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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)

VOLUNTARY ANNOUNCEMENT – BUSINESS UPDATE

The board of directors (the “**Board**”) of Wisdom Education International Holdings Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) wishes to update the shareholders of the Company and potential investors on the recent development in relation to the business of the Group. Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Company’s annual report for the year ended 31 August 2021.

As disclosed in the Company’s annual report for the year ended 31 August 2021, Guangdong Guangzheng and its subsidiaries (the “**Affected Entities**”) have been deconsolidated from the Group as of 31 August 2021 (“**Deconsolidation**”). Given that all of the schools operated by the Affected Entities (“**Schools**”) provide compulsory education services, the financial results of these schools, which include the tuition and boarding fees of the high-school portion and ancillary service fees charged by on-campus canteens of the Schools, has ceased to be consolidated in the Group’s consolidated financial statements since 1 September 2021.

As a result of the Deconsolidation, since 1 September 2021, the Group is no longer principally engaged in the operation of private schools providing compulsory education. The Group has made a strategic shift to focus on the expansion of the asset-light Remaining Business and to actively explore the feasibility of the operation of independent high school(s). Specifically, the Group will expand through the following three business lines:

(1) COMPREHENSIVE EDUCATIONAL SERVICES FOR ALL-ROUNDED DEVELOPMENT OF STUDENTS

The PRC government has constantly emphasized the importance of all-rounded development of students, and has issued a series of policies or guidance to ensure the due and proper implementation of such. Students and parents look for systematic non-curriculum activities during the after-school time and the 2-3 months of winter and summer break each year, therefore the market still has significant room to grow. Over the past years of education experience, the Group has developed a comprehensive and mature system providing high-quality, tailor-made and enriching non-curriculum activities for students and established long-term strategic partnership with certain third party after-school tutoring institutions, which has achieved remarkable results.

The total solution services aim to provide full cycle management services of a variety of after-school enrichment activities like study tours, summer/winter camps, sports and arts group activities, etc.. Services include but not limited to the design of the course and implementation plan, execution and quality assurance, post-activity review and assessment, in cooperation with other third party after-school tutoring institutions.

During the six months ended 28 February 2022, the Group has already experienced substantial growth of this business line as compared with the same period of last year which is primarily due to the significant increase of the number of students enrolled in the various activities we organised during the winter break of 2022.

(2) SCHOOL-RELATED SUPPLY CHAIN BUSINESS

The Group sells daily necessities, e.g. school uniforms, bedding products, stationery products, and other educational materials. In the previous years, sales of daily necessities mostly occurred during the summer break before the new school year commenced.

Leveraging on the years of experience in the supply chain management, the Group plans to expand our product offerings to engage in the sales of food products that are suitable for students of different ages. The Company's wholly-owned subsidiaries incorporated in Qingyuan city, PRC will commence this business in the second half of the financial year ended 31 August 2022 and it is expected to have positive impact on the Group's revenue and profits.

In the future, the Group aims to fully integrate its resources to build an educational service platform. The specific services include providing online education and learning products and services, comprehensive educational management services, catering management, supply of student necessities and teaching equipment, decoration and design of school, employees training and labor outsourcing services, school property management for third-party schools etc.

(3) SPIN-OFF THE HIGH-SCHOOL PORTION AS A SEPARATE SCHOOL ENTITY

The Company has been actively exploring with its PRC legal advisors as well as relevant local government authorities with a view to exploring the feasibility of spinning-off the high school portion from the schools under the Affected Entities. The current ultimate equity holders of the Affected Entities intend to establish a new entity to become the investment holding company of the spun-off high school entity, and the Company could resume its control over such high school entity via contractual arrangements with the new investment holding company, subject to compliance with the applicable laws and regulations.

As stipulated in Article No. 53 of the Law of the PRC for Promoting Private Education (amended on 29 December 2018) (中華人民共和國民辦教育促進法(2018年12月29日修正)), “the spin-off or merger of private schools, should be after the financial liquidation, submitted by the council or the board of the school to the relevant government authorities for approval.” The Company and its PRC legal advisors are currently exploring with several accounting firms and seeking guidance from relevant local authorities regarding the financial liquidation audit for the purpose of spin-off of the high-school portion.

Shareholders and potential investors should note that given limited local guidance and precedent cases, and uncertainties regarding the segregation of the land and buildings currently used by both compulsory education and high-school portion of the Schools, the discussions on the proposed spin-off are only preliminary in nature and may not be able to proceed as contemplated or at all.

After the Implementation Regulations, the Board believes that the scale of the private schools will be reduced significantly in the PRC but the intention of the Implementation Regulations is not to eliminate all the private schools. The remaining private schools will be positioned as premium and differentiated private schools which provide a diversified and different education option for the community. The different business lines of the Remaining Business are based upon the core values of the Group, i.e. to partner with the premium private schools to provide high-quality education environment for all-rounded development of students. The Board is committed to grow and develop the Group’s Remaining Business including the provision of premium private school services, and will stay committed to achieve so.

Shareholders and other investors shall exercise caution when dealing in the securities of the Company. The Company will make further announcement(s) as and when appropriate.

By Order of the Board
Wisdom Education International Holdings Company Limited
Li Jiuchang
Executive Director

Dongguan, 18 March 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.