



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



2023
INTERIM REPORT

以誠心服務社會

以愛心培育人才



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Corporate Information

Board of Directors

Executive Directors

Ms. Li Suwen (*Chairperson of the Board*)
Mr. Liu Xuebin
Mr. Li Jiuchang
Mr. Wang Yongchun (*retired on 6 February 2023*)

Independent Non-executive Directors

Prof. Sun Kai Lit Cliff *BBS, J.P.*
Mr. Tam King Ching Kenny
Mr. Huang Weiguo

Audit Committee

Mr. Tam King Ching Kenny (*Chairman*)
Prof. Sun Kai Lit Cliff *BBS, J.P.*
Mr. Huang Weiguo

Remuneration Committee

Prof. Sun Kai Lit Cliff *BBS, J.P. (Chairman)*
Mr. Liu Xuebin
Mr. Huang Weiguo

Nomination Committee

Mr. Huang Weiguo (*Chairman*)
Mr. Tam King Ching Kenny
Ms. Li Suwen

Company Secretary

Mr. Zhang Xian (*resigned on 28 April 2023*)*

Authorized Representatives

Mr. Liu Xuebin
Mr. Zhang Xian (*resigned on 28 April 2023*)*

Auditors

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors

Legal Advisers

As to Hong Kong law
Allen & Overy

As to PRC law

Commerce & Finance Law Offices

As to Cayman Islands law

Conyers Dill & Pearman

Principal Bankers

China CITIC Bank
The Hongkong and Shanghai Banking
Corporation Limited
Bank of China (Hong Kong) Limited
CMB Wing Lung Bank

Registered Office

Cricket Square
Hutchins Drive, P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Headquarters and Principal Place of Business in the PRC

No. 68 Guangming Da Dao
Dongcheng District
Dongguan
The PRC

* Please refer to the Company's announcement dated 28 April 2023.



Corporate Information (Continued)

Principal Place of Business in Hong Kong

8/F
Times Media Centre
No.133 Wan Chai Road
Hong Kong

Principal Share Registrar and Transfer Office

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive, P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Hong Kong Share Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17/F
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Stock Code

6068

Company Website

www.wisdomeducationintl.com

Investor Relations

Ms. Mimosa Ngo
Email: ir@wisdomeducationintl.com

Operational and Financial Highlights

Selected Financial Information RMB'000 (unless otherwise stated)	For the six months ended 28 February			Percentage Change
	2023 (unaudited)	2022 (unaudited)	Change	
Revenue	113,294	115,773	-2,479	-2.1%
Profit for the period	54,975	54,685	+290	+0.5%
Core net profit (Note 1)	40,920	52,226	-11,306	-21.6%
Basic earnings per share (RMB cents)	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 report.

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

Note 2: The adjustment represented amortised income of financial guarantee contracts of RMB13,232,000. For details, please refer to note 19 to the condensed consolidated financial statements and the section headed "Contingent Liabilities" in this report.

Operational and Financial Highlights (Continued)

Selected Financial Information RMB'000 (unless otherwise stated)	As at		Change	Percentage Change
	28 February 2023 (unaudited)	31 August 2022 (audited)		
Bank balances and cash (including pledged bank deposits)	680,001	676,227	+3,774	+0.6%
Borrowings	282,666	372,811	-90,145	-24.2%
Gearing ratio (Note 3)	56.5%	83.3%		

Note 3: Gearing ratio is calculated as total borrowings divided by total equity at the end of the relevant period/year.



Corporate Profile

Overview

Established in 2003, we were mainly engaged in the provision of full spectrum private fundamental education, including primary, middle and high schools in the PRC and ancillary services to students. As a result of the issuance of the Implementation Regulations of the People's Republic of China (the "PRC") on the Law Regarding the Promotion of Private Education which came into effect on 1 September 2021, the business of provision of full spectrum private fundamental education in the PRC were deconsolidated from the Group on 31 August 2021 and we are no longer engaged in the operation of private schools providing compulsory education since 1 September 2021. We are mainly engaged in the provision of ancillary services to students of primary, middle and high schools and other customers in the PRC.

We aim to offer high quality educational services to students as a valuable supplement to the curriculum educational services provided by schools to promote all-rounded development of students. Students' well-being is at the core of our values and we will continue to provide our educational services in a manner consistent with the values and attitudes in which we believe.

Our Educational Philosophy

Our educational objectives are "to serve the society with honesty and integrity through our services" and "to cultivate talents with a warm and loving heart" (以誠心服務社會，以愛心培育人才). To achieve our objectives, we have established the following educational philosophy: enhance morality and foster talents; nurture worthy and capable, sincere and upright graduates (賢良方正，立德樹人).



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 report.

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 report. 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.

Management Discussion and Analysis (Continued)

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	113,294	100.0	115,773	100.0

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.



Management Discussion and Analysis (Continued)

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.

Management Discussion and Analysis (Continued)

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 (Note 1)	(13,232)	–
Exchange loss/(gain)	1,708	(4,004)
Share-based payment expenses, net of reversal	(2,531)	1,545
Core net profit	40,920	52,226

Note 1: The adjustment represented amortised income of financial guarantee contracts of RMB13,232,000. For details, please refer to note 19 to the condensed consolidated financial statements and the section headed "Contingent Liabilities" in this report.

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.



Management Discussion and Analysis (Continued)

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.



Management Discussion and Analysis (Continued)

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 19 to the condensed consolidated financial statements, 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.

CHANGES IN INFORMATION OF DIRECTORS

During the six months ended 28 February 2023, there were no changes to information which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Management Discussion and Analysis (Continued)

EVENTS AFTER THE REPORTING PERIOD

As at the date of this report, 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 RMB million	Revised use of unutilised Net Placing Proceeds RMB million	Utilised amount as at 28 February 2023 RMB million	Unutilised balance as at 28 February 2023 RMB million	Expected timeline for full utilisation of the unutilised balance (Note)
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:	487.7	487.7	469.0	18.7	

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.

Other Information

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 report. There was no granted share award for the six months ended 28 February 2023. The number of awards available for grant under the Scheme at the beginning and the end of the six months ended 28 February 2023 was 10,195,000 Shares, representing approximately 0.47% of the total issued shares of the Company as at the date of this report. 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. Save for Mr. Li Jiuchang, executive Director of the Company, who has been granted not more than 1,500,000 Awarded Shares, none of the Selected Participants is a Director, chief executive or substantial shareholder of the Company, nor an associate (as defined in the Listing Rules) of a Director, chief executive or substantial shareholder of the Company. Details of the awards granted or to be granted under the Scheme are as follows:

Name of grantees	Total number of awards granted as at 1 September 2022 ¹	Number of awards unvested as at 1 September 2022	Number of awards granted during the six months period ended 28 February 2023	Number of awards cancelled during the six months period ended 28 February 2023	Number of awards forfeited during the six months period ended 28 February 2023 ²	Number of awards unvested as at 28 February 2023
Director						
Mr. Li Jiuchang	1,500,000	1,100,000	–	–	–	1,100,000
Mr. Wang Yongchun (retired on 6 February 2023)	1,200,000	880,000	–	–	(880,000)	–
Employees	5,700,000	3,040,000	–	–	(580,000)	2,460,000
	8,400,000	5,020,000	–	–	(1,460,000)	3,560,000

¹ Vesting period from 6 September 2019 to 31 August 2028.

² During the six months period ended 28 February 2023, Mr. Wang Yongchun retired from directorship and one employee of the Group resigned and the corresponding awarded shares were forfeited accordingly. There was no lapse of share awards under the Scheme during the six months period ended 28 February 2023.

Other Information (Continued)

DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATION

As at 28 February 2023, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), Chapter 571 of the Laws of Hong Kong) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken, or are deemed to have taken, under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be recorded in the register required to be kept by the Company; or (c) were required, pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long positions in Shares and underlying Shares of the Company

Name of Director/ chief executive	Capacity	Interest in Shares	Interest in underlying Shares	Total interest in Shares and underlying Shares	Approximate percentage of shareholding
Mr. Liu Xuebin ("Mr. Liu") (Note 1)	Interest of controlled corporation	930,000,000 (Note 2)	–	930,000,000	42.70%
	Beneficial interest	3,498,000	–	3,498,000	0.16%
Ms. Li Suwen ("Ms. Li") (Note 1)	Interest of controlled corporation	570,000,000 (Note 3)	–	570,000,000	26.17%
	Beneficial interest	3,428,000	–	3,428,000	0.16%
Mr. Li Jiuchang (Note 5)	Beneficial interest	300,000	–	300,000	0.01%

Notes:

- (1) Mr. Liu and Ms. Li are co-founders of the Group and are parties acting in concert with each other.
- (2) Mr. Liu holds the entire issued capital of Bright Education (Holdings) Co. Limited ("Bright Education Holdings"), a company incorporated in the British Virgin Islands, and is therefore deemed to be interested in 930,000,000 Shares held by Bright Education Holdings.
- (3) Ms. Li holds the entire issued capital of Bright Education Investment Co. Limited ("Bright Education Investment"), a company incorporated in the British Virgin Islands, and is therefore deemed to be interested in 570,000,000 Shares held by Bright Education Investment.
- (4) Mr. Liu is director of Bright Education Holdings and Ms. Li is director of Bright Education Investment.
- (5) Mr. Li Jiuchang, executive Director of the Company, was granted not more than 1,500,000 Shares under the share award scheme of the Company as adopted on 7 June 2017 subject to vesting conditions.

Other Information (Continued)

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 28 February 2023, the following persons or corporations, other than the Directors or the chief executive of the Company, had interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions

Name of Shareholder	Capacity	Total interest in Shares and underlying Shares	Approximate percentage of interest in the Company
Bright Education Holdings (Note 1)	Beneficial interest	930,000,000	42.70%
Bright Education Investment (Note 2)	Beneficial interest	570,000,000	26.17%

Notes:

- (1) Bright Education Holdings is wholly-owned by Mr. Liu, and has a direct beneficial interest of 42.70% in the Company.
- (2) Bright Education Investment is wholly-owned by Ms. Li and has a direct beneficial interest of 26.17% in the Company.

Save as disclosed above, as at 28 February 2023, no other person or corporation, other than the Directors or the chief executive of the Company, had an interest or short position in the Shares or underlying Shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

SHARE OPTION SCHEME

In order to provide incentives to our Directors, senior management, employees and other eligible persons for their contribution to the Group and to attract and retain suitable personnel of our Group, we adopted a pre-IPO share option scheme ("**Pre-IPO Share Option Scheme**") and a Share Option Scheme ("**Share Option Scheme**") on 3 January 2017. For details of the terms of the Pre-IPO Share Option Scheme and the Share Option Scheme, please refer to Appendix V to the Prospectus.

As at 1 September 2022 and 28 February 2023, there are no outstanding options granted under the Pre-IPO Share Option Scheme or the Share Option Scheme. No share options were granted, exercised, cancelled or lapsed under the Pre-IPO Share Option Scheme or the Share Option Scheme during the six months ended 28 February 2023.

As at the date of this report, the total number of shares available for issue under the Share Option Scheme is 197,000,000 shares, representing approximately 9.0% of the total issued share capital of the Company.

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.

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

Dongguan, 28 April 2023

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 28 February 2023

	NOTES	Six months ended 28 February	
		2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Revenue	3	113,294	115,773
Cost of revenue		(50,693)	(35,888)
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		(6,508)	(4,015)
Profit before taxation		65,525	69,094
Taxation	6	(10,550)	(14,409)
Profit and total comprehensive income for the period	7	54,975	54,685
EARNINGS PER SHARE			
Basic (RMB cents)	9	2.54	2.52
Diluted (RMB cents)	9	2.54	2.52

Condensed Consolidated Statement of Financial Position

As at 28 February 2023

	NOTES	At 28 February 2023 RMB'000 (unaudited)	At 31 August 2022 RMB'000 (audited)
Non-current Assets			
Property, plant and equipment	10	1,267	1,671
Right-of-use assets		541	2,164
Pledged bank deposits	14	288,971	285,845
Deferred tax assets		277	303
		291,056	289,983
Current Assets			
Inventories — goods for sale		37,195	4,129
Trade receivables, deposits, prepayments and other receivables	11	472,890	531,405
Financial assets at fair value through profit or loss ("FVTPL")	12	132,424	132,632
Investments in debt securities	13	—	21,197
Pledged bank deposits	14	—	61,638
Cash and cash equivalents	15	391,030	328,744
		1,033,539	1,079,745
Current Liabilities			
Contract liabilities	16	36,408	14,020
Trade and other payables and accrued expenses	17	186,166	191,076
Income tax payable		54,912	64,914
Lease liabilities		567	2,243
Borrowings	18	35,468	127,573
Financial guarantee contracts	19	263,741	276,973
		577,262	676,799
Net Current Assets		456,277	402,946
Total Assets Less Current Liabilities		747,333	692,929

Condensed Consolidated Statement of Financial Position (Continued)

As at 28 February 2023

	NOTES	At 28 February 2023 RMB'000 (unaudited)	At 31 August 2022 RMB'000 (audited)
Capital and Reserves			
Share capital	20	19,263	19,263
Reserves		480,872	428,428
		500,135	447,691
Non-current Liability			
Borrowings	18	247,198	245,238
		747,333	692,929

Condensed Consolidated Statement of Changes in Equity

For the six months ended 28 February 2023

	Share capital RMB'000	Share premium RMB'000	Statutory surplus reserve RMB'000 (Note)	Shares held for share award scheme RMB'000	Accumulated profits RMB'000	Total RMB'000
At 1 September 2021	19,263	458,338	7,466	(27,264)	120,845	578,648
Profit and total comprehensive income for the period	-	-	-	-	54,685	54,685
Recognition of share-based payment expenses (note 21)	-	-	-	1,545	-	1,545
Dividend recognised as distribution (note 8)	-	(230,232)	-	-	-	(230,232)
At 28 February 2022 (unaudited)	19,263	228,106	7,466	(25,719)	175,530	404,646
At 1 September 2022	19,263	228,106	8,486	(24,315)	216,151	447,691
Profit and total comprehensive income for the period	-	-	-	-	54,975	54,975
Reversal of share-based payment expenses (note 21)	-	-	-	(2,531)	-	(2,531)
At 28 February 2023 (unaudited)	19,263	228,106	8,486	(26,846)	271,126	500,135

Note: This reserve represents statutory reserves required to be appropriated from profit after tax of the Company's subsidiaries in the People's Republic of China (the "PRC") under the PRC laws and regulations. For PRC subsidiaries with limited liability, it is required to make annual appropriations to reserve fund of 10% of after-tax profits as determined under the PRC laws and regulations at each year-end until the balance reaches 50% of the relevant PRC entity's registered capital.

Condensed Consolidated Statement of Cash Flows

For the six months ended 28 February 2023

	Six months ended	
	28 February 2023 RMB'000 (unaudited)	28 February 2022 RMB'000 (unaudited)
NET CASH FROM OPERATING ACTIVITIES	76,685	14,838
INVESTING ACTIVITIES		
Interest received	1,505	8,075
Withdrawal of pledged bank deposits	62,943	–
Placement of pledged bank deposits	–	(280,025)
Payments for acquisition of property, plant and equipment	(44)	–
Proceeds from disposal of investments in debt securities	20,983	12,566
Dividends received from financial assets at FVTPL	1,071	3,460
Decrease in amounts due from/to Affected Entities	8,771	74,800
NET CASH FROM (USED IN) INVESTING ACTIVITIES	95,229	(181,124)
FINANCING ACTIVITIES		
Proceeds from bank borrowings	–	228,257
Repayments of bank borrowings	(94,162)	(16,374)
Repayments of lease liabilities	(1,713)	(1,712)
Interest paid	(6,471)	(3,901)
Dividend paid	–	(230,232)
Repayment of amounts due to Affected Entities	(8,083)	–
NET CASH USED IN FINANCING ACTIVITIES	(110,429)	(23,962)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	61,485	(190,248)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	328,744	402,189
Effect of foreign exchange rate changes	801	(1,029)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, represented by bank balances and cash	391,030	210,912

Notes to the Condensed Consolidated Financial Statements

For the six months ended 28 February 2023

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.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 28 February 2023

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

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 28 February 2023

3. Revenue and Segment Information (Continued)

Disaggregation of revenue

	Six months ended	
	28 February 2023 RMB'000 (unaudited)	28 February 2022 RMB'000 (unaudited)
Timing of revenue recognition		
<i>Recognised at a point of time</i>		
— School-related supply chain business	54,561	15,255
<i>Recognised over time</i>		
— School-related supply chain business	7,733	—
— Comprehensive educational services	51,000	100,518
Total	113,294	115,773

4. Other Income

	Six months ended	
	28 February 2023 RMB'000 (unaudited)	28 February 2022 RMB'000 (unaudited)
Amortised income of financial guarantee contracts (note 19)	13,232	—
Government grants (Note)	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.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 28 February 2023

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)	—
	(925)	2,340

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 ("PRC EIT")	10,544	14,382
Hong Kong Profits Tax	—	27
Overprovision in prior year — Hong Kong Profits Tax	(20)	—
Deferred tax expenses	26	—
	10,550	14,409

The Company was incorporated in the Cayman Islands and Bright Education Co. Limited, a subsidiary of the Company, was incorporated in the British Virgin Islands ("BVI") that are tax exempted as no business carried out in the Cayman Islands and the BVI under the tax laws of the Cayman Islands and the BVI.

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million during the six months ended 28 February 2022. No provision for Hong Kong Profits Tax has been made as the Group derived no assessable profits in Hong Kong during the six months ended 28 February 2023.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 28 February 2023

6. Taxation (Continued)

Pursuant to the Announcement of (2020) No.23 promulgated by the Ministry of Finance, the State Administration of Taxation and the National Development and Reform Commission in April 2020, the subsidiaries of the Group incorporated in Ganzhou, Jiangxi province, the PRC, are eligible to enjoy a reduced enterprise income tax rate of 15% and the relevant preferential tax policies will end on 31 December 2030.

Pursuant to the Yuecaifa (2017) No.11 issued by the Department of Finance of Guangdong Province, the Administration of Local Taxation of Guangdong Province, the State Administration of Taxation of Guangdong Province effective from 1 January 2018, the subsidiaries of the Group incorporated in particular areas of Qingyuan, Guangdong province, the PRC, is eligible to enjoy a reduced enterprise income tax rate of 15% and the relevant preferential tax policies will end on 31 December 2025.

Other than disclosed above, all other subsidiaries of the Company established in the PRC are subject to the PRC EIT of 25% (2022: 25%) for the six months ended 28 February 2023.

7. Profit for the Period

	Six months ended	
	28 February 2023 RMB'000 (unaudited)	28 February 2022 RMB'000 (unaudited)
Profit for the period has been arrived at after charging (crediting):		
Staff costs, including directors' remuneration		
— salaries and other allowances	8,106	25,725
— retirement benefits scheme contributions	643	2,944
— share-based payment expenses, net of reversal	(2,531)	1,545
Total staff costs	6,218	30,214
Depreciation of property, plant and equipment	448	569
Depreciation of right-of-use assets	1,623	1,623
Total depreciation	2,071	2,192
Bank interest income	(4,046)	(177)

8. 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.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 28 February 2023

9. 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	
	28 February 2023 RMB'000 (unaudited)	28 February 2022 RMB'000 (unaudited)
Earnings		
Profit for the period attributable to owners of the Company for the purposes of basic and diluted earnings per share	54,975	54,685

	Six months ended	
	28 February 2023 RMB'000 (unaudited)	28 February 2022 RMB'000 (unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,167,959	2,167,959
Effect of dilutive potential ordinary shares:		
Share award scheme	—	115
Weighted average number of ordinary shares for the purpose of diluted earnings per share	2,167,959	2,168,074

For the six months ended 28 February 2023 and 2022, 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.

10. Movements in Property, Plant and Equipment

Additions of property, plant and equipment amounted to RMB44,000 for the six months ended 28 February 2023 (2022: nil).

No disposal of property, plant and equipment was made during the six months ended 28 February 2023 and 2022.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 28 February 2023

11. Trade Receivables, Deposits, Prepayments and Other Receivables

	At 28 February 2023 RMB'000 (unaudited)	At 31 August 2022 RMB'000 (audited)
Trade receivables (Note i)	6,500	53,008
Less: Allowance for credit losses	(1,029)	(1,338)
	5,471	51,670
Deposits	1,327	1,389
Staff advances	81	189
Loan to a third party (Note ii)	30,000	—
Other receivables	181	289
Other receivables from a third party (Note iii)	12,410	23,290
Amounts due from Affected Entities (Note iv)	416,991	425,763
Prepayments (Note v)	3,946	29,302
Value-added tax recoverable	2,970	—
	467,906	480,222
Less: Allowance for credit losses	(487)	(487)
	467,419	479,735
Total trade receivables, deposits, prepayments and other receivables	472,890	531,405

Notes:

- i The amounts 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.
- ii At 28 February 2023, the amount represents a loan to a third party amounting to RMB30,000,000 that carry interest at 5% per annum and repayable within 6 months, which is non-trade in nature and unsecured.
- iii Other receivables from a third party represent the amounts held in a third-party who manage the prepaid charge cards of consumers. The balance will be transferred back to the bank accounts of the Group upon the Group's instruction and based on the balance in the statement mutually agreed by the Group and the third party.
- iv At 28 February 2023 and 31 August 2022, the amounts are non-trade in nature, unsecured, interest-free and repayable on demand.
- v Other prepayments mainly represent the advances paid to suppliers for purchasing of school supplies, school uniform, daily necessities and foods that have not been received.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 28 February 2023

11. Trade Receivables, Deposits, Prepayments And Other Receivables (Continued)

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 RMB'000 (unaudited)	At 31 August 2022 RMB'000 (audited)
Within 3 months	3,230	48,788
6 months to 1 year	—	952
Over 1 year	2,241	1,930
	5,471	51,670

12. Financial Assets at Fair Value through Profit or Loss ("FVTPL")

	At 28 February 2023 RMB'000 (unaudited)	At 31 August 2022 RMB'000 (audited)
Unlisted private funds	132,424	132,632

The unlisted private funds as at 28 February 2023 and 31 August 2022 were funds managed by financial institutions incorporated in Hong Kong. They were mandatorily classified as investments at FVTPL as its contractual cash flows are not solely payments of principal and interest. The funds are classified as current at the period ended as the investments are redeemable within 12 months after the end of the reporting period.

As at 28 February 2023, financial asset at FVTPL amounting to RMB27,686,000 (as at 31 August 2022: RMB28,721,000) has been pledged as security for the Group's borrowings as set out in note 18.

The unlisted private funds as at 28 February 2023 and 31 August 2022 are denominated in HK\$.

Details of the fair value measurement for the financial assets at FVTPL are set out in note 23.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 28 February 2023

13. Investments in Debt Securities

	At 28 February 2023 RMB'000 (unaudited)	At 31 August 2022 RMB'000 (audited)
Listed debt securities	—	21,197

The Group's investments in debt securities as at 31 August 2022 represented investment in listed guaranteed bonds that carry fixed interest at 13.5% per annum and will be matured within 12 months after the end of the reporting period. During the six months ended 28 February 2023, the Group has redeemed the investments in debt securities. Finance income amounted to RMB558,000 (2022: RMB7,016,000) was recognised during the six months ended 28 February 2023.

The investments in debt securities as at 31 August 2022 are denominated in United States Dollars.

14. Pledged Bank Deposits

Pledged bank deposits comprise of deposits pledged to banks to secure bank facilities granted to the Group.

As at 28 February 2023, no deposits (as at 31 August 2022: RMB61,638,000) that have been pledged to secure short-term borrowings are classified as current assets, and deposits amounting to RMB288,971,000 (as at 31 August 2022: RMB285,845,000) that have been pledged to secure long-term borrowings are classified as non-current assets.

As at 28 February 2023, the pledged bank deposits carried a weighted-average interest rate of 1.96% (as at 31 August 2022: 1.86%) per annum.

No pledged bank deposits as at 28 February 2023 (as at 31 August 2022: RMB61,638,000) are denominated in HK\$.

15. Cash and Cash Equivalents

Cash and cash equivalents of the Group are comprise of cash on hand and bank balances.

As at 28 February 2023, the Group's bank balances carried a weighted-average interest rate of 0.51% (as at 31 August 2022: 0.22%) per annum.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 28 February 2023

16. Contract Liabilities

	At 28 February 2023 RMB'000 (unaudited)	At 31 August 2022 RMB'000 (audited)
School-related supply chain business	6,905	3,103
Comprehensive educational services	29,503	10,917
	36,408	14,020

Contract liabilities are classified as current based on the Group's earliest obligation to transfer goods/services to the customers.

The following table shows how much of the revenue recognised relates to carried-forward contract liabilities.

	Six months ended	
	28 February 2023 RMB'000 (unaudited)	28 February 2022 RMB'000 (unaudited)
Revenue recognised that was included in the contract liability balance at the beginning of the period	14,020	18,051

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

- Contract liability is recognised by the Group for the portion of fees that the Group collected from the customers in relation to performance obligations that have not been satisfied.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 28 February 2023

17. Trade and Other Payables and Accrued Expenses

	At 28 February 2023 RMB'000 (unaudited)	At 31 August 2022 RMB'000 (audited)
Trade payables (Note i)	69,912	55,455
Accrued staff benefits and payroll	2,640	4,370
Receipts in advance from students on behalf of third parties providing ancillary services	—	487
Other tax payables	12,154	18,209
Deposits received	880	2,585
Amounts due to Affected Entities (Note ii)	97,847	105,930
Other payables	2,733	4,040
	186,166	191,076

Notes:

- i. 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.
- ii. At 28 February 2023 and 31 August 2022, the amounts are non-trade in nature, unsecured, interest-free and repayable on demand.

18. Borrowings

During the current interim period, the Group has not obtained any new borrowings (2022: RMB228,257,000). The borrowings carry interest with reference to the Hong Kong Interbank Offered Rate ranged from 2.2% to 7.9% (as at 31 August 2022: 1.9% to 3.1%) as at 28 February 2023.

As at 28 February 2023 and 31 August 2022, the Group's bank borrowings are secured by pledged bank deposits and investment in unlisted private funds that is recognised as financial assets at FVTPL.

Certain borrowings are also guaranteed by Mr. Liu Xuebin ("Mr. Liu"), the ultimate controlling party of the Company at no cost. The guarantee amounts provided by the related party at 28 February 2023 and 31 August 2022 are as follows:

Name of related party	At 28 February 2023 RMB'000 (unaudited)	At 31 August 2022 RMB'000 (audited)
Mr. Liu	35,468	127,556

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 28 February 2023

19. Financial Guarantee Contracts

	At 28 February 2023 RMB'000 (unaudited)	At 31 August 2022 RMB'000 (audited)
Financial guarantee contracts	263,741	276,973

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 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.

20. Share Capital

	Par value	Number of shares	Nominal amount HK\$
Ordinary shares			
Authorised:			
At 1 September 2021 (audited), 28 February 2022 (unaudited), 1 September 2022 (audited) and 28 February 2023 (unaudited)	HK\$0.01	10,000,000,000	100,000,000

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 28 February 2023

20. Share Capital (Continued)

	Par value	Number of shares	Nominal amount HK\$	Nominal amount equivalent to RMB	Shown in the condensed consolidated financial statements as RMB'000
Issued and fully paid:					
At 1 September 2021 (audited), 28 February 2022 (unaudited), 1 September 2022 (audited) and 28 February 2023 (unaudited)	HK\$0.01	2,178,154,000	21,781,540	19,263,024	19,263

21. Share-Based Payments

Share Award Scheme

The Company has adopted the share award scheme with effect from 7 June 2017 as means to recognise the contribution of and provide incentives for the key management personnel including directors and senior management and employees of the Group ("Selected Participants").

During the six months ended 28 February 2023 and 28 February 2022, no share has been purchased by the trustee. During the six months ended 28 February 2023, reversal of share-based payment expenses amounted to RMB2,531,000 (2022: recognition of share-based payment expenses amounted to RMB1,545,000) was recognised under the share award scheme as two employees resigned and the corresponding awarded shares were forfeited accordingly. No shares were vested for the six months ended 28 February 2023 and 2022. As at 28 February 2023, the net total number of shares held by the Trustee was 10,195,000 shares (as at 31 August 2022: 10,195,000 shares) but have not yet vested under the share award scheme.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 28 February 2023

22. Related Party Transactions

The Affected Entities are controlled by Mr. Liu. and are therefore related parties of the Group.

Amounts due from/to Affected Entities

Details of balances with Affected Entities are set out in notes 11 and 17.

Guarantees in support of bank borrowings

During the period ended 28 February 2023, Mr. Liu provides financial guarantee to the Group in respect of borrowings which are set out in note 18.

During the period ended 28 February 2023, details of financial guarantee contracts in support of bank borrowings of Affected Entities provided by the Group are set out in note 19.

Compensation of key management personnel

The remuneration of directors and other members of key management of the Group during the period is as follows:

	Six months ended	
	28 February 2023 RMB'000 (unaudited)	28 February 2022 RMB'000 (unaudited)
Short-term benefits	3,056	4,521
Post-employment benefits	8	53
Share-based payment expenses, net of reversal	(1,886)	1,184
	1,178	5,758

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 28 February 2023

23. Fair Value Measurements of Financial Instruments

This note provides information about how the Group determines fair values of various financial instruments. Some of the Group's financial instruments are measured at fair value for financial reporting purposes. In estimating the fair value, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Directors have considered the appropriate valuation techniques and inputs for fair value measurements.

The following table gives information about how the fair values of the financial asset and financial liability are determined (in particular, the valuation techniques and inputs used).

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	28 February 2023 RMB'000 (unaudited)	31 August 2022 RMB'000 (audited)		
1. Financial assets at FVTPL (note 12)	Assets RMB27,686	Assets RMB28,721	Level 2	Quoted price based on financial institute at the end of the reporting period.
2. Financial assets at FVTPL (note 12)	Assets RMB104,738	Assets RMB103,911	Level 3	Net asset value as stated on the quotation report issued by financial institutions.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 28 February 2023

23. Fair Value Measurements of Financial Instruments (Continued)

Reconciliation of Level 3 fair value measurements

	Financial assets at FVTPL RMB'000
At 1 September 2021 (audited)	40,276
Change in fair value	726
Disposals	(2,444)
At 28 February 2022 (unaudited)	38,558
At 1 September 2022 (audited)	103,911
Change in fair value	827
At 28 February 2023 (unaudited)	104,738

As at 28 February 2023, the Directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.