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Wisdom Education International Holdings Company Limited
光正教育國際控股有限公司
(incorporated in the Cayman Islands with limited liability)
(Stock code: 6068)

SUPPLEMENTAL ANNOUNCEMENT
ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 AUGUST 2021

Reference is made to the announcement of Wisdom Education International Holdings Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on 17 December 2021 regarding the consolidated results of the Group for the year ended 31 August 2021 (“**Annual Results Announcement**”). Capitalised terms in this announcement shall have the same meanings as defined in the Annual Results Announcement, unless otherwise defined.

In addition to the information disclosed in the Annual Results Announcement, the Board would like to provide the following supplementary information:

FURTHER DISCLOSURE ON THE ANNUAL RESULTS ANNOUNCEMENT

Latest updates on the Implementation Regulations

The Implementation Regulations came into effect on 1 September 2021. With a view to further understanding the interpretation of the Implementation Regulation, the Company has endeavoured to contact the relevant PRC regulatory authorities for an official interview; however such proposed interview could not be arranged given that, so far as the Company understands, internal discussions within the relevant regulatory departments were still ongoing. Up to the date of this announcement, no confirmed clarifications could be obtained from the relevant PRC regulatory authorities on the impact of the Implementation Regulations on the validity of the Group’s Contractual Arrangements.

The Company, in conjunction with its PRC legal advisers, is closely monitoring the development and will make further announcement(s) as and when appropriate.

Latest updates on the Affected Entities after the deconsolidation

As disclosed in the Annual Results Announcement, the Group has ceased to control any of our schools of the Affected Entities through the Contractual Arrangements as of the effective date of the Implementation Regulations. In particular, this means that:

- (i) Dongguan Ruixing, or any other entities of the Remaining Business, will no longer enjoy the right to make changes to the existing school principals, financial controllers or other senior managers of the schools of the Affected Entities through the Contractual Arrangements; and
- (ii) Dongguan Ruixing, or any other entities of the Remaining Business, will cease to receive any service fees from the schools of the Affective Entities.

Save for the above, up to the date of this announcement, the management of the schools of the Affected Entities remains unchanged and the operation model of the Affected Entities and their schools largely remains the same after the deconsolidation. For instance, same as before the deconsolidation, given that all of the schools of the Affected Entities provide compulsory education, such schools are classified as not-for-profit schools; any surplus of the schools would not be distributed to the school sponsors, and would be retained by such schools for future capital expenditures, repayment of the bank loans and setting up special purpose reserves for teachers benefits and/or student scholarship, etc.

Mr. Liu Xuebin and Ms. Li Suwen, the ultimate equity holders of the Affected Entities, as well as the executive Directors and controlling shareholders of the Company, have confirmed that for the time being the economic benefits of such schools would not be derived from the Affected Entities in their favour and the Affected Entities would not be transferred to any third party without the Company's consent.

Amounts due from/to the Affected Entities

As disclosed in the Annual Results Announcement, as at 31 August 2021, amounts due from the Affected Entities of RMB664.6 million and amounts due to the Affected Entities of RMB208.8 million were included in trade receivables, deposits, prepayments and other receivables and trade and other payables and accrued expenses, respectively.

Barring unforeseeable circumstances and assuming all things remain largely equal, the Company currently expects that the net receivables from the Affected Entities of RMB455.8 million will be settled within 2 years from commencement of the deconsolidation.

Financial Guarantee Contracts and Listing Rules Implications

As disclosed in the Annual Results Announcement, the Group provided financial guarantees to the Affected Entities in respect of certain banking facilities granted by banks to the Affective Entities (the “**Guarantees**”). Upon deconsolidation, the Guarantees would become continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.60(1), the Company is required to comply with the annual review and disclosure requirements, including publication of an announcement and annual reporting in respect of the continuing connected transactions.

No additional new guarantees have been provided by the Group since 1 September 2021 and the management of the Affected Entities is using its best endeavours to negotiate with the banks with a view to exploring the feasibility of modifying the terms of the Guarantees, and is in discussions with additional banks to secure new banking facilities to replace the existing Guarantees.

PERIODIC UPDATE ON FURTHER DEVELOPMENTS OF THE IMPLEMENTATION REGULATIONS

The Company will continue to closely monitor the development of the Implementation Regulations including the applicability of the Implementation Regulations and its impact on the Company, the Affected Entities, and the Group's Contractual Arrangements. The Company expects to make periodic announcements, currently envisaged to be on a quarterly basis (which may be adjusted depending on the circumstances and developments, if any) setting out further developments (if any) on the Implementation Regulations to the extent relevant to the Group.

By Order of the Board
Wisdom Education International Holdings Company Limited
Li Suwen
Chairperson

Dongguan, 4 January 2022

As at the date of this announcement, the Board of the Company comprises four executive Directors, namely Ms. Li Suwen, Mr. Liu Xuebin, Mr. Li Jiuchang and Mr. Wang Yongchun; and three independent non-executive Directors, namely Prof. Sun Kai Lit Cliff, BBS, J.P., Mr. Tam King Ching Kenny and Mr. Huang Weiguo.