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Bojun Education Company Limited

博駿教育有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1758)

**FULFILMENT OF RESUMPTION GUIDANCE
AND
RESUMPTION OF TRADING**

Financial adviser



YU MING INVESTMENT MANAGEMENT LIMITED

禹銘投資管理有限公司

This announcement is made by Bojun Education Company Limited (the “**Company**”, together with its subsidiaries and consolidated affiliated entities, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to (i) the announcement of the Company dated 9 March 2022 in relation to the resumption guidance from the Stock Exchange (the “**Resumption Guidance**”); and (ii) the announcements of the Company dated 11 March 2022, 27 May 2022, 26 August 2022 and 25 November 2022 in relation to quarterly update on suspension of trading (the “**Announcements**”). Unless the context otherwise requires, capitalised terms used herein shall have the same meaning as those defined in the Announcements.

RESUMPTION GUIDANCE

On 4 March 2022, the Company received a letter from the Stock Exchange setting out the following Resumption Guidance for the resumption of trading in the shares of the Company:

- A. publish all outstanding financial results required under the Listing Rules and address any audit modifications (“**Resumption Guidance A**”);
- B. demonstrate the Company’s compliance with Rule 13.24 of the Listing Rules (“**Resumption Guidance B**”); and
- C. announce all material information for the Company’s shareholders and investors to appraise the Company’s position (“**Resumption Guidance C**”).

FULFILMENT OF THE RESUMPTION GUIDANCE

The Board is pleased to announce that all the Resumption Guidance have been fulfilled as at the date of this announcement, details of which are set out below.

Resumption Guidance A

The Company has published all the outstanding financial results including the announcement of audited annual results for the year ended 31 August 2021 (“**FY2021**”), FY2021 annual report, the announcement of unaudited interim results for the six months ended 28 February 2022 (“**HY2022**”), HY2022 interim report, announcement of audited annual results for the year ended 31 August 2022 (“**FY2022**”) and FY2022 annual report on 30 November 2022.

The Company’s auditors, ZHONGHUI ANDA CPA Limited (“**Zhonghui ANDA**”), did not express any audit modification on the financial statements of the Company for the year ended 31 August 2022.

Resumption Guidance B

On 14 May 2021, the PRC State Council announced the Regulations for the Implementation of the private Education Promotion Law of the PRC* (《中華人民共和國民辦教育促進法實施條例》) (the “**New Regulations**”), which prohibits foreign participation in private schools that provide compulsory education and not-for-profit preschools by means of mergers and acquisitions, contractual agreements and related party transactions. The New Regulations came into effect on 1 September 2021.

Following the implementation of the New Regulations, the entities of the Group involved in non-profit preschool education and compulsory education business (the kindergartens, primary schools and middle schools) providing grade one to nine education services as well as private schools providing compulsory education and high school education under the same operating licence (the “**Affected Entities**”) have been deconsolidated from the Company on 1 September 2021.

The remaining business of the Group mainly consists of (i) operation of high school and kindergartens; (ii) provision of education management services to kindergartens; and (iii) provision of supplemental services, such as overseas education consulting services, canteen services and extra-curriculum activities (“**ECA**”).

Operation of high school and kindergarten

As at the date of this announcement, the Group directly operates one high school (namely Tianfu High School) and two kindergartens (namely Lidu Kindergarten and Riverside Kindergarten).

Tianfu High School is a for-profit private high school providing degree education, which commenced operation in September 2021. The school has a designed capacity of 1,500 students. For FY2022 and the new school term in September 2022, 151 and 601 students have been enrolled in Tianfu High School respectively. The Company expects that the student enrollment of Tianfu High School will increase to approximately 1,100 in the new school term in September 2023.

The Company completed the transformation of Lidu Kindergarten and Riverside Kindergarten from non-profit kindergartens to for-profit kindergartens in May and November 2022 respectively. Upon completion of the transformation, Lidu Kindergarten and Riverside Kindergarten do not fall within scope of the New Regulations. Results of Lidu Kindergarten have been consolidated into the Group's FY2022 financial statements since May 2022 and results of Riverside Kindergarten will be consolidated into Group's financial statements for the year ending 31 August 2023 (“**FY2023**”) since November 2022. For FY2022 and the new school term in September 2022, 239 students have been enrolled in Lidu Kindergarten and 102 students have been enrolled in Riverside Kindergarten respectively.

Save for transforming affected kindergartens into for-profit organizations, the Group is also in the process of transforming its Affected Entities which provide middle school education into vocational schools and non-profit high schools into for-profit high schools, subject to the approval of change of education license by the relevant government authorities in the PRC. The Company is of the view that there is substantial demand for vocational schools in the PRC. Other than transforming middle schools to vocational schools, the Company will continue to explore opportunities for the development of vocational schools such as applying for new licenses and acquisitions. The Group's acquisition plan in respect of vocational schools (the “**Acquisition**”) has been announced on 8 December 2021, 31 January 2022 and 28 February 2022. Based on the financials of the Group for the financial year ended 31 August 2022, the Acquisition is expected to constitute a very substantial acquisition for the Company under the Listing Rules. As at the date of this announcement, given about one year has elapsed since the date of entering into the Acquisition, the Company has been in discussion with the vendors about revision of terms reflecting commercial needs of the contractual parties and is currently at the final stage of concluding the terms (including but not limited to payment term) of the Acquisition with the vendors based on the latest financials of the acquisition targets. The Group is in the process of preparing the updated audited accounts of the vocational schools. Further announcement on the Acquisition will be made by the Company as soon as practicable.

Education management services

Save for Lidu Kindergarten and Riverside Kindergarten which have been transformed into a for-profit kindergartens and operated by the Group directly, there are four kindergartens in operation under the Affected Entities, which have been deconsolidated from the Company's financial statements due to the New Regulations. The Company has continued to provide education management services to these kindergartens after the deconsolidation by entering into Kindergarten Education Management Services Agreements.

As at the date of this announcement, the Group provides kindergarten education management services to four connected kindergartens and four independent kindergartens. Under the Kindergarten Education Management Services Agreements, the Group provides services including kindergarten brand management, educational services and teaching resources, such as curriculum design and consultation, provision of training to teaching staff and management, campus maintenance and administrative services etc. For Kindergarten Education Management Services Agreements with connected kindergartens, the Group is also entrusted with providing teaching staff and related human resources services. Details of Kindergarten Education Management Services with connected kindergartens were set out in the circular of the Company dated 1 September 2022.

Supplemental services

The school supplemental services provided by the Group include overseas education consulting services, canteen services as well as ECA.

The overseas education consultation services provided by the Group includes overseas education advisory in respect of bachelor degrees and postgraduate degrees. Customers of this business segment include high school students of the Group and external high school students pursuing overseas bachelor degrees, university students pursuing overseas postgraduate degrees. With resources of the Group in the education sector for more than 21 years, the Group has successfully set up cooperation with colleges/universities in the United States, United Kingdom and certain other European countries, which successfully assisted the Group to attract more customers.

For the canteen services, the Group directly provides the meal services to the students who have made such meal order subscriptions to the Group.

For the ECA services, the Group will provide (i) spring/autumn day-camps (i.e. literature enhancement camps); and (ii) summer/winter holiday weekly camps (i.e. English enrichment programme by cooperating with other universities for high schools students) to enrich students learning experience and exposure.

For the year ended 31 August 2022, the Group recorded revenue of approximately RMB33.6 million, gross profit of approximately RMB16.8 million and net loss of approximately RMB9.4 million. As at 31 August 2022, the Group's total assets and net assets amounted to approximately RMB1,169.1 million and RMB179.3 million respectively.

As a result of the implementation of the New Regulations, a series of restructuring works and business development measures have been undertaken by the Group, therefore financial results of the Group for FY2022 have not fully reflected the operating scale of the Group, such as (i) Lidu Kindergarten, which has been converted into for-profit kindergarten in May 2022, therefore only 3 months' result has been consolidated into the financials of the Group for FY2022; (ii) canteen service and extra-curriculum activities will be extended to about 4,574 students in FY2023 as compared to partial services provided to 151 students in FY2022; and (iii) high school results which will only be consolidated after relevant for-profit licenses are obtained, which is subject to approval by relevant government authorities.

As such, despite the deconsolidation of the schools providing compulsory education services and kindergartens due to the New Regulations since 1 September 2021, the Group maintained its business operations in all other material respects and continued to develop and expand its education related businesses. The Board is of the view that the Group has a viable and sustainable business with sufficient level of operations and assets of sufficient value to support its operations to meet the requirements under Rule 13.24 of the Listing Rules and warrant the continued listing of the Company's shares on the Stock Exchange.

Resumption Guidance C

Since the suspension of trading of the Shares, the Company has kept its shareholders and investors informed of all material information to appraise the Company's position by way of announcements published on the websites of the Stock Exchange and the Company.

REASONS FOR DELAY IN PUBLICATION OF ANNUAL RESULTS

Following the implementation of the New Regulations, the Affected Entities (i.e. non-profit preschool education and the compulsory education business of the Group including primary and middle schools used to be controlled by the Group) are required to be deconsolidated from the Group on 1 September 2021 for FY2021, which had a significant impact on the business operations as well as financial results of the Group, particularly in respect of business and entities needs to be deconsolidated and those remaining in the Group, asset impairments in relation to properties used by the primary and middle schools, as well as general impact of the New Regulations in respect of going concerns of the Group. In light of the New Regulations becoming effective and the associated audit issues, the Group had taken substantial time to devise plan with its advisers and implement restructuring of the business operation in order to comply with the New Regulations, including separation of businesses, transformation of non-profit kindergartens and high school to for-profit kindergartens and high school licenses, transforming middle schools into vocational schools and provision of supplemental services such as overseas education consultancy, canteen services and ECA, which may have an impact on the audit and results of the Group for the FY2021. As such, audit work for the FY2021 had been halted until about May 2022 when the Group's restructuring was concluded. The Group then reactivated its audit work with its former auditor, PKF Hong Kong Limited (“**PKF**”) since May 2022. However, the audit progress seems to be slow and no concrete timetable in respect of the completion of the audit was agreed by PKF and the Group.

As disclosed in the announcement of the Company dated 29 July 2022, PKF resigned as the auditor of the Company with effect from 22 July 2022. PKF stated in their letter of resignation that, as part of their normal procedures which include an annual consideration of whether they would continue to act for their audit clients, having taken into account factors including the professional risk associated with the audit, the level of audit fees and their available internal resources in light of their current work flows, they decided to tender their resignation as the auditor of the Group.

With the recommendation of the audit committee of the Board, the Board appointed Zhonghui ANDA as the new auditors of the Company with effect from 29 July 2022. At the time Zhonghui ANDA was appointed, audit related issues such as the Group's restructuring, associated business separation and assets valuation all have been completed. As such, audit timetable was soon agreed with Zhonghui ANDA and results of the Group were published in November 2022.

RESUMPTION OF TRADING

Trading in the shares of the Company on the Stock Exchange has been suspended from 9:00 a.m. on 30 November 2021. As all the Resumption Guidance have been satisfied, the Company has made an application to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 1 December 2022.

By Order of the Board
Bojun Education Company Limited
Wang Jinglei

Chairman of the Board and chief executive officer

Hong Kong, 30 November 2022

As at the date of this announcement, the executive Director is Mr. Wang Jinglei; the non-executive Director is Mr. Wu Jiwei; and the independent non-executive Directors are Mr. Cheng Tai Kwan Sunny, Mr. Mao Daowei, Ms. Luo Yunping and Mr. Yang Yuan.