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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 AUGUST 2023

HIGHLIGHTS

The Board has resolved to recommend the payment of a final dividend of RMB0.050 per share (equivalent to HK$0.055 per share) for the year ended 31 August 2023 (2022: nil). The proposed final dividend is subject to the approval of shareholders of the Company at forthcoming annual general meeting and, if approved, is expected to be paid on or before 28 February 2024.

	For the year ended 31 August			
	2023 *RMB'000*	2022 *RMB'000* (restated)	**Change** *RMB'000*	**Percentage Change**
Revenue	**319,269**	277,587	+41,682	+15.0%
Profit for the year	**163,120**	95,095	+68,025	+71.5%
Core net profit *(Note 1)*	**122,590**	115,616	+6,974	+6.0%
Basic earnings per share *(RMB cents)*	**7.52**	4.39	+3.13	+71.3%

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

	For the year ended 31 August	
	2023	2022
	RMB'000	*RMB'000*
		(restated)
Profit for the year	**163,120**	95,095
Adjustments for:		
Change in financial guarantee contracts *(Note 2)*	**(47,030)**	5,132
Exchange loss, net	**9,012**	12,299
(Reversal) recognition of share-based payment expenses	**(2,512)**	3,090
Core net profit	**122,590**	115,616

Note 2: The adjustment represented reversal of impairment loss under expected credit loss for financial guarantee contracts of RMB20,162,000 (2022: recognition of RMB26,380,000) less amortised income of financial guarantee contracts of RMB26,868,000 (2022: RMB21,248,000). For details, please refer to note 11 to the financial information and the section headed "Contingent Liabilities" in this announcement.

ANNUAL RESULTS FOR THE YEAR ENDED 31 AUGUST 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 consolidated results of the Group for the year ended 31 August 2023. These annual results have been reviewed by the Company's audit committee (the "**Audit Committee**").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 August 2023

	NOTES	**2023** *RMB'000*	2022 *RMB'000* (restated)
Revenue	*3*	**319,269**	277,587
Cost of revenue		**(149,124)**	(124,213)
Gross profit		**170,145**	153,374
Other income	*4*	**35,017**	32,988
Other gains and losses	*5*	**16,501**	(31,307)
Administrative expenses		**(30,347)**	(41,897)
Finance income		**8,597**	16,643
Finance costs		**(10,896)**	(8,509)
Profit before taxation		**189,017**	121,292
Taxation	*6*	**(25,897)**	(26,197)
Profit and total comprehensive income for the year		**163,120**	95,095
Earnings per share			
Basic (RMB)	*8*	**0.08**	0.04
Diluted (RMB)	*8*	**0.08**	0.04

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 August 2023

	NOTES	**2023** **RMB'000**	2022 RMB'000 (restated)
NON-CURRENT ASSETS			
Property, plant and equipment		**2,992**	1,671
Right-of-use assets		**104,742**	107,490
Trade receivables, deposits, prepayments and other receivables	*9*	**194,700**	–
Financial assets at fair value through profit or loss ("**FVTPL**")		**100**	–
Pledged bank deposits		**292,146**	285,845
Deferred tax assets		**540**	303
		595,220	395,309
CURRENT ASSETS			
Inventories – goods for sale		**4,935**	4,129
Trade receivables, deposits, prepayments and other receivables	*9*	**461,030**	531,575
Financial assets at FVTPL		**136,127**	132,632
Investments in debt securities		**–**	21,197
Pledged bank deposits		**–**	61,638
Cash and cash equivalents		**242,226**	328,749
		844,318	1,079,920
CURRENT LIABILITIES			
Contract liabilities		**23,819**	14,020
Trade and other payables and accrued expenses	*10*	**230,760**	292,667
Income tax payable		**49,182**	64,914
Lease liabilities		**920**	2,243
Borrowings		**36,980**	127,573
Financial guarantee contracts	*11*	**229,943**	276,973
		571,604	778,390
NET CURRENT ASSETS		**272,714**	301,530
TOTAL ASSETS LESS CURRENT LIABILITIES		**867,934**	696,839

	2023	2022
	RMB'000	*RMB'000*
		(restated)
CAPITAL AND RESERVES		
Share capital	**19,263**	19,263
Reserves	**592,946**	432,338
	612,209	451,601
NON-CURRENT LIABILITIES		
Lease liabilities	**554**	–
Borrowings	**255,171**	245,238
	255,725	245,238
	867,934	696,839

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 August 2023

1. GENERAL INFORMATION

Wisdom Education International Holdings Company Limited (the "**Company**") was incorporated in the Cayman Islands on 13 July 2010 as an exempted company with limited liability under the Companies Law Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Its parent is Bright Education (Holdings) Co. Limited ("**Bright Education BVI**") (incorporated in the British Virgin Islands) and its ultimate controlling parties are Mr. Liu Xuebin ("**Mr. Liu**"), who is executive director of the Company and Ms. Li Suwen ("**Ms. Li**"), who is the chairperson of the board of the Company, and is also the chief executive officer and executive director of the Company. The address of the registered office of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the address of principal place of business of the Company is 8/F., Times Media Centre, 133 Wan Chai Road, Hong Kong.

The Company and its subsidiaries (the "**Group**") is mainly engaged in the provision of school-related supply chain business and comprehensive educational services to its customers in the People's Republic of China ("**PRC**").

On 14 May 2021, the General Office of the State Council of the People's Republic of China (the "**PRC State Council**") announced the issuance of the Implementation Regulations of the PRC on the Law Regarding the Promotion of Private Education (the "**Implementation Regulations**"), which became effective on 1 September 2021. Among other things, the Implementation Regulations prohibit social organisations and individuals from controlling a private school that provides compulsory education by means of merger, acquisition, contractual arrangements and a private school providing compulsory education is prohibited from conducting transactions with its related parties. Compulsory education in this context means the nine years of curriculum education mandated by the PRC, consisting of six years of primary education and three years of secondary education.

Dongguan Ruixing Business Services Co., Ltd. (東莞瑞興商務服務有限公司) ("**Dongguan Ruixing**"), a wholly-owned subsidiary of the Company, had entered into the contractual arrangements (the "**Contractual Arrangements**") with Guangdong Guangzheng Educational Group Co., Ltd. (廣東光正教育集團有限公司) ("**Guangdong Guangzheng**") and its subsidiaries established prior to 31 August 2021 (collectively referred to as the "**Affected Entities**") and their respective equity holders, which enabled Dongguan Ruixing and the Group to have control over the Affected Entities to conduct full spectrum private fundamental education, including primary, middle and high schools and ancillary services to students in the PRC prior to the effective date of the Implementation Regulations. However, as a result of the effect of the Implementation Regulations, the Dongguan Ruixing and the Group ceased its control over these Affected Entities by the end of 31 August 2021. Please refer to Annual Report 2021 for details.

On 21 December 2021, Zhongshan Wenrui Education Investment Co., Ltd. (中山市文睿教育投資有限公司) ("**Zhongshan Wenrui**"), an investment company established in the PRC by Guangdong Guangzheng, intends to establish and operate a new high school in Zhongshan (the "**Proposed Zhongshan High School**") (Zhongshan Wenrui and Proposed Zhongshan High School collectively referred to as the "**Zhongshan Consolidated Affiliated Entities**").

On 29 December 2021, Guangdong Guangzheng, Zhongshan Wenrui and Zhongshan Natural Resources Bureau entered into a land use rights transfer agreement and a supplementary agreement ("**Land Agreements**") to obtain the educational land use right for a parcel of land with a total site area of approximately 98,092 square metres at a consideration of approximately RMB103 million (the "**Site**"). Pursuant to the Land Agreements, except for the construction of Proposed Zhongshan High School, Zhongshan Wenrui has an obligation to construct a kindergarten (the "**Proposed Zhongshan Kindergarten**") as a planning condition to the educational land use rights for the Site. As at 31 August 2023 and as at the date of these consolidated financial statements are authorised for issue, Proposed Zhongshan High School and Proposed Zhongshan Kindergarten have yet to constructed.

On 30 August 2023, Dongguan Ruixing had entered into contractual arrangements (the "**Zhongshan Contractual Arrangement**") with Guangdong Guangzheng and Zhongshan Wenrui, which enabled Dongguan Ruixing and the Group to have control over Zhongshan Wenrui though the Company did not have any equity interest in Zhongshan Wenrui.

Under the Implementation Regulations, private schools providing compulsory education and pre-school education are prohibited from being controlled through contractual arrangement and conducting transactions with its related parties. Taking into account followings and advised by the Group's PRC legal advisors, the Zhongshan Contractual Arrangement is legally enforceable from 30 August 2023:

(i) Zhongshan Wenrui is a special purpose vehicle established as a holding company to hold interest in Proposed Zhongshan High School and intends to engage in investment in private high school education only as the school sponsor or the holding company thereof;

(ii) the Zhongshan Contractual Arrangement with Zhongshan Wenrui is narrowly tailored because it is only used to enable the Group to exercise power over operation the Proposed Zhongshan High School and execute exclusive right to obtain return and economic benefits from Zhongshan Wenrui and Proposed Zhongshan High School under PRC laws and regulations;

(iii) high school education service to be provided is not prohibited under prevailing PRC laws and regulations;

(iv) the obligation to construct Proposed Zhongshan Kindergarten does not affect the legality of the Zhongshan Contractual Arrangement given that the planning condition does not impose an obligation on Zhongshan Wenrui to operate the kindergarten itself. The intention of the Group in obtaining the Site is to operate Proposed Zhongshan High School rather than operate the Proposed Zhongshan Kindergarten and the Group will explore different options with respect to the premises for the Proposed Zhongshan Kindergarten, for instance, by transferring such premises to the Zhongshan government or by leasing the premises to a third party to operate Proposed Zhongshan Kindergarten, to the extent permitted by the applicable laws and regulations,

Due to regulatory restrictions on foreign ownership in the schools in the PRC, the Group intends to conduct its private high school education business through Zhongshan Consolidated Affiliated Entities in the PRC. The Zhongshan Contractual Arrangement, which is effective from 30 August 2023, enables Dongguan Ruixing and the Group to:

- exercise effective financial and operational control over Zhongshan Wenrui;

- exercise equity holders' voting rights of Zhongshan Wenrui;

- receive substantially all of the economic interest returns generated by Zhongshan Wenrui in consideration for the corporate management and educational management consultancy services, intellectual property licensing services as well as technical and business support services provided by Dongguan Ruixing. Such services include advisory services on asset and business operation, debt disposal, material contracts or mergers and acquisitions, educational software and course materials research and development, employee training, technology development, transfer and consulting services, public relation services, market survey, research and consulting services, market development and planning services, human resources and internal information management, network development, upgrade and ordinary maintenance services, sales of proprietary products, and software and trademark and know-how licensing and other additional services as the parties may mutually agree from time to time; and

- obtain an irrevocable and exclusive right to purchase all or part of equity interests in Zhongshan Wenrui from its equity holder at nil consideration or a minimum purchase price permitted under PRC laws and regulations. Dongguan Ruixing may exercise such options at any time until it has acquired all equity interests in and/or all assets of Zhongshan Wenrui. In addition, Zhongshan Wenrui is not allowed to sell, transfer, or dispose any assets, or make any distributions to its equity holder without prior consent of Dongguan Ruixing.

The Company does not have any equity interest in Zhongshan Wenrui. However, as a result of the Zhongshan Contractual Arrangement, the Company has power over Zhongshan Wenrui, has rights to variable returns from its involvement with Zhongshan Wenrui and has the ability to affect those returns through its power over Zhongshan Wenrui and therefore is considered to have control over Zhongshan Wenrui. Consequently, the Company regards Zhongshan Wenrui as an indirect subsidiary.

Since Mr. Liu and Ms. Li control all the companies now comprising the Group before and after the Zhongshan Contractual Arrangement completed, the Group comprising the Company and its subsidiaries (including Zhongshan Wenrui) is regarded as a continuing entity. The consolidated financial statements of the Group since 21 December 2021, being the date of incorporation of Zhongshan Wenrui, have been prepared on the basis as if the Company had been always been the holding company of the Group using the principle of merger accounting in accordance with Accounting Guideline 5 "*Merger Accounting for Common Control Combinations*" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). The Group applied the retrospective approach and comparative figures have been restated.

The following financial statement balances and amounts of Zhongshan Wenrui were included in the consolidated financial statements:

	For the year ended 31 August 2023	From 21 December 2021 (date of incorporation) to 31 August 2022
	RMB'000	*RMB'000*
Revenue	**–**	–
Loss before taxation	**(2,146)**	(1,090)

	As at 31 August	
	2023	2022
	RMB'000	*RMB'000*
Non-current assets	**103,198**	105,326
Current assets	**173**	175
Current liabilities	**(101,591)**	(101,591)
Non-current liabilities	**–**	–

The consolidated financial statements are presented in Renminbi ("**RMB**"), which is also the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRSs issued by International Accounting Standards Board ("**IASB**") for the first time, which are mandatorily effective for the Group's annual period beginning on or after 1 September 2022 for the preparation of the 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

Except as described below, the application of the amendments to IFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2.1 Impacts on application of Amendments to IFRS 3 Reference to the Conceptual Framework

The Group has applied the amendments to business combinations for which the acquisition date was on or after 1 September 2022. The amendments update a reference in IFRS 3 *Business Combinations* so that it refers to the *Conceptual Framework for Financial Reporting* issued by IASB in March 2018 (the "**Conceptual Framework**") instead of the International Accounting Standards Committee's *Framework for the Preparation and Presentation of Financial Statements* (replaced by the *Conceptual Framework for Financial Reporting* issued in September 2010), add a requirement that, for transactions and events within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC 21 *Levies*, an acquirer applies IAS 37 or IFRIC 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination and add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The application of the amendments in the current year has had no impact on the Group's consolidated financial statements.

New and amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback[4]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[4]
Amendments to IAS 1	Non-current Liabilities with Covenants[4]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements[4]
Amendments to IAS 8	Definition of Accounting Estimates[1]
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]
Amendments to IAS 12	International Tax Reform – Pillar Two Model Rules[2]
Amendments to IAS 21	Lack of Exchangeability[5]

1 Effective for annual periods beginning on or after 1 January 2023.
2 Effective for annual periods beginning on or after 1 January 2023 (except for IAS 12 paragraphs 4A and 88A which are immediately effective upon issue of the amendments).
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for annual periods beginning on or after 1 January 2024.
5 Effective for annual periods beginning on or after 1 January 2025.

Except for the amendments to IFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to IAS 1 *Classification of Liabilities as Current or Non-current* (the "2020 Amendments") and Amendments to IAS 1 *Non-current Liabilities with Covenants* (the "2022 Amendments")

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying IAS 32 *Financial Instruments: Presentation*.

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the requirements introduced by the 2020 Amendments have been modified by the 2022 Amendments. The 2022 Amendments specify that only covenants with which an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date. Covenants which are required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting period.

In addition, the 2022 Amendments specify the disclosure requirements about information that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, if the entity classify liabilities arising from loan arrangements as non-current when the entity's right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period.

The 2022 Amendments also defer the effective date of applying the 2020 Amendments to annual reporting periods beginning on or after 1 January 2024. The 2022 Amendments, together with the 2020 Amendments, are effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted. If an entity applies the 2020 Amendments for an earlier period after the issue of the 2022 Amendments, the entity should also apply the 2022 Amendments for that period.

Based on the Group's outstanding liabilities as at 31 August 2023, the application of the 2020 Amendments and 2022 Amendments will not result in reclassification of the Group's liabilities.

Amendments to IAS 1 and IFRS Practice Statement 2 *Disclosure of Accounting Policies*

IAS 1 is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

IFRS Practice Statement 2 *Making Materiality Judgements* (the "**Practice Statement**") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group's significant accounting policies. The impacts of application, if any, will be disclosed in the Group's future consolidated financial statements.

Amendments to IAS 8 *Definition of Accounting Estimates*

The amendments define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty – that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information.

In addition, the concept of changes in accounting estimates in IAS 8 is retained with additional clarifications.

The application of the amendments is not expected to have significant impact on the Group's consolidated financial statements.

Amendments to IAS 12 ***Income Taxes International Tax Reform – Pillar Two model Rules***

IAS 12 is amended to add the exception to recognising and disclosing information about deferred tax assets and liabilities that are related to tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (the "**Pillar Two legislation**"). The amendments require that entities shall apply the amendments immediately upon issuance. The amendments also require that entities shall disclose separately its current tax expense/income related to Pillar Two income taxes, and the qualitative and quantitative information about its exposure to Pillar Two income taxes in periods in which the Pillar Two legislation is enacted or substantially enacted but not yet in effect in annual reporting periods beginning on or after 1 January 2023.

The Group is yet to apply the temporary exception during the current year because the Group's entities are operating in jurisdictions which the Pillar Two legislation has not yet been enacted or substantially enacted. The Group will disclose known or reasonably estimable information that helps users of financial statements to understand the Group's exposure to Pillar Two income taxes in the Group's annual consolidated financial statements in which the Pillar Two legislation has been enacted or substantially enacted and will disclose separately current tax expense/income related to Pillar Two income taxes when it is in effect.

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 and comprehensive educational services.

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 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.

Revenue

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

	2023 ***RMB'000***	2022 *RMB'000*
School-related supply chain business	**193,602**	154,431
Comprehensive educational services	**125,667**	123,156
	319,269	277,587

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2023	2022
	RMB'000	*RMB'000*
Customer A	**78,678**	71,501

Geographical information

The Group primarily operates in the PRC. Revenue of the Group is mainly generated from services and goods provided to the external customers in the PRC. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	2023	2022
	RMB'000	*RMB'000*
		(restated)
Mainland, PRC	**103,630**	105,912
Hong Kong Special Administrative Region, PRC	**4,104**	3,249
	107,734	109,161

Non-current assets exclude the financial assets at FVTPL, pledged bank deposits, deferred tax assets and trade receivables, deposits, prepayments and other receivables shown under non current portion.

4. OTHER INCOME

	2023	2022
	RMB'000	*RMB'000*
Amortised income of financial guarantee contracts *(note 11)*	**26,868**	21,248
Government grants *(Note)*	**7,583**	10,079
Others	**566**	1,661
	35,017	32,988

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

	2023	2022
	RMB'000	*RMB'000*
Exchange loss, net	**(9,012)**	(12,299)
Expected credit loss for financial guarantee contracts *(note 11)*	**20,162**	(26,380)
Gain on change in fair value of financial assets at FVTPL	**3,495**	1,624
Dividend income from financial assets at FVTPL	**2,125**	5,754
Others, net	**(269)**	(6)
	16,501	(31,307)

6. TAXATION

	2023	2022
	RMB'000	*RMB'000*
Taxation comprises:		
Current tax:		
PRC Enterprise Income Tax ("**PRC EIT**")	**26,154**	26,810
Hong Kong Profits Tax	**–**	55
Overprovision in prior years – PRC EIT	**–**	(365)
Overprovision in prior years – Hong Kong Profits Tax	**(20)**	–
Deferred tax credit	**(237)**	(303)
	25,897	26,197

7. DIVIDENDS

During the year ended 31 August 2022, a special dividend in respect of the year ended 31 August 2021 of RMB0.106 (equivalent to HK$0.127 per share) per share amounting to RMB230,232,000 (equivalent to HK$277,499,000)) was declared and paid to the shareholders of the Company.

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 August 2023 of RMB0.050 per share (equivalent to HK$0.055 per share) (2022: nil) amounting to RMB108,908,000 (equivalent to HK$119,798,000), has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

8. EARNINGS PER SHARE

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

	2023	2022
	RMB'000	*RMB'000*
		(restated)
Earnings		
Profit for the year attributable to owners of the Company for the purposes of basic and diluted earnings per share	**163,120**	95,095

	2023	2022
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**2,168,429**	2,167,959
Effect of dilutive potential ordinary shares:		
Share award scheme	**540**	470
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,168,969**	2,168,429

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.

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

9. TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Trade receivables	**2,172**	53,008
Less: Allowance for credit losses	**(1,498)**	(1,338)
	674	51,670

Trade receivables mainly represent receivables from customers, which were from contracts for provision of goods and ancillary 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.

As at 1 September 2021, trade receivables from contract with customers amounted to RMB4,331,000.

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

	2023	2022
	RMB'000	*RMB'000*
Within 3 months	**–**	48,788
6 months – 1 year	**13**	952
Over 1 year	**661**	1,930
	674	51,670

As at 31 August 2023, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB674,000 (2022: RMB2,882,000) which are past due as at the reporting date.

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 31 August 2023 and 2022, the trade payables were aged within 180 days based on invoice date.

11. FINANCIAL GUARANTEE CONTRACTS

	2023	2022
	RMB'000	*RMB'000*
Financial guarantee contracts	**229,943**	276,973

The financial guarantee contracts provided to Affected Entities were recognised as at 31 August 2023 and 2022. As at 31 August 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 RMB4,300,777,000 (2022: RMB4,604,525,000) if the guarantees were called upon in entirety. As at 31 August 2023, RMB2,876,547,000 (2022: RMB3,180,295,000) of the outstanding financial guarantees has been utilised by the Affected Entities.

During the year ended 31 August 2023, amortised income of financial guarantee contracts amounting to RMB26,868,000 (2022: RMB21,248,000) is recognised in other income and expected credit loss for financial guarantee contracts amounting to RMB20,162,000 is reversed (2022: RMB26,380,000 is recognised) in other gains or losses, which are set out in notes 4 and 5, respectively.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 August 2023 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements for the year as approved by the Board of Directors on 29 November 2023. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

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 financial year ended 31 August 2023 ("**FY2023**"), 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 FY2023 and have become a stable source of revenue for the Group. In FY2023, the Group is engaged in the following three business lines and will continue to expand its business according to the same strategy:

(1) Comprehensive Educational Services for All-rounded Development of Students

Over the past years of education experience, the Group has developed a comprehensive and mature system providing high-quality, tailor-made and enriching non-curriculum activities for students and established long-term strategic partnership with certain third party after-school tutoring institutions, which has achieved remarkable results. Our total solution services aim to provide full cycle management services of a variety of after-school enrichment activities. Services include but are not limited to the design of the course and implementation plan, execution and technical assurance, post-activity review and assessment, in cooperation with third party after-school tutoring institutions in FY2023.

(2) School-related Supply Chain Business

The Group sells daily necessities, e.g. stationery products, and other educational materials, etc. Leveraging on the years of experience in the supply chain management, the Group plans to expand its product offerings to meet the demands of students of different ages. The Company's wholly-owned subsidiaries incorporated in Qingyuan city, PRC have commenced this business in the second half of the financial year ended 31 August 2022 ("**FY2022**").

Our strategy is to build up a supply chain network of trustworthy suppliers that is able to provide high-quality school-related products at the best price. To focus our resources on achieving this we shifted our business model for sales of certain products from retail, i.e. sales to each individual student, to wholesale, i.e. bulk sales to certain third party business partners that have the advantage in national logistics network and product distribution ability, which will be responsible for distributing the products purchased from us to parents or students of different schools in the PRC since FY2022. Our strategy is starting to pay off and we have seen a stable growth of revenue from the supply chain business during FY2023.

(3) Spin-off the High-school Portion as a Separate School Entity

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

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

On 30 August 2023, Dongguan Ruixing, a wholly-owned subsidiary of the Company, entered into Zhongshan Contractual Arrangement with Guangdong Guangzheng and Zhongshan Wenrui, which enables the Group to obtain control over Zhongshan Wenrui. Zhongshan Wenrui, a company established under the laws of the PRC on 21 December 2021, intends to establish and operate a new high school in Zhongshan.

Pursuant to the Zhongshan Contractual Arrangement, the Company has obtained power over Zhongshan Wenrui, the rights to variable returns from its involvement with Zhongshan Wenrui, and the ability to affect those returns through its power over Zhongshan Wenrui. Therefore, the Company considers that it has obtained control over Zhongshan Wenrui and hence regards Zhongshan Wenrui as an indirect subsidiary. The Group will consolidate the entire financial position and results of Zhongshan Wenrui and its subsidiaries (if any) in the consolidated financial statements of the Group going forward. For details of the Zhongshan Contractual Arrangement, please refer to the Company's announcement dated 30 August 2023.

FINANCIAL REVIEW

During FY2023, total revenue amounted to RMB319.3 million, representing an increase of 15.0% as compared with RMB277.6 million (restated) for FY2022. Profit for FY2023 of the Group amounted to RMB163.1 million representing an increase of 71.5% as compared with RMB95.1 million (restated) for FY2022.

Revenue

During FY2023, revenue consists of (i) school-related supply chain business, which mainly includes sales of daily necessities and other educational materials; and (ii) comprehensive educational services, which mainly include provision of extracurricular activities, study tours, etc. A further analysis of our revenue by each service line is presented as follows:

	For the year ended 31 August			
	2023	**% of Total**	2022	% of Total
By Service lines	***RMB'000***		*RMB'000*	
School-related supply chain business	**193,602**	**60.6**	154,431	55.6
Comprehensive educational services	**125,667**	**39.4**	123,156	44.4
Total revenue	**319,269**	**100.0**	277,587	100.0

School-related supply chain remains as the biggest source of revenue during the current year. As mentioned in the section headed "Business Review", in FY2022, we launched a new wholesale business model such that we could focus on building up our own supply chain network. Total revenue from the school-related supply chain business has increased by 25.4% from RMB154.4 million for FY2022 to RMB193.6 million for FY2023.

In relation to the comprehensive educational services business, revenue from this service line has increased slightly during FY2023, we were able to achieve an increase in revenue of RMB2.5 million or 2.0% for FY2023 as compared with FY2022.

As a result of the foregoing, the Group's revenue increased by RMB41.7 million, or 15.0%, from RMB277.6 million for FY2022 to RMB319.3 million for FY2023.

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 RMB24.9 million, or 20.1%, from RMB124.2 million (restated) for FY2022 to RMB149.1 million for FY2023. The increase was largely due to the increases in cost of material for the school-related supply chain business.

Gross Profit

As a result of the foregoing, gross profit increase by 10.9% from RMB153.4 million (restated) for FY2022 to RMB170.1 million for FY2023. Our gross profit margin slightly decreased from 55.3% (restated) for FY2022 to 53.3% for FY2023. 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 RMB26.9 million for FY2023 (FY2022: RMB21.2 million).

Other Gains and Losses

Other gains and losses primarily consist of (i) reversal of expected credit loss for financial guarantee contracts of RMB20.2 million and (ii) net exchange losses of RMB9.0 million resulting from the appreciation of Hong Kong dollars (HK$) against RMB during FY2023 due to the borrowings denominated in HK$.

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, cleaning expenses, and other administrative expenses.

Administrative expenses decreased by 27.6% from RMB41.9 million for FY2022 to RMB30.3 million for FY2023, 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 RMB16.6 million for FY2022 to RMB8.6 million for FY2023 mainly due to the decrease in interest income from debt securities which have matured during FY2023.

Finance Costs

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

Finance costs increased from RMB8.5 million for FY2022 to RMB10.9 million for FY2023 primarily due to increases in Hong Kong interest rates.

Profit before Taxation

As a result of the foregoing, profit before taxation amounted to RMB189.0 million for FY2023.

Taxation

Income tax expense of the Group slightly decreased by 1.1% from RMB26.2 million for FY2022 to RMB25.9 million for FY2023.

Profit for the Year

As a result of the above factors, profit for the year of the Group from amounted to RMB163.1 million for FY2023.

Core Net Profit

The Group defines its core net profit as its profit for the year after adjusting for those items which are not indicative of the Group's operating performance as presented in the table below. This is not an IFRS 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 the profit for the year with the core net profit for the two financial years as presented below:

	For the year ended 31 August	
	2023	2022
	RMB'000	*RMB'000*
		(restated)
Profit for the year	**161,468**	95,095
Adjustments for:		
Change in financial guarantee contracts (Note 1)	**(47,030)**	5,132
Exchange loss, net	**9,012**	12,299
(Reversal) recognition of share-based payments	**(2,512)**	3,090
Core net profit	**122,590**	115,616

Note 1: The adjustment represented reversal of impairment loss under expected credit loss for financial guarantee contracts of RMB20,162,000 (FY2022: recognition of RMB26,380,000) less amortised income of financial guarantee contracts of RMB26,868,000 (FY2022: RMB21,248,000). For details, please refer to note 11 to the financial information and the section headed "Contingent Liabilities" in this announcement.

Core net profit increased by RMB7.0 million, or 6.0%, from RMB115.6 million (restated) for FY2022 to RMB122.6 million for FY2023. Core net profit margin decreased from 41.7% (restated) for FY2022 to 38.4% for FY2023.

Capital Expenditure

For FY2023, the Group paid approximately RMB2.5 million for the acquisition of property, plant and equipment and RMB180.1 million for construction of Proposed Zhongshan High School and RMB14.6 million prepayment for leasehold improvement.

Liquidity, Financial Resources and Capital Structure

The Group recorded net cash inflow from operating activities of RMB208.2 million for FY2023.

The Group generated net cash used in investing activities of RMB212.8 million for FY2023, which primarily consists of (i) prepayments for construction of Proposed Zhongshan High School amounted to RMB180.1 million, (ii) cash advances of RMB73.9 million to Affected Entities, (iii) loan to a third party amounted to RMB60 million, and (iv) cash inflow from withdrawal of pledged bank deposits amounted to RMB62.8 million.

The Group had net cash outflow from financing activities of RMB84.8 million which was primarily due to the advances form Affected Entities of RMB21.4 million and repayment of bank borrowings of RMB102.2 million.

As a result of the above, the Group recorded a net decrease in cash and cash equivalents of RMB89.4 million during FY2023.

As at 31 August 2023, the Group's total pledged bank deposits, bank balances and cash amounted to RMB534.4 million, of which the majority were denominated in HK$ and RMB (31 August 2022: RMB676.2 million (restated)).

As at 31 August 2023, the Group's total bank borrowings amounted to RMB292.2 million comprising RMB37.0 million repayable within one year and RMB255.2 million repayable more than one year. The Group's bank borrowings carried interest rates ranging from 3% to 8% per annum. All the bank borrowings were denominated in HKD.

In order to have a better use of our unutilised financial resources, the Group has purchased certain investment products during the year ended 31 August 2021 and 2022, which are classified as financial assets at FVTPL amounting to RMB136.1 million as at 31 August 2023. For details please also refer to the section headed "Use of Proceeds".

The Group recorded net current assets of RMB272.7 million as at 31 August 2023 (31 August 2022: RMB301.5 million (restated)).

Included in the net current assets of the Group as at 31 August 2023, amounts due from Affected Entities of RMB403.0 million (31 August 2022: RMB425.9 million (restated)) and amounts due to Affected Entities of RMB126.8 million (31 August 2022: RMB207.5 million (restated)) were included in trade receivables, deposits, prepayments and other receivables of current assets and trade and other payables and accrued expenses of current liabilities, respectively. The Group will continue to gradually recover/repay the amounts due from/to Affected Entities.

Gearing Ratio

The Group's gearing ratio is calculated as total bank and other borrowings divided by total equity at the end of the relevant year. The Group's gearing ratio as at 31 August 2023 was 47.7% (31 August 2022: 82.6% (restated)).

The decrease in gearing ratio was mainly due to the decrease in borrowings and increase in net profit generated during FY2023.

Taking into consideration the total pledged bank deposits, bank balances and cash of RMB534.4 million, the Group does not have any net borrowings balance as at 31 August 2023 and 2022 (restated) which is calculated as total bank borrowings, net of pledged bank deposits, bank balances and cash.

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$. As at 31 August 2023, certain bank balances and cash, investment products and bank borrowings were denominated in HK$ 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 as disclosed in note 11 to the financial information and the section headed "Liquidity, Financial Resources and Capital Structure", the Group did not have any material contingent liabilities that are required to be disclosed.

During FY2023, no additional new financial guarantees have been provided by the Group to the Affected Entities. As at 31 August 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 RMB4,300.8 million from RMB4,604.5 million as at 31 August 2022 followed by certain repayments of the existing loan balances by the Affected Entities during FY2023.

Pledge of Assets

As at 31 August 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.

OUTLOOK

In the future, the Group aims to fully integrate its resources to build an all-rounded educational service platform. The specific services include providing online education and learning products and services, comprehensive educational management services, supply of stationery products, etc.

Leveraging on years of experience in the supply chain management, the Group will strive to grow the school-related supply chain business by expansion of our product offerings through the Company's wholly-owned subsidiaries incorporated in Qingyuan city, PRC.

The Company believes that by leveraging the Group's strengths, good reputation of Guangdong Guangzheng and experience in education and management of high schools, the Proposed Zhongshan High School will achieve satisfactory results. The Group will seize this development opportunity to achieve its plan to develop high-school education. Besides, the Group will adopt measures to optimise its operational structure, including separating the high schools with independent operating licenses from Affected Entities.

Future Capital Expenditure and Financing

As at 31 August 2023, the Group had no future plans for material investments or capital assets except for those disclosed under the heading "Management Discussion and Analysis — Outlook" as stated aforesaid.

Staff Recruitment, Training and Retention

We realise the importance of our staff in provision of high quality education services. We have a well-established staff training system in which we train our outstanding staff to prepare for the role of management in the future. We provide on-going training programmes such as learning groups, project seminars and outdoor training camps for team building, where our staff share experiences, enhance skills and improve teamwork. We reward outstanding staff with high performance evaluations and require staff who do not meet our expectations to improve within a prescribed period of time.

Conclusion

The Group has strong execution ability and adaptability proven by its good track record of past performance results. Looking into the future, we will increase investments in strengthening our professional service teams, building up technology platform and marketing our educational services. We have confidence in continuing to create not only economic benefits to our shareholders, but also to create value to the customers and society with our high-quality and diversified educational services.

REGULATORY UPDATE

There has been no significant regulatory update since the publication of the Company's annual report ("**2022 Annual Report**") for FY2022. Please refer to the 2022 Annual Report for details of the regulatory update.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During FY2023, save for the Proposed Zhongshan High School as disclosed in the section headed "Business Review", the Group had no other material acquisition and disposal of subsidiaries, associates or joint ventures.

SIGNIFICANT INVESTMENTS HELD

As at 31 August 2023, the Group held certain investment products which were classified as financial assets at FVTPL of approximately RMB136.2 million in aggregate representing approximately 9.5% (31 August 2022: approximately 9.0%) of the total asset of the Group as at 31 August 2023.

The following table sets out the financial assets at FVTPL held by the Group with a value of 5% or more of the Group's total assets as at 31 August 2023:

Name of the fund	Number of shares held	Investment cost	Fair value as at 31 August 2023	Percentage to the Group's total assets as of 31 August 2023	Accumulated fair value gain up to 31 August 2023
		RMB	*RMB*		*RMB*
GLAM-HKCFC MBS FUND	117,000	102.9 million	108.1 million	7.5%	5.2 million

The above fund principally invests in unlisted mortgage debts and/or mortgage backed securities in Hong Kong and a wide range of instruments, in order to seek long-term capital appreciation. Our investment objective is to generate stable interest and dividend income and create value of the Group and its shareholders.

EMPLOYEE BENEFITS

As at 31 August 2023, the Group had approximately 150 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 FY2023 amounted to approximately RMB17.4 million (FY2022: RMB40.8 million).

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 FY2022. 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 Net Placing Proceeds *RMB million*	Utilised amount as at 31 August 2023 *RMB million*	Unutilised balance as at 31 August 2023 *RMB million*	Expected timeline for full utilisation of the unutilised balance*(Note 1)*
Construction and development of schools	150.0	46.7	46.7	–	Not applicable
General corporate purpose	337.7	345.9	327.3*(Note 2)*	18.6	31 August 2024
Subscription of the Fund	–	95.1	95.1	–	Not applicable
Total:	487.7	487.7	469.1	18.6	

Notes:

(1) 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.

(2) During FY2023, the Group utilised some of the funds allocated for general corporate purposes to invest RMB0.1 million in a fund, namely 廈門市睿見壹號創業投資基金合夥企業(有限合夥) (Xiamen Rui Jian Yi Hao Start-up Investment Fund Partnership Investment Partnership (Limited Partnership*)).

Save for the aforesaid changes, there is no other change 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.

FINAL DIVIDEND

The Board has resolved to recommend the payment of a final dividend for the year ended 31 August 2023 of RMB0.050 per share (equivalent to HK$0.055 per share) (2022: nil) amounting to RMB108,908,000 (equivalent to HK$119,798,000). The proposed final dividend for the year is subject to the approval by the shareholders of the Company at the forthcoming annual general meeting and, if approved, is expected to be paid on or before 28 February 2024. Details of the annual general meeting, the arrangement for closure of register of members and dividend payment date will be announced later.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During FY2023, 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 with, all the Directors, the Company confirmed that all the Directors have complied with the Model Code during FY2023.

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 ("**Chairperson**") 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 audited consolidated financial statements of the Group for FY2023 and has met with the independent auditor, Deloitte Touche Tohmatsu. 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 FY2023 and as of the date of this announcement.

RECEIVABLES FROM THE AFFECTED ENTITIES

During the course of preparing the annual results for the year ended 31 August 2023, a number of cash advances made by the Group to the Affected Entities have been identified, which may not have complied with the applicable requirements under Chapter 14A and/or Chapter 14 of the Listing Rules (together, the "**Subject Transactions**"). Details of the Subject Transactions are set out as follows:

Cash advances relating to land bidding

During the period from March to April 2023, the Group made total cash advances of approximately RMB268,480,000 to Guangdong Guangzheng which represented funds intended as the purchase price for a parcel of land located in Dongguan taking into account the expected valuation at the time. The Company intended to participate in the bidding for such land for the purpose of constructing a new high school through Guangdong Guangzheng. At the time, the Company intended that, if Guangdong Guangzheng were successful in bidding for such land, the operation of the new high school to be constructed thereon would be controlled by the Group by way of a contractual arrangement. The bidding process took place in August 2023, but Guangdong Guangzheng ultimately withdrew from the bid following communication with the local government and also taking into account the market landscape at the time. The full amount of such cash advances had been repaid to the Group as of 31 August 2023.

Cash advances relating to construction costs of the Proposed Zhongshan High School

During the period from March to August 2023, the Company made total cash advances of approximately RMB180,090,000 to Guangdong Guangzheng which represented funds intended for payment of the construction costs of the Proposed Zhongshan High School. The Group has obtained control of the entity which owns the land use right of the Proposed Zhongshan High School on 30 August 2023 through a contractual arrangement, as disclosed in the announcement of the Company dated 30 August 2023 in relation to the proposed establishment and operation of a high school in Zhongshan. The Company has estimated that the total investment in the Proposed Zhongshan High School is approximately RMB833 million.

It is currently expected that the funds advanced by the Group to Guangdong Guangzheng for such purpose will be applied to pay the relevant contractors for the construction of the Proposed Zhongshan High School (which is expected to take place in tranches shortly).

Cash advances pursuant to a framework agreement

The management of the Company has identified a copy of a framework agreement dated 1 September 2022 entered into between the Company and Guangdong Guangzheng (the "**Framework Agreement**"), pursuant to which the Group and the Affected Entities shall provide interest-free financial assistance to each other upon request. According to the terms of the Framework Agreement:

(a) the maximum amount of financial assistance provided by one party to the other shall not exceed RMB1,000 million for the year ended 31 August 2023;

(b) the term of each loan advanced under the Framework Agreement shall be unsecured, interest free and repayable on demand; and

(c) if a party fails to repay on demand, such party shall be liable to pay a penalty.

The following table sets out a summary of the amount of cash flows between the Group and the Affected Entities under the Framework Agreement, according to the information available to the management of the Company:

Period/Date	**Gross cash outflow from the Group during the period** *RMB'000*	**Gross cash inflow to the Group during the period** *RMB'000*	**Net amount due (to)/from the Affected Entities as at the end of the period** *RMB'000*
As at 31 August 2022			(67,417) *(Note 1, Note 2)*
As at 31 August 2022 (restated)			(67,247) *(Note 1, Note 2)*
During September 2022 to August 2023	603,619	539,097	(2,725)
As at 31 August 2023			(2,725)
During September 2023	230,478	5,435	222,318
During October 2023	2,000	7,380	216,938
During 1-28 November 2023	441	146,534	70,845
As at 28 November 2023			70,845 *(Note 2)*

Note 1: The Company has also noted there exists a similar framework agreement dated 1 September 2021 entered into between the Company and Guangdong Guangzheng, pursuant to which the Group and the Affected Entities shall provide interest-free financial assistance to each other upon request up to 31 August 2022.

Note 2: The balance amount included those trade in nature, collection and advance payment (代收代支) amount and other items.

Implications

Prior to the effectiveness of the Implementation Regulations on 1 September 2021, the Group used to conduct a substantial portion of its business through the Contractual Arrangement. The Contractual Arrangements included, among other things, a loan agreement (the "**Previous Loan Agreement**") pursuant to which a wholly foreign-owned enterprise in the Group, namely Dongguan Ruixing Commercial Services Co., Ltd. (東莞瑞興商務服務有限公司) (or its designated related party), is entitled to provide interest-free loans to Guangdong Guangzheng or its registered shareholders from time to time in accordance with the PRC laws and regulations for operation purposes.

As disclosed in the Company's annual report for the year ended 31 August 2021, the financial results of Affected Entities had been deconsolidated from the Group as of 31 August 2021, given that the legal enforceability of the Previous Contractual Arrangements (including the Previous Loan Agreement) became highly doubtful as of 1 September 2021 in light of the effectiveness of the Implementation Regulations.

By virtue of the deconsolidation of the Affected Entities, the Company notes that the cash advancements by a member of the Group to any of the Affected Entities, whether made pursuant to the Previous Loan Agreement or otherwise, would be subject to the disclosure and shareholders' approval requirements, among other things, under Chapter 14A and/or Chapter 14 of the Listing Rules.

As disclosed on page 2 of the Company's announcement dated 4 January 2022, barring unforeseeable circumstances and assuming all things remain largely equal, at the time the Company expected that the net receivables from the Affected Entities of RMB455.8 million as of 31 August 2021 would be settled within two years from commencement of the deconsolidation.

Subsequent to 31 August 2021, there have been cash advancements between the Group and the Affected Entities (including that the Affected Entities made cash advancements to the Group to reduce certain net receivables at the time). According to the information available to the Company so far, the net receivables due from the Affected Entities as of (i) 31 August 2023 was RMB456.3 million; and (ii) 28 November 2023 was RMB529.9 million. Going forward, the Company expects that such net receivables will not increase (and there will be no creation of new receivables due from the Affected Entities), unless the relevant requirements of the Listing Rules are complied with, and such net receivables will be reduced and eventually cleared up by way of utilising such amount by the Affected Entities on the Group's behalf for the construction of the Proposed Zhongshan High School in tranches, as described above.

The Company will make further announcement in relation to the net receivables from the Affected Entities in due course and take appropriate actions as may be required under the applicable Listing Rules.

Save as disclosed herein, the Company is not aware of any unpublished inside information relating to the Group that needs to be brought to the attention of the Company's shareholders.

EVENTS AFTER THE REPORTING PERIOD

On 29 November 2023, the Company, as the vendor ("**Vendor**"), and Marvel Bonus Holdings Limited, as the purchaser ("**Purchaser**"), entered into a sale and purchase agreement, pursuant to which the Company agreed to dispose of 117,000 Class A Participating Shares ("**Sale Shares**") in GLAM-HKCFC MBS FUND (the "**Fund**"), a regulated mutual fund under the Cayman Islands Mutual Fund Act, to the Purchaser, for a consideration of HK$120 million (the "**Disposal**").

The consideration was arrived at after arm's length negotiations between the Vendor and the Purchaser after taking into account (i) the amount of the original subscription price of the Sale Shares and (ii) the net asset value of the Sale Shares being HK$118.1 million as of 31 August 2023. Upon completion of the Disposal, the Company ceased to hold any interest in the Fund.

The Company estimates that the Group will record an unaudited gain on the Disposal of approximately HK$1.9 million (calculated by reference to the difference between the unaudited net carrying amount of HK$118.1 million in the accounts of the Group as at 31 August 2023 and the disposal price of HK$120 million of the Sale Shares). The financial impact disclosed above is for illustrative purposes only and is dependent on the financial information of the Fund as at the date of completion.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of the Purchaser, the Fund and the investment manager of the fund, and their respective ultimate beneficial owners, are independent third parties independent of the Group and its connected persons (as defined under the Listing Rules).

The Disposal constitute a major transaction for the Company. For further information on the sale of Sale Shares, please refer to the announcement of the Company published on the website of the Stock Exchange on 29 November 2023 and the circular containing, amongst other things, details of the Disposal, to be despatched to the shareholders of the Company on or before 19 December 2023.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual 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 annual report of the Group for FY2023 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, 29 November 2023

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Liu Xuebin, Ms. Li Suwen 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.