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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)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 29 FEBRUARY 2024

HIGHLIGHTS

	For the six months ended		Change RMB'000	Percentage Change
	29 February 2024 RMB'000	28 February 2023 RMB'000		
Revenue	79,663	113,294	-33,631	-29.7%
Profit for the period	47,174	54,975	-7,801	-14.2%
Core net profit <i>(Note 1)</i>	16,598	40,920	-24,322	-59.4%
Basic earnings per share <i>(RMB cents)</i>	2.17	2.54	-0.37	-14.6%

Note 1: Core net profit was derived from profit for the period after adjusting for items that are not indicative of the Group's operating performance. This is not an International Financial Reporting Standards ("IFRSs") measure. For details, please refer to the following reconciliation and the section headed "Financial Review" in this announcement.

	For the six months ended	
	29 February 2024 RMB'000	28 February 2023 RMB'000
Profit for the period	47,174	54,975
Adjustments for:		
Change in financial guarantee contracts <i>(Note 2)</i>	(29,280)	(13,232)
Exchange (gain)/loss, net	(1,889)	1,708
Share-based payment expenses, net of reversal	593	(2,531)
Core net profit	<u>16,598</u>	<u>40,920</u>

Note 2: The adjustment represented the reversal of impairment loss under expected credit loss for financial guarantee contracts of RMB16,742,000 (2023: nil) less amortised income of financial guarantee contracts of RMB12,538,000 (2023: RMB13,232,000). For details, please refer to note 11 to the financial information and the section headed “Contingent Liabilities” in this announcement.

INTERIM RESULTS FOR THE SIX MONTHS ENDED 29 FEBRUARY 2024

The board (the “**Board**”) of directors (the “**Directors**”) of Wisdom Education International Holdings Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce the unaudited condensed consolidated interim results of the Group for the six months ended 29 February 2024. These interim results have been reviewed by the Company’s audit committee (the “**Audit Committee**”).

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	3	79,663	113,294
Cost of revenue		(35,750)	(50,693)
Gross profit		43,913	62,601
Other income	4	15,788	19,766
Other gains and losses	5	3,186	(925)
Administrative expenses		(16,006)	(14,044)
Finance income		14,906	4,635
Finance costs		(4,397)	(6,508)
Profit before taxation		57,390	65,525
Taxation	6	(10,216)	(10,550)
Profit and total comprehensive income for the period		47,174	54,975
EARNINGS PER SHARE			
Basic (RMB cents)	8	2.17	2.54
Diluted (RMB cents)	8	2.17	2.54

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 29 FEBRUARY 2024

		At 29 February 2024	At 31 August 2023
	<i>NOTES</i>	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		2,531	2,992
Right-of-use assets		103,215	104,742
Trade receivables, deposits, prepayments and other receivables	9	209,700	194,700
Financial assets at fair value through profit or loss (“FVTPL”)		100	100
Pledged bank deposits		–	292,146
Deferred tax assets		721	540
		<u>316,267</u>	<u>595,220</u>
CURRENT ASSETS			
Inventories – goods for sale		23,660	4,935
Trade receivables, deposits, prepayments and other receivables	9	499,600	461,030
Financial assets at FVTPL		119,531	136,127
Pledged bank deposits		295,488	–
Cash and cash equivalents		130,364	242,226
		<u>1,068,643</u>	<u>844,318</u>
CURRENT LIABILITIES			
Contract liabilities		27,426	23,819
Trade and other payables and accrued expenses	10	161,281	230,760
Income tax payable		44,483	49,182
Lease liabilities		942	920
Borrowings		290,098	36,980
Financial guarantee contracts	11	200,663	229,943
Dividend payables		108,872	–
		<u>833,765</u>	<u>571,604</u>
NET CURRENT ASSETS		<u>234,878</u>	<u>272,714</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>551,145</u>	<u>867,934</u>

	At 29 February 2024 RMB'000 (unaudited)	At 31 August 2023 RMB'000 (audited)
CAPITAL AND RESERVES		
Share capital	19,263	19,263
Reserves	531,805	592,946
	<u>551,068</u>	<u>612,209</u>
NON-CURRENT LIABILITIES		
Lease liabilities	77	554
Borrowings	–	255,171
	<u>77</u>	<u>255,725</u>
	<u>551,145</u>	<u>867,934</u>

1. BASIS OF PREPARATION

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

These condensed financial statements should be read in conjunction with the 2023 annual financial statements. The accounting policies (including the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty) and methods of computation used in the preparation of these condensed financial statements are consistent with those used in the annual financial statements for the year ended 31 August 2023.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Other than additional accounting policies resulting from application of new and amendments to International Financial Reporting Standards (“IFRSs”), 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 presented in the Group’s annual financial statements for the year ended 31 August 2023.

Application of new and amendments to IFRSs

In the current interim period, the Group has applied the following new and amendments to IFRSs issued by IASB, for the first time, which are mandatorily effective for the annual period beginning on 1 September 2023 for the preparation of the Group’s condensed consolidated financial statements:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform – Pillar Two Model Rules

The application of the new and amendments to IFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

The Group will apply Amendments to IFRS 1 and IFRS Practice Statement 2 *Disclosure of Accounting Policies* which are mandatorily effective for the Group’s annual period beginning on 1 September 2023 for the preparation of the Group’s consolidated financial statements for the year ending 31 August 2024.

3. REVENUE AND SEGMENT INFORMATION

The Group provides different kinds of services and sales of goods to its customers, including school-related supply chain business, e.g. sales of daily necessities and other educational materials; and comprehensive educational services, e.g. provision of extracurricular activities program, study tours, sports and arts group activities etc.

Revenue represent income from school-related supply chain business and comprehensive educational services less returns and sales related tax.

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. For the purposes of resource allocation and assessment of segment performance, the CODM reviews the consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole and no other discrete financial information is provided to the CODM. Accordingly, the Group has only one operating and reportable segment and no further analysis of this single segment is presented.

The management of the Group assesses the performance of the reportable segment based on the revenue and gross profit for the year of the Group as presented in the condensed consolidated statement of profit or loss and other comprehensive income. The accounting policies of the reportable segment are the same as the Group’s accounting policies. No analysis of the Group’s assets and liabilities is regularly provided to the management of the Group for review.

The revenues attributable to the Group’s service lines are as follows:

	Six months ended	
	29 February 2024 RMB’000 (unaudited)	28 February 2023 RMB’000 (unaudited)
School-related supply chain business	52,872	62,294
Comprehensive educational services	26,791	51,000
	<u>79,663</u>	<u>113,294</u>

Disaggregation of revenue from contracts with customers

	Six months ended	
	29 February 2024 RMB’000 (unaudited)	28 February 2023 RMB’000 (unaudited)
<i>Recognised at a point of time</i>		
– School-related supply chain business	48,994	54,561
<i>Recognised over time</i>		
– School-related supply chain business	3,878	7,733
– Comprehensive educational services	26,791	51,000
	<u>79,663</u>	<u>113,294</u>

4. OTHER INCOME

	Six months ended	
	29 February 2024 RMB'000 (unaudited)	28 February 2023 RMB'000 (unaudited)
Amortised income of financial guarantee contracts (<i>note 11</i>)	12,538	13,232
Government grants (<i>Note</i>)	3,093	5,679
Others	157	855
	<u>15,788</u>	<u>19,766</u>

Note: Government grants mainly represent unconditional subsidies granted by certain local governments for encouraging domestic business development and giving financial support to the Group's operations. There are no unfulfilled conditions or contingencies relating to the above subsidies.

5. OTHER GAINS AND LOSSES

	Six months ended	
	29 February 2024 RMB'000 (unaudited)	28 February 2023 RMB'000 (unaudited)
Exchange gain (loss), net	1,889	(1,708)
Reversal of expected credit loss (“ECL”) for financial guarantee contracts (<i>note 11</i>)	16,742	–
Loss on change in fair value of financial assets at FVTPL	(16,596)	(208)
Dividend income from financial assets at FVTPL	1,055	1,071
Others, net	96	(80)
	<u>3,186</u>	<u>(925)</u>

6. TAXATION

	Six months ended	
	29 February 2024 RMB'000 (unaudited)	28 February 2023 RMB'000 (unaudited)
Taxation comprises		
Current tax:		
People's Republic of China (“PRC”) Enterprise Income Tax	10,400	10,544
Overprovision in prior years – Hong Kong Profits Tax	(4)	(20)
Deferred tax (credit) expenses	(180)	26
	<u>10,216</u>	<u>10,550</u>

7. DIVIDENDS

During the six months ended 29 February 2024, a final dividend in respect of the year ended 31 August 2023 of RMB0.05 per share (equivalent to HK\$0.055 per share) (2023: nil) amounting to RMB108,908,000 (equivalent to HK\$119,798,000) was declared to the shareholders of the Company.

8. EARNINGS PER SHARE

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

	Six months ended	
	29 February 2024 RMB'000 (unaudited)	28 February 2023 RMB'000 (unaudited)
Earnings		
Profit for the period attributable to owners of the Company for the purposes of basic and diluted earnings per share	<u>47,174</u>	<u>54,975</u>
	Six months ended	
	29 February 2024 RMB'000 (unaudited)	28 February 2023 RMB'000 (unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<u>2,168,969</u>	<u>2,167,959</u>

For the six months ended 29 February 2024 and 28 February 2023, the weighted average number of ordinary shares for the purpose of basic earnings per share shown above have been arrived at after deducting shares held by a share award scheme trust.

9. TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	At 29 February 2024 RMB'000 (unaudited)	At 31 August 2023 RMB'000 (audited)
Trade receivables	11,182	2,172
Less: Allowance for credit losses	<u>(1,725)</u>	<u>(1,498)</u>
	<u>9,457</u>	<u>674</u>

Trade receivables mainly represent receivables from customers, which were from contracts for provision of goods and services. Receivables from sales of goods and services fee is received in accordance with the terms of the relevant agreements, the customers are allowed a credit period of 30 to 60 days from date of revenue recognition.

The following is an analysis of trade receivables net of allowance for credit losses, by age, presented based on date of revenue recognition.

	At 29 February 2024 <i>RMB'000</i> (unaudited)	At 31 August 2023 <i>RMB'000</i> (audited)
Within 3 months	9,429	–
6 months to 1 year	–	13
Over 1 year	28	661
	<u>9,457</u>	<u>674</u>

10. TRADE AND OTHER PAYABLES AND ACCRUED EXPENSES

The credit period granted by suppliers on purchase of goods is 30 to 180 days. The Group has financial risk management policies to settle payables within the credit timeframe. As at 29 February 2024 and 31 August 2023, the trade payables were aged within 180 days based on invoice date.

11. FINANCIAL GUARANTEE CONTRACTS

	At 29 February 2024 <i>RMB'000</i> (unaudited)	At 31 August 2023 <i>RMB'000</i> (audited)
Financial guarantee contracts	<u>200,663</u>	<u>229,943</u>

The financial guarantee contracts provided to Guangdong Guangzheng Educational Group Co., Ltd. (廣東光正教育集團有限公司) and its subsidiaries (collectively referred to as the “Affected Entities”) that were recognised as at 29 February 2024 and 31 August 2023. As at 29 February 2024, the aggregate amount of outstanding financial guarantees issued to banks in respect of banking facilities granted to the Affected Entities that the Group could be required to pay upon amounted to RMB4,118,105,000 (as at 31 August 2023: RMB4,300,777,000) if the guarantees were called upon in entirety. As at 29 February 2024, RMB2,693,875,000 (as at 31 August 2023: RMB2,876,547,000) of the outstanding financial guarantees has been utilised by the Affected Entities.

During the six months ended 29 February 2024, amortised income of financial guarantee contracts amounting to RMB12,538,000 (2023: RMB13,232,000) is recognised in other income and ECL for financial guarantee contracts amounting to RMB16,742,000 (2023: nil) is reversed in other gains and losses, which are set out in notes 4 and 5, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

We are mainly engaged in the school-related supply chain business and provision of comprehensive educational services to students of primary, middle and high schools and other customers in the PRC. During the six months ended 29 February 2024, the performance of our business segment of comprehensive educational services was moderate. On the other hand, although the business segment of school-related supply chain encountered a mild drop in performance during the six months ended 29 February 2024, it remains a stable source of revenue for the Group. For further details, please refer to the section headed “Financial Review” in this announcement.

FUTURE PROSPECTS

We are well-prepared to capture the opportunities and challenges ahead for our comprehensive educational services segment. We will continue to offer high quality educational services to students as a valuable supplement to the standard curriculum provided by schools to promote all-rounded development of students.

Leveraging on the years of experience in the education industry and school-related supply chain management, we will strive to fully integrate our resources to build an educational service platform. The specific services include providing comprehensive educational management services, sales of daily necessities and other educational materials, etc.

In addition, management of the Group is continuing to explore the feasibility of spinning off the high school portion from the schools that have been deconsolidated from the Group since 31 August 2021 as a separate for-profit high school entity, to resume its control over such high school entity, in a manner that is in compliance with the applicable laws and regulations.

FINANCIAL REVIEW

For the six months ended 29 February 2024, total revenue decreased by 29.7% to RMB79.7 million and profit decreased by 14.2% to RMB47.2 million, as compared with that of the corresponding period in 2023.

Revenue

During the six months ended 29 February 2024, revenue consists of (i) school-related supply chain business, sales of daily necessities and other educational materials; and (ii) comprehensive educational services. A further analysis of our revenue by each service line is presented as follows:

By service lines	For the six months ended 29 February 2024	% of Total	For the six months ended 28 February 2023	% of Total
School-related supply chain business	52,872	66.4	62,294	55.0
Comprehensive educational services	26,791	33.6	51,000	45.0
Total revenue	79,663	100	113,294	100.0

Revenue from school-related supply chain business decreased slightly from RMB62.3 million for the six months ended 28 February 2023 to RMB52.9 million for the six months ended 29 February 2024.

There was a significant decrease of revenue from comprehensive educational services by RMB24.2 million or 47.5% during the current period as compared with the prior period.

As a result of the foregoing, total revenue during the six months ended 29 February 2024 decreased by 29.7% to RMB79.7 million as compared with the prior period.

Cost of Revenue

Our cost of revenue primarily consists of cost of material for the supply chain business and costs to other third party service suppliers in cooperation.

Cost of revenue decreased by RMB14.9 million, or 29.5%, from RMB50.7 million for the six months ended 28 February 2023 to RMB35.8 million for the six months ended 29 February 2024. The decrease was largely due to the reduction in cost of material for the school-related supply chain business.

Gross Profit

Gross profit decreased by 29.9% from RMB62.6 million for the six months ended 28 February 2023 to RMB43.9 million for the six months ended 29 February 2024, and gross profit margin was slightly decreased from 55.3% for the six months ended 28 February 2023 to 55.1% for the six months ended 29 February 2024. The gross profit margin has been stable during the corresponding period in 2024.

Other Income

Other income mainly includes amortised income of financial guarantee contracts and government grants, which represents subsidies granted by certain local governments for encouraging domestic business development and unconditional subsidies for the purpose of giving financial support to the Group's operations. There are no unfulfilled conditions or contingencies relating to the above subsidies.

The decrease of other income is mainly due to the amortised income of financial guarantee contracts of RMB12.5 million for the six months ended 29 February 2024 (for the six months ended 28 February 2023: RMB13.2 million).

Other Gains and Losses

Other gains and losses primarily consist of (i) reversal of expected credit loss for financial guarantee contracts of RMB16.7 million; (ii) net exchange gain of RMB1.9 million resulting from the depreciation of Hong Kong dollars (HK\$) against RMB during the six months ended 29 February 2024, (iii) loss on change in fair value of financial assets at fair value through profit or loss ("FVTPL") of RMB16.6 million and (iv) dividend income from financial assets at FVTPL of RMB1.1 million.

Administrative Expenses

Administrative expenses primarily consist of (i) salaries and other benefits for general and administrative staff, (ii) travel expenses, (iii) entertainment expenses, and (iv) other expenses, which mainly consist of repair and maintenance expenses, utilities, legal and professional fees, and other administrative expenses.

Administrative expenses increased by 14.0% from RMB14.0 million for the six months ended 28 February 2023 to RMB16.0 million for the six months ended 29 February 2024 primarily due to the increase of staff costs in current period.

Finance Income

Finance income primarily consists of interest income from bank deposits, pledged bank deposits, loans to third parties and amounts due from Affected Entities. Finance income increased from RMB4.6 million for the six months ended 28 February 2023 to RMB14.9 million for the six months ended 29 February 2024 was primarily due to the increase in interest income from Affected Entities during the current period.

Finance Costs

Finance costs consist of the interest expenses for bank borrowings and interest on lease liabilities.

Profit before Taxation

As a result of the foregoing, profit before taxation decreased from RMB65.5 million for the six months ended 28 February 2023 to RMB57.4 million for the six months ended 29 February 2024.

Taxation

Income tax expense of the Group decreased by 3.2% from RMB10.6 million for the six months ended 28 February 2023 to RMB10.2 million for the six months ended 29 February 2024. The effective tax rate of the Group for the six months ended 29 February 2024 and the six months ended 28 February 2023 was 17.8% and 16.1%, respectively.

Profit for the Period

As a result of the above factors, profit for the period decreased from RMB55.0 million for the six months ended 28 February 2023 to RMB47.2 million for the six months ended 29 February 2024.

Core Net Profit

The Group defines its core net profit as its profit for the period after adjusting for those items which are not indicative of the Group's operating performances as presented in the table below. This is not an IFRSs measure. The Group has presented this item because the Group considers it an important supplemental measure of the Group's operational performance used by the Group as well as analysts or investors. The following table reconciles from profit for the period to core net profit for the two financial periods presented below:

	For the six months ended	
	29 February 2024 RMB'000	28 February 2023 RMB'000
Profit for the period	47,174	54,975
Adjustments for:		
Change in financial guarantee contracts <i>(Note 1)</i>	(29,280)	(13,232)
Exchange (gain)/loss, net	(1,889)	1,708
Share-based payment expenses, net of reversal	593	(2,531)
Core net profit	<u>16,598</u>	<u>40,920</u>

Note 1: The adjustment represented the reversal of expected credit loss for financial guarantee contracts of RMB16,742,000 (2023: nil) less amortised income of financial guarantee contracts of RMB12,538,000 (2023: RMB13,232,000). For details, please refer to note 11 to the financial information and the section headed "Contingent Liabilities" in this announcement.

Core net profit for the period decreased by RMB24.3 million, or 59.4%, from RMB40.9 million for the six months ended 28 February 2023 to RMB16.6 million for the six months ended 29 February 2024. Core net profit margin decreased from 36.1% for the six months ended 28 February 2023 to 20.8% for the six months ended 29 February 2024.

Capital Expenditure

We operate under an asset-light model. During the six months ended 29 February 2024, the Group paid approximately RMB0.5 million for the acquisition of property, plant and equipment.

Liquidity, Financial Resources and Capital Structure

The Group recorded net cash inflow from operating activities of RMB24.2 million for the six months ended 29 February 2024.

The Group's cash flow from investing activities for the six months ended 29 February 2024 primarily consists of (i) loans of RMB35.0 million to third parties, (ii) deposit of RMB15.0 million for acquisition of an entity and (iii) cash inflow of RMB12.1 million, being repayment from Affected Entities.

The Group's cash flow from financing activities for the six months ended 29 February 2024 was mainly repayment to Affected Entities of RMB45.5 million.

Primarily due to the above activities, the Group recorded a net decrease in cash and cash equivalents of RMB111.7 million during the six months ended 29 February 2024.

As at 29 February 2024, the Group's total pledged bank deposits, cash and cash equivalents amounted to RMB425.9 million, of which the majority were denominated in HK\$ and RMB (as at 31 August 2023: RMB534.4 million).

As at 29 February 2024, the Group's total bank borrowings amounted to RMB290.1 million repayable within one year. The Group's bank borrowings carried interest rates ranging from 2.5% to 7.5% per annum. Bank borrowings of RMB280.6 million were denominated in HK\$.

In order to have a better use of our unutilised financial resources, the Group has purchased certain investment products to enhance return. These investment products are classified as financial assets at FVTPL as at 29 February 2024.

The Group recorded net current assets of RMB234.9 million as at 29 February 2024 (as at 31 August 2023: RMB272.7 million).

Gearing Ratio

The Group's gearing ratio is calculated as total bank borrowings divided by total equity at the end of the relevant period/year. The Group's gearing ratio as at 29 February 2024 was 52.6% (as at 31 August 2023: 47.7%). The increase in gearing ratio was mainly due to the decrement of total equity during the six months ended 29 February 2024.

Taking into consideration the total pledged bank deposits, cash and cash equivalents of RMB425.9 million, the Group does not have any net borrowings balance as at 29 February 2024 which is calculated as total bank borrowings, net of pledged bank deposits, cash and cash equivalent (as at 31 August 2023: nil of net borrowings balance).

Foreign Exchange Exposure

The majority of the Group's revenue and expenditures are denominated in RMB, the functional currency of the Company, except that certain income and expenditures are denominated in HK\$. As at 29 February 2024, certain bank balances and cash and investment products were denominated in HK\$ or United States Dollars. The Group did not enter into any financial instrument for hedging purpose. The Group will continue to monitor the foreign exchange rate risk and consider hedging significant foreign currency exposure should the need arises.

Contingent Liabilities

Save for the financial guarantee provided to the Affected Entities in support of bank borrowings of the Affected Entities as disclosed in note 11 to the financial information, the Group did not have any material contingent liabilities that are required to be disclosed. Prior to 31 August 2021, the Affected Entities were regarded as subsidiaries of the Group and the financial guarantee contracts were initially recognised upon the deconsolidation of the Affected Entities on 31 August 2021.

During the six months ended 29 February 2024, no additional new financial guarantees have been provided by the Group to the Affected Entities. As at 29 February 2024, the aggregate amount of outstanding financial guarantees issued to banks in respect of banking facilities granted to the Affected Entities that the Group could be required to be paid has been reduced from RMB4,300.8 million as at 31 August 2023 to RMB4,118.1 million as at 29 February 2024 following by certain repayments of the existing loan balances by the Affected Entities during the period.

Pledge of Assets

As at 29 February 2024, the Group's bank borrowings were secured by pledged bank deposits and investment in unlisted private funds that were recognised as financial assets at FVTPL.

REGULATORY UPDATE

There has been no significant update since the publication of the Company's annual report for the year ended 31 August 2023 (the "**2023 Annual Report**"). Please refer to the 2023 Annual Report for details of the regulatory update.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

There has been no material acquisition and disposal of subsidiaries, associates or joint ventures during the six months ended 29 February 2024.

INVESTMENTS HELD

As at 29 February 2024, the Group held certain investment products which were classified as financial assets at FVTPL of approximately RMB119.6 million in aggregate. For the reasons for holding these investment products, please refer to the section headed "Liquidity, Financial Resources and Capital Structure" above.

EMPLOYEE BENEFITS

As at 29 February 2024, the Group had approximately 46 employees. The Group participates in various employee benefit plans, including provident fund, housing, pension, medical insurance and unemployment insurance. The Company has also adopted a pre-IPO share option scheme, a share option scheme and a share award scheme for its employees and other eligible persons. Salaries and other benefits of the Groups' employees are generally reviewed on a regular basis in accordance with individual qualifications and performance, result performance of the Group and other relevant market conditions. The Group also provides internal and external training programs to its employees.

Total employee remuneration (including directors' remuneration) for the six months ended 29 February 2024 amounted to approximately RMB9.7 million (for the six months ended 28 February 2023: RMB6.2 million). Total employee remuneration for the six months ended 29 February 2024 included an amount of RMB0.6 million of share-based payment expenses.

EVENTS AFTER THE REPORTING PERIOD

As at the date of this announcement, the Group had no significant events after the reporting period that are required to be disclosed.

On 19 April 2024, the Company entered into a sale and purchase agreement with Glorious Maple Limited (the "**Glorious Maple**"), a company incorporated in British Virgin Islands with limited liability, pursuant to which the Company agreed to dispose of to Glorious Maple and Glorious Maple agreed to purchase from the Company 117,000 Class A Participating Shares in the GLAM-HKCFC MBS FUND (the "**Glam Fund**") at a consideration of HK\$101 million (the "**Disposal**"). The investment in the Glam Fund is recognised as financial assets at FVTPL as at 29 February 2024. Up to the date of these condensed consolidated financial statements are authorised for issue, the Disposal has been completed and the Company has ceased to hold any interest in the Glam Fund. Details of the Disposal, please refer to the Company's announcement dated 19 April 2024.

USE OF PROCEEDS

On 18 August 2020, the Company completed the placing of 130,000,000 new shares at HK\$4.24 per new share (the "**Placing**") to no less than six placees, who and whose respective ultimate beneficial owners are independent of the Company and the connected persons of the Company. The net proceeds from the Placing were approximately HK\$545.7 million (equivalent to approximately RMB487.7 million) ("**Net Placing Proceeds**"). The Company intended to use the net proceeds from the Placing for construction and development of the Group's schools in the PRC and general corporate purpose. Details of the Placing are set out in the Company's announcements dated 11 August 2020 and 18 August 2020 respectively.

As a result of the deconsolidation of the Group's schools operated through the Affected Entities as of 31 August 2021, the Company believes that there is currently no longer an immediate need to apply any remaining net proceeds for construction and development of the schools in the PRC. Therefore, the Company has reallocated the unutilised Net Placing Proceeds in the amount of approximately RMB95.1 million to be used for subscription of a fund (the “**Fund**”) during the year ended 31 August 2022. For details, please refer to the Company's announcement dated 14 April 2022 and the 2022 Annual Report.

The revised use of the Net Placing Proceeds is set forth below:

	Intended use of Net Placing Proceeds <i>RMB million</i>	Revised use of unutilised Net Placing Proceeds <i>RMB million</i>	Unutilised balance as at 1 September 2023 <i>RMB million</i>	Utilised amount during the six months ended 29 February 2024 <i>RMB million</i>	Total utilised amount as at 29 February 2024 <i>RMB million</i>	Unutilised balance as at 29 February 2024 <i>RMB million</i>	Expected timeline for full utilisation of the unutilised balance as previously disclosed
Construction and development of schools	150.0	46.7	–	–	46.7	–	Not applicable
General corporate purpose	337.7	345.9	18.6	18.6	345.9	–	31 August 2024
Subscription of the Fund	–	95.1	–	–	95.1	–	Not applicable
Total:	<u>487.7</u>	<u>487.7</u>	<u>18.6</u>	<u>18.6</u>	<u>487.7</u>	<u>–</u>	

All the Net Placing Proceeds were utilised in accordance with the expected timeline and intentions as previously disclosed by the Company.

INTERIM DIVIDEND

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

SHARE AWARD SCHEME

The Company has adopted a share award scheme (the “**Scheme**”) as a means to recognise the contribution of, and provide incentives for the key management personnel including Directors and senior management and employees of the Group. The shares (“**Shares**”) to be awarded under the Scheme will be purchased by a trustee (the “**Trustee**”) from the open market or subscribed from the Company as new Shares out of cash contributed by the Group and be held on trust for the selected participants (“**Selected Participants**”) until such Shares are vested with the relevant Selected Participants in accordance with the provisions of the Scheme. The Scheme shall be subject to administration of the Board and the Trustee in accordance with the Scheme rules and the trust deed dated 7 June 2017.

As at 28 February 2024, the Trustee has purchased a total of 11,704,000 Shares (as at 31 August 2023 : 11,704,000 Shares) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). On 6 September 2018, the Board resolved to grant a total of not more than 8,400,000 Shares (the “**Awarded Shares**”) to 12 Selected Participants. The Awarded Shares represent approximately 0.39% of the total issued shares of the Company as at the date of this announcement. Subject to the acceptance of grant of the Awarded Shares by the Selected Participants and the terms and conditions of the Scheme, the Awarded Shares will be vested in full in ten years according to the respective vesting schedule for the grant.

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 purchased, sold or redeemed any listed securities of the Company.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as the Company’s code for dealings in securities of the Company by the Directors. Having made specific enquiry to all the Directors, they have confirmed that they have complied with the Model Code during the six months ended 29 February 2024.

CORPORATE GOVERNANCE

The Board has committed to achieving high corporate governance standards in order to safeguard the interests of Shareholders and to enhance corporate value and accountability. The Company has applied the principles as set out in the Corporate Governance Code and Corporate Governance Report (the “**CG Code**”) contained in Appendix 14 to the Listing Rules and has complied with all the applicable code provisions, save and except for code provision C.2.1 which stipulates that the roles of chairman and chief executive (“**CEO**”) should not be performed by the same individual.

Ms. Li Suwen (“**Ms. Li**”) was appointed as the chairperson of the Board (“**Chairperson**”) following the step down of Mr. Liu Xuebin from the position of chairman of the Board on 28 September 2018. Ms. Li performs the dual roles of both Chairperson and CEO. The Board believes that it is in the interest of the Company and its Shareholders for Ms. Li to assume the responsibilities of such positions, given that Ms. Li is one of the co-founders of the Group and has extensive experience in the operation and management of the Group as an executive Director and CEO. The Board also considers that such arrangement will not impair the balance of power and authority between the Board and the management as the Board comprises five other experienced individuals including two other executive Directors and three independent non-executive Directors. In addition, for major decisions of the Group, the Company will consult Board committees and senior management as and when appropriate. The Board will review such arrangement from time to time and will continue to review and monitor the corporate governance practices of the Company for the purpose of maintaining high corporate governance standards.

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. Tam King Ching Kenny, Prof. Sun Kai Lit Cliff, *BBS, J.P.*, and Mr. Huang Weiguo, all being independent non-executive Directors of the Company. Mr. Tam King Ching Kenny 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. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members of the Company.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirm that the Company has maintained the prescribed public float under the Listing Rules for the six months ended 29 February 2024.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.wisdomeducationintl.com. The interim report of the Group for the six months ended 29 February 2024 will be published on the aforesaid websites of the Stock Exchange and the Company and will be dispatched to Shareholders in due course.

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

Dongguan, 26 April 2024

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