**

1. Party B provides Party A with international education resource service and high-tech education software resource service. Each party assigns one specially-assigned person to carry out the handover process. Both parties regularly give a feedback to teachers' teaching method to constantly improve the quality of teaching, ensure its effect to maintain the reputation of the school and protect the interests of the educatee.

2. According to the relevant requirements of NZTC on English teaching, Party B designs English teaching plan for the Sino-New Zealand program and provides Party A with a full set of outlines and textbooks for teaching English (including IELTS). Party A should pay the textbook fees to Party B separately. Party B should issue a formal invoice to Party A. This Reinforcement English Course will be taught jointly by Chinese and foreign teachers in a small class. Party B is responsible for foreign teachers in 5 English courses General English (Oral English 1), General English (Oral English 2), Academic English (Oral English 1), Academic English (Oral English 2), Academic English (Writing 2), related expenses of foreign teachers(including salary allowance, courses reward, travel subsidy, medical examination fee, visa fee, insurance premium, etc.) all shall be responsible by Party B. Party A shall choose a specially-assigned person to communicate the progress of teaching with Party B to ensure the quality of English teaching.

3. Party B provides Party A with its independently developed high-tech educational software (China Liberal “My Textbook” [student’s end]/ “My Course” [teacher’s end]. Party A shall apply the software to the English course in Sino-New Zealand program and complete the English teaching programs according to the teaching software in the three periods before class, during class and after class. Party B is responsible for resolving software failures, missed content, version updates and other related issues that occur when using the software.

4. Party B is responsible for providing Party A with 10 professional courses in New Zealand Tertiary College (“NZTC”) which is related to teachers and teaching of the full set of outline and official publication, the course is listed as follows:

**The third semester**

A001 Introduction to Learning Online

BEdl14C6 Early Childhood Writing and Research 1 (10 credits)

BEdl21C6 Play as a Framework for Learning (10 credits)

BEdl22C6 Planning and Learning (15 credits)

**The fourth semester**

BEd132C6 Positive Child Guidance (10 credits)

BEd214C6 Early Childhood Writing and Research 2 (10 credits)

BEd221C6 Early Childhood Curriculum 1 (15 credits)

**The fifth semester**

BEd231C6 Lifespan Studies 2 (15 credits)

BEd202C6 Infants and Toddlers (15 credits)

BEd222C6 Early Childhood Curriculum 2 (15 credits)

5. 10 NZTC professional course teachers chosen by Party B can be NZTC full-time teachers, or those who have teaching qualifications of NZTC. NZTC full-time teachers go to the location of Party A's school to teach students in Sino-New Zealand program 3 weeks every term. The rest is taught by NZTC teachers. The teacher's expenses shall be paid by Party B.

6. Party A provides offices and realia for the teachers and managers sent by Party B and China visa for foreign teachers chosen by Party B (foreign teachers' insurances, physical examination and other certificates shall be provided by party B). Party B shall provide the services of booking and the arrangement for accommodation of foreign teachers, airport transferring, and the related fees shall be borne by Party B.

7. Party A can send excellent teachers for overseas training. The expenses of training, travel, accommodation and other related expenses shall be paid by Party A. Party B provides assistance to the excellent teachers selected by Party A to overseas training.

8. Party B assists Party A in carrying out international exchanges and cooperation, introducing Educational, Artistic, Foreign Language and other professional resources of running Chinese-foreign cooperative running program, providing short-term experience and learning, summer camp and other academic exchange activities, offering the professional service of studying abroad for students who want to further their study abroad. And it is the only partner to study abroad. Party A shall assist Party B to carry out work and procedures for Sino-New Zealand program for students study abroad, such as the convening of Study Abroad Seminar and Overseas Study Lecture, providing the certificate concerning political examination, scores and academic credential.

9. Party B can provide practical training services and employment opportunities for students of Sino-New Zealand in the kindergarten affiliated by Party B.

10. Party A completes the assessment task of Sino-Foreign Cooperative school-running in Fujian Province together with Party B, including self-assessment reports and assessment indicators, connotation report, information collection, administrative examination and approval documents, Sino-Foreign cooperative school agreement and other materials.

## **II. Service Expense**

1. Entrusted by the New Zealand Tertiary College, Party B collects 50% of the income from Party A paid to the New Zealand Tertiary College. The payment needs to be made as per the actual situation, which is RMB 9,000 per student each academic year (RMB 9,000). Party B shall issue a formal invoice to Party A. The agreement between Party A and the New Zealand Tertiary College is attached as the attachment of this agreement.

2. The income tax is paid by each party after deducting school running cost.

3. Any other payments shall not be paid by Party B to Party A except the fees charged by the New Zealand Tertiary College as mentioned above.

## **III. Agreement Duration, Default Responsibility, Dispute Resolution and Confidentiality Agreement**

### **1. Agreement duration**

1) This agreement shall come into effect on the date of signing. This agreement is especially for offering the services for the students of Sino-New Zealand Program in 2016 Grades with the cooperation period of 3 years (Sep. 2016-Jul. 2019). The cooperation matters at that time will be separately determined by the two parties through their mutual negotiations. If there is no contract extension, this agreement shall automatically terminate on the graduation date of the student in Jul. 2019.

2) As political reasons, natural disasters, wars and other unforeseeable factors, or force majeure (Such as policy reasons) for which the occurrence and consequences are unpreventable and unavoidable, the agreement is affected and can't be implemented as the predetermined conditions. The disputing party shall notify the other party without any delay and provide detailed information and valid documentary evidence within thirty days. When this performance agreement is influenced or the agreement is terminated by force majeure, both parties shall make proper arrangement for the students involved in this educational program, and lower students' losses to the minimum level.

### **2. Affirmation and compensation of responsibility for breach of contract**

1) Either party that fails to fulfill the responsibilities and obligations as per the predetermined time, manner and requirement of this agreement shall be deemed as a breach of agreement;

2) If the program objective cannot be achieved or economic losses are caused to the observant party due to the breaching action of the defaulting party, the defaulting party shall take corresponding compensation responsibility. The defaulting party shall independently bear the corresponding legal responsibility in case of violating the legal rights and interests of the students of the education program or the society as well as violating the Chinese laws and government decrees due to his/her nonperformance and misconduct.

3) If the defaulting party is required to undertake joint compensation liability due to any third-party dispute which is incurred by the default party's noncompliance or misconduct, the unaccountable party has the right to require the breach or misconduct party to make corresponding compensation.

4) Party A's shall make compensates to the students' losses in case of Party A violating the contract or getting involved in the infringement behaviors. Party A has no obligation to make compensation for students' loss caused by Party B's default. The students' loss caused by party B's default shall be compensated by Party B.

### 3. Confidentiality of agreement

1) Both parties are obliged to keep the contents of the agreement confidential from the date when it drafts, revises and signs. Without the consent of the other party, neither party shall disclose the contents of the agreement to any third party, otherwise it will constitute a breach of contract. The Non-responsible party shall have the right to terminate the contract and the defaulting party should bear the corresponding liability and indemnify the loss.

### 4. Settlement of disputes

1) In the process of agreement implementation, the important matters to be informed to each other shall be prepared in written form and the content of written form prevails.

2) In the event of any dispute occurring during the agreement implementation, Party A and Party B shall settle this dispute through mutual negotiation. Any dispute fails to be solved can be proposed as a lawsuit by any party in the People's Court of Party A's address.

This agreement shall come into effect after being signed and sealed by Party A and Party B. This agreement is in duplicate, with each party holding one copy, and the copies shall enjoy the equal legal effect.

Party A: Fujian Preschool Education College

Party B: China Liberal (Beijing) Education Technology Development Co., Ltd.

Fujian Preschool Education College (sealed)

Special seal for contract of the China Liberal (Beijing)

Education Technology Development Co., Ltd. (sealed)



Sealed by the representative:



Sealed by the representative:



**Fuzhou Melbourne Polytechnic**  
**Smart Campus Project Agreement**

**Party A: Fuzhou Melbourne Polytechnic**

Address: No. 199, Xiyuangong Road, Minhou College Town, Fuzhou

Tel: 0591-83761763

**Party B: China Liberal (Beijing) Education Technology Co., Ltd.**

Address: Room 1206, Business Building, Jingguang Center, Hujialou, Chaoyang District, Beijing Municipality

Tel: 010-65978118

**I. General Provisions****1. Introduction to Party A**

Fuzhou Melbourne Polytechnic is an international institute of higher education as jointly established by Minjiang University and Australian Melbourne Polytechnic, and is the only Sino-foreign cooperative schooling institute of Fujian Province implementing higher qualification education with the approval of the Ministry of Education of China, and has 18 years' history of Sino-foreign cooperative schooling. In January 2017, Fuzhou Melbourne Polytechnic becomes the college with independent legal person qualification through the formal written reply of the Ministry of Education, and becomes the 12<sup>th</sup> independent Sino-foreign cooperative schooling institute in China and the first independent Sino-foreign cooperative schooling institute in Fujian Province.

**2. Introduction to Party B**

China Liberal (Beijing) Education Technology Co., Ltd. is an international education institution sponsored by senior education person and jointly established by the core teams in the fields of international cooperative schooling, international art education and international academic exchange, integrating Sino-foreign cooperative schooling, dispatch of foreign talents and research and development online platform, with its HQ in Hong Kong and business covering Beijing, Shanghai, Fujian, Wuhan, Chengdu, Zhengzhou, Shijiazhuang, Xi'an, as well as America, Australia, Italy, Spain, Germany, France, etc. So Far, the Group has established cooperation relationship with many domestic colleges and universities, and provides smart campus solutions for the cooperation projects of colleges and universities, including multimedia classroom building, teaching affairs management, IOT, mobile teaching products, etc.

### 3. Tenet of Cooperation

Since the 18<sup>th</sup> National Congress of the Communist Party of China, education informatization meets the great historical development opportunities; in the letter of congratulation of Chairman Xi Jinping to the First International Conference On ICT in Education “actively promoting the innovative development integrating information and education”, “building network, digital, personalized and life-long education system” with education informatization, constructing the learning society of “every person can learn at any time in any place”, cultivating a large batch of innovation talents”, “persistently promoting education informatization and trying to enlarge the coverage of good quality educational resources by means of informatization”, which indicates the objective, direction and channel of education informatization work. The Ministry of Education has indicated for many times that the extensive use of rising information technology in education, such as cloud computing, IOT, virtual reality and big data, etc, promotes the transformation of educational mode, teaching method and schooling method; we shall attach importance to and support the development of informatization teaching equipment and encourage to explore and build smart campus.

### 4. Cooperation Objective

According to the characteristics of Sino-foreign cooperative schooling of Fuzhou Melbourne Polytechnic, Party B designs the smart campus construction scheme with the characteristics of Fuzhou Melbourne Polytechnic, with the overall guidance thought of overall planning and phased implementation, and ensures prospective and expandable planning as well as scientific and advanced implementation. The data of all parts of Smart Campus will be integrated to become the large data platform of the College; and all software systems will use the uniform account system for the use of teachers and students, which may thoroughly resolve the previous data communication failure between information systems of the campus and avoid information island.

Now therefore, Party A and Party B have entered into the following agreement through full investigation and negotiation in respect of Party B participating in Smart Campus construction of Fuzhou Melbourne Polytechnic:

## II. Overall Design Scheme of Smart Campus

Party B shall make the following scheme according to the overall demand of Party A:

### 1. Wireless Network Coverage

Party B shall deploy wireless AP access points in the teaching buildings of the College, so to guarantee that the classrooms and offices of every floor of teaching buildings can have access to internet through WIFI. In order to guarantee that stable internet signals will be conveyed to wireless transmitter, Party B shall replace non CAT-6 network lines of teaching buildings with gigabit Ethernet cables. The teachers and students of teaching area will make real-name certification through their respective account number and password. On the basis of being compatible with existing wired network, Party B shall combine AP of different specifications such as panel type, loading and unloading type and high density, because maximum number of people may deploy different AP access point in each room on each floor.

Modules:

- (1) Panel type AP;

- (2) Loading and unloading type AP;
- (3) High density AP;
- (4) POE exchanger;
- (5) Single mode optical fiber module;
- (6) Wireless controller;
- (7) Standard CAT-6 Ethernet wiring;
- (8) 86-box web panel.

## **2. Common Classroom**

Party B shall add IOT module to 17 common classrooms of the College, so as to collect the energy consumption information of IOT equipment through sensory systems on campus at real time, focus on monitoring large power and high power consumption equipment and make data statistics and analysis. Manager may understand the energy consumption of teaching buildings, office buildings, labs, etc, and thus design scientific smart management scheme, so as to better integrate and utilize resources and save costs and finally reach the purpose of saving energy and reducing emission.

Modules:

- (1) Smart environment perception control module;
- (2) Air-conditioner smart management module;
- (3) Comprehensive monitoring management module.

## **3. Amphitheatre**

Party B shall install multimedia equipment and IOT modules in 5 amphitheatres of the College, which shall not only meet the teaching requirements but also give consideration to the smart management of equipment. Modules:

- (1) High lumen projector;
- (2) Large size curtain;

- (3) Professional power amplifier;
- (4) Main amplification system;
- (5) Radio microphone;
- (6) Hanging microphone;
- (7) Smart environment perception control module;
- (8) Air-conditioner smart management module;
- (9) Comprehensive monitoring management module.

#### **4. Academic Report Hall**

Party B shall install multimedia equipment and IOT modules in the academic report hall of the College, so as to meet the use requirements of academic reports. It will display the information of report meeting through multiple LED screens and manage all electronic equipment by the use of IOT.

Modules:

- (1) High lumen projector;
- (2) Large size motor-driven curtain;
- (3) Central control;
- (4) Sound console;
- (5) Mixer;
- (6) Host of conference system;
- (7) Professional power amplifier;
- (8) Main amplification system;
- (9) Radio microphone;
- (10) Hanging microphone;
- (11) Smart environment perception control module;
- (12) Air-conditioner smart management module;
- (13) Comprehensive monitoring management module.

## 5. EAP Smart Classroom

15 EAP smart classrooms are created according to the needs of transformation and innovation of English teaching mode of the College, with advanced informatization teaching equipment instead of existing traditional teaching equipment, so as to realize double screen teaching, interactive teaching, grouping discussion teaching, classroom direct recording and playing, remote synchronous courses, etc.

Modules:

- (1) Micro-focus interactive projector;
- (2) Wireless screen module;
- (3) Thin-client;
- (4) Full-automatic direct recording and playing terminal;
- (5) Smart environment perception control module;
- (6) Air-conditioner smart management module;
- (7) Comprehensive monitoring management module.

## 6. Language Lab

4 language labs are used for the freshman English proficiency test as required by the foreign cooperative colleges and universities; in addition to listening teaching, they will be used for writing teaching. The language labs meet the multi-purpose teaching application needs and adopt desktop virtual cloud technology, so that every student will obtain the user experience of independent PC. The synchronized broadcasting of HD video is smooth and there is no obvious out-sync between students. During the discussion of 2 or 3 students' team in the classroom, there is no suspension or lapse in sound. The listening and writing training results of students will be recorded in the teaching system synchronously at real time and students' learning data will be summarized in big data center, so as to provide data support for the learning tracking of students.

Modules:

- (1) Virtual cloud management cloud;
- (2) Cloud terminal host;
- (3) Cloud terminal student workstation;
- (4) Multimedia transmission;
- (5) Voice box power amplifier;

- (6) Synchronous upload of exercise data;
- (7) Smart environment perception control module;
- (8) Air-conditioner smart management module;
- (9) Comprehensive monitoring management module.

**7. Business Experiment Center**

In the context of development objective big policy of China (Fujian) Pilot Free Trade Zone, the industrial development and talent demand of the Free Trade Zone facilitate the cultivation level and positioning of relevant professional talents. The College builds supporting Business Experiment Center to meet the urgent demand of national “One Road, One Belt” and Fujian Free Trade Zone for the internationalized compound applied talents. The core location of the Experiment Center is the high-end talent cultivation experiment base of the Free Trade Zone in the fields of E-commerce, international trade, finance, marketing, financial and accounting, business administration and big data.

Modules:

- (1) International financial and accounting scene simulation lab;
- (2) Marketing lab;
- (3) International trade scene simulation lab;
- (4) Cross-border E-commerce lab;
- (5) International finance simulation lab;
- (6) Teaching system data docking;
- (7) High density wireless AP.

**III. Installation and Debugging, Technical Service, Personnel Training and Technical Documents**

1. Party A shall complete the following preparatory works within 10 days as from the date of signing of this Agreement;

SN	Place of Installation	Installation Conditions
1	Multimedia equipment of 5 amphitheatres and the projector of 15 EAP classrooms	1. The blackboards of EAP classrooms have been installation 2. The week current circuits of EAP classrooms and amphitheatres have been installed. 3. The machine cabinet of EAP classrooms has been put in place.

- |   |                                     |  |
|---|-------------------------------------|--|
| 2 | Wireless coverage and cloud desktop | <ol style="list-style-type: none"> <li>1. Equipment power supply, equipment installation space environment and week current wireless AP wiring have put in place. The optical fiber cables from the wireless POE exchanger of week current room of the 3rd floor of 3 buildings to the central machine room shall be connected; which shall be provided by the College.</li> <li>2. Deploying the network cables in conformity with international CAT-6 standards; each AP access point shall have 86 box port panels.</li> <li>3. The 1-meter jumper wire connecting wiring access points and the jumper wire connecting POE exchanger in the power distribution frame of machine cabinet shall be provided by the College.</li> <li>4. The two terminals of wireless AP deployment network cables shall be marked and recorded.</li> </ol> |
| 3 | IOT equipment                       | <ol style="list-style-type: none"> <li>1. The week current circuits of 42 classrooms have been installed.</li> <li>2. The machine cabinet of classroom has been put in place.</li> <li>3. The server provided by the College for installing software.</li> <li>4. Positions of air-conditioners are determined.</li> </ol>   |
| 4 | Recording and playing system        | <ol style="list-style-type: none"> <li>1. The machine cabinet of EAP classroom has been put in place.</li> <li>2. The week current circuits have been installed.</li> <li>3. The position of control panel has been determined.</li> <li>4. The server provided by the College for installing software.</li> </ol>   |
| 5 | Wireless microphone                 | The machine cabinet of EAP classroom has been put in place.  |
| 6 | Purchase of language lab            | Strong and week currents, lighting and walls of language lab have been completed.  |
| 7 | Great business experiment center    | Hardware, software and indoor decorations  |

2. Party B shall complete the installation and debugging of all equipment within 50 days as from the date of signing of this Agreement.
3. Party B shall train Party A's personnel after the completion of installation and debugging, so as to guarantee that Party A's personnel can normally operate the equipment.

#### **IV. Payment Method and Conditions**

##### **1. Equipment of Smart Campus Project**

The total investment amount of Smart Campus Project is RMB 25,000,000 (see the Appendix List of Items for details). Party B shall provide the parameters and performance, etc of the hardware equipment, and Party A shall provide the detailed demands of relevant teaching affairs. Party B shall sign purchase agreements with manufacturers, and shall be responsible for the installation and debugging of software and hardware, and ensure that such software and hardware will meet the expected standards. Upon the completion and acceptance of installation and debugging, Party A shall pay the price of Smart Campus Project to Party B according to the amount of final accounts. Party A may pay the price of Smart Campus Project to Party B within ten years, namely RMB 25,000,000/10 years=RMB 250,000 every year.

##### **2. Operation and Maintenance Costs of Smart Campus Project**

Party B shall, according to the use and demand of Party A, keep updating and optimizing the software as developed by Party B, and shall be responsible for the security of data, and shall guarantee that the computer equipment as purchased by Party B can normally work after software update, and shall be responsible for the daily maintenance of computer equipment. If necessary, Party B shall timely upgrade and update computers. Party A shall, prior to the 10<sup>th</sup> day of every October, pay the Smart Campus operation and maintenance expenses (excluding tax) to Party B, namely RMB 25,000,000 \*8%=RMB 2,000,000. The Parties shall otherwise sign *Operation and Maintenance Agreement* in respect of the detailed terms and conditions of operation and maintenance.

#### **V. Intellectual Property Right**

Party B must guarantee that Party A will not be accused by any third party of infringing patent right, trademark right, industrial design right, etc at the time of using the goods or any part thereof. Any accusation of infringement raised by any third party shall have nothing to do with Party A, and Party B shall negotiate with such third party and assume all possible liabilities and expenses arising therefrom. Party B shall compensate for the losses as suffered by Party A therefore, if any.



## **VI. Liabilities for Breach**

1. If Party B fails to complete the work contents as specified herein according to the provisions of this Agreement (except due to force majeure or Party A's cause), Party B shall assume corresponding liabilities for breach.
2. If Party A delays in paying any amount, it shall pay a penalty to Party B according to the amount that is late.

## **VII. Confidentiality**

1. Either party shall strictly keep the trade secrets that it learns from the other party through work or other channel confidential, and shall, without the prior written consent of the other party, not disclose, leak or provide any confidential information that is obtained from the other party to any third party (whether in writing, orally or otherwise).
2. The duties of confidentiality of the Parties hereunder shall survive any suspension, cancellation, dissolution or termination of this Agreement.

## **VIII. Force Majeure**

1. In case of any breach due to force majeure, the impacted party shall timely send a notice to the other party stating the cause for non-performance or partial performance. Based on such act, the impacted party is allowed to delay in performing, or to partially perform, or not to perform this Agreement, and shall be exempted from the liabilities for breach in whole or in part according to the reality.
2. For the purpose of this Agreement, force majeure refers to the objective circumstance that is unforeseeable, unavoidable and insuperable, including but not limited to natural disaster such as earthquake, typhoon, flood, fire; governmental act, change of laws and regulations or change of applicability, or any other event that cannot be foreseen, avoided or controlled.

## **IX. Dispute Resolution**

Any dispute arising from or relating to this Agreement shall be settled by the Parties through friendly negotiation. In case negotiation fails, either party hereto may lodge a suit to the competent people's court of the place where Party A is located.

## **X. Effectiveness**

1. The period of validity of this Agreement shall be ten years as from the date of signing.

2. This Agreement is made in four originals of the same legal force, two for each party hereto. This Agreement shall become effective upon being signed by the authorized representatives of the Parties.
3. The Parties shall otherwise sign relevant contracts in respect of detailed cooperation affairs according to the principles and provisions as specified in this Agreement.

**Party A: Fuzhou Melbourne Polytechnic**

Representative: (Signature)

Date: August 29, 2017

Fuzhou Melbourne Polytechnic (Seal)



**Party B: China Liberal (Beijing) Education Technology Co., Ltd.**

Representative: (Signature)

Date: August 29, 2017

Special Contract Seal of China Liberal (Beijing) Education Technology Co., Ltd. (Seal)



Appendix: List of Items

List of Software of Big Data Center

SN	Software Name (Platform)	Price (Yuan)
1	Mobile Online Operation System (iOS, android)	120,000
2	Mobile Online Exam System (iOS, android)	130,000
3	Spoken Language Repeat Practice System (iOS, android)	130,000
4	Student Error Book Management System (iOS, android)	90,000
5	Teacher Online Correction System (iOS, android)	100,000
6	Student Learning Trajectory Management (iOS, android)	110,000
7	Mobile Online Classroom Interaction System (iOS, android)	140,000
8	Smart Test Assembly System (iOS, android)	100,000
9	Student Courses Election System (Website)	140,000
10	Student Transcript Inquiry System (Website)	120,000
11	Classroom Reservation System (Website)	130,000
12	Smart Course Arrangement System (Website)	160,000
13	Smart Exam Arrangement System (Website)	150,000
14	School Rolls Management System (Website)	140,000
15	Teachers Management System (Website)	120,000
16	Practical Teaching Management System (Website)	110,000
17	Teaching Quality Evaluation System (Website)	100,000
18	Graduate Management System (Website)	90,000
19	Teaching Place Management System (Website)	80,000
20	Daily Office Management System (Website)	230,000
21	Administrative Affairs Management System (Website)	190,000
22	Personnel Schedule Management System (Website)	170,000
23	Teaching Materials Management System (Website)	190,000
24	Courseware Management System (Website)	170,000
25	Test Library Management System (Website)	200,000
26	Engagement Management System (Website)	100,000
27	Faculty Management System (Website)	70,000
28	Attendance Management System (Website)	90,000
29	Wage Management System (Website)	110,000
30	Personnel Performance Assessment Management System (Website)	130,000
31	Recording and Playing Management System (Website, iOS, android)	140,000
32	Campus IOT Management System (Website)	150,000
33	Course Direct Broadcast Management System (Website, iOS, android)	160,000
34	Campus Student Interaction Community (Website, iOS, android)	160,000
35	Campus Academic Exchange Community (Website, iOS, android)	130,000
36	Total	4,650,000

**Summary Table of List of Construction of Smart Classroom**

<b>SN</b>	<b>Item Name</b>	<b>Price (Yuan)</b>
1	Multimedia System	384,750
2	Recording and Playing System	506,325
3	IOT System	429,850
4	Classroom Cloud Desktop	179,435
5	Wireless Network Coverage	409,008
6	Language Lab	1,510,560
7	Amphitheatre	282,275
8	Academic Report Hall (Multimedia Part)	133,590
9	Comprehensive Wiring System	460,000
10	Total	<u>4,295,793</u>

**Summary Table of List of Construction of Hospitality Management Specialty Lab**

<b>SN</b>	<b>Item Name</b>	<b>Price (Yuan)</b>
1	Decoration	1,024,000
2	Chinese Food Banquet	778,154
3	Lobby	536,860
4	Leisure	488,640
5	Sensory Training Room	1,034,400
	Total	<u>3,862,054</u>

**Summary Table of List of Construction of Business Experiment Center**

<b>SN</b>	<b>Item Name</b>	<b>Price (Yuan)</b>
1	Indoor Decoration Installation Engineering of Business Experiment Center	2,157,232.31
2	Hardware Equipment of Business Experiment Center	3,590,730
3	Software Teaching Resources of Business Experiment Center	8,505,000
	Total	<u>14,252,962.31</u>

**Fuzhou Melbourne Polytechnic**  
**Smart Campus Project Supplementary Agreement**

**Party A: Fuzhou Melbourne Polytechnic**

Address: No. 199, Xiyuangong Road, Minhou College Town, Fuzhou

Tel: 0591-83761763

**Party B: China Liberal (Beijing) Education Technology Co., Ltd.**

Address: Floor 2, Tower A, Huteng Century HQ Park, Chaoyang District, Beijing Municipality

Tel: 010-65978118

Party A and Party B have signed Smart Campus Project Agreement of Fuzhou Melbourne Polytechnic on August 29, 2017. During the performance of the agreement, Because the construction conditions of a part of planned items are not mature or the circumstances change, Party A and Party B have entered into the following supplementary agreement through negotiation in respect of the contents of the original agreement, and shall jointly comply with this supplementary agreement.

**I. Subject Matter**

The Smart Campus Project shall include big data center, smart classroom, hospitality management specialized lab and business experiment center, see Appendix I for details.

**1. Big Data Center**

Big data center is a business system cluster based on SAAS mode, and all systems is independently developed by Party B. Because a part of the system has no corresponding campus information portal, individual system has not developed. The Parties finally determine the list of systems of big data center, see Appendix I.

Party B shall complete the development of all system of the big data center and deliver to Party A for acceptance and use prior to December 20, 2018. See Appendix II for the specifications of each system.

After-sales services:

- 1) Party B shall provide the teachers and manager as designated for the training to Party A's customer free of charge, so that Party A can operate the software.
- 2) Party B undertakes to provide upgrade service the software for 4 years (from 2018 to 2021), and shall timely notify Party A's customer after the software upgrade, and shall establish customer archives and provide long-term technical support.
- 3) If Party B fails to provide solution by telephone technology or network remote control method after the receipt of the service request as raised by Party A's customer by telephone about software, Party B shall dispatch special personnel to resolve the problem for Party A's customer on site free of charge.
- 4) During the use of system by Party A, Party B shall not be liable for any data loss or costs increase due to equipment failure, virus infection, etc. If Party A requests Party B to provide on-site service, Party A shall assume the costs arising therefrom.
- 5) The intellectual property right of the software with the characteristics of Fuzhou Melbourne Polytechnic that is independently developed by Party B for Party A in the Smart Campus Project shall be owned by Party A. Without the permission of Party A, Party B may not transfer the use right, and shall protect the intellectual property right of Party A's software. Party B shall open the data port and source code of existing business system and sub-system of Party B to Party A free of charge, with corresponding technical docking.
- 6) If additional service is demanded, the Parties shall otherwise sign development entrustment agreement.

## **2. Smart Classroom**

According to the overall demand of campus construction of the College, Party B will not undertake the purchase, installation or debugging of the multimedia part of academic report hall.

## **3. Hospitality Management Specialized Lab**

In view of the progress of specialized construction of the College, hospitality management specialized lab is suspended. When the construction conditions are mature, Party A may give priority to Party B under the equal conditions.

## **4. Business Experiment Center**

In order to better adapt to the demands of modern teaching, during the construction of the Project, the Parties choose the server and computer of the higher configuration through negotiation, and change the original lifting desks to piano baking rolling desks. Meanwhile, the Parties adjust the list of ancillary practical software according to the courses arrangement of Party A's talent cultivation scheme, see Appendix II for details.

## 5. Operation and Maintenance Services

Because a part of the Smart Campus Project has been completed in 2017, Party B will provide 4 years project operation and maintenance services hereunder as from 2018. The operation and maintenance services include:

- 1) During the warranty period, Party B must provide repair or replacement services free of charge in respect of the hardware failure due to quality problem, wear of consumable part or other non-artificial cause. In respect of the damage of part due to artificial cause, Party B will charge corresponding expenses at cost price.
- 2) During the operation and maintenance period, at the request of Party A, Party B may dispatch personnel to the College for the purpose of tracking and maintaining software and hardware according to the reality.
- 3) During the operation and maintenance period, if after the update of teaching software of the College, the requirements for hardware change or hardware failure happens with increasing frequency, Party B shall timely update corresponding hardware but only charge the cost price of hardware; moreover, the configuration of hardware shall be no less than that of current market mainstream, so as to ensure that the College can normally conduct teaching activities.
- 4) During the operation and maintenance period, if Party A changes the operating process or adjusts demand in respect of the Smart Campus system as developed by Party B, Party B may adjust the software design and keep consistent update and optimization only at cost price, so as to ensure the high efficiency operating of the system.
- 5) During the operation and maintenance period, Party B shall guarantee the security of data and timely make backup, so as to avoid any leakage.
- 6) In order to ensure the normal and high efficiency use of the system, Party B may, according to the written requirements of Party A, regularly provide the routing inspection and optimization proposal about relevant hardware and software twice a year.

## II. Contract Price and Payment Method

### 1. Contract Price

According to the original agreement, the total price of Smart Campus Project Contract is RMB 25,000,000. In consideration of any increase or decrease in the items as listed in Article I hereof, the total price of Smart Campus Project Contract is adjusted as RMB 16,683,538.65. See Appendix for the amount of each item.

According to the adjustment of actual construction project, the operation and maintenance fee of Smart Campus is now adjusted as RMB 1,042,938 in 2018 and RMB 1,334,683 every year from 2019 to 2021. Therefore, the total operation and maintenance fee is RMB 5,046,987 in total.

## 2. Payment Method

The payment time and amount of Smart Campus Project are as follows:

- (1) Party A shall pay ¥1,042,938 (in words: RMB one million forty two thousand nine hundred and thirty eight) prior to December 20, 2018.
- (2) Party A shall pay ¥6,895,862.55 (in words: RMB six million eight hundred and ninety five thousand eight hundred and sixty two point five five) prior to December 20, 2019, which includes contract price ¥5,561,179.55 (in words: RMB five million five hundred and sixty one thousand one hundred and seventy nine point five five) and operation and maintenance fee ¥1,334,683 (in words: RMB one million three hundred and thirty four thousand six hundred and eighty three).
- (3) Party A shall pay ¥6,895,862.55 (in words: RMB six million eight hundred and ninety five thousand eight hundred and sixty two point five five) prior to December 20, 2020, which includes contract price ¥5,561,179.55 (in words: RMB five million five hundred and sixty one thousand one hundred and seventy nine point five five) and operation and maintenance fee ¥1,334,683 (in words: RMB one million three hundred and thirty four thousand six hundred and eighty three).
- (4) Party A shall pay ¥6,895,862.55 (in words: RMB six million eight hundred and ninety five thousand eight hundred and sixty two point five five) prior to December 20, 2021, which includes contract price ¥5,561,179.55 (in words: RMB five million five hundred and sixty one thousand one hundred and seventy nine point five five) and operation and maintenance fee ¥1,334,683 (in words: RMB one million three hundred and thirty four thousand six hundred and eighty three).

## III. Effectiveness

1. The original agreement and this Supplementary Agreement shall expire on December 31, 2021.
2. This Agreement is made in four originals of the same legal force, two for each party hereto. This Agreement shall become effective upon being signed by the authorized representatives of the Parties.

(No Text Below)



(This page is the execution page to *Smart Campus Project Supplementary Agreement*)

**Party A: Fuzhou Melbourne Polytechnic**

Representative: (Signature)

Date: December 18, 2018

Fuzhou Melbourne Polytechnic (Seal)



**Party B: China Liberal (Beijing) Education Technology Co., Ltd.**

Representative: (Signature)

Date: December 18, 2018

Special Contract Seal of China Liberal (Beijing)  
Education Technology Co., Ltd. (Seal)



**Appendix I: Summary Table of List of Items**

<b>SN</b>	<b>Item Name</b>	<b>Amount (Yuan)</b>
1	Big Data Center	3,740,000
2	Smart Classroom	3,231,315
3	Business Experiment Center	8,325,415.94
4	Service Fee	1,386,807.71
	Total	<u>16,683,538.65</u>

**List of Software of Big Data Center**

System Name	Sub-system Name	Total Price (Yuan)
Mobile Online Learning System	Mobile Online Operation System	120,000
	Mobile Online Exam System	130,000
	Spoken Language Repeat Practice System	130,000
	Student Error Book Management System	90,000
	Teacher Online Correction System	100,000
	Student Learning Trajectory Management	110,000
	Mobile Online Classroom Interaction System	140,000
	Smart Test Assembly System	100,000
Teaching Affairs Management System	Student Courses Election System (Website)	140,000
	Student Transcript Inquiry System	120,000
	Classroom Reservation System	130,000
	Smart Course Arrangement System	128,000
	Smart Exam Arrangement System	182,000
	School Rolls Management System	140,000
	Teachers Management System	120,000
	Practical Teaching Management System	110,000
	Teaching Quality Evaluation System	100,000
	Graduate Management System	90,000
Teaching Place Management System	80,000	
Office OA System	Daily Office Management System	230,000
	Administrative Affairs Management System	190,000
Teaching Resources Library System	Teaching Materials Management System	190,000
	Courseware Management System	170,000
	Test Library Management System	200,000
Personnel System	Engagement Management System	100,000
	Faculty Management System	70,000
	Attendance Management System	90,000
	Wage Management System	110,000
	Personnel Performance Assessment Management System	130,000
	<b>Subtotal</b>	<b>3,740,000</b>

**Summary Table of List of Construction of Smart Classroom**

<b>SN</b>	<b>Item Name</b>	<b>Price (Yuan)</b>
1	Multimedia System	357,840
2	Recording and Playing System	416,225
3	IOT System	300,000
4	Classroom Cloud Desktop	158,000
5	Wireless Network Coverage	160,000
6	Language Lab	1,170,000
7	Amphitheatre	269,250
8	Comprehensive Wiring System	400,000
	Total	<u>3,231,315</u>

**Summary Table of List of Construction of Business Experiment Center**

<b>SN</b>	<b>Item Name</b>	<b>Price (Yuan)</b>
1	Indoor Decoration Installation Engineering of Business Experiment Center	1,453,070
2	Hardware Equipment of Business Experiment Center	4,055,345.94
3	Software Teaching Resources of Business Experiment Center	2,817,000
	Total	<u>8,325,415.94</u>

**Appendix II Detailed Parameters of Each Item**

## Self-funded Overseas Study Service Agreement

**Party A (Self-funded Overseas Study Applicant):**

ID Card No.:

Custodian:

Tel:

**Party B: China Liberal (Beijing) Education Technology Co., Ltd.**

Address:

Contact:

Tel:

In order to safeguard the legitimate rights and interests of Party A and Party B, and according to *Contract Law of the People's Republic of China* and relevant laws and regulations, and based on the principles of voluntariness, equality, negotiation and consensus, Party A and Party B have entered into the following agreement in respect of Party B being entrusted by Party A to provide self-funded overseas study and relevant ancillary program service:

**(I) Service Project and Fee**

1. Party A applies for \_\_\_\_\_ overseas study project.
2. Main service contents of Party B: overseas study consulting and visa service, overseas service, one-to-one language course, one-to-one art course.
3. Party A agrees to pay the service fee to Party B in lump sum after the signing of this Agreement, namely RMB \_\_\_\_\_ in total.

**(II) Party B's Obligations**
**4. Overseas study consulting and visa service**

- (1) Party B shall introduce the details, optional colleges and universities and majors of Italian art foundation overseas study project to Party A,
- (2) Party B shall assist and guide Party A in preparing the relevant materials of admission application; Party B shall handle the procedures of admission application for Party A, and shall guide Party A to pay enrollment fee, tuition and sundry fees, etc.
- (3) Party B shall guide Party A to prepare for visa application, and assist Party A in handling visa or entry approval documents.
- (4) Party B shall keep all materials provided by Party A confidential, and may not disclose to any unrelated third party, except for the purpose of the admission application and visa application of Party A.

**5. Overseas service**

- (1) Party B may provide compensated overseas services to Party A.
- (2) Overseas services include picking up at the airport of destination, arranging accommodation (reserving student dormitory/hotel), leading Party A to handle registration according to the local regulations, opening an account in bank, introducing the local daily living common knowledge, etc.

6. Language course and art course

- (1) Party B shall customize program system and matching teaching and guidance materials according to the admission requirements of Italian art colleges and universities of Italian art foundation overseas study project.
- (2) Party B shall provide the place necessary for study and qualified teaching personnel.
- (3) Language course and art course generally adopt one-to-one mode.

**(III) Party A's Obligations**

7. Party A shall conform to the conditions of Chinese citizen self-funded overseas study, and comply with the national regulations about citizen self-funded overseas study.
8. Party A shall guarantee that all documents and materials by Party A and all contents stated by Party A shall be lawful, true and valid.
9. Party A shall submit all materials necessary for overseas study application to Party B within the time as required by Party B.
10. During the process of handling overseas study application, if any change happens to the overseas study policy or visa policy of the country of destination or the admission requirements of the college applied for, Party A shall timely provide supplementary materials according to the new requirements.
11. During the process of handling overseas study application, if the embassy (consulate) of the country of destination in China requires interviewing Party A, Party A shall participate in interview as required.
12. Party A shall complete the training of language course and/or art course within the time as required by Party B.
13. Party A shall timely pay the service fee as specified herein to Party B; Party A shall pay enrollment fee, tuition and sundry fees to overseas college according to the time as notified by Party B, and shall timely notify Party B of the payment results.

**(IV) Liabilities for Breach**

14. Party B and Party A shall perform all provisions of this Agreement; breaching party shall assume corresponding liabilities for breach.
15. If Party A fails to participate in the training of language course and/or art course within the time as required by Party B, all program fee will not be refunded; in such case, Party A cannot meet the visa application requirements of Italian Art foundation overseas study project, and the relevant service fee that has been charged will not be refunded.
16. If this Agreement cannot be performed due to any false documents or materials provided by Party A, the service fee that has been charged will not be refunded.
17. Within the period from the date of signing of this Agreement to the date when Party A has obtained the visa, if Party A requires dissolving this Agreement due to Party A's own cause, the service fee that has been charged by Party B will not be refunded.

**(V) Force Majeure**

- 18. If the performance of this Agreement cannot be continued due to force majeure, all or a part of liabilities may be exempted according to the impact of the force majeure, except as otherwise stated by law. If force majeure happens after either party delays in performing, such party may not be exempted from the liabilities. For the purpose of this Agreement, force majeure refers to the objective circumstance that is unforeseeable, unavoidable and insuperable, such as serious natural disaster, plague, war, riot, etc.
- 19. If either party is prevented from performing this Agreement due to force majeure, it shall immediately send a notice to the other party, stating the date of occurrence, nature, estimated duration of the force majeure and the impact on the performance of this Agreement by the impacted party, and shall provide a proof within 7 days after the date of occurrence of force majeure.
- 20. The Parties shall timely negotiate over resolutions and remedial measures in respect of the impact caused by force majeure. The impacted party shall try to take reasonable measures to minimize the losses that may be suffered by the other party; otherwise the impacted party shall compensate for the losses as expanded therefore.

**(VI) Supplementation, Alteration and Modification of this Agreement**

- 21. Any supplementation, alteration or modification of this Agreement shall be made in the form of written supplementary agreement. Such supplementary agreement shall bear the same legal force as this Agreement upon being signed by the Parties.

**(VII) Effectiveness and Termination**

- 22. This Agreement shall become effective upon being signed and sealed by Party A or his/her custodian and Party B.
- 23. This Agreement is made in two originals of the same legal force, one for each party hereto.
- 24. This Agreement shall be terminated as soon as the Parties have completed all of their respective rights and obligations hereunder.

Party A	Party B: China Liberal (Beijing) Education Technology Co., Ltd.
Signature:	Representative (Signature):
Date:	Date

**Cooperation Agreement on German Language Program**

**between**

**Beijing Foreign Studies University Tongwen Educational Center**

**and**

**China Liberal Education Technology Development Co., Ltd.**

January 2019

Agreement No. XYZ No. 2019002

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## **Cooperation Agreement on German Language Study Abroad Program**

In order to promote the internationalization of Chinese education, provide more international education programs that meet the demand of talent development for society, and in line with the principles of strong and win-win cooperation and revenue sharing, Beijing Foreign Studies University Tongwen Educational Center and China Liberal Education Technology Development Co.,Ltd. have reached the following agreement upon full consultation, and both parties shall strictly abide by the principles and carry out activities under the Agreement.

### **Article I Parties to the Agreement**

Party A: Beijing Foreign Studies University Tongwen Educational Center

Address: No.2, Xisanhuan North Road, Haidian District, Beijing

Legal Representative: Gao, Xiaodong

Contact person: Yao, Shengfeng

Contact number: (010) 8881 8388

Party B: China Liberal Education Technology Development Co.,Ltd.

Address: Room A-1301, Floor 2, Building 3, No.30 Yard, Shixing Street, Shijingshan District, Beijing

Legal Representative: Lin, Yiyi

Contact: Tang, Ming

Contact number: 1381 0948 989

### **Article II Introduction to both Parties**

- I. Party A is an independent legal entity directly under Beijing Foreign Studies University, which conducts admission, teaching and management of preparatory training for studying abroad in the name of "Continuing Education College of Beijing Foreign Studies University" and "Training Department of Study Abroad Candidates of Beijing Foreign Studies University".
- II. Party B is a well-known international education service organization in China with a good social reputation.

### **Article III. Contents and principles of cooperation**

- I. In addition to the independent admission by Party A, Party A authorizes Party B to act as an agent for admission of students who apply for German Language Program and student's application for foreign university, study abroad service and visa application for the German Language Program established by Party A. The German Language Study Abroad Program shall be run at the less popular language campus of Beijing Foreign Studies University (Zizhuyuan Campus); Party B shall not collect any fees from any third party in the name of admission or Party A.



- II. Party A shall be responsible for teaching management, student management, teaching hardware and faculty of German Language Study Abroad Program.
- III. Party B shall not, at any time and under any circumstance, be entitled to enter into any agreement or contract or relevant Letter of Authorized Intent with any institution or individual on behalf of or in the name of Party A (unless an agreement is otherwise signed); Party B shall not engage in any other activities in the name of Party A, which are irrelevant to the cooperation program or beyond the scope of cooperation (unless an agreement is otherwise signed).
- IV. Party B shall not use any network or print media such as text, audio, video, website, WeChat official account, which are relevant to Party A's identity and open to the public without the written consent of Party A.; Party B shall not list Party A as a business institution related to Party B. The name authorized by Party A to Party B shall not be listed as a cooperation organization of an affiliate of Party B without Party A's consent.
- IV. Within 10 working days upon signing the Agreement, Party B shall pay Party A a deposit of RMB 200,000 Yuan (In words: RMB two hundred thousand Yuan only), which shall be refunded to Party B within 10 working days upon termination of the cooperation as determined by both parties, provided that Party B does not breach any provision under the Agreement. If Party B breaches the Agreement during the cooperation period, Party A may unilaterally deduct corresponding amount of deposit paid by Party B in accordance with the provisions of the Agreement.

The above clauses are fundamental clauses, and any breach of contract by either party shall be deemed as a fundamental breach of contract, who shall be liable for the breach as specified under the Agreement, and shall bear all direct and indirect losses caused to the non-breaching party by the breach of contract.

#### **Article 4 Rights and responsibilities of both Parties**

- I. Rights and responsibilities of Party A
  1. Party A authorizes Party B to act as the agent for admission, university application and visa services for German Language Study Abroad Program; Party A shall not seek to enter into cooperation agreements with other institutions on similar German study abroad program that is signed with Party B during the validity period of the Agreement.
  2. Party B shall be entitled to supervise and guide Party B's admission, university application and visa service process; and be entitled to review all public admission information released by Party B.
  3. Party B shall be entitled to finally decide the admission of students recruited by Party B, and obligated to issue a Acceptance Letter to any student who meets the admission requirements, and whom recruited by Party B.

4. Party A shall be obliged to pay Party B the commission for admission service, university application fees and visa services fees in accordance with the provisions of the Agreement.
5. The teaching plan for which Party A is responsible is limited to course design and teaching hours. Other objective reasons, such as whether the teaching objectives can meet the standards for studying abroad, the scores obtained by the students in the academic tests organized by a third party, the students' knowledge base and learning attitude, etc., can not be completely controlled by Party A, for which Party A shall not bear any responsibility or loss caused to Party B or all the students in the program.
6. Party A shall be obliged to provide students with the necessary documents such as Certificate of Full Time Student and transcripts, etc. to support their successful application to universities abroad. However, as a teaching unit, Party A does not and will not revise any marks on transcripts nor issue false transcripts.

## II. Rights and responsibilities of Party B

1. Party B shall be entitled to obtain admission service commission, university application fees, visa services fees and rebates from foreign universities in accordance with the provisions of the Agreement.
2. Party B shall be entitled to publicize and recruit students in the name authorized by Party A upon confirmation by Party A; and maintain Party A's reputation and brand image during the cooperation and upon termination of cooperation, and bear any direct and indirect loss caused to Party A as a result thereof.
3. Party B shall be obligated to bear all the expenses involved in the program promotion, publicity and admission process (such as transportation expenses, site costs, publicity expenses, personnel remuneration, etc.), and bear the economic and legal liabilities arising thereof.
4. Party B shall be obliged to accept supervision and management by Party A to admission work within the validity period of the Agreement, carry out the admission in a practical approach, and undertake not to make any false, exaggerated publicity or unauthorized commitment. All admission information shall be subject to Party A's public information or information reviewed by Party A, and shall solely bear all consequences caused by negligence or false publicity of admission.
5. Party A entrusts Party B to handle university application and visa service for students, and Party B shall ensure to provide a professional team and maintain a good service attitude and do its best to serve students. Party B shall be liable for any loss and compensation caused to the students by the failure of university application or visa service due to Party B's own reasons or negligence in work. If Party A advances for any compensation and loss, Party A may recover the advance from Party B.

## Article 5 Financial provisions

### I. Tuition rate

1. Both Parties confirm the following rates for the German Language Program:

1) One-year tuition: 58,000.00 Yuan/Student/Academic year; Accommodation: 8000 Yuan/Student.

2) University application and visa service fees: 15,000 Yuan/Student.

2. Within the validity period of the Agreement, Party A shall be entitled to adjust the rate of tuition, accommodation fees, university application fees and visa service fees unilaterally in accordance with the overall market situation and the program implementation status.

II. Agreement on number of enrolled students: Both parties confirm that the minimum number of students enrolled in each German Language Study Abroad Program shall be 20.

III. Settlement standard for admission service fees is as follows

1. Payment standard of admission agency fee

1) Party B shall receive 36% of the total tuitions paid by all students enrolled in the German Language Program when the number of students enrolled in the Program reaches or exceeds 30 or more each year.

2) Party B shall receive 34% of the total tuitions paid by all students enrolled in the German Language Program when the number of students enrolled in the Program reaches or exceeds 25 or more each year.

3) Party B shall receive 30% of the total tuitions paid by all students enrolled in the German Language Program when the number of students enrolled in the Program reaches or exceeds 20 or more each year.

4) Party B shall receive 28% of the total tuition fees paid by all students enrolled in the German Language Program when the number of students enrolled in the Program reaches or exceeds 15 per year.

5) If the number of students enrolled in the German Language Program by Party B is less than 15 (excluding) per year, the admission service fee of Party B shall be reduced by 2% for each decrease of student number in accordance with the standard of 15 students.

IV. Calculation method of admission service fees

1. Party B shall guarantee that the admitted students shall pay a deposit of RMB 8,000 Yuan to the account designated by Party A prior to the official start date of each academic term under the guidance of Party B, and shall make full payment upon student registration. The student shall be counted as a completed case of service for Party B if there is no refund within one month upon official start date of an academic term.

Note: The deposit paid by students may be offset against the tuition of the same amount upon student registration. If a student fails to enroll in any program of Party A, the fee shall be refunded to the payer.

2. If the student fails to pay the deposit through Party B, or in case of any conflict with Party A's independent admission or other admission agency, Party B shall waive the admission service fee even if there is evidence that Party B has participated in the whole consultation process and the student finally pays the deposit or the full payment to Party A through another institution, and the student shall be deemed as a candidate recruited by this institution.
3. The settlement date of admission service fee shall be 45-55 days upon official start date of an academic term of the enrolled students. Party A shall pay Party B 90% of the current year's admission service fee within 20 working days upon confirmation of the number of student enrollment in writing. The second settlement shall be made within 30 working days upon the official start date of the second academic term.

Note: If there is any refund prior to the second settlement, Party A shall settle the account upon deduction of the refund proportion to be borne by Party B.

#### V. Tuition refund standard

1. All the students recruited by Party B must comply with the refund system formulated by Party A. If an academic term starts for less than two weeks, Party A shall refund 90% of the tuitions to a student who requests to drop out. Within one month upon start of an academic term, Party A shall refund 70% of the tuitions to a student who requests to drop out. In principle, Party A shall not bear the obligation of refund (except in special cases) when a student requests to drop out one month upon start of an academic term.
2. Both parties agree that in the event of refund, the following standard shall apply: Party B shall not be entitled to any admission service fee when a refund for a student occurs within one month upon start of an academic term. Party A shall pay Party B 15% of the deducted amount as the admission agent fee in case of refund in special circumstances after one month upon start of an academic term. Party A shall deduct the refund amount to be borne by Party B at the second settlement.

#### VI. Settlement standard and payment method of information fee (if any)

1. Where Party A provides Party B with the list of students with overseas study intention and information via its own resources, and Party B collects the tuition payment by any student upon in-depth consultation and follow-up, Party B shall be obliged to pay Party A 25% of the total tuitions paid by the student as Party A's information fee, which may be offset against the settlement when both parties settle the account.
2. In order to avoid the conflict between the source of students recommended by Party A and that recommended by other cooperative organizations similar to Party A, both parties agree that the settlement shall be made in accordance with the standards formulated by Party B, namely, Party B shall identify a student source recommended by the cooperative organization in accordance with the student information (name, effective contact information) submitted to Party B in order of time (accurate to minute) for all cooperative organizations of the same or similar nature to Party A.

VII. Settlement standard and method of student service fees (if any)

1. Party A shall collect the commissions for university application and visa service involved in the German Language Program.
2. University application and visa service fees rates
  - 1) The university application service fee for the German Language Study Abroad Program is RMB 10,000 Yuan/Student (In words: RMB 10,000 Yuan only).
  - 2) Student visa service fee for German Language Study Abroad Program is RMB 5,000 Yuan/Student (In words: RMB 5,000 Yuan only).
3. Settlement standard and method of student service fees
  - 1) After Party A deducts 30% of the total payment of university application service fee made by the students, the remaining part shall be obtained by Party B.
  - 2) By December 30 of each year, Party A shall pay Party B 60% of the total payment of university application service fee. Within 10 working days after all the current students have received the Acceptance Letter of university (including the Acceptance Letters for language courses or preparatory courses), Party A shall pay the remaining 40% of application service fee to Party B, and Party A shall pay the visa service fee to Party B in a lump sum within 10 working days after the students have obtained the official visa.
  - 3) Party B shall refund the service fees to Party A if any student fails to be accepted by any university or fails to obtain a visa.

VIII. Settlement standard and method for rebates of the foreign university (if any)

1. Party B may integrate its own resources to recommend quality overseas universities to Party A for academic cooperation. After Party A and Party B conclude an academic or cooperative agreement, the university shall be deemed as the overseas study resources that Party B expands for Party A. If the recommended foreign university formally signs an agreement with Party A or a confirmation letter has been issued by the foreign university, Party B undertakes not to recommend the foreign university to other schools of Beijing Foreign Studies University, otherwise it will be regarded as a fundamental breach of contract.
2. Where Party A's students (including those not recruited by Party B) are finally provided with university application and visa services by Party B, and the foreign cooperative university shall have a rebate, both parties shall receive 50% of the total rebate by the foreign university. The settlement time by both parties shall be within three calendar months after the students enroll in the foreign university.
3. If Party A has an evidence to show that the rebate of a foreign university exceeds the proportion or amount of the rebate of the foreign university reported by Party B, Party A shall be entitled to terminate the agreement immediately without any liability.

## **IX. Payment instruction**

1. Party A shall use the financial account of Beijing Foreign Studies University Tongwen Educational Center to settle the admission service fee and information service fee; in the settlement of university application and visa service fee, and Party A use the financial account of BFSU (Beijing) International Cultural Exchange Co., Ltd., the company to which Party A belongs, to settle any rebate by the foreign university.
2. The name of the financial account used by Party B shall be the same as the name of the company sealing and signing the Agreement, otherwise Party A shall not settle the payment.
3. Each party shall bear the corresponding taxes.

## **X. Financial settlement account information**

1. Party A's settlement account information

Account name: Beijing Foreign Studies University Tongwen Educational Center

Bank of deposit: Bank of Communications Wanliu Sub-branch

Account No.: 1100 6087 1018 0100 04848

Identification No.: 110 108 788 983 769

Account name: BFSU (Beijing) International Cultural Exchange Co., Ltd

Bank of deposit: China Construction Bank Beijing Foreign Studies University Sub-branch

Account No.: 1105 0110 3689 0000 0062

Identification No.: 911 101 08M A00 CB3 B16

2. Party B's settlement account information

Name of account: China Liberal Education Technology Development Co.,Ltd.

Opening Bank: Bank of Communications Beijing Haidian Sub-branch

Account No.: 110060576018150110518

## **Article 6 Breach of contract**

- I. If either party breaches the Agreement and causes any loss to the other party, remedial measures shall be taken in the first place and compensation shall be paid accordingly.

- II. Both parties shall, in good faith and in accordance with the provisions of the Agreement, pay the other party the proceeds due, and in special circumstances shall communicate with the other party in advance, and the payment may be postponed with the understanding of the non-breaching party. The non-breaching party shall be exempted from liability if the the other party fails to comply with the provisions of the Agreement. If there is no fundamental reason or the reason is not understood by the non-breaching party, the breaching party shall pay a overdue fine to the non-breaching party at a rate of three-thousandth of the payment per day.
- III. When Party B breaches the fundamental clause, which is discovered by Party A, Party A may unilaterally make a decision to punish Party B with a penalty of RMB 100,000 Yuan per time. Party A may directly deduct the penalty from Party B's admission service fee and other fees. If the paid fee is insufficient to cover the penalty, Party A shall be entitled to claim the penalty against Party B. If Party B breaches the Agreement twice or more, Party A may terminate the Agreement immediately and unilaterally, and shall not pay any fee to Party B, and shall be entitled to claim any direct and indirect loss caused to Party A by Party B's breach of the Agreement.
- IV. If either party seriously breaches the Agreement and causes any loss to the other party, the non-breaching party shall be entitled to claim the legal liability and economic compensation against the breaching party.

#### **Article 7 Termination**

- I. Under any circumstances, in the event of termination of the Agreement, Party B shall not engage in any activities in the name authorized by Party A from the date upon termination of the Agreement. Within 2 days, Party B shall remove and replace all the signs, exhibits, audio and video materials, website information representing Party A's identity and return all the materials belonging to Party A, otherwise Party B shall be deemed as breaching the fundamental clause of the Agreement, which shall not be affected by the termination of the Agreement. Party A shall be entitled to claim legal liability and responsibility of compensation against Party B's for any direct and indirect loss caused to Party A.
- II. Within the validity period of the Agreement, Party A and Party B may terminate the Agreement in advance upon consensus through negotiation and confirmation in writing.
- III. If either Party A or Party B breaches the provisions of the Agreement, the Non-breaching Party may terminate the Agreement unilaterally if the Non-breaching Party fails to take any remedial measures or make any correction within 10 days after the Non-breaching Party raises objection, or the Non-breaching Party repeats the breach of contract.
- IV. Party B fails to perform the provisions of the Agreement with all due diligence during the validity of the Agreement; Party A shall be entitled to terminate the Agreement unilaterally if there is no obvious admission activity upon commencement of April each year.

## Article 8 Effectiveness of the Agreement

- I. The Agreement shall be made in duplicate, one for each Party, and shall come into effect upon signatures and seals. If Party B is able to complete the minimum enrollment number every year and strictly comply with the provisions of the Agreement, the Agreement shall be automatically extended for another year, but not be extended for more than three years. If both parties continue to cooperate after the third year, a new cooperation agreement shall be signed.
- II. Upon expiration or early termination of the Agreement, Party A and Party B shall each assume responsibility for the started program until the program conclusion.
- III. The exchange of information between the two Parties may be conducted in the following manner: Any information that requires confirmation in writing as provided in the Agreement must be confirmed in writing; Other information that not explicitly requires conformation methods may be confirmed through other means such as QQ, WeChat chat records, and e-mail correspondences, which communication records can be used as direct evidence.
5. Upon termination of the Agreement, unless otherwise agreed in the Appendix, all the Appendixes hereto shall be terminated simultaneously.

## Article 9 Dispute resolution

If any matter that not stipulated or covered in the agreement during the execution process occurs, both parties shall settle the matter through consultation, and sign a supplementary agreement upon consensus. If any conflict occurs between the Appendix and the Agreement, the Appendix shall prevail. If any negotiation fails, either party may file a lawsuit for resolution to the people's court of the place where Party A is located.

- End of text -

Party A: Beijing Foreign Studies University  
Tongwen Educational Center

Signature and seal:

Legal representative (Signature): Gao, Xiaodong

Date of signature: January 22nd, 2019



Party B: China Liberal Education Technology  
Development Co., Ltd.

Signature and seal:

Legal representative (Signature): Lin, Yiyi

Date of signature: January 22nd, 2019





Contract

Project Name: Co-construction of International Platform for Aesthetic Education Management Community

Client (Party A): China Liberal Education Technology Co., Ltd.

Trustee (Party B): School of Arts Administration and Education of China Academy of Art

Signing Date: November 9, 2018

Term of Validity: November 9, 2018 to November 9, 2021

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This Contract is entered into by and between the parties through negotiation in accordance with the Contract Law of the People's Republic of China.

## I. Project Name, Content and Requirements

Project Name: Co-construction of International Platform for Aesthetic Education Management Community

Project Content:

### 1. Establishment of a talent cultivation fund

Within the term of this Contract, Party A shall provide Party B with a talent cultivation fund of no less than RMB 200,000 every 12 months (mainly used as expenses for construction of international education platform for art management, scientific research, scholarship and grants for outstanding students, professional project workshops and scientific research for professional teachers, etc., which are agreed upon by the parties in writing).

### 2. International talent training platform

Promote the construction of talent research and study channels, provide professional consulting services for students studying in foreign art colleges and universities, and set up an "international talent training platform". Organize outstanding undergraduate and graduate students for study tours and short-term visits, inspect art colleges, art institutions and museums, establish inter-school "overseas internship and training platform", and carry out international practice activities.

### 3. School-enterprise cooperation professional education laboratory

According to professional needs, set up characteristic professional studios with European and American art colleges and universities to carry out professional exchanges, carry out professional co-construction activities and hold academic seminars. Regularly carry out exchange visits and learning activities with art colleges and universities in Europe and the United States. At the same time, hold "contemporary art lectures" for teachers in domestic colleges and universities to build a national platform for art education and social practice. Construct an incubator for arts management and education workers.

## **Project Requirements:**

### 1. Joint establishment of an art innovation platform and an international talent training platform

1) Party A and Party B shall set up an "international co-construction platform of aesthetic education management community". The parties agree to use the name of the co-construction platform in the information released to the public and carry out the three tasks mentioned above.

2) Party A, as Party B's partner, shall actively cooperate with Party B in its work. The parties shall be responsible for the operation of the "international talent training platform" and carry out talent training both on and off campus.

## 2. Establishment of a talent training fund

1) According to the agreement between the parties, Party A shall provide not less than RMB 200,000 per year (every 12 months). In order to facilitate management, reduce turnover time and improve work efficiency, the method for the payment and allocation of funds is as follows: RMB 120,000 shall be transferred to the designated account of China Academy of Art, and the remaining RMB 80,000, used for special projects every year, shall be temporarily kept by China Liberal Education Technology Co., Ltd. and supervised by the project leader of China Academy of Art. It shall be used for special projects approved by the parties through negotiation. In 2018, it shall be used for the project of “the 13th Annual Meeting of China Arts Administration Education Association 2018·National College Students Art Project Creative Competition”.

2) The use of funds in the designated account of China Academy of Art shall be subject to the reimbursement regulations of China Academy of Art. The amount for special projects shall be jointly managed by the project leaders designated by the parties respectively. Each expense shall be recognized by the parties and only be used upon being signed by the parties.

3) Both parties shall have the right to supervise and manage the use of the “talent training fund”.

### 4) Details of expenditure

Expenditure details of RMB 120,000 (unit: '0000)

Equipment costs	2	Material expenses	2	Service charges	1.2
Travel expenses	1	Conference expenses	1.3	Collaboration and communication expenses	2
Dissemination of published literature information	2	Books and reference materials	0.5		

Expenditure details of RMB 80,000 (unit: '0000)

Travel expenses	3	Material expenses	0.7	Expert consultancy	0.5
Dissemination of published literature information	2	Service charges	0.8		

3. Organization of “the 13th Annual Meeting of China Arts Administration Education Association 2018·National College Students Art Project Creative Competition”:

1) The parties shall jointly undertake the organization of “the 13th Annual Meeting of China Arts Administration Education Association 2018·National College Students Art Project Creative Competition”.

2) In 2018, the “talent training fund” of RMB 80,000 shall be used for the sponsorship fee.

3) Party B guarantees that Party A has the right of authorship of the sponsor of “the 13th Annual Meeting of China Arts Administration Education Association 2018·National College Students Art Project Creative Competition”.

## 4. Cooperation

1) Under the guidance of “the Belt and Road” policy, the parties shall establish an “overseas internship and training platform” in Italy, Germany, Spain, Britain, America and other countries upon the execution of this Contract, and carry out exchange visits of scholars, laboratory construction, etc.

2) Establish relevant institutions for overseas colleges and universities that are interested in learning Chinese art and Chinese language and literature.

3) Jointly recruit outstanding students for the “international talent training platform”, and cultivate artistic talents with international vision and professional level.

4) The projects carried out with the talent cultivation fund, including but not limited to mutual visits of teachers, academic exchanges, short-term visits, study tours and meetings, etc., can be handled by Party A with the consent of Party B if Party A is able to undertake such projects. The similar or related projects of Party B hereunder not paid by the talent cultivation fund shall be undertaken by Party A preferentially under the same conditions.

## **II. Working Conditions and Collaboration Matters**

Party B shall provide sufficient technical data, data and necessary working conditions, and Party A shall start the work upon confirmation of Party B.

Project Head of Party A: Li Fei

Project Team Members of Party A: Tang Mengyu, Zhai Xinyu, Ye Zhengdong

Project Head of Party B: Shan Zeng

Project Team Members of Party B: Liu Xiao, Zhai Yujia, Zang Zhicheng

## **III. Time Limit, Place and Method of Performance**

This Contract is valid from November 9, 2018 to November 9, 2021.

Mode of performance: cooperation

## **IV. Remuneration and Payment Method**

1. The talent training fund of this project is RMB 200,000, provided by Party A.

2. Payment method

j Total payment per year (every 12 months): RMB 200,000, in which, RMB 120,000 shall be credited to the account designated by China Academy of Arts within three (3) working days after this Contract is officially signed. RMB 80,000 used for special projects shall be temporarily kept by China Liberal Education Technology Co., Ltd. and supervised by the project leader of China Academy of Arts. Party B shall start the work after receiving the payment from Party A.

3. Payment mode  cash payment  pay by check  T/T payment

## **V. Ownership and Sharing of Project Results**

j After the project is appraised in writing by Party A and all the cooperation funds have been paid according to this Contract, the intellectual property rights of the project results shall be jointly owned by the parties, provided that it does not violate the relevant intellectual property laws of China. As for the horizontal research achievements, Party B shall enjoy the right of academic exchange and publication of the project.

, The parties shall negotiate the ownership and sharing of intellectual property rights according to the specific project contents and requirements.

## **VI. Confidentiality of Technical Information**

The parties have established the contractual relationship of confidentiality upon the execution of this Contract and the initial payment of the funds. Either party shall be obliged to keep the technical and business secrets related to this Contract for the other party, and shall not disclose any information deemed as technical or business secrets by the parties to any third party. Party B shall not announce the project results to any third party prior to Party A without permission of Party A.

## **VII. Dispute Resolution**

Any dispute arising from the performance of this Contract shall be settled by the parties through negotiation, or may be submitted to the superior authorities of the parties for mediation.

If the parties are unwilling to negotiate or mediate for settlement, or if negotiation or mediation fails, the parties shall apply to the local arbitration commission for arbitration. Arbitration shall be conducted in accordance with the arbitration rules in effect at the time of applying for arbitration. The arbitral award shall be final and binding upon the parties.

## **VIII. Miscellaneous**

This Contract is made in six counterparts and goes into force upon being signed and stamped by the authorized representatives of the parties and making of the first payment. Party A shall hold two counterparts and Party B shall hold four counterparts with the same legal effect.

Any modifications, supplements or changes of any provision of this Contract shall come into force only after a written agreement is signed and stamped by the parties.

Client (Party A) Unit Name China Liberal Education Technology Co., Ltd. (seal)  
Project Head Li Fei (signature) Entrusted Agent (seal)  
Contact Person Li Fei Phone  
Address 2/F, Building A, HuaTeng Century Park Headquarters, Chaoyang District, Beijing  
E-mail  
Opening Bank  
Account No.

Trustee (Party B) Unit Name School of Arts Administration and Education of China Academy of Art  
Project Head Shan Zeng (signature) Entrusted Agent (seal)  
Contact Person Shan Zeng Phone 13666672728  
Address Office 202, Building 9, Xiangshan Campus, China Academy of Art, Xiangshan, Zhuantang, Hangzhou, School of Arts Administration and Education of China Academy of Art  
E-mail art65@126.com  
Opening Bank Industrial and Commercial Bank of China Zhengjiang Hangzhou Hubin Sub-branch  
Account No. 1202024409014432078

Special Seal for Contract of China Liberal Education Technology Co., Ltd. (seal)

China Liberal Education Technology Co., Ltd. (seal)

## Recruitment and Training Entrustment Agreement

Party A (Entrusting Party): Beijing Quanqinxiangqian Technology Co., Ltd. (hereinafter referred to as “Quanqing Services”)

Party B (Entrusted Party): Huaxia Boya (Beijing) Education Technology Co., Ltd. (hereinafter referred to as “Huaxia Boya”)

Based on the principles of honest cooperation, equality, voluntariness and compensated services, and according to the relevant national laws, Party A and Party B have entered into the following agreement through negotiation in respect of Party A entrusting enterprise recruitment and training to Party B, and shall jointly comply with this Agreement.

### I. Contents of Cooperation:

Party B shall recruit and train technical support engineers and send excellent talents to Party A by the use of Party B's own vocational college resources and through school-enterprise cooperation. Party A authorizes and entrusts Party B to conduct the school-enterprise cooperation with vocational colleges, and recruit and train 200 technical support engineers in conformity with position requirements in 2019.

### II. Party A's Responsibilities and Duties

1. Party A shall provide job descriptions of positions, job requirements, wages and welfares, etc;
2. Party A shall provide business license, enterprise profile and relevant materials, and other relevant materials as required by cooperative colleges;
3. Party A shall provide interview support in respect of the recruitment propaganda of Party B in cooperative colleges, and shall make preliminary screening;
4. Party A shall establish the assessment standards after the technical support engineer training, and assess the trainees according to such standards after the training;
5. Party A shall receive the potential cooperative colleges that make investigation to Quanqing Services, and introduce the enterprise to them;
6. Party A shall send offer to the trainees who have accepted training and passed assessment, and arrange to handle entry procedures.

### III. Party B's Responsibilities and Duties

1. Party B shall develop cooperative vocational colleges all over the country, and establish 6 enterprise naming classes with cooperative colleges;
2. Party B shall conduct enterprise recruitment propaganda in cooperative colleges, organize campus talks and introduce the relevant circumstances of the enterprise and positions;
3. Party B shall assist Party A in making, or independently make, preliminary interview to potential students;
4. Party B shall organize and implement training according to the training plan and contents as agreed herein;
5. Party B shall notify Party A of the time, number and place of class whenever a training class is to be opened;
6. Party B shall provide the information and relevant evaluation of trainees to Party A after training is over;
7. Party B shall assist Party A in establishing assessment scheme, standards and contents, etc;
8. Party B shall organize the trainee who have been trained to participate in the assessment organized by Party A;
9. Party B and each trainee shall agree that the service period of such trainee in Party A should be no less than 8 months.

#### IV. Scale of Recruitment and Training

1. Recruiting and training 200 trainees in 2019.
2. Determining the plan of each month as follows according to the company's planning:

Month	January	February	March	April	May	June	July	August	September	October	November	December
Planned Number	0	20	30	20	20	0	30	20	20	20	0	20

#### V. Contents of Training

The contents of training are established as follows according to Xiongshi Training Plan:

Course category	Course title	Periods offered by college		Periods offered by enterprise		
		Lecture	Practice	Lecture	Practice	
Occupational quality	Occupational mentality			8		
	Communication skills			8		
	Interview skills		4	4	4	
	Problem-solving capability			4		
	Service capability			4		
Technology fundamentals	Hardware fundamentals	40		8		
	Operation system	32		8	8	
	Network fundamentals	32		8	8	
	Office IT application	8	12	4		
Specialized technology	Failure diagnosis			24		
	Repair tools and repair method			8		
	Specifications			8		
	Office peripheral equipment			20		
	Document server			8		
	Machine disassembly and experiment			4	28	
Question answering/construing					8	
Total			116	28	136	32

During the implementation of training, Party B may adjust the distribution of periods according to the foundation of students and the implementation of cooperative colleges. The Parties may modify or reduce the contents of training upon mutual consent.

#### VI. Completion Assessment Method

1. Specialized knowledge assessment: adopting both written examination and interview. The full scores of written examination is 100, 60 or more scores for pass; interview will be conducted by technical examiners and graded by pass/fail.
2. Specialized skills assessment: if a trainee shall complete the disassembly and assembly of desktop and laptop within the specified time, without gross fault or abnormal damage, it will be deemed as pass; if a trainee complete the installation and debugging of software system within the specified time, it will be deemed as pass.
3. Occupational quality: interview method will be adopted to evaluate the communication capability, sense of customer service, etc of trainees. It will be graded by pass/fail.



## VII. Settlement of Expenses

1. Standard of training fee: 4,000 Yuan/trainee. Party A shall pay the training fee to Party B in 8 natural months as from the entry of trainees, 500 Yuan/trainee every month;
2. Party B shall at the beginning of each month, draft the statement of last month (see Appendix hereto for the statement sample); the Parties shall confirm the statement prior the 15<sup>th</sup> day; Party A shall pay the training fee to Party B by bank remittance prior to the 25<sup>th</sup> day.
3. Party B shall issue an equal invoice to Party A.
4. Party B's bank account information:

Account name: Huaxia Boya (Beijing) Education Technology Co., Ltd.

Opening bank: Bank of Communications Beijing Haidian Sub-branch

Account No.: 110060576018150110518

5. Party A's invoicing information:

Name: Beijing Quanqinxiangqian Technology Co., Ltd.

Taxpayer ID: 91110108MA01EHAN2R

## VIII. Other Provisions

1. If a trainee resigns due to the following cause (the trainee resigns voluntarily, or is proved not competent for job, breaches the material regulations of the company or causes losses) and fails to meet the specified service period, the training fee of such trainee will be settled to the month of resignation; if such trainee turns out for work for less than 12 days in the month of resignation, the settlement of training fee of such trainee will be stopped as from such month.
2. If Party A's employment plan changes due to its material change, it shall notify Party B half a month in advance before Party B starts training course. For the students that have been reported to Party A and started training, Party A shall continue performing the duties of assessment, sending offer, handling entry procedures, etc according to the provisions of this Agreement.
3. If a trainee turns out for work for less than 12 working days in any month during the service period, the settlement of training fee of such trainee will be postponed for one month, but will not be settled in current month.
4. If the probationary period of a trainee is less than 8 months, the training fee of insufficient months will be settled in the name of other trainee of Party B (whose probationary period is longer than 8 months).
5. The Parties shall strictly keep the contents of the Agreement confidential. Without Party B's written consent, Party A may not leak any information of the personnel as sent by Party B's company to any third party. Party B may not leak the trade secrets, cooperation method and/or employment information of Party A to any unrelated third party.

IX. Miscellaneous

1. If either party hereto delays or fails to perform any of its duties hereunder due to force majeure, such as fire, flood, governmental order, riot, etc, it shall not be held responsible. However, the impacted party shall immediately notify the other party, and shall provide a reasonable and reliably written certificate within the reasonable time.
2. Without the written consent of the other party, either party hereto may not transfer or subcontract this Agreement to any third party in whole or in part;
3. Unless otherwise expressly stated herein or otherwise agreement by the Parties, either party hereto shall assume the expenses as incurred for performing the activities as specified herein;
4. Any dispute arising from this Agreement shall be settled by the Parties through friendly negotiation within thirty (30) days; in case negotiation fails, such dispute shall be submitted to the people's court of the place where the defendant is located for judgment;
5. The period of validity of this Agreement shall be from January 1 to December 31, 2019;
6. This Agreement is made in four originals of the same legal force, two for each party hereto. This Agreement shall become effective upon being signed and sealed by the Parties.

In witness whereof, this Agreement has been signed by the following authorized representatives of the Parties on the date as set forth below:

Beijing Quanqinxiangqian Technology Co., Ltd. (Seal)



Representative (in Print):

Representative's Signature: (Signature)

Title:                      Date:

Special Contract Seal of Quanqinxiangqian Technology Co., Ltd. (Seal)

Huaxia Boya (Beijing) Education Technology Co., Ltd. (Seal)



Representative (in Print):

Representative's Signature:

Title:                      Date:

Special Contract Seal of Huaxia Boya (Beijing) Education Technology Co., Ltd. (Seal)

Appendix: Statement of Recruitment Service Fee

Statement of Recruitment Service Fee in XX(Month), XXXX(Year)

SN	Employee's Name	ID Card No.	Entry Time	Number of Settled Months	Settlement Standard	Amount	Remarks
1							
2							
3							
4							
5							
6							
7							
8							

Total Number: XX

Total:

Prepared by:

Checked by:

Huaxia Boya (Beijing) Education Technology Co., Ltd.  
Date:

**Project Cooperation Agreement****Party A: China Liberal (Beijing) Education Technology Co., Ltd.**

Address: Room 602, Tower A, Phase III, Dongyi International Media Industrial Park, Chaoyang District, Beijing Municipality  
Representative: Li Fei  
Tel: 13301388087, 010-85789609  
Email: [Jeffery.lee@chianliberal.com](mailto:Jeffery.lee@chianliberal.com)

**Party B: Bridge School S.R.I**

Address: via Anfossi, 32 – 20135 Milano  
Representative: Sun Weixing  
Tel: 18610095702  
Email: [starsun1970@hotmail.com](mailto:starsun1970@hotmail.com)

Special Contract Seal of China Liberal (Beijing) Education Technology Co., Ltd. (Seal)

Party A and Party B jointly conduct Italian foundation recruitment and teaching and handle the admission procedures of national art colleges and universities according to *Contract Law of the People's Republic of China* and relevant laws and regulations, and through friendly negotiation, and based on the principles of voluntariness, equality and mutual benefits. In order to ensure the smoothness of cooperation and protect the legitimate rights and interests of the Parties, the Parties have entered into and shall jointly comply with the following terms and conditions.

**I. Party A's Rights and Obligations**

1. Party A shall be responsible to enroll students and arrange students to learn Italian language course and corresponding art specialized course in China.
2. Party A shall sign agreements with students in its own name.
3. Party A guarantees that the students enrolled by it shall conform to the basic requirements of Italian overseas study, and guarantee the accuracy and strictness of information.
4. Party A shall be liable for any dispute, controversy, tort, breach, etc with students due to Party A's cause, and shall assume the losses arising therefrom.
5. Party A shall provide the relevant materials of the students who have enrolled and paid to Party B, so as to ensure the smoothness of cooperation.
6. Party A has the right to supervise and manage the teaching of Party B, and puts forward modification opinions, and Party B shall make rectification.

## II. Party B's Rights and Obligations

1. Party B shall provide teaching place and good quality language and specialized course teachers to the students as transmitted by Party A, and guarantee the quality of teaching, and regularly communicate with Party A about the learning situation of students.

2. The Parties determine through negotiation that if Party A enrolls 30 or more students, Party B shall dispatch no less than 3 teachers to assist Party A in teaching courses free of charge.

3. Party B shall provide the following overseas services for the students sent by Party A: picking up at the airport, providing lodging, handling residence permit, opening an account in bank, insurance.

4. Party B shall faithfully notify students of the tuition quotation, etc. Party B shall guarantee the accuracy of publicity information and the strictness of service undertakings, and may not deceive or cheat students in any form of false publicity.

5. Party B shall safeguard the safety of students during the learning and living at school, and shall provide corresponding support and help.

6. Party B shall actively cooperate with the publicity activity of Party A on Chinese market, and dispatch corresponding professors to assist marketing work in China. Party A shall assume the relevant expenses of such professors and experts, such as travelling costs.

## III. Profit Sharing

1. Party A transmits students to Party B to receive the training of language and specialized courses (the tuition of language course is EURO 5,200, and that of specialized course is EURO 2,300), and accept the lodging arrangement and overseas service as provided by Party B.

2. Party B shall pay commission to Party A as follows:

Number of Students	Commission Ratio of Language Course	Commission Ratio of Specialized Course	Remarks
20 or more	30%	20%	Exempting students from overseas service fee
30 or more	40%	20%	
40 or more	45%	20%	
50 or more	50%	20%	

3. Each party hereto shall appoint a liaison to communicate the situation of students at any time, and shall check the number of students by the end of December 2018; Party B shall remit commission to Party A's designated account within 15 working days after having checked the number of students.

## IV. Confidentiality

The Parties shall keep the contents of this Agreement confidential. Whether within the period of validity of this Agreement or after the termination of this Agreement, neither party may disclose the trade secrets of the other party, nor use such secrets for any purpose other than this Agreement; otherwise the faulty party shall assume the liability for compensation. Without the written consent of the other party, either party may not disclose the contents of this Agreement to any third party.

**V. Miscellaneous**

1. The cooperation period of the Parties shall be from December 1, 2017 to July 31, 2019.

2. In case of any modification of this Agreement, the Parties may otherwise sign a supplementary agreement. In case any discrepancy between such supplementary agreement and this Agreement, the former shall prevail.

3. Any dispute arising from the interpretation or performance of this Agreement shall be settled through negotiation; in case negotiation fails, such dispute shall be submitted to Beijing Arbitration Commission for arbitration.

4. This Agreement is made in two originals of the same legal force, one for each party hereto.

5. This Agreement shall become effective upon being signed by the Parties.

**Party A: China Liberal (Beijing) Education Technology Co., Ltd.**

**Party B: Bridge School S.R.I**

Representative's Signature:

Representative's Signature: Sun Weixing (Signature)



Date:

Date: November 28, 2017

Special Contract Seal of Huaxia Boya (Beijing) Education Technology Co., Ltd. (Seal)

## CONSENT OF NGO YIN TSANG

China Liberal Education Holdings Limited (the “Company”) intends to file a Registration Statement on Form F-1 (together with any amendments or supplements thereto, the “Registration Statement”) registering securities for issuance in its initial public offering. As required by Rule 438 under the Securities Act of 1933, as amended, the undersigned hereby consents to being named in the Registration Statement as a Director Nominee.

Dated: May 6, 2019

By: /s/ Ngo Yin Tsang

Ngo Yin Tsang

## CONSENT OF XINYU DENG

China Liberal Education Holdings Limited (the “Company”) intends to file a Registration Statement on Form F-1 (together with any amendments or supplements thereto, the “Registration Statement”) registering securities for issuance in its initial public offering. As required by Rule 438 under the Securities Act of 1933, as amended, the undersigned hereby consents to being named in the Registration Statement as a Director Nominee.

Dated: May 6, 2019

By: /s/ Xinyu Deng  
Xinyu Deng



## CONSENT OF WANDONG CHEN

China Liberal Education Holdings Limited (the “Company”) intends to file a Registration Statement on Form F-1 (together with any amendments or supplements thereto, the “Registration Statement”) registering securities for issuance in its initial public offering. As required by Rule 438 under the Securities Act of 1933, as amended, the undersigned hereby consents to being named in the Registration Statement as a Director Nominee.

Dated: May 6, 2019

By: /s/ Wandong Chen  
Wandong Chen

## CONSENT OF NAN HU

China Liberal Education Holdings Limited (the “Company”) intends to file a Registration Statement on Form F-1 (together with any amendments or supplements thereto, the “Registration Statement”) registering securities for issuance in its initial public offering. As required by Rule 438 under the Securities Act of 1933, as amended, the undersigned hereby consents to being named in the Registration Statement as a Director Nominee.

Dated: May 6, 2019

By: /s/ Nan Hu

\_\_\_\_\_

Nan Hu