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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 28 FEBRUARY 2023

HIGHLIGHTS

	For the six months ended		Change	Percentage
	2023	2022		
	RMB'000	RMB'000	RMB'000	Change
Revenue	113,294	115,773	-2,479	-2.1%
Profit for the period	54,975	54,685	+290	+0.5%
Core net profit <i>(Note 1)</i>	40,920	52,226	-11,306	-21.6%
Basic earnings per share <i>(RMB cents)</i>	2.54	2.52	+0.02	+0.8%

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	
	28 February	
	2023	2022
	RMB'000	RMB'000
Profit for the period	54,975	54,685
Adjustments for:		
Change in financial guarantee contracts <i>(Note 2)</i>	(13,232)	–
Exchange loss/(gain)	1,708	(4,004)
Share-based payment expenses, net of reversal	(2,531)	1,545
	<hr/>	<hr/>
Core net profit	<u>40,920</u>	<u>52,226</u>
 <i>Note 2:</i> The adjustment represented amortised income of financial guarantee contracts of 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 28 FEBRUARY 2023

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 28 February 2023. 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 28 FEBRUARY 2023

		Six months ended 28 February	
	NOTES	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Revenue	3	113,294	115,773
Cost of revenue		<u>(50,693)</u>	<u>(35,888)</u>
Gross profit		62,601	79,885
Other income	4	19,766	10,858
Other gains and losses	5	(925)	2,340
Selling expenses		–	(4,447)
Administrative expenses		(14,044)	(23,118)
Finance income		4,635	7,591
Finance costs		<u>(6,508)</u>	<u>(4,015)</u>
Profit before taxation		65,525	69,094
Taxation	6	<u>(10,550)</u>	<u>(14,409)</u>
Profit and total comprehensive income for the period		<u>54,975</u>	<u>54,685</u>
EARNINGS PER SHARE			
Basic (RMB cents)	8	<u>2.54</u>	<u>2.52</u>
Diluted (RMB cents)	8	<u>2.54</u>	<u>2.52</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2023

		At 28 February 2023 <i>RMB'000</i> (unaudited)	At 31 August 2022 <i>RMB'000</i> (audited)
Non-current Assets			
Property, plant and equipment		1,267	1,671
Right-of-use assets		541	2,164
Pledged bank deposits		288,971	285,845
Deferred tax assets		277	303
		<u>291,056</u>	<u>289,983</u>
Current Assets			
Inventories – goods for sale		37,195	4,129
Trade receivables, deposits, prepayments and other receivables	9	472,890	531,405
Financial assets at fair value through profit or loss ("FVTPL")		132,424	132,632
Investments in debt securities		–	21,197
Pledged bank deposits		–	61,638
Cash and cash equivalents		391,030	328,744
		<u>1,033,539</u>	<u>1,079,745</u>
Current Liabilities			
Contract liabilities		36,408	14,020
Trade and other payables and accrued expenses	10	186,166	191,076
Income tax payable		54,912	64,914
Lease liabilities		567	2,243
Borrowings		35,468	127,573
Financial guarantee contracts	11	263,741	276,973
		<u>577,262</u>	<u>676,799</u>
Net Current Assets		<u>456,277</u>	<u>402,946</u>
Total Assets Less Current Liabilities		<u>747,333</u>	<u>692,929</u>

	At 28 February 2023 RMB'000 (unaudited)	At 31 August 2022 RMB'000 (audited)
Capital and Reserves		
Share capital	19,263	19,263
Reserves	480,872	428,428
	500,135	447,691
Non-current Liability		
Borrowings	247,198	245,238
	747,333	692,929

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 2022 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 2022.

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 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 28 February 2023 are the same as those presented in the Group’s annual financial statements for the year ended 31 August 2022.

Application of amendments to IFRSs

In the current interim period, the Group has applied the following amendments to IFRSs issued by IASB, for the first time, which are mandatorily effective for the annual period beginning on 1 September 2022 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to IFRSs 2018–2020

The application of the 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.

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, school uniforms, bedding products, stationery products and other educational materials, and provision of school buses services; and comprehensive educational services, e.g. provision of extracurricular activities program, study tours, summer/winter camps, sports and arts group activities, post-activity review and assessment and after-school care activities.

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	
	28 February 2023 RMB'000 (unaudited)	28 February 2022 RMB'000 (unaudited)
School-related supply chain business	62,294	15,255
Comprehensive educational services	51,000	100,518
	113,294	115,773

Disaggregation of revenue

	Six months ended	
	28 February 2023 RMB'000 (unaudited)	28 February 2022 RMB'000 (unaudited)

Timing of revenue recognition

Recognised at a point of time

– School-related supply chain business	54,561	15,255
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Recognised over time

– School-related supply chain business	7,733	–
– Comprehensive educational services	51,000	100,518

Total	113,294	115,773
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4. OTHER INCOME

	Six months ended	
	28 February 2023 RMB'000 (unaudited)	28 February 2022 RMB'000 (unaudited)
Amortised income of financial guarantee contracts (<i>note 11</i>)	13,232	–
Government grants (<i>Note</i>)	5,679	10,085
Others	855	773
	19,766	10,858

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	
	28 February 2023 RMB'000 (unaudited)	28 February 2022 RMB'000 (unaudited)
Exchange (loss) gain	(1,708)	4,004
Loss on change in fair value of financial assets at FVTPL	(208)	(1,664)
Dividend income from financial assets at FVTPL	1,071	–
Others, net	(80)	–
	<u>(925)</u>	<u>2,340</u>

6. TAXATION

	Six months ended	
	28 February 2023 RMB'000 (unaudited)	28 February 2022 RMB'000 (unaudited)
Taxation comprises		
Current tax:		
PRC Enterprise Income Tax	10,544	14,382
Hong Kong Profits Tax	–	27
Overprovision in prior year – Hong Kong Profits Tax	(20)	–
Deferred tax expenses	26	–
	<u>10,550</u>	<u>14,409</u>

7. DIVIDENDS

During the six months ended 28 February 2022, a special dividend in respect of the year ended 31 August 2021 of RMB0.106 (equivalent to HK\$0.128 per share) per share amounting to RMB230,232,000 (equivalent to HK\$277,499,000) was paid to the shareholders of the Company.

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

	At 28 February 2023 <i>RMB'000</i> (unaudited)	At 31 August 2022 <i>RMB'000</i> (audited)
Within 3 months	3,230	48,788
6 months to 1 year	–	952
Over 1 year	<u>2,241</u>	<u>1,930</u>
	<u>5,471</u>	<u>51,670</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 28 February 2023 and 31 August 2022, the trade payables were aged within 180 days based on invoice date.

11. FINANCIAL GUARANTEE CONTRACTS

	At 28 February 2023 <i>RMB'000</i> (unaudited)	At 31 August 2022 <i>RMB'000</i> (audited)
Financial guarantee contracts	<u>263,741</u>	<u>276,973</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 28 February 2023 and 31 August 2022. As at 28 February 2023, 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 RMB4,522,647,000 (as at 31 August 2022: RMB4,604,525,000) if the guarantees were called upon in entirety. As at 28 February 2023, RMB3,098,417,000 (as at 31 August 2022: RMB3,180,295,000) of the outstanding financial guarantees has been utilised by the Affected Entities.

During the six months ended 28 February 2023, amortised income of financial guarantee contracts amounting to RMB13,232,000 (2022: nil) is recognised in other income, which is set out in note 4.

As at 28 February 2023, the management has performed impairment assessment under expected credit loss model and concluded that no additional loss allowance (2022: nil) was recognised in the profit or loss for the six months ended 28 February 2023.

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 28 February 2023, the performance of our business segment of comprehensive educational services was adversely affected by the COVID-19 pandemic. As most of the epidemic prevention and control measures have begun to be lifted since December 2022 and many were recovering from COVID-19 symptoms during the month of January 2023, a lot of after-school activities during the winter break, i.e. January to February 2023, have been cancelled. On the other hand, the business segment of school-related supply chain continued to grow during the six months ended 28 February 2023 and have become a stable source of revenue for the Group. For further details, please refer to the section headed “Financial Review” in this announcement.

FUTURE PROSPECTS

The COVID-19 infections have decreased significantly since February 2023 and we are pleased to see that the school and social activities have almost normalized as at the date of this announcement. We are well-prepared to capture the opportunities ahead and have confidence in picking up the growth momentum again 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 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.

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 28 February 2023, total revenue decreased slightly by 2.1% to RMB113.3 million and profit increased slightly by 0.5% to RMB55.0 million, as compared with that of the corresponding period in 2022.

Revenue

During the six months ended 28 February 2023, revenue consists of (i) school-related supply chain business, which mainly includes sales of daily necessities and other educational materials, and provision of school buses services; and (ii) comprehensive educational services, which mainly include provision of extracurricular activities, study tours, summer/winter camps, sports and arts group activities, and after-school care activities. A further analysis of our revenue by each service line is presented as follows:

By service lines	For the six months ended 28 February 2023		For the six months ended 28 February 2022	
		% of Total		% of Total
School-related supply chain business	62,294	55.0	15,255	13.2
Comprehensive educational services	51,000	45.0	100,518	86.8
Total revenue	<u>113,294</u>	<u>100.0</u>	<u>115,773</u>	<u>100.0</u>

Our subsidiaries incorporated in Qingyuan city, PRC commenced school-related supply chain business in the second half of the financial year ended 31 August 2022, therefore, revenue from school-related supply chain increased significantly from RMB15.3 million for the six months ended 28 February 2022 to RMB62.3 million for the six months ended 28 February 2023.

On the other hand, for the comprehensive educational services, due to a surge of the COVID-19 infections in January 2023 shortly after the lifting of the control measures in December 2022, we have cancelled most of the after-school activities from January to February 2023, which resulted in a significant decrease of revenue from comprehensive educational services by RMB49.5 million or 49.3% during the current period as compared with the prior period.

As a result of the foregoing, total revenue during the six months ended 28 February 2023 decreased slightly by 2.1% to RMB113.3 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 increased by RMB14.8 million, or 41.3%, from RMB35.9 million for the six months ended 28 February 2022 to RMB50.7 million for the six months ended 28 February 2023. The increase was largely due to the increases in cost of material for the school-related supply chain business.

Gross Profit

Gross profit decreased by 21.6% from RMB79.9 million for the six months ended 28 February 2022 to RMB62.6 million for the six months ended 28 February 2023, and gross profit margin decreased from 69.0% for the six months ended 28 February 2022 to 55.3% for the six months ended 28 February 2023. The decrease of gross profit margin was primarily due to the change of sales mix, i.e. a larger portion of the revenue was from school-related supply chain segment which had a lower gross profit margin than that of comprehensive educational services segment.

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 increase of other income is mainly due to the amortised income of financial guarantee contracts of RMB13.2 million for the six months ended 28 February 2023 (for the six months ended 28 February 2022: Nil).

Other Gains and Losses

Other gains and losses primarily consist of (i) net exchange loss of RMB1.7 million resulting from the appreciation of Hong Kong dollars (HK\$) against RMB during the six months ended 28 February 2023, and (ii) dividend income from financial assets at fair value through profit or loss ("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 decreased by 39.3% from RMB23.1 million for the six months ended 28 February 2022 to RMB14.0 million for the six months ended 28 February 2023 primarily due to management's efforts in cost control.

Finance Income

Finance income primarily consists of interest income from bank deposits and investments in debt securities. Finance income decreased from RMB7.6 million for the six months ended 28 February 2022 to RMB4.6 million for the six months ended 28 February 2023 was primarily due to the decrease in interest income from debt securities which have matured 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 RMB69.1 million for the six months ended 28 February 2022 to RMB65.5 million for the six months ended 28 February 2023.

Taxation

Income tax expense of the Group decreased by 26.8% from RMB14.4 million for the six months ended 28 February 2022 to RMB10.6 million for the six months ended 28 February 2023. The effective tax rate of the Group for the six months ended 28 February 2023 and the six months ended 28 February 2022 was 16.1% and 20.9%, respectively.

Profit for the Period

As a result of the above factors, profit for the period increased slightly from RMB54.7 million for the six months ended 28 February 2022 to RMB55.0 million for the six months ended 28 February 2023.

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 28 February	
	2023 RMB'000	2022 RMB'000
Profit for the period	54,975	54,685
Adjustments for:		
Change in financial guarantee contracts <i>(Note 1)</i>	(13,232)	–
Exchange loss/(gain)	1,708	(4,004)
Share-based payment expenses, net of reversal	(2,531)	1,545
Core net profit	<u>40,920</u>	<u>52,226</u>

Note 1: The adjustment represented amortised income of financial guarantee contracts of 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 RMB11.3 million, or 21.6%, from RMB52.2 million for the six months ended 28 February 2022 to RMB40.9 million for the six months ended 28 February 2023. Core net profit margin decreased from 45.1% for the six months ended 28 February 2022 to 36.1% for the six months ended 28 February 2023.

Capital Expenditure

We operate under an asset-light model. During the six months ended 28 February 2023, the Group paid approximately RMB0.04 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 RMB76.7 million for the six months ended 28 February 2023.

The Group's cash flow from investing activities for the six months ended 28 February 2023 primarily consists of (i) cash inflow of RMB62.9 million from withdrawal of pledged bank deposit, and (ii) cash inflow of RMB21.0 million from disposal of investments in debt securities.

The Group's cash flow used in financing activities for the six months ended 28 February 2023 was mainly repayment of bank borrowings of RMB94.2 million.

Primarily due to the above activities, the Group generated a net increase in cash and cash equivalents of RMB61.5 million during the six months ended 28 February 2023.

As at 28 February 2023, the Group's total pledged bank deposits, bank balances and cash amounted to RMB680.0 million, of which the majority were denominated in HK\$ and RMB (as at 31 August 2022: RMB676.2 million).

As at 28 February 2023, the Group's total bank borrowings amounted to RMB282.7 million comprising RMB35.5 million repayable within one year and RMB247.2 million repayable more than one year. The Group's bank borrowings carried interest rates ranging from 2.2% to 7.9% per annum. All the bank borrowings 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 28 February 2023.

The Group recorded net current assets of RMB456.3 million as at 28 February 2023 (as at 31 August 2022: RMB402.9 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 28 February 2023 was 56.5% (as at 31 August 2022: 83.3%). The decrease in gearing ratio was mainly due to repayment of bank borrowings during the six months ended 28 February 2023.

Taking into consideration the total pledged bank deposits, bank balances and cash of RMB680.0 million, the Group does not have any net borrowings balance as at 28 February 2023 which is calculated as total bank borrowings, net of pledged bank deposits, bank balances and cash (as at 31 August 2022: 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 28 February 2023, 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 28 February 2023, no additional new financial guarantees have been provided by the Group to the Affected Entities. As at 28 February 2023, 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 to RMB4,522.6 million from RMB4,604.5 million as at 31 August 2022 following by certain repayments of the existing loan balances by the Affected Entities during the period.

Pledge of Assets

As at 28 February 2023, 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 2022 (the "**2022 Annual Report**"). Please refer to the 2022 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 28 February 2023.

INVESTMENTS HELD

As at 28 February 2023, the Group held certain investment products which were classified as financial assets at FVTPL of approximately RMB132.4 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 28 February 2023, the Group had approximately 166 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 28 February 2023 amounted to approximately RMB6.2 million (for the six months ended 28 February 2022: RMB30.2 million). Total employee remuneration for the six months ended 28 February 2023 included an amount of RMB2.5 million of reversal of share-based payment expenses as two employees resigned and the corresponding Awarded Shares under a share award scheme were forfeited accordingly.

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.

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 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>	Utilised amount as at 28 February 2023 <i>RMB million</i>	Unutilised balance as at 28 February 2023 <i>RMB million</i>	Expected timeline for full utilisation of the unutilised balance (<i>Note</i>)
Construction and development of schools	150.0	46.7	46.7	–	Not applicable
General corporate purpose	337.7	345.9	327.2	18.7	31 August 2024
Subscription of the Fund	–	95.1	95.1	–	Not applicable
Total:	<u>487.7</u>	<u>487.7</u>	<u>469.0</u>	<u>18.7</u>	

Note: The expected timeline for utilising the remaining Net Placing Proceeds is based on the best estimation made by the Group and it is subject to change based on the current and future development of the market conditions.

Save for the aforesaid changes, there is no other changes in the use of the Net Placing Proceeds. The Board will continuously assess the plans for the use of unutilised Net Placing Proceeds and may revise or amend such plans where necessary to cope with the changing market conditions and strive for better business performance for the Group.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 28 February 2023.

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 2023, the Trustee has purchased a total of 11,704,000 Shares (as at 31 August 2022: 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 28 February 2023, 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 10 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 28 February 2023.

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 28 February 2023. 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 28 February 2023.

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 28 February 2023 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, 28 April 2023

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.