



BOJUN EDUCATION COMPANY LIMITED

博駿教育有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code: 1758



2024 Interim Report

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 own kindergartens, high school and vocational schools. We also provide education management services to education institutions, including kindergarten management and other services, etc.. As at 29 February 2024, we operated two kindergartens, one high school and two vocational schools in Chengdu and Suining, Sichuan Province. As at 29 February 2024, we had an enrolment of 32,693 students supported by 2,543 employees, including over 2,000 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 educational institutions in the PRC. In addition, we have started the layout

for private vocational education sector. As at 31 August 2023, we completed the Acquisition and entered into a set of new structural contracts, and currently operate two vocational schools.

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:

DeHeng Law Offices (Chengdu)

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
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Grand Cayman
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

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1 Connaught Place
Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company
(Cayman) Limited
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Hutchins Drive
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Grand Cayman
KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
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STOCK CODE

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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 Change
	29 February 2024	28 February 2023		
Total number of students	32,693	854	31,839	3,728.2%
Total number of teachers	2,065	93	1,972	2,120.4%
Total school capacity	44,065	1,825	42,240	2,314.5%
Overall school utilisation rate	74.2%	46.8%	27.4%	58.5%

Selected financial information RMB'000 (unless otherwise stated)	For the six months ended		Change	Percentage Change
	29 February 2024 (unaudited)	28 February 2023 (unaudited)		
Revenue	227,480	41,749	185,731	444.9%
Gross profit	106,721	7,932	98,818	1,250.4%
Profit for the period	3,902	(7,765)	11,667	150.3%
Profit for the period attributable to owners of the Company	5,834	(7,765)	13,599	175.1%
Basic earnings per share (RMB cents)	0.66	(0.94)	1.60	170.2%
Diluted earnings per share (RMB cents)	0.66	N/A	N/A	N/A



OPERATING AND FINANCIAL HIGHLIGHTS

RMB'000	For the six months ended	
	29 February 2024 (unaudited)	28 February 2023 (unaudited)
Profit (Loss) for the period	3,902	(7,765)
Less:		
Non-controlling interests	(1,932)	–
Profit for the period attributable to owners of the Company	5,834	(7,765)

RMB'000 (unless otherwise stated)	As at 29 February 2024 (unaudited)	As at 31 August 2023 (audited)	Change	Percentage Change
Bank balances and cash	171,635	346,553	(174,918)	(50.5%)
Contract liabilities	197,189	277,041	(79,852)	(28.8%)
Deferred revenue	423,189	272,363	150,826	55.4%
Gearing ratio ^(note)	255.0%	276.4%	(21.4%)	(7.74%)

Note: 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.

RMB'000 (unless otherwise stated)	For the six months ended		Change	Percentage Change
	29 February 2024 (unaudited)	28 February 2023 (unaudited)		
Net cash used in operating activities	(73,177)	(6,844)	(66,333)	(969.2%)
Net cash used in investing activities	(137,641)	(3,748)	(133,893)	(3,572.4%)
Net cash from (used in) financing activities	35,649	(109,162)	144,811	132.7%



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a leading private education service provider in Sichuan Province, the PRC, with a proven record of more than 22 years in the private education services sector. We operate our own kindergartens, high school and two vocational schools after completion of the Acquisition on 31 August 2023, and successfully stepped into the vocational education industry.

Our Philosophy in Education

The Group adheres to the concepts of “Fusion of Chinese and Western, Combination of Arts and Science” (融貫中西，文理並蓄) and “Learn Intently in Pursuit of Knowledge and Care for the World” (靜學問道，天下關懷). We strengthen the study of basic subjects according to the education rules and the law of growth of people. Meanwhile, we provide high-quality and all-round education services to our students through customised course design. Our vocational schools adhere to the school-running philosophy of “Governing the School According to the Law, and Establishing the School with Morality; Establishing the School Based on Market Demand, and Developing the School with Characteristics; Strengthening the School with Quality, and Promoting the School with Culture” (依法治校，以德譽校；市場立校，特色興校；品質強校，文化弘校), and has been established as modern schools with modern educational ideas and concepts. With complete education, we cultivate modern people who are fully adapted to the development and competition of modern society. With the goal of “innovating the talent training model and highlighting the characteristics of higher vocational education” (創新人才培養模式，突出高職辦學特色), we actively reform the traditional school-running model in practise, innovate and cultivate talents, and efficiently meet the labour market demand. In the Alumni Association’s 2024 ranking of private higher vocational colleges in China (Category II), our Vocational College ranks 53rd and is categorised as a private higher vocational college in China.



Our Schools

We are a leading private education service group in Sichuan Province, the PRC, and operated three basic education schools and two vocational education schools based on the 22 years of experience in operating private schools in Sichuan Province. As at 29 February 2024, the Group's schools had an enrolment of 32,693 students. 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 paragraph 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 Entities has been classified as discontinued operations. The Group has taken measures to optimise its operating structure to mitigate the impact of the Implementation Regulations. Relevant measures included the transformation kindergartens into for-profit organisations and acquisition of vocational education schools.

The following sets out the types of education provided by each of our schools as at 29 February 2024:

	Kindergarten(s)	High school(s)	Vocational school(s)
Tianfu High School		✓	
Lidu Kindergarten	✓		
Riverside Kindergarten	✓		
Vocational College			✓
Vocational School			✓



Our Students

As of 29 February 2024, we had an enrolment of 32,693 students, including 193 kindergarten students, 967 high school students and 31,533 vocational school students.

School sections	Student enrolment as at 29 February 2024	Student enrolment as at 28 February 2023	Change	Change in percentage
High school	967	576	391	67.9%
Kindergartens	193	278	(85)	(30.6%)
Vocational College	25,122	–	25,122	N/A
Vocational school	6,411	–	6,411	N/A

Tuition and Boarding Fees

For high school, our annual tuition fees for the 2023/2024 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 2022/2023 school year. For kindergartens, our annual tuition fees for the 2023/2024 school year ranged from RMB44,160 to RMB46,560 per student. The fees charged remained unchanged when compared to the 2022/2023 school year.

For vocational schools, the tuition fees for the 2023/2024 school year charged by the Vocational College ranged from RMB13,550 to RMB14,000, while boarding fees ranging from RMB1,400 to RMB3,300 per school year was charged. The tuition fees charged by the Vocational School ranged from RMB4,150 to RMB4,250, while boarding fees ranged from RMB1,000 to RMB1,400 per school year was charged.



MANAGEMENT DISCUSSION AND ANALYSIS

In general, our high school has an increase in tuition fees every three years to reflect increase in our operating costs. Meanwhile, 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. The tuition fees of the Vocational School and the Vocational College are also adjusted in accordance with market conditions, and the tuition fees standard of the Vocational College has been implemented since 2019. On 15 May 2020, the Education Department of Sichuan Province* (四川省教育廳) and two other departments jointly issued the “Notice on Improving the Price Management of Private Higher Education Institutions and Strengthening Operational and Postoperational Oversight in our Province” (《關於完善我省民辦高校價格管理方式加強事中事後監督的通知》), which stated that non-profit private higher education Institutions should, in principle, adjust their tuition fees for degree education at intervals of not less than three full school year. Our vocational schools will adjust the tuition fees in a timely manner in accordance with the requirements stated in the notice, taking into account other relevant factors.

Teachers 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 wellbeing 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 satisfied with their career development.

School sections	Number of Teachers As at 29 February 2024	Number of Teachers As at 28 February 2023	Change	Change in percentage
High school	71	47	24	51.1%
Kindergartens	28	46	(18)	(39.1%)
Vocational College	1,559	–	1,559	N/A
Vocational school	407	–	407	N/A

OUR BUSINESS DEVELOPMENT STRATEGIES AND PLANS

Increase Investments in the Operation of Vocational Education Schools

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 substantially more urgent.

We believe that vocational education, as a development project supported by the government, will bring important development opportunity for private education. On 21 December 2022, the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council issued the Opinions on Deepening the Reform of the Construction of the Modern Vocational Education System* (《關於深化現代職業教育體系建設改革的意見》). The Opinions provide comprehensive and specific guidelines for the future reform and development of vocational education from concept revamping to system construction, aiming to deepen the construction of the vocational education system, cultivate more high-quality technicians and skilled talents, and serve the comprehensive development of the nation's economy and society. On 14 July 2023, the General Office of the Ministry of Education issued the Notice on Key Tasks to Accelerate the Construction Reform of the Modern Vocational Education System* (《關於加快推進現代職業教育體系建設改革重點任務的通知》). The Notice has accelerated the process of construction reform of the modern vocational education system, and clarified the next development direction in terms of integrating resources, in-depth integration and quality improvement, and guidance for the construction of a new mechanism for the development of high-quality vocational education through Central-regional interaction, regional linkage, and collaboration between government, administration, enterprises, and schools.



MANAGEMENT DISCUSSION AND ANALYSIS

The Group completed the Acquisition on 31 August 2023, and currently operates two vocational schools, namely the Vocational College and the Vocational School. The Vocational College is a full-time general higher vocational education institute approved by the People's Government of Sichuan Province and has registered with the Ministry of Education. The Vocational College started its operations in 1993, consists of 6 secondary colleges, offering 43 courses, and currently includes 2 campuses with campus area of more than 2,580 acres and gross floor area of over 700,000 square metres. The Chengdu campus of the Vocational School and the Vocational College are in the same place and these two schools share resources such as teachers and equipment. There are a total of more than 1,900 full-time teachers and over 31,000 enrolled students in these two schools. The Vocational College's enrolment number has been growing in recent years, and its enrolment scale has always been in the first echelon of private vocational colleges in Sichuan Province. With the goal of "innovating talent training models and highlighting the characteristics of higher vocational education", the college actively reforms the traditional school operation model in school practises, innovatively cultivates talents, and adapts to the labour market demand. As a result, graduates have been widely recognised by the society. The college has conducted exchanges and cooperation with various universities in China and abroad, and also established good school-enterprise cooperation relationships with more than 1,000 large and medium-sized enterprises and institutions, and implemented "school-enterprise cooperation and targeted training." The Vocational College plans to continue to improve its facilities and expand its scale, striving to create a national level demonstration vocational institution. A new campus under construction is expected to be completed in 2025, and will be able to accommodate 75,000 students. The Vocational College will focus on improving its school-running standards, setting up a modern vocational education system, and raising its school-running level. In the 15th Five-Year Plan for the development of national education, the Vocational College will be established as a comprehensive undergraduate college to realise the vertical integration of "secondary vocational school — higher vocational school — vocational undergraduate school", and build a modern vocational education and training system. We will strive to build the college as a high-level technical university with domestic influence and distinctive educational characteristics.

The Group will continue to improve the conditions, enhance the quality and standards of school-running, and also intended to acquire higher vocational institutions of a certain scale.



School-running with Characteristics and High-standards and Improves Campus Utilisation Rate

The Group set out to build its own characteristic education and advantageous subjects to attract students. At the same time, we provide internship opportunities through cooperation with enterprises and organisations and offer courses that meet market demand, to ensure that students would receive education closely linked with employment. Another major factor is improving the quality of education, including adopting modern teaching methods, improving the qualities of teachers, improving campus facilities, and providing comprehensive support and services to aid the life of students. External publicity is also crucial, such as increasing exposure through social media and organising events such as open days to build up the school brand. Finally, schools should maintain the competitiveness of their course content and teaching quality through continuous evaluation and improvement of educational services to meet the ever-changing educational and market needs. Through these measures, schools can not only increase their attractiveness and competitiveness, but also ensure the efficient use of resources to provide students with a valuable educational experience. We believe that through the Group's unique and high-quality school-running measures, the number of students enrolled will steadily increase in the next few years.

Ongoing Education Management Services

Since 2001, Sichuan Boai and Chengdu Youshi Preschool 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.

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 affiliated kindergartens, the Group is also entrusted with provision of kindergarten teaching staff. During the Reporting Period, the Group provides kindergarten education management services to one connected kindergarten.



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 Reporting Period.

Latest Regulatory Developments

The Implementation Regulations

On 14 May 2021, the State Council promulgated the Implementation Regulations, which became effective from 1 September 2021, which included: (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.



MANAGEMENT DISCUSSION AND ANALYSIS

The Group believes that there are still uncertainties in the interpretation and implementation of the Implementation Regulations. As at the date of this report, no concrete policies have been announced and launched. After detailed discussion with the PRC legal advisers 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 Entities from the consolidated financial statements with effect from 31 August 2021 and the carrying value of the net assets of the Affected Entities for the year ended 31 August 2021 has been deconsolidated in the Group's consolidated financial statements. The operations of the Affected Entities 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.

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

On 15 March 2019, the National People's Congress of the PRC has passed and promulgated the Foreign Investment Law of the PRC (the "**Foreign Investment Law**"), which was effective on 1 January 2020. The Foreign Investment Law defines "foreign investment" as investment activities directly or indirectly carried out by foreign investors in the PRC, and has listed the four situations that should be recognised as foreign investment. The Foreign Investment Law did not explicitly mention "actual control" and "contractual arrangement". Nonetheless, it cannot be ruled out whether further laws and regulations will stipulate the subject in the future. Therefore, there are still uncertainties as to whether the structure under the contractual arrangement will be included in the scope of foreign investment supervision in the future, and if so, how it will be supervised. As at the Latest Practicable Date, the Company's operations have not been affected by the Foreign Investment Law. The Company will closely monitor developments in regards to the Foreign Investment Law and related laws and regulations.



Private Education Promotion Law of the PRC* (《中華人民共和國民辦教育促進法》)

The newly revised Private Education Promotion Law of the PRC that was implemented on 1 September 2017 states that the State encourages all sectors of society to establish private schools in accordance with the law, and has issued a series of documents to further regulate and support the development of private education. The main point of the regulations is that private schools can choose to register as non-profit or for-profit, and it stipulates the procedural framework that different types of schools should follow. In order to further implement the above regulations, the government and relevant competent authorities where the Group operates its schools have issued the Implementation Measures for Classification and Registration of Private Schools in Sichuan Province* (《四川省民辦學校分類登記實施辦法》), which is mainly to follow the Central Government's decision, actively promote the reform of private education classification, and actively and steadily advance the classification and registration management work of private schools across the province, to support and encourage different social entities to establish education institutions, and promote and standardise the healthy development of private education. As at the Latest Practicable Date, the Group's kindergartens and high school have completed the classification and registration, and the remaining schools under the Group have not yet started the classification and registration procedures. Due to certain uncertainties in the interpretation and application of the above regulations, the remaining private schools under the Group will complete the classification and registration at the appropriate time.



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					
	29 February 2024		28 February 2023			
	Percentage		Percentage		Increase/ (Decrease)	%
	RMB'000	of total revenue %	RMB'000	of total revenue %		
Tuition fees and boarding fees	221,713	97.5%	21,245	50.9%	200,468	943.6%
Education advisory and management service fees	5,767	2.5%	20,504	49.1%	(14,737)	(71.9%)
	227,480	100.0%	41,749	100.0%	185,731.00	444.9%

Our revenue increased by approximately RMB185.7 million (or 444.9%) from approximately RMB41.8 million for the six months ended 28 February 2023 to approximately RMB227.5 million for the six months ended 29 February 2024. The increase was mainly because the Group completed the Acquisition on 31 August 2023. This Acquisition was part of the Group's business strategy to expand in the field of vocational education. Meanwhile, it is expected to achieve synergy with the existing basic education sector.

The vocational education segment recorded income of approximately RMB189.9 million during the six months ended 29 February 2024. The Vocational College recorded student enrolment of over 25,000 as at 29 February 2024, and the tuition fees for the 2023/2024 school year it charged ranged from RMB13,550 to RMB14,000, while boarding fees ranging from RMB1,400 to RMB3,300 per school year was charged. The Vocational School recorded student enrolment of over 6,400 as at 29 February 2024, and the tuition fees it charged ranged from RMB4,150 to RMB4,250, while boarding fees ranged from RMB1,000 to RMB1,400 per school year was charged.



MANAGEMENT DISCUSSION AND ANALYSIS

Student enrolment recorded of Tianfu High School for 2023/2024 school year increased from 576 to 967 which contributed to an increase of RMB7.9 million in tuition fees and boarding fees as compared with the same period last year.

Costs of Services

Our costs of services mainly consists of staff costs, depreciation, rental expenses and other costs. Costs of services accounted for approximately 81.0% and 53.0% of our total revenue for the six months ended 28 February 2023 and 29 February 2024, respectively. The following table sets forth a breakdown of the major components of our costs of services for the periods indicated:

		For the six months ended			
		29 February	28 February	Increase/	
		2024	2023	(Decrease)	%
		RMB'000	RMB'000		
Staff costs	(i)	34,965	19,076	15,889	83.3%
Depreciation of property and equipment	(ii)	36,685	1,816	34,869	1,920.1%
Depreciation of right-of-use assets	(iii)	3,744	351	3,393	966.7%
Office expenses		1,827	261	1,566	600.0%
Repair and maintenance		5,412	264	5,148	1,950.0%
Canteen operating costs	(iv)	4,032	10,645	(6,613)	(62.1%)
Others		34,094	1,404	32,690	2,328.3%
Total		120,759	33,817	86,942	257.1%

The costs of services increased by approximately RMB86.9 million (or 257.1%) from approximately RMB33.8 million for the six months ended 28 February 2023 to approximately RMB120.8 million for the six months ended 29 February 2024. The increase was mainly because the Group completed the Acquisition on 31 August 2023. This Acquisition was part of the Group's business strategy to expand in the field of vocational education. Meanwhile, it is expected to achieve synergy with the existing basic education sector.



MANAGEMENT DISCUSSION AND ANALYSIS

- (i) Staff costs increased by approximately RMB15.9 million (or 83.3%) from approximately RMB19.1 million for the six months ended 28 February 2023 to approximately RMB35.0 million for the six months ended 29 February 2024. The significant increase of costs was due to the increase in the number of employees. Sichuan Zhengzhuo owned two vocational schools, namely the Vocational School and the Vocational College. These two schools have more than 1,900 teachers.
- (ii) Depreciation expenses of property and equipment increased by approximately RMB34.9 million from approximately RMB1.8 million for the six months ended 28 February 2023 to approximately RMB36.7 million for the six months ended 29 February 2024. The increase was mainly because the Group completed the Acquisition on 31 August 2023.
- (iii) Depreciation expenses of right-of-use assets increased by approximately RMB3.4 million from approximately RMB0.3 million for the six months ended 28 February 2023 to approximately RMB3.7 million for the six months ended 29 February 2024. The increase was mainly because the Group completed the Acquisition on 31 August 2023. The Vocational College currently owns two campuses, with area of more than 2,580 acres. The gross floor area is more than 700,000 square metres.
- (iv) Canteen operation cost decreased from approximately 10.6 million for the six months ended 28 February 2023 to approximately RMB4.0 million for the six months ended 29 February 2024 , mainly due to the decrease of the canteen operation income.



Gross Profit and Gross Profit Margin

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

	For the six months ended					
	29 February 2024			28 February 2023		
	Segment revenue	Gross profit	Gross profit margin	Segment revenue	Gross profit	Gross profit margin
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Tuition fees and boarding fees	221,713	106,156	47.9%	21,246	5,862	27.6%
Education advisory and management service fees	5,767	565	9.8%	20,503	2,070	10.1%
	227,480	106,721	46.9%	41,749	7,932	19.0%

Our gross profit margin for tuition fees and boarding fees increased by approximately 20.3% from approximately 27.6% for the six months ended 28 February 2023 to approximately 47.9% for the six months ended 29 February 2024. It was mainly because the Group completed the Acquisition on 31 August 2023. This Acquisition was part of the Group's business strategy to expand in the field of vocational education. Meanwhile, it is expected to achieve synergy with the existing basic education sector. The average gross profit margin of the top ten vocational education companies listed on the Stock Exchange in terms of net assets was approximately 54.3%. The gross profit margin of the Vocational College's tuition fees and boarding fees was approximately 49.1% for the six months ended 28 February 2023. After the completion of the Acquisition, the Group is committed to achieving synergy between the vocational education segment and Bojun's basic education segment, so as to optimise costs and increase gross profit margins.

The gross profit margin of education advisory and management service fees slightly decreased from approximately 10.1% for the six months ended 28 February 2023 to approximately 9.8% for the six months ended 29 February 2024 due to the increase in staff costs.



MANAGEMENT DISCUSSION AND ANALYSIS

Other Income

Other income increased by approximately RMB4.5 million (or 227.5%) from approximately RMB2.0 million for the six months ended 28 February 2023 to approximately RMB6.5 million for the six months ended 29 February 2024. The increase was mainly due to the increase of release of asset-related government grants.

Other Net Gains

Other net gains increased by approximately RMB13.1 million (or 214.4%) from approximately RMB6.1 million for the six months ended 28 February 2023 to approximately RMB19.1 million for the six months ended 29 February 2024. The increase was mainly due to the one-off gain from the waiver by Pengzhou School of a debt of approximately RMB19.0 million owed by the Group to Pengzhou School.

Administrative Expenses

Administrative expenses for the six months ended 29 February 2024 mainly consist of administrative staff costs, depreciation of administrative related properties and right-of-use assets, 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 RMB35.0 million (or 187.6%) from approximately RMB18.5 million for the six months ended 28 February 2023 to approximately RMB53.3 million for the six months ended 29 February 2024, mainly due to the increase in administrative expenses in line with the Group's business development, and the completion of the Acquisition on 31 August 2023.

Selling Expenses

Selling expenses for the six months ended 29 February 2024 mainly represented the costs related to the promotion of the vocational schools including branding, recruiting students and advertisement, etc.

Finance Costs

Finance costs for the six months ended 29 February 2024 mainly include interest expenses on bank borrowings and finance leases.

MANAGEMENT DISCUSSION AND ANALYSIS

Finance costs increased by approximately RMB39.8 million (or 791.0%) from approximately RMB5.0 million for the six months ended 28 February 2023 to approximately RMB44.9 million for the six months ended 29 February 2024, mainly because the Group completed the Acquisition on 31 August 2023. As at 29 February 2024, the financing balance of the Group's basic education segment was approximately RMB338.3 million, which will be used for the daily operations of the basic education segment and the subsequent expansion of Tianfu High School. As at 29 February 2024, the financing balance of the Group's vocational education segment was approximately RMB1,087.1 million. Since vocational education is currently in a stage of rapid development, the Group actively uses financial leverage to ensure the development of the vocational education business.

Taxation

Income tax expense increased by approximately RMB3.1 million (or 1,585.1%) from approximately RMB0.2 million for the six months ended 28 February 2023 to approximately RMB3.3 million for the six months ended 29 February 2024. The increase in income tax expense was mainly due to the Group's completion of the Acquisition on 31 August 2023. Sichuan Yunmao, the parent company of Sichuan Zhengzhuo and Sichuan Gaojiao, recorded revenue of approximately RMB183.9 million and loss before tax of approximately RMB1.8 million during the six months ended 29 February 2024, of which the Vocational College alone recorded revenue of approximately RMB167.3 million, with profit before tax of approximately RMB6.8 million.

Profit (Loss) for the Period

We recorded a loss of approximately RMB7.8 million for the six months ended 28 February 2023 and profit of approximately RMB3.9 million for the six months ended 29 February 2024, representing an increase of approximately RMB11.7 million or 150.3%. The Group completed the Acquisition on 31 August 2023. Sichuan Yunmao, the parent company of Sichuan Zhengzhuo and Sichuan Gaojiao, recorded revenue of approximately RMB183.9 million and net loss of approximately RMB3.9 million during the six months ended 29 February 2024. The basic education segment recorded revenue of approximately RMB37.6 million and profit of approximately RMB7.8 million, mainly due to the fact that Tianfu High School added more than 360 students in the Reporting Period and recorded an increase of approximately RMB7.9 million in tuition fees and boarding fees as compared with the same period last year. Moreover, the Group recorded a one-off gain from waiver of debt to Pengzhou School of approximately RMB19.2 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 revenue on a pro rata basis over the relevant period of the applicable courses. Contract liabilities decreased by approximately RMB79.8 million (or 29.0%) from approximately RMB277.0 million as at 31 August 2023 to approximately RMB197.2 million as at 29 February 2024. 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, bank borrowings and finance leases. As at 29 February 2024, the Group had short-term bank borrowings of approximately RMB129.5 million (31 August 2023: RMB460.0 million), short-term finance leases of approximately RMB273.15 million (31 August 2023: RMB245.0 million), secured long-term borrowings of approximately RMB838.2 million (31 August 2023: RMB406.1 million) and secured long-term financing leases of approximately RMB184.0 million (31 August 2023: RMB396.1 million). Out of the total borrowings as at 29 February 2024, borrowings repayable (i) on demand or within one year amounted to approximately RMB402.6 million, (ii) within a period of more than one year but not exceeding two years amounted to approximately RMB221.8 million, (iii) within a period of more than two years but not exceeding five years amounted to approximately RMB512.2 million; and (iv) within a period of more than five years amounted to approximately RMB288.8 million. Approximately 68.0% of these are at fixed interest rate. The interest rates of the Group's fixed-rate bank and other borrowings ranged from 5.00% to 8.35%, and the interest rates of floating-rate bank and other borrowings ranged from 5.00% to 10.10%, and these borrowings were mainly used to finance the working capital requirements of the 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 RMB171.6 million as at 29 February 2024 (31 August 2023: 346.6 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 Reporting Period, 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	
	29 February 2024	28 February 2023
	RMB'000	RMB'000
	(unaudited)	<i>(unaudited)</i>
Net cash used in operating activities	(73,177)	(6,844)
Net cash used in investing activities	(137,641)	(3,748)
Net cash used in financing activities	35,649	(109,162)
Net increase (decrease) in cash and cash equivalents	(175,169)	(119,754)
Cash and cash equivalents at the beginning of the period	346,553	155,072
Effect of foreign exchange rate changes	251	–
Cash and cash equivalents at the end of the period	171,635	155,072

Net 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; and (iii) payment for cash consideration of the Acquisition. The following table sets forth the change in cash from investing activities for the periods indicated:

	For the six months ended	
	29 February 2024	28 February 2023
	RMB'000	RMB'000
	(unaudited)	<i>(unaudited)</i>
Payment for property, plant and equipment	(34,380)	(3,809)
Net cash inflow from business acquisition of Riverside Kindergarten	–	61
Payment for cash consideration of acquisition	(86,550)	–
Payment for land use right	(169,692)	–
Refund of government subsidy	152,981	–
	(137,641)	(3,748)



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 the 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 period end date concerned.

Our gearing ratio decreased from approximately 276.4% as at 31 August 2023 to approximately 255.0% as at 29 February 2024. We believe that we will combine internally generated cash, external borrowings and other funds raised from the capital market from time to time to meet our liquidity needs and continue to optimise the capital structure of the Company.

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 29 February 2024, 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

Except for the furniture, fixtures and equipment pledged for the other borrowing under sale and leaseback arrangement, there were no other material charges on the Group's assets as at 29 February 2024.

Contingent Liabilities

As at 29 February 2024, the Group did not have any material contingent liabilities (31 August 2023: nil).

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

During the Reporting Period, the Group did not have any material acquisitions and disposals of subsidiaries, associates or joint ventures.

Future Plans for Material Investments and Capital Assets

As of 29 February 2024, the Group has no future plans for material investments and capital assets.



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 been/will be applied in the manner as set out in the section headed “Future plans and use of proceeds” of the Prospectus. On 24 November 2023, the Board resolved to reallocate the use of the unutilised net proceeds in the sum of approximately RMB12.9 million, which was originally intended for establishment of the US School, to the settlement of partial consideration in cash in relation to the acquisition on or before 31 December 2024. An analysis of the utilisation of the net proceeds as at the date of this report and the proposed reallocation of the unutilised net proceeds is set out below:

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 School (being the Chengdu School as defined in the Prospectus)	9%	38.6	38.6	–
V. Establishing Lezhi Bojun School	5%	21.4	21.4	–
VI. Financing the acquisition of vocational education schools	3%	12.9	–	12.9 ^(Note)
VII. As working capital and for general corporate purpose	5%	21.4	21.4	–
Total	100%	428.9	416.0	12.9

Note: The net proceeds of approximately RMB12.9 million unutilised as at the date of this report is expected to be used on or before 31 December 2024.



SIGNIFICANT INVESTMENTS HELD

As at 29 February 2024, the Group held approximately 33.34% partnership 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)) (“**Tongxing Wanbang**”) 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 temporarily.

On 27 November 2023, Chengdu Bojun entered into a sale and purchase agreement with Mr. Yang Zonghua* (楊宗華), pursuant to which Chengdu Bojun has agreed to sell, and Mr. Yang has agreed to acquire 33.34% of the partnership equity interests in Tongxing Wanbang for a total consideration of RMB17.5 million. For details, please refer to the announcement of the Company dated 27 November 2023.

SIGNIFICANT LEGAL PROCEEDINGS

During the Reporting Period, 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 29 February 2024, the Group had 2,543 employees (as at 31 August 2023: 2,430). 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 programmes to its employees. For the six months ended 29 February 2024, the staff costs (including directors’ fees) amounted to approximately RMB56.2 million (for the six months ended 28 February 2023: RMB22.7 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 29 February 2024, 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 C3 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)	Interest in a controlled corporation	233,920,000	Long position	25.90%
Mr. Wu Jiwei	Beneficial interest	46,000	Long position	0.01%

Note:

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 by virtue of the SFO.

Save as disclosed above, as at 29 February 2024, 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 29 February 2024 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 29 February 2024, 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	25.90%
Act Best ^(Note 1)	Interest in a controlled corporation	233,920,000	Long position	25.90%
Ms. Duan Ling ^(Note 2)	Interest of spouse	233,920,000	Long position	25.90%
Mr. Xiong Tao ^(Note 3)	Interest in a controlled corporation	82,853,550	Long position	9.17%
Cosmic City ^(Note 3)	Beneficial owner	82,853,550	Long position	9.17%
Zhuotai Education Investment Limited* (卓泰教育投资有限公司) ^(Note 4)	Beneficial owner	81,282,460	Long position	9.00%



OTHER INFORMATION

Name	Capacity/Nature of interest held	Number of Shares	Long position/ Short position	Approximate percentage of shareholding held in the Company
Li Yafei ^(Note 4)	Interest in a controlled corporation	81,282,460	Long position	9.00%
Cao Youqin ^(Note 5)	Interest of spouse	81,282,460	Long position	9.00%
Broad Skill Holdings Limited ^(Note 6)	Beneficial owner	56,510,000	Long position	6.88%
He Jing ^(Note 6)	Interest in a controlled corporation	56,510,000	Long position	6.88%
Xu Zhengmiao ^(Note 7)	Interest of spouse	56,510,000	Long position	6.88%

Notes:

- 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 233,920,000 Shares held by Act Glory by virtue of the SFO.
- 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.
- Mr. Xiong Tao was the sole shareholder and sole director of Cosmic City, an investment holdings company incorporated in the BVI, and was therefore deemed to be interested in the 82,853,550 Shares held by Cosmic City by virtue of the SFO. Mr. Xiong Tao passed away on 18 August 2020.
- Zhuotai Education Investment Limited is incorporated in the BVI and is owned by Mr. Li Yafei as to 80% and Ms. Cao Youqin as to 20%. Therefore, Mr. Li is deemed to be interested in the 81,282,460 Shares held by Zhuotai Education by virtue of the SFO.
- Ms. Cao Youqin is the wife of Mr. Li Yafei, and is therefore deemed to be interested in the 81,282,460 Shares held by Zhuotai Education Investment Limited by virtue of the SFO.
- Broad Skill Holdings Limited is incorporated in the BVI and is solely owned by All Jovial Limited, which is solely owned by Ms. He Jing. Therefore, Ms. He is deemed to be interested in the 56,510,000 Shares held by her by virtue of the SFO.
- Mr. Xu Zhengmiao is the husband of Ms. He Jing, and is therefore deemed to be interested in the 56,510,000 Shares held by Broad Skill Holdings Limited by virtue of the SFO.



OTHER INFORMATION

Save as disclosed above, as at 29 February 2024, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

SHARE OPTION SCHEME

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

(i) Purpose of the scheme

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

(ii) Who may join

- (aa) any employee of the Company, any of our subsidiaries or any entity in which the Group holds an equity interest;
 - (bb) any non-executive director (including independent non-executive director) of the Company, any subsidiary or any invested entity;
 - (cc) any supplier of goods or services to any member of the Group or any invested entity;
 - (dd) any customer of any member of the Group or any invested entity;
 - (ee) any person or entity that provides research, development or other technological support to any member of the Group or any invested entity;
 - (ff) any shareholder of any member of the Group or any invested entity or any holder of any securities issued by any member of the Group or any invested entity;
 - (gg) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any invested entity;
- and



OTHER INFORMATION

(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.

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(vi) Time of acceptance and exercise of option

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

(vii) Performance targets

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

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

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

(ix) Period of the share option scheme

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

The remaining life of the Share Option Scheme is approximately 4 years and 6 months as at 29 February 2024.



OTHER INFORMATION

Details of movements in the number of share options of the Company during the six months ended 29 February 2024 are as follows:

Name or category of participant	Date of grant	Vesting period	Exercise period (both dates inclusive)	Closing price of the Shares		Performance Target	Number of share options outstanding as at 1 September 2023	Number of share options exercised during the period	Number of share options outstanding as at 29 February 2024
				Exercise price per share	Exercise immediately before the date of grant				
				HK\$	HK\$				
Advisor	17 August 2023	All relevant share options will be vested on 18 August 2024	From 18 August 2024 to 16 August 2033	0.130	0.109	Nil	N/A	Nil	5,000,000 ^(a)
Employee	13 May 2021	Nil	13 May 2021 to 12 May 2031	0.598	0.590	Nil	1,000,000	-	1,000,000

Note: 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).

No share options remain invested as at 1 September 2022 and 28 February 2023. During the six months ended 29 February 2024, no options had been granted, exercised, lapsed or cancelled under the Share Option Scheme. As at 1 September 2023 and 29 February 2024, a total of 74,000,000 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 29 February 2024 divided by the weighted average number of shares of the relevant class in issue for the six months ended 29 February 2024 is 8.39%.

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividends for the six months ended 29 February 2024.

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

During the six months ended 29 February 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company.

OTHER INFORMATION

EVENTS AFTER THE PERIOD

There was no subsequent event after 29 February 2024 which has material impact to the Group.

CHANGE OF DIRECTORS AND DIRECTORS INFORMATION

There has been no changes to information which is required to be disclosed by the Directors pursuant to Rule 13.51B(1) of the Listing Rules during the Reporting Period and up to the Latest Practicable Date.

COMPETITION AND CONFLICT OF INTERESTS

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

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in the Appendix C3 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 during the Reporting Period.

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 31 July 2018, the date on which the shares of the Company were listed and traded on the Stock Exchange, the Company has applied the CG Code as set out in Appendix C1 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 practises of the Company for the purpose of maintaining high corporate governance standards.



OTHER INFORMATION

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

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in accordance with the Listing Rules and the CG Code. The primary duties of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting process, internal control procedures and risk management system of the Group, overseeing the audit process and performing other duties and responsibilities as assigned by the Board. The Audit Committee comprises three members, namely, Mr. Cheng Tai Kwan Sunny, Mr. Mao Daowei and Ms. Luo Yunping, all being independent non-executive Directors. 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 29 February 2024 and this interim report. The Audit Committee has also held meeting to discuss matters with respect to the accounting policies and practises 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 29 February 2024

	Notes	Six months ended	
		29 February 2024 RMB'000 (unaudited)	28 February 2023 RMB'000 (unaudited)
Revenue from provision of education service	4	227,480	41,749
Costs of services		(120,759)	(33,817)
Gross profit		106,721	7,932
Other income	5	6,523	1,992
Other net gains	6	19,138	6,088
Share of loss of an associate		–	(3)
Administrative expenses		(53,318)	(18,542)
Selling expense		(26,996)	–
Finance costs	7	(44,880)	(5,037)
Profit (loss) before tax	9	7,188	(7,570)
Income tax expenses	8	(3,286)	(195)
Profit (loss) for the period	9	3,902	(7,765)
Other comprehensive Income that will not be reclassified subsequently to profit or loss:		–	–
Total comprehensive income for the period		3,902	(7,765)
		3,902	(7,765)
Total comprehensive income for the period attributable to			
— Owners of the Company		5,834	(7,765)
— Non-controlling interests		(1,932)	–
		3,902	(7,765)
Earnings per share — Basic (RMB)	10	0.66	(0.94)
Earnings per share — Diluted (RMB)		0.66	N/A



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 29 February 2024

	Notes	As at	
		29 February 2024 RMB'000 (unaudited)	31 August 2023 RMB'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	11	2,655,472	2,671,943
Right-of-use assets		763,238	600,285
Intangible assets		3,446	3,782
Goodwill		12,105	12,105
Interest in an associate		–	17,507
Deferred tax assets		17,097	17,289
Other receivables and deposits		103,712	94,544
Total non-current assets		3,555,070	3,417,455
CURRENT ASSETS			
Other receivables, deposits and prepayments	12	126,001	120,630
Amounts due from related companies	13	107,579	28,766
Bank balances and cash	14	171,635	346,553
Restricted bank deposits	14	–	150,000
Assets held for sale		17,507	–
Total current assets		422,722	645,949
TOTAL ASSETS		3,977,792	4,063,404
CURRENT LIABILITIES			
Other payables and accruals	15	478,048	461,457
Contract liabilities	16	197,189	277,041
Amounts due to related companies	13	151,328	137,322
Lease liabilities		271	175
Income tax payable		13,517	9,759
Bank and other borrowings		402,575	704,991
Financial guarantee liabilities		3,787	7,670
Total current liabilities		1,246,715	1,598,415
NET CURRENT LIABILITIES		(823,993)	(952,466)
TOTAL ASSETS LESS CURRENT LIABILITIES		2,731,077	2,464,989

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 29 February 2024

	Notes	As at	
		29 February 2024 RMB'000 (<i>unaudited</i>)	31 August 2023 RMB'000 (<i>audited</i>)
NON-CURRENT LIABILITIES			
Lease liabilities		–	186
Bank and other borrowings		1,022,857	802,282
Other payables		67,436	166,410
Amounts due to related companies	13	594,645	613,637
Deferred revenue	18	423,189	272,363
Deferred tax liabilities		63,973	64,836
Total non-current liabilities		2,172,100	1,919,528
NET ASSETS		558,977	545,461
CAPITAL AND RESERVES			
Share capital		7,890	7,138
Reserves		235,624	230,542
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Controlling interests		243,514	237,680
		315,463	307,595
TOTAL EQUITY		558,977	545,275



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at 29 February 2024

	Share capital	Share premium	Other reserves	Statutory surplus reserves	Deferred consideration shares	Share option reserves	Accumulated profits	Sub-total	Non-controlling interest	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
			(Note i)	(Note ii)						
At 1 September 2022 (audited)	7,138	671,945	133,449	-	-	262	(633,529)	179,265	-	179,265
Profit for the period	-	-	-	-	-	-	(7,765)	(7,765)	-	(7,765)
At 28 February 2023	7,138	671,945	133,449	-	-	262	(641,294)	171,500	-	171,500
At 1 September 2023 (audited)	7,138	671,945	133,449	1,264	7,368	262	(583,746)	237,680	307,595	545,275
Payment of registered capital by non-wholly owned subsidiaries	-	-	-	-	-	-	-	-	9,800	9,800
Service costs of share options for waiting period	-	-	-	-	-	156	(156)	-	-	-
Issuance of shares	752	6,616	-	-	(7,368)	-	-	-	-	-
Transfer	-	-	-	183	-	-	(183)	-	-	-
Profit for the period	-	-	-	-	-	-	5,834	5,834	(1,932)	3,902
At 29 February 2024	7,890	678,561	133,449	1,447	-	418	(578,251)	243,514	315,463	558,977

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 laws and regulations of the PRC, for private school that requires reasonable return, it is required to appropriate to development fund of not less than 10% 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 29 February 2024

	For the six months ended	
	29 February 2024 RMB'000 (unaudited)	28 February 2023 RMB'000 (unaudited)
OPERATING ACTIVITIES		
Operating cash flow before changes in working capital	90,857	(22,360)
Changes in working capital	(164,034)	15,516
NET CASH USED IN OPERATING ACTIVITIES	(73,177)	(6,844)
INVESTING ACTIVITIES		
Payment for property, plant and equipment	(34,380)	(3,809)
Net cash inflow from business acquisition of Riverside Kindergarten	–	61
Payment of deferred cash consideration for acquisition	(86,550)	–
Payment for purchase of right-of-use assets	(169,692)	–
Rebate from government land payment	152,981	–
NET CASH USED IN INVESTING ACTIVITIES	(137,641)	(3,748)
FINANCING ACTIVITIES		
Payment of registered capital by non-wholly owned subsidiaries	9,800	–
Cash inflow from new borrowings	150,000	–
Payment of interest	(42,220)	(7,489)
Repayment of borrowings	(231,931)	(25,800)
Release of restricted bank deposits pledged for borrowings	150,000	–
Others	–	(75,873)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	35,649	(109,162)
NET DECREASE IN CASH AND CASH EQUIVALENTS AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	(175,169)	(119,754)
Effect on exchange rate changes	251	–
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, REPRESENTED BY BANK BALANCES AND CASH	171,635	35,318

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 29 February 2024

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 were 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. 239 Sanse Road, Jinjiang District, Chengdu, Sichuan Province, the PRC. The Company is an investment holding company. The subsidiaries and consolidated affiliated entities of the Company 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.

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 D2 to the Listing Rules.

For the six months ended 29 February 2024, the Group incurred net current liabilities of approximately RMB824.0 million. Moreover, there are uncertainties of the impact of the Implementation Regulations indicating 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 29 February 2024 are the same as those used in the preparation of the annual consolidated financial statements for the year ended 31 August 2023, save for the changes in accounting policies arising from the application of the new and revised HKFRSs and their interpretations.

Application of New and Revised HKFRSs and Their Interpretations

In the current period, the Group has adopted all the new and revised Hong Kong 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 2023. 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.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 29 February 2024

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

Information reported to the CODM, for the purposes of resources allocation and assessment of segment performance, focuses on types of services provided. CODM assesses the performance of teaching and boarding services provided by Lidu Kindergarten, Riverside Kindergarten, Tianfu High School, the Vocational School, the Vocational College 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.

	Degree education and profitable education services RMB'000	Education consultancy and management services RMB'000	Total RMB'000
Six months ended 29 February 2024			
Tuition fees and boarding fees	221,713	–	221,713
Educational consultancy and management services fee	–	5,767	5,767
Total (unaudited)	221,713	5,767	227,480
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



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 29 February 2024

5. OTHER INCOME

	Six months ended	
	29 February 2024 RMB'000 (<i>unaudited</i>)	28 February 2023 RMB'000 (<i>unaudited</i>)
Bank interest income	278	48
Amortisation of asset-related government grants	2,922	767
Others	3,323	1,177
	6,523	1,992

6. OTHER NET GAINS

	Six months ended	
	29 February 2024 RMB'000 (<i>unaudited</i>)	28 February 2023 RMB'000 (<i>unaudited</i>)
Exchange gain	251	191
Gain on bargain acquisition of Riverside Kindergarten	–	672
Gain on disposals of subsidiaries	31	–
Amortisation of financial guarantee contracts	3,881	5,298
Unwinding of discount on consideration payables	(6,719)	–
Waiver of amount due to Pengzhou School	19,226	–
Others	2,836	(73)
	19,138	6,088



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 29 February 2024

7. FINANCE COSTS

	Six months ended	
	29 February 2024 RMB'000 (<i>unaudited</i>)	28 February 2023 RMB'000 (<i>unaudited</i>)
Bank borrowings	23,631	2,457
Others	21,249	2,580
	44,880	5,037

8. INCOME TAX EXPENSE

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

Under the Western Development Tax Incentive Scheme* (西部大開發稅收優惠計劃), certain subsidiaries of the Group engaged in preschool education and vocational education are subject to the preferential tax rate of 15% on their respective taxable income with an effective date on 1 January 2011.

Pursuant to State Taxation Administration Announcement 2023 No. 6* (國家稅務總局公告2023年第6號), from 1 January 2023 to 31 December 2024, certain subsidiaries of the Group that are categorised as small and low-profit enterprises can enjoy a 20% preferential tax rate on 25% of their taxable income amount for the proportion of taxable income not exceeding RMB3 million.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 29 February 2024

	Six months ended	
	29 February 2024 RMB'000 (unaudited)	28 February 2023 RMB'000 (unaudited)
Tax expense includes:		
Current tax	3,957	(3)
Deferred tax	(671)	(192)
	3,286	(195)

9. PROFIT (LOSS) FOR THE PERIOD

Profit (Loss) before tax has been arrived at after charging:

	Six months ended	
	29 February 2024 RMB'000 (unaudited)	28 February 2023 RMB'000 (unaudited)
Directors' emoluments	890	875
Other staff costs		
— Salaries and other benefits	49,323	20,605
— Employee benefits	702	–
— Retirement benefit scheme	5,333	1,259
Total staff costs	56,248	22,739
Depreciation of property	50,849	5,850
Depreciation of right-of-use assets	6,739	1,132
Auditors' remuneration	850	1,942



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 29 February 2024

10. EARNINGS PER SHARE

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

	Six months ended	
	29 February 2024 (unaudited)	28 February 2023 (unaudited)
Earnings/(losses)		
Profit/(loss) for the period attributable to the owners of the Company, used in the basic and diluted earnings per share calculation (RMB'000)	5,834	(7,765)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	881,701,328	821,856,000
Effect of dilutive potential ordinary shares arising from share options (Note)	261,353	–
Weighted average number of ordinary shares used in diluted earnings per share calculation	881,962,680	821,856,000

Note: No diluted losses per share were presented for the six months ended 28 February 2023, as there was no potential dilutive share outstanding during that period.

11. PROPERTY, PLANT AND EQUIPMENT AND MOVEMENTS

As at 29 February 2024, the closing balance of the Group's fixed assets (excluding depreciation) comprised of: buildings of approximately RMB2,168,125,000, furniture, fixtures and equipment of approximately RMB244,505,000, motor vehicles of approximately RMB9,836,000, electronic equipment of approximately RMB496,000, leasehold improvements of approximately RMB475,000, construction in progress of approximately RMB232,039,000, totaling approximately RMB2,655,472,000.

During the Reporting Period, the Group's fixed asset decreased by approximately RMB16,471,000 from approximately RMB2,671,943,000 as at 31 August 2023. Among which, the new depreciation during the Period amounted to RMB 50,849,000, and the newly added fixtures and equipment amounted to approximately RMB 34,380,000.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 29 February 2024

12. OTHER RECEIVABLES

	29 February 2024	31 August 2023
	RMB'000	RMB'000
	(unaudited)	<i>(audited)</i>
Prepayment to an independent construction contractor	50,000⁽ⁱ⁾	50,000
Secured deposits for other borrowings (Note 17)	25,200	25,200
Deposits for establishment of school campus	3,145⁽ⁱⁱ⁾	3,145
Deposit for a parcel of land	—⁽ⁱⁱⁱ⁾	2,729
Other tax receivables	56,703^(iv)	50,310
Advances to staffs	8,940	11,006
Amount due from Hongde Guanghua (as defined below)	32,000^(v)	32,000
Loan and other receivables from Daying Estate	5,930^(vi)	17,711
Consideration receivable from the disposal of equity interest	13,650^(vii)	12,933
Prepaid expenses	2,380	3,879
Other deposits and receivables	31,765	6,261
Total	229,713	215,174
— Current assets	126,001	120,630
— Non-current assets	103,712	94,544

Notes:

- (i) The balance as at 29 February 2024 represented the upfront payment paid to an independent contractor for the expansion plan of the phase 2 school campus and facilities in the Vocational College.
- (ii) The balance represents the non-interest bearing deposits placed to local government authorities for the purpose of establishment of school campus amounting to approximately RMB3,145,000 (31 August 2023: RMB3,145,000).
- (iii) The balance as at 31 August 2023 represented a deposit for a parcel of land reserved for educational use with a term of 50 years. The parcel of land was acquired by the Group subsequently in October 2023 and the deposit was included as part of the consideration.
- (iv) The balance as at 29 February 2024 mainly represented the deductible input value-added tax generated from the procurement of construction services for the Group's buildings and facilities.
- (v) The balance represents a refundable investment fund due from Hongde Guanghua in relation to the disposal of Pengzhou School, which was one of Affected Entities. An amount of approximately RMB8,000,000 was refunded during the Reporting Period. On 31 January 2024, parties to the relevant termination agreement entered into a second supplemental agreement amending terms of refund. For details, please refer to the announcements of the Company dated 27 August 2021, 30 September 2021, 26 October 2021, 20 May 2022, 10 June 2022, 31 January 2024 and 15 April 2024 and the circular of the Company dated 30 September 2021. The amount is guaranteed by Independent Third Parties, non-interest bearing and due on demand. The Directors expected to gradually recover the receivables on or before by 30 September 2028.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 29 February 2024

- (vi) The balances as at 29 February 2024 represented the receivables due from Daying Tianshi Real Estate Company Limited* (大英天世置業有限公司) ("**Daying Estate**"), a former subsidiary of Sichuan Gaojiao prior to the completion of the Acquisition on 31 August 2023. The gross amounts of the outstanding receivables amounted to approximately RMB7,564,841.25 (31 August 2023: RMB22,566,000) before the fair value adjustment arising in the Acquisition. The amount of the remaining gross outstanding receivables represents the former current account with Sichuan Gaojiao which is unsecured, non-interest bearing and without a fixed repayment term.
- (vii) The balances as at 29 February 2024 represented the remaining consideration receivable due from an independent third party for the disposal of the entire equity interest in Daying Estate. The gross amounts of the consideration receivables amounted to approximately RMB19,500,000 before the fair value adjustment arising in the Acquisition. The remaining consideration receivable is expected to be settled on or before the end of 2024.

13. AMOUNTS DUE FROM/TO RELATED COMPANIES

Receivables

	29 February	31 August
	2024	2023
	RMB'000	RMB'000
	(unaudited)	<i>(audited)</i>
Name		
Non-trade related		
Sichuan Bojun Education Investment Management Company Limited	426	426
Shenzhen Hongyuan Affected Entities	32,432	11,507
	74,427	16,539
Trade related		
Chengdu Hengyu Industrial Company Limited* (成都恒宇實業有限公司) (" Chengdu Hengyu ")	294	294
Total, presented under current assets	107,579	28,766

As at 29 February 2024 and 31 August 2023, the trade-related balance represents the prepaid rental expenses and is aged within one year.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 29 February 2024

Amounts due to Related Companies

	29 February 2024 RMB'000 (unaudited)	31 August 2023 RMB'000 (audited)
Name		
Affected Entities:		
— Nanjiang Bojun School	283,152	280,892
— Wangcang Bojun School	214,348	228,972
— Lezhi Bojun School	97,145	103,773
Zhengzhuo Industrial	151,328	137,322
	747,649	750,959
Less: current liabilities	(151,328)	(137,322)
	594,645	613,637

The balances with the Affected Entities represent the current accounts within the Group's entities prior to the deconsolidation of the Affected Entities on 31 August 2021. The amounts due to the Affected Entities mainly represent the capital expenditures in relation to the establishment of the school buildings and facilities, which are the property, plant and equipment owned by the Group, partially paid by the Affected Entities in the previous years.

The amounts due to Nanjiang Bojun School, Wangcang Bojun School and Lezhi Bojun School are non-interest bearing, unsecured and repayable on 1 September 2036. Included in the balance with Nanjiang Bojun School, a principal amount of approximately RMB193,011,000 advanced by Nanjiang Bojun School to the Group during the year ended 31 August 2022 which was initially measured at its fair value using the effective interest method with an effective interest rate of 5.65%, resulting in a deemed contribution from the shareholder of approximately RMB104,644,000 recognised in other reserve. During the year ended 29 February 2024, unwinding of discount on the aforesaid principal amounted to approximately RMB2,660,892 was recognised in the profit or loss. The amounts due to Affected Entities as at 29 February 2024 were classified as non-current liabilities.

The amounts due to Zhengzhuo Industrial are unsecured, non-interest bearing and without fixed repayment terms.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 29 February 2024

14. BANK BALANCES

As at 29 February 2024, other bank balances carry interest at prevailing market rates of 0.01%-0.55% (31 August 2023: 0.01%-0.55%). As at 31 August 2023, restricted bank deposits represent the secured bank deposits pledged for the Group's bank borrowings as at 31 August 2023 (Note 17). The restricted bank deposits carry interest at prevailing market rates of 0.25% to 0.35% per annum.

15. OTHER PAYABLES AND ACCRUALS

	29 February 2024 RMB'000 (unaudited)	31 August 2023 RMB'000 (audited)
Payables for purchases of property	248,481	251,610
Miscellaneous expenses received from students	11,254⁽ⁱ⁾	20,950
Payroll payables	6,804	10,083
Payables for scholarship	29,830⁽ⁱⁱ⁾	67,797
Others	126,973	77,945
Other tax payable	2,671	151
Deferred cash consideration	86,550⁽ⁱⁱⁱ⁾	166,410
Deposits	32,921	32,921
Total	545,484	627,867
— Current	478,048	461,457
— Non-current	67,436	166,410

- (i) The amount represents miscellaneous expenses received from students which will be paid out on behalf of students or refund for any excess.
- (ii) The amount represents the subsidies received from different parties for distribution to students as scholarships to students.
- (iii) The amount represents consideration payable to non-controlling shareholders of the Group's subsidiaries, namely Shenzhen Hongyuan and Zhengzhuo Industrial, for the Acquisition completed on 31 August 2023. Remaining amounts of approximately RMB67,436,000 which are repayable after twelve months after the end of the Reporting Period in accordance with the relevant equity transfer agreements were included in other payables as non-current liabilities.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 29 February 2024

16. CONTRACT LIABILITIES

	29 February 2024 RMB'000 (unaudited)	31 August 2023 RMB'000 (audited)
Tuition fees	181,528	250,904
Boarding fees	15,661	26,137
	197,189	277,041

17. BANK AND OTHER BORROWINGS

	29 February 2024 RMB'000 (unaudited)	31 August 2023 RMB'000 (audited)
Bank loans — secured	968,320⁽ⁱ⁾	866,120
Other borrowings — secured	457,112⁽ⁱⁱ⁾	641,153
	1,425,432	1,507,273
The carrying amounts of the above borrowings are repayable:		
On demand or within one year	402,575	704,991
Within a period of more than one year but not exceeding two years	221,802	367,195
Within a period more than two years but not exceeding five years	512,235	401,337
Within a period of more than five years	288,820	33,750
	1,425,432	1,507,273
Less: Amounts due within one year shown under current liabilities	(402,575)	(704,991)
Amounts shown under non-current liabilities	1,022,857	802,282



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 29 February 2024

Notes:

- (i) As at 29 February 2024, total secured bank loans of approximately RMB968,320,000 were secured by pledging (a) the equity interests in the Group's subsidiaries; and (b) tuition and boarding fee receivable rights of various schools including the Vocational College, the Vocational School, a school among the Affected Entities and Tianfu High School. In addition, the aforesaid secured bank loans were guaranteed by (a) the non-controlling shareholders of the Group's subsidiaries and their related parties; (b) certain directors of the Group's subsidiaries; (c) the Company; (d) Chengdu Bojun; (e) Chengdu Mingxian; (f) a former executive Director; and (g) a Shareholder and his spouse.

As at 31 August 2023, total secured bank loans of approximately RMB866,120,000 were secured by pledging (a) restricted bank deposits of approximately RMB150,000,000; (b) the equity interests in the Group's subsidiaries; and (c) tuition and boarding fee receivable rights of various schools including the Vocational College, the Vocational School, a school of the Affected Entities and Tianfu High School. In addition, the aforesaid secured bank loans were guaranteed by (a) the non-controlling shareholders of the Group's subsidiaries and their related parties; (b) certain directors of the Group's subsidiaries; (c) the Company; (d) Chengdu Bojun; (e) Chengdu Mingxian; (f) a former executive director; and (g) a Shareholder and his spouse.

- (ii) As at 29 February 2024, total secured other borrowings from other financial institutions of approximately RMB451,112,000 were secured by pledging (a) secured deposits of approximately RMB25,200,000 (Note 21); and (b) tuition and boarding fee receivable rights of the Vocational College. In addition, the aforesaid other borrowings were guaranteed by (a) the non-controlling shareholders of the Group's subsidiaries and their related parties; and (b) certain directors of the Group's subsidiaries (31 August 2023: no changes in guarantee measures).

18. 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.

19. DIVIDEND

No dividend has been paid or declared by the Company for the six months ended 29 February 2024, nor has any dividend been proposed subsequent to 29 February 2024 (for the six months ended 28 February 2023: Nil).



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 29 February 2024

20. RELATED PARTY TRANSACTIONS

Other than those disclosed elsewhere in the condensed financial statements, major transaction entered into by the Group with related parties during the periods indicated is as follows:

		Six months ended	
		29 February 2024 RMB'000 (<i>unaudited</i>)	28 February 2023 RMB'000 (<i>unaudited</i>)
Entities	Nature of transactions		
Affected Entities	Provision of education management services	5,767	7,622
Affected Entities	Recharge income for the occupation of school campus	1,243	1,232
Chengdu Hengyu	Rental expenses incurred	187	93
		7,197	8,947

Compensation of Key Management Personnel

The remuneration of the Directors and other members of key management of the Group during the periods indicated was as follows:

	Six months ended	
	29 February 2024 RMB'000 (<i>unaudited</i>)	28 February 2023 RMB'000 (<i>audited</i>)
Short-term benefits	3,602	1,708
Post-employment benefits	74	34
	3,676	1,742



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 29 February 2024

21. 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.

(a) Granted on 13 May 2021

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.

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

The closing price of the Shares on the trading day immediately before the date of grant, was HK\$0.590 per Share.

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 has been 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 29 February 2024

(b) Granted on 17 August 2023

Pursuant to the announcement of the Company dated 17 August 2023, the Company granted to an eligible participant 5,000,000 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\$0.130 per share.

All of the share options granted to the eligible participant shall be vested on 18 August 2024. The share options granted shall be valid for 10 years and exercisable from 18 August 2024 to 16 August 2033 (both days inclusive).

The closing price of the Shares on the trading day immediately before the date of grant, was HK\$0.109 per Share.

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 RMB292,000).

The following assumptions were used to calculate the fair values of share options granted on 17 August 2023:

Grant date share price (per share)	HK\$0.109
Exercise price (per share)	HK\$0.130
Contractual life	10 years
Expected volatility (%)	89.08%
Dividend yield (%)	0.00%
Risk-free interest rate (%)	4.02%

The Hull-White trinomial model has been 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.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 29 February 2024

Details of the share options outstanding during the six months ended 29 February 2024 are as follows:

	Number of Share options	Weighted average exercise price HK\$
Outstanding as at 31 August 2023 (Audited)	6,000,000	0.208
Granted during six months ended 29 February 2024	-	-
Outstanding as at 29 February 2024 (Unaudited)	6,000,000	0.208

	Number of Share options	Weighted average exercise price HK\$
Outstanding as at 31 August 2022 (Audited)	1,000,000	0.598
Granted during six months ended 28 February 2023	-	-
Outstanding as at 28 February 2023 (Unaudited)	1,000,000	0.598

As at 29 February 2024, the number of share options exercisable is 1,000,000 (31 August 2023: 1,000,000). The options outstanding as at 29 February 2024 have a weighted average remaining contractual life of 9.08 years (31 August 2023: 9.6 years) and a weighted average exercise price of HK\$0.208 per share (31 August 2023: HK\$0.208 per share).



DEFINITIONS

“Acquisition”	the acquisition of 51% equity interest in Sichuan Zhengzhuo and Sichuan Gaojiao pursuant to two agreements dated 10 April 2023 entered into among (i) Shenzhen Hongyuan and Zhengzhuo Industrial (as sellers), Sichuan Yunmao and Chengdu Bomao (as buyer), Sichuan Zhengzhuo, the Company and Chengdu Bojun, and (ii) Shenzhen Hongyuan and Zhengzhuo Industrial (as sellers), Sichuan Yunmao and Chengdu Bomao (as buyers), Sichuan Gaojiao and the Company, respectively, at an aggregate consideration of RMB309,060,000, of which the completion took place on 31 August 2023. For details, please refer to the announcements of the Company dated 11 September 2020, 16 October 2020, 11 January 2021, 19 August 2021, 31 August 2021, 25 November 2021, 8 December 2021, 10 April 2023, 26 June 2023, 20 July 2023, 31 August 2023 and 19 October 2023, and the circular of the Company dated 28 June 2023.
“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 Entities”	subsidiaries or Consolidated Affiliated Entities of the Company prior to 31 August 2021 which were involved in non-profit preschool education and compulsory education business (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



DEFINITIONS

“Board” or “Board of Directors”	the board of Directors of the Company
“Business Day” or “business day”	a day on which banks in Hong Kong are generally open for business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
“BVI”	the British Virgin Islands
“CG Code”	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
“Chengdu Bojun”	Chengdu Tianfu Bojun Education Management Company Limited* (成都天府博駿教育管理有限公司), a wholly-foreign owned enterprise established under the laws of PRC on 26 July 2016 and a wholly-owned subsidiary of the Company
“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
“Company” or “our Company”	Bojun Education Company Limited (博駿教育有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 14 June 2016
“connected person(s)”	has the meaning ascribed to it under the Listing Rules



DEFINITIONS

“Consolidated Affiliated Entity(ies)”	the entities that the Group controls through the contractual arrangement contemplated under the Structured Contracts
“Cosmic City”	Cosmic City Holdings Limited (宇都控股有限公司), a company incorporated in the BVI with limited liability on 6 April 2016 and is wholly-owned by Mr. Xiong Tao
“Degree Education”	degree education provided by 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
“Hongde Guanghua”	Sichuan Hongde Guanghua Education Management Company Limited* (四川弘德光華教育管理有限公司), a limited liability company incorporated in the PRC on 22 October 2015
“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》)
“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



DEFINITIONS

“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”	14 May 2024, 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
“Lidu Kindergarten”	Chengdu Wuhou District Youshi Lidu Kindergarten Company Limited* (成都市武侯區幼師麗都幼兒園有限公司) (formerly known as 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



DEFINITIONS

“Longquan Kindergarten”	Chengdu Longquan Youshi Dongshan Kindergarten* (成都市龍泉驛區幼師東山幼兒園) (formerly known as 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
“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 C3 to the Listing Rules
“Nanjiang Bojun”	Nanjiang Bojun Education Management Company Limited* (南江博駿教育管理有限公司), a limited liability company established under the laws of the PRC on 24 August 2017 and a Consolidated Affiliated Entity
“Nanjiang School”	Nanjiang Bojun School* (南江博駿學校), a private primary, middle and high school established by Nanjiang Bojun as the school sponsor
“Nomination Committee”	the nomination committee of the Board
“Pengzhou School”	Pengzhou Bojun School* (彭州市博駿學校), a private, middle and high school established jointly by Chengdu 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)



DEFINITIONS

“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
“Qingyang Kindergarten”	Chengdu Qingyang Youshi Jingjie Kindergarten* (成都市青羊區幼師境界實驗幼兒園) (formerly known as 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
“Reporting Period”	the six months ended 29 February 2024
“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
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company



DEFINITIONS

“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
“Sichuan Boai”	Sichuan Boai Preschool Education Development Company Limited* (四川省博愛幼兒園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
“Sichuan Gaojiao”	Sichuan Gaojiao Investment Company Limited* (四川高教投資有限公司), a limited liability company incorporated in the PRC on 5 March 2020 and a Consolidated Affiliated Entity
“Sichuan Yuanmao”	Sichuan Yuanmao Education Management Company Limited* (四川沅懋教育管理有限公司), a limited liability company established under the laws of the PRC on 1 December 2021 and owned as to 99% by Mr. Wang Jinglei, an executive Director and a substantial Shareholder, and as to 1% by Ms. Duan Ling, the spouse of Mr. Wang Jinglei as at the Latest Practicable Date
“Sichuan Yunmao”	Sichuan Yunmao Education Management Company Limited* (四川云懋教育管理有限公司), a limited liability company established under the laws of the PRC on 1 December 2021 and a Consolidated Affiliated Entity
“Sichuan Zhengzhuo”	Sichuan Zhengzhuo Education Investment Company Limited* (四川正卓教育投資有限公司) (formerly known as Sichuan Wenxuan Zhuotai Investment Company Limited* (四川文軒卓泰投資有限公司) and Sichuan Taihe Zhengzhuo Education Investment Company Limited* (四川泰合正卓教育投資有限公司)), a limited liability company established under the laws of the PRC in July 2012 and a Consolidated Affiliated Entity



DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Structured Contracts”	collectively, the exclusive business cooperation agreement, the exclusive call option agreement, the equity pledge agreement, the school sponsors’ and directors’ (council members’) rights entrustment agreement, the school sponsors’ powers of attorney, the director’s (council members’) powers of attorney, the loan agreement, the shareholders’ rights entrustment agreement and the shareholders’ powers of attorney entered into by the relevant persons as detailed in the announcement of the Company dated 19 June 2020
“Subsidiary(ies)”	has the meaning ascribed to it in the Listing Rules. For the avoidance of doubt, the Subsidiaries include Consolidated Affiliated Entities in this interim report
“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
“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
“United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“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
“Vocational College”	Sichuan Winshare Vocational College (四川文軒職業學院), a formal higher vocational education institution (普通高等職業學校) established in February 2013 and a Consolidated Affiliated Entity



DEFINITIONS

“Vocational School”	Chengdu Daiyi County Zhengzhuo Education Vocational School* (成都市大邑縣正卓教育職業學校) (formerly known as Sichuan Winshare Vocational School* (四川文軒職業學校)), a secondary vocational education institution (中等職業教育學校) established in December 2012 and a Consolidated Affiliated Entity
“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 Wuhou District Youshi Kindergarten* (成都市武侯區幼獅幼兒園) (formerly known as 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
“Zhengzhuo Industrial”	Sichuan Zhengzhuo Industrial Company Limited* (四川正卓實業有限公司), a limited company established under the laws of the PRC on 17 June 2015
“%”	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.

