



BOJUN EDUCATION COMPANY LIMITED

博駿教育有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code: 1758

博學致遠 駿馳天下
A knowledgeable Man
Wins The Whole World



2021 Interim Report

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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 20 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 2021, we operated 13 schools in Sichuan Province, including 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) respectively, and a primary, middle and high school in Ziyang City (資陽市). As of 28 February 2021, we had an enrolment of 12,279 students supported by 1,711 employees, including 996 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 schools in Chengdu, Bazhong City and Guangyuan City in Sichuan Province, to provide education from primary to high

school level. In September 2019, we launched a school in Ziyang City, 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 Director

Mr. Wang Jinglei
*(Chairman of the Board and
chief executive officer)*

Non-executive Director

Mr. Wu Jiwei

Independent Non-executive Directors

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

AUDIT COMMITTEE

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

NOMINATION COMMITTEE

Mr. Wang Jinglei *(Chairman)*
Mr. Mao Daowei
Ms. Luo Yunping

REMUNERATION COMMITTEE

Mr. Yang Yuan *(Chairman)*
Mr. Mao Daowei
Ms. Luo Yunping

COMPANY SECRETARY

Mr. Lam Wai Kei

AUTHORISED REPRESENTATIVES

Mr. Wu Jiwei
Mr. Lam Wai Kei

AUDITOR

PKF Hong Kong Limited

LEGAL ADVISORS As to Hong Kong law:

Loeb & Loeb LLP

ADVISOR AS TO GENERAL COMPLIANCE MATTER

TC Capital International Limited

As to PRC law:

DeHeng Law Offices (Chengdu)
Sichuan Mingju Law Firm
Sichuan Ronghua Law Firm

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
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

CORPORATE INFORMATION

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 209 Sanshe Road, Jinjiang District
Chengdu, Sichuan Province
The PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

2206-19, Jardine House
1 Connaught Place
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 54, Hopewell Centre
183 Queen's Road East
Hong Kong

STOCK CODE

1758

COMPANY'S WEBSITE

<http://bojuneducation.com>

INVESTOR RELATIONS

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OPERATING AND FINANCIAL HIGHLIGHTS



Operating information	As at			Percentage	
	28 February 2021	29 February 2020	Change	Change	
Total number of students	12,279	11,985	+294	+2.5%	
Total number of teachers	996	975	+21	+2.2%	
Total school capacity	14,115	13,130	+985	+7.5%	
Overall school utilisation rate	87.0%	91.3%	-4.3%	-4.3%	

Selected financial information RMB'000 (unless otherwise stated)	For the six months ended			Percentage	
	28 February 2021 (unaudited)	29 February 2020 (unaudited)	Change	Change	
Revenue	195,655	197,951	-2,296	-1.2%	
Gross profit	41,743	43,927	-2,184	-5.0%	
Profit for the period attributable to owners of the Company	4,586	7,779	-3,193	-41.1%	
Profit for the period	5,104	11,150	-6,046	-54.2%	
Basic earnings per share (RMB cents)	0.56	0.95	-0.39	-41.1%	

Note: The adjusted net profit, which is unaudited in nature, was presented because the Group's management believes such information will be helpful for investors in assessing the level of net profit of the Company by eliminating the effects of certain one-off or non-recurring items. There are no one-off or non-recurring items to be eliminated for the six months ended 28 February 2021. Thus, the information on adjusted net profit is not included in this report.

OPERATING AND FINANCIAL HIGHLIGHTS

Selected financial information

Selected financial information RMB'000	For the six months ended	
	28 February 2021 (unaudited)	29 February 2020 (unaudited)
Profit for the period	5,104	11,150
Less:		
Minority shareholders' interests	518	3,371
Profit for the period attributable to owners of the Company	4,586	7,779

(RMB'000 unless otherwise stated)	As at	As at	Change	Percentage Change
	28 February 2021 (unaudited)	31 August 2020 (audited)		
Bank balances and cash	187,858	426,772	-238,914	-56.0%
Contract liabilities	207,962	369,348	-161,386	-43.7%
Deferred revenue	68,888	67,676	+1,212	+1.8%
Gearing ratio ^(note)	51.3%	48.7%	+2.6%	+5.3%

Note: In order to establish new schools and expand the campus area, the financing amount increased by approximately RMB250.0 million (including approximately RMB179.0 million for project loans with a term of seven years) during the Reporting Period. This resulted in an increase in gearing ratio.

RMB'000 (unless otherwise stated)	For the six months ended		Change	Percentage Change
	28 February 2021 (unaudited)	29 February 2020 (unaudited)		
Net cash used in operating activities	(124,294)	(119,528)	-4,766	-4.0%
Net cash used in investing activities	(131,380)	(248,957)	-117,577	-47.2%
Net cash from (used in) financing activities	16,760	245,266	-228,506	-93.2%

MANAGEMENT DISCUSSION AND ANALYSIS



MARKET REVIEW

The PRC fundamental education includes preschool, compulsory school (including primary and middle school), high school education. According to the publicly available information, the demand and supply of fundamental education was perennially tight in the recent decade. Quality education resources are scarce. In the reform of the National Higher Education Entrance Examination of China, demand of parents towards quality featured education increased. Looking forward, followed by the increasing comprehensive national power of the PRC and enhancing standard of living, private education will be quality and feature-oriented and become an important force for establishing education that satisfies people. The population in Sichuan Province is large and has been one of the largest fundamental private education markets in the PRC in terms of total number of students. As being a well-known private education group in Chengdu, the Group will strive to provide quality private fundamental education service in Sichuan Province.

BUSINESS REVIEW

Our Schools

We are a leading private education service group in Chengdu, Sichuan Province, the PRC, operating 13 schools in Sichuan Province. In the 2020/2021 school year, we operated (i) one middle and high school, two middle schools, one primary and middle school and six kindergartens in Chengdu, Sichuan Province, (ii) one primary and middle school in Nanjiang County (南江縣) of Bazhong City (巴中市), Sichuan Province, (iii) one primary and middle school in Wangcang County (旺蒼縣) of Guangyuan City (廣元市), Sichuan Province and (iv) one primary, middle and high school in Lezhi County (樂至縣) of Ziyang City (資陽市), Sichuan Province.

	Kindergartens	Primary school section	Middle school section	High school section
Jinjiang School			✓	
Longquan School			✓	✓
Tianfu School			✓	
Wangcang Bojun School		✓	✓	
Nanjiang Bojun School		✓	✓	
Pengzhou Bojun School		✓	✓	
Lezhi Bojun School		✓	✓	✓
Youshi Kindergarten	✓			
Lidu Kindergarten	✓			
Longquan Kindergarten	✓			
Peninsula Kindergarten	✓			
Riverside Kindergarten	✓			
Qingyang Kindergarten	✓			



Our Students

As at 28 February 2021, we had an enrolment of 12,279 students, including 1,160 kindergarten students and 11,119 intake of students from grades 1 to 12.

Number of students by school

	Student enrolment		Change	Change in percentage
	As at 28 February 2021	As at 29 February 2020		
Kindergartens	1,160	1,274	-114	-8.9%
Primary schools	2,029	1,943	+86	+4.4%
Middle schools	8,332	8,087	+245	+3.0%
High schools	758	681	+77	+11.3%
Total	12,279	11,985	+294	+2.5%

Teachers and Teacher Recruitment

As at 28 February 2021, we had an aggregate of 996 teachers, including 114 kindergarten teachers, 163 primary school teachers, 644 middle school teachers and 75 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		Change	Change in percentage
	As at 28 February 2021	As at 29 February 2020		
Kindergartens	114	111	+3	+2.7%
Primary schools	163	152	+11	+7.2%
Middle schools	644	644	-	-
High schools	75	68	+7	+10.3%
Total	996	975	+21	+2.2%

Note: The number of teachers excludes teachers engaged in administrative duties only.

MANAGEMENT DISCUSSION AND ANALYSIS

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 2021	As at 29 February 2020
Kindergartens	1:10.18	1:11.48
Primary schools	1:12.45	1:12.78
Middle schools	1:12.94	1:12.56
High schools	1:10.11	1:10.01

Note: Teachers herein excludes teachers engaged in administrative duties only. 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-calibre teachers, we offer competitive remuneration package and our teachers are entitled to performance bonuses, which are based on their quality of teaching as assessed by our Group. Our middle and high school teachers may stay at our staff quarters. Further, as one of the major benefits for being our middle and high school teachers, their children could enrol in our schools free of charge. We believe that we have maintained a good working relationship with our teachers and enjoyed a high retention rate.



For the six months ended 28 February 2021 and the six months ended 29 February 2020, (i) the teacher retention rates at our high schools were approximately 97.4% and 100.0%, respectively, (ii) the teacher retention rates at our middle schools were approximately 97.6% and 96.7%, respectively, (iii) the teacher retention rates at our primary schools were approximately 97.6% and 93.8%, and (iv) the teacher retention rates at our kindergartens were approximately 92.1% and 88.8%, respectively.

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 primary, middle and high schools, our annual tuition fees for the 2020/2021 school year ranged from RMB22,000 to RMB42,000 per student. For boarding students, an annual boarding fee of RMB1,200 to RMB1,400 per student was also charged. The fees charged did not change when compared to the 2019/2020 school year. The annual tuition fees of the kindergartens for the 2020/2021 school year ranged from RMB26,160 to RMB56,160 per student. The fees charged did not change when compared to the 2019/2020 school year.

School Capacity and Utilisation Rate

Enrolment and Capacity

With the increase of state investment in the infrastructure of new public schools, we have increased allocation of funds in improving facilities of our schools to maintain our competitiveness.

MANAGEMENT DISCUSSION AND ANALYSIS

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 promotion strategies for our student enrolment and competition from public and private schools in Chengdu. The following table sets forth information relating to student enrolment, capacity and school utilisation rates of our schools by type as at the dates indicated:

	Capacity ⁽²⁾ and utilisation rate					
	Enrolment ⁽¹⁾		Student capacity ⁽²⁾		School utilisation rate ⁽³⁾	
	As at 28 February 2021	As at 29 February 2020	As at 28 February 2021	As at 29 February 2020	As at 28 February 2021	As at 29 February 2020
Kindergartens	758	681	850	810	89.2%	84.1%
Primary schools	8,332	8,087	8,450	8,235	98.6%	98.2%
Middle schools	2,029	1,943	2,950	2,220	68.8%	87.5%
High schools	1,160	1,274	1,865	1,865	62.2%	68.3%
Total	12,279	11,985	14,115	13,130	87.0%	91.3%

Notes:

- (1) The student enrolment information is 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 enrolled 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

With the increase in household income of the PRC residents and the improved education level of parents of the younger generation, parents now have a greater demand for quality education resources, and the proportion of education expenditure in the overall household expenditure has steadily increased. As the One-Child Policy has been relaxed and the Two-Child Policy was fully implemented in 2016 by the PRC government, there will be an ongoing increase in demand for fundamental education in the future. These factors will help our schools recruit more students and raise service price in due course. In recent years, private schools in Sichuan Province and Chengdu have continued to improve their teaching quality and quality education, which will attract more parents to enrol their children in private schools. With the good reputation of our schools, the Group is optimistic about the opportunities brought by the strong demand for quality private education in Southwest China.

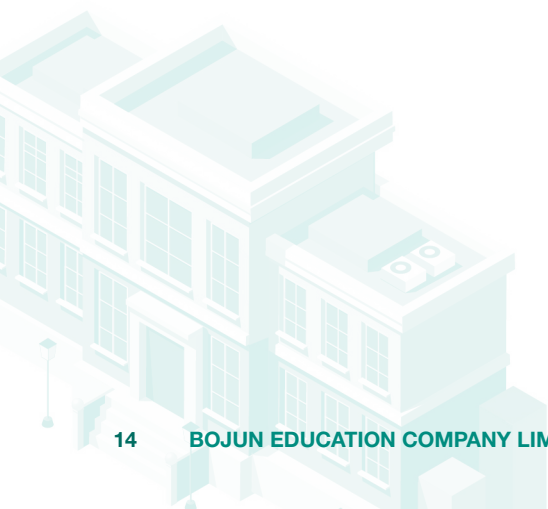
OUR BUSINESS DEVELOPMENT STRATEGIES AND PLANS

Our aim is to maintain and consolidate our leading position in the private education market in Sichuan Province. We will expand our school network and increase our student capacity through the following development strategies.

MANAGEMENT DISCUSSION AND ANALYSIS

(a) Establish new schools or new school premises to expand our school network

- 1) Establishment of light-asset schools: We establish new schools through cooperation with third-party business partners.
 - In January 2018, USA Bojun 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 to 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 the US School, a joint venture to establish a for-profit private international school in the Los Angeles area offering education for grades 7 to 12. The joint venture will be owned by our Group as to 70% and the US Partner as to 30%. We will provide funding to finance operations 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. Due to impact of the COVID-19 and adjustment to the Group's development strategy, our commencement plan of schools in the USA may be suspended, and we will make further announcement as and when appropriate.





- 2) Expand the capacity of existing school premises: We construct new school premises near or inside our existing campus.
- Chengdu Mingxian entered into the Agreement of Intent on 14 November 2019 and the Acquisition Agreement on 13 April 2020 with the Taoyuan Company and Zhang Dequan* (張德全), Xiang Shoucheng* (向守程), Chen Song* (陳松), Hu Jianguo* (胡建國), Li Chao* (李超) and Yang Jinzhong* (楊進忠) in relation to the acquisition of the entire equity interest of the Taoyuan Company. For details please refer to the announcements of the Company dated 18 November 2019 and 28 April 2020. Pursuant to which, we have acquired 100% equity interest in the Taoyuan Company upon completion of the equity transfer at a total consideration of RMB21.8 million in August 2020. After completion of the acquisition, we have obtained a land located at the 4th Division, Shuangquan Village, Wan'an Town, Chengdu City (成都市萬安鎮雙泉村四組) of an area of 4,645.9 square metres for the expansion of the campus of Tianfu School and operation of primary school and high school.

In March 2021, the new primary school section and high school section of Tianfu School have obtained school operation permits and the construction of the infrastructure of the new sections will be completed on schedule. The primary school and high school will commence schooling on 1 September 2021 and can increase the Tianfu School's capacity by 2,000 students.

- In April 2021, the new primary school section of Jinjiang School has obtained a school operation permit and the expansion and renovation of the primary school section has been substantially completed. It is expected that the primary school section will commence schooling in September 2021. In the future, Jinjiang School will cut down the capacity of junior high school section to meet the capacity requirement of primary school section, without having to make significant change to its total capacity.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table provides a summary of the estimated capacity of the new school premise to commence operation in September 2021:

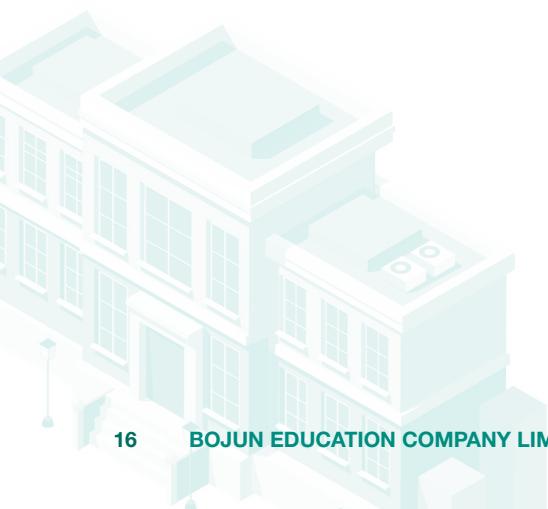
School premise	Date of commencement⁽¹⁾	Estimated capacity for students
Tianfu School (Primary school and high school)	September 2021	2,000

Note:

- (1) The commencement of school is subject to, among other things, approval by and registration with relevant authorities and the progress of construction work. Therefore, the aforesaid new school may or may not be opened according to our plan.

(b) Increase the student enrolment at our existing schools

We intend to continuously increase the student enrolment 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.





The following table provides a summary of enrolment of our schools in operation as at 28 February 2021 and their estimated capacity:

School premises	Enrolment as at 28 February 2021	Estimated capacity
Jinjiang School	3,087	3,200
Longquan School	2,802	3,500
Tianfu School	1,703	3,750
Nanjiang Bojun School ⁽¹⁾	856	3,200
Wangcang Bojun School ⁽¹⁾	780	4,000
Pengzhou Bojun School ⁽¹⁾	1,122	4,000
Lezhi Bojun School ⁽²⁾	769	3,200
Kindergartens ⁽³⁾	1,160	1,865
Total	12,279	26,715

Notes:

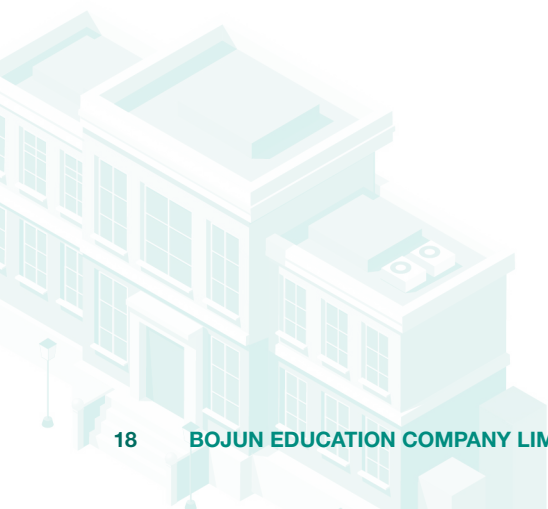
- (1) New schools opened in September 2018.
- (2) New school opened in September 2019.
- (3) Including six kindergartens, namely, Youshi Kindergarten, Lidu Kindergarten, Riverside Kindergarten, Longquan Kindergarten, Qingyang Kindergarten and Peninsula Kindergarten.

(c) **Consistently provide high-quality education and maintain a strong, experienced and qualified teaching team**

We are of the view that the high-level of teaching quality is an important factor in attracting students. We recruit more experienced, outstanding and innovative teachers to improve the teaching level. We attach importance to the improvement of teachers' teaching skills, and organise regular training and competitions for improving their teaching skills; meanwhile, we also adopt the collective lesson preparation model to ensure the excellent and consistent teaching quality of the teaching team.

(d) **Enhance the brand influence of our schools to recruit more students**

We are of the view that increasing the brand influence of the First Middle School of Sichuan Normal University (師大一中) and Bojun School (博駿學校) in Sichuan Province will help us attract more students. The brand of First Middle School of Sichuan Normal University continues to maintain a good reputation in Chengdu. Bojun School, as a new brand founded by the Group, will share resources with schools under the First Middle School of Sichuan Normal University brand, so they can complement the advantages with one another, and build a good collaborative school model. It will help raise the brand awareness of Bojun School and attract more students.





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 and staff. The Group has onsite medical staff or health care personnel at each of our schools to deal with minor medical situations involving our students and staff. For certain serious emergency medical situations, we will promptly send our students to local hospitals for medical treatments. 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 has been no material violation of or non-compliance with applicable laws and regulations by the Group during the Reporting Period.

Latest Regulatory Developments

(i) **The Implementation Rules for the Law for Promoting Private Education of the PRC (Draft for Review)* (《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)》)**

On 10 August 2018, the Ministry of Justice of the PRC published the Implementation Rules for the Law for Promoting Private Education of the PRC (Draft for Review) (the “**Draft**”) for consultation. Article 12 of the Draft provides that “prohibits those centrally operate their schools to control not-for-profit private schools by means of merger and acquisition, franchise chain, agreement control and other means”. “Control by agreement” referred to in such article brings uncertainties to the control of not-for-profit schools by contractual arrangements adopted by us.

(ii) **Implementation Opinions of Sichuan Provincial People’s Government on Encouraging the Operation of Education by Social Forces and Promoting the Healthy Development of Private Education* (《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》)**

According to 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)) issued by Sichuan People’s Government on 17 September 2018, “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 been elected to be not-for-profit private schools shall complete relevant procedures by 1 September 2021.” As at the date of this report, all the compulsory schools (which cover from first graders to ninth graders) operated by us have been registered as not-for-profit private schools, and the schools have amended their articles of association, improved their corporate governance structure and internal management system in accordance with relevant regulations.



(iii) **Certain Opinions on Deepening the Reform and Regulating the Development of Preschool Education*** (《關於學前教育深化改革規範發展的若干意見》)

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 Preschool Education* (《關於學前教育深化改革規範發展的若干意見》) (the “**Reform Opinions**”). Pursuant to the Reform Opinions, among other things, private companies should not control not-for-profit kindergartens through contractual arrangements. As at the date of this report, the Group operates six not-for-profit kindergartens, which account for approximately 12.3% of the Group’s revenue for the six months ended 28 February 2021 and approximately 9.4% of the Group’s total number of students enrolled as at 28 February 2021. The impact of the Reform Opinions and regulatory policies on the Group’s operations and financial position is limited. The Company will closely monitor and seek legal advice on the Reform Opinions in due course, and will take all reasonable measures to comply with the Reform Opinions as it may be advised.

(iv) **Foreign Investment Law of the PRC*** (《中華人民共和國外商投資法》)

On 15 March 2019, the National People’s Congress passed and announced the “Foreign Investment Law of the PRC” (《中華人民共和國外商投資法》) (the “**Foreign Investment Law**”), which became effective on 1 January 2020. The Foreign Investment Law defined the investment activities carried out in the PRC directly or indirectly by foreign investors and listed four scenarios which should be identified as foreign investments. There are no specific inclusion of clauses related to “de facto control” or “contractual arrangement” in Foreign Investment Law. Nevertheless, we would not rule out the possibility of any further laws and regulations on this matter. Therefore, there are still uncertainties on whether the structure under the Structured Contracts will be included under the regulatory area of foreign investment, and if it is included under regulation and how it should be regulated. As of the date of this interim report, the operation of the Company was not affected by the Foreign Investment Law. The Company will closely monitor the Foreign Investment Law and the development of relevant laws and regulations.

MANAGEMENT DISCUSSION AND ANALYSIS

The Company will continue to monitor the developments of the above opinions and the relevant laws and regulations, and will make further announcements in respect thereof in accordance with the requirements of the Rules Governing the Listing of Securities on the Stock Exchange (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 fulfil 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 USA Bojun as an operating entity in the United States. On 29 January 2018, we, through USA Bojun, entered 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 to finance operations 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 recruit 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) of the proceeds from the Global Offering and the remainder through equity and/or debt financing and/or with our internal funds, as and when we see fit. Due to impact of the COVID-19 and adjustment to the Company’s development strategy, our commencement plan of school in the USA may be suspended. Further announcement will be made by the Company as and when appropriate.

The Group’s PRC legal adviser 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 report.



FINANCIAL REVIEW

Revenue

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

	For the six months ended		29 February 2020 RMB'000 (unaudited)	Percentage of total revenue %
	28 February 2021 RMB'000 (unaudited)	Percentage of total revenue %		
Tuition fees				
– Preschool Education	24,177	12.3	26,447	13.4
– Degree Education	165,836	84.8	166,022	83.9
Sub-total	190,013	97.1	192,469	97.2
Boarding fees	5,642	2.9	5,482	2.8
Total	195,655	100.00	197,951	100.0

Our revenue decreased by approximately RMB2.3 million or 1.2% from approximately RMB198.0 million for the six months ended 29 February 2020 to approximately RMB195.7 million for the six months ended 28 February 2021. The decrease was mainly attributable to a decrease in income from tuition and boarding fees, as the increased student enrolment level of the Degree Education is insufficient to compensate for the decreased student enrolment level of the Preschool Education.

Student enrolment level in our Preschool Education segment decreased by approximately 8.9% from 1,274 as at 29 February 2020 to 1,160 as at 28 February 2021, while the student enrolment level of our Degree Education segment increased by approximately 3.8% or 408 students from 10,711 as at 29 February 2020 to 11,119 as at 28 February 2021. However, as the tuition fee of our Degree Education segment is lower than that of our Preschool Education segment, the total income from tuition and boarding fees has decreased for the six months ended 28 February 2021 as compared to that in the corresponding period in 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

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 29 February 2020 and 28 February 2021, our costs of services represented approximately 77.8% and 78.7% 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:

	For the six months ended	
	28 February 2021	29 February 2020
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Staff costs	104,778	101,730
Depreciation of property, plant and equipment	20,025	18,824
Royalty fees	8,507	14,280
Rental and property management fees	7,297	7,965
Office expenses	2,443	1,928
Repair and maintenance	2,954	4,727
Utilities expenses	3,165	853
Training expenses	749	2,067
Others	3,994	1,650
Total	153,912	154,024

Our costs of services decreased by approximately RMB0.1 million or 0.1% from approximately RMB154.0 million for the six months ended 29 February 2020 to approximately RMB153.9 million for the six months ended 28 February 2021, which are basically the same. That was primarily attributable to the decrease in repair and maintenance, royalty fees and training costs setting off the increased operating costs resulting from increase in the salary of teachers, depreciation expenses, office expenses, utilities expenses for the improvement of educational hardware, and award of enrolment granted to students for encouragement, and other factors during the Reporting Period, among which:



- (i) staff costs increased by approximately RMB3.1 million or 3.0% from approximately RMB101.7 million for the six months ended 29 February 2020 to approximately RMB104.8 million for the six months ended 28 February 2021, primarily because we offered more competitive remuneration packages to attract and retain high quality teachers and teaching assistants during the six months ended 28 February 2021;
- (ii) depreciation expenses of property, plant and equipment increased by approximately RMB1.2 million or 6.4% from approximately RMB18.8 million for the six months ended 29 February 2020 to approximately RMB20.0 million for the six months ended 28 February 2021;
- (iii) utilities expenses increased by approximately RMB2.3 million or 255.6% from approximately RMB0.9 million for the six months ended 29 February 2020 to approximately RMB3.2 million for the six months ended 28 February 2021, due to the increase in the addition of labour room and cooking classrooms and other facilities by Jinjiang School, Longquan School and Tianfu School in accordance with the requirements of national reform on education system, resulting in an increase in utilities expenses;
- (iv) office expenses increased by approximately RMB0.5 million or 26.3% from approximately RMB1.9 million for the six months ended 29 February 2020 to approximately RMB2.4 million for the six months ended 28 February 2021, primarily because of the increase in the activity fee of faculty staff as a result of our frequent Party and League activities as required by competent educational departments, and an increase in office expenses due to a substantial increase in the enrolment promotion expenses and business activity fees in line with the change of national enrolment policy;
- (v) other costs increased by approximately RMB2.3 million or 135.3% from approximately RMB1.7 million for the six months ended 29 February 2020 to approximately RMB4.0 million for the six months ended 28 February 2021, primarily because of the enrolment award of approximately RMB3.4 million granted to outstanding students as at 29 February 2020 for the purposes of encouraging diligent study during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross profit and gross profit margin

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

	For the six months ended					
	28 February 2021			29 February 2020		
	Segment revenue RMB'000	Gross profit RMB'000	Gross profit margin %	Segment revenue RMB'000	Gross profit RMB'000	Gross profit margin %
Degree Education	171,478	35,954	21.0	171,504	36,915	21.5
Preschool Education	24,177	5,789	23.9	26,447	7,012	26.5
Total	195,655	41,743	21.3	197,951	43,927	22.2

Gross profit margin of Degree Education decreased from approximately 21.5% for the six months ended 29 February 2020 to approximately 21.0% for the six months ended 28 February 2021. The decrease in gross profit margin was mainly due to the fact that the depreciation in transfer of fixed assets at three new schools, namely Nanjiang Bojun School, Wangcang Bojun School and Lezhi Bojun School, increased, and their student enrolment has not yet reached the breakeven level, resulting in costs of services being higher than the tuition fees income and gross profit margin of Degree Education decreased.

Gross profit margin of Preschool Education decreased from approximately 26.5% for the six months ended 29 February 2020 to approximately 23.9% for the six months ended 28 February 2021. The decrease in gross profit margin was mainly attributable to a decrease in revenue from less student enrolment in the Preschool Education segment in the midst of fierce competition, as well as an increase in school operation costs due to upgrade of certain facilities and equipment for optimisation of schooling conditions.

Other income and (expenses)

For the six months ended 28 February 2021, our other income and (expenses) primarily consist of interest income from banks.



Other gains and (losses)

For the six months ended 28 February 2021, our other gains and (losses) primarily comprise allowances for poor students and economic compensation for student accidents.

Administrative expenses

Administrative expenses primarily consist of administrative staff costs, office expenses, business expenses, motor vehicle expenses, greening and environmental costs, attorney fees, audit and assessment fees, handling charges and certain other administrative expenses. Other administrative expenses generally include staff travel expenses, management meetings expenses and welfare expenses.

Our administrative expenses decreased by approximately RMB1.5 million or 5.4% from approximately RMB28.0 million for the six months ended 29 February 2020 to approximately RMB26.5 million for the six months ended 28 February 2021, mainly attributable to adoption of energy conservation and efficiency enhancement measures by the Group, lowering the extraordinary expenses and resulting in the decrease in administrative and office expenses.

Finance costs

Our finance costs primarily consist of interest expenses of bank borrowings.

Our finance costs increased by approximately RMB4.7 million or 94.0% from approximately RMB5.0 million for the six months ended 29 February 2020 to approximately RMB9.7 million for the six months ended 28 February 2021, primarily attributable to the increase in the amount of loan facilities drawn to meet the increase in working capital requirements due to the expansion in scale of our schools for the six months ended 28 February 2021.

Taxation

Our income tax expenses for the six months ended 29 February 2020 and 28 February 2021 amounted to approximately RMB3.5 million and RMB0.5 million, respectively. The decrease was mainly attributable to a decrease in profit generated from our schools.

MANAGEMENT DISCUSSION AND ANALYSIS

Profit for the period

Our profit for the Reporting Period decreased by approximately RMB6.1 million or 54.5% from approximately RMB11.2 million for the six months ended 29 February 2020 to approximately RMB5.1 million for the six months ended 28 February 2021. Such decrease was mainly attributable to (i) decrease in revenue due to the decreased student enrolment level of kindergartens at our Preschool Education segment and an increase in depreciation which led to a decrease in gross profit margin, thereby resulting in a decrease of approximately RMB2.2 million in gross profit; (ii) a decrease of approximately RMB2.0 million in other gains; (iii) a decrease of approximately RMB1.3 million in gains from changes in fair value; and (iv) an increase of approximately RMB4.7 million in finance costs due to the expanding financing size. Reduction of approximately RMB1.5 million in the Group's administrative expenses as compared to that of the six months ended 29 February 2020 remains insufficient to compensate for the decrease in profit before tax.

Contract liabilities

We record tuition fees and boarding fees collected initially as the liabilities under contract liabilities and recognise such amounts as revenue proportionately over the relevant period of the applicable programme. Our contract liabilities decreased by approximately RMB161.3 million or 43.7% from approximately RMB369.3 million as at 31 August 2020 to approximately RMB208.0 million as at 28 February 2021. 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. 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 certain non-cash or one-off items on our net profit. There are no non-cash or one-off items involved in the financial report for the Reporting Period.



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 borrowings of the Group are denominated in RMB. The short-term bank borrowings amounted to approximately RMB122.0 million as at 28 February 2021, and have a variable interest at 110%-140% of the benchmark interest rate of the People's Bank of China and shall be repayable within one year after the end of the Reporting Period. At the same time, the unsecured long-term bank borrowings with corporate guarantee of approximately RMB319.5 million bear variable interest at 140% of the benchmark interest rate of the People's Bank of China, shall be repayable within six years after the end of the Reporting Period. No borrowings of the Group is at fixed interest rate. The cash and cash equivalents of the Group are denominated in RMB. Our cash and cash equivalents amounted to approximately RMB426.8 million and RMB187.9 million as at 31 August 2020 and 28 February 2021, 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 funds 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 2021, we had not experienced any difficulties in settling our obligations in the normal course of business, which would have had a material impact on our business, financial condition or results of operations.

MANAGEMENT DISCUSSION AND ANALYSIS

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

	For the six months ended	
	28 February 2021	29 February 2020
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Net cash used in operating activities	(124,294)	(119,528)
Net cash used in investing activities	(131,380)	(248,957)
Net cash from (used in) financing activities	16,760	245,266
Net increase (decrease) in cash and cash equivalents	(238,914)	(123,219)
Cash and cash equivalents at the beginning of the period	426,772	336,647
Effect of exchange rate changes	-	-
Cash and cash equivalents at the end of the period, represented by bank balances and cash	187,858	213,428



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 upgrading of our existing schools; and (iv) the proposed Capital Injection. The following table sets forth our additions of property, plant and equipment and leasehold land, for the periods indicated:

	For the six months ended	
	28 February 2021 RMB'000 (unaudited)	29 February 2020 RMB'000 (unaudited)
Payment for property, plant and equipment	(23,552)	(231,274)
Payment for leasehold land	–	(2,180)
Prepayment made for property, plant and equipment	(34,328)	–
Investment rights in respect to prepayments for the proposed Capital Injection	(73,500)	–

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

Capital Commitments

	For the six months ended	
	28 February 2021 RMB'000 (unaudited)	29 February 2020 RMB'000 (unaudited)
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	–	19,620

MANAGEMENT DISCUSSION AND ANALYSIS

Gearing Ratio

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

Our gearing ratio increased from approximately 48.7% as at 31 August 2020 to approximately 51.3% as at 28 February 2021, as the Group increased its bank borrowings to meet the requirement of working capital after business expansion during the six months ended 28 February 2021.

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 minimal expenditures are denominated in Hong Kong dollars. As at 28 February 2021, 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 2021.

Contingent Liabilities

As at 28 February 2021, the Group did not have any material contingent liabilities (31 August 2020: nil).



Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

For the six months ended 28 February 2021, the Group had not had any material acquisitions and disposals of Subsidiaries, associates or joint ventures.

Future Plans for Material Investments and Capital Assets

On 11 September 2020 and 16 October 2020, Chengdu Bojun, Shenzhen Hongyuan and the initial shareholder of Shenzhen Hongyuan entered into a capital injection agreement and a supplement agreement, respectively, pursuant to which Chengdu Bojun agreed to subscribe for new capital of Shenzhen Hongyuan in the aggregate amount of RMB245.0 million (equivalent to approximately HK\$278.0 million) in cash. Upon completion of the Capital Injection, Chengdu Bojun will hold 49.0% of the enlarged (as enlarged by the Capital Injection) registered capital of Shenzhen Hongyuan. The financial results of Shenzhen Hongyuan will not be consolidated into the accounts of the Group.

The Company made the first batch of payment of consideration of RMB73.5 million for the Capital Injection in September 2020. As at the date of this report, the transaction has not been completed. The long stop date of the transaction has been extended to 11 August 2021. For further information, please refer to the announcements of the Company dated 11 September 2020, 16 October 2020 and 11 January 2021.

Source and Use of Funds and Future Financial Policies

As at 28 February 2021, the Group recorded net current liabilities of approximately RMB526.1 million. In view of these circumstances, the Directors 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 Directors are of the opinion that the Group will have sufficient working capital to meet its financial obligations, including those capital expenditures committed in relation to the Capital Injection, by taking into account the Group's cash flow projection. The Directors are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due in the next twelve months.

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, have been/will be applied in the manners as set out in the section headed “Future plans and use of proceeds” of the Company’s prospectus dated 19 July 2018. As at 28 February 2021, the Company applied the net proceeds in the following manners:

Use of proceeds	% of the net proceeds	Proceeds allocated (RMB million)	Amount utilised (RMB million)	Unutilised balance (RMB million)	Expected
					timeline for utilising the unutilised balance (RMB million)
I. Establishing Nanjiang School	28%	120.1	120.1	–	N/A
II. Establishing Wangcang School	28%	120.1	120.1	–	N/A
III. Establishing the high school section of Tianfu School	22%	94.4	94.4	–	N/A
IV. Establishing Chengdu School	9%	38.6	38.6	–	N/A
V. Establishing Lezhi School	5%	21.4	21.4	–	N/A
VI. Establishing US School	3%	12.9	–	12.9	Expected to be fully utilised by December 2022
VII. As working capital and for general corporate purpose	5%	21.4	21.4	–	N/A
Total	100%	428.9	416.0	12.9	N/A

The unutilised net proceeds are generally placed in licenced financial institutions as short-term interest-bearing deposits. Due to impact of the COVID-19 and adjustment to the Group’s development strategy, our commencement plan of the US School may be suspended, and we will make further announcement as and when appropriate.



SIGNIFICANT INVESTMENT HELD

As at 28 February 2021, the Group did not hold any significant investment.

SIGNIFICANT LEGAL PROCEEDINGS

For the six months ended 28 February 2021, 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 2021, the Group had 1,711 employees (as at 29 February 2020: 1,719). 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 2021, the staff costs (including directors' fees) amounted to approximately RMB117.6 million (29 February 2020: approximately RMB115.7 million).

OTHER INFORMATION

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 2021, 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. Wang Jinglei ^(Note 1)	Interest in a controlled corporation	233,920,000	Long position	28.46%
Mr. Wu Jiwei	Beneficial interest	46,000	Long position	0.01%

Note:

1. Mr. Wang Jinglei is the sole shareholder and sole director of Act Best, and Act Glory is wholly-owned by Act Best. Thus, Mr. Wang Jinglei and Act Best are deemed to be interested in the 233,920,000 Shares held by Act Glory under the SFO.

Save as disclosed above, as at 28 February 2021, 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 2021 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 2021, 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
Act Glory ^(Note 1)	Beneficial owner	233,920,000	Long position	28.46%
Act Best ^(Note 1)	Interest in a controlled corporation	233,920,000	Long position	28.46%
Ms. Duan Ling ^(Note 2)	Interest of spouse	233,920,000	Long position	28.46%
Mr. Xiong Tao ^(Note 3)	Interest in a controlled corporation	82,853,550	Long position	10.08%
Cosmic City Holdings Limited ^(Note 3)	Beneficial owner	82,853,550	Long position	10.08%
Mr. Ran Tao ^(Note 4)	Interest in a controlled corporation	46,510,000	Long position	5.66%

OTHER INFORMATION

Name	Capacity/Nature of interest held	Number of Shares	Long position/ Short position	Approximate percentage of shareholding held in the Company
Zheng Yong Global Limited ^(Note 4)	Beneficial owner	46,510,000	Long position	5.66%
Wuxi First Capital Equity Investment Fund Management Centre (Limited Partnership)* (無錫首控股權投資基金管理公司(有限合夥)) ^(Notes 5 and 6)	Beneficial owner	150,000,000	Long position	18.25%
Wuxi Shoukong Lianxin Investment Management LLP* (無錫首控聯信投資管理公司(有限合夥)) ^(Note 5)	Interest in a controlled corporation	150,000,000	Long position	18.25%
First Capital Fund Management Company Limited* (首控基金管理有限公司) ^(Note 5)	Interest in a controlled corporation	150,000,000	Long position	18.25%
Shanghai Shenlian Investment Management Company Limited* (上海申聯投資管理公司) ^(Note 5)	Interest in a controlled corporation	150,000,000	Long position	18.25%
Shanghai Jintang Investment Consultancy Company Limited* (上海錦塘投資諮詢有限公司) ^(Note 5)	Interest in a controlled corporation	150,000,000	Long position	18.25%
Brilliant Rich International Holdings Limited (錦地國際控股有限公司) ^(Note 5)	Interest in a controlled corporation	150,000,000	Long position	18.25%
Brilliant Rich Holdings Limited (錦豐控股有限公司) ^(Note 5)	Interest in a controlled corporation	150,000,000	Long position	18.25%
China First Capital Group Limited ^(Note 5)	Interest in a controlled corporation	150,000,000	Long position	18.25%
Zhongyuan Bank Co., Ltd.* (中原銀行有限公司) ^(Note 6)	Interest in a controlled corporation	150,000,000	Long position	18.25%



Notes:

1. Act Glory is an investment holding company incorporated in the BVI, and is solely and beneficially owned by Act Best, which is solely and beneficially owned by Mr. Wang Jinglei. Therefore, Mr. Wang Jinglei and Act Best are deemed to be interested in the Shares held by Act Glory by virtue of SFO.
2. Ms. Duan Ling is the wife of Mr. Wang Jinglei, and is therefore deemed to be interested in the 233,920,000 Shares indirectly held by Mr. Wang Jinglei through Act Best and Act Glory by virtue of the SFO.
3. 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.
4. 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.
5. Wuxi First Capital Equity Investment Fund Management Centre (Limited Partnership) (formerly known as Wuxi Guolian Shoukong Capital Investment LLP) ("**Wuxi FC**") is a limited partnership established in the PRC. Its general partner was changed from Wuxi Shoukong Lianxin Investment Management LLP ("**Wuxi Shoukong Lianxin**"), a limited partnership established in the PRC, to Chongqing First Capital Education Investment Equity Investment Fund Management Company Limited* (重慶首控育投股權投資基金管理有限公司) ("**Chongqing Education**"), a limited partnership established in the PRC, with effect from 28 April 2021. Chongqing Education is owned by First Capital Fund Management Company Limited ("**First Capital Fund**"), a limited liability company established in the PRC, as to 51%. 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 FC under the SFO as at 28 February 2021. Chongqing Education, 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 FC under the SFO as at the Latest Practicable Date.
6. On 24 September 2020, Wuxi FC, as mortgagor, executed a deed of share mortgage in favour of Zhongyuan Bank Co., Ltd., as mortgagee, pursuant to which Wuxi FC agreed to mortgage the 150,000,000 Shares it holds in favour of Zhongyuan Bank Co., Ltd.

OTHER INFORMATION

Save as disclosed above, as at 28 February 2021, 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

We adopted the Share Option Scheme conditionally by a resolution in writing on 12 July 2018. The following is a summary of the principal terms of the Share Option Scheme:

(i) Purpose of the scheme

The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group.

(ii) Who may join

- (aa) any employee of the Company, any of our Subsidiaries or any entity in which the Group holds an equity interest;
- (bb) any non-executive director (including independent non-executive director) of the Company, any Subsidiary or any Invested Entity;
- (cc) any supplier of goods or services to any member of the Group or any Invested Entity;
- (dd) any customer of any member of the Group or any Invested Entity;
- (ee) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity;



- (ff) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;
- (gg) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and
- (hh) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group.

(iii) Maximum number of shares

- (aa) The maximum number of Shares which may be allotted and issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme adopted by the Group shall not exceed 30% of the Shares in issue from time to time.
- (bb) The total number of Shares which may be allotted and issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Group) to be granted under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the Shares in issue on the day on which dealings in the Shares first commence on the Stock Exchange (i.e. not exceeding 80,000,000 Shares).

OTHER INFORMATION

(iv) Maximum entitlement of each participant

The total number of Shares issued and to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each grantee in any 12-month period shall not exceed 1% of the Shares in issue for the time being.

(v) Grant of options to connected persons

Any offer to grant of options under the Share Option Scheme to a Director, chief executive or substantial shareholder of the Company or any of their respective associates must be approved by the independent non-executive Directors.

Any change in the terms of options granted to a substantial shareholder or an independent non-executive Director of the Company or any of their respective associates must be approved by the Shareholders in general meeting. The grantee, his associates and all core connected persons of the Company must abstain from voting in favour at such general meeting.

(vi) Time of acceptance and exercise of option

An option may be accepted by a participant within 21 days from the date of the offer of grant of the option. An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by our Directors to each grantee, which period may commence on the date on which the offer for the grant of option is made but shall end in any event not later than 10 years from the date on which the offer for the grant of the option is made subject to the provisions for early termination thereof. Unless otherwise determined by our Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

**(vii) Performance targets**

Unless our Directors otherwise determined and stated in the offer of the grant of options to a grantee, a grantee is not required to achieve any performance targets before the exercise of an option granted to him under the Share Option Scheme.

(viii) Subscription price for shares and consideration for the option

The subscription price per Share under the Share Option Scheme shall be determined at the absolute discretion of our Directors, provided that it shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date on which the offer for the grant of option is made, which must be a Business Day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations for the five Business Days immediately preceding the date on which the offer for the grant of option is made; and (iii) the nominal value of the Shares. A nominal consideration of HK\$1 is payable on acceptance of the grant of an option.

(xi) Period of the share option scheme

The Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme is adopted. The remaining life of the Share Option Scheme is approximately 7 years and 2 months as at the date of this report.

During the Reporting Period, no share options were outstanding, granted, exercised, lapsed or cancelled by the Company under the Share Option Scheme. On 13 May 2021, 1,000,000 share options were granted under the Share Option Scheme by the Company. For details, please refer to the announcement of the Company dated 13 May 2021. As at the Latest Practicable Date, 1,000,000 share options under the Share Option Scheme were outstanding. No share option has been exercised, lapsed or cancelled as at the Latest Practicable Date.

OTHER INFORMATION

INTERIM DIVIDENDS

The Board does not recommend the payment of interim dividends for the six months ended 28 February 2021.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

For the six months ended 28 February 2021, neither the Company nor any of the Subsidiaries had purchased, sold or redeemed any listed securities of the Company.

CHANGE OF DIRECTORS AND SENIOR MANAGEMENT

With effect from 26 November 2020:

- (i) Mr. Ran Tao resigned as an executive Director and the chief executive officer of the Company; and
- (ii) Mr. Wang Jinglei, an executive Director and chairman of the Board, was appointed as the chief executive officer of the Company.

SUBSEQUENT EVENTS

Change of address of principal place of business in Hong Kong

With effect from 8 March 2021, the address of principal place of business of the Company in Hong Kong was changed to 2206–19 Jardine House, 1 Connaught Place, Central, Hong Kong. For further information, please refer to the announcement of the Company dated 8 March 2021.

Plan of termination of the Jianyang School Project

Due to change in land planning of the People's Government of Jianyang* (簡陽市人民政府), the Group's plan of establishing a school in Jianyang City cannot implemented as scheduled and we plan to negotiate for termination of the relevant educational project investment agreement. As at the date of this report, Jianyang Jinbojun, a party to such agreement, has submitted an application for termination of such agreement to the People's Government of Jianyang.



Grant of share options

On 13 May 2021, 1,000,000 share options were granted under the Share Option Scheme at an exercise price of HK\$0.598 per Share by the Company to an employee of the Group and a council member to a Consolidated Affiliated Entity. Such share options were vested immediately and shall be valid for a period of 10 years commencing from 13 May 2021 to 12 May 2031 (both days inclusive) and exercisable at any time during which. For details, please refer to the announcement of the Company dated 13 May 2021.

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 2021.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board has committed to achieving high corporate governance standards in order to safeguard the interests of the Shareholders and to enhance corporate value and accountability. Since the Listing Date, the Company has applied the CG Code set out in Appendix 14 to the Listing Rules and has complied with all the applicable code provisions save and except for the deviation from code provision A.2.1 of CG Code, details of which are explained below. The Board will continue to review and monitor the corporate governance practices of the Company for the purpose of maintaining high corporate governance standards.

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and performed by different individuals.

OTHER INFORMATION

However, Mr. Ran Tao resigned as an executive Director and the chief executive officer of the Company, and Mr. Wang Jinglei, an executive Director and chairman of the Board, was appointed as the chief executive officer of the Company, with effect from 26 November 2020. The Group therefore does not have a separate chairman and chief executive officer as at the date of this interim report and Mr. Wang Jinglei currently performs these two roles. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider segregating the roles of chairman of the Board and chief executive officer of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

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 2021 and this interim report. The Audit Committee has also held meeting to discuss matters with respect to the accounting policies and practices adopted by the Company. The Audit Committee did not have any different opinions on the accounting policies adopted by the Company. The Audit Committee has also discussed the internal control matters with senior management of the Company.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 28 FEBRUARY 2021



	NOTES	For the six months ended	
		28 February 2021 RMB'000 (unaudited)	29 February 2020 RMB'000 (unaudited)
Revenue from provision of education services	4	195,655	197,951
Costs of services		(153,912)	(154,024)
Gross profit		41,743	43,927
Other income (expenses)	5	170	274
Other gains and (losses)	6	(125)	2,111
Gain (or loss) from changes in fair value		–	1,273
Administrative expenses		(26,522)	(27,973)
Finance costs	7	(9,691)	(4,967)
Profit before taxation	9	5,575	14,645
Income tax expenses	8	(471)	(3,495)
Profit for the period	9	5,104	11,150
<i>Other comprehensive income that will not be reclassified subsequently to profit or loss</i>			
– Remeasurement of defined benefit obligation		–	–
Total comprehensive income for the period		5,104	11,150
Profit for the period attributable to			
– owners of the Company		4,586	7,779
– non-controlling interests		518	3,371
		5,104	11,150
Total comprehensive income for the period attributable to			
– owners of the Company		4,586	7,779
– non-controlling interests		518	3,371
		5,104	11,150
Earnings per Share – Basic (RMB)	11	0.01	0.01

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 28 FEBRUARY 2021

	NOTES	As at	
		28 February 2021 RMB'000 (unaudited)	31 August 2020 RMB'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	12	1,364,991	1,311,630
Right-of-use assets	13	326,394	322,863
Interest in associates		17,480	17,484
Deferred tax assets		17,419	16,919
Deposits		97,464	24,070
Prepayments for purchase of property, plant and equipment		74,328	50,000
		1,898,076	1,742,966
CURRENT ASSETS			
Other receivables, deposits and prepayments	14	38,070	34,038
Amounts due from related companies	15	6,626	2,625
Financial assets at fair value through profit or loss		–	–
Bank balances and cash	16	187,858	426,772
		232,554	463,435
TOTAL ASSETS		2,130,550	2,206,401
CURRENT LIABILITIES			
Other payables and accruals	17	380,542	321,484
Contract liabilities	18	207,962	369,348
Lease liabilities		7,364	8,146
Borrowings	19	122,000	115,000
Income tax payable		40,819	40,507
		758,687	854,485
Net current (liabilities) assets		(526,133)	(391,050)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,371,943	1,351,916

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 28 FEBRUARY 2021



	NOTES	As at	
		28 February 2021 RMB'000 (unaudited)	31 August 2020 RMB'000 (audited)
NON-CURRENT LIABILITIES			
Lease liabilities		118,265	123,546
Borrowings		319,500	301,500
Defined benefit obligations		4,856	3,864
Deferred revenue	20	68,888	67,676
		511,509	496,586
NET ASSETS			
		860,434	855,330
CAPITAL AND RESERVES			
Share capital		7,138	7,138
Reserves		844,487	839,901
Equity attributable to owners of the Company		851,625	847,039
Non-controlling interests		8,809	8,291
		860,434	855,330

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT 28 FEBRUARY 2021

	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 obligation reserves RMB'000	Accumulated profits RMB'000	Non-controlling interest RMB'000	Sub-total RMB'000	Total RMB'000
At 1 September 2017 (audited)									
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
At 1 September 2019	7,138	671,945	28,805	61,843	(129)	68,337	837,939	1,631	839,570
Profit for the period	-	-	-	-	-	7,779	7,779	3,371	11,150
At 29 February 2020	7,138	671,945	28,805	61,843	(129)	76,116	845,718	5,002	850,720
At 1 September 2020	7,138	671,945	28,805	69,049	389	69,713	847,039	8,291	855,330
Profit for the period	-	-	-	-	-	4,586	4,586	518	5,104
At 28 February 2021 (unaudited)	7,138	671,945	28,805	69,049	389	24,299	851,625	8,809	860,434

Notes:

- (i) The amount comprises of those arising from group restructuring prior to the completion of the Listing and deemed contribution from the Shareholders resulting from disposal of non-schooling business in prior years.
- (ii) According to the relevant 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 2021



	For the six months ended	
	28 February 2021 RMB'000 (unaudited)	29 February 2020 RMB'000 (audited)
OPERATING ACTIVITIES		
Increase (or Decrease) in contract liabilities	(161,386)	(168,873)
Other operating cash flows	37,092	49,345
Net cash used in operating activities	(124,294)	(119,528)
INVESTING ACTIVITIES		
Payment for property, plant and equipment	(57,880)	(231,274)
Payment for leasehold land	-	(2,180)
Prepayment made for property, plant and equipment	-	-
Proceeds from disposal of property, plant and equipment	-	-
Advance to related companies	-	(303)
Contribution of equity capital to a subsidiary	(73,500)	(-)
Receipt of government grants of assets related	-	-
Acquisition of financial assets at fair value through profit or loss	-	(15,200)
Net cash used in investing activities	(131,380)	(248,957)
FINANCING ACTIVITIES		
Proceeds from borrowings	25,000	250,000
Repayment of advance from a third party	-	-
Repayment of advance from related companies	-	-
Interest paid	(8,240)	(4,734)
Net cash from (used in) financing activities	16,760	245,266
NET DECREASE IN CASH AND CASH EQUIVALENTS		
	(238,914)	(123,219)
Cash and cash equivalents at beginning of the period	426,772	336,647
Effect on exchange rate changes	-	-
Cash and cash equivalents at end of the period, represented by bank balances and cash	187,858	213,428

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 28 FEBRUARY 2021

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 Shares have been listed on the Main Board of the Stock Exchange.

The registered office and principal place of business of the Company are disclosed in the section headed “Corporate Information” in this interim report. The Company is an investment holding company. The Subsidiaries are mainly engaged in the provision of full spectrum private fundamental education, including preschool, primary, middle and high schools in the PRC.

The functional currency of the Company is Renminbi, which is also the presentation currency of the consolidated financial statements.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with HKAS 34 *Interim Financial Reporting* issued by the HKICPA as well as with the applicable disclosure requirements of Appendix 16 to the Listing Rules.

As at 28 February 2021, the Group recorded net current liabilities of approximately RMB526.1 million (after excluding the non-payment of contract liabilities of approximately RMB208.0 million). In view of these circumstances, the Directors of the Company have given consideration to the future liquidity and performance of the Group and its available sources of financing 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 for the next twelve months by taking into account the Group’s cash flow projection, unutilised banking facilities and the Group’s future capital expenditure under non-cancellable capital commitments.



3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on a historical cost basis, except for defined benefits obligations that are measured using projected unit credit method, and measured in accordance with the accounting policies which conform with the HKFRSs.

Other than changes in accounting policies resulting from application of additions and amendments to the 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 2021 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 August 2020.

Application of additions and amendments to HKFRSs and an interpretation

In the current interim period, the Group has applied, for the first time, the following additions and amendments to the HKFRSs and an interpretation issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 September 2019 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

4. REVENUE AND SEGMENT INFORMATION

The Group's revenue represents service income comprising tuition fees and boarding fees. For the provision of education services, revenue, including tuition fees and boarding fees (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. The revenue recognition of the period is six months during the Reporting Period. Tuition fees and boarding fees are generally paid in advance prior to the beginning of each school semester.

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 Youshi Kindergarten, Lidu Kindergarten, Riverside Kindergarten, Longquan Kindergarten, Qingyang Kindergarten and Peninsula Kindergarten, and the degree education provided by Jinjiang School, Longquan School, Tianfu School, Nanjiang Bojun School, Wangcang Bojun School, Pengzhou Bojun School and Lezhi Bojun School, 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 segments are the same as the Group's accounting policies described in Note 3.



4. REVENUE AND SEGMENT INFORMATION (Continued)

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 2021			
Tuition fees	24,177	165,836	190,013
Boarding fees	–	5,642	5,642
Total (unaudited)	24,177	171,478	195,655
Six months ended 29 February 2020			
Tuition fees	26,447	166,022	192,469
Boarding fees	–	5,482	5,482
Total (unaudited)	26,447	171,504	197,951

5. OTHER INCOME (EXPENSES)

	Six months ended	
	28 February 2021 RMB'000 (unaudited)	29 February 2020 RMB'000 (unaudited)
Interest income from banks	170	274
Imputed interest income from advances to the Directors	–	–
Imputed interest income from advances to related companies	–	–
Amounts received for provision of ancillary services ^(Note)	23,591	23,982
Less: relevant expenses	(23,591)	(23,982)
Others, net	–	–
	170	274

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

6. OTHER GAINS AND (LOSSES)

	Six months ended	
	28 February 2021 RMB'000 (unaudited)	29 February 2020 RMB'000 (unaudited)
Loss arising on disposal of property, plant and equipment, net	(17)	–
Net exchange loss	–	2,118
Others	(108)	(7)
	(125)	2,111

7. FINANCE COSTS

	Six months ended	
	28 February 2021 RMB'000 (unaudited)	29 February 2020 RMB'000 (unaudited)
Interest on:		
Bank borrowings	8,730	4,734
Others	961	233
	9,691	4,967

8. INCOME TAX EXPENSES

The Company and Bojun Education investment Holdings Company Limited are incorporated in the Cayman Islands and the BVI, respectively, both jurisdictions are tax exempted. Both entities did not carry out any activities in such jurisdictions.

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



8. INCOME TAX EXPENSES (Continued)

The Law for Promoting Private Education of the PRC* (《中華人民共和國民辦教育促進法》) applicable to the Group were amended and became effective from 1 September 2017 (the “**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 reasonable returns or not. Up to 28 February 2021, as informed by the PRC legal adviser of the Group, the local government authorities has not set out any specific rules regarding the registration of existing private schools as for-profit or not-for-profit schools, nor further promulgate any detailed guidelines. 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.

Implementation Opinions of Sichuan Provincial Government on Encouraging the Operation of Education by Social Forces and Promoting the Healthy Development of Private Education* (《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 Opinions**”) was promulgated in September 2018. Pursuant to the 2018 September Sichuan Implementing Opinions, 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 organisation. Up to the date of this interim report, 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 Opinions nor any detailed guideline has been further promulgated by local governmental authorities.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 28 FEBRUARY 2021

8. INCOME TAX EXPENSES (Continued)

As at 28 February 2021, further to the clarification made by local tax authority in relation to the 2018 September Sichuan Implementing Opinions, private schools which have not completed the registration as not-for-profit organisation are not exempted from the PRC EIT and are subject to the PRC EIT of 25%.

The Preschool Education is subject to the PRC EIT of 25%. According to Notice of the General Administration of Customs of State Taxation Administration of Ministry of Finance on the Taxation Policy Issues Concerning the Enhanced Implementation of the Western Development Strategy (Caishui [2011] No. 58)* (《財政部國家稅務總局海關總署關於深入實施西部大開發戰略有關稅收政策問題的通知》(財稅[2011]58號)), 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, other members of the Group which operate in the PRC are subject to PRC EIT at a rate of 25% on its taxable income.

	For the six months ended	
	28 February 2021	29 February 2020
	RMB'000	RMB'000
	(unaudited)	(audited)
Tax expense comprises:		
Current tax — PRC EIT	471	4,416
Deferred tax	—	(921)
	471	3,495



9. PROFIT FOR THE PERIOD (PROFIT BEFORE TAXATION)

Profit before taxation has been arrived at after charging:

	For the six months ended	
	28 February	29 February
	2021	2020
	RMB'000	RMB'000
	(unaudited)	(audited)
Directors' and chief executive's remuneration	1,625	797
— Salaries and other benefits	90,205	87,219
— Staff welfare	11,644	15,346
— Retirement benefit schemes	8,617	—
— defined contributions benefits	3,866	12,066
— defined benefits	1,636	319
Total staff costs	117,593	115,747
Royalty fee (included in "costs of services")	8,507	14,280
Depreciation of property, plant and equipment	20,025	18,824
Release of prepaid lease payments	3,890	1,780
Auditor's remuneration	1,324	812
Rental and property management fees	7,297	7,965
Utilities and maintenance expenses	6,119	5,580

In order to strengthen profit management, improve the Company's profitability and control costs and expenses, the Company intends to implement budget management for each entity and operating unit (school) and implement measures to reduce manpower and increase efficiency for the administrative department of the Company.

10. DIVIDEND

No dividend has been paid or declared by the Company for the six months ended 28 February 2021, nor has any dividend been proposed subsequent to 28 February 2021.

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:

	For the six months ended	
	28 February 2021 (unaudited)	29 February 2020 (unaudited)
Profit for the period attributable to the owners of the Company (RMB'000)	4,586	7,779
Weighted average number of ordinary shares issued ('000)	821,856	822,575

During the six months ended 29 February 2020 and 28 February 2021, no diluted earnings per share was presented as there were no potential dilutive shares outstanding.

12. STATUS AND MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the Reporting Period, the Group's furniture and equipment increased by approximately RMB1,258,000, buildings transfer from construction in progress increased by approximately RMB469,672,000, electronic equipment increased by approximately RMB2,394,000, mainly comprised of investment in new schools in the later stage. Leasehold improvements decreased by approximately RMB4,931,000 and construction in progress decreased by approximately RMB208,298,000 due to transfer.

As of 28 February 2021, the closing balance of fixed assets of the Group (after depreciation) were approximately RMB1,364,991,000 in total, including buildings amounting to approximately RMB998,518,000, furniture, fixtures and equipment amounting to approximately RMB38,841,000, motor vehicles amounting to approximately RMB2,967,000, electronic equipment amounting to approximately RMB7,632,000, Leasehold improvements amounting to approximately RMB56,321,000 and construction in progress amounting to approximately RMB260,712,000.



13. USE-OF-RIGHT ASSETS

	28 February 2021 RMB'000 (unaudited)	31 August 2020 RMB'000 (audited)
Non-current assets	326,394	322,863

The prepaid lease payments for land use rights 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. Leased properties are amortised on a straight-line basis over the lease contract period.

14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 28 February 2021 RMB'000 (unaudited)	29 February 2020 RMB'000 (audited)
Deposits ⁽ⁱ⁾	97,464	24,070
Prepayments	16,259	15,293
Loan to a non-controlling shareholder of a Subsidiary ⁽ⁱⁱ⁾	19,769	10,700
Advances to staff	–	5,843
Receivables	2,039	2,183
Others	3	19
Total	135,534	58,108
Less: deposits presented under non-current assets	(97,464)	(24,070)
Presented under current assets	38,070	34,038

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 28 FEBRUARY 2021

14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

Notes:

- (i) As at 28 February 2021, the balance mainly represents the non-interest bearing deposits placed to local government authorities for the Capital Injection as detailed in the announcements of the Company dated 11 September 2020, 16 October 2020 and 11 January 2021.
- (ii) The balance is non-interest bearing, unsecured and without a fixed repayment term.

The remaining receivables will be settled within 12 months and there is no history of default.

15. AMOUNTS DUE FROM RELATED COMPANIES

Name	Relationship	28 February 2021 RMB'000 (unaudited)	31 August 2020 RMB'000 (audited)
<i>Non-trade related</i>		425	2,490
Sichuan Bojun Education Investment Management Company Limited* (四川博駿教育投資管理有限公司)	Owned as to 56% and 44% by Mr. Xiong Tao and Mr. Ran Tao, respectively ^(Note i)		
Chengdu Sichuan Hongde Guanghua Advisory Limited* (成都四川弘德光華教育諮詢有限公司)	Pengzhou Bojun School is owned as to 49% by this company ^(Note ii)	5,907	–
<i>Trade related</i>		294	135
Chengdu Hengyu Industrial Company Limited* (成都恒宇實業有限公司) ("Chengdu Hengyu")	Controlled by Mr. Xiong Tao ^(Note)		
Total, presented under current assets		6,626	2,625

Note i: Both Mr. Xiong Tao and Mr. Ran Tao are Substantial Shareholders.

Note ii: Chengdu Sichuan Hongde Guanghua Advisory Limited is an investor of the Pengzhou Bojun School, a joint venture private school.

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 2021, other bank balances carry interest at prevailing market rate of 0.01% to 0.385% (31 August 2020: 0.01% to 0.385%) per annum.

During the Reporting Period, the Company has not used any other capital instrument.

17. OTHER PAYABLES AND ACCRUALS

	As at	
	28 February 2021 RMB'000 (unaudited)	29 February 2020 RMB'000 (audited)
Payables for property, plant and equipment	138,627	166,863
Miscellaneous expenses received from students ^(Note i)	100,758	71,942
Royalty fees payable	60,529	66,788
Payroll payable	1,917	7,270
Accrued expenses	–	7,262
Tax payable	311	69
Interest payable	1,285	808
Account payables for purchase of goods ^(Note ii)	12,581	–
Other payables	64,534	482
	380,542	321,484

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

Note ii: The balance is the outstanding payment before the payment date of the shopping contract, and has an average maturity of 3 months.

Other payables are non-interest-bearing and have an average maturity of 12 months.

18. CONTRACT LIABILITIES

	As at	
	28 February 2021 RMB'000 (unaudited)	31 August 2020 RMB'000 (audited)
Tuition fees	202,370	357,135
Boarding fees	5,592	12,213
	207,962	369,348

The contractual liability represents the obligation of the Group to provide educational services to students, for which the Group has received an advance payment from the students, and the balance of which will be recognised within six months after fulfilment of the contractual obligation.

19. BORROWINGS

As at 28 February 2020 and 31 August 2020, the unsecured bank borrowings of RMB122.0 million with a corporate guarantee bear variable interest at 110% to 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. Meanwhile, the unsecured long term bank borrowings of RMB319.5 million 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 six years after the end of the Reporting Period.

Short-term bank borrowings are borrowings to meet the Company's seasonal working capital shortage and are repayable on demand. The Company shall pay the current interest and repay the principal according to the agreed date of the loan contract. As of the date of this report, the Company has not committed any default.



19. BORROWINGS (Continued)

Long-term bank borrowings are project financing loans for capital replenishment due to insufficient capital for newly established schools. The Company pays the current interest according to the agreed date of the loan contract. As of the date of this report, the Company has not committed any default.

All of the Company's borrowings were authorised by the Board and were used in line with the needs of the operation and development of the Company.

20. DEFERRED REVENUE

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 February 2021 RMB'000 (unaudited)	29 February 2020 RMB'000 (unaudited)
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	–	19,620

22. RELATED PARTY TRANSACTIONS

During the six months ended 28 February 2021, the Group has incurred rental expense to Chengdu Hengyu amounting to approximately RMB98,000 (six months ended 29 February 2020: approximately RMB86,400).

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:

	For the six months ended	
	28 February 2021 RMB'000 (unaudited)	29 February 2020 RMB'000 (unaudited)
Short-term benefits	1,217	751
Post-employment benefits	408	46
	1,625	797

23. EVENTS AFTER REPORTING PERIOD

On 13 May 2021, 1,000,000 share options were granted under the Share Option Scheme at an exercise price of HK\$0.598 per Share by the Company to an employee of the Group and a council member to a Consolidated Affiliated Entity. Such share options were vested immediately and shall be valid for a period of 10 years commencing from 13 May 2021 to 12 May 2031 (both days inclusive) and exercisable at any time during which. For details, please refer to the announcement of the Company dated 13 May 2021.



“Act Best”	Act Best Global Limited (萬福全球有限公司), a company incorporated in the BVI with limited liability on 28 November 2019 and is wholly-owned by Mr. Wang Jinglei
“Act Glory”	Act Glory Global Limited (鴻藝全球有限公司), a company incorporated in the BVI with limited liability on 29 November 2019 and is wholly-owned by Act Best
“Acquisition Agreement”	an acquisition agreement entered among Chengdu Mingxian, Taoyuan Company, and Zhang Dequan, Xiang Shoucheng, Chen Song, Hu Jianguo, Li Chao and Yang Jinzhong, on 14 November 2019
“Agreement of Intent”	an agreement of intent entered among Chengdu Mingxian, Taoyuan Company, and Zhang Dequan, Xiang Shoucheng, Chen Song, Hu Jianguo, Li Chao and Yang Jinzhong, on 13 April 2020
“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 website of the Company, as amended from time to time
“Audit Committee”	the audit committee of the Board
“Authorised Representative”	authorised representative of the Company
“Board” or “Board of Directors”	the board of Directors of the Company
“Bojun Lixing”	Chengdu Bojun Lixing Education Management Company Limited* (成都博駿勵行教育管理有限公司), a limited liability company established under the laws of the PRC on 17 December 2019 and a Consolidated Affiliated Entity, which has not commenced any business

DEFINITIONS

“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
“Capital Injection”	the proposed subscription of the capital in the Shenzhen Hongyuan by Chengdu Bojun under the capital injection agreement dated 11 September 2020 entered into between Chengdu Bojun, the initial shareholder of Shenzhen Hongyuan and Shenzhen Hongyuan
“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
“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
“Degree Education”	degree education provided by the seven primary, middle and high schools, namely, Jinjiang School, Longquan School, Tianfu School, Nanjiang Bojun School, Wangcang Bojun School, Pengzhou Bojun School and Lezhi Bojun School, operated by the Group
“Director(s)”	the directors of the Company
“Global Offering”	the Hong Kong public offering and the international offering

DEFINITIONS

“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 the Subsidiaries, the entities which carried on the business of the present Group at the relevant time
“HKAS”	Hong Kong Accounting Standards issued by HKICPA
“HKFRSs”	Hong Kong Financial Reporting Standards (including Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by HKICPA
“HKICPA”	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, the Subsidiaries or any of their respective associates
“Jianyang Jinbojun”	Jianyang Jinbojun Education Management Company Limited* (簡陽金博駿教育管理有限公司), a limited liability company established under the laws of the PRC on 2 June 2020 and a Consolidated Affiliated Entity
“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”	14 May 2021, 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 Bojun School”	Lezhi Bojun School* (樂至博駿公學學校), 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

DEFINITIONS

“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 Bojun 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 Bojun School”	Pengzhou Bojun School* (彭州市博駿學校), a private, middle and high school established jointly by Chengdu Mingxian and Chengdu Sichuan Hongde Guanghua Advisory Limited* (成都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 Centre 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 EIT”	the enterprise income tax of the PRC
“PRC Operating School(s)”	Jinjiang School, Longquan School, Tianfu School, Nanjiang Bojun School, Wangcang Bojun School, Pengzhou Bojun School, Lezhi Bojun School, Peninsula Kindergarten, Youshi Kindergarten, Lidu Kindergarten, Longquan Kindergarten, Riverside Kindergarten and Qingyang Kindergarten as at the Latest Practicable Date

DEFINITIONS

“Preschool Education”	preschool education provided by the six kindergartens, namely Youshi Kindergarten, Lidu Kindergarten, Riverside Kindergarten, Longquan Kindergarten, Qingyang Kindergarten and Peninsula Kindergarten, operated by the Group
“Prospectus”	the prospectus dated 19 July 2018 issued by the Company in connection with the Global 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
“Reporting Period”	for the six months ended 28 February 2021
“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, Sichuan Boai and Lezhi Bojun, which were our school sponsors as at the Latest Practicable Date and (ii) Renshou Bojun, Zhongjiang Bojun, Bojun Lixing and Jianyang Jinbojun, which will be our school sponsors of our new schools (if any)
“SFO”	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)
“Shenzhen Hongyuan”	Shenzhen Hongyuan Education Investment Company Limited* (深圳弘遠教育投資有限公司), a limited liability company established in the PRC on 17 November 2016 and wholly owned by Pi County Langjing Industrial Company Limited* (郫縣朗經實業有限公司), a limited liability company established under the laws of the PRC on 23 July 2015 and an Independent Third Party, as at the date of this interim report
“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

DEFINITIONS

“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 shareholders’ rights entrustment agreement and the shareholders’ powers of attorney entered into by the relevant persons as detailed in the announcement of the Company dated 19 June 2020
“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
“Taoyuan Company”	Sichuan Jiuzhou Taoyuan Eco-tourism Development Limited* (四川九洲桃源裡生態旅遊開發有限公司), a company incorporated in the PRC with limited liability on 24 July 2017
“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
“USA Bojun”	USA Bojun Education, Inc., a company incorporated under the laws of State of California, the United States, with limited liability, on 19 August 2016 and a wholly-owned Subsidiary
“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 Bojun 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

DEFINITIONS

“Zhongjiang Bojun”	Zhongjiang Bojun Education Management Company Limited* (中江博駿教育管理有限公司), a limited liability company established under the laws of the PRC on 18 October 2018 and a Consolidated Affiliated Entity, which has not commenced any business
“%”	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.

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.

