INTERIM REPORT 2019

博學致遠 駿馳天下

A Knowledgeable Man Wins The Whole World

BOJUN EDUCATION COMPANY LIMITED
博駿教育有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code : 1758

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Company profile

We are one of the leading private education service groups in Chengdu, Sichuan Province, the PRC with a track record of more than 17 years in the provision of private education services. Through our schools, we provide education services to students of different age groups from kindergarten to high school. As at 28 February 2019, we operated six kindergartens, one primary and middle school, two middle schools and one middle and high school in Chengdu, as well as one primary and middle school in each of Bazhong City (巴中市) and Guangyuan City (廣元市), Sichuan Province. As at 28 February 2019, we had an enrollment of 10,325 students supported by 1,629 employees, including 903 teachers.

Since 2001, we have built the foundation of our business upon private preschool education and expanded our footprints to the private primary school, middle and high school education industry. In June 2001, we established Chengdu Youshi Experimental Kindergarten, our first kindergarten formed in joint venture with Chengdu Preschool Normal School* (成都幼兒師範學校). This was followed by Lidu Kindergarten, Riverside Kindergarten, Longquan Kindergarten, Qingyang Kindergarten and Peninsula Kindergarten. We established Jinjiang School in April 2012, followed by Longquan School and Tianfu School in successful replications of our business model for school management. After years of planning and preparations, in September 2018, we launched our own education brand "Bojun School (博駿公學)" and established three through-train schools in Chengdu, Bazhong City and Guangyuan City in Sichuan Province, to provide education from primary to high school levels.

We aim to provide quality education services with a strong emphasis on the all-round development of students. With increasing demand for quality private education from parents in the PRC, we have undergone significant development since the opening of our first school in 2001. On the back of experience gained over the years and the dedication and commitment of our management team, we have built a strong reputation for quality in the industry, which will allow us to attract outstanding students and teachers as we further expand our school network and geographic coverage to enhance and cement our market position in the private fundamental education sector in Sichuan Province.

CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. Xiong Tao *(Chairman of the Board)*
Mr. Ran Tao
Ms. Liao Rong

Non-executive Directors

Mr. Bai Zimin
Mr. Wang Ping

Independent Non-executive Director

Mr. Cheng Tai Kwan Sunny
Mr. Mao Daowei
Ms. Luo Yunping

Audit Committee

Mr. Cheng Tai Kwan Sunny *(Chairman)*
Mr. Mao Daowei
Ms. Luo Yunping

Nomination Committee

Mr. Xiong Tao *(Chairman)*
Mr. Mao Daowei
Ms. Luo Yunping

Remuneration Committee

Mr. Bai Zimin *(Chairman)*
Mr. Mao Daowei
Ms. Luo Yunping

Joint Company Secretary

Mr. Lam Wai Kei
Mr. Wang Shudong

Authorised Representatives

Mr. Wang Ping
Mr. Lam Wai Kei

Auditor

Deloitte Touche Tohmatsu Hong Kong

Legal Advisors

As to Hong Kong law:

Loeb & Loeb LLP

As to PRC law:

Jingtian & Gongcheng

Compliance Adviser

First Shanghai Capital Limited

Principal Bankers

Agricultural Bank of China,
Hong Kong branch
Agricultural Bank of China,
Chengdu Shahebao branch
China CITIC Bank,
Chengdu Jinsha branch
Bank of China (Hong Kong) Limited

Registered Office

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Headquarters and Principal Place of Business in the PRC

No. 288 Jingan Road, Jinjiang District
Chengdu
Sichuan Province
The PRC

Principal Place of Business in Hong Kong

21st Floor, CCB Tower
3 Connaught Road Central
Hong Kong

Principal Share Registrar and Transfer Office

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East, Hong Kong

Stock Code

1758

Company's Website

http://bojuneducation.com

Investor Relations

Phone: +86-28-86002115
Email: BJJY@bojuneducation.com

OPERATING AND FINANCIAL HIGHLIGHTS

	As at 28 February			
Operating information	**2019**	2018	Change	Change Percentage
Total number of students	**10,325**	7,121	+3,204	+45.0%
Total number of teachers	**903**	580	+323	+55.7%
Total school capacity	**11,330**	7,987	+3,343	+41.9%
Overall school utilisation rate	**91.1%**	89.2%	+1.9pp	+2.1%

	For the six months ended 28 February			
Selected financial information RMB'000 (unless otherwise stated)	**2019 (unaudited)**	2018 (audited)	Change	Change Percentage
Revenue	**168,300**	115,203	+53,097	+46.1%
Gross profit	**42,881**	30,190	+12,691	+42.0%
Profit for the period attributable to owners of the Company	**9,441**	9,601	–160	–1.7%
Adjusted net profit (note)	**10,027**	13,951	–3,924	–28.1%
Basic earnings per share (RMB cents)	**1.15**	1.60	–0.45	–28.1%

Note: The adjusted net profit, which is unaudited in nature, is presented because our management believes such information will be helpful for investors in assessing the level of our net profit by eliminating the effects of certain one-off or non-recurring items.

	For the six months ended 28 February	
RMB'000	**2019 (unaudited)**	2018 (audited)
Profit for the period	**10,027**	9,601
Less:		
Imputed interest income from advances to related companies	**–**	(1,288)
Imputed interest income from advances to Directors	**–**	(1,284)
Add:		
Listing expenses	**–**	6,922
Adjusted net profit	**10,027**	13,951

Selected financial information

RMB'000 (unless otherwise stated)	As at 28 February 2019 (unaudited)	As at 31 August 2018 (audited)	Change	Change Percentage
Bank balances and cash	**242,157**	607,062	–364,905	–60.1%
Contract liabilities/Deferred revenue	**167,243**	280,481	–113,238	–40.4%
Gearing ratio	**13.4%**	7.4%	+6.0pp	+81.1%

For the six months ended 28 February

RMB'000 (unless otherwise stated)	2019 (unaudited)	2018 (audited)	Change	Change Percentage
Net cash used in operating activities	**(63,650)**	(86,120)	–22,470	–26.1%
Net cash used in investing activities	**(325,199)**	(115,243)	+209,956	+182.2%
Net cash from (used in) financing activities	**27,452**	(3,715)	31,167	839.0%

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Overview

Rising number of births in China coupled with parents' stronger willingness and financial ability to spend on their children's education have continued to provide driving force for the demand for private education services and the development of the market of private education. In recent years, the total student enrolment of private fundamental education in Sichuan Province has maintained a stable increasing trend.

We are one of the leading private education service providers in Chengdu, Sichuan Province, China, with a track record of providing private education services for over 17 years. We offer education services to students in different age groups ranging from kindergarten to high school at our schools. The core educational curriculums of our primary schools to our middle and high schools are designed based on the standards set by the PRC national and provincial educational authorities in China. The curriculums are primarily formulated towards the Senior High School Entrance Examination for middle-school students and the National Higher Education Entrance Examination for high-school students.

We aim to provide all-round quality education services to our students and nurture them to excel in academics by offering them with vibrant learning opportunities. We also develop our students' skills in communication, creativity and collaboration.

Business development during the reporting period

In September 2018, we had a total of three new schools comprising a primary school, a middle school and a high school operated in a "through-train" mode under the brand of "Bojun School", namely Nanjiang School, Wangcang School, and Pengzhou School. These schools commenced operation with initial intake of students mainly in the primary school and middle school. Among them, Nanjiang School and Wangcang School were newly established and wholly-owned by the Group, while Pengzhou School was jointly operated with an Independent Third Party.

In September and November 2018, we entered into cooperation agreements with the local governments of Sichuan Province, including (i) the local government of Zhongjiang County (中江縣) of Deyang City (德陽市); and (ii) Neijiang High and New Technology Industrial Zone Management Committee* (內江高新技術產業園區管理委員會), respectively, to establish new schools by way of acquisition of land. For further details, please refer to the Company's announcements dated 2 October 2018 and 7 November 2018.

Our Schools

As at 28 February 2019, we operated six kindergartens, one primary and middle school, two middle schools and one middle and high school in Chengdu, Sichuan Province, and operated one primary and middle school in each of Bazhong City and Guangyuan City of Sichuan Province, respectively.

Number of schools

	As at 28 February 2019	As at 28 February 2018	Change	Change Percentage
Kindergarten division	**6**	6	–	–
Primary school division	**3**	–	+3	N/A
Middle school division	**6**	3	+3	100%
High school division	**1**	1	–	–
Total	**16**	10	+6	+60%

Our Students

As at 28 February 2019, we had an aggregate enrolment of 10,325 students, including 1,355 kindergarten students, 1,304 primary school students, 7,110 middle school students and 556 high school students. The following table sets forth information relating to the student enrolment of our schools at different educational stages as at the dates indicated:

Number of students

	As at 28 February 2019	As at 28 February 2018	Change	Change Percentage
Kindergartens	**1,355**	1,525	–170	–11.1%
Primary schools	**1,304**	–	+1,304	N/A
Middle schools	**7,110**	5,269	+1,841	34.9%
High schools	**556**	327	+229	70.0%
Total	**10,325**	7,121	+3,204	45.0%

Teachers and Teacher Recruitment

As at 28 February 2019, we had an aggregate of 903 teachers, including 121 kindergarten teachers, 111 primary school teachers, 618 middle school teachers and 53 high school teachers. The following table sets forth the comparative information relating to the number of teachers at our schools at different educational stages as at the dates indicated:

	Number of teachers			
	As at 28 February 2019	As at 28 February 2018	Change	Change Percentage
Kindergartens	**121**	137	–16	–11.7%
Primary schools	**111**	–	+111	N/A
Middle schools	**618**	411	+207	50.4%
High schools	**53**	32	+21	65.6%
Total	**903**	580	+323	55.7%

Note: Excluding teachers engaged in administrative duties only.

We manage our teacher-to-student ratio based on the level of our student enrolments, our education plans and activities and the needs of our students. We review the teacher-to-student ratio of each of our schools from time to time to ensure that we can maintain high-quality educational programmes and services.

The following table sets forth the teacher-to-student ratio of our schools at different educational stages as at the dates indicated:

	Teacher-to-student ratio	
	As at 28 February 2019	As at 28 February 2018
Kindergartens	**1:11.20**	1:11.13
Primary schools	**1:11.75**	N/A
Middle schools	**1:11.50**	1:12.82
High schools	**1:10.49**	1:10.22

Note: The teacher-to-student ratio is arrived at by dividing the student enrolment of a school by the number of teachers employed by such school.

Teacher Retention Rate

In order to retain high-caliber teachers, we offer competitive remuneration package and our teachers are also entitled to performance bonuses, which are determined based on the quality of teaching as assessed by the Group. We believe we have maintained a good working relationship with our teachers and enjoyed a high retention rate.

The following table sets forth the teacher retention rate of our schools at different period:

	Teacher retention rate	
	Six months ended 28 February	
	2019	2018
Kindergartens	**94.4%**	86.8%
Primary schools	**100.0%**	N/A
Middle schools	**97.4%**	98.0%
High schools	**100.0%**	97.1%

Note: The retention rate is calculated based on the total number of teachers at our schools at the beginning of a school year minus the total number of teachers who voluntarily resign from our schools during the corresponding period, divided by the total number of teachers at our schools at the beginning of a school year.

Tuition and Boarding Fees

For the primary, middle and high schools, our tuition fees for the 2017/2018 school year and the 2018/2019 school year ranged from RMB22,000 to RMB46,000 per student per year. For boarding students, a boarding fee of RMB1,200 per student per year was also charged. The tuition fees of the kindergartens for the 2017/2018 school year and the 2018/2019 school year ranged from RMB26,160 to RMB56,160 per student per year. The following table sets forth the average tuition fee and boarding fee per student of our schools at different educational stages for the periods indicated:

Average fee

	Six months ended 28 February			
	2019 RMB per student	2018 RMB per student	Change	Change Percentage
Kindergartens	**19,755**	18,337	+1,418	+7.7%
Primary schools	**13,573**	N/A	N/A	N/A
Middle schools	**16,430**	15,547	+883	+5.7%
High schools	**14,800**	14,005	+795	+5.7%

School Capacity and Utilisation Rate

Enrolment and Capacity

With increasing demand for quality private education from parents in China, our schools experienced significant growth in capacity and enrolment in recent years.

The utilisation rate of our schools is affected by a number of factors, such as the number of applications received by our schools, the availability of our facilities, the marketing activities of our schools and competition from public and private schools in Sichuan Province. The following table sets forth information relating to student enrolment, capacity and school utilisation rates of our schools at different educational stages as at the dates indicated:

School capacity[(1)] and utilisation rate

	As at 28 February					
	Enrolment[(1)]		Student capacity[(2)]		School utilisation rate[(3)](%)	
	2019	2018	**2019**	2018	**2019**	2018
Kindergartens	**1,355**	1,525	**1,865**	1,865	**72.7**	81.8
Primary schools	**1,304**	N/A	**1,680**	N/A	**77.6**	N/A
Middle schools	**7,110**	5,269	**7,155**	5,762	**99.4**	91.4
High schools	**556**	327	**630**	360	**88.3**	90.8
Total	**10,325**	7,121	**11,330**	7,987	**91.1**	89.2

Notes:

(1) The student enrolment information was based on the internal records of our schools.

(2) For our primary schools, middle schools and high schools, the capacity is calculated based on the number of classrooms (excluding special-purpose rooms) in each school and the number of students that each classroom can accommodate or the capacity of the student dormitories. For the kindergartens, the capacity is calculated based on the number of classrooms (excluding special-purpose rooms) of each kindergarten and the class size determined by our Group with reference to the maximum number of students to be accommodated by each classroom for first-tier kindergartens as stipulated by the education authorities in Chengdu.

(3) The school utilisation rate is calculated by dividing the number of students enroled at a school by the capacity for students of the school.

Outlook

Development Trends in the Private Fundamental Education Industry in Sichuan Province and Chengdu

- **Increasing Penetration:** The demand for private fundamental education in Sichuan Province and Chengdu is likely to increase in the coming future. Parents from the younger generation put a special emphasis on all-round development in their children's education, and private schools that possess abundant resources to offer a wide array of extra-curricular activities and programmes are expected to benefit from this trend. Meanwhile, more students choose to enrol in private schools because of the improving quality of teaching in private education in Sichuan Province and Chengdu.

- **Local Brand Development:** Another key trend is the expected rise of more strong local education brands. Sichuan Province and Chengdu lag behind developed regions in the development of private fundamental education. Hence, the local private education market has been rather fragmented. However, along with economic development, improvements in policy environment and the increasing experience gained by local educational institutions, local brands are expected to rapidly develop with the rise of local market leaders that are highly competitive in resource integration and commercial operations.

- **Differentiation:** With continuous development in the private fundamental education market in Sichuan Province and Chengdu, the competition among private schools and between private schools and public schools is expected to further intensify. Compared with developed markets such as Beijing and Shanghai, private fundamental education in Sichuan Province and Chengdu lacks differentiation from public education. In the future, private education is expected to develop more unique features, such as foreign language, sports and art programmes and an international environment.

- **Industry Consolidation:** The education market in Sichuan Province and Chengdu is also undergoing reform. A large number of ownership transfers and mergers and acquisitions have been taking place and increasing consolidation is expected in the market. The rise and further development of leading private education operators are based primarily on a strategy of organic growth.

Our Business Development Strategies and Plans

Our aim is to maintain and cement our leading position in the private education market in Chengdu and further expand the geographic coverage of our school network in Sichuan Province, China. To achieve this aim, we plan to pursue the following business strategies:

(a) Extend our geographic coverage in Sichuan Province, China through the further expansion of our school network by way of market penetration and market diversification

1) Establishing new schools by purchasing land use rights in Sichuan Province: We intend to expand our school network by purchasing land use rights in Sichuan Province and establishing new schools when we identify appropriate opportunities.

   – In September 2018, we established Nanjiang School, named as Nanjiang Bojun School* (南江博駿學校) in Nanjiang County (南江縣), Bazhong City, Sichuan Province with initial intake of primary school and middle school students, after acquisition of land use rights. The high school is expected to commence operation in September 2021. The estimated total student enrolment of such school is approximately 3,200 students.

   – In September 2018, we established Wangcang School, named as Wangcang Bojun School* (旺蒼博駿公學) in Wangcang County (旺蒼縣), Guangyuan City, Sichuan Province with initial intake of primary school and middle school students, after acquisition of land use rights. The high school is expected to commence operation in September 2021. The estimated total student enrolment of such school is approximately 4,000 students.

   – In December 2017, we entered into an educational project investment agreement with the local government of Lezhi County (樂至縣) of Ziyang City (資陽市), a prefecture-level city of Sichuan Province, pursuant to which we agreed to establish, by way of the acquisition of land use rights, Lezhi School, named as Lezhi Bojun School* (樂至博駿公學). Lezhi School comprises a kindergarten, a primary school, a middle school and a high school operated in a "through-train" mode under the brand of "Bojun School". Lezhi School is expected to commence operation in September 2019 with intake of students for the primary school and grade seven (in the middle school division). The high school is expected to commence operation in September 2022. The estimated total student enrolment of such school is approximately 3,200 students.

– In September 2018, we entered into an educational project investment agreement with the local government of Zhongjiang County of Deyang City, a prefecture-level city of Sichuan Province, pursuant to which we agreed to establish, by way of the acquisition of land use rights, Zhongjiang School. Zhongjiang School comprises a primary school, a middle school and a high school operated in a "through-train" mode under the brand of "Bojun School". Zhongjiang School is expected to commence operation in September 2020 with intake of students for the primary school and grade seven (in the middle school division). The high school is expected to commence operation in September 2023. The estimated total student enrolment of such school is approximately 4,500 students.

– In November 2018, we entered into an educational project investment agreement with Neijiang High and New Technology Industrial Zone Management Committee, pursuant to which we agreed to establish, by way of the acquisition of land use rights, Neijiang School in Neijiang High and New Technology Zone, Sichuan Province. Neijiang School comprises a primary school, a middle school and a high school operated in a "through-train" mode under the brand of "Bojun School". Neijiang School is expected to commence operation in September 2020 with intake of students for the primary school and grade seven (in the middle school division). The high school is expected to commence operation in September 2023. The estimated total student enrolment of such school is approximately 4,000 students.

2) In addition to developing new schools by acquiring land use rights, we also establish new schools through cooperation with third-party business partners:

– In July 2017, we entered into a cooperation agreement with the Shuangquan Village Committee of Wanan Street of Tianfu New District* (天府新區萬安街道雙泉村村民委員會) in Chengdu in relation to a joint project for the expansion of Tianfu School campus and school premises. We will also start a high school section at Tianfu School with an estimated enrolment of approximately 960 students. Subject to approval by and registration with relevant PRC authorities, the new high school section is expected to commence operation on 1 September 2019.

– In September 2018, we jointly established the Pengzhou School with an Independent Third Party (the "**School Investor**") with initial intake of primary school and middle school students. The high school is expected to commence operation in September 2021. The estimated total student enrolment of such school is approximately 4,000 students. Chengdu Mingxian and the School Investor act as the joint school sponsors of Pengzhou School and own 51% and 49% of sponsor interests, respectively.

– In January 2018, we entered into a memorandum of understanding with the US Partner to expand our school network abroad. The US Partner is engaged in the provision of private high school education services in California for grades 9-12 students and is an accredited school of the Western Association of Schools and Colleges. Pursuant to the memorandum of understanding, our Group and the US Partner will set up a joint venture to establish the US School, being a for-profit private international school in the Los Angeles area offering grades 7-12 education service. The joint venture will be owned by our Group as to 70% and the US Partner as to 30%. We will provide funding for the operation and purchase of facilities and will be involved in the planning of teaching programmes to be offered by the US School. The US Partner will provide management services to the US School, assist our Group in identifying school premises and recruit teachers for the US School.

The following table provides a summary of the estimated capacities of the new school premises to be opened in September 2019 and September 2020:

School premises	Date of commencement[1]	Estimated capacities for students
Tianfu School (High school division)	September 2019	960
Lezhi School	September 2019	3,200
Zhongjiang School	September 2020	4,500
Neijiang School	September 2020	4,000
US School	September 2020	240
Total		12,900

Note:

(1) The commencement of schools is subject to, among other things, successful acquisition of land (where applicable), approval by registration with relevant authorities and the progress of construction work. Therefore, the aforesaid new schools may or may not be opened according to our plans.

(b) Increase the student enrolment level of our existing schools

We intend to increase the student enrolment level of our existing schools, in particular the schools newly established in recent years. Since certain of our construction investments and operation costs are fixed, we believe that our financial results would be significantly improved if we are able to enrol more students at such schools. To achieve this objective, we plan to continue to publish our application information and admission requirements on the Internet and social media platforms.

The following table provides a summary of our schools in operation as at 28 February 2019 and their estimated capacity:

School premises	Student at school February 2019	Estimated capacity for students
Jinjiang School	**3,038**	3,300
Longquan School	**2,465**	3,500
Tianfu School[1]	**1,637**	2,000
Nanjiang School[2]	**400**	3,200
Wangcang School[2]	**466**	4,000
Pengzhou School[2]	**964**	4,000
Affiliated kindergartens[3]	**1,355**	1,865
Total	**10,325**	21,865

Notes:

(1) Middle school section

(2) New schools opened in September 2018

(3) Including six kindergartens in Chengdu, namely, Youshi Kindergarten, Lidu Kindergarten, Riverside Kindergarten, Longquan Kindergarten, Qingyang Kindergarten and Peninsula Kindergarten.

(c) Provide private education services in a "through-train" mode under our new brand of Bojun School (博駿公學)

Leveraging on over 17 years' experience in the private education industry and success in replicating our business model for the management of private schools, we have successfully expanded our school network under our new brand of Bojun School (博駿公學) by adopting our existing teaching management system and administration system to provide primary school, middle school and high school education services in a "through-train" mode, so that we could increase market opportunities in the private education industry, enhance the continuity of our curriculum and strengthen support for students to the benefit of their growth and development.

(d) Consistently provide high-quality education services and maintain a strong team of experienced and qualified teaching team

We plan to consistently provide high-quality education services to our students and continue to focus on the quality of the education services we provide. We will broaden the knowledge base and enrich the learning experience of our students, so as to achieve outstanding academic performance.

Accordingly, the quality of our teaching team is crucial for maintaining and enhancing the quality of our education services. We will retain a strong team of experienced and qualified teachers and other teaching staff and improve their teaching quality by arranging various training for them in respect of teaching theories and methodologies. We also intend to attract and retain well-qualified teachers by providing sound career advancement opportunities and competitive remuneration packages.

(e) Enhance our profitability by optimizing our pricing ability and improving our services

In order to optimise our pricing ability, we will enhance our services by upgrading and improving the campus facilities and increasing the variety of our extra-curricular activities. We will proactively apply for adjustment of our tuition fees level after taking into account the general market conditions and the costs of our operations. Such adjustment is subject to approval by the relevant PRC regulatory authorities.

Environment, Health and Safety

The Group's business has not violated applicable environmental laws and regulations of the PRC in any material aspect.

The Group is dedicated to protecting the health and safety of our students. The Group has onsite medical staff or health care personnel at each of our schools to deal with minor medical situations involving our students. For any serious emergency medical situations, we will promptly send our students to local hospitals for medical treatment. Regarding security at our schools, we have employed qualified property management companies to provide property security services at our school premises.

So far as the Board and the Company's management are aware of, the Group is in compliance with the relevant laws and regulations that have a significant impact on the Group's businesses and operations in all material aspects. There was no material violation of or non-compliance with applicable laws and regulations by the Group during the reporting period.

Latest Regulatory Developments

(i) On 20 April 2018, the Ministry of Education of the PRC issued the "Implementation Rules for the Private Education Law of the PRC (Amendment Bill) (Draft for Comment)"* (《中華人民共和國民辦教育促進法實施條例(修訂草案)(徵求意見稿)》) (the "**Draft for Comment**") to solicit public views. On 10 August 2018, the Ministry of Justice of the PRC announced the "Implementation Rules for the Private Education Law of the PRC (Amendment Bill) (Submission Draft)"* (《中華人民共和國民辦教育促進法實施條例(修訂草案)(送審稿)》) (the "**Amendment Bill**") for consultation on the basis of the Draft for Comment. As advised by our PRC legal advisor in respect of PRC laws, the Amendment Bill has yet to be promulgated or enacted in the PRC. The Company will continue to monitor developments of the Amendment Bill and related laws and regulations.

(ii) In the "Implementation Opinions on Encouraging the Operation of Education by Social Forces and Promoting the Healthy Development of Private Education" (Chuan Fu Fa 2018 No. 37)* (《關於鼓勵社會力量興辦教育促進民辦教育健康發展的實施意見》(川府發2018 37號)) (the "**Sichuan Implementation Opinion**") announced by Sichuan People's Government on 17 September 2018, it is stipulated that the school sponsors of existing private schools shall submit an election of the nature of schools operated in writing to the competent authorities by 1 September 2020, and schools that fail to submit such information by the stipulated timeline shall not be eligible for election as for-profit private schools. Schools that have elected to be not-for-profit private schools shall complete relevant procedures by 1 September 2021. Schools that have elected to be for-profit private schools shall complete relevant procedures by 1 September 2023 in case of private schools offering tertiary formal education, or by 1 September 2022 in case of other schools. As at the date of this interim report, all the schools operated by us have been registered as not-for-profit private schools. As the Sichuan Implementation Opinion does not provide for any specific procedures or rules relating to the conversion of existing private schools to for-profit schools or not-for-profit schools and the relevant authorities in Sichuan Province has not promulgated other implementation rules or detailed guidance, the Group's schools have yet to complete the new election and registration procedures under the Sichuan Implementation Opinion as at the date of this interim report. The Company's PRC legal advisor is of the view that our schools in operation will not violate the Sichuan Implementation Opinion and related laws and regulations as a result of not electing and registering their types for the time being.

(iii) On 15 November 2018, the Central Committee of the Communist Party of China and the State Council of the PRC jointly issued "Certain Opinions on Deepening the Reform and Regulating the Development of Pre-school Education"* (《關於學前教育深化改革規範發展的若干意見》) (the "**Opinions**"). Pursuant to the Opinions, among other things, private companies should not control not-for-profit kindergartens through contractual arrangements. As at the date of this interim report, the Group operates six not-for-profit kindergartens through contractual arrangements, which account for approximately 15.5% of the Group's revenue for the six months ended 28 February 2019 and approximately 13.1% of the Group's total number of students enroled as at 28 February 2019. The Company is closely monitoring and seeking legal advice on the Opinions and will take all reasonable steps to comply with the Opinions as it may be advised.

As at the date of this interim report, the Group's operations have not been affected by the above Opinions and regulatory policies. Based on the current conditions and Company's preliminary assessment, the Board is of the view that above Opinions and regulations do not have an immediate material adverse impact on the Group's operation and financial conditions.

In addition, the Foreign Investment Law of the PRC* (《中華人民共和國外商投資法》) (the "**Foreign Investment Law**") was passed and issued by the National People's Congress of the PRC on 15 March 2019, and will become effective on 1 January 2020. The Foreign Investment Law defines foreign investment as the investment activities conducted by foreign investors directly or indirectly in the PRC, and sets forth the situations that should be regarded as foreign investment. Meanwhile, it introduces pre-establishment national treatment with a negative list for foreign investment. Foreign investors shall not invest in any field prohibited by the negative list for foreign investment, while for any field with investment restricted by the negative list, foreign investors shall meet the investment conditions stipulated under the negative list. Any field that does not fall within the negative list shall be administered under the principle of equal treatment to domestic and foreign investment. There is no provision in the Foreign Investment Law that expressly mentions "actual control" or "contractual arrangement". Nevertheless, whether further laws and regulations will be promulgated in this regard is not certain. Therefore, there exist uncertainties in relation to whether the structure under contractual arrangement will be included in the regulatory scope of foreign investment and, if it is included in the regulatory scope, how it will be regulated. As at the date of this interim report, the Company's operation has not been affected by the Foreign Investment Law. The Company will closely monitor the developments of the Foreign Investment Law and the relevant laws and regulations.

The Company will continue to monitor developments of above Opinions and related laws and regulations, and will make further announcements in respect thereof in accordance with the requirements of the Listing Rules as and when appropriate.

Compliance with the Qualification Requirement

According to the Regulations on Operating Sino-foreign Schools* (《中外合作辦學條例》), the foreign investor in a sino-foreign joint venture private school must be a foreign educational institution which has acquired relevant qualifications and experience in a foreign country (the "**Qualification Requirement**"). As part of our effort to fulfill the Qualification Requirement, we have adopted specific plans and taken concrete steps reasonably considered by us to be significant to indicate our compliance with the Qualification Requirement. On 19 August 2016, we established US Bojun as an operating entity in the United States. On 29 January 2018, we entered, through US Bojun, into a memorandum of understanding with the US Partner, an institution which has extensive experience in the provision of private education services in the US, to expand our school network abroad. Pursuant to the memorandum of understanding, our Group and the US Partner will set up a joint venture for the establishment of the US School in the Los Angeles area. The joint venture will be owned by our Group as to 70% and the US Partner as to 30%. We will provide funding for the operation and the purchase of facilities, and will be involved in the design of the education programmes to be offered by the US School. The US Partner will provide management services to the US School, assist our Group in identifying school premises and recruiting teachers for the US School. We intend to allocate approximately US$3.2 million for the purpose of establishing the US School. We intend to meet part of such capital expenditure by utilising approximately RMB12.9 million (equivalent to approximately US$1.9 million) from the net proceeds from the Listing and the remainder through equity and/or debt financing and/or with our internal funds, as and when we see fit. As at the date of this interim report, we were in the process of identifying a suitable site for the US School.

The Group's PRC legal advisor indicated to the Group that the relevant regulatory developments and guidance related to the Qualification Requirement have not changed as at the date of this interim report.

Financial Review

Revenue

We derive revenue from tuition fees and boarding fees our schools collected from our students. The following table sets forth the breakdown of major components of the revenue for the periods indicated:

	Six months ended 28 February			
	2019 RMB'000 (unaudited)	**Percentage of total %**	2018 RMB'000 (audited)	Percentage of total %
Tuition fees				
– Preschool Education	**26,096**	**15.5**	28,248	24.5
– Degree Education	**137,402**	**81.6**	84,329	73.2
Sub-total	**163,498**	**97.1**	112,577	97.7
Boarding fees	**4,802**	**2.9**	2,626	2.3
Total	**168,300**	**100.0**	115,203	100.0

Our revenue increased by approximately RMB53.1 million or 46.1% from approximately RMB115.2 million for the six months ended 28 February 2018 to approximately RMB168.3 million for the six months ended 28 February 2019. The increase was mainly attributable to the increased total student enrolment level, which resulted in an increase in tuition and boarding fees.

Student enrolment level in our schools increased by approximately 45% from 7,121 as at 28 February 2018 to 10,325 as at 28 February 2019, mainly due to the official commencement of Nanjiang School, Wangcang School and Pengzhou School with intake of students in the current school year, and the increase in student enrolment in the existing schools of the Group.

Costs of services

Our costs of services primarily consist of staff costs, depreciation, cost of cooperative education, rental expenses and other costs. For the six months ended 28 February 2018 and 2019, our costs of services represented approximately 73.8% and 74.5% of our total revenue, respectively. The table below sets forth the breakdown of the major components of our costs of services for the periods indicated:

	Six months ended 28 February	
	2019	2018
	RMB'000	RMB'000
	(unaudited)	(audited)
Staff costs	**82,507**	49,751
Depreciation and amortisation	**11,046**	10,583
Royalty fees	**7,255**	5,262
Rental and management fees	**9,666**	10,945
Office expenses	**7,455**	3,304
Repair and maintenance	**1,814**	279
Utilities expenses	**1,243**	1,362
Training expenses	**1,661**	1,236
Others	**2,772**	2,291
Total	**125,419**	85,013

Our costs of services increased by approximately RMB40.4 million or 47.5% from approximately RMB85.0 million for the six months ended 28 February 2018 to approximately RMB125.4 million for the six months ended 28 February 2019. The increase was primarily attributable to the commencement and expansion of three new schools, namely Nanjiang School, Wangcang School and Pengzhou School during the current period, which resulted in the significant increase in the number of schools and number of students, and hence the increase in the number of teachers we employed, the depreciation and management fees for school buildings, the rental and management fees of the school premises and related operating costs, among which:

(i) staff costs increased by approximately RMB32.7 million or 65.7% from approximately RMB49.8 million for the six months ended 28 February 2018 to approximately RMB82.5 million for the six months ended 28 February 2019, primarily because (i) the number of teachers and teaching assistants we hired increased significantly during the period ended 28 February 2019; and (ii) we offered more competitive remuneration packages to attract and retain high quality teachers and teaching assistants during the six months ended 28 February 2019.

(ii) depreciation and amortisation expenses increased by approximately RMB0.4 million or 3.8% from approximately RMB10.6 million for the six months ended 28 February 2018 to approximately RMB11.0 million for the six months ended 28 February 2019.

(iii) royalty fees increased by approximately RMB2.0 million or 37.7% from approximately RMB5.3 million for the six months ended 28 February 2018 to approximately RMB7.3 million for the six months ended 28 February 2019, due to the increase in tuition fees income as a result of the adjustment of the tuition fees level of Jinjiang School, Longquan School and Tianfu School in the current period and the increased number of students enroled in the related schools, as well as the increase in applicable royalty rate.

(iv) rental and management fees decreased by approximately RMB1.2 million or 11.0% from approximately RMB10.9 million for the six months ended 28 February 2018 to approximately RMB9.7 million for the six months ended 28 February 2019, primarily because of the decrease in property rental expenses which Tianfu School incurred for student residence in the current period.

In addition, our costs of services such as office expenses, utilities expenses and training expenses increased in line with the expansion in scale of the schools operated by the Group.

Gross profit and gross profit margin

The following table sets forth the breakdown of the segment revenue, gross profits and gross profit margins for the periods indicated:

	Six months ended 28 February					
	2019			2018		
	Segment revenue RMB'000	Gross profit RMB'000	Gross profit margin %	Segment revenue RMB'000	Gross profit RMB'000	Gross profit margin %
Degree Education	**142,204**	**36,941**	**26.0**	86,955	22,705	26.1
Preschool Education	**26,096**	**5,940**	**22.8**	28,248	7,485	26.5
Total	**168,300**	**42,881**	**25.5**	115,203	30,190	26.2

Gross profit margin of Degree Education decreased from approximately 26.1% for the six months ended 28 February 2018 to approximately 26.0% for the six months ended 28 February 2019. The decrease in gross profit margin was mainly because (i) gross profit margin of Jinjiang School, Longquan School and Tianfu School increased steadily as the tuition fees and student enrolment of these schools further increased; which was partially offset by (ii) the student enrolment level of the two new schools, being Nanjiang School and Wangcang School, has yet reached the breakeven level in the initial commencement of operation, resulting in costs of services being higher than the tuition fees income.

Gross profit margin of Preschool Education decreased from approximately 26.5% for the six months ended 28 February 2018 to approximately 22.8% for the six months ended 28 February 2019. The decrease in gross profit margin was mainly attributable to (i) the decrease in revenue as a result of the decrease in the number of students; and (ii) higher remuneration package offered to retain high quality teaching staff of our kindergartens which resulted in an increase in the staff costs of our kindergartens for the six months ended 28 February 2019.

Other income and (expenses)

For the six months ended 28 February 2019, our other income and (expenses) primarily consist of interest income from banks.

Other gain and (losses)

For the six months ended 28 February 2019, our other gain and (losses) primarily comprise net foreign exchange loss.

Administrative expenses

Administrative expenses primarily consist of administrative staff costs, office expenses, entertainment expenses, motor vehicle expenses, deprecation, handling charges and certain other administrative expenses. Other administrative expenses generally include staff travel expenses, management meetings expenses and welfare expenses.

Our administrative expenses increased by approximately RMB15.5 million or 102.6% from approximately RMB15.1 million for the six months ended 28 February 2018 to approximately RMB30.6 million for the six months ended 28 February 2019, mainly attributable to the staff costs arising from the expansion of the Group's business scale and the increase in the number of administrative staff, and the increase in administrative operating expenses.

Finance costs

Our finance costs primarily consist of bank borrowings and obligation under finance leases.

Our finance costs increased by approximately RMB2.4 million or 2,400.0% from approximately RMB0.1 million for the six months ended 28 February 2018 to approximately RMB2.5 million for the six months ended 28 February 2019, primarily attributable to the increase in the amount of loan facilities drawn to meet the increase in working capital needs due to the expansion in scale of our schools during the six months ended 28 February 2019.

Taxation

Our income tax expenses for the six months ended 28 February 2018 and 2019 amounted to approximately RMB0.8 million and RMB0.9 million, respectively.

Profit for the period

Our profit for the period increased by approximately RMB0.4 million or 4.2% from approximately RMB9.6 million for the six months ended 28 February 2018 to approximately RMB10.0 million for the six months ended 28 February 2019, which is primarily attributable to the increase in revenue due to the significant increase in the number of student enroled in the 2018/2019 school year and was partially offset by (i) the initial costs of services of the newly established Nanjiang School and Wangcang School commencing operation and student enrolment which exceeded the tuition fees by approximately RMB4.5 million; (ii) the increase in management staff costs and administrative expenses by approximately RMB15.5 million due to the expansion in scale of our schools operated by the Group; and (iii) the increase in finance costs by approximately RMB2.5 million to meet the increase in working capital requirements due to the expansion in scale of our schools.

Contract liabilities

We record tuition fees and boarding fees collected initially as a liability under contract liabilities and recognise such amounts as revenue proportionately over the relevant period of the applicable programme. Our contract liabilities decreased by approximately RMB113.3 million or 40.4% from approximately RMB280.5 million as at 31 August 2018 to approximately RMB167.2 million as at 28 February 2019. The decrease was primarily due to the completion of provision of education services corresponding to the fees collected by our schools.

Adjusted net profit

The adjusted net profit eliminates the effect of certain non-cash or one-off items, including imputed interest income from advances to related companies, imputed interest income from advances to Directors and the listing expenses. The term adjusted net profit is not defined under the HKFRS. As a non-HKFRS measure, adjusted net profit is presented because our management believes such information will be helpful for investors in assessing the effect of imputed interest income and listing expenses on our net profit.

The following table reconciles our adjusted net profit for the periods presented to the most directly comparable financial measure calculated and presented in accordance with the HKFRS:

	Six months ended 28 February	
	2019	2018
	RMB'000	RMB'000
	(unaudited)	(audited)
Profit for the period	**10,027**	9,601
Less:		
Imputed interest income from advances to related companies	**–**	(1,288)
Imputed interest income from advances to Directors	**–**	(1,284)
Add:		
Listing expenses	**–**	6,922
Adjusted net profit	**10,027**	13,951

Liquidity and Capital Resources

During the reporting period, we have principally financed our operations through a combination of internally generated cash flows from our operations, proceeds from the Listing and short-term bank borrowings. The short-term bank borrowings amounted to RMB110.0 million as at 28 February 2019, and have a variable interest at 140% of the benchmark interest rate of the People's Bank of China. Our cash and cash equivalents amounted to approximately RMB607.1 million and RMB242.2 million as at 31 August 2018 and 28 February 2019, respectively.

We generally deposit our excess cash in interest-bearing bank accounts.

Our principal uses of cash have been for funding working capital, purchase of property, plant and equipment and other recurring expenses to support the expansion of our operations. Going forward, we believe our liquidity requirements will be satisfied by using fund from a combination of internally generated cash, external borrowings and other funds raised from the capital markets from time to time.

We regularly monitor our liquidity requirements to ensure that we maintain sufficient cash resources for working capital and capital expenditure needs. For the six months ended 28 February 2019, we did not experience any difficulties in settling our obligations in the normal course of business, which would have had a material impact to our business, financial condition or results of operations.

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

	Six months ended 28 February	
	2019	2018
	RMB'000	RMB'000
	(unaudited)	(audited)
Net cash used in operating activities	**(63,650)**	(86,120)
Net cash used in investing activities	**(325,199)**	(115,243)
Net cash from (used in) financing activities	**27,452**	(3,715)
Net decrease in cash and cash equivalents	**(361,397)**	(205,078)
Cash and cash equivalents at the beginning of the period	**607,062**	332,531
Effect of exchange rate changes	**(3,508)**	–
Cash and cash equivalents at the end of the period, represented by bank balances and cash	**242,157**	127,453

Capital Expenditures

Our capital expenditures were primarily related to (i) development and construction of new schools; (ii) purchase of leasehold land and buildings for our schools; (iii) maintenance, renovation, expansion and upgrade of our existing schools; and (iv) purchase of education facilities and equipment. The following table sets forth our additions of property, plant and equipment and leasehold land, for the periods indicated:

	Six months ended 28 February	
	2019	2018
	RMB'000	RMB'000
	(unaudited)	(audited)
Payment for property, plant and equipment	**(259,798)**	(75,369)
Payment for leasehold land	**(64,164)**	(82,586)
Prepayment for property, plant and equipment	**(10,254)**	–

We plan to satisfy such capital expenditures with a combination of our existing cash, cash generated from our operations, proceeds from the Listing and/or bank borrowing and other funds raised from the capital markets from time to time.

Capital Commitments

	28 February	31 August
	2019	2018
	RMB'000	RMB'000
	(unaudited)	(audited)
Capital expenditure in respect of:		
– the acquisition of property, plant and equipment and land use rights contracted for but not provided in the period	**243,008**	53,506

Gearing Ratio

Gearing ratio is calculated by dividing total debts (which equal interest-bearing bank borrowings and obligation under finance leases) by total equity as at the respective period end date.

Our gearing ratio increased from approximately 7.4% as at 31 August 2018 to approximately 13.4% as at 28 February 2019, as the Group increased its bank borrowings to meet the requirement of working capital after business expansion during the six months ended 28 February 2019.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to cash flow interest rate risk on the variable rate of interest earned on the bank balances and incurred by bank borrowings. The Group currently does not use any financial instrument to hedge interest rate risk exposure. However, the management of the Group monitors interest rate risk and will consider hedging significant interest rate exposure should the need arise.

Foreign Exchange Exposure

The majority of the Group's revenue and expenditures are denominated in RMB, the functional currency of the Company, except that certain expenditures are denominated in Hong Kong dollars. As at 28 February 2019, certain bank balances and cash were denominated in Hong Kong dollars. Any material volatility in the exchange rates of these currencies against RMB may affect the financial condition of the Group. The Group has not used any financial instrument to hedge the foreign exchange risk that it is exposed to currently. However, the management of the Group monitors our foreign exchange exposure and will consider hedging significant foreign exchange risk should the need arise.

Charges on the Group's Assets

There were no material charges on the Group's assets as at 28 February 2019.

Contingent Liabilities

As at 28 February 2019, the Group did not have any material contingent liabilities (31 August 2018: nil).

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

For the six months ended 28 February 2019, the Group did not have any material acquisitions and disposals of subsidiaries, associates or joint ventures.

Future Plans for Material Investments and Capital Assets

As at 28 February 2019, save as disclosed in this interim report, the Group did not have any other immediate plans for material investments and capital assets.

Use of Proceeds from the Listing

Net proceeds from the Listing (including the partial exercise of over-allotment option) of approximately HK$494.0 million (equivalent to approximately RMB428.9 million), after deducting the underwriting fees, commissions and expenses payable by us in connection with the Listing, will be applied in the manner as set out in the section headed "Future plans and use of proceeds" of the Prospectus. As at 28 February 2019, the Company applied the net proceeds in the following manner:

Use of proceeds	% of the net proceeds	Proceeds allocated (RMB million)	Amount utilised (RMB million)	Unutilised balance (RMB million)
I. Establishing Nanjiang School	28%	120.1	120.1	–
II. Establishing Wangcang School	28%	120.1	120.1	–
III. Establishing the high school section of Tianfu School	22%	94.4	54.5	39.9
IV. Establishing Pengzhou School	9%	38.6	38.6	–
V. Establishing Lezhi School	5%	21.4	21.4	–
VI. Establishing US School	3%	12.9	–	12.9
VII. As working capital and for general corporate purpose	5%	21.4	21.4	–
Total	100%	428.9	376.1	52.8

The unutilised net proceeds are generally placed in licensed financial institutions as short-term interest-bearing deposits.

Significant Investment Held

As at 28 February 2019, the Group did not hold any significant investment.

Significant Legal Proceedings

For the six months ended 28 February 2019, the Group had not been involved in any significant legal proceedings or arbitration. To the best of the knowledge and belief of the Directors, there are no significant legal proceedings or claims pending or threatened against the Group.

Employee Benefits

As at 28 February 2019, the Group had 1,629 employees (as at 28 February 2018: 1,099). The Group participates in various employee benefit plans, including provident fund, housing, pension, medical insurance and unemployment insurance. The Company has also adopted a share option scheme for its employees and other eligible persons. Salaries and other benefits of the Groups' employees are generally reviewed on a regular basis in accordance with individual qualifications and performance, result performance of the Group and other relevant market conditions. The Group also provides internal and external training programmes to its employees. For the six months ended 28 February 2019, the staff costs (including directors' fees) amounted to approximately RMB101.0 million (28 February 2018: approximately RMB59.0 million).

Directors' and Chief Executive's Interests and Short Position in Shares, Underlying Shares and Debentures of the Company or Its Associated Corporations

As at 28 February 2019, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix 10 of the Listing Rules were as follows:

Director/ Chief executive	Capacity/Nature of interest held	Number of shares	Long position/ Short position	Approximate percentage of shareholding held in the Company
Mr. Xiong Tao [1]	Interest in a controlled corporation	213,120,000	Long position	25.88%
	Interest of spouse	83,160,000	Long position	10.10%
Ms. Liao Rong [2]	Interest in a controlled corporation	83,160,000	Long position	10.10%
	Interest of spouse	213,120,000	Long position	25.88%
Mr. Ran Tao [3]	Interest in a controlled corporation	123,390,000	Long position	14.98%

Notes:

1. Mr. Xiong Tao is the sole shareholder and sole director of Cosmic City and is therefore deemed to be interested in the 213,120,000 Shares held by Cosmic City. Mr. Xiong Tao is also the husband of Ms. Liao Rong, and is therefore deemed to be interested in the 83,160,000 Shares held by Ms. Liao Rong through Surpass Luck.

2. Ms. Liao Rong is the sole shareholder and sole director of Surpass Luck, and is therefore deemed to be interested in the 83,160,000 Shares held by Surpass Luck. Ms. Liao Rong is also the wife of Mr. Xiong Tao, and is therefore deemed to be interested in the 213,120,000 Shares held by Mr. Xiong Tao through Cosmic City.

3. Mr. Ran Tao is the sole shareholder and sole director of Zheng Yong, and is therefore deemed to be interested in the 123,390,000 Shares held by Zheng Yong.

Save as disclosed above, as 28 February 2019, none of the Directors or the chief executive of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or required to be recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' Rights to Acquire Shares or Debentures

Save as disclosed in the section headed "Share Option Scheme" of this interim report, at no time during the six months ended 28 February 2019 was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As at 28 February 2019, to the best knowledge of the Directors, the following persons (other than being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name	Capacity/Nature of interest held	Number of Shares	Long position/ Short position	Approximate percentage of shareholding held in the Company
Cosmic City (1)	Beneficial owner	213,120,000	Long position	25.88%
Zheng Yong (2)	Beneficial owner	123,390,000	Long position	14.98%
Surpass Luck (3)	Beneficial owner	83,160,000	Long position	10.10%
Ms. Gong Yahong (4)	Interest of spouse	123,390,000	Long position	14.98%
Wuxi Guolian Shoukong Capital Investment LLP* 無錫國聯首控股權投資基金中心(有限合夥) (5)	Beneficial owner	150,000,000	Long position	18.21%
Wuxi Shoukong Lianxin Investment Management LLP* (無錫首控聯信投資管理中心(有限合夥)) (5)	Interest in a controlled corporation	150,000,000	Long position	18.21%

Name	Capacity/Nature of interest held	Number of Shares	Long position/ Short position	Approximate percentage of shareholding held in the Company
First Capital Fund Management Company Limited* (首控基金管理有限公司) (5)	Interest in a controlled corporation	150,000,000	Long position	18.21%
Shanghai Shenlian Investment Management Company Limited* (上海申聯投資管理有限公司) (5)	Interest in a controlled corporation	150,000,000	Long position	18.21%
Shanghai Jintang Investment Consultancy Company Limited* (上海錦塘投資諮詢有限公司) (5)	Interest in a controlled corporation	150,000,000	Long position	18.21%
Brilliant Rich International Holdings Limited (錦地國際控股有限公司) (5)	Interest in a controlled corporation	150,000,000	Long position	18.21%
Brilliant Rich Holdings Limited (錦豐控股有限公司) (5)	Interest in a controlled corporation	150,000,000	Long position	18.21%
China First Capital Group Limited (5)	Interest in a controlled corporation	150,000,000	Long position	18.21%

Notes:

1. Cosmic City is an investment holding company incorporated in the BVI, and is solely and beneficially owned by Mr. Xiong Tao. Therefore, Mr. Xiong Tao is deemed to be interested in the Shares held by Cosmic City by virtue of SFO.

2. Zheng Yong is an investment holding company incorporated in the BVI, and is solely and beneficially owned by Mr. Ran Tao. Therefore, Mr. Ran Tao is deemed to be interested in the Shares held by Zheng Yong by virtue of SFO.

3. Surpass Luck is an investment holding company incorporated in the BVI, and is solely and beneficially owned by Ms. Liao Rong. Therefore, Ms. Liao Rong is deemed to be interested in the Shares held by Surpass Luck by virtue of SFO.

4. Ms. Gong Yahong is the wife of Mr. Ran Tao, and is therefore deemed to be interested in the 123,390,000 Shares indirectly held by Mr. Ran Tao through Zheng Yong.

5. Wuxi Guolian Shoukong Capital Investment LLP ("**Wuxi Guolian**") is a limited partnership established in the PRC and its general partner is Wuxi Shoukong Lianxin Investment Management LLP ("**Wuxi Shoukong Lianxin**"), a limited partnership established in the PRC. The general partner of Wuxi Shoukong Lianxin is First Capital Fund Management Company Limited ("**First Capital Fund**"), a limited liability company established in the PRC. First Capital Fund is wholly-owned by Shanghai Shenlian Investment Management Company Limited ("**Shanghai Investment Management**"), a limited liability company established in the PRC. Shanghai Investment Management is wholly-owned by Shanghai Jintang Investment Consultancy Company Limited ("**Shanghai Jintang**"), a limited company established in the PRC. Shanghai Jintang is wholly-owned by Brilliant Rich International Holdings Limited ("**Brilliant Rich International**"), a limited liability company incorporated in Hong Kong. Brilliant Rich International is wholly-owned by Brilliant Rich Holdings Limited ("**Brilliant Rich**"), a limited liability company incorporated in BVI. Brilliant Rich is wholly-owned by China First Capital Group Limited ("**CFC**"), a limited liability company incorporated in the Cayman Islands and the issued shares of which are listed on the Stock Exchange (stock code: 1269). Thus, Wuxi Shoukong Lianxin, First Capital Fund, Shanghai Investment Management, Shanghai Jintang, Brilliant Rich International, Brilliant Rich and CFC are deemed to be interested in the Shares held by Wuxi Guolian under the SFO.

Save as disclosed above, as at 28 February 2019, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

Share Option Scheme

On 12 July 2018, the Share Option Scheme was conditionally approved and adopted pursuant to a written resolution passed by the shareholders. The Share Option Scheme will remain in force for a period of 10 years from the date of its adoption. For the six months ended 28 February 2019, no share options were granted, exercised, lapsed or cancelled under the Share Option Scheme by the Company. In addition, as at 28 February 2019, no share options under the Share Option Scheme were outstanding.

Interim Dividends

The Board does not recommend the payment of interim dividends for the six months ended 28 February 2019.

Purchase, Sale or Redemption of the Company's Listed Securities

For the six months ended 28 February 2019, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

Subsequent Events

During the period from 20 to 28 March 2019, the Company purchased a total of 1,654,000 shares for an aggregate purchase price (net of expenses) of HK$2,106,540 on the Stock Exchange. Details of the purchase of such shares are set out below:

Month of purchase	Number of shares purchased	Highest price per share paid (HK$)	Lowest price per share paid (HK$)	Aggregate purchase price (HK$)
March 2019	1,654,000	1.32	1.13	2,106,540

Competition and Conflict of Interests

As at the date of this interim report, none of the Directors has, either directly or indirectly, any interest in any business which causes or may cause any significant competition with the business of the Group or has any other conflict of interests with the Group.

Compliance With the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct for dealings in the Company's securities by the Directors. Having made specific enquiries to the Directors, all Directors confirmed that they had complied with the required standards set out in the Model Code for the six months ended 28 February 2019.

Compliance With the Corporate Governance Code

The Board has committed to achieving high corporate governance standards in order to safeguard the interests of shareholders and to enhance corporate value and accountability. Since the Listing Date, the Company has applied the CG Code contained in Appendix 14 to the Listing Rules and has complied with all the applicable code provisions. The Board will continue to review and monitor the corporate governance practices of the Company for the purpose of maintaining high corporate governance standards.

Audit Committee

The Company has established the Audit Committee with written terms of reference in accordance with the Listing Rules and the CG Code. The primary duties of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting process, internal control procedures and risk management system of the Group, overseeing the audit process and performing other duties and responsibilities as assigned by the Board. The Audit Committee comprises three members, namely, Mr. Cheng Tai Kwan Sunny, Mr. Mao Daowei and Ms. Luo Yunping, all being independent non-executive Directors of the Company. Mr. Cheng Tai Kwan Sunny is the chairman of the Audit Committee.

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 28 February 2019 and has met with the independent auditor of the Company, Deloitte Touche Tohmatsu Hong Kong, which has reviewed the interim financial statements in accordance with the International Standard on Review Engagements 2410. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members of the Company.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte. 德勤

TO THE BOARD OF DIRECTORS OF
BOJUN EDUCATION COMPANY LIMITED
(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of Bojun Education Company Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 40 to 61, which comprise the condensed consolidated statement of financial position as of 28 February 2019 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "*Interim Financial Reporting*" ("**HKAS 34**") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
29 April 2019

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 28 FEBRUARY 2019

	NOTES	Six months ended **28.2.2019** **RMB'000** **(unaudited)**	 28.2.2018 RMB'000 (audited)
Revenue from provision of education services	4	**168,300**	115,203
Cost of services		**(125,419)**	(85,013)
Gross profit		**42,881**	30,190
Other income (expenses)	5	**2,603**	2,928
Other gains and (losses)	6	**(1,448)**	(625)
Listing expenses		**–**	(6,922)
Administrative expenses		**(30,583)**	(15,090)
Finance costs	7	**(2,548)**	(53)
Profit before taxation	9	**10,905**	10,428
Income tax expenses	8	**(878)**	(827)
Profit for the period		**10,027**	9,601
Other comprehensive income that will not be reclassified subsequently to profit or loss:			
– Remeasurement of defined benefit obligation		**114**	145
Total comprehensive income for the period		**10,141**	9,746
Profit for the period attributable to			
– owners of the Company		**9,441**	9,601
– non-controlling interests		**586**	–
		10,027	9,601
Total comprehensive income for the period attributable to:			
– owners of the Company		**9,555**	9,746
– non-controlling interests		**586**	–
		10,141	9,746
Earnings per share – Basic (RMB)	11	**0.01**	0.02

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 28 FEBRUARY 2019

	NOTES	28.2.2019 RMB'000 (unaudited)	31.8.2018 RMB'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	12	**856,612**	671,226
Prepaid lease payments	13	**167,468**	106,400
Deferred tax assets		**13,017**	10,538
Deposits	14	**24,958**	24,958
Prepayments for purchase of property, plant and equipment		**41,499**	35,536
		1,103,554	848,658
CURRENT ASSETS			
Prepaid lease payments	13	**3,913**	2,638
Other receivables, deposits and prepayments	14	**23,896**	21,056
Amounts due from related companies	15	**356**	371
Bank balances and cash	16	**242,157**	607,062
		270,322	631,127
TOTAL ASSETS		**1,373,876**	1,479,785
CURRENT LIABILITIES			
Other payables and accruals	17	**202,015**	267,716
Contract liabilities	18	**167,243**	–
Deferred revenue	18	**–**	280,481
Borrowings	19	**110,000**	60,000
Income tax payable		**16,181**	13,581
		495,439	621,778
Net current (liabilities) assets		**(225,117)**	9,349
TOTAL ASSETS LESS CURRENT LIABILITIES		**878,437**	858,007
NON-CURRENT LIABILITIES			
Defined benefit obligations		**3,856**	3,482
Deferred income	20	**52,067**	42,152
		55,923	45,634
NET ASSETS		**822,514**	812,373
CAPITAL AND RESERVES			
Share capital		**7,152**	7,152
Reserves		**815,546**	805,991
Equity attributable to owners of the Company		**822,698**	813,143
Non-controlling interests		**(184)**	(770)
		822,514	812,373

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 28 FEBRUARY 2019

	Attributable to owners of the Company								
	Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000 (Note i)	Statutory surplus reserves RMB'000 (Note ii)	Defined benefit obligation remeasurement reserves RMB'000	Accumulated profits RMB'000	Sub-total RMB'000	Non-controlling interest RMB'000	Total RMB'000
At 1 September 2017 (audited)	1	250,000	28,805	35,723	(641)	51,239	365,127	–	365,127
Profit for the period	–	–	–	–	–	9,601	9,601	–	9,601
Other comprehensive income for the period	–	–	–	–	145	–	145	–	145
Total comprehensive income for the period	–	–	–	–	145	9,601	9,746	–	9,746
At 28 February 2018 (audited)	1	250,000	28,805	35,723	(496)	60,840	374,873	–	374,873
At 1 September 2018 (audited)	**7,152**	**673,732**	**28,805**	**48,136**	**(186)**	**55,504**	**813,143**	**(770)**	**812,373**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**9,441**	**9,441**	**586**	**10,027**
Other comprehensive income for the period	**–**	**–**	**–**	**–**	**114**	**–**	**114**	**–**	**114**
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**114**	**9,441**	**9,555**	**586**	**10,141**
At 28 February 2019 (unaudited)	**7,152**	**673,732**	**28,805**	**48,136**	**(72)**	**64,945**	**822,698**	**(184)**	**822,514**

Notes:

(i) The amount comprises of those arising from group restructuring prior to the completion of the listing of the Company's shares and deemed contribution from shareholders resulting from disposal of non-schooling business in prior years.

(ii) According to the relevant People's Republic of China ("**PRC**") laws and regulations, for private school that requires reasonable return, it is required to appropriate to development fund of not less than 25% of the annual net income of the relevant school as determined in accordance with generally accepted accounting principles in the PRC. The development fund is for the construction or maintenance of the school or procurement or upgrading of educational equipment.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 28 FEBRUARY 2019

	Six months ended	
	28.2.2019 RMB'000 (unaudited)	28.2.2018 RMB'000 (audited)
OPERATING ACTIVITIES		
Decrease in contract liabilities	**(113,238)**	–
Decrease in deferred revenue	**–**	(96,038)
Other operating cash flows	**49,588**	9,918
Net cash used in operating activities	**(63,650)**	(86,120)
INVESTING ACTIVITIES		
Payment for property, plant and equipment	**(259,798)**	(75,369)
Payment for leasehold land	**(64,164)**	(82,586)
Prepayment made for property, plant and equipment	**(10,254)**	–
Proceeds from disposal of property plant and equipment	**200**	12
Advance to related companies	**(83)**	–
Loan to a non-controlling shareholder of a subsidiary	**(1,500)**	–
Receipt of government grants of assets related	**10,400**	42,700
Net cash used in investing activities	**(325,199)**	(115,243)
FINANCING ACTIVITIES		
Repayment of finance leases	**–**	(3,652)
Proceeds from borrowings	**50,000**	–
Repayment of advance from a third party	**(20,000)**	–
Repayment of advance from related companies	**–**	(63)
Interest paid	**(2,548)**	–
Net cash from (used in) financing activities	**27,452**	(3,715)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(361,397)**	(205,078)
Cash and cash equivalents at beginning of the period	**607,062**	332,531
Effect on exchange rate changes	**(3,508)**	–
Cash and cash equivalents at end of the period, represented by bank balances and cash	**242,157**	127,453

1. Corporate Information

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 14 June 2016. On 31 July 2018, the Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the interim report.

The Company is an investment holding company. The subsidiaries of the Group are mainly engaged in the provision of full spectrum private fundamental education, including preschool, primary, middle and high schools in the PRC.

2. Basis of Preparation

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

As of 28 February 2019, the Group recorded net current liabilities of approximately RMB225,117,000. In view of these circumstances, the directors of the Company have given consideration of the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. The condensed consolidated financial statements have been prepared on a going concern basis because the directors of the Company are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due in the next twelve months by taking into account the Group's cash flow projection, unutilized banking facilities and the Group's future capital expenditure in respect of its non-cancellable capital commitments.

2A. SIGNIFICANT EVENTS AND TRANSACTIONS IN THE CURRENT INTERIM PERIOD

Three new schools of the Group put into operation from September 2018 in Chengdu, Nanjiang County of Bazhong City and Wangcang County of Guangyuan City, Sichuan Province respectively, which provide more than 11,200 new places for students in total.

On 18 October 2018, the Group established Zhongjiang Bojun Education Management Company Limited* (中江博駿教育管理有限公司) in Zhongjiang County of Deyang City, Sichuan Province, which is expected to develop a school with an aggregate expected total student enrolment of approximately 4,500 students.

* The English name is for identification purpose only.

3. Principal Accounting Policies

The condensed consolidated financial statements have been prepared on the historical cost basis, except for defined benefits obligations that are measured using "projected unit credit method", and in accordance with the accounting policies which conform with Hong Kong Financial Reporting Standards ("**HKFRSs**").

Other than changes in accounting policies resulting from application of new and amendments to HKFRSs and an interpretation, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 28 February 2019 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 August 2018.

Application of new and amendments to HKFRSs and an interpretation

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs and an interpretation issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 September 2018 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK (IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

3.1 Impacts and changes in accounting policies of application on HKFRS 15 *Revenue from Contracts with Customers*

The new and amendments to HKFRSs and an interpretation have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and disclosures as described below.

The application of these new and amendments to HKFRSs and an interpretation in the current interim period has had no significant financial effect on the financial position or performance of the Group set out in these condensed consolidated financial statements except for those described below.

3. Principal Accounting Policies (Continued)

3.1 Impacts and changes in accounting policies of application on HKFRS 15 *Revenue from Contracts with Customers* (Continued)

The Group has applied HKFRS 15 for the first time in the current interim period. HKFRS 15 superseded HKAS 18 *Revenue*.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, i.e. 1 September 2018. Any difference at the date of initial application is recognised in the opening accumulated profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 September 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 *Revenue*.

3.1.1 Key changes in accounting policies resulting from application of HKFRS 15

Revenue is recognised to depict the transfer of promised services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services. Specifically, the Group uses a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

3. Principal Accounting Policies (Continued)

Application of new and amendments to HKFRSs and an interpretation (Continued)

3.1 Impacts and changes in accounting policies of application on HKFRS 15 *Revenue from Contracts with Customers* (Continued)

3.1.1 Key changes in accounting policies resulting from application of HKFRS 15 (Continued)

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

The Group recognises revenue from the provision of education services. For the provision of education services, revenue, including tuition fee and boarding fee (each being single performance obligations), was recognised over the relevant period of schooling semesters, i.e. over the period of time.

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the services transferred to the customer to date relative to the remaining services promised under the contract, that best depict the Group's performance in transferring control of services.

3. Principal Accounting Policies (Continued)

Application of new and amendments to HKFRSs and an interpretation (Continued)

3.1 Impacts and changes in accounting policies of application on HKFRS 15 *Revenue from Contracts with Customers* (Continued)

3.1.2 Summary of effect arising from initial application of HKFRS 15

Upon initial application of HKFRS 15, except for certain reclassification of financial statements line items as set out in the below table, there is no other impact on the presentation and measurement or classification on the Group's condensed consolidated financial statements.

	Note	Carrying amounts previously reported at 31 August 2018 RMB'000	Reclassification RMB'000	Carrying amounts under HKFRS 15 at 1 September 2018 RMB'000
CURRENT LIABILITIES				
Deferred revenue	a	280,481	(280,481)	–
Contract liabilities	a	–	280,481	280,481

Note:

a. At the date of initial application, the total deferred revenue of RMB280,481,000 related to the consideration received from the students of schools in advance for the provision of education services. The balance was re-classified to "contract liabilities" upon application of HKFRS 15.

The following table summarises the impacts of applying HKFRS 15 on the Group's condensed consolidated statement of financial position as at 28 February 2019 for each of the line items affected. Line items that were not affected by the changes have not been included.

	As reported RMB'000	Adjustments RMB'000	Amounts without application of HKFRS 15 RMB'000
CURRENT LIABILITIES			
Deferred revenue	–	167,243	167,243
Contract liabilities	167,243	(167,243)	–

3. Principal Accounting Policies (Continued)

Application of new and amendments to HKFRSs and an interpretation (Continued)

3.2 Impacts and changes in accounting policies of application on HKFRS 9 *Financial Instruments*

In the current period, the Group has applied HKFRS 9 and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for (i) the classification and measurement of financial assets and financial liabilities; (ii) expected credit losses ("**ECL**") for financial assets; and (iii) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at the date of initial application, i.e. 1 September 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 September 2018. The difference between carrying amounts as at 31 August 2018 and the carrying amounts as at 1 September 2018 are recognised in the opening accumulated profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 *Financial Instruments: Recognition and Measurement*.

3.2.1 Key changes in accounting policies resulting from application of HKFRS 9

Classification and measurement of financial assets

Trade receivables arising from contracts with customers are initially measured in accordance with HKFRS 15.

All recognised financial assets that are within the scope of HKFRS 9 are subsequently measured at amortised cost or fair value.

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. Principal Accounting Policies (Continued)

Application of new and amendments to HKFRSs and an interpretation (Continued)

3.2 Impacts and changes in accounting policies of application on HKFRS 9 *Financial Instruments* (Continued)

3.2.1 Key changes in accounting policies resulting from application of HKFRS 9 (Continued)

Classification and measurement of financial assets (Continued)

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("**FVTOCI**"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss ("**FVTPL**").

In addition, the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

All recognised financial assets that are within the scope of HKFRS 9 (including other receivables, amounts due from related companies, bank balances and cash) are subsequently measured at amortised cost.

The directors of the Company reviewed and assessed the Group's financial assets as at 1 September 2018 based on the facts and circumstances that existed at that date and considered that there are no changes in classification and measurement of the Group's financial assets.

Impairment under ECL model

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 including other receivables, amounts due from related companies, bank balances and cash. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date.

The Group measures the loss allowance equal to 12m ECL for all the financial assets, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

3. Principal Accounting Policies (Continued)

Application of new and amendments to HKFRSs and an interpretation (Continued)

3.2 Impacts and changes in accounting policies of application on HKFRS 9 *Financial Instruments* (Continued)

3.2.1 Key changes in accounting policies resulting from application of HKFRS 9 (Continued)

Impairment under ECL model (Continued)

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instruments as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if (i) the financial instrument has a low risk of default (i.e. no default history); (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers that default has occurred when the instrument is more than 90 days past due, unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

3. Principal Accounting Policies (Continued)

Application of new and amendments to HKFRSs and an interpretation (Continued)

3.2 Impacts and changes in accounting policies of application on HKFRS 9 *Financial Instruments* (Continued)

3.2.1 Key changes in accounting policies resulting from application of HKFRS 9 (Continued)

Impairment under ECL model (Continued)

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

As at 1 September 2018, the directors of the Company reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirement of HKFRS 9. No additional impairment loss is recognised at 1 September 2018.

4. Revenue and Segment Information

The Group's revenue represents service income comprising tuition fees and boarding fees. The nature and effect of initially applying HKFRS 15 on the Group's condensed consolidated financial statements are disclosed in Note 3. For the provision of education services, revenue, including tuition fee and boarding fee (each being single performance obligations), was recognised over the relevant period of schooling semesters, i.e. over the period of time. All the contracts with customers are agreed at fixed price for a term no longer than twelve months. Tuition fees and boarding fees are generally paid in advance prior to the beginning of each school semesters.

4. Revenue and Segment Information (Continued)

Segment revenue and segment results

The Group's chief operating decision maker ("**CODM**") has been identified as the chief executive officer who reviews revenue analysis of the Group as a whole.

Information reported to the CODM, for the purposes of resources allocation and assessment of segment performance focuses on types of services provided. CODM considers the business from service perspectives whereby assesses the performance of preschool education provided by Chengdu Youshi Experimental Kindergarten, Chengdu Youshi Lidu Experimental Kindergarten, Chengdu Youshi Riverside Impression Experimental Kindergarten, Chengdu Youshi Longquan Dongshan Experimental Kindergarten, Chengdu Qingyang Youshi Jingjie Experimental Kindergarten and Chengdu High and New District Youshi Peninsula City Center Kindergarten (Collectively referred to as "**Preschool Education**"), and the degree education provided by Chengdu Jinjiang District No. 1 Experimental Middle School Attached to Sichuan Normal University, Chengdu Longquanyi District No. 1 Experimental Middle School Attached to Sichuan Normal University, Chengdu New Tianfu District No. 1 Experimental Middle School Attached to Sichuan Normal University, Nanjiang Bojun School, Wangcang Bojun School, Pengzhou City Bojun School (collectively referred to as "**Degree Education**"), based on revenue generated in the course of the ordinary activities of a recurring nature. The services provided and type of customers are similar to those schools providing Preschool Education and Degree Education respectively and they are subject to similar regulatory environment. Accordingly, their segment information is aggregated as two reportable segments, i.e. Preschool Education and Degree Education. The accounting policies of the reportable segment are the same as the Group's accounting policies described in Note 3. No analysis of the Group's results nor assets and liabilities is regularly provided to the CODM for review.

The segment information provided to the CODM in respect of revenue from respective segment is as follows:

	Preschool Education RMB'000	Degree Education RMB'000	Total RMB'000
Six months ended 28 February 2019			
Tuition fees	**26,096**	**137,402**	**163,498**
Boarding fees	**–**	**4,802**	**4,802**
Total (unaudited)	**26,096**	**142,204**	**168,300**
Six months ended 28 February 2018			
Tuition fees	28,248	84,329	112,577
Boarding fees	–	2,626	2,626
Total (audited)	28,248	86,955	115,203

5. Other Income (Expenses)

	Six months ended	
	28.2.2019 RMB'000 (unaudited)	28.2.2018 RMB'000 (audited)
Interest income from banks	**2,121**	474
Imputed interest income from advances to directors	**–**	1,284
Imputed interest income from advances to related companies	**–**	1,288
Amounts received for provision of ancillary services*	**20,193**	14,968
Less: relevant expenses	**(20,193)**	(14,968)
Others, net	**482**	(118)
	2,603	2,928

* Income from ancillary services represents the services provided at the on-campus canteens.

6. Other Gains and (Losses)

	Six months ended	
	28.2.2019 RMB'000 (unaudited)	28.2.2018 RMB'000 (audited)
Loss arising on disposal of property, plant and equipment, net	**(3)**	(1)
Net exchange loss	**(1,960)**	(674)
Others	**515**	50
	(1,448)	(625)

7. Finance Costs

	Six months ended	
	28.2.2019 RMB'000 (unaudited)	28.2.2018 RMB'000 (audited)
Interest on:		
Bank borrowings	**2,548**	–
Obligation under finance leases	**–**	53
	2,548	53

8. Income Tax Expenses

The Company and Bojun Education investment Holdings Company Limited ("**Bojun Investment**") are incorporated in the Cayman Islands and BVI respectively, both jurisdictions are tax exempted.

No provision for Hong Kong Profits Tax has been made as the Group's operation in Hong Kong had no assessable profit during the reporting period. Chengdu Tianfu Bojun Education Management Company Limited ("**Chengdu Bojun**") and USA Bojun Education, Inc. ("**USA Bojun**") had no assessable profit subject to the PRC Enterprise Income Tax ("**PRC EIT**") of 25% and corporate tax in the United States ("**USA**"), respectively, since their establishment.

The rules on private schools applicable to the Group were amended and became effective from 1 September 2017 ("**Amendment to Rules on Private Schools**"), under which school sponsors of private schools may choose to establish for-profit or not-for-profit private schools (with the exception that schools providing compulsory education can only be established as not-for-profit entities) and will no longer be required to indicate whether they pursue for reasonable returns or not. In addition to the aforesaid matter, there are still uncertainties involved in interpreting and implementing the Amendment to Rules on Private Schools, such as (i) when should the Group notify the relevant authorities regarding the decision for private schools to be for-profit or not-for-profit school; (ii) specific procedures to be completed for an existing private school to be registered as for-profit school or not-for-profit school; (iii) the respective preferential tax treatments that may be enjoyed by a for-profit school and a not-for-profit school, etc.

Further implementation of the Amendment to Rules on Private Schools in Sichuan Province 四川省人民政府關於鼓勵社會力量興辦教育促進民辦教育健康發展的實施意見 ("**2018 September Sichuan Implementing Guidance**") was promulgated in September 2018. Pursuant to the 2018 September Sichuan Implementing Guidance, among others, the not-for-profit private schools are eligible to exempt from income tax on the qualified income upon completion of registration as not-for-profit organization. Up to the date of approval of these condensed consolidated financial statements, specific rules for the registration of existing schools providing degree education services as not-for-profit schools have not been set out under the 2018 September Sichuan Implementing Guidance nor any detailed guideline has been further promulgated by local governmental authorities.

No PRC EIT has been recognised for the tuition and boarding fees income from the Degree Education in the reporting period. During the six months ended 28 February 2019, the non-taxable tuition related income, including tuition and boarding fees, amounted to approximately RMB141,960,000 (For the six months ended 28 February 2018: approximately RMB86,955,000).

The Preschool Education is subject to the PRC EIT of 25%. According to announcement of the State Administration of Taxation on issues concerning Enterprise Income Tax about enhancing the Western Region Development Strategy, all preschools registered with the local tax authority are eligible to the reduced 15% PRC EIT rate.

Pursuant to the PRC Income Tax Law and the respective regulations, the other companies of the Group which operate in the PRC are subject to PRC EIT at a rate of 25% on its taxable income.

8. Income Tax Expenses (Continued)

	Six months ended	
	28.2.2019 RMB'000 (unaudited)	28.2.2018 RMB'000 (audited)
Tax expense comprises:		
Current tax – PRC EIT	**3,357**	11,472
Deferred tax	**(2,479)**	(10,645)
	878	827

9. Profit Before Taxation

Profit before taxation has been arrived at after charging:

	Six months ended	
	28.2.2019 RMB'000 (unaudited)	28.2.2018 RMB'000 (audited)
Directors' and chief executive's remuneration	**814**	507
Other staff costs		
– Salaries and other benefits	**80,569**	46,809
– Staff welfare	**12,664**	6,969
– Retirement benefit schemes		
– defined contributions benefits	**6,449**	4,095
– defined benefits	**498**	588
Total staff costs	**100,994**	58,968
Royalty fee (included in "costs of services")	**7,255**	5,262
Depreciation of property, plant and equipment	**11,791**	10,831
Release of prepaid lease payments	**1,821**	887
Auditor's remuneration	**1,340**	1,172

10. Dividend

No dividends have been paid and declared by the Company for the six months ended 28 February 2019 and 2018, nor has any dividend been proposed since the end of the reporting period up until the date of this report.

11. Earnings Per Share

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended	
	28.2.2019 (unaudited)	28.2.2018 (audited)
Profit for the period attributable to the owners of the Company (RMB'000)	**9,441**	9,601
Weighted average number of ordinary shares issued ('000)	**823,510**	600,000

During the six months ended 28 February 2019 and 2018, no diluted earnings per share was presented as there were no potential dilutive shares outstanding.

12. Movements in Property, Plant and Equipment

During the current interim period, the Group acquired property, plant and equipment, other than construction in progress, amounting to approximately RMB27,121,000 (six months ended 28 February 2018: approximately RMB13,127,000) for the purpose of establishing new schools. The Group has also disposed of certain property, plant and equipment with an aggregate carrying amount of approximately RMB203,000 (six months ended 28 February 2018: approximately RMB13,000) and resulting in a loss on disposal of approximately RMB3,000 (six months ended 28 February 2018: loss of approximately RMB1,000).

In addition, during current interim period, the Group had approximately RMB170,259,000 (six months ended 28 February 2018: approximately RMB208,641,000) addition to construction in progress, primarily for establishing new schools.

13. Prepaid Lease Payments

	28.2.2019 RMB'000 (unaudited)	31.8.2018 RMB'000 (audited)
Current assets	**3,913**	2,638
Non-current assets	**167,468**	106,400
	171,381	109,038

At 28 February 2019, the Group is in the process of obtaining the land use right certificate with carrying amounts of approximately RMB90,840,000 (31 August 2018: approximately RMB28,658,000).

The prepaid lease payments are amortised on a straight-line basis over 30 to 50 years by reference to terms stated in the relevant land use right certificates entitled for usage by the Group in the PRC.

14. Other Receivables, Deposits and Prepayments

	28.2.2019 RMB'000 (unaudited)	31.8.2018 RMB'000 (audited)
Deposits (Note i)	**25,130**	25,321
Prepayments	**11,431**	10,195
Loan to a non-controlling shareholder of a subsidiary (Note ii)	**9,500**	8,000
Advances to staff	**1,968**	2,439
Others	**825**	59
Total	**48,854**	46,014
Less: deposits presented under non-current assets	**(24,958)**	(24,958)
Presented under current assets	**23,896**	21,056

Notes:

i. At 28 February 2019, the balance mainly represents the non-interesting bearing deposits placed to local government authorities for the purpose of establishment of a new school campus amounting to RMB9,145,000 (31 August 2018: RMB6,761,000) and refundable deposits placed to a local government authority for acquisition of a parcel of land for the purposes of establishment and development of new school campus amounting to RMB12,500,000 (31 August 2018: RMB12,500,000).

ii. The balance is non-interesting bearing, unsecured and without a fixed repayment term.

15. Amounts Due from Related Companies

Name	Relationship	28.02.2019 RMB'000 (unaudited)	31.8.2018 RMB'000 (audited)
Non-trade related			
四川博駿教育投資管理有限公司 Sichuan Bojun Education Investment Management Company Limited*	56% and 44% interest held by Mr. Xiong Tao and Mr. Ran Tao respectively**	160	77
Trade related			
成都恒宇實業有限公司 Chengdu Hengyu Industrial Company Limited* ("**Chengdu Hengyu**")	Controlled by Mr. Xiong Tao	196	294
Total, presented under current assets		356	371

* The English names are for identification purpose only.
** Both Mr. Xiong Tao and Mr. Ran Tao are the shareholders and executive directors of the company.

The non-trade nature amounts due from a related company is unsecured, non-interest bearing and without a fixed repayment term.

16. Bank Balances and Cash

As at 28 February 2019, included in bank balances and cash are bank deposits of RMB85,231,000 (31 August 2018: RMB307,397,000) carrying fixed interest rates of 0.80% to 1.21% (31 August 2018: 1.40% to 1.90%) per annum with original maturity of less than three months.

At 28 February 2019, other bank balances carry interest at prevailing market rate of 0.0625% to 0.385% (31 August 2018: 0.01% to 0.385%) per annum.

17. Other Payables and Accruals

	28.2.2019 RMB'000 (unaudited)	31.8.2018 RMB'000 (audited)
Payables for property, plant and equipment	**71,597**	138,306
Miscellaneous expenses received from students (Note)	**53,324**	45,734
Royalty fees payable	**44,620**	37,364
Advance from a third party	**–**	20,000
Payroll payable	**16,920**	12,209
Accrued expenses	**7,446**	6,184
Other tax payable	**1,073**	990
Others	**7,035**	6,929
	202,015	267,716

Note: The amount represents miscellaneous expenses received from students which will be paid out on behalf of students or refund for any excess.

18. Contract Liabilities

	28.2.2019 RMB'000 (unaudited)	1.9.2018* RMB'000
Tuition fees	**162,608**	273,358
Boarding fees	**4,635**	7,123
	167,243	280,481

* The amounts in the column are after adjustment from the application of HKFRS 15 (Note 3.1.1). The amount with the same nature as at 31 August 2018 is presented as deferred revenue on the face of the condensed consolidated statement of financial position.

19. Borrowings

As at 28 February 2019 and 31 August 2018, the unsecured bank borrowings with a corporate guarantee bear variable interest at 140% of the benchmark interest rate of the People's Bank of China and are repayable within one year after the end of the reporting period.

20. Deferred Income

The carrying amounts represents a government subsidy received for the compensation of capital expenditures incurred for the prepaid lease payment. The amount is deferred and amortised over the estimated useful lives of the respective assets.

21. Capital Commitments

	28.2.2019 RMB'000 (unaudited)	31.8.2018 RMB'000 (audited)
Capital expenditure in respect of:		
– the acquisition of property, plant and equipment and land use rights contracted for but not provided in the reporting period	**243,008**	53,506

22. Related Party Transactions

During the six months ended 28 February 2019, the Group has incurred rental expense to Chengdu Hengyu amounting to approximately RMB98,000 (six months ended 28 February 2018: approximately RMB98,000).

Compensation of key management personnel

The remuneration of directors and other members of key management of the Group during the reporting period were as follows:

	Six months ended	
	28.2.2019 RMB'000 (unaudited)	28.2.2018 RMB'000 (audited)
Short-term benefits	**2,287**	1,011
Post-employment benefits	**129**	142
	2,416	1,153

23. Events After Reporting Period

Subsequent to the reporting period, the Company has repurchased its 1,654,000 shares from the market at the price of HK$1.13 to HK$1.32 per share with an aggregate consideration of approximately HK$2,107,000 (equivalent to approximately RMB1,801,000).

DEFINITIONS

"Articles of Association" or "Articles"	the articles of association of the Company adopted on 12 July 2018 and effective from the Listing Date, which is uploaded onto the Company's website, as amended from time to time
"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	the board of Directors of the Company
"Business Day" or "business day"	a day on which banks in Hong Kong are generally open for business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
"BVI"	the British Virgin Islands
"CAGR"	compound annual growth rate
"CG Code"	the Corporate Governance Code set out in Appendix 14 to the Listing Rules
"Chengdu Jinbojun"	Chengdu Jinbojun Education Consultancy Company Limited* (成都金博駿教育諮詢有限公司), a limited liability company established under the laws of the PRC on 13 March 2015 and a Consolidated Affiliated Entity
"Chengdu Mingxian"	Chengdu Mingxian Education Investment Company Limited* (成都銘賢教育投資有限公司), a limited liability company established under the laws of the PRC on 10 March 2004 and a Consolidated Affiliated Entity
"Chengdu Youshi Preschool Investment"	Chengdu Youshi Preschool Education Investment Management Company Limited* (成都幼獅幼兒教育投資管理有限公司), a limited liability company established under the laws of the PRC on 16 July 2010 and a Consolidated Affiliated Entity
"China" or "PRC"	the People's Republic of China excluding for the purpose of this report, Hong Kong, the Macau Special Administrative Region and Taiwan

"Companies Law"	the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as the same may be amended, supplemented or otherwise modified from time to time
"Company" or "our Company"	Bojun Education Company Limited (博駿教育有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 14 June 2016
"Connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Consolidated Affiliated Entity(ies)"	the entities that the Group controls through the contractual arrangement contemplated under the Structured Contracts which comprised, as at the Latest Practicable Date, our School Sponsors and PRC Operating Schools
"Controlling Shareholder(s)"	has the meaning ascribed to it in the Listing Rules and unless the context requires otherwise, refers to the controlling shareholders of the Company, namely Mr. Xiong Tao, Mr. Ran Tao, Ms. Liao Rong, Cosmic City, Zheng Yong and Surpass Luck
"Cosmic City"	Cosmic City Holdings Limited (宇都控股有限公司), a company incorporated in the BVI with limited liability on 6 April 2016 and is wholly-owned by Mr. Xiong Tao
"Director(s)"	the directors of the Company
"Group", "our Group", "we" or "us"	the Company, its subsidiaries, the Consolidated Affiliated Entities and the consolidated affiliated entities from time to time, or, where the context so requires in respect of the period before the Company became the holding company of our present subsidiaries, the entities which carried on the business of the present Group at the relevant time

"HKFRSs"	Hong Kong Financial Reporting Standards (including Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by Hong Kong Institute of Certified Public Accountants
"Independent Third Party(ies)"	an individual(s) or a company(ies) who or which is/are independent of and not connected with (within the meaning of the Listing Rules) any Director, chief executive or substantial shareholder (within the meaning of the Listing Rules) of the Company, its subsidiaries or any of their respective associates
"Jinjiang School"	Chengdu Jinjiang District No. 1 Experimental Middle School Attached to Sichuan Normal University* (成都市錦江區四川師大附屬第一實驗中學), a private middle school established under the laws of the PRC on 27 April 2012, where the school sponsor's interest is wholly-owned by Chengdu Mingxian, and a Consolidated Affiliated Entity
"Latest Practicable Date"	8 May 2019, being the latest practicable date for the purpose of ascertaining certain information in this interim report prior to its publication
"Lezhi Bojun"	Lezhi Bojun Education Management Company Limited* (樂至博駿教育管理有限公司), a limited liability company established under the laws of the PRC on 10 January 2018 and a Consolidated Affiliated Entity
"Lezhi School"	Lezhi Bojun School* (樂至博駿公學), a private kindergarten, primary, middle and high school to be established by a subsidiary of Lezhi Bojun as the school sponsor and, upon its establishment, a Consolidated Affiliated Entity

"Lidu Kindergarten"	Chengdu Youshi Lidu Experimental Kindergarten* (成都幼師麗都實驗幼兒園), a private kindergarten established under the laws of the PRC on 12 May 2003, where the school sponsor's interest is wholly-owned by Sichuan Boai, and a Consolidated Affiliated Entity
"Listing"	the listing of our Shares on the Main Board of the Stock Exchange
"Listing Date"	31 July 2018, the date on which our Shares are listed and from which dealings therein are permitted to take place on the Stock Exchange
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or modified from time to time
"Longquan Kindergarten"	Chengdu Youshi Longquan Dongshan Experimental Kindergarten* (成都幼師龍泉東山實驗幼兒園), a private kindergarten established under the laws of the PRC on 23 February 2009, where the school sponsor's interest is wholly-owned by Sichuan Boai, and a Consolidated Affiliated Entity
"Longquan School"	Chengdu Longquanyi District No. 1 Experimental Middle School Attached to Sichuan Normal University* (成都市龍泉驛區四川師大附屬第一實驗中學), a private middle and high school established under the laws of the PRC on 29 September 2015, where the school sponsor's interest is wholly-owned by Chengdu Jinbojun, and a Consolidated Affiliated Entity
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange

"Memorandum of Association" or "Memorandum"	the memorandum of association of the Company adopted on 12 July 2018 and as amended from time to time
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
"Nanjiang Bojun"	Nanjiang Bojun Education Management Company Limited* (南江博駿教育管理有限公司), a limited liability company established under the laws of the PRC on 24 August 2017 and a Consolidated Affiliated Entity
"Nanjiang School"	Nanjiang Bojun School* (南江博駿學校), a private primary, middle and high school established by Nanjiang Bojun as the school sponsor and a Consolidated Affiliated Entity
"Nomination Committee"	the nomination committee of the Board
"Pengzhou School"	Pengzhou Bojun School* (彭州市博駿學校), a private, middle and high school established jointly by Chengdu Minxian and Sichuan Hongde Guanghua Advisory Limited* (四川弘德光華教育諮詢有限公司) and a Consolidated Affiliated Entity (being the Chengdu School as defined in the Prospectus)
"Peninsula Kindergarten"	Chengdu High and New District Youshi Peninsula City Center Kindergarten* (成都高新區幼獅半島城邦幼兒園), a private kindergarten established under the laws of the PRC on 27 September 2013, where the school sponsor's interest is wholly-owned by Chengdu Youshi Preschool Investment, and a Consolidated Affiliated Entity
"PRC Operating Schools" or "PRC Operating School"	Jinjiang School, Longquan School, Tianfu School, Nanjiang School, Wangcang School and Pengzhou School, Peninsula Kindergarten, Youshi Kindergarten, Lidu Kindergarten, Longquan Kindergarten, Riverside Kindergarten and Qingyang Kindergarten as at the Latest Practicable Date

"Prospectus"	the prospectus dated 19 July 2018 issued by the Company in connection with the public offering
"Qingyang Kindergarten"	Chengdu Qingyang Youshi Jingjie Experimental Kindergarten* (成都青羊幼師境界實驗幼兒園), a private kindergarten established under the laws of the PRC on 15 March 2010, where the school sponsor's interest is wholly-owned by Sichuan Boai, and a Consolidated Affiliated Entity
"Remuneration Committee"	the remuneration committee of the Board
"Renshou Bojun"	Renshou Bojun Education Investment Management Company Limited* (仁壽博駿教育投資管理有限公司), a limited liability company established under the laws of the PRC on 15 October 2015 and a Consolidated Affiliated Entity
"Riverside Kindergarten"	Chengdu Youshi Riverside Impression Experimental Kindergarten* (成都幼師河濱印象實驗幼兒園), a private kindergarten established under the laws of the PRC on 18 June 2003, where the school sponsor's interest is wholly-owned by Sichuan Boai, and a Consolidated Affiliated Entity
"RMB" or "Renminbi"	Renminbi, the lawful currency for the time being of the PRC
"School Sponsors"	(i) Chengdu Mingxian, Nanjiang Bojun, Wangcang Bojun, Chengdu Youshi Preschool Investment, Chengdu Jinbojun and Sichuan Boai, which were our school sponsors as at the Latest Practicable Date and (ii) Renshou Bojun and Lezhi Bojun, which will be our school sponsors of our new schools
"SFO" or "Securities and Futures Ordinance"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or modified from time to time
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company

"Share Option Scheme"	the share option scheme conditionally adopted by the Company on 12 July 2018
"Shareholder(s)"	holder(s) of the Share(s)
"Sichuan Boai"	Sichuan Boai Preschool Education Development Company Limited* (四川省博愛幼兒教育事業專業發展有限責任公司), a limited liability company established under the laws of the PRC on 26 July 2001 and a Consolidated Affiliated Entity
"Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Structured Contracts"	collectively, the exclusive business cooperation agreement, the exclusive call option agreement, the equity pledge agreement, the school sponsors' and directors' (council members') rights entrustment agreement, the school sponsors' powers of attorney, the director's (council members') powers of attorney, the loan agreement, the spouse undertakings, the shareholders' rights entrustment agreement and the shareholders' powers of attorney entered into by the relevant persons as detailed in the Prospectus
"Subsidiary(ies)"	has the meaning ascribed to it in the Listing Rules. For the avoidance of doubt, the Subsidiaries include Consolidated Affiliated Entities in this interim report
"Surpass Luck"	Surpass Luck Global Limited (超運環球有限公司), a company incorporated in the BVI with limited liability on 5 July 2016 and wholly-owned by Ms. Liao Rong

"Tianfu School"	Chengdu New Tianfu District No. 1 Experimental Middle School Attached to Sichuan Normal University* (成都市天府新區四川師大附屬第一實驗中學), a private middle school established under the laws of the PRC on 20 April 2016, where the school sponsor's interest is wholly-owned by Chengdu Mingxian, and a Consolidated Affiliated Entity
"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US Partner"	Excelsior School System Inc., a company incorporated under the laws of State of California, the United States, with limited liability, on 13 July 2005 and an Independent Third Party principally engaged in the provision of private education in the United States
"US School"	a for-profit grades 7-12 private international school to be operated by the Group in the State of California, the United States
"Wangcang Bojun"	Wangcang Bojun Education Management Company Limited* (旺蒼博駿教育管理有限公司), a limited liability company established under the laws of the PRC on 18 August 2017 and a Consolidated Affiliated Entity
"Wangcang School"	Wangcang Bojun School* (旺蒼博駿公學), a private primary, middle and high school to be established by Wangcang Bojun as the school sponsor and, upon its establishment, a Consolidated Affiliated Entity
"Youshi Kindergarten"	Chengdu Youshi Experimental Kindergarten* (成都幼師實驗幼兒園), a private kindergarten established under the laws of the PRC on 12 August 2002, where the school sponsor's interest is wholly-owned by Sichuan Boai, and a Consolidated Affiliated Entity

"Zheng Yong"	Zheng Yong Global Limited (正永環球有限公司), a company incorporated in the BVI with limited liability on 8 June 2016 and wholly-owned by Mr. Ran Tao
"%"	per cent

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

In this interim report, unless otherwise stated, certain amounts denominated in Renminbi have been translated into Hong Kong dollars or U.S. dollars at an exchange rate of HK$1.00 = RMB0.8523 or HK$7.8494 = US$1.00, respectively, for illustration purpose only. Such conversions shall not be construed as representations that amounts in Renminbi were or could have been or could be converted into Hong Kong dollars or U.S. dollars at such rates or any other exchange rates on such date or any other date.

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