



BOJUN EDUCATION COMPANY LIMITED
博駿教育有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock code: 1758

Interim Report 2023



博學致遠 駿馳天下

A knowledgeable Man Wins The Whole World

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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 22 years in the provision of private education services. We operate our 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 2023, we operated one high school and two kindergartens 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 2023, we had an enrolment of approximately 854 students supported by 420 employees, including 93 teachers.

Since 2001, we have built the foundation of our business upon provision of private preschool education and expanded our footprints to the private primary school, middle and high school education industry. In June 2001, we established Youshi 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 Implementation Regulations came into effective on 1 September 2021, the Group deconsolidated the Affected Entities. Our remaining businesses principally involves operation of for-profit high school and kindergartens, and provision of education services to school-aged students and educational institutions in the PRC. As at the Latest practicable Date, Riverside Kindergarten

and Lidu Kindergarten have been transformed to for-profit kindergartens and results of which are consolidated to that of the Group. In addition, we have started the layout for private vocational education sector. In April 2023, we entered into the Amended Agreements (as defined below) for acquisition of 51% interests in target companies principally engaged in the business of provision of vocational education.

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

As to PRC law:

Beijing Deheng (Chengdu) 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

CORPORATE INFORMATION

REGISTERED OFFICE

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Hutchins Drive
P.O. Box 2681
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KY1-1111
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

2206-19, Jardine House
1 Connaught Place
Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
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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OPERATING AND FINANCIAL HIGHLIGHTS



Operating information	As at	As at	Change	Percentage
	28 February 2023	28 February 2022		Change
Total number of students	854	151	+703	+465.6%
Total number of teachers	93	21	+72	+342.9%
Total school capacity	1,825	1,500	+325	+21.7%
Overall school utilisation rate	46.8%	10.1%	+36.7%	+363.4%

Selected financial information RMB'000 (unless otherwise stated)	For the six months ended		Change	Percentage
	28 February 2023 (unaudited)	28 February 2022 (unaudited)		Change
Revenue	41,749	5,970	+35,779	+599.3%
Gross profit	7,932	2,903	+5,029	+173.2%
(Loss) for the period attributable to owners of the Company	(7,765)	(14,115)	+6,350	-45.0%
Profit for the period	(7,765)	(14,115)	+6,350	-45.0%
Basic earnings per share (RMB cents)	(0.94)	(1.71)	+0.77	-45.0%

OPERATING AND FINANCIAL HIGHLIGHTS

RMB'000	For the six months ended	
	28 February 2023 (unaudited)	28 February 2022 (unaudited)
(Loss) for the period	(7,765)	(14,115)
Less:		
Non-controlling interests	–	–
Profit for the period attributable to owners of the Company	(7,765)	(14,115)

(RMB'000, unless otherwise stated)	As at 28 February 2023 (unaudited)	As at 31 August 2022 (audited)	Change	Percentage Change
Bank balances and cash	35,318	155,072	(119,754)	(77.2%)
Contract liabilities	28,760	36,810	(8,050)	(21.9%)
Deferred revenue	69,921	70,688	(767)	(1.1%)
Gearing ratio ^(note)	78.3%	89.4%	(11.1%)	(12.4%)

Note: The Group has repaid a loan of RMB25.8 million during the six months ended 28 February 2023 as planned, resulting in a decrease in gearing ratio.

RMB'000 (unless otherwise stated)	For the six months ended		Change	Percentage Change
	28 February 2023 (unaudited)	28 February 2022 (unaudited)		
Net cash used in operating activities	(6,844)	90,342	(97,186)	(107.6%)
Net cash used in investing activities	(3,748)	(105,556)	101,808	(96.4%)
Net cash from (used in) financing activities	(109,162)	(20,673)	(88,489)	428.0%

MANAGEMENT DISCUSSION AND ANALYSIS



BUSINESS REVIEW

Our Schools

We are a leading private education service group in Sichuan Province, the PRC, previously operated 13 schools in Sichuan Province. On 14 May 2021, the State Council of the PRC promulgated the Implementation Regulations which became effective on 1 September 2021. For details please refer to the section headed “Latest regulatory developments” below. The Implementation Regulations imposes significant uncertainties and restrictions on the Group’s control over the affiliated entities operating private schools offering compulsory education and non-profit kindergartens. The Group has lost its control over the Affected Entities since 31 August 2021, and the Affected Business has been classified as the discontinued operations. Currently, the Group comprise of one high school and two kindergartens.

The following sets out the types of education provided by each of our schools as at 28 February 2023:

	Kindergartens	High school section
Tianfu High School		✓
Lidu Kindergarten	✓	
Riverside Kindergarten	✓	

Note: Riverside Kindergarten was changed to for-profit kindergarten in November 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

Our Students

As at 28 February 2023, we had an enrolment of 854 students, including 278 kindergarten students and 579 high school students.

Number of students by school sections

	Student Enrolment			Change in percentage
	As at 28 February 2023	2022	Change	
High school	576	151	+425	+281.5%
Kindergarten	278	–	+278	N/A

Tuition and boarding fees

For high schools, our annual tuition fees for the 2022/2023 school year was RMB42,000 per student, while boarding fees of RMB1,200 per school year was charged for each boarding student. The fees charged remained unchanged when compared to the 2021/2022 school year. For kindergartens, our annual tuition fees for the 2022/2023 school year ranged from RMB44,160 to RMB46,560 per student. The fees charged increased slightly when compared to the 2021/2022 school year.

In general, our high school has an increase in tuition fees every three years to reflect our operating costs. There has been an increase in the operating costs of our kindergartens and we have made slight upward adjustment to the tuition fees, so that we can maintain our competitiveness in the preschool market.



Teacher and teacher recruitment

We believe that teachers are the key to maintaining our high standard 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 have extensive teaching experience and thrive in our schools is essential for the development of our students and the success of our schools. We offer competitive compensation and benefits to our teachers to ensure that they are dedicated to their work and are satisfied with their career development.

School sections	Number of teachers As at 28 February 2023	Number of teachers As at 28 February 2022	Change	Change in percentage
High school	47	21	+26	+123.8%
Kindergarten	46	0 ^(Note)	+46	N/A

Note: The number of kindergarten teachers of the Group as at 28 February 2022 was zero because the Group lost its control over the Affected Entities since 31 August 2021 with the introduction of the Implementation Regulations. For details, please refer to the section headed "Latest regulatory developments" below.

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. The Chinese government encourages listed companies to provide vocational education and encourages all kinds of enterprises to participate in providing vocational education in accordance with the law. In particular, after the publication of several opinions, the specific measures mentioned therein and the new development environment as prepared will be the cornerstone for changing social concepts and effectively improving China's vocational education reform.

Therefore, the Group decided to optimise its business structure and implement the strategic layout of vocational education. The Group entered into the Amended Agreements (as defined below) with various parties on 10 April 2023 to acquire 51% equity interests in two companies engage in the vocational education industry. At the same time, the Group has formulated a vocational education development policy, which will further expand the student base of the Group's affiliated schools upon completion of the above acquisition.

Integrated Overseas Education Service

Adhering to the original intention of education and with the core concept of cultivating talents with international vision and sound personality, we deliver a wide range of high-end international education services to students of all ages. Our overseas planning and application process is personalised and supervised by our education director.

MANAGEMENT DISCUSSION AND ANALYSIS



We plan to develop an international high school programme through the introduction of a sophisticated management and teaching team. As the international overseas education market gradually recovers, the international high school market is also gaining traction. We plan to offer Advanced Placement (AP) courses of universities in the United States, which are college-level courses offered by the College Board of U.S. universities for high school students, allowing high school students an early exposure to college courses, avoiding duplication of courses between high school and junior college, and giving students an advantage in further education. It is primarily for high school students who plan to enroll in undergraduate programmes in the United States. In addition, we plan to offer the A-Level (General Certificate of Education Advanced Level) (the A-Level Program), which is used as an admissions standard by almost all universities in English-speaking countries. It is mainly suitable for high school students who plan to apply to undergraduate courses in the UK.

As both programmes are available worldwide, passing the AP and A-Level exams gives students more opportunities in choosing a school and it is becoming a trend for students with the goal of studying abroad to take either the AP or A-Level exams, with good prospects offered by these international programmes.

Education Management Services

Since 2001, Sichuan Boai and Chengdu Youshi Preschool Education Investment have successfully established six kindergartens in Chengdu, Sichuan Province with a high starting point, high level and high standards by combining modern preschool education philosophy, strong teams of experts and abundant teaching resources. After decades of development, “Youshi Kindergarten” has become a professional 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.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the Group provides kindergarten education management services to four kindergartens. Under the kindergarten education management services agreement dated 30 June 2022, the Group is generally entrusted with providing educational services and teaching resources, including curriculum design and consultation, relevant training to teaching staff and management, campus maintenance, and administrative services etc. With these kindergartens, the Group is also entrusted with provision of kindergarten teaching staff. For details, please refer to the announcements of the Company dated 30 June 2022 and 21 September 2022, and circular of the Company dated 1 September 2022.

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.

As far as the Board and the Group's management are aware of, the Group is in compliance with the relevant laws and regulations that have a significant impact on the Group's businesses and operations in all material aspects, and there was no material violation of or non-compliance with applicable laws and regulations by the Group during the six months ended 28 February 2023.



Latest Regulatory Developments

Implementation Regulations

On 14 May 2021, the State Council promulgated the Implementation Regulations, which became effective from 1 September 2021, pursuant to which: (i) 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 (ii) 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 Group believes that there are still uncertainties in the interpretation and implementation of the Implementation Regulations. As at the Latest Practicable Date, no concrete policies have been announced and launched. After detailed discussion with the PRC legal advisors and auditors, the management of the Group and the Directors are of the view that the Group has lost its control over the Affected Entities since 31 August 2021. Therefore, the Group has decided to exclude the Affected Business from the consolidated financial statements with effect from 31 August 2021 and the carrying value of the net assets of the Affected Business for the year ended 31 August 2021 has been deconsolidated in the Group's consolidated financial statements. The operations of the Affected Business have been classified as discontinued operations for the year ended 31 August 2021.

The Group will closely follow up the development of the Implementation Regulations and continuously assess the possible impact on the Group after its implementation. Meanwhile, the Group will continue to monitor developments of the above and other related laws and regulations, and 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》), foreign investor in a Sino-Foreign Joint Venture Private School must be a foreign educational institution which has acquired relevant qualifications and experience in a foreign country (the “**Qualification Requirement**”). As part of our effort to fulfill the Qualification Requirement, we have adopted specific plans and taken concrete steps reasonably considered by us to be significant to indicate our compliance with the Qualification Requirement. On 19 August 2016, we established US Bojun as an operating entity in the 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 the proceeds from the Global Offering and the remainder through equity and/or debt financing and/or with our internal funds, as and when we see fit. As the Group is focusing on the advanced education market, our commencement plan of a school in the USA may be further postponed. Further announcement will be made by the Group 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.



FINANCIAL REVIEW

Revenue

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

	For the six months ended		Percentage	
	28 February 2023 RMB'000 (Unaudited)	of total revenue %	28 February 2022 RMB'000 (Unaudited)	of total revenue %
— Tuition fees and boarding fees	21,246	50.9	4,090	68.5
— Education advisory and management service fees	20,503	49.1	1,880	31.5
Total	41,749	100.0	5,970	100.0

Our revenue increased by approximately RMB35.8 million (or 599.3%) from approximately RMB6.0 million for the six months ended 28 February 2022 to approximately RMB41.8 million for the six months ended 28 February 2023. The increase was mainly due to the increase in the number of students served by the Group.

Our high school enrolment increased by approximately 281.5% from 151 students on 28 February 2022 to 576 students on 28 February 2023, with the addition of 278 students from the two kindergartens registered as for-profit kindergartens during the Reporting Period, namely Riverside Kindergarten and Lidu Kindergarten.

MANAGEMENT DISCUSSION AND ANALYSIS

Costs of Services

Our cost of services mainly consists of staff costs, depreciation, rental expenses and other costs. Cost of services accounted for approximately 51.4% and 81.0% of our total revenue for the six months ended 28 February 2022 and 28 February 2023, respectively. The following table sets forth a breakdown of the major components of our cost of services for the periods indicated:

	For the six months ended	
	28 February	28 February
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Staff costs	19,076	2,322
Depreciation of property and equipment	1,816	8
Rental and property management fee	472	–
Office expenses	261	12
Repair and maintenance	264	29
Utilities expenses	563	2
Training expenses	91	14
Canteen operating costs	10,645	443
Others	629	237
Total	33,817	3,067

The cost of services increased by approximately RMB30.8 million or 1,001.6% from approximately RMB3.1 million for the six months ended 28 February 2022 to approximately RMB33.8 million for the six months ended 28 February 2023. This was mainly due to the increase in various operating costs as a result of increase in the number of operating premises and facilities and equipment as more staff are required for business development, and addition of the two for-profit kindergartens.

- (i) Staff costs increased by approximately RMB16.8 million (or 722.0%) from approximately RMB2.3 million for the six months ended 28 February 2022 to approximately RMB19.1 million for the six months ended 28 February 2023. Such increase was mainly due to the increase in our staff member during the six months ended 28 February 2023.

MANAGEMENT DISCUSSION AND ANALYSIS



- (ii) Depreciation expenses of property and equipment increased by approximately RMB1.8 million from approximately RMB8,000 for the six months ended 28 February 2022 to approximately RMB1.8 million for the six months ended 28 February 2023.
- (iii) Office expenses increased by approximately RMB249,000, or 2,075.0%, from approximately RMB12,000 for the six months ended 28 February 2022 to approximately RMB261,000 for the six months ended 28 February 2023.
- (iv) Rental and property management fees amounted to approximately RMB472,000 for the six months ended 28 February 2023 arising from RMB393,000 for the six months ended 28 February 2022.
- (v) Repairs and maintenance expenses increased by approximately RMB235,000 (or 810.3%) from approximately RMB29,000 for the six months ended 28 February 2022 to approximately RMB264,000 for the six months ended 28 February 2023.
- (vi) Training expenses increased by approximately RMB77,000 (or 550.0%) from approximately RMB14,000 for the six months ended 28 February 2022 to approximately RMB91,000 for the six months ended 28 February 2023.
- (vii) The canteen operation cost increased by approximately RMB10.2 million (or 2,302.9%) from approximately RMB400,000 for the six months ended 28 February 2022 to approximately RMB10.7 million for the six months ended 28 February 2023. The increase was mainly due to the increase in costs as purchase of more ingredients were required for the canteen to serve more students.
- (viii) Other costs increased by approximately RMB400,000 (or 165.4%) from approximately RMB200,000 for the six months ended 28 February 2022 to approximately RMB600,000 for the six months ended 28 February 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross Profit and Gross Profit Margin

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

	For the six months ended					
	28 February 2023			28 February 2022		
	Segment	Gross	Gross	Segment	Gross	Gross
	revenues	profits	profit	revenues	profits	profit
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
	(unaudited)	(unaudited)		(unaudited)	(unaudited)	
Tuition fees and boarding fees	21,246	5,862	27.6%	4,090	1,296	31.7%
Education advisory and management service fees	20,503	2,070	10.1%	1,880	1,607	85.5%
Total	41,749	7,932	19.0%	5,970	2,903	48.6%

Our gross profit margin for tuition fees and boarding fees decreased from approximately 31.7% for the six months ended 28 February 2022 to approximately 27.6% for the six months ended 28 February 2023. The decrease in gross profit margin for tuition fees and boarding fees was mainly due to the pandemic on kindergartens. Gross profit margin of education advisory and management services fees decreased from approximately 85.5% for the six months ended 28 February 2022 to approximately 10.1% for the six months ended 28 February 2023. The decrease in gross profit margin of education advisory and management service fees was mainly due to the business restructuring of the disclosed kindergartens under the Group providing education management services.



Other Income and (Expenses)

Other income and (expenses) for the six months ended 28 February 2023 mainly included interest income from bank of approximately RMB48,000, the realisation of deferred income of approximately RMB767,000 and the gains from use of assets of RMB1,177,000.

Other Gains and (Losses)

Other gains and (losses) for the six months ended 28 February 2023 mainly represented exchange gains and gains on bargain purchase from the acquisition of the business of Riverside Kindergarten and amortisation of financial guarantee contracts.

Administrative Expenses

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

Administrative expenses increased by approximately RMB2.0 million or 12.2% from approximately RMB16.5 million for the six months ended 28 February 2022 to approximately RMB18.5 million for the six months ended 28 February 2023, mainly due to the increase in administrative expenses in line with the Group's business development.

Finance Costs

Finance costs mainly include interest expenses on bank borrowings and interest-bearing payables to related parties.

Finance costs increased by approximately RMB3.82 million or 313.1% from approximately RMB1.22 million for the six months ended 28 February 2022 to approximately RMB5.04 million for the six months ended 28 February 2023, mainly due to the increase in interest expenses on bank loans of Lezhi Bojun and the recognition of interest expenses on payables to related parties for the six months ended 28 February 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

Taxation

Income tax expense amounted to approximately RMB192,000 and RMB195,000 for the six months ended 28 February 2022 and 28 February 2023, respectively. The increase was mainly due to the recognition of current corporate income tax.

(Loss) for the Period

We recorded loss for the period for the six months ended 28 February 2022 of approximately RMB14.1 million to approximately RMB7.8 million for the six months ended 28 February 2023, representing a decrease of approximately RMB6.3 million or 44.7%. Such decrease was mainly due to (i) the increase in cost of services of approximately RMB30.7 million, being partially offset by the increase in revenue of approximately RMB35.7 million; (ii) the increase in other gains of approximately RMB6.0 million and the increase in other income of approximately RMB1.1 million; (iii) the increase in administrative expenses of approximately RMB2.0 million; and (iv) the increase in finance costs of approximately RMB3.8 million.

Contract Liabilities

We have initially recorded the tuition fees and boarding fees received as a liability under contract liabilities and recognised such amounts as revenues on a pro rata basis over the relevant period of the applicable courses. Contract liabilities decreased by approximately RMB8.1 million (or 21.9%) from approximately RMB36.8 million on 31 August 2022 to approximately RMB28.8 million on 28 February 2023. Such decrease was mainly due to the completion of the provision of educational services corresponding to the collection of fees by the schools.



LIQUIDITY AND CAPITAL RESOURCES

During the Reporting Period, we mainly financed our operations through a combination of cash flows from our internal operations, proceeds from the Listing and bank borrowings. As at 28 February 2023, the short-term bank borrowings were approximately RMB30.0 million (31 August 2022: RMB31.1 million). Meanwhile, unsecured long-term borrowings with corporate guarantee of approximately RMB104.3 million (28 February 2022: RMB134.3 million) is repayable within four years after the end of the Reporting Period, while approximately RMB30.0 million is repayable within one year (28 February 2022: RMB30.0 million). The Group's bank borrowings all carried a fixed interest rate of 7.0% and were mainly used to finance the working capital requirements of its operations and the construction of the schools. The borrowings of the Group are denominated in RMB. The Group's cash and cash equivalents are mainly denominated in RMB. Our cash and cash equivalents amounted to approximately RMB35.3 million as at 28 February 2023 (31 August 2022: 155.1 million).

Our cash have been principally used 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 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. During the six months ended 28 February 2023, we did not experience any difficulties in settling our obligations in the normal course of business which would have had a material impact on our business, financial condition or results of operations.

MANAGEMENT DISCUSSION AND ANALYSIS

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

	For the six months ended	
	28 February 2023	28 February 2022
	RMB'000	RMB'000
	(Unaudited)	<i>(Unaudited)</i>
Net cash used in operating activities	(6,844)	90,342
Net cash used in investing activities	(3,748)	(105,556)
Net cash from (used in) financing activities	(109,162)	(20,673)
Net increase (decrease) in cash and cash equivalents	(119,754)	(35,887)
Cash and cash equivalents at the beginning of the period	155,072	93,214
Effect of foreign exchange rate changes	–	–
Cash and cash equivalents at the end of the period, represented by bank balances and cash	35,318	57,327

Capital Expenditure

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

	For the six months ended	
	28 February 2023	28 February 2022
	RMB'000	RMB'000
	(Unaudited)	<i>(Unaudited)</i>
Payment for property, plant and equipment	(3,809)	(110,684)
Proceeds from disposal of property and equipment	1	128
Returned share capital from a subsidiary	–	5,000
Net cash inflow from business acquisition of Riverside Kindergarten	60	–
Net cash used in investing activities	(3,748)	(105,556)

MANAGEMENT DISCUSSION AND ANALYSIS



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

Gearing Ratio

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

Our gearing ratio decreased from approximately 89.3% as at 31 August 2022 to approximately 78.3% as at 28 February 2023 due to the decrease in gearing ratio as the Group repaid bank borrowings of RMB25.8 million during the six months ended 28 February 2023.

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 2023, 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Charges on Group Assets

There were no material charges on the Group's assets as at 28 February 2023.

Contingent Liabilities

As at 28 February 2023, the Group did not have any material contingent liabilities (31 August 2022: nil).

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

For the six months ended 28 February 2023, the Group did not have any material acquisitions and disposals of subsidiaries, associates or joint ventures.

Future Plans for Material Investments and Capital Assets

On 10 April 2023, the Group entered into the Amended Agreements (as defined below) for the acquisition of 51% equity interest in two target companies engaged in vocational education. The consideration of which to be paid in cash will be funded by internal resources of the Group and, if and when available, bank financing. For further details, please refer to the paragraph headed "Events after the Reporting Period" below. The Group has no other significant investments and future plans for capital assets.

Source and Use of Funds and Future Financial Policies

As at 28 February 2023, the Group recorded net current assets of approximately RMB58.0 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 funds 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 Amended Agreements, by taking into account the Group's cash flow projection. The Directors are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due in the next twelve months.



USE OF PROCEEDS FROM 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/will be applied in the manner as set out in the section headed “Future plans and use of proceeds” of the Prospectus. As at 28 February 2023, the Company applied the net proceeds in the following manner:

Use of proceeds	% of the net proceeds	Proceeds allocated (RMB million)	Amount utilised (RMB million)	Unutilised balance (RMB million)
I. Establishing Nanjiang Bojun School	28%	120.1	120.1	–
II. Establishing Wangcang Bojun School	28%	120.1	120.1	–
III. Establishing the high school section of Tianfu School	22%	94.4	94.4	–
IV. Establishing the Pengzhou Bojun School	9%	38.6	38.6	–
V. Establishing Lezhi Bojun School	5%	21.4	21.4	–
VI. Establishing US School	3%	12.9	–	12.9
VII. As working capital and for general corporate purpose	5%	21.4	21.4	–
Total	100%	428.9	416.0	12.9

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

SIGNIFICANT INVESTMENTS HELD

As at 28 February 2023, 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. The 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. As the proposed investment project of the entity is still at the initial phase, the entity has no income. With daily operational expenditure incurred, the Group recorded an attributable loss from the entity of approximately RMB3,000 in the six months ended 28 February 2023.

SIGNIFICANT LEGAL PROCEEDINGS

For the six months ended 28 February 2023, the Group had not been involved in any significant legal proceedings or arbitration. To the best of the knowledge and belief of the Directors, there are no significant legal proceedings or claims pending or threatened against the Group.

EMPLOYEE BENEFITS

As at 28 February 2023, the Group had 420 employees (as at 28 February 2022: 78). The Group participates in various employee benefit plans, including provident fund, housing, pension, medical insurance and unemployment insurance. The Company has also offered 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 programs to its employees. For the six months ended 28 February 2023, the staff costs (including directors' fees) amounted to approximately RMB22.7 million (28 February 2022: approximately RMB6.7 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 2023, 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 2023, 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.

OTHER INFORMATION

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 2023 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 2023, 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 ^(Note 3)	Beneficial owner	82,853,550	Long position	10.08%
Wuxi First Capital Corporate Management Partnership (Limited Partnership)* (無錫首控企業管理合夥企業 (有限合夥)) ^(Note 4)	Beneficial owner	140,000,000	Long position	17.03%

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Name	Capacity/Nature of interest held	Number of Shares	Long position/ Short position	Approximate percentage of shareholding held in the Company
First Capital (Shenzhen) Equity Investment Fund Management Company Limited (首控(深圳)股權投資基金管理有限公司) ^(Note 4)	Interest in a controlled corporation	140,000,000	Long position	17.03%
China Sunrise Asset Management Company Limited (華升資產管理有限公司) ^(Note 4)	Interest in a controlled corporation	140,000,000	Long position	17.03%
China Sunrise Capital Holdings Limited (華升金融控股有限公司) ^(Note 4)	Interest in a controlled corporation	140,000,000	Long position	17.03%
China First Capital Group Limited ^(Note 4)	Interest in a controlled corporation	140,000,000	Long position	17.03%
Zhongyuan Bank Co., Ltd.* (中原銀行有限公司) ^(Note 5)	Interest in a controlled corporation	140,000,000	Long position	17.03%
Honesty Virtue International Limited ^(Note 6)	Beneficial owner	10,000,000	Long position	1.22%
Mr. Chen Junchao ^(Note 6)	Interest in a controlled corporation	10,000,000	Long position	1.22%

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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 Corporate Management Partnership (Limited Partnership) ("**Wuxi FC**") is a limited partnership established in the PRC and its general partner is First Capital (Shenzhen) Equity Investment Fund Management Company Limited ("**FC Equity**"), a limited liability company established in the PRC. FC Equity is wholly-owned by China Sunrise Asset Management Company Limited ("**Sunrise Capital**"), a limited liability company established in Hong Kong. Sunrise Asset is wholly-owned by China Sunrise Capital Holdings Limited ("**Sunrise Capital**"), a limited liability company established in the BVI. Sunrise Capital 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, FC Equity, Sunrise Asset, Sunrise Capital and CFC are deemed to be interested in the Shares held by Wuxi FC under the SFO.
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.
6. Honesty Virtue International Limited is an investment holding company incorporated in the BVI, and is solely and beneficially owned by Shenzhen Jingxi Ruihe Investment Development Company Limited* (深圳經世瑞合投資發展有限公司), a limited company established in the PRC, which is in turn owned by Mr. Chen Junchao as to 80%. Therefore, Mr. Chen is deemed to be interested in the Shares held by Honesty Virtue International Limited by virtue of the SFO.

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Save as disclosed above, as at 28 February 2023, 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;

OTHER INFORMATION

- (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.

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(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.

(ix) 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 5 years and 6 months as at the date of this report.

On 12 July 2018, the Share Option Scheme was conditionally approved and adopted pursuant to a written resolution passed by the shareholders. The Share Option Scheme will remain in force for a period of 10 years from the date of its adoption.

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Details of movements in the number of share options of the Company during the six months ended 28 February 2023 are as follows:

Name or category of participant	Date of grant	Vesting period	Exercise period (both dates inclusive)	Exercise price	Closing price of the Shares	Performance Target	Number of share options outstanding as at 1 September 2022	Number of share options exercised during the period	Number of share options outstanding as at 28 February 2023
				per share	immediately before the date of grant				
				HK\$	HK\$				
Employee	13 May 2021	Nil	13 May 2021 to 12 May 2031	0.598	0.590	Nil	1,000,000	-	1,000,000

No share options remain invested as at 1 September 2022 and 28 February 2023. During the six months ended 28 February 2023, no options had been granted, exercised, lapsed or cancelled under the Share Option Scheme. As at 1 September 2022 and 28 February 2023, a total of 79,000,000 shares may be granted under the Share Option Scheme. The number of shares that may be issued in respect of share options under all schemes of the Company during the six months ended 28 February 2023 divided by the weighted average number of shares of the relevant class in issue for the six months ended 28 February 2023 is 9.61%.

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividends for the six months ended 28 February 2023.

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

During the six months ended 28 February 2023, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company.

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EVENTS AFTER THE PERIOD

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),

(together the “**Equity Transfer Agreements**”).

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The parties entered into amended agreements to the Equity Transfer Agreements (the **"Amended Agreements"**) to amend and restate the terms of the above on 10 April 2023. According to the amended agreements, (i) 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, with (i) the earnest money of RMB73,500,000 and (ii) partial consideration of RMB51,810,044.22 being settled by allotment and issue of 74,441,857 consideration Shares at HK\$0.85 per Share by the Company to Sichuan Zhengzhuo (or its nominee); and (ii) Sichuan Yunmao and Chengdu Bomao conditionally agreed to purchase and Shenzhen Hongyuan and Sichuan Zhengzhuo conditionally agreed to sell 25.5% each of the equity interest in the Target Company B in the aggregate consideration of RMB26,010,000, out of which partial consideration of RMB4,760,922.98 shall be settled by allotment and issue of 6,840,603 consideration Shares at HK\$0.85 per Share by the Company to Sichuan Zhengzhuo (or its nominee).

Chengdu Bomao will enter into a new set of Structured Contracts with Sichuan Yunmao, members of the Target Group and Sichuan Zhengzhuo, which will become effective upon completion of the above agreements. Thus, Sichuan Yunmao and the Target Group will become Consolidated Affiliated Entities upon the completion of the above agreements. The Group will obtain control over and derive economic benefits from the Target Group and Sichuan Yunmao, and the financial results of which will be consolidated into the accounts of the Group.

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One of the subsidiaries of the Target Company A will also renew a loan agreement with the Target Company B of RMB30.0 million to 31 December 2024. Upon completion of the above agreements, it will constitute financial assistance by the Group to which is a connected person at subsidiary level, and, thus, constitutes continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

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, 28 February 2022 and 11 April 2023.

CHANGE OF DIRECTORS AND DIRECTORS INFORMATION

There has been no changes to information which is required to be disclosed by the Directors pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules during the six months ended 28 February 2023 and up to the Latest Practicable Date.

COMPETITION AND CONFLICT OF INTERESTS

As at the Latest Practicable Date, 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 as set out in the 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 Model Code for the six months ended 28 February 2023.



COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Board commits 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 as set out in Part 2 of Appendix 14 to the Listing Rules and complied with all the applicable code provisions, saved for the deviation from CG Code provision C.2.1 which is 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 C.2.1 of the CG Code, 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 Latest Practicable Date 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.

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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 2023 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 2023

	Notes	Six months ended	
		28 February 2023 RMB'000 (unaudited)	28 February 2022 RMB'000 (unaudited)
Revenue from provision of education service	4	41,749	5,970
Costs of services		(33,817)	(3,067)
Gross profit		7,932	2,903
Other income (expense)	5	1,992	866
Other gains and (losses)	6	6,088	81
Share of loss of an associate		(3)	(3)
Administrative expenses		(18,542)	(16,533)
Finance costs	7	(5,037)	(1,217)
(Loss) before tax	9	(7,570)	(13,923)
Income tax expenses	8	(195)	(192)
(Loss) for the period	9	(7,765)	(14,115)
Other Comprehensive Income that will not be reclassified subsequently to profit or loss:			
— Remeasurement of defined benefit obligations		—	—
Total comprehensive income for the period		(7,765)	(14,115)
Profit for the period attributable to			
— Owners of the Company		(7,765)	(14,115)
— Non-controlling interests		—	—
		(7,765)	(14,115)
Total comprehensive income for the period attributable to			
— Owners of the Company		(7,765)	(14,115)
— Non-controlling interests		—	—
		(7,765)	(14,115)
Earnings per share — Basic (RMB)	10	(0.94)	(1.71)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 28 February 2023

		As at 28 February 2023	As at 31 August 2022
	Notes	RMB'000 <i>(unaudited)</i>	RMB'000 <i>(audited)</i>
NON-CURRENT ASSETS			
Property and equipment	11	670,839	665,775
Right-of-use assets	12	96,343	97,780
Interest in an associate		17,507	17,510
Deferred tax assets		17,480	17,672
Deposits		78,571	78,335
		880,740	877,072
CURRENT ASSETS			
Other receivables, deposits and prepayments	13	50,389	41,046
Amounts due from related companies	14	91,776	95,916
Bank balances and cash	15	35,318	155,072
		177,483	292,034
TOTAL ASSETS		1,058,223	1,169,106
CURRENT LIABILITIES			
Other payables and accruals	16	44,375	27,107
Contract liabilities	17	28,760	36,810
Amounts due to related companies	18	1,428	–
Lease liabilities		719	719
Borrowings	19	30,000	31,120
Income tax payable		6,347	6,805
Financial guarantee liabilities		7,807	13,105
		119,436	115,666
NET CURRENT ASSETS		58,047	176,368
TOTAL ASSETS LESS CURRENT LIABILITIES		938,787	1,053,440

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 28 February 2023

	Notes	As at 28 February 2023 RMB'000 (<i>unaudited</i>)	As at 31 August 2022 RMB'000 (<i>audited</i>)
NON-CURRENT LIABILITIES			
Borrowings	19	104,320	129,000
Amounts due to related companies	18	593,046	674,487
Deferred income	20	69,921	70,688
		767,287	874,175
NET ASSETS			
		171,500	179,265
CAPITAL AND RESERVES			
Share capital		7,138	7,138
Reserves		164,362	172,127
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Controlling interests		171,500	179,265
		171,500	179,265

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at 28 February 2023

	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 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
At 1 September 2022 (audited)	7,138	671,945	28,805	-	-	-	(633,529)	179,265	-	179,265
Profit for the period	-	-	-	-	-	-	(7,765)	(7,765)	-	(7,765)
At 28 February 2023	7,138	671,945	28,805	-	-	-	(641,294)	171,500	-	171,500

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 2023

	For the six months ended	
	28 February 2023	28 February 2022
	RMB'000	RMB'000
	(unaudited)	<i>(unaudited)</i>
OPERATING ACTIVITIES		
Decrease in contract liabilities	(8,050)	(3,823)
Other operating cash flows	1,206	94,165
Net cash used in operating activities	(6,844)	90,342
INVESTING ACTIVITIES		
Payment for property, plant and equipment	(3,809)	(110,684)
Proceeds from disposal of property, plant and equipment	1	128
Recovery of equity capital from a subsidiary	–	5,000
Net cash inflow from business acquisition of Riverside Kindergarten	60	–
Net cash used in investing activities	(3,748)	(105,556)
FINANCING ACTIVITIES		
Repayments of advances to related companies	(80,013)	–
Recovery of advances from related companies	4,140	–
Repayment of borrowings	(25,800)	(14,680)
Interest paid	(7,489)	(5,993)
Net cash from (used in) financing activities	(109,162)	(20,673)
NET DECREASE IN CASH AND CASH EQUIVALENTS		
	(119,754)	(35,887)
Cash and cash equivalents at beginning of the period	155,072	93,214
Effect on exchange rate changes	–	–
Cash and cash equivalents at end of the period, represented by bank balances and cash	35,318	57,327

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 28 February 2023

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 address of the Company's registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands, and the principal place of business of the Company is No. 209 Sanse Road, Jinjiang District, Chengdu, Sichuan Province, the PRC. The Company is an investment holding company. The subsidiaries of the Group are mainly engaged in the provision of educational services in the PRC.

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 2023



2. BASIS OF PREPARATION

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

For the six months ended 28 February 2023, the Group incurred a loss attributable to owners of the Company of approximately RMB7,765,000. Together with the uncertainty of the impact of Implementation Regulations (as defined below) 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 have considered the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group has sufficient financial resources to continue as a going concern. The condensed consolidated financial statements have been prepared on a going concern basis as 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, taking into account the Group’s cash flow projections, undrawn banking facilities and the Group’s future capital expenditure under the irrevocable capital commitment.

3. SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 28 February 2023 are the same as those used in the preparation of the Group’s annual consolidated financial statements for the year ended 31 August 2022, save for the changes in accounting policies arising from the application of the new and revised HKFRSs and their interpretations.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 28 February 2023

Application of New and Revised HKFRSs and their Interpretations

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) and new interpretations issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting period beginning on 1 September 2022. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s consolidated financial statements and amounts reported for the current period and prior periods.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 28 February 2023

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 Lidu Kindergarten, Riverside Kindergarten, Tianfu High School and other education consultancy 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 subject to similar regulatory environment. Accordingly, their segment information is aggregated as two reportable segments, i.e. tuition fees and boarding fees, and education consultancy and management services. The accounting policies of the reportable segments are the same described in Note 3.

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

	Degree education and Profitable Education services RMB'000	Education consultancy and Management services RMB'000	Total RMB'000
Six months ended 28 February 2023			
Tuition fees and boarding fees	21,246	–	21,246
Educational consultancy and management services fee	–	20,503	20,503
Total (Unaudited)	21,246	20,503	41,749
Six months ended 28 February 2022			
Tuition fees and boarding fees	4,090	–	4,090
Educational consultancy and management services fee	–	1,880	1,880
Total (Unaudited)	4,090	1,880	5,970

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 28 February 2023

5. OTHER INCOME (EXPENSES)

	Six months ended	
	28 February 2023 RMB'000 (Unaudited)	28 February 2022 RMB'000 (Unaudited)
Bank interest income	48	79
Release of asset-related government grants	767	767
Others	1,177	20
	1,992	866

6. OTHER GAINS AND (LOSSES)

	Six months ended	
	28 February 2023 RMB'000 (Unaudited)	28 February 2022 RMB'000 (Unaudited)
Loss on disposal of property and equipment, net	1	81
Net exchange loss	191	–
Gain on bargain purchase on acquisition of business of Riverside Kindergarten	672	–
Amortisation of financial guarantee contracts	5,298	–
Others	(74)	–
	6,088	81

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 28 February 2023

7. FINANCE COSTS

	Six months ended	
	28 February 2023 RMB'000 (Unaudited)	28 February 2022 RMB'000 (Unaudited)
<i>Interest on:</i>		
Bank borrowings	2,457	1,178
Others	2,580	39
	5,037	1,217

8. INCOME TAX EXPENSE

The Company and Bojun Education Investment Holdings Company Limited (“**Bojun Investment**”) were incorporated in the Cayman Islands and the British Virgin Islands, respectively. Both jurisdictions are tax exempted.

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

Pre-school Education is subject to PRC EIT at 25%. According to announcement of Notice of the State Administration of Taxation on Tax Policy Issues concerning Further Implementing the Western China Development Strategy, all kindergartens were registered with the local tax authority with the applicable reduced 15% PRC EIT rate.

Under the tax concession policy for the year 2022/23, the first RMB1 million of the taxable income of these schools is subject to a tax rate of 2.5% and the taxable income between RMB1 million and RMB3 million is subject to a tax rate of 5%.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 28 February 2023

Pursuant to the PRC Income Tax Law and the respective regulations, other companies of the Group operating in the PRC are subject to PRC EIT rate of 25% on its assessable income.

	Six months ended	
	28 February 2023	28 February 2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<i>Tax expense includes:</i>		
Current tax — PRC EIT	(3)	–
Deferred tax	(192)	(192)
	(195)	(192)

9. LOSS FOR THE PERIOD (PROFIT BEFORE TAX)

Loss before tax has been arrived at after charging:

	Six months ended	
	28 February 2023	28 February 2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Directors' and chief executive's emoluments	875	979
Other staff costs		
— Salaries and other benefits	20,605	5,394
— Employee benefits		
— Defined contribution benefits	1,259	285
Total staff costs	22,739	6,658
Depreciation of property, plant and equipment	5,850	4,849
Depreciation of right-of-use assets	1,132	708
Professional consultation services including the acquisition	5,343	1,840

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 28 February 2023

10. EARNINGS PER SHARE

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

	Six months ended	
	28 February 2023 (Unaudited)	28 February 2022 (Unaudited)
Profit for the period attributable to the owners of the Company (RMB'000)	(7,765)	(14,115)
Weighted average number of ordinary shares in issue (thousands)	821,856	821,856

No diluted earnings per share was presented as there were no potential dilutive shares outstanding during the six months ended 28 February 2023 and 28 February 2022.

11. PROPERTY, PLANT AND EQUIPMENT AND MOVEMENTS

As at 28 February 2023, the closing balance of the Group's fixed assets (excluding depreciation) comprised of: buildings of approximately RMB438,700,000, furniture, fixtures and equipment of approximately RMB2,287,000, motor vehicles of approximately RMB3,756,000, electronic equipment of approximately RMB1,304,000, leasehold improvements of approximately RMB1,300,000, construction in progress of approximately RMB223,492,000, totaling approximately RMB670,839,000.

During the Reporting Period, the Group's fixed asset increased by approximately RMB5,064,000 from approximately RMB665,775,000 as at 31 August 2022. The increase in buildings of approximately RMB83,606,000 was due to the transfer to fixed assets of construction in progress of Tianfu High School, and the decrease in construction in progress of approximately RMB77,142,000 was mainly due to the increase in construction in progress of approximately RMB6,464,000, the decrease in transfer to fixed assets of construction in progress of approximately RMB83,606,000, the increase in furniture and equipment of approximately RMB1,859,000, the increase in motor vehicles of approximately RMB311,000, the increase in electronic equipment of approximately RMB878,000, and the increase in leasehold improvements of approximately RMB1,397,000.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 28 February 2023

12. RIGHT-OF-USE ASSETS

	Six months ended	
	28 February 2023 (Unaudited)	28 February 2022 (Unaudited)
Non-current assets	96,343	99,452

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.

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at	
	28 February 2023 RMB'000 (Unaudited)	28 February 2022 RMB'000 (Unaudited)
Deposits ⁽ⁱ⁾	78,571	78,230
Prepayments	2,457	109
Advances to employees	929	2,689
Other receivables ⁽ⁱⁱ⁾	47,003	849
Total	128,960	81,877
Less: Deposits presented under non-current assets	(78,571)	(78,230)
Presented under current assets	50,389	3,647

Notes:

- Deposits includes deposits paid for acquisition of a target company of RMB73,500,000, non-interest bearing deposits placed with local government authorities for the establishment of new school campus of approximately RMB3,145,000 in Nanjiang and Wangcang county, and other deposits of approximately RMB1,926,000.
- Included in other receivables, an amount of RMB37,000,000 was a refundable investment fund due from Sichuan Hongde Guanghua Education Management Company Limited* (四川弘德光華教育管理有限公司) in relation to the disposal of Pengzhou Bojun School, by terminating the cooperation agreement.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 28 February 2023

14. AMOUNTS DUE FROM RELATED COMPANIES

Name	Relationship	As at	
		28 February 2023 RMB'000 (Unaudited)	28 February 2022 RMB'000 (Unaudited)
Non-trade related			
四川博駿教育投資 管理有限公司 Sichuan Bojun Education Investment Management Company Limited*	56% interest held by Mr. Xiong Tao	426	426
Sichuan Hongde Guanghua Advisory Limited* (四川弘德光華教育 諮詢有限公司)	Shareholder of the released cooperating School	–	39,000
Amounts due from the Affected Entities		91,056	182,075
Trade related			
成都恒宇實業有限公司 Chengdu Hengyu Industrial Company Limited	Controlled by Mr. Xiong Tao	294	294

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 28 February 2023

15. BANK AND CASH BALANCES

As at 28 February 2023, other bank balances carry interest at prevailing market rates of 0.01%–0.385%.

16. OTHER PAYABLES AND ACCRUALS

	As at	
	28 February 2023 RMB'000 (Unaudited)	28 February 2022 RMB'000 (Unaudited)
Payables for property and equipment	5,660	25,079
Miscellaneous expenses received from students ⁽ⁱ⁾	1,612	804
Salary payables	1,616	159
Accrued expenses	1,948	1,412
Tax payable	188	–
Payables for purchase of goods	11,226	366
Other payables	22,125	482
	44,375	28,302

Note:

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 28 February 2023

17. CONTRACT LIABILITIES

	As at	
	28 February 2023 RMB'000 (Unaudited)	28 February 2022 RMB'000 (Unaudited)
Tuition fees and boarding fees	28,760	3,473
	28,760	3,473

Contract liabilities represent the Group's obligation to provide education services to students for which the Group has received advance payment from the students. The balance will be recognised within six months upon the satisfaction of performance obligation.

18. AMOUNTS DUE TO RELATED COMPANIES

	As at	
Name	28 February 2023 RMB'000 (Unaudited)	28 February 2022 RMB'000 (Unaudited)
Amounts due to related companies		
Amounts due to the Affected Entities	594,474	789,913
Less: Amount due for settlement with 12 months shown under current liabilities	(1,428)	(137,718)
	593,046	652,195

The school sponsor fulfils its obligations by providing property, plant and equipment owned by it for use by the school. As the school begins to enroll students, the cash flow generated from the operation is used for the construction of property, plant and equipment, which forms the school sponsor's debt to the school.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 28 February 2023

19. BORROWINGS

	As at	
	28 February 2023	28 February 2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Unsecured bank borrowings with corporate guarantee ⁽ⁱ⁾	134,320	164,320
	134,320	164,320
Analysed as:		
Carrying amount repayable within one year	30,000	30,000
Carrying amount repayable within four years	104,320	134,320

Note:

- i. As at 28 February 2023, the unsecured bank borrowing with corporate guarantee of RMB30,000,000 bears interest at 7% per annum and is repayable within one year after the end of the Reporting Period. Meanwhile, unsecured long-term bank borrowings with corporate guarantee of RMB104,320,000 bear interest at 7% per annum and are repayable within four 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 borrowing contract. As at the Latest Practicable Date, the Company has not committed any default.

20. DEFERRED INCOME

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 28 February 2023

21. DIVIDEND

No dividend has been paid or declared by the Company for the six months ended 28 February 2023, nor has any dividend been proposed subsequent to 28 February 2023.

22. RELATED PARTY TRANSACTIONS

During the six months ended 28 February 2023, the Group received RMB7,622,000 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 2023	28 February 2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Short-term benefits	851	955
Post-employment benefits	24	24
	875	979

23. SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed on 12 July 2018, the Company approved and adopted the Share Option Scheme which will remain in force for a period of 10 years from the date of its adoption.

Pursuant to the announcement of the Company dated 13 May 2021, the Company granted to an eligible participant 1,000,000 share options to subscribe for ordinary shares of HK\$0.01 each in the share capital of the Company at an exercise price of HK\$0.598 per share.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 28 February 2023

The share options granted has a 10-year exercisable period and are vested immediately upon the date of grant.

The closing price of the Company's shares immediately before 13 May 2021, being the date of grant, was HK\$0.590 per share. For details, please refer to the section headed "Other information – Share Option Scheme" in this interim report.

The aggregate fair value of the share options determined at the date of grant based on the Hull-White trinomial model, was approximately HK\$314,000 (equivalent to approximately RMB262,000).

The following assumptions were used to calculate the fair values of share options granted on 13 May 2021:

Grant date share price (per share)	HK\$0.590
Exercise price (per share)	HK\$0.598
Contractual life	10 years
Expected volatility (%)	91.41%
Dividend yield (%)	0.00%
Risk-free interest rate (%)	1.19%

The Hull-White trinomial model is used to estimate the fair value of the share options. The variables and assumptions used in computing the fair value of the share options are based on the Directors' best estimate. Changes in variables and assumptions may result in changes in the fair value of the options.

As at 28 February 2023, the number of share options exercisable is 1,000,000 (2022: 1,000,000). The options outstanding at the end of the period have a weighted average remaining contractual life of 8.2 years (2022: 9.2 years) and the exercise prices of HK\$0.598 per share (2022: HK\$0.598 per share).

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
“Affected Business”	business of the Group affected by the introduction of the Implementation Regulations
“Affected Entities”	subsidiaries or Consolidated Affiliated Entities of the Company involved in non-profit preschool education and compulsory education business (the kindergartens, primary schools and middle schools) providing grade one to nine education services as well as private schools providing compulsory education and high school education under the same operating licence and deconsolidated due to introduction of the Implementation Regulations
“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

DEFINITIONS

“Business Day” or “business day”	a day on which banks in Hong Kong are generally open for business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
“BVI”	the British Virgin Islands
“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

DEFINITIONS



“Companies Law”	the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as the same may be amended, supplemented or otherwise modified from time to time
“Company” or “our Company”	Bojun Education Company Limited (博駿教育有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 14 June 2016
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consolidated Affiliated Entity(ies)”	the entities that the Group controls through the contractual arrangement contemplated under the Structured Contracts
“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 primary, middle and high schools
“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

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
“Implementation Regulations”	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》)
“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”	23 May 2023, 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
“Prospectus”	the prospectus dated 19 July 2018 issued by the Company in connection with the Global Offering

DEFINITIONS



“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 2023
“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
“School Sponsors”	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
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or modified from time to time

DEFINITIONS

“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 Latest Practicable Date
“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
“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

DEFINITIONS



“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
“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

DEFINITIONS

“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
“%”	per cent

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

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