



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



2022 INTERIM REPORT

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COMPANY PROFILE



We are one of the leading private education service groups in Sichuan Province, the PRC with a track record of more than 21 years in the provision of private education services. We operate our own high schools and intend to enter the vocational education sector through acquisitions. We also provide education management services to school-age students and educational institutions, including kindergarten management services, overseas education consulting service, and supplemental services etc. As at 28 February 2022, we operated one high school in Chengdu, Sichuan Province. For compliance of the PRC law and requirements of the business plans of the Group, we are transforming two kindergartens into profitable kindergartens. As at 28 February 2022, we had an enrolment of approximately 151 students supported by 78 employees, including 21 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. In March 2021, we launched Tianfu High School. Since September 2019, we established four Bojun Schools successively in Sichuan Province with a new brand "Bojun School" (博駿公學). As the Regulations for the Implementation of the Private Education Promotion Law of the PRC* (《中華人民共和國民辦教育促進法實施條例》) (the "**Implementation Regulations**") have been effective from 1 September 2021 onwards. The Group deconsolidated the affected entities. Our remaining businesses principally provide education services to high school students in

the PRC. As at the Latest practicable Date, Riverside Kindergarten and Lidu Kindergarten have been transformed to for-profit ones. In addition, we have started the layout for private vocational education sector. We have entered into equity transfer agreements with certain parties to acquire equity interests of entities in the vocational education sector in December 2021.

We focus on providing quality education services with a strong emphasis on the all-round development of students, while keeping up with the national education strategic development plans and restructuring our business in a timely manner. With increasing demand for quality private education from parents in the PRC, we have made significant progress since opening our first school back in 2001. With the experience gained over the years and the dedication of our management team, we have built a strong reputation for quality in the industry, which will allow us to attract talented students and outstanding teachers to enhance and cement our market position in the private 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#

Zhonghui Anda CPA 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 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

* PKF Hong Kong Limited resigned as the auditor of the Company with effect from 22 July 2022 and ZHONGHUI ANDA CPA Limited was appointed as the auditor of the Company with effect from 29 July 2022



CORPORATE INFORMATION

REGISTERED OFFICE

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Hutchins Drive
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Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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Chengdu, Sichuan Province
The PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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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
17/F, Far East Finance Centre
16 Harcourt Road, Hong Kong

STOCK CODE

1758

COMPANY'S WEBSITE

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INVESTOR RELATIONS

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with effect from 15 July 2022

OPERATING AND FINANCIAL HIGHLIGHTS



Operating information	As at		Change	Percentage Change
	28 February 2022	28 February 2021		
Continuing operations				
Total number of students (high school)	151	–	N/A	N/A
Total number of teachers	21	–	N/A	N/A
Total school capacity	1,500	–	N/A	N/A
Overall school utilisation rate	10.1%	–	N/A	N/A

Selected financial information RMB'000 (unless otherwise stated)	For the six months ended		Change	Percentage Change
	28 February 2022 (unaudited)	28 February 2021 (unaudited and restated)		
Continuing operations				
Revenue	5,970	–	5,970	N/A
Gross profit	2,903	(10,441)	13,344	N/A
Profit for the period attributable to owners of the Company	(14,115)	(25,514)	11,399	44.7%
Profit for the period	(14,115)	(25,514)	11,399	44.7%
Basic earnings per share (RMB cents)	(1.71)	(3.10)	1.39	44.8%

Note: Upon the promulgation of the Implementation Regulations, the management of the Group assessed the impact and come to the following conclusions: (i) the assets and liabilities relating to the affected businesses have been deconsolidated from 31 August 2021 forward in the Group's consolidated financial statements; and (ii) the operating segments relating to the affected businesses are discontinued operations and the consolidated statement of profit or loss and other comprehensive income for the six months ended 28 February 2021 has been restated to conform to the current period's presentation.

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 2022. Thus, the information on adjusted net profit is not included in this report.

OPERATING AND FINANCIAL HIGHLIGHTS

Continuing operations

RMB'000	For the six months ended	
	28 February 2022 (unaudited)	28 February 2021 (unaudited and restated)
Profit for the period	(14,115)	(25,514)
Less:		
Non-controlling interests	–	–
Profit for the period attributable to owners of the Company	(14,115)	(25,514)

(RMB'000, unless otherwise stated)	As at 28 February 2022 (unaudited)	As at 31 August 2021 (audited)	Change	Percentage Change
Bank balances and cash	57,327	93,214	(35,887)	(38.5%)
Contract liabilities	3,473	7,296	(3,823)	(52.4%)
Deferred revenue	71,455	72,222	(767)	(1.1%)
Gearing ratio ^(note)	235.0%	213.0%	(22.0%)	(10.3%)

Note: The Group has repaid a loan of RMB14 million as planned, but the operating loss for the six months ended 28 February 2022 has reduced the amount of capital and reserves, resulting in an increase in gearing ratio.

RMB'000 (unless otherwise stated)	For the six months ended			
	28 February 2022 (unaudited)	28 February 2021 (unaudited and restated)	Change	Percentage Change
Net cash used in operating activities	90,342	104,310	(13,968)	(13.4%)
Net cash used in investing activities	(105,556)	(120,779)	15,223	12.6%
Net cash from (used in) financing activities	(20,673)	(49,113)	28,440	57.9%



BUSINESS REVIEW

The Group is one of the leading private education service groups in Sichuan Province, the PRC, with a proven record of more than 21 years in the provision of private education services.

Adhering to the concepts of “Fusion of Chinese and Western, Combination of Arts and Science” (融貫中西·文理並蓄) and “Learn Intently in Pursuit of Knowledge and Caring for the World” (靜學問道·天下關懷), the Group has strengthened the study of basic subjects according to the education rules and the law of growth of people. Meanwhile, we provide high-quality and comprehensive education services to our students through customised courses. In recent years, private schools in Sichuan Province and Chengdu City have continued to improve their teaching quality and quality of education, which attracts more students to apply to private schools. In view of our good reputation in school operation, the Group is optimistic about the opportunities brought by the strong demand for high-quality private education in Southwest China. The Group will continue to focus on the expansion of independent kindergartens, high schools and vocational education in Sichuan Province and actively pursue more opportunities to continuously expand our education services.

On 14 May 2021, the State Council promulgated the Implementation Regulations, which became effective on 1 September 2021. (please see **Latest Regulatory Developments** for details.) The Implementation Regulations imposed significant uncertainties and restrictions on the Group’s control over the affiliated entities operating private schools offering compulsory education and non-profit kindergartens (the “**Affected Entities**”). Upon the promulgation of the Implementation Regulations, the management of the Group assessed the impact and come to the following conclusions: (i) the assets and liabilities relating to the affected businesses have been deconsolidated from 31 August 2021 forward in the Group’s consolidated financial statements; and (ii) the operating segments relating to the affected businesses are discontinued operations and the consolidated statement of profit or loss and other comprehensive income for the six months ended 28 February 2021 has been restated to conform to the current period’s presentation. At the same time, the Group leverages its experience accumulated from school operation over the years as a starting point to actively and rapidly develop new businesses, particularly in private independent high schools and private vocational education institutes, subject to the compliance with the PRC laws and regulations.



MANAGEMENT DISCUSSION AND ANALYSIS

After the outbreak of the COVID-19 pandemic in early 2020, the PRC government has implemented various epidemic prevention and control measures and achieved remarkable results. Our schools and kindergartens have implemented strict epidemic prevention and control measures in accordance with the instructions of relevant government authorities. As at 28 February 2022, none of our students and teachers has been infected with the COVID-19 virus. The Group will continue to strictly implement the epidemic prevention and control measures issued by the PRC government, carry out such measures conscientiously, and resolutely build the defense line of epidemic prevention and control, so that all of our business units can operate normally.

Our Schools

Sichuan New Tianfu District No. 1 High School Attached to Sichuan Normal University* (四川天府新區師大一中高級中學)

To satisfy the demand for high-quality education from parents and students, the Group decided to open an independent high school in the autumn of 2019, which not only fills the gap of the lack of high school in the Tianfu New Area and strengthens the Group's branding strategy, but also eases the social concern that students in the area can hardly gain access to quality high school education. In March 2021, Tianfu High School was officially established. The school is a for-profit private high school providing degree education and has a designed capacity of 1,500 students. The tuition fee is fixed at RMB42,000 per school year. The autumn enrolment of Tianfu High School in 2021 has been completed with a number of 151 students in total. As at 1 September 2022, it has enrolled 601 students in total.

As at 28 February 2022, there were 152 students enrolled in Tianfu High School.



Teachers and Teacher Recruitment

We believe that teachers are the key to maintaining our high standards of educational programmes and services as well as safeguarding the reputation of our schools. We consider that teachers should act as role models for our students and, therefore, they should be competent in teaching and dedicated to their teaching profession and the well-being of students. Hiring teachers who meet the recruitment requirements and thrive in our schools is essential for both the development of our students and the success of our schools. In addition to hiring outstanding teachers, our schools also regularly invite nationally renowned education experts to participate in our classroom teaching and provide hands-on guidance to our teachers in relation to teaching skills of various academic subjects. All of these help accelerate the growth of a large number of young and middle-aged teachers through educational research to ensure the overall quality and stability of the teaching staff.

As at 28 February 2022, there were a total of 21 teachers in Tianfu High School. The school plans to recruit more teachers later to address the needs of the increasing number of students properly.

OUR BUSINESS DEVELOPMENT STRATEGIES AND PLANS Developments in the Vocational Education Industry

Since the reform and opening-up of the PRC market, vocational education has provided a large number of talents to support the economic and social development of the PRC. As the PRC enters a new stage of development, the rates of industrial upgrade and economic restructuring are accelerating, and the demand for technically skilled personnel in various industries is becoming more and more urgent.

We believe that the key to vocational education lies in matching market demands with talents well. The Implementation Plan for the National Vocational Education Reform* (《國家職業教育改革實施方案》) issued by the State Council in 2019 emphasised that vocational education and general education are equally important. In October 2021, the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council issued the Opinions on Promoting the High-quality Development of Modern Vocational Education* (《關於推動現代職業教育高質量發展的意見》) and a notice requesting all regions and departments to implement them in a conscientious manner with consideration of the actual situation. As a developing project supported by the government, vocational education should be one of the development directions of private education. Therefore, the Group decided to optimise its operating structure and initiate a strategic move into this sector. On 8 December 2021, the Group entered into equity transfer agreements with various parties for acquisition of equity interests in entities in the vocational education industry. Meanwhile, the Group has also formulated the development direction of vocational education and the number of students in the schools affiliated to the Group will be further expanded upon the completion of equity transactions of vocational education entities.

Transforming the Existing Business

Due to the impact of the Implementation Regulations, the Group has decided to take measures to optimise its operating structure to mitigate the impact of the Implementation Regulations: (i) the Group will consider to transform high schools sharing unified licenses with the existing schools providing compulsory education (the “**mixed high schools**”) to high schools with independent operating licenses in the PRC (the “**independent high schools**”); (ii) the Group’s Nanjiang School and Wangcang School are planning to gradually transform to intermediate vocational and technical schools upon the graduation of the existing students related to compulsory education; and (iii) all existing not-for-profit kindergartens will be transformed to for-profit kindergartens. As at the date of this report, Lidu Kindergarten and Riverside Kindergarten have completed their conversion to for-profit kindergartens.



Providing Overseas Education Consulting Services

Adhering to the original intention of education and with the core concept of cultivating talents with international vision and sound personality, Bojun delivers a wide range of high-end international education services to students of all ages. For each client, the “T2P” or “team to individual” service model is adopted, in which experienced teachers provide one-on-one guidance to clients in every aspect and tailor-make individual solutions of study planning and application to achieve an effective integration of standardisation and personalisation to ultimately assist students in their growth.

Our study abroad planning and application process is customised and supervised by our education director. Our excellent writing team and teaching guidance team can also help students better represent their strengths and personal characteristics to help them get the suitable admissions for themselves and escort each student along the path of learning.

The study abroad service team was established in November 2021 and is expected to generate operating income in 2022.

Education Management Services

Since 2001, Sichuan Boai and Chengdu Youshi Preschool Company have successfully established six kindergartens in Chengdu, Sichuan Province with a high starting point by combining modern preschool education philosophy, strong teams of experts and abundant teaching resources. After decades of development, “Youshi Kindergarten” has become a distinguished kindergarten brand. Its school quality has been highly recognised by education authorities, parents and kindergarten peers, and has won many awards for teaching achievements at national, provincial and municipal levels, sustaining a high media exposure and market appeal in the province.

Sticking to the tenet of providing quality education with philanthropy, cutting-edge education with scientific research, and characteristic education with cultural deposit, the Group will continue to coordinate with the six kindergartens in depth and develop the brand of early childhood education, and plan to find more partners to realise the output of comprehensive education management of kindergartens, so as to reach a win-win situation for all parties. Currently, the Group has reached initial agreements in cooperation with a number of kindergartens.



Extra-curricular Activities

Camp education originated in the United States and has been around for more than 150 years. The camp education programme is a useful supplement to classroom education, as it is the best way for young people to develop practical and collaborative skills. In 2021, the Group began exploring the camp education services industry, as both primary and middle schools need to provide extended education services to their students. Camp education provides a venue for students and enables schools to use the venue for extended education, such as organising educational camps and day camps. Together with the Group's past experience in school operation and educational resources, it is more feasible to operate camp education targeted for primary and middle school students and make profits. Therefore, the Group expects to launch camp education services in 2022/23 school year.

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 the students. The Group has on-site medical staff or health care personnel at each of the schools to deal with daily medical situations involving the students. For certain serious emergency medical situations, the Group will promptly send the students to local hospitals for medical treatment. Regarding security at the schools, the Group employed qualified property management companies to provide property security services at the Group's school premises.

To the best of the knowledge of the Board and the management of the Group, the Group has complied with relevant laws and regulations that have a significant impact on the business and operations of the Group in all material respects. During the six months ended 28 February 2022, the Group had no material breach or non-compliance with applicable laws and regulations.



Latest Regulatory Developments

Regulations for the Implementation of the Private Education Promotion Law of the PRC* (《中華人民共和國民辦教育促進法實施條例》), i.e. the Implementation Regulations

On 14 May 2021, the State Council promulgated the Implementation Regulations, which became effective from 1 September 2021. The Implementation Regulations state that: (1) no social organisation or individual shall control private schools that implement compulsory education or non-profit private schools that implement preschool education through merger and acquisition or control agreement; and (2) private schools that implement compulsory education shall not enter into transactions with stakeholders. Other private schools shall follow the principles of openness, fairness, equity, reasonable pricing, and standardised decision making, and shall not harm the interests of the state, the interest of our schools and the rights of our teachers and students when conducting transactions with stakeholders. Private schools shall establish an information disclosure system for transactions with stakeholders. Education, human resources and social security as well as financial departments shall strengthen the supervision of agreements between non-profit private schools and stakeholders, and conduct annual reviews of related transactions.

The Company will closely follow the development of the Implementation Regulations and continuously assess its possible impact on the Company of the implementation. The Company will make further announcements in respect thereof in accordance with 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 efforts to fulfill the Qualification Requirement, we have adopted specific plans and taken concrete steps reasonably considered by us to be significant to indicate our compliance with the Qualification Requirement. On 19 August 2016, we established US Bojun as an operating entity in the USA. On 29 January 2018, we, through US Bojun, entered into a memorandum of understanding with the US Partner, an institution which had extensive experience in provision of private education services in the United States, 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 programs 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 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 the adjustments on the Company’s development strategies, 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 advisor indicated to the Group that the relevant regulatory developments and guidance related to the Qualification Requirement have not changed as at the date of this report.



FINANCIAL REVIEW

Upon the promulgation of the Implementation Regulations, the management of the Group assessed the impact and come to the following conclusions: (i) the assets and liabilities relating to the affected businesses have been deconsolidated from 31 August 2021 forward in the Group's consolidated financial statements; and (ii) the operating segments relating to the affected business are discontinued operations and the consolidated statement of profit or loss and other comprehensive income for the six months ended 28 February 2021 has been restated to conform to the current period's presentation.

Revenue

We derive revenue from tuition fees and boarding fees collected by our schools from students as well as from providing consulting services to individuals and comprehensive education management services to kindergartens. The following table sets forth the breakdown of major components of the revenue for the periods indicated:

	28 February 2022 RMB'000 (unaudited)	For the six months ended		28 February 2021 RMB'000 (unaudited)	Percentage of total revenue %
		Percentage of total revenue %	Percentage of total revenue %		
Tuition fees and boarding fees	4,090	68.51	–	N/A	
Education advisory and management service fees	1,880	31.49	–	N/A	
Total	5,970	100.00	–	N/A	

For the six months ended 28 February 2022, our revenue was approximately RMB6.0 million. Given that most of the Group's income from compulsory education and preschool education could not be included in the consolidated financial statements due to the implementation of the Implementation Regulations. In this regard, from 1 September 2021, the Group has actively carried out a restructuring plan, vigorously developed its for-profit high schools and for-profit kindergartens, and expanded its business to education advisory and management services. However, as the above businesses have yet to realise any income during the six months ended 28 February 2022, the operating revenue for the period is nil.

Costs of services

Our costs of services primarily consist of staff costs, depreciation, rental expenses and other costs. For the six months ended 28 February 2022, our costs of services represented approximately 51.4% of our total revenue. 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 2022 RMB'000 (unaudited)	28 February 2021 RMB'000 (unaudited)
Staff costs	2,322	–
Depreciation of property and equipment	8	10,441
Royalty fees	–	–
Rental and property management fees	–	–
Office expenses	12	–
Repair and maintenance	29	–
Utilities expenses	2	–
Training expenses	14	–
Canteen operating costs	443	–
Others	237	–
Total	3,067	10,441

Given that most of the Group's costs of services in compulsory education and preschool education could not be included in the consolidated financial statements due to the implementation of the Implementation Regulations, for the six months ended 28 February 2021, our costs of services only included the depreciation expenses on property and equipment of the Group of approximately RMB10.4 million. Our costs of services was approximately RMB3.1 million for the six months ended 28 February 2022, of which:

- (i) staff costs for the six months ended 28 February 2022 were approximately RMB2.3 million. Such costs comprised of the remuneration packages for the newly recruited teachers and teaching staff in Tianfu High School and the salaries for the newly formed education advisory and management service team for the six months ended 28 February 2022; and



- (ii) depreciation expenses on property and equipment decreased to approximately RMB8,000 for the six months ended 28 February 2022 from approximately RMB10.4 million for the six months ended 28 February 2021. Owing to the Group’s business reorganisation, such depreciation expenses on property and equipment were reclassified to administrative expenses as at 1 September 2021.

Gross profit and gross profit margin

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

	For the six months ended					
	28 February 2022			28 February 2021		
	Segment revenue RMB'000	Gross profit RMB'000	Gross profit margin %	Segment revenue RMB'000	Gross profit RMB'000	Gross profit margin %
Tuition fees and boarding fees	4,090	1,296	31.7%	-	-	N/A
Education advisory and management service fees	1,880	1,607	85.5%	-	-	N/A
Total	5,970	2,903	48.6%	-	-	N/A

The gross profit margin of tuition fees and boarding fees of our high school for the six months ended 28 February 2022 was approximately 31.7%, and the gross profit margin of education advisory and management services fees was approximately 85.5%. Given that our education advisory and management services rely heavily on the output of our education branding and integrated management services deposited along the accumulation of the Group’s teaching resources and management competencies in past years, which includes the connected transactions with the Group’s affiliated kindergartens as disclosed, the gross profit margin of our education advisory and management services is relatively higher than that of our teaching and boarding services.

Other income and (expenses)

For the six months ended 28 February 2022, our other income and (expenses) primarily consist of interest income from banks of approximately RMB79,000 and deferred revenue realised of RMB767,000.

Other gains and (losses)

For the six months ended 28 February 2022, our other gains and (losses) primarily comprised of loss from disposal of motor vehicles of RMB81,000.

Administrative expenses

Administrative expenses primarily consist of depreciation expenses on fixed assets, administrative staff costs, professional consultation fees including audit, legal, financial advisor fees, as well as certain other administrative expenses of the Group. Other administrative expenses generally include staff travel expenses, management meetings expenses and welfare expenses.

Administrative expenses increased by approximately RMB1.4 million (or 9.0%) from approximately RMB15.2 million for the six months ended 28 February 2021 to approximately RMB16.6 million for the six months ended 28 February 2022, mainly attributable to the increase of depreciation expenses on fixed assets and professional consultation fees of the Group.

Finance costs

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

Finance costs increased by approximately RMB0.5 million (or 71.4%) from approximately RMB0.7 million for the six months ended 28 February 2021 to approximately RMB1.2 million for the six months ended 28 February 2022, mainly attributable to the increase of loan interest related to the Group's fixed assets for the six months ended 28 February 2022.



Taxation

Income tax expenses amounted to approximately RMB182,000 and RMB192,000 for the six months ended 28 February 2021 and 28 February 2022, respectively. The increase was mainly due to the recognition of deferred income tax.

Profit for the period

Our profit for the period presented as a loss reduced by approximately RMB11.4 million (or 44.7%) to approximately RMB14.1 million for the six months ended 28 February 2022 from a loss of approximately RMB25.5 million for the six months ended 28 February 2021. The decrease in loss was primarily attributable to (i) an increase in revenue of approximately RMB6.0 million from tuition fees and boarding fees for high schools as well as the education advisory and management service fees; (ii) a decrease in service costs of approximately RMB7.4 million; and (iii) an increase in administrative expenses of approximately RMB1.4 million for the six months ended 28 February 2022.

Contract liabilities

We accounted tuition fees and boarding fees collected initially as a liability under contract liabilities and recognized such amount as revenue proportionately over the relevant period of the applicable programmes. Contract liabilities decreased by approximately RMB3.8 million (or 52.1%) to approximately RMB3.5 million as at 28 February 2022 from approximately RMB7.3 million as at 31 August 2021. The decrease was primarily due to the completion of education services provision corresponding to the fees collected by schools.

Adjusted net profit

The adjusted net profit eliminates the effect of certain non-cash or one-off items. The term “adjusted net profit” has not been defined under HKFRS. As a non-HKFRS measure, adjusted net profit is presented as our management believes that such information will be helpful for our investors to assess the effect of certain non-cash or one-off items on net profit. The financial report for this reporting period does not involve any non-cash or one-off items.

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 shall be repayable within one year after the end of the Reporting Period, amounted to approximately RMB30.0 million as at 28 February 2022, compared to that of approximately RMB20.0 million as at 28 February 2021. At the same time, the unsecured long-term bank borrowings with corporate guarantee of approximately RMB134.3 million shall be repayable within five years after the end of the Reporting Period, decreased by RMB24.7 million to approximately RMB159.0 million as at 28 February 2021. Bank borrowings of the Group were bearing a fixed interest rate of 7.0% and primarily used in financing the working capital requirement of its operations and school constructions. The cash and cash equivalents of the Group are denominated in RMB. Our cash and cash equivalents amounted to approximately RMB93.2 million and RMB57.3 million as at 31 August 2021 and 28 February 2022, respectively.

Our principal uses of cash have been for funding working capital, purchase of property 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 2022, 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.



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

	For the six months ended	
	28 February 2022	28 February 2021
	RMB'000	RMB'000
	(unaudited)	(unaudited and restated)
Net cash used in operating activities	90,342	(124,294)
Net cash used in investing activities	(105,556)	(131,380)
Net cash from (used in) financing activities	(20,673)	16,760
Net increase (decrease) in cash and cash equivalents	(35,887)	(238,914)
Cash and cash equivalents at the beginning of the period	93,214	426,772
Effect of exchange rate changes	-	-
Cash and cash equivalents at the end of the period, represented by bank balances and cash	57,327	187,858

For the six month ended 28 February 2022, the net decrease in cash and cash equivalents was approximately RMB35.9 million, which was approximately RMB203.0 million lower as compared to the net decrease in cash and cash equivalents of approximately RMB238.9 million for the six month ended 28 February 2021, which was mainly due to the decrease of RMB157.5 million in contract liabilities and the decrease of RMB25.8 million in the net cash used in investing activities.

Capital Expenditures

Our capital expenditures were primarily related to (i) development and construction of new schools; (ii) maintenance, renovation, expansion and upgrading of our existing schools; (iii) recovery of share capital from a subsidiary. The following table sets forth our additions of property and equipment and the amount involved in investments, for the periods indicated:

	For the six months ended	
	28 February 2022 RMB'000 (unaudited)	28 February 2021 RMB'000 (unaudited and restated)
Payment for property and equipment	(110,684)	(47,279)
Proceeds from disposal of property and equipment	128	–
Recovery of share capital from a subsidiary	5,000	–
Investment rights in respect to prepayments for the proposed Capital Injection	–	(73,500)
Net cash used in investing activities	(105,556)	(120,779)

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.

Gearing Ratio

Gearing ratio is calculated by dividing total debts (which equals to 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 213.0% as at 31 August 2021 to approximately 235.0% as at 28 February 2022, as the Group's operating loss for the six months ended 28 February 2022 caused the decrease in capital and reserve, resulting in an increase in the gearing ratio.



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 2022, 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 2022.

Contingent Liabilities

As at 28 February 2022, the Group did not have any material contingent liabilities (31 August 2021: nil).

Source and Use of Funds and Future Financial Policies

As at 28 February 2022, the Group recorded net current liabilities of approximately RMB224.7 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.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

Lapsed Major Transaction in Relation to Subscription of Equity by Capital Injection

On 11 September 2020, Chengdu Bojun, Pi County Langjing Industrial Company Limited* (郫縣朗經實業有限公司) and Shenzhen Hongyuan Education Investment Company Limited* (深圳弘遠教育投資有限公司) ("**Shenzhen Hongyuan**") entered into a capital injection agreement, pursuant to which Chengdu Bojun agreed to subscribe for new capital of Shenzhen Hongyuan in the aggregate amount of RMB245.0 million. On 11 August 2021, such agreement lapsed and, as such, shall cease to have effect and no parties to which shall have any obligations and liabilities toward each other thereunder, except concerning the prepayment of RMB73.5 million (the "**Prepayment**") made by Chengdu Bojun to Shenzhen Hongyuan pursuant to such agreement. On 31 August 2021 and 25 November 2021, the parties agreed on extension of due date of refund of the Prepayment. For details, please refer to the announcements of the Company dated 11 September 2020, 16 October 2020, 30 November 2020, 19 August 2021, 31 August 2021 and 25 November 2021.



Future Plans for Material Investments and Capital Assets

Acquisition of 51% Equity Interests in Two Companies Engaging in Provision of Vocational Training

On 8 December 2021:

- (i) the Company, Sichuan Yunmao Education Management Company Limited* (四川云懋教育管理有限公司) (“**Sichuan Yunmao**”), Chengdu Bomao Education Management Company Limited* (成都博懋教育管理有限公司) (“**Chengdu Bomao**”), Shenzhen Hongyuan, Sichuan Zhengzhuo Industrial Company Limited* (四川正卓實業有限公司) (“**Sichuan Zhengzhuo**”), Sichuan Zhengzhuo Education Investment Company Limited* (四川正卓教育投資有限公司) (the “**Target Company A**”) and Chengdu Bojun entered into an equity transfer agreement, pursuant to which Sichuan Yunmao and Chengdu Bomao conditionally agreed to purchase, and Shenzhen Hongyuan and Sichuan Zhengzhuo conditionally agreed to sell 26.5% and 24.5% of the equity interest in the Target Company A, respectively, in the aggregate consideration of RMB283,050,000, out of which (a) RMB147,075,000 will be settled by cash, with the Prepayment used to set off part of such cash consideration to Shenzhen Hongyuan; and (b) RMB135,975,000 will be settled by allotment and issue of 195,371,993 consideration shares at the issue price of HK\$0.85 per share by the Company to Sichuan Zhengzhuo (or its nominee); and
- (ii) the Company, Sichuan Yunmao, Chengdu Bomao, Shenzhen Hongyuan, Sichuan Zhengzhuo and Sichuan Gaojiao Investment Company Limited* (四川高教投資有限公司) (the “**Target Company B**”) entered into an equity transfer agreement, pursuant to which Sichuan Yunmao and Chengdu Bomao conditionally agreed to purchase, and each of Shenzhen Hongyuan and Sichuan Zhengzhuo conditionally agreed to sell 25.5% of the equity interest in the Target Company B, in the aggregate consideration of RMB26,010,000, out of which (i) RMB13,005,000 will be settled by cash to Shenzhen Hongyuan, and; (ii) RMB13,005,000 will be settled by allotment and issue of 18,685,881 consideration shares at the issue price of HK\$0.85 per share by the Company to Sichuan Zhengzhuo (or its nominee).

The Group intends to settle the consideration with issue of consideration shares and internal resources.

As at the Latest Practicable Date, the Group is in the process of preparing a circular in respect of the transaction. For details, please refer to the announcements of the Company dated 8 December 2021, 31 January 2022 and 28 February 2022.

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 2022, 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
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 2022, the Group held approximately 33.3% equity interests in Chengdu Tongxing Wanbang Enterprise Management Centre LLP* (成都同興萬邦企業管理中心(有限合夥)) with investment amounting to RMB17.5 million. Such entity is primarily engaged in the business of providing cultural activities services including display services in conferences and exhibitions, organising large-scale events and corporate image planning services. For the six months ended 28 February 2022, the Group has recovered RMB5.0 million of the investment amount as the proposed investment project of the entity is still in the initial phase, and the entity has not yet generated any income. As daily operational expenditure is incurred, the Group shared a loss of approximately RMB3,000 from the entity for the six months ended 28 February 2022.

SIGNIFICANT LEGAL PROCEEDINGS

For the six months ended 28 February 2022, 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.

Company's Suspension of Trading

Trading in shares of the Company on the Stock Exchange was suspended from 9:00 a.m. on 30 November 2021 and remained suspended as at the date of this report. For details, please refer to the announcement of the Company dated 30 November 2021.

EMPLOYEE BENEFITS

As at 28 February 2022, the Group had 78 employees and participated 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 2022, the staff costs (including directors' fees) amounted to approximately RMB2.3 million.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 28 February 2022, 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 2022, 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 2022 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 2022, 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%
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 4 and 5)	Beneficial owner	150,000,000	Long position	18.25%

OTHER INFORMATION

Name	Capacity/Nature of interest held	Number of Shares	Long position/ Short position	Approximate percentage of shareholding held in the Company
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) ^(Note 4)	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 4)	Interest in a controlled corporation	150,000,000	Long position	18.25%
Shanghai Shenlian Investment Management Company Limited* (上海申聯投資管理有限公司) ^(Note 4)	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 4)	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 4)	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 4)	Interest in a controlled corporation	150,000,000	Long position	18.25%
China First Capital Group Limited ^(Note 4)	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 5)	Interest in a controlled corporation	150,000,000	Long position	18.25%

OTHER INFORMATION



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 the 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 the SFO.
4. 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, 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 liability company 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 the 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.
5. 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.

Save as disclosed above, as at 28 February 2022, 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).

(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 of the Company 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 6 years and 6 months as at the date of this report.

On 12 July 2018, a share option scheme (the **"Share Option Scheme"**) was conditionally approved and adopted pursuant to a written resolution passed by the shareholders. The Share Option Scheme will remain in force for a period of 10 years from the date of its adoption. On 13 May 2021, the Company granted 1,000,000 share options at an exercise price of HK\$0.598 per share. The share options shall be valid for a period of 10 years commencing from the date of grant to 12 May 2031 (both days inclusive). As at 28 February 2022, 1,000,000 share options remained outstanding under the Share Option Scheme.

INTERIM DIVIDENDS

The Board does not recommend the payment of interim dividends for the six months ended 28 February 2022.

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

For the six months ended 28 February 2022, neither the Company nor any of the subsidiaries had purchased, sold or redeemed any listed securities of the Company.

SUBSEQUENT EVENTS

Disposal of 51% of Equity Interest in Pengzhou Bojun School

On 27 August 2021, Chengdu Mingxian entered into the Termination Agreement with Hongde Guanghua, Pengzhou Bojun School, and the Guarantors, pursuant to which, among others, Chengdu Mingxian has agreed to terminate the Cooperation Agreement. Pursuant to such termination, the Group ceased to own 51% equity interest in Pengzhou Bojun School and Chengdu Mingxian ceased to be the school sponsor of Pengzhou Bojun School with effect from 19 August 2022. As at the Latest Practicable Date, Pengzhou Bojun School is not a Consolidated Affiliated Entity and the Group has received RMB3,000,000 out of the RMB41,164,941.29 funds to be refunded. For further details, please refer to the paragraph headed "Material acquisitions and disposals of subsidiaries, associates and joint ventures" in this report.

Provision of Education Service to Various Kindergartens

On 31 May 2022, Chengdu Bojun and the School Sponsors (together the "**Service Providers**") and Peninsula Kindergarten, Longquan Kindergarten, Qingyang Kindergarten, Riverside Kindergarten and Youshi Kindergarten (collectively the "**Kindergartens**") entered into a management agreement with Service Providers providing various management services to the Kindergartens for 2021/22 school year. On 30 June 2022, such management agreement was renewed on an expanded service scope for 2022/25 school years. For details, please refer to the announcements of the Company dated 31 May 2022, 30 June 2022 and 4 July 2022, and the circular of the Company dated 1 September 2022.

Change of Chief Financial Officer

Mr. Tang Peng was appointed as the chief financial officer in the place of Mr. Wang Chunguo with effect from 31 May 2022. For details, please refer to the announcement of the Company dated 31 May 2022.



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 2022.

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 Part 2 of 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 (provision renumbered as C.2.1 since 1 January 2022), 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 (provision renumbered as C.2.1 since 1 January 2022), the roles of chairman and chief executive officer should be separate and performed by different individuals. 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 2022 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 2022



	NOTES	For the six months ended	
		28 February 2022 RMB'000 (unaudited)	28 February 2021 RMB'000 (unaudited and restated)
Continuing operations			
Revenue from provision of education services	4	5,970	–
Costs of services		3,067	(10,441)
Gross profit (loss)		2,903	(10,441)
Other income (expenses)	5	866	789
Other gains and (losses)	6	81	4
(Loss) gain from changes in fair value		(3)	168
Administrative expenses		(16,553)	(15,186)
Finance costs	7	(1,217)	(666)
Loss before taxation	9	(13,923)	(25,332)
Income tax expenses	8	(192)	(182)
Loss for the period	9	(14,115)	(25,514)
Discontinued operations			
Profit for the period	10	–	30,618
Continuing and discontinued operations			
(Loss) profit for the period		(14,115)	5,104
Continuing and discontinued operations			
<i>Other comprehensive income that will not be reclassified subsequently to profit or loss</i>			
— Remeasurement of defined benefit obligation		–	–
Total comprehensive (expense) income for the period		(14,115)	5,104

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 28 February 2022

	NOTES	For the six months ended	
		28 February 2022 RMB'000 (unaudited)	28 February 2021 RMB'000 (unaudited and restated)
Discontinued operations	10		
Profit for the period attributable to			
— Owners of the Company		—	30,100
— Non-controlling interests		—	518
		—	30,618
Continuing operations			
Profit for the period attributable to			
— Owners of the Company		(14,115)	(25,514)
— Non-controlling interests		—	—
		(14,115)	(25,514)
Continuing operations			
Total comprehensive income for the period attributable to			
— Owners of the Company		(14,115)	(25,514)
— Non-controlling interests		—	—
		(14,115)	(25,514)
Earnings (loss) per share — (RMB cents)	11		
— Continuing operations		(1.72)	(3.10)
— Discontinued operations		—	3.66
— Total		(1.72)	0.56

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 28 February 2022



		As at	
		28 February 2022	31 August 2021
	NOTES	RMB'000 (unaudited)	RMB'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	12	662,520	658,889
Right-of-use assets	13	99,452	100,812
Interest in associates		12,475	17,478
Deferred tax assets		17,864	18,055
Deposits		78,230	91,553
		870,541	886,787
CURRENT ASSETS			
Other receivables, deposits and prepayments	14	3,647	72,659
Amounts due from related companies	15	221,795	143,101
Bank balances and cash	16	57,327	93,214
		282,769	308,974
TOTAL ASSETS		1,153,310	1,195,761
CURRENT LIABILITIES			
Other payables and accruals	17	28,302	138,198
Contract liabilities	18	3,473	7,296
Amount due to related companies	15	137,718	36,988
Lease liabilities		817	817
Borrowings	19	30,000	20,000
Income tax payable		5,231	5,131
Financial guarantee liabilities		19,171	19,171
		224,712	227,601
Net current assets		58,057	81,373
TOTAL ASSETS LESS CURRENT LIABILITIES		928,598	968,160

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 28 February 2022

	NOTES	As at	
		28 February 2022 RMB'000 (unaudited)	31 August 2021 RMB'000 (audited)
NON-CURRENT LIABILITIES			
Lease liabilities		719	719
Borrowings		134,320	159,000
Amounts due to related companies		652,195	652,195
Deferred revenue	20	71,455	72,222
		858,689	884,136
NET ASSETS			
		69,909	84,024
CAPITAL AND RESERVES			
Share capital		7,138	7,138
Reserves		62,771	76,886
Equity attributable to owners of the Company		69,909	84,024
Non-controlling interests		–	–
TOTAL EQUITY			
		69,909	84,024

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at 28 February 2022



	Attributable to owners of the Company									
	Share capital	Share premium	Other reserves	Statutory surplus reserves	Share option reserves	Defined benefit remeasurement reserves	Accumulated profits	Sub-total	Non-controlling interest	Total
	RMB'000	RMB'000	RMB'000 (Note i)	RMB'000 (Note ii)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 September 2020 (audited)	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	74,299	851,625	8,809	860,434
At 1 September 2021 (audited)	7,138	671,945	28,805	-	262	-	(624,126)	84,024	-	84,024
Profit for the period	-	-	-	-	-	-	(14,115)	(14,115)	-	(14,115)
At 28 February 2022	7,138	671,945	28,805	-	262	-	(638,241)	69,909	-	69,909

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 2022

	For the six months ended	
	28 February 2022	28 February 2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
OPERATING ACTIVITIES		
Decrease in contract liabilities	(3,823)	(161,386)
Other operating cash flows	94,165	37,092
Net cash used in operating activities	90,342	(124,294)
INVESTING ACTIVITIES		
Payment for property, plant and equipment	(110,684)	(57,880)
Proceeds from disposal of property, plant and equipment	128	–
Recovery of equity capital from a subsidiary	5,000	–
Contribution of equity capital to a subsidiary	–	(73,500)
Net cash used in investing activities	(105,556)	(131,380)
FINANCING ACTIVITIES		
Proceeds from borrowings	–	25,000
Repayment of borrowings	(14,680)	–
Interest paid	(5,993)	(8,240)
Net cash from (used in) financing activities	(20,673)	16,760
NET DECREASE IN CASH AND CASH EQUIVALENTS	(35,887)	(238,914)
Cash and cash equivalents at beginning of the period	93,214	426,772
Effect on exchange rate changes	–	–
Cash and cash equivalents at end of the period, represented by bank balances and cash	57,327	187,858



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 addresses of 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.

Following the promulgation of the Implementation Regulations, the management of the Group assessed the impact and concluded that (i) the assets and liabilities related to the affected business were deconsolidated from the consolidated financial statements of the Group with effect from 31 August 2021; and (ii) the operations related to the affected operations were classified as discontinued operations and the consolidated statement of profit or loss and other comprehensive income for the period ended 28 February 2021 have been restated to conform with the current period’s presentation. Since 1 September 2021, the Group has also been actively carrying out business restructuring and focusing on the development of profit-making high schools, profit-making kindergartens and education consultancy and management services.

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



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 28 February 2022

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 2022, the Group incurred a loss attributable to owners of the Company of approximately RMB14.1 million. Together with the uncertainty of the impact of Implementation Regulations indicate the existence of material uncertainty which may cast doubt on the Group's ability to continue as going concern. 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 2022 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 August 2021.



4. REVENUE AND SEGMENT INFORMATION

The Group's revenue represents service income comprising tuition fees and boarding fees, and education consultancy and management service fees. Regarding the provision of education services, revenue, including tuition fees and boarding fees, education consultancy and management services fees (each being single performance obligation), 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 assesses the performance of teaching and boarding services provided by Tianfu High School and other education advisory and management services based on revenue generated in the daily operating process on a continuing basis, taking into account the similar business model and customer type from service perspectives and they are subject to similar regulatory environment. Accordingly, their segment information is aggregated as two reportable segments, i.e. Tuition fees and boarding fees, and Education advisory and management services. The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 28 February 2022

4. REVENUE AND SEGMENT INFORMATION (Continued)

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

	Continuing operations		Total RMB'000
	Degree Education	Education consultancy and management	
	RMB'000	RMB'000	
Six months ended 28 February 2022			
Tuition fees and boarding fees	4,090	–	4,090
Education consultancy and management services fee	–	1,880	1,880
Total (unaudited)	4,090	1,880	5,970
Six months ended 28 February 2021			
Tuition fees and boarding fees	–	–	–
Education advisory and management services fee	–	–	–
Total (unaudited and restated)	–	–	–

5. OTHER INCOME (EXPENSES)

	Six months ended	
	28 February 2022 RMB'000 (unaudited)	28 February 2021 RMB'000 (unaudited and restated)
Continuing operations		
Interest income from banks	79	61
Release of asset-related government grants	767	727
Others, net	20	1
	866	789



6. OTHER GAINS AND (LOSSES)

	Six months ended	
	28 February 2022	28 February 2021
	RMB'000	RMB'000
	(unaudited)	(unaudited and restated)
Continuing operations		
Loss arising on disposal of property, plant and equipment, net	81	4
	81	4

7. FINANCE COSTS

	Six months ended	
	28 February 2022	28 February 2021
	RMB'000	RMB'000
	(unaudited)	(unaudited and restated)
Continuing operations		
Interest on:		
Bank borrowings	1,178	113
Others	39	553
	1,217	666

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.

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.

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.



8. INCOME TAX EXPENSES (Continued)

As at 28 February 2022, 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%.

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	28 February
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited and restated)
Continuing operations		
Tax expense comprises:		
Current tax — PRC EIT	—	—
Deferred tax	(192)	(182)
	(192)	(182)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 28 February 2022

9. LOSS FOR THE PERIOD (LOSS BEFORE TAXATION)

Loss before taxation has been arrived at after charging:

	For the six months ended	
	28 February 2022	28 February 2021
	RMB'000	RMB'000
	(unaudited)	(unaudited and restated)
Continuing operations		
Directors' and chief executive's remuneration	979	836
Other staff costs	—	—
— Salaries and other benefits	5,394	6,754
— Staff welfare	—	—
— defined contributions benefits	285	141
Total staff costs	6,658	7,731
Depreciation of property, plant and equipment	4,849	10,608
Depreciation of right-of-use assets	708	681
Auditor's remuneration	1,840	1,238

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 and implement measures to reduce manpower and increase efficiency for the administrative department of the Company.



10. FINANCIAL REVIEW OF DISCONTINUED OPERATION
Condensed consolidated statement of profit or loss and other comprehensive income from discontinued operations

	For the six months ended 28 February 2021 RMB'000 (Unaudited and restated)
Discontinued operation	
Revenue from provision of education services	195,655
Cost of services	(143,471)
Gross profit	52,184
Other income (expenses)	(619)
Other gains and (losses)	(297)
Administrative expenses	(11,336)
Finance costs	(9,025)
Profit before tax	30,907
Income tax expense	(289)
Profit for the period	30,618
Share of profit for the period	
— Owners of the Company	27,511
— Non-controlling interests	3,107

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 28 February 2022

10. FINANCIAL REVIEW OF DISCONTINUED OPERATION (Continued)

	For the six months ended 28 February 2021 RMB'000 (Unaudited and restated)
Discontinued operation	
OPERATING ACTIVITIES	
Increase (or Decrease) in contract liabilities	(161,386)
Other operating cash flows	(67,218)
Net cash used in operating activities	(228,604)
INVESTING ACTIVITIES	
Payments for property and equipment	(10,601)
Receipt of government grants of assets related	-
Net cash used in investing activities	(10,601)
FINANCING ACTIVITIES	
Proceeds from borrowings	74,000
Interest paid	(8,127)
Net cash from (used in) financing activities	65,873
Net decrease in cash and cash equivalents	(173,332)
Cash and cash equivalents at beginning of the period	246,399
Effect of foreign exchange rate changes	-
Cash and cash equivalents at end of the period, represented by bank balances and cash	73,067



11. (LOSS)/EARNINGS PER SHARE

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

	Year ended 31 August	
	2022	2021
	RMB'000	RMB'000
(Loss)/Profit		
(Loss)/Profit attributable to the owners of the Company used in the basic loss per share calculations:		
— Loss from continuing operations	(14,115)	(25,514)
— Profit from discontinued operations	—	30,100
	(14,115)	4,586
	'000	'000
Number of shares		
Weighted average number of ordinary shares issued	821,856	821,856
	RMB cents	RMB cents
(Loss)/Earnings per share		
Basic (loss)/earnings per share		
— Loss from continuing operations	(1.72)	(3.10)
— Earnings from discontinued operations	—	3.66
— Total	(1.72)	0.56

During the six months ended 28 February 2021 and 28 February 2022, no diluted earnings per share was presented as there were no potential dilutive shares outstanding.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 28 February 2022

12. STATUS AND MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the Reporting Period, the Group's furniture and equipment increased by approximately RMB73,000, construction in progress increased by approximately RMB7,886,000, electronic equipment increased by approximately RMB88,000, leasehold improvements increased by approximately RMB74,000, representing an increase of approximately RMB8,121,000 in total, mainly due to the investment in Tianfu High School in the later stage.

As at 28 February 2022, the closing balance of fixed assets of the Group (after depreciation) were approximately RMB662,520,000 in total, including buildings amounting to approximately RMB363,100,000, furniture, fixtures and equipment amounting to approximately RMB326,000, motor vehicles amounting to approximately RMB799,000, electronic equipment amounting to approximately RMB579,000, Leasehold improvements amounting to approximately RMB1,488,000 and construction in progress amounting to approximately RMB296,228,000.

13. USE-OF-RIGHT ASSETS

	28 February 2022 RMB'000 (unaudited)	31 August 2021 RMB'000 (audited)
Non-current assets	99,452	100,812

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 2022 RMB'000 (unaudited)	31 August 2021 RMB'000 (audited)
Deposits ⁽ⁱ⁾	78,230	91,552
Prepayments	109	33
Loans to third parties	–	70,000
Advances to staffs	2,689	2,503
Other receivables	849	124
Total	81,877	164,212
Less: deposits presented under non-current assets	(78,230)	(91,553)
Presented under current assets	3,647	72,659

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 28 February 2022

15. AMOUNTS DUE FROM/TO RELATED COMPANIES

Name	Relationship	28 February 2022 RMB'000 (unaudited)	31 August 2021 RMB'000 (audited)
<i>Non-trade related</i>			
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% by Mr. Xiong Tao ^(Note i)	426	426
Chengdu Sichuan Hongde Guanghua Advisory Limited* (成都四川弘德光華教育諮詢有限公司)	Shareholder of Affected Entities	39,000	40,000
Amounts due from Affected Entities		182,075	102,381
<i>Trade related</i>			
Chengdu Hengyu Industrial Company Limited* (成都恒宇實業有限公司) ("Chengdu Hengyu")	Controlled by Mr. Xiong Tao ^(Note ii)	294	294

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.



15. AMOUNTS DUE FROM/TO RELATED COMPANIES (Continued)

	28 February 2022 RMB'000 (unaudited)	31 August 2021 RMB'000 (audited)
Amount due to related companies		
Amounts due to Affected Entities	789,913	689,183
Less: Amounts due for settlement within 12 months shown under current liabilities	(137,718)	(36,988)
	652,195	652,195

The School Sponsor fulfills its obligation by providing property, plant and equipment owned by itself for the school to use. As the School begins to enroll students, the cash flow generated from the operation is used for the construction of the property, plant and equipment. So there forms debt from the School Sponsor to the school.

On 31 August 2021, certain School Sponsors, namely Nanjiang Bojun, Wangcang Bojun and Lezhi Bojun, entered into repayment agreements with certain Affected Entities, namely Nanjiang Bojun School, Wangcang Bojun School and Lezhi Bojun School, to formalise the repayment terms in relation to the aggregated amounts of approximately RMB652,195,000 owed by the aforesaid School Sponsors to the aforesaid Affected Entities (the "**Loans**"). Pursuant to the agreement, the Loans are non-interest bearing, unsecured and repayable on 1 September 2036. The amounts due to Affected Entities of approximately RMB778,543,780 as at 31 August 2022 were classified as non-current liabilities.

The remaining part of the amounts due to related companies are unsecured, non-interest bearing and without a fixed repayment term.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 28 February 2022

16. BANK BALANCES AND CASH

As at 28 February 2022, other bank balances carry interest at prevailing market rate of 0.01% to 0.385% (31 August 2021: 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 2022 RMB'000 (unaudited)	31 August 2021 RMB'000 (audited)
Payables for property, plant and equipment	25,079	131,112
Miscellaneous expenses received from students ^(Note i)	804	1,002
Payroll payable	159	455
Accrued expenses	1,412	4,731
Tax payable	–	790
Account payables for purchase of goods ^(Note ii)	366	–
Other payables	482	108
	28,302	138,198

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 2022 RMB'000 (unaudited)	31 August 2021 RMB'000 (audited)
Tuition fees	3,382	7,111
Boarding fees	91	185
	3,473	7,296

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 2022, the unsecured bank borrowings of RMB30.0 million with a corporate guarantee bear an interest at 7% per annum and are repayable within one year after the end of the Reporting Period. Meanwhile, the unsecured long term bank borrowings of RMB134.3 million with a corporate guarantee bear an interest at 7% per annum and are repayable within five years after the end of the Reporting Period.

The Company shall pay the current interest and repay the principal according to the agreed date of the loan contract. As at the date of this report, the Company has not committed any default.

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 at 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 28 February 2022

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. DIVIDEND

No dividend has been paid or declared by the Company for the six months ended 28 February 2022, nor has any dividend been proposed subsequent to 28 February 2022.

22. RELATED PARTY TRANSACTIONS

During the six months ended 28 February 2022, the Group received RMB1,385,000 from its affiliated kindergartens affected by the Implementation Regulations.

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 2022	28 February 2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Short-term benefits	955	823
Post-employment benefits	24	13
	979	836



23. EVENTS AFTER REPORTING PERIOD

Disposal of 51% of Equity Interest of the Pengzhou Bojun School

On 27 August 2021, Chengdu Mingxian entered into the Termination Agreement with Hongde Guanghua, Pengzhou Bojun School, and the Guarantors, pursuant to which, among others, Chengdu Mingxian has agreed to terminate the Cooperation Agreement. Pursuant to such termination, the Group ceased to own 51% equity interest in Pengzhou Bojun School and Chengdu Mingxian ceased to be the school sponsor of Pengzhou Bojun School with effect from 19 August 2022. As at the Latest Practicable Date, Pengzhou Bojun School is not a Consolidated Affiliated Entity and the Group has received RMB3,000,000 out of the RMB41,164,941.29 funds to be refunded.

Provision of Education Service to Various Kindergartens

On 31 May 2022, Chengdu Bojun and the School Sponsors (together the “**Service Providers**”) and Peninsula Kindergarten, Longquan Kindergarten, Qingyang Kindergarten, Riverside Kindergarten and Youshi Kindergarten (collectively the “**Kindergartens**”) entered into a management agreement with Service Providers providing various management services to the Kindergartens for 2021/22 school year. On 30 June 2022, such management agreement was renewed on an expanded service scope for 2022/25 school years. For details, please refer to the announcements of the Company dated 31 May 2022, 30 June 2022 and 4 July 2022, and the circular of the Company dated 1 September 2022.

Change of Chief Financial Officer

Mr. Tang Peng was appointed as the chief financial officer in the place of Mr. Wang Chunguo with effect from 31 May 2022. For details, please refer to the announcement of the Company dated 31 May 2022.



DEFINITIONS

“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
“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
“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

DEFINITIONS



“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



DEFINITIONS

“Consolidated Affiliated Entity(ies)”	the entities that the Group controls through the contractual arrangement contemplated under the Structured Contracts
“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 eight primary, middle and high schools, namely, Jinjiang School, Longquan School, Tianfu School, Tianfu High School, Nanjiang Bojun School, Wangcang Bojun School, Pengzhou Bojun School and Lezhi Bojun School
“Director(s)”	the directors of the Company
“Global Offering”	the Hong Kong public offering and the international offering
“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

DEFINITIONS



“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
“Latest Practicable Date”	30 November 2022, 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



DEFINITIONS

“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
“Listing”	the listing of our Shares on the Main Board of the Stock Exchange
“Listing Date”	31 July 2018, the date on which our Shares are listed and from which dealings therein are permitted to take place on the Stock Exchange
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or modified from time to time
“Longquan Kindergarten”	Chengdu Youshi Longquan Dongshan Experimental Kindergarten* (成都幼師龍泉東山實驗幼兒園), a private kindergarten established under the laws of the PRC on 23 February 2009, where the school sponsor’s interest is wholly-owned by Sichuan Boai
“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
“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

DEFINITIONS



“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
“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) (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
“PRC EIT”	the enterprise income tax of the PRC



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
“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
“RMB” or “Renminbi”	Renminbi, the lawful currency for the time being of the PRC

DEFINITIONS



“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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited



DEFINITIONS

“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
“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
“Tianfu High School”	Sichuan New Tianfu District No. 1 High School Attached to Sichuan Normal University* (四川天府新區師大一中高級中學), 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

DEFINITIONS



“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
“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
“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
“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



DEFINITIONS

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.